

**European Fisheries Fund Programme 2007-2013**

**Malta**

# **Final Implementation Report**

**European Fisheries Fund 2007-2013**  
**CCICode2007MT14FPO001**

**2017**

Funds and Programmes Division  
Parliamentary Secretariat for the EU Presidency 2017 and EU Funds  
Ministry for European Affairs and 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
ACR	Annual Control Report
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
FMZ	Fisheries Management Zone
FOP	Fisheries Operational Programme
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

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MA	Managing Authority
MEAIM	Ministry for European Affairs and the Implementation of the Electoral Manifesto
MEPA	Malta Environment and Planning Authority
MEUSAC	Malta EU Steering Action Committee
MC	Monitoring Committee
MCS	Management and Control Systems
MGOZ	Ministry for Gozo
MITA	Malta Information Technology Agency
MoP	Manual of Procedures
MRRA	Ministry for Resources and Rural Affairs
MSDEC	Ministry for Sustainable Development, the Environment and Climate Change
NSO	National Statistics Office
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
SEA	Strategic Environmental Assessment
SoE	Statement of Expenditure
TA	Technical Assistance
TEN-T	Trans-European Transport Network
VIG	Visual Identity Guidelines

## 1. Identification

**Final Report on the Implementation of the Maltese Operational Programme as per Article 67 of Council Regulation 1198/2006 on the European Fisheries Fund and Annex XIV of Commission Regulation 498/2007**

Member State: Malta

Operational programme	Programme number [CCI]:	2007MT14FPO001
Report on implementation	Reporting years:	<b>2008-2015</b>
	Date of approval of the final report by the monitoring committee:	<i>24<sup>th</sup> February 2017</i>

## 2. Executive Summary

The Fisheries Operational Programme for 2007-2013 was marked by two successive Managing Authorities under two separate ministries throughout the course of the implementation of the programme. At the inception of the programme, the Managing Authority in charge of the programme's implementation fell under the Ministry for Resources and Rural Affairs [MRRA]. This responsibility spread over a period of four years after which the task of MA was shifted to the Funds and Programmes Division within the Ministry for European Affairs and the Implementation of the Electoral Manifesto [MEAIM]. Upon its designation as the Managing Authority [MA] of the European Fisheries Fund [EFF] on 1<sup>st</sup> January 2012, the Funds and Programmes Division [FPD] was responsible for penning the Annual Implementation Reports for years 2011-2014, assisted by the EU Affairs unit within the Ministry for Sustainable Development, the Environment and Climate Change [MSDEC] in its capacity of Intermediate Body [IB] for the Fisheries Operational Programme 2007-2013 [FOP]. As per Article 67 of Council Regulation 1198/2006 of the EFF, the MA is compiling this Final Implementation Report [FIR] in relation to the closure of the EFF 2007-2013 programme.

Although the 2007-2013 programming period was characterised by various challenges, and shifts of the MA between Ministries, this never proved to be a deterrent for the previous and current MA who always strived to achieve the goals set out in the OP. Below is a brief timeline of the events that shaped the EFF MA throughout the programming period.

### *Year: 2008*

The initial stage of the programming period was mainly focused on the drafting and finalisation of the National Strategic Framework [NSF], the ex-ante Evaluation and the Strategic Environmental Assessment [SEA]. Following a number of bi-lateral meetings held with the European Commission [EC], the FOP for Malta was approved in December 2008. No measures were launched in 2008, as the OP had been launched at the end of the year. A first advance payment to the amount of € 586,063.03 was executed on 23<sup>rd</sup> December 2008, [bank value date].

### *Year: 2009*

Further to the approval of the FOP for Malta in December 2008, the MA took up the task of setting up a Monitoring Committee [MC] according to Article 63 of Regulation 1198/2006 in order to monitor the implementation of the programme. In tandem with the setting up the MC,

