



ISMERI EUROPA



**EXPERT EVALUATION NETWORK
DELIVERING POLICY ANALYSIS ON THE
PERFORMANCE OF COHESION POLICY 2007–2013**

**TASK 2: COUNTRY REPORT ON
ACHIEVEMENTS OF COHESION POLICY**

MALTA

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**A report to the European Commission
Directorate-General Regional Policy**

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LIST OF ABBREVIATIONS

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|------|--|
| AIR | Annual Implementation Report |
| ERDF | European Regional Development Fund |
| ESF | European Social Fund |
| EU | European Union |
| ICT | Information & Communication Technology |
| IT | Information Technology |
| MA | Managing Authority |
| MEPA | Malta Environment & Planning Authority |
| NGO | Non-governmental Organization |
| NPR | National Programme Reform |
| NSRF | National Strategic Reference Framework |
| R&D | Research & Development |
| RTD | Research & Technology Development |
| SME | Small & Medium Enterprise |
| TEN | Trans-European Network |

EXECUTIVE SUMMARY

The Maltese development pattern is influenced by the typical features of small island states: scarce natural resources, high density of population, lack of critical mass in infrastructure investment, high external dependency etc. These features have an impact on transport, the environment and the sustainability of tourism and make it necessary to strengthen the Island's knowledge-based economy in order to promote competitiveness.

EU Cohesion Policy contributes considerably to tackling these issues through support from the ERDF and Cohesion Fund, while the Island participates in cross-border, trans-national and interregional cooperation programmes¹. The priorities of these programmes are highly complementary and consistent with the key development challenges: the support is concentrated mainly on sustainable development and environmental protection, (e.g. waste management and water treatment plants), knowledge and innovation as well as transport.

Malta has been allocated EUR 728 million² of ERDF and Cohesion Fund for the 2007–2013 period. Environment-related investment represents a key priority and accounts for 38% of the total allocation; 25% of the total ERDF has been allocated to accessibility and transport; around 22% has been allotted to territorial development and 13% to support enterprise environment.

The overall commitment rate as at end 2009 amounted to around 50% of total funding allocated and during 2009 there were 229 projects (including aid schemes) being implemented. In 2009 the Programme started producing its first outputs and results on the ground: first signs of construction of infrastructure; equipment being procured and mobilisation of much needed support for enterprises.

The recent economic crisis did not change the strategy and the objectives of the OP, which are arguably well suited for fostering the upturn in the economy, thanks to the focus on transport infrastructure, environment, energy territorial development (including tourism) and enterprise support. To boost investment in enterprises and mitigate the consequences of the crisis, in some cases, the allocation of the funds was diverted from public infrastructure to private sector support (e.g. EUR 12 million were allocated to a number of aid schemes for firms, focusing on e-business development, R&D, international competitiveness, innovation and energy).

Evidence on performance of intervention is limited and it is too early to identify examples of good practice. The Mid-Term Evaluation of the ERDF OP is currently being carried out and some

¹ The Territorial Operational Programme are: Cross-border cooperation with Italy; MED Programme; INTERREG IVC Programme; ESPON II Programme; INTERACT II Programme.

² ERDF: EUR 444 million; Cohesion Fund: EUR 284 million; EUR 15 million are related to the European Territorial Cooperation objective.

results can be expected by the end of the year. The ex ante evaluation of the OP, carried out initially, is mostly an analysis of the coherence of the strategy and did not attempt to assess the potential effects of the programme.

An analysis of the effectiveness of projects co-financed by the Structural Funds in 2004–2006 examined the achievements of a sample of 13 initiatives, focusing mainly on recommendations for the future in terms of monitoring and collection of data.

Some of the main future challenges facing EU Cohesion Policy include:

- continue to tackle the lack of innovation and entrepreneurial culture and increase the capacity of Malta to generate research and apply new technologies;
- increase awareness of environmental problems among people and implement larger projects with a significant impact on environmental protection;
- develop an evaluation culture to systematically assess the performance of policy;
- improve cooperation between administrative bodies.

SECTION 1 – SOCIO-ECONOMIC CONTEXT

Malta is the smallest and most densely populated country in EU. The Maltese archipelago consists of three islands, Malta, Gozo and Comino, with a total population of around 400,000 (see Table 1³), living in an area of 316 km². The population grew by 0.6% a year over the years 2000–2006.

