

European Fisheries Fund Programme 2007-2013

Malta

Annual Implementation Report 2014

March 2015

Funds and Programmes Division
Parliamentary Secretary for the EU Presidency 2017 and EU Funds
Ministry for European Affairs and the Implementation of the Electoral Manifesto



Fisheries Operational Programme 2007-2013
Co-financed by the European Union
European Fisheries Fund (EFF)
Co-financing rate: 75% EU Funds; 25% National Funds



Investing in sustainable fisheries

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List of Acronyms

AIR	Annual Implementation Report
AA	Audit Authority
ASA	Alternative Site Assessment
BFT	Blue Fin Tuna
BOQ	Bill of Quantity
CA	Certifying Authority
DFA	Department for Fisheries and Aquaculture
DG	Director General
EAFRD	European Agricultural Fund for Rural Development
EC	European Commission
EFF	European Fisheries Fund
EMFF	European Maritime and Fisheries Fund
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
EUD-MRRA	European Affairs Directorate – Ministry for Resources and Rural Affairs
FCD	Fisheries Control Directorate
FEAP	Fishing Effort Adjustment Plan
FPD	Funds and Programmes Division
GT	Gross Tonnage
kW	Kilowatts
IAID	Internal Audit and Investigation Department
IB	Intermediate Body
IMCC	Inter-Ministerial Coordination Committees
IR	Irregularity Report
MA	Managing Authority
MEAIM	Ministry for European Affairs and the Implementation of the Electoral Manifesto
MEPA	Malta Environment and Planning Authority

MC	Monitoring Committee
MCS	Management and Control Systems
MGOZ	Ministry for Gozo
MoP	Manual of Procedures
MRRA	Ministry for Resources and Rural Affairs
MSDEC	Ministry for Sustainable Development, the Environment and Climate Change
NSP	National Strategic Plan
NSRF	National Strategic Reference Framework
OP	Operational Programme
OPM	Office of the Prime Minister
OTS	On the Spot Check
PA	Priority Axis
PPCD	Planning Priorities and Coordination Division
PSC	Project Selection Criteria
SoE	Statement of Expenditure
TA	Technical Assistance
TEN-T	Trans-European Transport Network
VIG	Visual Identity Guidelines

1. Identification

Annual Report on Implementation of the Maltese Operational Programme as per Article 67 of Council Regulation 1198/2006 on the European Fisheries Fund

Member State: Malta

Operational programme	Programme number (CCI No):	2007MT14FP0001
Report on implementation	Reporting year:	2014
	Date of approval of the annual report by the monitoring committee:	26th March 2015

2. Executive Summary

The Funds and Programmes Division (FPD) as the Managing Authority (MA) of the European Fisheries Fund takes up the yearly task of penning the Annual Implementation Report, assisted by the EU Affairs unit within the Ministry for Sustainable Development, Environment and Climate Change (MSDEC) in its capacity of Intermediate Body (IB) for the Fisheries Operational Programme 2007-2013 (EFF OP).

Year 2014, like all the other preceding years, has proved to be one which involved many challenges and up hills from which the MA did not shy away and successfully managed to close 2014 without any de-commitment of funds.

During 2014 the MA did not launch any new calls and neither did the IB considering that all Funds were committed by the end of 2013. Therefore the year of 2014 was more focused on the actual implementation of projects seeing that the programme reaches its closure by 2015. The MA once again managed to achieve the yearly target as stipulated in the EFF OP. Officials were assigned specific tasks as per organisational chart of the MA. The Financial Control Unit continued to ensure that management verifications and checks are carried out by a Unit which is totally autonomous from the management functions of the MA.

The principles of equal opportunities and environmental sustainability, which are horizontal objectives within the EFF OP and feature as fundamentally important in the Maltese Government's Agenda, were stressed in all documentation issued in 2014. Furthermore, the MA's commitment towards equal opportunities and environmental sustainability are reflected in the project selection process where marks are specifically allocated to proposed investments that promote these priorities.

In 2014, a total of € 1,424,133 Public Eligible (€ 1,068,100.22 EFF funds) was certified to the European Commission in three Statements of Expenditure. The first Statement of Expenditure (SoE) by Fund was sent to the Commission in June 2014 and the total EFF funds certified in this SoE amounted to € 84,584.23. The second SoE by Fund is dated November 2014 and the total EFF funds certified in this SoE amounted to € 350,595.68. The third SoE certified to the EC in December 2014 amounts to € 694,964.54. As a result of these Statements of Expenditure and of the amounts certified over and above the 2013 targets, Malta has once again reached the certification target for 2014, i.e. € 1,426,192.00, hence no funds were de-committed.

The members of the EFF Monitoring Committee approved changes in the OP by means of a written procedure on the 11th February 2014. The changes in the OP mainly focused on the shift of budget between PAs, with funds being shifted mainly from PA1 and PA2 to PA3. The revised OP was approved by the EC on the 11th June 2014¹.

The total budgetary allocation to Malta is broken down as per the table below:

Priority	Total Public a=(b+c)	EFF Contribution (b)	National Contribution (c)	EFF co-financing rate (d)=(b)/(a)*100
Priority Axis 1:	3,736,859	2,802,645	934,214	75
Priority Axis 2:	1,005,705	754,279	251,426	75
Priority Axis 3:	5,694,539	4,270,905	1,423,634	75
Priority Axis 5:	726,000	544,500	181,500	75
Total	11,163,103	8,372,329	2,790,774	

Table 1: Budgetary Allocation under the EFF per Priority Axis (PA) as per EFF OP Version 5

Qualitative analysis

Priority Axis 1 – Measure for the adaptation of the Maltese fishing fleet

Measure 1.1 Public Aid for Permanent cessation of fishing activities

A total of four Permanent Cessation Schemes were launched under this measure since 2010. The first call was launched in 2010, followed by a second call in 2011; the third call was launched in October 2012, whilst the final call was launched in November 2013. Through the four schemes launched, 25 fishermen benefited from EFF funds. A total of 20 had BFT licenses, 19 had swordfish licenses, 4 had Bottom Otter Trawling licences and one for Lampara. All these calls followed the Fishing Adjustment Plans which were designed in line with Article 21 and 22 of the EFF Regulation². The main objective of this measure is to reduce

¹ CCI-No.2007 MT14 F PO 001; Decision Number C(2014)3913

² Council Regulation (EC) No. 1198/2006

the fishing capacity of the Maltese registered fishing fleet through the permanent cessation of fishing activities.

During 2014, no new grant schemes under this measure were issued, however the IB with the MAs assistance, carried out follow-up work related to the previous aid schemes. Such follow up work included:

- i. The IB has carried out on the spot checks to ensure that the beneficiaries of previous Permanent Cessation Schemes have kept all documentation as required. In relation to such checks, a circular was sent to all beneficiaries to remind them of their obligations and provide assistance as necessary.
- ii. Conservation of Permanent Cessation Scheme III vessels (or parts thereof) having heritage value - On the 25 of January 2014, MFA 158 San Guzepp III was taken over by Heritage Malta. The Grant Agreement amount for this vessel was € 55,844.00. Additionally, the IB, in order to ensure adequate traceability of the items taken over by Heritage Malta and that the necessary EFF publicity is utilised adjacent to any such items put on display by Heritage Malta (HM) within its museums, has requested Heritage Malta to advise on its plans for these items, compiled a joint inventory linking the vessels, the items taken therefrom and the present Heritage Malta Inventory Number, as well as provided HM with a plaque and 40 publicity stickers



Figure 1. Items transferred to Heritage Malta

When the results obtained by all four permanent cessation schemes (2010-2011-2012-2013) are analysed collectively, it transpires that the Maltese Fishing Vessel Register has been reduced by a total of 4757.13 Kw and 635GT.

Measure 1.3 – Investments on board fishing vessels and selectivity

This measure is intended specifically to improve the existing fishing fleet through modernisation and is managed in such a way that the resultant fishing capacity does not exceed the tonnage and power of the existing fishing fleet. Investments that could be financed under this measure could target safety on board³, working conditions on board, enhanced hygiene, improved product quality, improved energy efficiency and increased selectivity of fishing gear provided that these do not increase the ability of the vessel to catch fish.

No calls were issued under this measure during 2014. As a result of the additional checks carried out by the MA with the IB's assistance, a total of - € 2,766.10 of adjustments were processed through the EFF Database during 2014.

Measure 1.4 – Socio-economic compensation for the management of the community fishing fleet

This measure's main objective is to support sustainable management of the fishing fleet through diversification of activities within the industry, upgrading the skills of the active fishers and by supporting the transfer of skills to occupations outside the fisheries industry. This measure aims at addressing these challenges by granting socio-economic compensation for the management of the community fishing fleet with the ultimate aim of ensuring the long-term sustainability of the environment in particular with specific training aimed at reducing the prevention of pollution at sea. Indirectly, such training would help in reducing potential impacts on stocks and species in the waters where Maltese vessels operate, and thereby the specific stocks targeted by Maltese fishermen. Additionally, the training module aimed at encouraging diversification outside the fishing industry also sought to elicit a reduction in the fishing effort by Maltese fishermen (an hour in alternative employment implies an hour less in fishing) and therefore indirectly enhancing the sustainability of specific stocks targeted by Maltese fishermen.