the MA also compiled a series of necessary documentation including, the MC Rules of Procedures, the Manual of Procedures and the Description of the Management and Control Systems in line Article 71 of Regulation [EC] No 498/2007. Although no calls were issued for the second consecutive year since the approval of the FOP, a decision had to be taken as to which tools would be used in providing support to MA officials, horizontal stakeholders and beneficiaries such as the creation of the EFF Database 07-13 which was crucial to the efficient monitoring and transparent execution of payments. The EFF Database 07-13 was developed similarly to the Structural Funds Database 2007-2013, using the same interface and functions however adapting to the needs of the FOP. Since then this tool was used for the monitoring of the implementation and data collection. The EFF Database 07-13 is system developed by the Government of Malta for the management of EU Funds and also forming part of the project management database. The database is a centralised system linked to the EFF stakeholders, which include the Managing Authority, Treasury, Certifying Authority, Audit Authority, Line Ministries, Intermediate Bodies and Beneficiaries. In 2009, during an examination meeting held between MA officials and the European Commission, the EC recommended that an EFF implementation data table [based on the model in Annex III to the EFF Implementing Regulation 498/2007, referred to as the "new INFOSYS" was to be compiled yearly and kept up to date in order to present this information/data to the EC when such requests were put forward. At first an excel sheet was compiled according to the said Annex. This report was later automatically generated by the EFF Database. This 'new INFOSYS' excel spreadsheet was sent annually to the EC upon request during the following years and also attached to the Statement of Expenditure when a claim for re-imburement was submitted to the EC. A second advance payment to the amount of € 586,063.03 was requested on 17<sup>th</sup> June 2009 and was executed on 14<sup>th</sup> September 2009 [bank value date] this brought the amount of advances to a total of € 1,172,126.06.

*Year: 2010*

This year was characterised by the launching of the first EFF calls, which included, [i] the first permanent cessation scheme under Measure 1.1 [ii] first call for investments on board fishing vessels under Measure 1.3 [iii] first call under measure 1.4: the socioeconomic compensation for the management of the community fishing fleet – all three calls were launched under PA1. Under Measure 1.1, a total of eight vessels have been scrapped under this call, six of which were vessels over twelve meters in length and two were vessels under twelve meters in length. The fishing capacity of the vessels removed from the Maltese and European Fishing Vessel Register amounted to a total of 133.67 Gross Tonnage [GT] and 1,040.67 kilo Watts [kW]. Under Measure 1.3 a total of 50 applications were received, five of which were ineligible. All the eligible applicants received an acceptance letter in order to sign the Grant Agreement. 33 fishers entered into an agreement to avail themselves of the funds. Twelve applicants qualified as eligible but opted not to enter into an agreement with the Intermediate

Body [IB]. After the necessary checks by the MA and IB, most of the applicants did not receive any EFF funding. Under Measure 1.4 a service provider was commissioned to provide training aimed at encouraging diversification outside the fishing industry, amongst other modules to a total of 827 fishers.

A call was published under Priority Axis 2 [Aquaculture, Inland fishing, Processing and Marketing of Fisheries and Aquaculture Products] – Measure 2.3. This call was intended to give support to a number of processing facilities within the fisheries sector. Investments concerned capital projects in the construction, extension, procurement and modernising of processing equipment of fish products which involve fish handling, fish treatment, storage and distribution between the time of landing or harvesting and the end product stage but not at retail stage. Two grant agreements were signed with two prospective beneficiaries, one of which withdrew mid-way during the implementation.

Priority Axis 3, dealt with measures of common interest whereby fishers benefitted from a number of projects which were financed through the EFF from which all the fishing sectors benefitted. Under Measure 3.1, a call was prepared for the procurement of service pillars. The services pillars once installed, provided electricity and fresh water to be used for maintenance, repair and cleaning of fishing vessels. Investments in port infrastructure were also being planned within four designated ports which include: Marfa, Valletta, Marsaxlokk and Mġarr Gozo, having been identified as the most advantageous sites for landings by fishers. The site for the relocation of the new fish market was also decided upon during 2010. The new fish market was planned to be re-located to Marsa.

A call for recruitment was published under Priority Axis 5 in order to improve the administrative capacity. Various other procurement calls were issued such as for the procurement of wave studies and interim evaluation of the EFF programme, all of which were to be funded through Technical Assistance.

#### *Year: 2011*

In 2011 the Managing Authority [MA] continued where it left off in 2010 in terms of the implementation of the Programme, building on the achievements of the previous year. The Government of Malta undertook a consolidation process of the structures set-up in Malta for the management of EU Funds and as a result of this process the responsibilities of the Managing Authority for the European Fisheries Fund [EFF] were transferred to the Funds and Programmes Division [FPD], within the Office of the Prime Minister [OPM] on the 01 January 2012. As from mid-2011, the FPD and the EU Affairs Directorate within MRRA collaborated closely so as to ensure a smooth transition of the dossier, with the least disturbance possible to the system and to the ongoing projects. In view of the change in the management

structure of the Fund, the two offices embarked on the task of amending the programme documentation, also taking into consideration lessons learnt and the recommendations of the mid-term evaluation and the Systems Audit carried out by the Maltese Audit Authority [AA] in 2011. Work was carried out on the second version of the Operational Programme, which was presented to the Monitoring Committee [MC] of the Programme in November of 2011, on the Manual of Procedures, on the Description of the Management and Control Systems and on the Terms of Reference for the Monitoring Committee. Since the EU Affairs Directorate within MRRA was assigned the role of Intermediate Body [IB] as from the 1<sup>st</sup> January 2012, the Covenant between the MA and the IB had to be revised accordingly and work in relation to this revision was also carried out in 2011.