As all small island states, the Maltese economy is characterised by limited available land, limited natural resources and a very strong external dependency which increases the risk of exposure to exogenous forces. In summary the main socio-economic features which are the concern of policy consist in:

- the small size of the enterprises;
- specialisation in traditional sectors;
- the seasonal nature of key sectors such as tourism;
- the low level of expenditure on R&D and innovation;
- the limited innovation culture (there is a need to popularize science and technology since young people tend to study other subjects – less than 20% of students take science and technology subjects);
- the difficulty in achieving critical mass in policy implementation, especially in the development of infrastructure;
- presence of spatial disparities despite the small size of the country.

As regards the last point, disparities are mainly related to Gozo lagging behind. Gozo is the second largest Island of the archipelago and has a population of around 30,000. It is highly dependent on the main island economy, recording lower GDP growth, lower employment rates and lower consumption per head. Its GDP per capita was only 76% of the national average in 2007. Other spatial disparities are widening within the main island and concern some areas in the north with more scattered population.

The main development needs of Malta are related to these features and to the high population density:

- **Water supply** is a key issue. There are three plants on the island, which are strategically placed. Around 54% of total water comes from desalination, the rest comes from ground water.

³ See Excel file for Table 1.

- **Energy provision** is another significant issue. The largest share of production comes from oil and for this reason the country is vulnerable to increases in oil prices. In Malta, local electricity is mainly dependent on non-renewable energy sources. To face this problem, the Government is trying to encourage the use of renewable energy, installing photovoltaic panels on rooftops to produce electricity and heating. Related to this, air quality is also a concern due to emissions from the power generation plants.
- **Road and maritime transport links** are important. The road system was originally designed to accommodate light traffic volumes. The increasing amount of traffic has required significant upgrading. Given the natural characteristics of the island, there is a high dependence on sea (four ports – Valletta, Marsaxlokk and Cirkewwa in Malta and Mgarr in Gozo) and air transport (one airport in Malta and a heliport in Gozo).

Malta is the second most open economy in the EU trade averaging 82% of GDP since EU entry in 2004. Global economic developments, therefore, tend have a major impact on the economy⁴.

The global recession predictably affected the Maltese economy with a lag, trade links with its major trading partners transmitting their economic downturn to Malta.

Malta's GDP per head in PPS, which rose progressively relative to the EU average up until 2005, declined between 2006 and 2008 and was in 2009 around 78% of the EU average. The employment rate is among the lowest in the EU (55% in 2009).

The Maltese economy is characterised by a prevalence of micro enterprises operating mainly in manufacturing and tourism. In recent years, the manufacturing sector has faced major challenges from imports, its share of output and employment in the economy declining in the period 2003–2008⁵.

Tourism is important for economic growth and employment creation, but is affected by international economic conditions that can increase or reduce foreign visits significantly. In 2009, tourism from abroad declined by 8.4% as a result of the global recession.

⁴ See "The Maltese economy: the recession and the challenges beyond", Central Bank of Malta, 16 July 2010

⁵ See "Strategic Report of Cohesion Policy 2007–2013", December 2009, Malta. See Table 1 in the Excel file for the decline in the share of employment between 2000 and 2007.

SECTION 2 – THE REGIONAL DEVELOPMENT POLICY PURSUED, THE EU CONTRIBUTION TO THIS AND THE POLICY ACHIEVEMENTS OVER THE PERIOD

THE REGIONAL DEVELOPMENT POLICY PURSUED

The NSRF 2007–2013 was the basis for two Operational Programmes: OP I ‘Investing in Competitiveness for a Better Quality of Life’ (co-financed by the ERDF and the CF); and OP II ‘Empowering People for More Jobs and a Better Quality of Life’ (co-financed by the ESF). This study is focused on ERDF and Cohesion Fund only.

All of Maltese archipelago is eligible for support under the Convergence Objective. The main priorities for the development of the country over the period 2007–2013 are formulated in the NSRF and in NRP 2008–2010; both documents are linked with the Lisbon Strategy and with the sectoral strategies⁶ formulated by the Government.