No calls were issued under this measure in 2014. No funds were processed through the EFF Database during 2014 as the schemes launched had all been paid, certified and verified by 2013.

Priority Axis 2 – Aquaculture, Inland Fishing, Processing and Marketing of Fishery and Aquaculture Products

This Priority Axis' main focus is to support actions foreseen in the National Strategic Plan for Fisheries 2007-2013 which amongst others include the development of new species that can be commercialised; the enhancement of the working and safety conditions of aquaculture

³ Safety on board requirement which are over and above Subsidiary Legislation 425.07 – Schedule V and Council Directives 93/103/EC and 92/29/EEC

workers; enhance the efficiency of the operations of enterprises involved in processing and marketing of fish products.

Measure 2.1 – Productive Investments in Aquaculture

The project under this measure consisted of new aquaculture equipment such as cages, chains and other equipment necessary for investments in aquaculture. The beneficiary procured all the items as stipulated in the Grant Agreement. IB officials conducted OTS checks to verify that all items were delivered before end of December 2013.

A total of € 209,241.83 (public eligible amount) was processed through the EFF Database under this measure in 2014.



Figure 2. Items checked during OTS checks on-site under Measure 2.1

Measure 2.3 – Investments in processing and marketing

The two projects under this measure consist of investment in fish processing including the modernisation of premises in production methods and the improvement of hygiene with a view to support enhancement of quality and adding value to the sector or product. On the 17th January 2014, one of the projects under this measure was withdrawn by the beneficiary and funds already disbursed were completely recovered from the Beneficiary in question⁴.

The total public eligible amount (40% of the total cost of operations) certified under this measure as at end 2014 amounts to € 286,839.17 and the total payments effected by Beneficiaries add up to € 82,353.34 (these figures factor the financial irregularities signalled to IAID and OLAF and adjusted during 2014)⁵.

⁴ The amount of €14,960 was successfully recovered in January 2014 from the withdrawn project under Measure 2.3

⁵ Amount paid during 2014 = € 100,327.77; Adjustments = -€ 17,646.66

Priority Axis 3 – Measures of Common Interest

Measure 3.1 – Fishing Ports, landing sites and shelters

Landing Sites Project

During 2014, the MA together with the Department for Fisheries and Aquaculture continued working on the applications received in reply to the restricted call launched under this measure. The Managing Authority signed Grant Agreements with the beneficiaries (MSDEC & MGOZ) for two of the three projects planned under this measure, namely a new landing site, the setting up of a land office, improvements to the dry standing area and installation of service pillars, replacement of existing winch and the upgrading of the existing slipway in Marsalforn, Gozo and a new landing site in Marsaxlokk, Malta. The third project under this measure envisages the building of a landing facility in Marsa being a designated port and also in the proximity of the new fish market, the refurbishment and upgrading of an existing quay at Tal-Veccja in St.Paul's Bay and the refurbishment of an existing slipway in Marsascula. Applications were submitted to MEPA and the Grant Agreement is planned to be signed by the second quarter of 2015.

The total public eligible funds committed to the three projects amount to € 1,757,883.25. The amounts committed for two Grant Agreements signed in 2014 amount to € 590,713.96 Public Eligible funds (Marsalforn Landing Site) and € 473,526.00 Public Eligible Funds (Marsaxlokk Landing Site). Actual implementation on both projects is set to kick off in the first quarter of 2015. A total of € 14,250.36 (Public Eligible) funds were processed through the EFF Database during 2014. These funds relate to other project under this measure namely the Landing Site Project in Mgarr, Gozo.

Fish-market

As indicated in the OP, the EFF can support measures of common interest intended to implement a policy of quality and value enhancement, development of new markets or promotional campaigns for fisheries and aquaculture products.

Following up on the Government of Malta's commitment to invest in a new fish market, relocating and upgrading the amenities of the infrastructure and offering the possibility for new fisheries activities (processing) to thrive within the newly designated area, a contract for the demolition of the ex reverse osmosis plant and the construction and finishing works of the new fish market in Marsa was signed with MRRA on the 26th July 2012. During 2014 two

extensions to the Grant Agreement were issued⁶. This was mainly due to the fact that the project could not be supplied with electricity since the go ahead for the building of the sub-station, which is to provide electricity to the new fish market, took longer than planned.



Figure 3. EC officials visiting the New Fish Market Project at Marsa on the 6th May 2014

In 2014 a total of € 665,849.55 (Public Eligible Funds) were processed through the EFF Database. The amount was certified to the EC under this project, with the corresponding EFF contribution amounting to € 499,387.16

Measure 3.2 – Development of new markets and promotional campaigns

Promotional Campaign

On the 8th November 2012 the MA launched an open call under Measure 3.2 of the Operational Programme; Measures of Common Interest (Measure 3.2 – Development of new markets and promotional campaigns). The aim of this promotional campaign is to increase awareness among the general public of the health benefits associated with fish consumption thereby enhancing the demand for currently underutilised fish and/or underutilised aquaculture species (*which are underutilised aquaculture species?*) and consequently improve the sector's competitiveness and help it become environmentally, economically and socially sustainable.

Three calls for tenders were issued under this measure following the signing of the conditionality letter on the 6th March 2013. A departmental tender was issued for the design concept of the promotional campaign; a department of contracts tender was issued for the implementation of the campaign and a call for employment within the public service was issued for the role of a project administrator to manage and implement the project efficiently.

No payments have been effected for this project during 2014.

⁶ Second Grant Agreement Addendum dated 24th January 2014 and Third Grant Agreement Addendum dated 9th May 2014.

Priority Axis 5 – Technical Assistance

In 2014, as in previous years, Technical Assistance (TA) was used to enhance the administrative capacity of the public bodies entrusted with the implementation of the Programme; undertake studies in relation to the operation of the EFF; undertake capacity building measures; fund travelling commitments in order to further improve networking, participation in seminars which are crucial in the added efficiency for the implementation of the programme and participate in Fund Committees and Expert Groups organized by the European Commission and preparation for the upcoming programming period (EMFF) which includes the writing of the new OP and also related studies. TA during 2014 was disbursed on various items which helped the MA to efficiently reach its targets and also helped it facilitate the implementation of OP.

Information and Publicity

The MA promoted the achievements of the Fund in two promotional events; (i) Festa Ħut held on Sunday 1st June 2014 at Żurrieq and (ii) Notte Bianca held on Saturday 4th October 2014 in Valletta. During 2014, the MA took up the task of creating an information/activity publication filled with educational exercises for children. The main subject of this booklet is the importance of sustainability of fisheries. Together with this booklet, promotional material from previous years (generic information leaflet; roll-up banners; Commission publications) was also distributed to the attending public of each activity attended.



Figure 4. Set up at Festa Ħut held on Sunday 1st June 2014 at Żurrieq



Figure 5. Set up at Notte Bianca held on Saturday 4th October 2014



Figure 6. Promotional Activity Book distributed during Notte Bianca

In 2014 a total of € 164,813.53 was certified to the EC under Technical Assistance, with the corresponding EFF contribution amounting to € 123,610.15.

3. Overview of the Implementation of the Operational Programme by Priority Axis

3.1 Information on the physical progress of the priority axes⁷ (Table 2: Information on the physical progress of the PA),

Priority Axis 1: Measure for the Adaptation of the Fishing Fleet			2010	2011	2012	2013	2014	Total
Results	<p><i>Indicator 1:</i> Number of Long Liners to be scrapped by end 2015 under this operational programme: Blue Fin Tuna – 20 Swordfish - 19 which represent the scrapping of boats adding up to a capacity of 361.85 GT and 2,984.23 kW</p> <p>.</p>	Achieved	1,040.67 kW & 133.65 GT resulting in a 0.57% overall reduction in fishing vessel licences (8.99% Blue Fin Tuna and 3.50% Swordfish licence reduction) according to the OP data (base year 2006)	988.45 kW & 104.55 GT resulting in a 1.0% overall reduction in fishing vessel licences (6.74% Blue Fin Tuna and 2.33% Swordfish licences) according to the OP data (base year 2006)	955.11 kW & 123.65 GT resulting in a 1.35 % overall reduction in fishing vessel licences (5.61% Blue Fin Tuna and 1.95% Swordfish licences) according to the OP data (base year 2006)	1,772.90 kW & 273.93 GT resulting in a 1.71 % overall reduction in fishing vessel licences (Bottom Otter Trawlers and Lampara Licences) according to the OP data (base year 2006)	N/A	4,757.13 kW & 635 GT. A 1.71% overall reduction was achieved for fishing vessel licences.
		Output Target: Number of schemes launched to aid the cessation of fishing activities by Long Liners licensed to fish for Blue Fin Tuna and Swordfish - 2	1	1	1	1 ⁸	N/A	4

⁷ Data has been provided by the EU Affairs Unit within the MSDEC.