In view of the envisaged increase in schemes and projects, the EU Affairs Directorate within MRRA and the FPD recruited a number of staff to work exclusively on the EFF Programme. As of the end of 2011, MRRA's EU Affairs Directorate had a staff complement of four persons working on EFF while the EFF Unit within FPD had already recruited two officers. The latter made the necessary preparations to recruit more officers in 2012. Capacity building exercises aimed at strengthening the administrative capacity of both offices were also planned. As from the 01 January 2012 the FPD, as the EFF MA, developed a detailed plan of how different tasks were to be allocated to officers working within the MA. As per the FPD plan, one officer was to be responsible for the Computerised Database of the Programme whilst a Financial Control Sub-Unit which reported directly to the Head of the MA was to carry out the financial checks on both the IB and the Final Beneficiaries.

In 2011, the MA launched a permanent cessation scheme [under Measure 1.1] in line with the OP's objective of reducing the fishing capacity of the Maltese fishing fleet. Details of this call can be found in the Qualitative Analysis [below]. The vessels demolished under this scheme reduced the total kW of the Maltese Fishing Vessel Register by 988.45 and the total Gross Tonnage [GT] by 104.55. In the last quarter of 2011, the MA and the EU Affairs Directorate within MRRA held a number of meetings about the proposed European Maritime and Fisheries Fund Regulation [EMFF] so as to give consolidated feedback about this proposed legislation. This feedback was channelled through the Policy Directorate within the Office of the Prime Minister, which is the Directorate responsible for the policy coordination of all EU Funds and for the drafting of Instruction Notes. Both offices communicated with the Technical Attaché responsible for the Fisheries Dossier who attended the relevant Working Parties in Brussels.

*Year: 2012*

During 2012 the Managing Authority [MA] launched four restricted calls under Priority Axis 3 [PA] and the IB issued four Aid Schemes under PA 1 [Measure 1.1] and PA2 [Measures 2.1, 2.2 and 2.3]. In 2012 the administrative capacity of the MA was strengthened further and the staff complement increased by another three officers. Officials were assigned specific tasks as per organisational chart of the MA and a Financial Control Unit was set up to ensure that management verifications and checks were carried out by a Unit which is totally autonomous in relation to the Management functions of the MA.

*Year: 2013*

Although 2013 proved to be challenging, the MA successfully managed to close the books for 2013 without any funds being de-committed by the end of year. During this year, the MA launched a total of four calls under Priority Axes [PA] 1 and 3, namely; [i] Permanent Cessation for Fishing Vessels [PA1]; [ii] Investments on Board Fishing Vessels and Selectivity [PA1]; [iii] Safety Training for Fishers [PA1]; [iv] Upgrading of Landing Sites [PA3]. On the 8<sup>th</sup> March 2013, Malta underwent a change in administration which also brought about the creation of new ministries, a change in the names of some ministries and also the departments falling within their remit. The FPD, which up until the 8<sup>th</sup> March general election fell under the Office of the Prime Minister's remit, moved to the newly set up Ministry for European Affairs and the Implementation of the Electoral Manifesto [MEAIM]. The Ministry for Resources and Rural Affairs was reconstituted and changed to the Ministry for Sustainable Development, Environmental and Climate Change [MSDEC].

*Year: 2014/2015*

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 year 2014 was more focused on the actual implementation of projects seeing that the programme was to reach the end of the implementing period by 2015.

As in previous years, the MA once again managed to achieve the yearly target of expenditure as stipulated in the FOP budget allocations per annum. Following savings registered in Axis 3 and a budget shift to Axis 1, on 4<sup>th</sup> September 2015 the final permanent cessation call was issued to which the fisheries sector responded with little if any interest whatsoever. Although two beneficiaries were eligible for the grant scheme, only one beneficiary signed the grant agreement. This was the only call launched during 2015 since projects were meant to be fully implemented by end by 31 December 2015. In this regard, the EFF Unit within the FPD [MEAIM] and also the Funds Unit within the DFA [MSDEC] both focused most of their energy

on the completion of pending projects. 2015 was a year characterised mostly by the implementation and closure of projects including expenditure paid out on time before the end of the year's deadline for the eligibility of expenditure. Such occurrence resulted in another budget shift from Axis 3 to Axis 5.

The members of the EFF Monitoring Committee approved several changes in the OP during the Monitoring Committee meetings and also by means of various written procedures throughout the implementation the programme. The changes in the OP mainly focused on budget shifts between PAs. The final revision of the OP was approved by the EC on the 03.02.2016<sup>1</sup>.