The resources of Cohesion Policy are mainly focused on supporting sustainable and integrated economic development with the aim of modernising and diversifying the structure of the economy.

The 2007–2013 national strategy continues to follow the approach adopted in the 2004–2006 period, focused both on strengthening the competitiveness of the Maltese economy and on a sustainable use of the environment. The main priorities are the following:

- sustaining investment in knowledge and innovation and in R&D activities and unlocking business potential (especially SMEs) through the promotion of ICT and RTD activities in enterprises. In particular, in relation to knowledge and innovation, the “popularisation” of science and technology is a central priority. The *National Strategic Plan for Research and Innovation 2007–2010* is a key document in this respect and is focused on selected areas of national interest and economic performance and developing general culture of innovation;
- safeguarding of the urban and natural environment, improving water supply and water and waste management, waste water treatment and air quality, integrated pollution

⁶ Industry Strategy for Malta 2007–2010, Government of Malta, October 2006; National Strategic Plan for Research and Innovation, 2007–2010 – Building and Sustaining the R+I Framework.; Draft Tourism Policy for the Maltese Islands 2007–2011, Ministry for Tourism and Culture, September 2006; Solid Waste Management Strategy for the Maltese Islands, Ministry for the Environment 2001; A Proposal for an Energy Policy for Malta, Ministry for Resources and Infrastructure, June 2006; Draft Renewable Energy Policy for Malta, 2007–2010, Government of Malta, August 2006; National ICT Strategy 2004–2006, Ministry for Investment, Industry and Information Technology.

prevention and control, and interventions aimed at mitigating the effects of climate change;

- improving and expanding the transport network, removing traffic bottlenecks, improving road safety and the sea ports;
- sustaining the tourist industry and promoting natural assets, protecting and enhancing the natural heritage. In order to be competitive, investment is aimed at improving the tourist facilities through new higher value-added services;
- improving energy efficiency to reduce consumption by upgrading generation plants and distribution networks and developing renewable energies (Malta cannot cultivate biofuel crops because of the scarcity of land and water);
- addressing the specific weaknesses of the Gozo economy, focusing on promoting enterprise and the development of key sectors⁷;
- safeguarding the country's urban heritage and promoting the overall improvement of quality of life through better accessibility, enhanced education, strengthened social and health systems and increased environmental monitoring capacity.

The priorities of funding under the Territorial Cooperation Objective, which are specific for each of the six programmes, are mainly to strengthen competitiveness; promote territorial cohesion and protect the environment; encourage socio-economic and cultural cooperation; reinforce the exchange and transfer of knowledge and good practice and sustain cross-border cooperation between SMEs.

The financial allocation between and within policy areas reflects the objectives of the NSRF and OP. Some 38% of resources are devoted to "environment and energy", 25% to "transport" and 22% to "territorial development", while "enterprise environment" receives 13% (Table 3)⁸.

In general, the financial allocation of EU funding seems to reflect stated objectives of the policy and is in line with the allocation of national resources, though some preference is given to infrastructure, and in particular to environmental protection and transport (roads in particular).

Investment in **environmental protection** is directed to improving the treatment of sewage in the South and to increase the capacity for waste treatment, energy recovery and recycling.

Particular attention is given to mitigating the effects of climate change.

⁷ To facilitate more effective programme management during the 2007–2013, the promotion of Gozo's regional features is now addressed under all priorities, rather than grouping all interventions under one axis. This was also recommended by the evaluators of the mid-term update on the Efficiency of Implementation of Malta's SPD 2004–2006.

⁸ See Excel file for Table 3.

Accessibility is an important challenge. The financial resources allocated to **transport** are mainly directed at improving links between the Maltese Islands and upgrading the Trans-European Network and major roads.

Financial support to **tourism** is aimed at improving both the competitiveness of the sector and the culture of operators as well as the small-scale of infrastructure in rural areas⁹.

Investment in **enterprise support** has increased in comparison with 2000–2006 and is aimed at strengthening competitiveness, developing ICT products and services, supporting the restructuring of local industry and investing in the diffusion of R&D infrastructure as well as in centres of competence.

The strategy was defined in the 2006–2007 period and does not take account of the problems which have occurred since 2008 when the economic situation was very different. The crisis has not led to any significant modification of initial plans in terms of both financial allocation and the policy measures adopted.