⁸ Permanent Cessation Scheme Call 4 – was also open for Bottom Otter Trawlers and Lampara vessels.

		Baseline: Number of Long Liners which in 2006 were licensed to fish for BFT (89) and Swordfish (257). These formed part of the Maltese Fishing register of 1,404 fishing vessels - 98,529 kW; 15,166 GT	N/A	N/A	N/A	N/A	N/A	N/A
	<i>Indicator 2:</i> Number of vessels to be modernised by end 2015 under this Operational Programme – 15 vessels.	Achieved	N/A	33 Grant Contracts under the investment on board fishing vessels & selectivity were signed	N/A	N/A	N/A	33 Grant Contracts under the investment on board fishing vessels & selectivity were signed
		Output Target: Number of Schemes launched to modernise fishing vessels - 1	1	N/A	N/A	1 ⁹	N/A	1
		Baseline: Number of vessels in the Fishing Vessel Register in 2006 which had already undertaken	N/A	N/A	N/A	N/A	N/A	N/A

⁹ No eligible applications were received for this call.

		modernisation during the period 2004-2006 - 7						
	<i>Indicator 3:</i> Number of vessels with engines replaced by end 2015 under this Operational Programme – 2	Achieved	N/A	N/A	N/A	N/A	N/A	N/A
		Output Target: Number of Schemes launched to modernise fishing vessels - 1	1	N/A	N/A	N/A	N/A	1
		Baseline: Total engine power of all vessels in the Fishing Vessel Register in 2006 - 98,529 kW	N/A	N/A	N/A	N/A	N/A	N/A
	<i>Indicator 4:</i> Number of fishers having received training during the period 2007-2013 under this operational programme – 800	Achieved	N/A	827 fishers received training.	N/A	N/A	N/A	827 fishers received training
		Output Target: Number of projects for the training of fishers by end 2015 under this Operational Programme -1	N/A	1 ¹⁰	N/A	1 ¹¹	N/A	2

¹⁰ A number of modules were given in 2010 whilst the rest were given in 2011.

¹¹ No applications were received following a restricted call issued on the 9th August 2013

		Baseline: Number of fishers which had received training on professional skills and for occupations outside sea fishing skills during the period 2004-2006 - Nil	N/A	N/A	N/A	N/A	N/A	N/A
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Priority Axis 2: Aquaculture, Processing and Marketing of Fishery and Aquaculture Products			2010	2011	2012	2013	2014	Total
Results	Indicator 5: Number of new species cultivated by end of 2015 - 1	Achieved	N/A	N/A	N/A	1		1
		Output Target: Number of projects supporting the diversification of cultivated species under this operational programme -1	N/A	N/A	N/A	1 ¹²	N/A	1
		Baseline: Number of different species currently being cultivated in	N/A	N/A	N/A	N/A	N/A	N/A

¹² New species being farmed: *Argyrosomus Regus*

		2006 – 3						
<i>Indicator 6:</i> Number of fish farms having been assisted under this operational programme to export closed-cycle species by 2015 - 2	Achieved		N/A	N/A	N/A	1	N/A	1
	Output Target: Number of projects by different fish farms aimed at increasing the export of closed-cycle species under this operational programme - 2		N/A	N/A	N/A	1	N/A	1
	Baseline: Number of fish farms exporting closed-cycle species in 2006 - 2		N/A	N/A	N/A	N/A	N/A	N/A
<i>Indicator 7:</i> Number of existing processing and packaging facilities, modernised under this operational programme by end 2015 – 2	Achieved		2 ongoing projects	N/A	N/A	1		1
	Output Target: Number of schemes launched to enhance processing and packaging facilities of the aquaculture and fisheries industries under this operational programme by end 2015 -2		1	N/A	1	N/A		2

		Baseline: Number of processing and packaging facilities in place in 2006 - 5	N/A	N/A	N/A	N/A		N/A

Priority Axis 3: Measures of Common Interest			2010	2011	2012	2013	2014	Total
Results	<i>Indicator 8:</i> Number of ports having the necessary facilities for the landing and storage of fish – 4.	Achieved	N/A	N/A	1	3	N/A	4 ongoing projects
		Output Target: Number of upgrading projects on infrastructural facilities undertaken by end 2015 under this Operational Programme - 4	N/A	N/A	1	3	4 ongoing projects	4 ongoing projects
		Baseline Number of ports having necessary landing and storage facilities in 2006 - 1	N/A	N/A	N/A	N/A	N/A	N/A

	<i>Indicator 9:</i> The relocation of the fish market by 2015	Achieved	N/A	N/A	1 ongoing project	1 ongoing project	1 ongoing project (nearing completion)	1
		Output Target Number of projects addressing the relocation of fish market facilities by end 2015 - 1	N/A	N/A	1	N/A		1
		Baseline Number of fish market areas in 2006 - 1	N/A	N/A	N/A	N/A		N/A
	<i>Indicator 10:</i> A nominal increase in the national per capita consumption of fish from 2006 to 2015.	Achieved	N/A	N/A	N/A	1 ongoing project	1 ongoing project	1 ongoing project
		Output Target Number of marketing and promotional campaigns organised during the period 2007-2015 -1	N/A	N/A	N/A	1 Project Approved	1 ongoing project	1 ongoing project
		Baseline Average national per capita consumption of fish (kg/year) during	N/A	N/A	N/A	N/A	N/A	N/A

		period 2000-2006 – 6.58 Kg						
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Priority Axis 5: Technical Assistance for the administration and implementation of the OP			2010	2011	2012	2013	2014	Total
Results	<i>Indicator 11:</i> To facilitate the overall implementation of the Programme in order to optimise the programme's quality and efficiency, whilst ensuring effective application of Regulations and procedures.	Achieved	n+2 target reached					
		Output Target: Number of studies / (ex-ante and interim) evaluations / research undertaken (aquaculture strategy) - 3	N/A	3	N/A	1	N/A	4
		Output Target: Number of FTEs working on the implementation of the OP- 5	N/A	N/A	5.5 ¹³	6 ¹⁴	5	5
	Output Target: Number of Publicity measures	N/A	N/A	2	2	2	6	

¹³ Only officials whose salary was co-financed under TA were taken into consideration

¹⁴ Two officers of which resigned from their position during 2013 (1 MA official resigned in May; 1 IB official resigned in August 2013)

		undertaken by 2015 – 1						
		Baseline	N/A	N/A	N/A	N/A		N/A

3.2 Specific Information for priority axes and measures

The Fishing Effort Adjustment Plans for Bottom Otter Trawlers, Lampara, and Blue Fin Tuna

A Fishing Effort Adjustment Plan (FEAP) for BFT was prepared in line with Article 22 of Regulation 1198/2006 and approved in October 2010. This FEAP was updated in October 2012 and subsequently in November 2013, before the fourth permanent cessation call was issued in November 2013. The revisions entailed a clarification of the link between the FEAP and the EU's recovery plan, updated targets and editorial changes mainly linked to the change in the management structures of the EFF Programme. In view of the fourth permanent cessation scheme launched in November 2013, management plans for Lampara, Bottom Otter Trawling and Dolphin Fish fisheries were published in line with Article 19 of Council Regulation (EC) 1967/2006 on the Government Gazette of the 1st October 2013¹⁵. These management plans take into account biological, economic and social objectives and were implemented for vessels operating within the 25 NM FMZ¹⁶. Such management plans provide a coherent plan for safeguarding the long-term future of the FMZ. FEAPs for BFT, Bottom Otter Trawlers and Lampara were also approved in November 2013. The call was open for Bottom Otter Trawlers, Lampara and BFT. As at 2013, Lampara fleet operating within the FMZ consisted of 17 boats (out of which 1 vessel was scrapped under the fourth cessation scheme), and the Bottom Otter Trawler fleet consisted of 12 vessels (out of which 4 were scrapped under the fourth cessation scheme). No Blue Fin Tuna vessels were scrapped under the fourth scheme. The table below is an analysis of the results in implementing the fishing effort adjustment plan using the indicators defined in the EFF OP (Version 5)¹⁷: No new calls for Permanent Cessation and no new FEAPs were issued during 2014

Objective	Baseline	Target by 2015	Achieved during 2014
Public aid for permanent cessation of fishing activities.	Number of Long Liners which in 2006 were licensed to fish for Blue fin tuna (89) and Swordfish (257). These formed part of the Maltese fishing register of 1,404 fishing vessels (GT 15,166; Kw 98,529).	Number of Long Liners to be scrapped by end 2015 under this operational programme: Blue Fin Tuna – 20 Swordfish - 19 which represent the scrapping of boats adding up to a capacity of 361.85 GT and 2,984.23 kW	N/A

Table 3: Analysis of results

¹⁵ <http://gazzetta.247.com.mt/downloads/2013/10/1/1/Government-Gazette-No-19146.pdf>

¹⁶ NM FMZ stands for Nautical Mile Fisheries Management Zone

¹⁷ Fisheries Operational Programme – Version 5 – April 2014

From a total of four Permanent Cessation Schemes the amount of 4757.13 KW and 635GT of were permanently removed from the fishing vessel register; to date a 1.7% reduction was achieved for fishing vessels licences. The results of BFT and Swordfish licences did not change through the fourth scheme therefore the reduction under these licences are unchanged at 955.11 kW and 123.65 GT.