The final total budgetary allocation to Malta is broken down as per the table below<sup>2</sup>:

<b>Priority</b>	<b>Total Public</b> <b>a=[b+c]</b>	<b>EFF Contribution</b> <b>[b]</b>	<b>National Contribution</b> <b>[c]</b>	<b>EFF co-financing rate</b> <b>[d]=[b]/[a]*100</b>
<b>Priority Axis 1:</b>	3,889,792	2,917,344	972,448	75
<b>Priority Axis 2:</b>	948,946	711,710	237,236	75
<b>Priority Axis 3:</b>	5,400,091	4,050,069	1,350,022	75
<b>Priority Axis 5:</b>	924,274	693,206	231,068	75
<b>Total</b>	<b>11,163,103</b>	<b>8,372,329</b>	<b>2,790,774</b>	<b>75</b>

Table 1: Budgetary Allocation under the EFF per Priority Axis [PA] as per EFF OP Version 7

<sup>1</sup> Decision Number C[2016] 696

<sup>2</sup> As approved through the final budget shift: C[2016] 696

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

#### 3.1 Information on the physical progress of the priority axes<sup>3</sup>

Priority Axis 1: Measure for the Adaptation of the Fishing Fleet			2010	2011	2012	2013	2014	2015	Total
Results	<i>Indicator 1:</i> Number of vessels to be scrapped by end 2015 under this operational programme: Blue Fin Tuna, Swordfish - 20 Bottom Otter Trawlers – 4, Lampara – 1, which represent the scrapping of boats adding up to a capacity of 635GT and 4,757.13 kW..	Achievement	1,518.11 kW & 186.91 GT	600.45 kW & 51.29 GT	1,496.70 kW & 123.65 GT	1,772.90 kW & 273.93 GT	N/A	246.18 kW & 37.22 GT	5,634.42 kW & 673 GT.
		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 <sup>4</sup>	N/A	1 <sup>5</sup>	5
		Baseline: Number of Long Liners which in 2006 were licensed to fish for	N/A	N/A	N/A	N/A	N/A	N/A	N/A

<sup>3</sup> Data has been provided by the EU Affairs Unit within the MSDEC.

<sup>4</sup> Permanent Cessation Scheme Call 4 – was also open for Bottom Otter Trawlers and Lampara vessels.

<sup>5</sup> Permanent Cessation Scheme Call 5 – was also open for Bottom Otter Trawlers and Lampara vessels.

		BFT [89] and Swordfish [257]. These formed part of the Maltese Fishing register of 1,404 fishing vessels - 98,529 kW; 15,166 GT							
<i>Indicator 2:</i> Number of vessels to be modernised by end 2015 under this Operational Programme – 15 vessels.	Achievement	N/A	33 Grant Contracts under the investment on board fishing vessels & selectivity were signed	N/A	N/A	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 <sup>6</sup>	N/A	N/A	2	
	Baseline: Number of vessels in the Fishing Vessel Register in 2006 which had already undertaken modernisation during the period 2004-2006 - 7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

<sup>6</sup> No eligible applications were received for this call.

	<i>Indicator 3:</i> Number of vessels with engines replaced by end 2015 under this Operational Programme – 2	Achievement	N/A	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	1 <sup>7</sup>	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	N/A
	<i>Indicator 4:</i> Number of fishers having received training during the period 2007-2013 under this operational programme – 800	Achievement	N/A	827 fishers received training.	N/A	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 <sup>8</sup>	N/A	1 <sup>9</sup>	N/A	N/A	2

<sup>7</sup> No eligible applications were received for this call

<sup>8</sup> A number of modules were given in 2010 whilst the rest were given in 2011.

<sup>9</sup> No applications were received following a restricted call issued on the 9<sup>th</sup> 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						
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<b>Priority Axis 2: Aquaculture, Processing and Marketing of Fishery and Aquaculture Products</b>			<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Total</b>
Results	<i>Indicator 6:</i> Number of fish farms having been assisted under this operational programme to export closed-cycle species by 2015 - 1	Achievement	N/A	N/A	N/A	1 ongoing project	1 ongoing project	1 ongoing project	1 <sup>10</sup>
		Output Target: Number of projects by different fish farms aimed at increasing the export of closed-cycle species under this operational programme - 1	N/A	N/A	N/A	1 ongoing project	1 ongoing project	1 ongoing project	1 project completed

<sup>10</sup> Originally two applicants were successful, however one opted not to sign the Grant Agreement