The economic recession has had a considerable impact on the labour market, affecting the ESF¹⁰ especially. ERDF resources have been shifted mainly to support enterprise, in particular to promote business investment and to strengthen the business environment.

As reported in the AIRs for 2008 and 2009, the problems resulting from the international economic crisis caused set-backs and delays in the project implementation. The Maltese Authorities have undertaken a series of measures to mitigate the impact of the crisis: EUR 12 million was diverted from public infrastructure to private infrastructure in order to boost investment in enterprises and supporting e-business development, R&D, international competitiveness, innovation and energy. In addition, a number of large-scale public sector infrastructure projects were implemented (“Improvement of the TEN-T Road Infrastructure; “Urban Waste Water Treatment Plant for the South of Malta” and “Rehabilitation and Restoration of Existing and Former Waste Dump Sites”). According to interviews, the Managing Authority continued to provide pre-financing for payments (also for NGOs and Local Authorities) in order to mitigate delays arising from cash flow problems.

⁹ OP I 2007–2013, Investing in Competitiveness for a Better Quality of Life, Malta

¹⁰ AIR 2009 OP II – “Empowering People for More Jobs and a Better Quality of Life” 2007–2013 – ESF has been used to co-finance aid schemes for employment and other initiatives related to family-friendly measures.

POLICY IMPLEMENTATION

The main features of the Cohesion Policy implementation system in Malta are the following:

- highly centralised programme management (i.e. design of the programme, project selection, coordination, monitoring and financial control);
- cooperation with different Ministries and agencies involved at several levels in projects (i.e. with Ministry of Finance¹¹, which is responsible of the financial management of EU-Funded projects and EU Own Resources; with other Ministries involved as Intermediate Bodies).

There have been considerable delays in the implementation of the OP due to a number of issues relating to project selection, public procurement and planning permission.

The project selection process is lengthy¹² but the MA is aware of the problem and intends to identify solutions in cooperation with the evaluators undertaking the mid-term evaluation. The aim is to make the process more efficient.

Backlogs are created at various stages of the process due to several factors:

- limited number of experts within the administration;
- unsuccessful procedures¹³ leading to re-launching of tenders;
- the appeal procedure, which takes, on average, 3 months.

Another constraint arises from the planning process and the granting of planning permission, in particular as regards large-scale infrastructure, which requires extensive studies to be undertaken and is constrained by the small size of the island.

In 2009 to reduce delays, the Malta Environment and Planning Authority (MEPA) intensified co-operation with Government Departments and regularly updates the MA on the situation.

Despite these problems and delays, the MA has shown strong leadership and has worked efficiently. Indeed, as at end of 2009, 53 operations were being implemented but limited results were recorded in terms of progress by the indicators. Despite the delays in expenditure, the overall picture as regards commitments is more favourable, these amounting to 56% of the

¹¹ The Ministry of Finance through the Certifying Authority is responsible for the certification of the declarations of expenditure and applications for payment in relation to the OP before they are sent to the European Commission.

¹² In 2009, 6 calls were launched and the evaluation of all calls spilt over into 2010, as reported in the AIR 2009.

¹³ No reaction from potential beneficiaries.

total resources allocated (see Table 4¹⁴). More recent national data from interviews, indicate that at the end of June 2010, the Programme's overall commitment rate was around 70%.

The amount of EU funding allocated to enterprise support is EUR 120 million. As of December 2009¹⁵, the commitments amounted to 67% of the total allocation. EUR 169 million is allocated to transport which is the biggest single area of expenditure and at end-2009, commitments amounted to 51% of the allocation, the same as for environment and energy. For support of territorial development, 60% of the EUR 120 million allocated (total contribution) had been committed.

ACHIEVEMENTS OF THE PROGRAMMES SO FAR

The available information on progress of Cohesion Policy in the current programming period does not go beyond the first stages of implementation. The only available information comes from the Annual Implementation Report for 2009 and from the interviews with the MA and other relevant stakeholders¹⁶. While efforts in 2008 focused primarily on setting up the system and processes necessary for the implementation of OP I, during 2009 there were 229 projects being implemented, including interventions under the different aid schemes.