The Fishing Effort Adjustment Plan for Small Scale Fishing

The FEAP for Small Scale Fishing (for fishing vessels smaller than 12 metres) was also adopted in 2010. The said Plan has been implemented and a total of three small scale fishing vessels have been demolished through the first permanent cessation call.

3.3. Financial information (all financial data shall be expressed in Euro)

Regions eligible under the convergence objective

Table 4: Financial Information under each Priority Axis

	Expenditure paid by the beneficiaries included in payment claims sent to the MA ¹⁸ €	Corresponding public contribution €	Corresponding EFF contribution €	Expenditure paid out by the body responsible for making payments to the beneficiaries ¹⁹ €	EFF committed by the MA ²⁰ €	Total payment requested from the Commission Specify the basis for calculating the Community contribution ²¹ €	Total payments received from the Commission ²² €
PA1	3,791,680.97	3,734,093.74	2,800,570.29	3,734,093.69	2,800,570.28	2,800,570.28	2,800,570.28
PA2	2,328,657.35	948,945.66	711,709.20	948,945.57	772,379.44	711,709.16	488,829.53
PA3	2,861,369.85	2,424,889.79	1,818,667.33	2,438,675.09 ²³	3,961,715.68	1,818,667.29	1,441,888.76
PA4	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PA5	605,309.95	594,674.13	446,005.6	594,673.85	544,500	446,005.39	350,699.06
TOTAL	9,587,018.12	7,702,603.32	5,776,952.42	7,716,388.20	8,079,165.40	5,776,952.12	5,081,987.63

¹⁸ Figures under this column include taxes.

¹⁹ This column includes the public contribution only.

²⁰ This column includes the EFF share of the Grant Agreements (revised amounts) with Beneficiaries under every Priority Axis, with the exception of Technical Assistance. Cumulative amounts including all Grant Agreements signed from the beginning of the programme. No new funds were committed during 2014.

²¹ Article 76 (1) of Council Regulation (EC) No 1198/2006

²² Interim payments received until 31st of December 2014. A first advance payment to the amount of EUR 586,063.03 was executed on 23rd December 2008, (bank value date). A second advanced payment to the amount of EUR 586,063.03 was requested on 17th June 2009 and was executed on 14th September 2009 (bank value date).

²³ The amount of EUR 13,785.30 has not yet been processed through the Statement of Expenditure claim.

3.4 Qualitative Analysis

Priority Axis 1

Measure 1.1

Since 2010, a total of four Permanent Cessation Schemes were launched. The first call was launched in 2010, followed by two other calls in 2011 and 2012 respectively and the last call was launched in November 2013. The main objective of this measure is to reduce the fishing capacity of the Maltese registered fishing fleet through the permanent cessation of fishing activities. 20 fishing vessels were scrapped under the first three schemes whilst another 5 beneficiaries benefited from EFF funds through the fourth permanent cessation scheme in 2013. Through the four schemes launched, 25 fishermen benefited from EFF funds. A total of 20 had BFT licenses, 19 had swordfish licenses, 4 had Bottom Otter Trawling licences and one for Lampara. No calls under this measure were issued during 2014.

When the results obtained by all four permanent cessation schemes (2010-2011-2012-2013) are analysed collectively, it transpires that the Maltese Fishing Vessel Register has been reduced by 4757.13 kW and 635 GT. Furthermore, fishing vessels licenses have been reduced by 1.7 % when compared to the OP data (base year 2006). No new calls were issued during 2014.

Measure 1.3

The Aid Scheme under Measure 1.3 of the OP, targeting investments on board fishing vessels and selectivity, was launched in March 2010. The measure was intended specifically to improve the existing fishing fleet through modernisation actions such as improvements of safety on board, improvements of the working conditions on board, the enhancement of hygiene, the improvement of product quality, the improvement of energy efficiency and an increase in the selectivity of fishing gear provided that these do not increase the ability of the vessel to catch fish. Grant Agreements were signed in 2010. The Internal Audit and Investigation Department (IAID) which is also the Audit Authority carried out a sample audit on operations on two beneficiaries and identified a number of irregularities. Such irregularities were also signalled through the checks carried out by the MA. The total sum unduly paid under this scheme totals € 105,213.92 (€71,787.42 as irregular 2012; € 30,660.40, as irregular amounts for 2013, and € 2,766.10 for 2014). The irregular amounts were all recovered during 2013 and 2014.

A second scheme under Measure 1.3 of the Operational Programme, targeting investments on board fishing vessels and selectivity, was launched on the 14th September 2013. The

scheme was published on the Government Gazette dated 17th September 2013 and on local newspapers²⁴. Moreover, the launch was also promoted during the Fish Fest held in Marsaxlokk on the 14th September 2013 and at “Għall Kenn tal-Port fil Menqa tal-Marsa” on the 13th October 2013. Two information sessions; one in Malta and one in Gozo both held on the 16th September 2013, were also carried out to explain to the fishermen the procedure of applying for EU funds under EFF. In spite of the above mentioned wide-spread publicity, only one application was submitted which was later declared as ineligible by the Project Selection Committee. No new calls were issued under this measure during 2014.

Measure 1.4

In 2010, a service provider was commissioned to provide training courses to fishers. The main objective of this training was to provide fishers with better knowledge of health and safety measures at sea as well as diversification of activities. Over 800 persons attended the training which started in December 2010 and continued until March 2011. A total of 827 persons received the training. In 2013 a total of € 111,853.64 was certified to the EC under this measure in relation to the training course in subject, adding up to a total of € 224,401.04 with a corresponding EFF contribution of € 168,300.78.

In 2012 the MA held a number of meetings with MRRA about a second training course targeting navigational skills. The restricted call was eventually launched on the 28th June 2013 to which the MSDEC was invited to submit a project application for consideration by the MA.

The eligible action under this call was for the provision of training to upgrade the professional skills for fishers and for young fishers in particular. The call closed on the 9th August 2013; however, following consultations between MSDEC and the Fishers Cooperatives, whereby the latter declared that there was no particular interest shown by the fishers to apply for such training, the Ministry did not submit any applications. It is also important to note that before the inception of the application process, there was considerable interest shown for such training to be provided²⁵. No new calls were issued under this measure during 2014.

Financial update of Priority Axis 1

As of the end of 2014 the total amount paid out by treasury under this Axis amounts to € 3,734,093.69 of which € 2,800,570.26 represents the EFF contribution. The total amount received from the EC in 2014 was € 980,065.75²⁶.

²⁴ Times of Malta (14/09/2013); Il-Mument (15/09/2013); Kulhadd (15/09/2013); it-Torċa (15/09/2013), The Malta Independent on Sunday (15/09/2013); Illum (15/09/2013)

²⁵ Reference is being made to the EFF MC minutes of the 18th April 2012

²⁶ This figure denotes the total amounts received by the CA for PA1 for amounts certified and requested in 2013 and 2014.

Equal Opportunities under Priority Axis 1

The Project Selection Criteria award extra points to initiatives which promote gender equality in line with Article 11 of the EFF Regulation.

Priority Axis 2

Measure 2.1

Three aid schemes targeting 3 different measures under PA2 were launched in August 2012, namely; Measure 2.1 Productive Investments in Aquaculture; Measure 2.2 – Aqua-Environmental Measures and Measure 2.3 – Investments in processing and marketing. The budget made available under these Schemes totalled €1.5 million (€500,000 per Scheme which could be shifted from one Scheme to another depending on the applications received). Two applications were received under Measure 2.1 whilst an application under Measure 2.3 was received after the set deadline and was duly rejected. In 2013, the Project Selection Committee concluded the evaluation process and only one beneficiary under Measure 2.1 signed the Grant Agreement in May 2013. The total Public Eligible amount allocated for this project totals to € 411,777.58 (€ 308,883.19 EFF contribution) of which € 209,241.83 were paid during 2014 (€156,931.37 EFF contribution).

Measure 2.3

The initial Aid Scheme under Measure 2.3 (Investment in processing and marketing) was launched in 2010. Two eligible beneficiaries had applied for funds under this measure, however on the 17th January 2014 one of the beneficiaries dropped out and all funds allocated and paid out were recovered by the MA. With regards to the other project the MA finalised all the necessary checks, all financial penalties were deducted and the project reached its completion by the end of 2014.