		Baseline: Number of fish farms exporting closed-cycle species in 2006 - 2	N/A	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 – 1	Achievement	2 ongoing projects	N/A	N/A	1 ongoing project	1 ongoing project <sup>11</sup>	1 ongoing project	1 project completed
		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 ongoing project	N/A	1 ongoing project	1 ongoing project	1 ongoing project	1 ongoing project	1 project completed
		Baseline: Number of processing and packaging facilities in place in 2006 - 5	N/A	N/A	N/A	N/A	N/A	N/A	N/A

<sup>11</sup> One Beneficiary under this scheme had withdrawn their project – all funds were recovered accordingly


Priority Axis 3: Measures of Common Interest			2010	2011	2012	2013	2014	2015	Total
Results	<i>Indicator 8:</i> Number of ports having the necessary facilities for the landing and storage of fish – 4.	Achievement	N/A	N/A	1	3	4 ongoing projects	4 projects Completed	4
		Output Target: Number of upgrading projects on infrastructural facilities undertaken by end 2015 under this Operational Programme - 4	N/A	N/A	1 ongoing project	3 ongoing projects	4 ongoing projects	4 projects Completed	4
		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	N/A
	<i>Indicator 9:</i> The relocation of the fish market	Achievement	N/A	N/A	1 ongoing project	1 ongoing project	1 ongoing project	1 project completed	1

	by 2015	Output Target Number of projects addressing the relocation of fish market facilities by end 2015 - 1	N/A	N/A	1 ongoing project	1 ongoing project	1 ongoing project	1 ongoing project	1 project completed
		Baseline Number of fish market areas in 2006 - 1	N/A	N/A	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.	Achievement	N/A	N/A	N/A	1 ongoing project	1 ongoing project	1 project completed	1 project completed - average national per capita consumption increased by 0.36 kg to 6.94 kg
		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 project Completed	1 project Completed
		Baseline Average national per capita	N/A	N/A	N/A	N/A	N/A	N/A	N/A

		consumption of fish [kg/year] during 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	2015	Total
Results	<i>Indicator 11:</i> Reaching the target to avoid automatic decommitment	Achievement	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	N/A	4
		Output Target: Number of FTEs working on the implementation of the OP- 5	N/A	N/A	5.5 <sup>12</sup>	6 <sup>13</sup>	5	5	5

<sup>12</sup> Only officials whose salary was co-financed under TA were taken into consideration

<sup>13</sup> Two officers of which resigned from their position during 2013 [1 MA official resigned in May; 1 IB official resigned in August 2013]

		Output Target: Number of Publicity measures undertaken by 2015 – 1	N/A	N/A	2	2	2	2	6
		Baseline	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 [published on Government Gazette No. 18,659 on 22<sup>nd</sup> October]. 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.

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 1<sup>st</sup> October 2013<sup>14</sup>. These management plans take into account biological, economic and social objectives and were implemented for vessels operating within the 25 NM FMZ<sup>15</sup>. 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. These management plans were the basis for the Lampara and the Bottom Otter Trawlers FEAPs published in November 2013 and the subsequent fourth permanent cessation scheme launched during the same month. The fourth permanent cessation call was thus open for Bottom Otter Trawlers, Lampara and BFT. As at 2013, the Lampara fleet operating within the FMZ consisted of 17 vessels [out of which one was scrapped under the fourth permanent cessation scheme], and the Bottom Otter Trawler fleet consisted of 12 vessels [out of which four were scrapped under the fourth scheme]. No Blue Fin Tuna vessels were scrapped under the fourth scheme.

No new calls for Permanent Cessation and no new FEAPs were issued during 2014. However, as stated in the indicator table providing information on the physical progress of the priority axes, one final permanent cessation scheme was launched in 2015. For this scheme both Bottom Otter Trawlers and Lampara FEAPs were revised and published together with the call on the Government Gazette of the 4<sup>th</sup> September 2015. As at 2015, Lampara fleet operating within the FMZ consisted of fourteen<sup>16</sup> vessels [out of which one was scrapped under the fifth permanent cessation scheme].

<sup>14</sup> <http://gazzetta.247.com.mt/downloads/2013/10/1/1/Government-Gazette-No-19146.pdf>

<sup>15</sup> NM FMZ stands for Nautical Mile Fisheries Management Zone

<sup>16</sup> From the 17 vessels registered in 2013 one vessel has been scrapped and a further two vessels had exited the Lampara fleet on their own initiative

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 7]<sup>17</sup>:

<i>Objective</i>	<i>Baseline</i>	<i>Target by 2015</i>	<i>Achieved in 2015</i>	<i>Achieve during OP Implementation</i>
Public aid for permanent cessation of fishing activities.	Number of vessels which in 2006 were licensed to fish and formed part of the Maltese fishing register: 1,404 fishing vessels (GT 15,166, kW 98529).	Number of vessels to be scrapped by end 2015 under this operational programme: Blue Fin Tuna, Swordfish - 20 Bottom Otter Trawlers – 4, Lampara – 1, which represent the scrapping of boats adding up to a capacity of 635GT and 4,757.13 kW.	GT scrapped – <b>37.22</b>  kW reduced from Fishing Vessel Register [FVR] – <b>246.18</b>	<b>5,634.42 kW &amp; 673 GT.</b>

Table 2: Analysis of results

From a total of five Permanent Cessation Schemes the amount of 5,634.42 KW and 673GT were permanently removed from the fishing vessel register.