Enterprise support

The projects for enterprise support are included in the Priority Axis 1 – *Enhancing Knowledge and Innovation* – within OP I. They are aimed at promoting and strengthening business competitiveness through the investment in plant and equipment as well as in RTDI and ICT. The measures implemented are directed at tackling the most important national initiatives in this regard – a lack of entrepreneurship and risk taking and the need to popularize science and technology as a subject for young people to study.

As at end- 2009, 16 projects and 6 aid schemes had been launched. The Aid Schemes, implemented by Malta Enterprise, the Intermediate Body, were as follows:

- E-business development grant scheme;
- Innovation actions grant scheme (environment);
- Innovation actions grant scheme (innovation);
- R&D grant scheme;
- Small Start-ups grant scheme;
- International competitiveness grant scheme.

¹⁴ See Excel file for Table 4.

¹⁵ Strategic Report Cohesion Policy 2007–2013, Malta December 2009.

¹⁶ See List of Interviews at the end of the report.

The finance allocated to the package of aid schemes was increased in 2009 from EUR 20 million to EUR 27 million.

Of the 16 projects implemented, the University of Malta manages 11, all of them geared to improving and developing the environment and energy resources, ICT, high value-added manufacturing and services and biotechnology in healthcare. Some EUR 32.6 million (total public support) was allocated to these projects.

Financial engineering has also been developed through the joint Commission–EIB JEREMIE initiative, designed to increase access to finance for micro, small and medium-sized enterprises. During 2009, the Maltese Authorities undertook a series of measures to mitigate the impact of the crisis and also doubled the allocation to JEREMIE from the original EUR 5 million to EUR 10 million. By the end of 2009, 87 Grant Agreements had been signed with SMEs for a total value of around EUR 5.6 million.

Human and social development

A major focus of Structural Fund in this area is to develop and enhance the quality of life of Maltese society. All projects implemented under the Priority Axis 6 – *Urban Regeneration and Improving the Quality of Life* are included in this area, which covers urban regeneration; internal mobility; e-accessibility; education, social and health related infrastructure and environmental monitoring.

18 projects and one Aid Scheme are being implemented. The on-going projects are:

- *Urban regeneration*: mainly social housing and urban transport;
- *Internal mobility*, the development of:
 - two roads (two completed out of 4);
 - an alternative transport link to better connect the different parts of the Island.
- *E-accessibility*: improving access to electronic services and increasing the number of people with ICT skills. The project gives access to various e-Services for more people (an eID platform, e-Services developed through e-Forms and e-Learning etc.);
- *Education Infrastructure*:
 - 16 projects to supply scientific and technical equipment to all public secondary schools;
 - equipment and facilities for students attending secondary and post secondary schools;
 - university IT facilities, networks, labs for individual learning.
- *Social Infrastructure*:
 - a project to improve the skills of people with disabilities;

- a community centre.
- *Health Infrastructure:*
 - facilities for the hospital in Gozo;
 - a major project, the “Mater Dei Oncology Centre”, with a total budget exceeding EUR 50 million;
 - support for childcare facilities (EUR 5 million), to create more and better places and improve existing ones.
- *Environmental monitoring:*
 - A study to monitor air, noise, soil and water pollution.

Achievements are reported by means of four indicators:

- number of children, students or trainees benefiting from upgraded and modernised facilities or services ('core' result indicator – 1,606 at end-2009);
- number of existing learning facilities refurbished (5);
- kms of upgraded (non TEN-T) roads (0.75);
- Square metres of facilities modernised and refurbished (1,671.4).

It is important to highlight the complementarity between the ERDF and ESF. The investment in infrastructure, supported by OP I (ERDF), are complemented by investment in the development of human resources under OP II (ESF).

Transport and telecommunications

Priority Axis 3 “*Developing the TEN-T*” is the main axis of the OP I in financial terms.

Four road transport projects have been implemented to upgrade 12 kilometres of road in the urban area (Phase 1). A second group of projects (Phase 2) is aimed at improving a further 8 kilometres of road along the coast. In more detail, the four projects that have been implemented consist of:

- widening a single lane carriageway to a dual carriageway;
- improving the link with the port of Valletta and upgrading the road which leads to the ferry terminal;
- completing the road which links the capital of Gozo with the ferry terminal. The construction of the first half of this road started in 2004–2006 and will be completed after 2013;
- upgrading the road in the northern part of Malta.