Implementation took place during 2011 and 2012 and checks were carried out by the IB and MA during between 2011 and 2014. For 2014, the IB carried out a total of 18 OTS for this measure. The total Public Eligible amount paid under this measure during 2014 totals to €82,353.34²⁷ (€61,765.01 EFF contribution).

Financial update of Priority Axis 2

As at end of 2014, a total of € 948,945.57 was paid via Treasury under this Axis of which € 711,709.20 represents the EFF contribution. The amounts certified by the CA under this Axis

²⁷ This figure includes the amount of (-€17,646.66) in adjustments.

in 2014 totalled € 443,770.53 (€332,827.89 EFF contribution). The total amount of funds received from the EC in 2014 for payments certified in 2013 was € 367,717.93.

Equal Opportunities under Priority Axis 2

The Aid Scheme launched under this Measure was in line with Article 11 of the EFF Regulation (described under PA2). In fact, extra points were awarded for initiatives promoting gender equality in the fisheries industry as per the revised Project Selection Criteria.

Priority Axis 3

Following the calls launched by the MA in 2013 under Priority Axis 3 the entire budget allocated to this PA in the EFF OP was committed.

Measure 3.1

Landing Sites

Further to a restricted call issued by the MA on the 25th June 2012, MRRA submitted an application for the financing of four mobile offices to be used as landing sites in designated ports located in Malta and the upgrading of a building to be also used as a landing site in Mgarr Gozo. The Grant Agreement was signed on the 5th June 2013; however, due to the temporary nature of the mobile offices, the latter had to be dropped from the tender following a refusal of issuing of a permit by the MEPA. The Department for Fisheries and Aquaculture (DFA) which is the unit in charge of the implementation of the Landing Sites project, also falling within the remit of MSDEC, requested for such mobile offices to be removed from the Grant Agreement. By the end of 2013 the project was in its advanced stages and its completion date was set for some time around May 2014, but several extensions were requested. However during the project implementation the Department of Fisheries and Aquaculture (DFA) encountered several administrative problems. One of which was the tender for the installation of cold rooms. As at December 2013, this tender was issued for the fourth time due to the ineligibility of bidders submitting their application. Such mishaps effected the overall completion of the project which was earmarked to be complete by end December 2014. A request for extension until March 2015 was submitted by the DFA to the MA at the time of writing of this report. A total sum of € 14,250.36 (Public Eligible) funds was paid out during 2014 (€10,687.77 EFF contribution).

On the 29th July 2013, the MA launched a restricted call under Measure 3.1, for which a total of three project applications were received, two by the MSDEC and a third one by the Ministry for Gozo. The proposed landing sites are to be located in the following designated ports: Marsalforn (Gozo), Marsaxlokk, Marsa and St. Pauls Bay. Slipways will be built at

Xemxija and Marsascalea. The landing site located in Marsa is being planned in order to facilitate the operation of the newly relocated fish market. Following an evaluation process by the EFF Project Selection Committee, the MA has, on the 20th December 2013, issued approvals for grants through conditionality letters addressed to the Project Leaders. Grant Agreements have been signed for the Marsalforn Landing site (on the 24th November 2014) and for the Marsaxlokk Landing Site (on the 26th March 2014). The third Grant Agreement regarding the Marsa/Marsaxlokk/St.Paul's Bay/Marsaskala areas is being finalised. The Marsalforn Landing Site was launched by the Hon. Minister for Gozo and Hon. Dr. Ian Borg Parliamentary Secretary on the 24th October 2014. It has featured on Maltese National television station on the programme *Għawdex Illum*. A feature was aired on the area where the new landing site funded through the EFF will be situated and how such project will help local fishers with their daily catch. This project envisages the re-instatement of the Menqa wall, the upgrading of the existing slipway, the setting up of a land office, improvements to the dry standing area and installation of service pillars and also the replacement of an existing winch with a modern safer one. This clearly indicates a total re-haul of the area making it a safer place for fisherman whilst providing a better area for them to carry out and maintain their livelihood. Similarly to the Marsalforn Landing Site project, The Marsaxlokk Landing Site project envisages the development of the necessary landing infrastructure by creating a platform to allow for the landing of fish in a safe and orderly manner. Such platform will be reclaimed from the sea and will allow for the berthing of fishing boats. The DOC works contract was awarded on the 23rd September 2014, however due to the fact that the architectural design was met with strong contestation from the fishermen using the area, this had to be re-designed, thus implicating a change in date of completion for the project. This landing site is targeted to be complete by June 2015.

The total public eligible funds committed to the new landing sites projects amount to €1,456,815.57. No expenditure has been affected during 2014.

Fish Market

The building and relocation of the Wholesale Fish Market project application's aim included the relocation of the auction sale activity to a more modern structure that is fully compliant with the current health and safety rules. The facilities at the new fish market are designed to improve the quality of fresh fish products at point of sale by including a wholesale fish market and fish processing plant under one roof. The site chosen for the new fish market is in Marsa. The facilities at the new fish market are designed to improve the quality of fresh fish and fish products at point of sale by including a wholesale fish market and fish processing plant under one roof. The MA's Project Selection Committee awarded the project a positive score and the MA issued a conditionality letter.

Following the conditionality letter issued to the DFA by the MA, the Grant Agreement was signed between the MA and the Beneficiary on the 21st November 2012. The grant requested in the Grant Agreement for the project was tagged at € 2,935,877, the total project costs valued at € 3,893,487.50 (€780,362.50 total non-eligible costs including non eligible VAT, studies and surveys and project management). A first extension of the Grant Agreement was issued for 75 days whereby the DFA requested for the project deadline to be extended until the 16th March 2014. The reasons for this extension were quoted as complication arising from the Abattoir infrastructural alterations. The MA approved such request on the 30th September 2013. Another two extensions were approved by the MA extending the project deadline until the 30th June 2015²⁸. The MA carried out 4 documentary checks at the DFA offices mainly checking the procurement invoice documentation before being processed for their respective statement of expenditures. As at the end of 2014, the project was near to its completion except for some finishing touches and additional works which had to be included in the project implementation. The fish market is projected to be up and running by the end of June 2015.

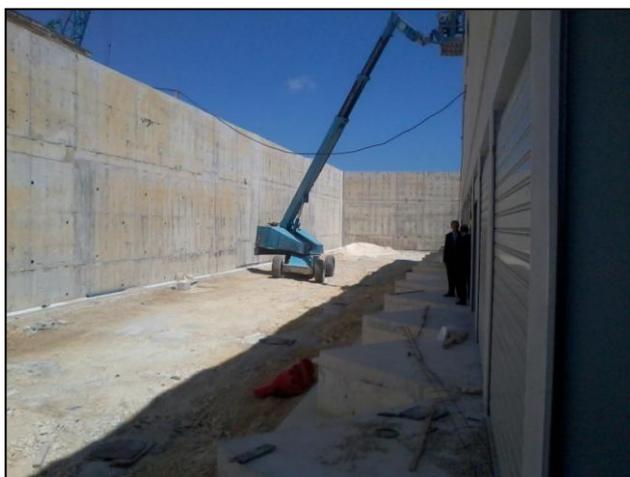


Figure 7: Finishing works on the exterior of the New Fish Market

Measure 3.2

Promotional Campaign

An open call under Measure 3.2 was launched by the MA on the 8th November 2012. The measure dealt particularly with the development of new markets and promotional campaigns. This call is of fundamental importance to the Maltese fishing sector, especially because awareness of the benefits of consuming fresh fish is generally low amongst the Maltese population whilst consumption itself is largely restricted to three main species; BFT, Dolphin fish and Swordfish.

²⁸ An addendum to the Grant Agreement was approved by the MA on 30th September 2013 followed by another addendum extending the project deadline until the end of June 2015

As at the end of 2014, the following tenders under this project were awarded : call for publicity/promotional campaign (DoC tender) awarded on the 31st October 2014; a departmental tender for a campaign concept was awarded on the 18th August 2014; The tender for the post campaign market research study and evaluation report, will be issued in the first quarter of 2015, whereas the completion date for the project is targeted to be by the end of July 2015.

Equal opportunities under Priority Axis 3

To ensure that equal opportunities are well integrated in projects selected under this Priority Axis the national guidelines for equality opportunities are adhered to.

Financial update of Priority Axis 3

In 2014, a total of € 680,099.91 public funds were paid via Treasury under this Axis, of which € 510,074.93 represented the EFF contribution. This brings the total amount paid so far under this Axis to € 2,438,675.09 of which € 1,829,006.32 represents the EFF contribution. The amount certified by the CA under this Axis in 2014 was € 665,849.55 (of which € 499,387.16 is the EFF contribution). In 2014, a total of € 301,490.63 was received from the EC for payments certified in December 2013 under this PA.