### **The Fishing Effort Adjustment Plan for Small Scale Fishing**

The FEAP for Small Scale Fishing [for fishing vessels smaller than twelve 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.

<sup>17</sup> Fisheries Operational Programme – Version 7 – November 2015

### 3.3 Financial information [all financial data shall be expressed in Euro]

#### Regions eligible under the convergence objective

Table 3: Financial Information under each Priority Axis

	Expenditure paid by the beneficiaries included in payment claims sent to the MA <sup>18</sup> €	Corresponding public contribution €	Corresponding EFF contribution €	Expenditure paid out by the body responsible for making payments to the beneficiaries <sup>19</sup> €	EFF committed by the MA <sup>20</sup> €	Total payment requested from the Commission Specify the basis for calculating the Community contribution <sup>21</sup> €	Total payments received from the Commission <sup>22</sup> €
<b>PA1</b>	4,094,047.26	4,003,002.83	3,002,252.12	3,889,791.56	3,898,154.92	2,917,343.68	2,917,343.68
<b>PA2</b>	1,242,873.92	983,628.05	737,721.03	948,945.57	1,026,645.58	711,709.16	711,709.16
<b>PA3</b>	7,296,003.69	5,866,087.28	4,414,565.46	5,412,974.06	5,886,956.30	4,059,730.59	3,636,821.35
<b>PA4</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>PA5</b>	994,104.77	961,919.30	723,856.40	959,201.42	961,999.89	719,401.42	687,838.36
<b>TOTAL</b>	<b>13,627,029.64</b>	<b>11,814,637.46</b>	<b>8,878,395.01</b>	<b>11,210,912.61</b>	<b>11,773,756.69</b>	<b>8,408,184.85</b>	<b>7,953,712.55<sup>23</sup></b>

<sup>18</sup> Figures under this column include taxes [irregularities were not excluded]

<sup>19</sup> This column includes the public contribution only [less VAT; less Private Share; less Adjustments]

<sup>20</sup> This column includes the EFF share of the Grant Agreements 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.

<sup>21</sup> Article 76 [1] of Council Regulation [EC] No 1198/2006

<sup>22</sup> The figures shows the payments made by the European Commission till December 2016. 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).

<sup>23</sup> The remaining balance will be received after the Closure documents have been approved by the EC.

### 3.4 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*

The main objective of the measure was to reduce the fishing capacity of the Maltese registered fishing fleet through the permanent cessation of fishing vessels. The actions taken under this measure had to be implemented within the framework of a Fishing Effort Adjustment Plan [FEAP] elaborated in line with Article 21 and 22 of the EFF Regulation. A total of five Permanent Cessation Schemes were launched under this measure between 2010 and 2015.

During 2010, nine vessels were scrapped under the first call. The fishing capacity of the vessels amounted to a total of 186.91 GT and 1,518.11 kW being deleted from the Maltese and European Fishing Vessel Register, for a total cost of €1,181,706.42 [Public Eligible]. A second call under Permanent Cessation of Fishing Activities was issued on the 5th August 2011, for all vessels with the aim of reducing the Maltese fishing effort. The call closed on 9<sup>th</sup> September 2011 and 13 applications were received. Under this scheme fishers were compensated for the withdrawal of their fishing license and the demolition of their vessel. The total budgetary allocation of the said call amounted to €600,000 [Public Eligible]. Following an evaluation process, six fishers benefited from this call. The actual scrapping took place in December 2011 and all the funds contracted under this scheme, i.e. €527,776.64 [Public Eligible], were paid in grants to the selected fishers.

On 30<sup>th</sup> October 2012 the IB launched the third permanent cessation scheme with a budgetary allocation totalling €700,000, targeting exclusively fishing vessels with a Blue Fin Tuna License [BFT] in line with the BFT FEAP. The call's original closing date was set for Friday 9<sup>th</sup> November, but this was extended to Tuesday 13<sup>th</sup> November 2012 in view of the notice informing potential applicants that vessels scrapped under this Aid Scheme will not be demolished, but will be taken over by the Government so that the Superintendent of Cultural Heritage assesses the vessels' cultural and historical value and determines whether any of these vessels ought to be retained for cultural and/or historical purposes. A total of six applications were received under this call and the IB's evaluation committee deemed five of these applicants eligible. The non-eligible applicant was informed of his right to appeal the decision of the evaluation committee but no appeal was lodged. The IB signed a Grant Agreement with the five eligible applicants and the total public funds contracted under this scheme total €607,170.00 [Public Eligible of which €455,377.50 are EFF Funds].