As regards sea transport, projects concern:

- the refurbishment of breakwaters in the port of Valletta and the port of Marsaxlokk;

- the refurbishment of the port of Cirkewwa to improve the link between Malta and Gozo;
- the upgrading and refurbishment of the cargo terminal in Malta (tender in preparation);
- the development of infrastructure to improve passenger traffic in the port of Valletta (tender in preparation).

The development reported as regards transport relates mainly to the tendering process. As indicated in AIR 2009, the projects are still in their early stages and no work has yet started on the ground, hence the indicators have not recorded any progress.

Environment and energy

The projects in this area relate to priority axis 4 "*Mitigation and Adaptation to Climate Change*" and priority axis 5 "*Sustaining the Environment*" within OP I. The interventions implemented and financed under these axes are aimed at improving water reserves, waste-water treatment and waste disposal, as well as at eliminating or reducing pollution and developing renewable energy sources in compliance with national and EU Directives.

The following projects have been approved to encourage investment in energy efficiency:

- "Implementing Green Activities at the University of Malta", aimed mainly at installing photovoltaic panels (total project cost EUR 4.7 million);
- Projects undertaken by NGOs and Local Councils to invest in renewable energy sources or energy efficiency initiatives (within PA 4);
- The "National Flood Relief Programme", a project supporting areas prone to flooding (PA 4). At the end of 2009 (EUR 57.2 million committed at end-2009).

The interventions implemented under priority axis 5 consist primarily of large scale environmental infrastructure. The total allocation is EUR 165 million (total public), and, at the end of 2009, EUR 78 million had been committed.

Projects implemented are:

- Urban Waste Water Treatment Plant for the South of Malta (major project – total project cost of EUR 70 million);
- Rehabilitation and Restoration of Existing and Former Waste Dump Sites;
- Setting up of the Gozo Waste Treatment Facility.

The financial progress highlighted above is mainly due to the first project "Urban Waste Water Treatment Plant for the South of Malta" which is proceeding well.

The indicators do not record any progress as at the end of 2009, efforts being mainly focused on the procurement process.

Territorial development

Interventions in this area are mainly focused on improving the tourist industry (priority axis 2 – “Promoting Sustainable Tourism”). The initiatives consist of infrastructure, support to product development, niche market development and branding.

As at the end of 2009, there were 13 projects and one aid scheme for tourist companies being implemented.

The projects were directed at:

- improving the quality of services provided (i.e. projects involving the rehabilitation of the natural environment);
- upgrading rural and urban areas (with landscaped urban spaces and other facilities);
- conserving heritage sites (in both Malta and Gozo).

Implementation of the projects on the ground is still at an initial phase, so that the indicators do not record any progress.

SECTION 3 – EFFECTS OF INTERVENTION

At the end of 2009, given the relatively short time which has elapsed since the start of the programming period and the delays in the launch of the procedures, it is difficult to identify significant effects but there are signs of interventions having a real influence on the potential for development.

Given that the policy measures are a continuation of intervention priorities already defined, it is possible, from the interviews, to draw a general picture of its potential effects.

First, in relation to infrastructure, the ERDF and the Cohesion Fund continue to have a key role in strengthening territorial cohesion, meeting needs as regards the environment and transport.

Second, the promotion and strengthening of high value-added economic activities, through investment in enterprise plant and equipment as well as in RTDI-related infrastructure and ICT improve Malta's economic competitiveness.

Finally, it is important to emphasize the contribution of measures adopted under priority axis 2 and 6. Urban regeneration measures have contributed to improving the quality of life across the island and to strengthening environmental monitoring as well as awareness of environmental issues. They have also contributed to improving the competitiveness of the tourist industry.

Despite relatively modest physical advancement of 2007–2013 measures, the contribution from the Structural Funds creates the conditions for strengthening territorial, economic and social

cohesion. For instance, funding has helped to develop and to strengthen transport (TEN-T), environmental protection and tourism.