Priority Axis 5

Technical Assistance is available to provide support for various measures amongst which are the effective and efficient implementation of the EFF OP; providing support to undertake studies in relation to the operation of the EFF; helping the MA and all other stakeholders undertake capacity building measures and also providing the necessary tools to carry out studies to facilitate and support the management of the EFF OP. During 2014, EFF TA was used to help finalise the EMFF Operational Programme 2014-2020 and also the SEA and Ex-ante Evaluation of the EMFF and other preparation necessary for the upcoming programming period. As with previous years, TA was also used to pay salaries for officers contributing towards the successful implementation of the programme. Other logistical operations which fall within the remit of EFF TA is the annual organisation of the Monitoring Committee, annual participation in public events²⁹ and publication of calls.

A list of all the expenditure incurred during 2014, under this Priority Axis can be found in Section 4 below.

²⁹ (i) Festa Ħut held on Sunday 1st June 2014 at Żurrieq (ii) Notte Bianca held on Saturday 4th October 2014 in Valletta

Financial update of Priority Axis 5

In 2014, a total of € 164,813 in public funds was paid via Treasury under this Axis, of which € 123,610.14 represented the EFF contribution. This brings the total amount paid so far under this Axis to € 594,674.85 of which € 446,005.60 represents the EFF contribution. In 2014, the amount certified by the CA under this Axis was € 164,813.53 (of which € 123,610.15 is the EFF contribution). In 2014, a total of € 111,493.89 was received from the EC for payments certified in December 2013 under this PA.

3.5 Monitoring Arrangements

The setting up of an effective and efficient monitoring system ensures the adequate implementation of the OP. In accordance with Article 63 of Council Regulation (EC) 1198/2006, the MA had set up a monitoring system that permits the supervision of implementation as well as monitors the achievement of the physical and financial indicators of the Programme. Covenants signed in 2012 between the MA and the Department of Contracts, the Malta Environment and Planning Authority, the State Aid Monitoring Board and the National Commission for the Promotion of Equality help in having a clear definition of the roles of these entities in matters pertaining to the EFF Programme. The MA also signed a Covenant with the IB so as to have the respective roles and responsibilities clearly defined and listed in one document, which was amended on 23 December 2013. The MA issued two Circulars during 2014 namely: (i) Circular No.1_2014: Conflict of Interest (ii) Circular No.2_2014: Password Policy. Same as in previous years, the MA continued to carry out its monitoring activity of the Programme, making full use of a number of tools at its disposal, in particular:

3.5.1 Day-to-Day Management

One of the main tasks of the MA is the monitoring of ongoing projects and schemes in order to ensure the correct utilisation and efficient implementation of the programme. Further to the indispensable work carried out during 2011, 2012 and 2013, a total of 28 OTS were carried out by the MA during 2014. These OTS varied from on-site visits of ongoing projects and schemes and also checks on documentation and procurement processes. These checks prove to be crucial for the MA in order to carry out its monitoring tasks. Daily formal and informal monitoring is carried out through various means such as emails, phone calls and bi-lateral meetings with the IB and Beneficiaries. Such operations help the MA to monitor closely the implementation of operations co-financed through the EFF. Monitoring is also carried out on the EFF Database (see section 3.5.3) whereby MA officers regularly check and follow up

any payments and progress of EFF funded projects and Aid-schemes. During 2014 officers from the MA attended various training courses overseas.³⁰

3.5.2 Monitoring Committee

According to Article 63 of Council Regulation (EC) 1198/2006, the Member State shall set up a MC for the OP. Such MC shall draw up its rules of procedure within the institutional, legal and financial framework of the Member State concerned and adopt them in agreement with the MA in order to exercise its missions in accordance with this Regulation. The MC meeting was held; on the 7th May 2014³¹. This was the third MC steered by the FPD as the EFF MA. The following topics were on the agenda:

- Approval of 2013 Annual Implementation Report;
- Update on OP Implementation;

3.5.3 The Database

The main and most important element of the Database is its ability to track and monitor the financial management of funds from programme to invoice level. It is a platform of information sharing between the MA, the CA, Treasury, AA, the Line Ministry and the IB. Continuous monitoring of payments and projects was crucial in helping the MA reaching its commitment targets. The system currently in use proved to be an efficient system by which the MA, IB and Beneficiary managed to monitor and implement step by step each and every payment. On the 22nd September 2014, the MA issued a Circular³² addressing user compliance with the Public Sector Password policy strongly advocating the safe use of passwords and good use of database user accounts.

Due to the introduction of the new EMFF regulation from 2014 onwards, the MA was already in discussion with MITA (Malta Information Technology Authority) as to how the new database will reflect the changes which the regulation will introduce upon being approved by the EC³³. Towards the end of 2014, the new EMFF Database was in an advanced state of programming. By the first quarter of 2015 MA officials will start testing the new database environment.

3.5.4 On-the-Spot (OTS) Checks

³⁰ (i) Training Course on Cohesion Policy 2014-2020 (Module 1: 9th-10th July; Module 2: 30th September-1st October 2014); (ii) European Workshop entitled 'Setting Up Management and Control Systems for ESIF 2014-2020 on the 25th and 26th September 2014; (iii) Training Course 'Cost Benefit Analysis of Investment: A focus on EU Funded Projects' on the 6th-13th-20th March 2014 (iv) Report on the Intensive Workshop on National Best Practices entitled "Financial Management & First-level Control of ESI Funds 2014-2020" held on 13th and 14th October 2014 in Brussels

³¹ <http://eufunds.gov.mt/en/EU%20Funds%20Programmes/Agricultural%20Fisheries%20Fund/Pages/Links-and-Downloads.aspx>

³² MA Circular02/2014

³³ Agreement with MITA signed on the 21st April 2015

According to Article 59 of the EFF Regulation 1198/2006, the MA shall be responsible for managing and implementing the OP in accordance with the principle of sound financial management and, in particular, for verifying that the co-financed products and services are delivered and that the expenditure declared by the beneficiaries has actually been incurred and complies with relevant Community and national rules. With regards to verification of operations, the MA carries out OTS checks on the IB, whereas the latter is bound to carry out 100% verification checks on all beneficiaries of the Aid Schemes (Article 13 (1)) of the Covenant between the IB and the MA states: “ *The IB shall fulfil the obligations under paragraph 1 above by: (a) carrying out 100% administrative (ex-ante)^[1] checks in respect of each application for reimbursement by Beneficiaries; (b) carrying out on-the-spot checks (at least one physical and documentary on-the-spot check on every Beneficiary per scheme) on individual operations*”).

Throughout 2014, a series of OTS checks were carried by the MA on the IB and also on final beneficiaries. Using checklists for both OTS checks on the IB and OTS check on final beneficiaries, the MA carried out the following checks:

[a] On the 17th February 2014, the MA carried out a documentary OTS check on the Beneficiary (IB) under PA2 Measure 2.3 to ensure that items bought were those listed as quoted in the winning bid and their respective invoice. Further checks were carried out on the: 18th February; 11th-17th-21st-25th March; 2nd-8th-10th-16th-24th-30th April; 12th May and 10th November 2014. In total, 14 OTS checks were carried out under this measure during 2014.

[b] On the 8th May 2014, the MA carried out two documentary OTS checks on two separate Beneficiaries who benefited from the fourth permanent cessation. This was followed up by another two checks on the 30th June and 5th August 2014.

[c] On the 5th June, the MA carried out two documentary OTS checks (one of which was a follow up of a check carried out on the 14th November 2013) at the DFA to ensure that the procurement process adopted to supply and install the publicity board under Measure 3.1 was in line with National and EU procurement regulations.

[d] On the 8th August 2014, the MA carried out a documentary OTS check on another beneficiary of the fourth permanent cessation scheme under Measure 1.1 of PA1. This was followed up by another two OTS checks on the 20th and the 21st August 2014.

[e] On the 1st September 2014, the MA carried out a documentary OTS check on another beneficiary of the fourth permanent cessation scheme under Measure 1.1 of PA1.

[f] On the 3rd September 2014, the MA carried out a documentary OTS check at the DFA offices to ensure that the required documentation for the Fish Market Project under Measure 3.2 is in file and also to verify that costs listed in the invoices processed were correctly calculated according to their respective BOQs.

[g] On the 9th December 2014, the MA carried out a documentary OTS check at the DFA offices to ensure that the required documentation for the Fish Market Project under Measure 3.2 is in file and also to verify that costs listed in the invoices processed were correctly calculated according to their respective BOQs. This was followed up by another OTS check on the 15th December 2014.

Further to the above, the IB carried out checks on Beneficiaries under Measures 1.1, 2.1 and 2.3 on the following dates: 7th-8th-22nd-24th January 2014; 27th and 28th February 2014; 18th March; 30th April 2014; 26th August 2014; 1st-2nd-3rd December 2014.