On 27<sup>th</sup> November 2013, a fourth call was issued by a press release published on the MSDEC website [Ref. No: PR2652] and also published on the Government Gazette dated 28<sup>th</sup> November 2013. The IB signed a Grant Agreement with the five eligible applicants and the overall public funding contracted under this scheme total €1,193,589.19 [Public Eligible of which €895,191.90 represent the EFF contribution]. By the end of December 2013, five fishing vessels and their owners' Trawler and Lampara licences were permanently deleted from the Maltese Fishing Vessel Register and from the Community Fleet Register.

The IB launched the fifth and final permanent cessation scheme for Trawlers and Lampara vessels under this PA on the 4<sup>th</sup> September 2015. Even though the interest generated before the call was issued was high in nature, only one beneficiary out of two eligible applicants signed the grant agreement. Two information sessions were held and two applicants [both from Gozo] both Lampara applied for this Scheme. Following an evaluation process, two fishers were deemed eligible to benefit from this scheme however one of the beneficiaries opted not to sign the Grant Agreement. Applicants were individually informed of the results, which were also published in the Government gazette, online and as a press release. No applicant availed himself of the possibility to appeal. The IB signed a Grant Agreement with the only willing eligible applicant and the total amount contracted under this scheme of €155,697.87 in public funds [€116,773.40 representing the EFF contribution].

During 2015, the IB achieved considerable progress in the breaking down of vessels hailing from the third Permanent Cessation Scheme [2012] and fourth Permanent Cessation Scheme [2013].

When the results obtained by all five permanent cessation schemes [2010-2011-2012-2013-2015] are analysed collectively, it transpires that the Maltese Fishing Vessel Register has been reduced by a total of 5,634.42kW and 673GT in comparison to the planned result indicator of 4,757.13kW and 635GT [ FOP version 7, November 2015]

<b>PA1 ~ Measure 1.1 - Financials as at: End 2016 [Public Eligible]</b>					
<i>Total Expenditure [€]</i>		<i>Total Verified[€]</i>		<i>Irregularities [€]</i>	
EU	MT	EU	MT	EU	MT
€2,749,455.09	€916,485.03	€2,749,455.09	€916,485.03	€6,272.52	€2,090.84

Table 4: Measure 1.1 Financials as at end 2016

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***Measure 1.3 – Investments on board fishing vessels and selectivity***

This measure was intended specifically to improve the existing fishing fleet through modernisation and was to be 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 board<sup>24</sup>, 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.

A call under this measure was launched in March 2010 and 33 Grant Agreements were signed between the IB and Beneficiaries. During 2011, as part of the process which led to the shift of the MA to the FPD and the IB to the EU Affairs Directorate, thorough checks on all ongoing schemes and projects, including the Investments on Board Aid Scheme, were carried out. A number of irregularities, most of which were related to the lack of sound financial management and good governance by the beneficiaries in their procurement and the financing of ineligible equipment and halted all pending payments. The MA and IB agreed that the latter engages the services of a marine engineer to carry out technical checks on the equipment claimed under the scheme. In the meantime, the Audit Authority, the Internal Audit and Investigation Department [IAID] within the Office of the Prime Minister [OPM], had carried out an audit on operations on two Beneficiaries of this scheme and identified a number of shortcomings which had also been flagged by the MA and the IB. In 2012, the MA and the IB had also temporarily put on hold payments related to investments in engines and gearboxes following official communication by the EC. In an exchange of correspondence between the MA and the Commission, the MA clarified that a number of safeguards were in place to ensure that investments co-financed by the EFF do not increase the ability of a vessel to catch fish. The MA had also explained that the IB had engaged the services of a marine engineer to assist it in its technical checks aimed at ensuring that investments co-financed under this scheme are totally in line with Article 25 [2] of the EFF Regulation. The irregularity reports in connection with these two Beneficiaries identified by the IAID under Measure 1.3 were issued by the AA on the 31st January 2013. Up till December 2014, following the conclusions of the reports by the marine engineer, the MA issued 23 irregularity reports related to investments under this scheme. The total sum that has been unduly paid under this scheme totals €78,635.99.