Since Malta has not been unduly affected by the global financial crisis and the subsequent recession¹⁷, no substantial changes have been made to the focus of the interventions launched under OP I¹⁸. As noted above, in order to support SMEs, which are particularly exposed to the economic downturn, the Maltese Authorities have allocated additional EUR 12 million to a number of aid schemes supporting R&D, international competitiveness and energy.

According to interviews, examples of good practice among ongoing projects are:

- As regards “Enhancing Knowledge and Innovation”: *ERDF grant scheme for Small Start-ups* to support the creation of new, high value-added enterprises by part-financing their initial operating costs;
- As regards “Safeguarding the Environment”: a *Urban Waste Water Treatment Plant* was set up in the South of the Island, this introduced a technical solution to combine animal and human waste;
- As regards “Urban Regeneration and Improving the Quality of Life”: involving extending the lecturing capacity of the Junior College by adding 8 large lecture rooms, 20 tutorial rooms and two utility rooms to help the College accommodate 3,500 students;
- As regards “Promoting Sustainable Tourism”: *Restoration and Rehabilitation of Historical Fortifications of Malta and Gozo* project, to improve the presentation and accessibility of four of the major historical attractions in the country.

SECTION 4 – EVALUATIONS AND GOOD PRACTICE IN EVALUATION

The main gaps regarding evaluation in Malta concern the lack of an evaluation culture in public administration which results in very few evaluations of public policy being undertaken. Apart from the ex ante evaluation of the OP I and II, no other relevant study concerning the current period have been completed.

The “ex-ante” evaluation of OP I showed that the ERDF and Cohesion Fund programme is suitable for tackling the main structural problems and is in line with the Lisbon Strategy, the EU and national policy guidelines.

The **Mid Term Evaluation of OP I 2007–2013** is underway and some results should be available by the end of 2010. The evaluation will analyse the achievements of the programme and

¹⁷ “The Maltese economy: the recession and the challenges beyond”, Central Bank of Malta, May 2010

¹⁸ According to interviews

formulate specific recommendations for corrective measures at programme and project level as regards the quality of the processes, procedures and documentation. The evaluation will provide, on the one hand, an independent review of the progress towards the key objectives of the OP and, on the other hand it will put forward recommendations to help the administration to improve achievements.

The project has been organised in 5 main phases: inception; data collection, verification and analysis; finding and recommendations; reporting and closure. The evaluation relies on various techniques in order to obtain the insight and information necessary to carry out the analysis: document review; on-line questionnaires; one to one interviews; workshops and focus group sessions.

Of the evaluations of interventions implemented under the 2004–2006 programming period, it is worth mentioning the **“Analysis of the effectiveness of projects co-financed by the Structural Funds in 2004–2006”**. The study assessed a sample of 13 projects financed under three of the Single Programme Document measures¹⁹ (primarily in terms of effectiveness and impact) and provided an analysis of monitoring and evaluation. The main recommendations can be divided in two sets: the first set were of a horizontal nature and focused on improving data collection (analysis of data needs; availability of statistics from already established sources such as National Statistics Office, Malta Resources Authority etc.). The second set of recommendations were related to specific projects and focused on: setting up quality assurance and quality control procedures; development of an integrated policy plan for the environmental projects and of a concrete plan based on the monitoring results. Surveys were the most commonly used method.

In conclusion the evidence available on performance is rather limited and it is not possible to identify examples of good practice in evaluation yet.

SECTION 5 – CONCLUDING REMARKS – FUTURE CHALLENGES

The development strategy over the 2007–2013 programming period is a continuation of that followed in the previous programming period. It is focused on developing renewable energy sources, safeguarding the environment, strengthening the tourist sector, increasing the popularity of science, research and innovation among companies and people. According to interviews with key stakeholders and the analysis carried out, this focus is consistent with local needs. Nevertheless, increased effort in this direction is needed to strengthen competitiveness. Some of the major challenges that development policy Cohesion Fund faces are:

¹⁹ Measure 1.1 – Improving the Environment Situation; Measure 4.1 – Basic Infrastructure and Development of the Tourism Sector; Measure 4.2 – Human Resources