3.5.5 Intermediate Bodies Network

An IB network was established (in 2010) by the MA for Structural Funds to discuss implementation issues and also to ensure complementarity between the Funds. This forum gave entities implementing Aid Schemes the opportunity to come together to share experiences, enhance coordination as well as ensure a degree of consistency in the implementation of measures. FPD, in its capacity of EFF MA, attended the meetings held on 26th February 2014 and 6th October 2014. During these meetings, issues of common concern, such as demarcation between different Programmes, OTS checks, double funding and findings arising from audits were among the issues discussed.

3.5.6 Mid-Term evaluation

N/A

3.5.7 Systems Audit Report

Following four audits on operations reports and three systems audit reviews issued by the IAID during 2013, the AA had established that the management and control systems in place at the MA are satisfactory and effective and only minor improvements are needed. In fact no problems of systematic character were identified during the systems audits carried out. The

issues highlighted in the 2013 reports were tackled and closely follow by the MA and IB during 2014, feedback was sent to IAID throughout November and December 2014 and all the necessary actions are in place in order to avoid any future similar findings.

The Annual Control Report of 2014 published in December 2014 is based on follow up audits in respect of issues reported in 2013 and three audits on operations carried out in 2014. The Systems Audit and the Audit on Operations carried out on the MA, the IB, and the CA. The audits found no errors which are systematic in nature.

The IAID issued an unqualified audit opinion in terms of Article 61(1)(e)(i) of Council Regulation (EC) Regulation 1198/2006. This opinion was drawn up on the basis of the overall level of assurance derived from the results of the follow up of the systems audit carried out on the Managing Authority, from the results of the systems audit carried out on Treasury Department and from the results of the audits on operations.

3.6 Significant problems encountered and measures to overcome them

- *Capacity*

In 2014, capacity kept proving to be a challenge for both the MA and IB. Both experienced a reduction in staff due to officers leaving for other jobs within the Government of Malta and not having been replaced by new officers. Nonetheless, the MA together with the IB managed to pull through any obstacle by ending the year on a positive note since the N+2 de-commitment target was successfully reached. During 2013, calls for EU Fund Officers, Project Managers and Senior Managers within the public service were launched and both MA and IB have requested for officers to be engaged with their respective units in order to fill-in the current vacancies. However to date, no new officers have joined the EFF unit and the position of Senior Manager remains vacant.

- *Technical capability*

During 2014, the MA and IB carried out a number of OTS checks on beneficiaries of PA1, PA2 and PA3. Internal expertise within the Government of Malta was sought for certain checks such as Fisheries Protection Officers and Marine Engineers.

- *Enhancement of the Database*

No enhancements were carried out on the EFF Database during 2014³⁴.

³⁴ Agreement signed on the 21st April 2014 with MITA for the development of the new EMFF Database

3.7 Recommendations from the Commission following annual examination of the Operational Programme

Further to the EC communication on the 9th December 2014, Annual Examination meeting referred to in Article 69 of the EFF Basic Regulation 1198/2006, has taken the shape of a written procedure.

3.8 Assistance Re-paid or Re-issued

N/A

3.9 Substantial modification within the meaning of Article 56 of Regulation (EC) No. 1198/2006

There were no substantial modifications within the meaning of Article 56 of Regulation (EC) No. 1198/2006.

3.10 Changes in the context and general conditions to the implementation of the Operational Programme

The Fisheries Operational Programme underwent changes as approved through the 6th Written Procedure (approved on the 11th February 2014). The 5th Version of the EFF OP included budget shifts from Priority Axis 1 and 2 to Priority Axis 3. The EFF MA requested for the unutilized funds under PA1 and PA2 to be transferred to PA3. The MA sought the MC's approval for the changes being proposed to the EFF OP³⁵.

4. The use made of Technical Assistance

Support from the EFF under the TA axis is provided for a number of measures, such as to support the effective and efficient implementation of the Programme in line with Regulations, undertake studies in relation to the operation of the EFF, capacity building measures, and carrying out studies to facilitate and support the management of the OP. TA was also used to contract tenders in relation with the preparation of the European Maritime Fisheries Fund Operational Programme and Partnership Agreement. Such tenders include the Drafting of the EMFF OP and Ex-Ante evaluation and Strategic and Environmental Assessment. The TA

³⁵ EFF OP Version 5 approved on the 11th June 2014 : CCI-No.2007 MT14 F PO 001; Decision Number C(2014)3913

budget is managed by the MA on a demand driven basis. The percentage of total TA expenditure (EFF share) in relation to the OP budget as at end of 2014 amounts to 5.32%³⁶. The following is a list of all items paid under this PA during 2014:

Description of item:	Net Amount	VAT ³⁷	Total
Provision of Consultancy Services for Drafting of Malta's Partnership Contract/Agreement (PA covers all 5 CSF Funds therefore the value of this contract is distributed amongst all 5 Funds accordingly.	€ 200.84	€ 36.15	€ 236.99
Ex-ante Evaluation and Strategic Environmental Assessment (SEA) on the EMFF for the Programming Period 2014-2020	€ 16,650.00	€ 2,997.00	€ 19,647.00
Interpretation Services required during the 9th Monitoring Committee Meeting held on the 07/05/2014	€ 69.50	€ 0.00	€ 69.50
Hiring of a Meeting Room for the Monitoring Committee of the European Fisheries Fund	€ 471.42	€ 84.83	€ 556.25
Salaries	€ 132,165.22	€ 0.00	€ 132,165.22
Provision of printing paper for the medium/long-term implementation of the Fisheries Operational Programme	€ 133.75	€ 24.08	€ 157.83
Tender for the Supply and Installation of Physical Storage Solutions (Shelving and Cupboards) - LOT 1	€ 279.01	€ 50.22	€ 329.23
Tender for the Supply and Installation of Physical Storage Solutions (Shelving and Cupboards) - Lot 2	€ 435.63	€ 78.41	€ 514.04
Adverts	€ 883.18	€ 158.96	€ 1,042.14
Hiring of gazebo stand and related furniture for event on 01/06/2014 – Festa Hut held on Sunday 1 st June 2014	€ 445.00	€ 80.10	€ 525.10
Design and printing of promotional	€ 809.00	€ 40.45	€ 849.45

³⁶ The EFF's contribution allocated to the OP spent and certified under TA as at 2014 amounts to € 446,005.39

³⁷ VAT is not eligible for EFF funding as per Article 55 (a) of the EFF Regulation.

activity books to enhance the visibility of the Fisheries Operational Programme and its Managing Authority			
Provision of External & Internal Lighting, Design & Installation of a Banner & the Design, Rental, Delivery, Set-up & Dismantling of an Exhibition Stand for Notte Bianca Event held on the 4 th October 2014	€ 512.86	€ 92.31	€ 605.17
Second batch printing of promotional activity books to enhance the visibility of the Fisheries Operational Programme and its Managing Authority.	€ 549.00	€ 27.45	€ 576.45
Desktop/Laptop Lease and Support Agreement	€ 907.02	€ 163.27	€ 1,070.29
Provision of Proofreading Services (Maltese)	€ 725.00	€ 130.50	€ 855.50
European Maritime and Fisheries Fund Database Contract Agreement	€ 158.88	€ 28.60	€ 187.48
Overseas Travel (includes training abroad)	€ 7,845.91	€ 0.00	€ 7,845.91
Training Course organised by the Malta Institute of Accountants entitled 'Cost Benefit Analysis of Investment: A Focus on EU Funded Projects'	€ 324.00	€ 0.00	€ 324.00
European Workshop organised by the European Academy for Taxes, Economics & Law entitled 'Setting Up Management and Control Systems for ESIF 2014-2020'	€ 1,248.31	€ 0.00	€ 1,248.31
GRAND TOTAL	€ 164,813.53	€ 3,992.33	€ 168,805.86

Table 5: items paid under PA5 for 2014

The following table lists the TA funds that were contracted but that had not been paid by the end 2014:

TA used for:	Net Amount	VAT	Total
Studies	€ 50,301.67	€ 9,054.30	€ 59,355.97
Staff Salaries	€ 8,118.68	€ 0.00	€ 8,118.68

Supplies	€ 1,576.44	€ 283.76	€ 1,860.20
Adverts	€ 910.01	€ 163.80	€ 1,073.81
Services	€ 63,703.16	€ 11,466.57	€ 75,169.73
Overseas Travel (Includes training abroad)	€ 9,375.40	€ 0.00	€ 9,375.40
GRAND TOTAL	€ 133,985.36	€ 20,968.43	€ 154,953.79

Table 6: items not yet paid under PA5 for 2014

5. Information and Publicity

In accordance with Article 51 of the EFF Regulation, Malta shall provide information on and publicise the OP and operations and the Community contribution. The information shall be addressed to the general public and it shall aim to highlight the role of the EU and ensure the transparency of assistance from the EFF.

The MA online webpage dedicated solely for the EFF, was set up during 2012, includes information ranging from regulations, publications, calls for proposals (<http://eufunds.gov.mt/en/EU%20Funds%20Programmes/Agricultural%20Fisheries%20Fund/Pages/European-Fisheries-Fund.aspx>) and other useful documents (<http://eufunds.gov.mt/en/EU%20Funds%20Programmes/Agricultural%20Fisheries%20Fund/Pages/Links-and-Downloads.aspx>).