- in relation to “Enhancing Knowledge and Innovation”, to keep on tackling the lack of innovation and entrepreneurial culture; increasing the capability of Malta to generate new science and new technologies through: 1) investment in physical infrastructure (buildings, laboratories and equipment) and by further encouraging young people to take up science disciplines at all education levels; 2) supporting investment in technology-intensive firms which demonstrate innovation in the commercialisation of new technologies;
- as regards “Safeguarding the Environment”, to make a significant effort both to increase awareness of environmental problems among people and to implement large-scale projects with a significant environmental impact;
- a need to develop an evaluation culture in public administration to systematically assess the performance of policy, promote accountability and develop the means of guiding future strategy and its implementation in practice; make the evaluation reports available and disseminate them among stakeholders;
- a need to improve cooperation between administrative bodies as well as final recipients of funding; improve the allocation of staff to reduce administrative bottlenecks and accelerate financial procedures and payment systems.

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INTERVIEWS

Ms. Marlene Bonnici, Director General (Planning and Priorities Co-ordination) – Office of the Prime Minister

Ms. Carmen Galea, Head of OP I

Ms. Edel Vassallo, Head OP II, Managing Authority interviews in relation priority axis 6

Mr. Jonathan Vassallo, Senior Manager OP I, Managing Authority interviews in relation priority axis 5

Mr. Anthony Rizzo , CEO, Malta Resources Authority

Dr. Ing. Christopher Ciantar, Permanent Secretary, Ministry for Resources and Rural Affairs

Dr. Nicholas Sammut, CEO, Malta Council for Science and Technology

Dr. Jennifer Cassigena Harper, Director, Malta Council for Science and Technology

Ms. Marie Louise Mangion, Head of Tourism and Sustainable Development Unit

Mr. Marco Abela, Chief Officer, Malta Enterprise

Mr. Joseph Tanti, CEO, Malta Chamber of Commerce, Enterprise and Industry

Mr. Alfred Camilleri, Permanent Secretary, Ministry for Finance, Economy and Investment

Mr. George Schembri, CEO, Malta Hotels and Restaurants Associations

Mr. David Sutton, Chief Officer, Malta Transport

Mr. Christopher Farrugia, Senior Manager, Malta Transport

Mr. Robert Zerafa, Architect and Civil Engineer, Malta Transport

Profs. Richard Muscat, Pro- Rector for Research and Innovation, University of Malta

Dr. Ernest Cachia, Dean of ICT and Head of Computer Science, University of Malta

Dr. Ing. Stephen Abela, University of Malta

TABLES

See Excel file for Tables 1, 2, 3 and 4.

Table 1: Regional disparities and trends

Table 2: Macro-economic developments

Table 3: Financial allocation by main policy area

Table 4: Commitments by main policy area

Annex Table A – Expenditure by priority axis (Year 2009)

| Priority Axes | Total contribution | Financial progress | | | |
|---|-----------------------|----------------------------|----------------------|---------------|--------------|
| | | Commitments ¹⁶⁷ | Payments | Commitments % | Payments % |
| (a) | (b) | (c) | (b/a) | (c/a) | |
| Priority Axis 1 Enhancing Knowledge and Innovation ERDF | 120,000,000.00 | 93,800,687.58 | 572,684.18 | 78.2% | 0.5% |
| Priority Axis 2 Promoting Sustainable Tourism ERDF | 120,000,000.00 | 83,495,650.66 | 862,351.68 | 69.6% | 0.7% |
| Priority Axis 3 Developing the TEN-T CF | 169,038,258.82 | 71,086,391.00 | 27,199.00 | 42.1% | 0.02% |
| Priority Axis 4 Mitigation and Adaptation to Climate Change ERDF | 121,000,000.00 | 24,462,606.20 | 384,593.10 | 20.2% | 0.3% |
| Priority Axis 5 Safeguarding the Environment CF | 165,250,000.00 | 78,085,474.00 | 22,952,489.13 | 47.3% | 13.9% |
| Priority Axis 6 Urban Regeneration and Improving the Quality of Life ERDF | 149,000,000.00 | 66,133,958 | 5,980,162.96 | 44.4% | 4.0% |
| Priority Axis 7 Technical Assistance ERDF | 12,327,095.29 | 12,327,095.00 | 662,813.99 | 100.0% | 5.4% |
| Grand Total | 856,615,354.11 | 486,631,862.44 | 31,442,294.04 | 49.3% | 3.67% |

Source: AIR 2009