The MA promoted the achievement of the Fisheries OP for Malta in line with Article 28 of the EFF Implementing Regulation by attending two promotional events organised at two different locations, (i) Festa Ħut held on Sunday 1st June 2014 at Żurrieq (a fishing village) (ii) Notte Bianca held on Saturday 4th October 2014 in Valletta. For the fish fest held in Żurrieq the MA requested the technical expertise from the DFA of one Field Recorder and one Senior Fisheries Officer. Such expertise provided for an improved educational experience for the public visiting the EFF stand.

During 2014, the MA took up the task of creating an information/activity book filled with educational exercises for children. The main subject of this booklet is the importance of sustainability of fisheries. Together with this booklet, promotional material from previous years (generic information leaflet; jacket folders) was also distributed to the attending public of each activity attended. The MA undertook other measures in order to disseminate EFF including:

(a) distribution of leaflets during Marsaxlokk Fish Fest (b) distribution of booklets to MEAUSAC and Dar l-Ewropa (EC representation offices in Malta) (c) setting up an information point at the MA's premises reception area. The MA also took part in information sessions held by MEAUSAC on the 2nd and 7th October 2014, during which a brief overview of the new EMFF Operational Programme was given to the attendees.

6. Information about compliance with Community Law

The MA and the IB ensured that organisations that fall within the scope of the Public Procurement Regulations were in line with the relevant National Legislation in force on the 1st June 2010, i.e. Legal Notice 296/2010. Entities and natural persons which do not fall within the remit of the Public Procurement Regulations were still required to follow the spirit of the Regulations when implementing projects under the EFF Programme and Beneficiaries benefiting from Aid Schemes were still required to provide quotations so as to ensure value for money for the measures financed under the Programme. In fact, the European Court of Justice (ECJ) has confirmed in its case law that the Internal Market rules of the EC Treaty apply also to (publicly financed) contracts agreed to by Beneficiaries outside the scope of the Public Procurement Directives. The ECJ stated explicitly that although certain contracts are excluded from the scope of the Community directives in the field of public procurement, the organizations which conclude them are nevertheless bound to comply with the fundamental rules of the Treaty, including adequate advertising especially in cases of relevance to the internal market.

7. Complementarity with other instruments

EU regulations governing the EFF 2007 – 2013 Programme, EAFRD and the Structural Funds specify that the respective strategies and Operational Programmes must set out how the different funding streams will complement each other. In Malta the MA for Structural Funds is the Planning Priorities and Coordination Division within the MEAIM, the MA for the EAFRD is the Rural Development Unit within FPD whilst the MA for the EFF 2007 – 2013 Programme is the FPD within MEAIM. All these Managing Authorities come together in the Inter-Ministerial Coordination Committees (IMCCs) to ensure complementarity between the different Programmes, to share best practises and also to ensure that there are no overlaps and cases of double funding. There are two different IMCCs: the one focusing on EU Infrastructure and Productive Funding and the another one dealing with the EU Human Capital Investment Funding Programmes. These are Chaired by the Head of the European Regional Development Fund (ERDF) Units and the Head of the European Social Fund (ESF) Units respectively.

The EFF MA has attended both IMCCs held in 2014: on the 26th February 2014 and the 6th October 2014.

Over and above its participation in IMCC meetings, during 2014 the EFF MA carried out a check on the list of all projects being financed under different EU Funds so as to ensure that there are no cases of double funding. Following such exercise no cases of double funding were identified.

7.1 Consistency with other Funds and Programmes

The above mentioned IMCC meetings are a crucial tool to avoid any double-funding instances with other funds as well as a useful forum to discuss common issues and share best practices. In some instances these EFF initiatives and other funding programmes address similar or complementary the types of activities and therefore it is important that there is no overlap between actions that will be funded. In order to avoid this, the OP has taken into account the priorities and measures of the different funding programmes and has sought to address those areas exclusively eligible for funding from the EFF.

7.2 EFF and the National Strategic Reference Framework 2007-2013 (NSRF)

The link between the NSRF Strategic Objectives and the EFF focuses on two main areas namely; the issue of competitiveness of the fisheries sector and sustainable environmental development. Under the EFF OP, the importance of having a competitive sector will be actively pursued. Similarly, the importance of the physical and natural environment is underlined through the specific objectives highlighted in the National Strategic Plan (NSP) and the EFF OP. As a result, NSRF Strategic Objective 1 *Sustaining a growing knowledge-based competitive economy* and NSRF Strategic Objective 2 *Improving Malta's attractiveness and the quality of life* are consistent with the EFF OP. NSRF objective 3 *Investing in human capital* will contribute to the upgrading of human resources in the sector, particularly at the vocational level in order to make the sector a more viable career choice.

7.3 EFF and Operational Programme I Cohesion Policy 2007-2013

Operational Programme I, *'Investing in Competitiveness for a Better Quality of Life'* has two objectives: (1) Sustaining a growing, knowledge-based, competitive economy and (2) Improving Malta's attractiveness and quality of life. The central themes of the EFF OP are to improve the competitiveness of the fishing industry in a sustainable manner as well as improving the quality of life via the protection of the natural environment and the enhancement of the working environment of people in the industry.

Objective 1 of OP I is supported by Priority Axis 1 '*Enhancing knowledge and innovation*' and Priority Axis 2 '*Promoting sustainable tourism*'. The EFF OP also envisages training to fishers under Measure 1.4³⁸ and the development of environmentally friendly tourism activities³⁹ as part of its thrust.

Objective 2 of the OP I is sustained through Priority Axis 3 '*Developing the TEN-T*', Priority Axis 4 '*Mitigation and Adaptation to Climate Change*' and Priority Axis 5 '*Safeguarding the environment*' and Priority Axis 6 '*Urban regeneration and improving the quality of life*'. In terms of the EFF OP there are no parallel actions taking place in terms of investment in TEN-T and mitigation and adaptation to climate change. In terms of actions to safeguard the environment, OP I is mainly focused on the development of physical infrastructure aimed at managing solid and liquid waste and storm water. With regards to the EFF OP, actions to safeguard the environment are aimed at changing behaviours and practices rather than at the development of physical infrastructure. Measures for safeguarding the environment fall within the remit of Priority Axis 2 of the EFF OP

7.4 EFF and Operational Programme II Cohesion Policy 2007-2013

Operational Programme II '*Empowering people for more jobs and a better quality of life*' has as an overall objective of raising the overall employment rate. This target will be achieved through the attainment of two operational objectives; (1) Investing in human capital and (2) strengthening the labour market structures. Investment in human capital aims at improving the quality of education and skills level of the labour force to achieve the necessary flexibility in the labour market for it to be in a better position to respond to the needs of Malta's economic growth and development. This objective includes support to enterprises to help them face the ever changing challenges of the market and sustaining a growing competitive economy. In this sense the EFF OP provides complementary supporting actions to the private sector under Priority Axis 2 '*Aquaculture, processing and marketing of fishery and aquaculture products*'.

The operational objective of strengthening labour market structures aims to increase the employment rate by ensuring that those facing difficulties or barriers to enter work or to retain employment are given the necessary support. The EFF OP aims at safeguarding jobs in the fishing industry and at increasing adaptability of the persons employed in the sector, although it has to be noted that the actions / measures proposed are not specifically designed as support to people facing difficulties to enter the work force and are thus somewhat distinct. IMCC meeting mentioned earlier also regularly monitor that no overlap or double funding takes place.

³⁸ Measure 1.4 – Socio-economic compensation for the management of the community fishing fleet.

³⁹ One of the Eligible Actions listed under Measure 1.4 is 'the provision of training to fishers for occupations outside sea fishing.'

7.5 EFF and the Rural Development Plan 2007-2013

The EFF and EAFRD have little in common since both objectives and target groups differ significantly. The possible exception is aquaculture in land based systems where a combination of agriculture and aquaculture development is pursued in particular for leisure/recreational purposes. However, such initiatives will not be funded through the EAFRD programme.

7.6 Concluding remarks

This report is a clear testimony of the ongoing challenges faced by the MA, the IB, the CA and all the other stakeholders of the EFF; more over it is also a confirmation of the increased co-operation amongst the mentioned stakeholders in order to tackle any issues encountered along the implementation of the programme. The certification target as listed in the EFF OP (Version 5) was successfully reached thanks to the continuous effort by all those involved in the process. The MA has made sure to address and tackle any of the audit findings as listed in the ACR compiled by the AA as previously mentioned in Section 3.5.7.

The MA is looking forward to continue building on the targets reached during 2014 and once again to reach the commitment target for 2015 by the end of the year.

The MA would like to thank the EC representation for their continuous support and assistance and all those involved in the implementation of the Programme during 2014.

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