In 2012 the MA and the IB held meetings with the intention to launch a second Aid Scheme under this measure. The two Fisheries Cooperatives were invited to attend these meetings and the representatives of one of the Cooperatives accepted the invitation and took part in a

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<sup>24</sup> Safety on board requirements which are over and above Subsidiary Legislation 425.07 – Schedule V and Council Directives 93/103/EC and 92/29/EEC

meeting held on the 21st November 2012. In this meeting it was agreed that the Cooperatives were to play a vital role in the drafting of the Guidelines of the upcoming call, especially when drafting the list of equipment that would be eligible for financing. A second scheme was launched on the 14th September 2013 under this measure, targeting investments on board fishing vessels and selectivity. The scheme was published on the Government Gazette dated 17th September 2013 and on local newspapers<sup>25</sup>. Moreover, the launch was also promoted during the Fish Fest held in Marsaxlokk on the 14th September 2013 and at a cultural event “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 calls were issued under this measure during 2014 and 2015.

<b>PA1 – Measure 1.3 - Financials as at: End 2016 [Public Eligible]</b>					
<i>Total Expenditure [€]</i>		<i>Total Verified[€]</i>		<i>Irregularities [€]</i>	
EU	MT	EU	MT	EU	MT
€84,496.25	€28,165.41	€84,496.25	€28,165.41	€78,635.93	€26,211.97

Table 5: Measure 1.3 Financials as at end 2016

#### **Measure 1.4 – Socio-economic compensation for the management of the Community fishing fleet**

This measure’s main objective was 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 was mainly implemented through granting socio-economic compensation for the management of the Community fishing fleet with the ultimate aim of ensuring long-term environmental sustainability of fishing activities, and more in particular through specific training aimed at reducing pollution at sea. Indirectly, such training would help reducing potential impacts on stocks and species in the waters where Maltese vessels operate, and thereby protect the specific stocks targeted by Maltese fishermen. Additionally, the training module aimed at encouraging diversification outside the fishing industry also sought to reduce the fishing effort of the Maltese fleet [an hour in alternative employment implies an hour less of fishing effort] and therefore indirectly enhancing the sustainability of specific stocks targeted by Maltese fishermen. In 2010, the MA approved an application by the Fisheries Control Directorate and the Wholesale Markets and Fishing Fleet Facilities Directorate to

<sup>25</sup> 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]

engage on behalf of fishermen, a service provider to provide training in this regard. Around 827 fishers were trained. The topics covered during these training courses included [i] basic sea survival [ii] health and safety techniques [iii] basic first aid [iv] basic fire prevention and fire-fighting [v] knowledge about diversification of activities and [vi] promotion of equal opportunities. The course commenced towards the end of 2010 and was concluded by March 2011, ensuring that the relevant OP indicator was met.

In 2012 the MA held a number of meetings with MRRA [today known as MSDEC] about a second training course targeting navigational skills. 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 invitation was being extended in conformity with the Management and Control Systems [MCS]<sup>26</sup> of the EFF 2007-2013, whereby it is stated that the MA may opt for a restricted call inviting relevant ministry/public organisation to submit an application for projects under PA1, Measure 1.4 without going through an open call. 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 application. It is also important to note that before the inception of the application process, there was considerable interest shown for such training to be provided<sup>27</sup>. No calls were issued in the following years. All contracted funds had been paid, certified and verified by 2013.

<b>PA1 ~ Measure 1.4 - Financials as at: End 2016 [Public Eligible]</b>					
<i>Total Expenditure [€]</i>		<i>Total Verified[€]</i>		<i>Irregularities [€]</i>	
EU	MT	EU	MT	EU	MT
€168,300.78	€56,100.26	€168,300.78	€56,100.26	€0.00	€0.00

Table 6: Measure 1.4 Financials as at end 2016

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

This Priority Axis' main focus was 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 workers and the enhancement of the efficiency for operations of enterprises involved in processing and marketing of fish products.

<sup>26</sup> Management and Control System – Version 2 [January 2012]

<sup>27</sup> Reference is being made to the EFF MC minutes of the 18th April 2012

### ***Measure 2.1 – Productive Investments in Aquaculture***

The aquaculture industry presently has 6 farms operating at 9 sites, producing blue-fin tuna, sea bream, sea bass, amberjack and meagre. Four farms produce only captured based species [CBSs] or tuna, one farm produces only closed cycle species [CCSs] and one farm produces both CBSs and CCSs. Table 11.17 of the Agriculture and Fisheries 2014 Statistics<sup>28</sup> shows that the gross output of the aquaculture industry, which comprises mainly tuna farming and closed cycle species, amounted to €101.1 million, up by 3.2 per cent from €98.1 million in 2013. In addition, the gross value added of the aquaculture industry in 2014 amounted to €17.6 million, up by 111.5 per cent from €8.3 million in 2013. NSO statistics report that compensation of employees amounted to €3.5 million, while entrepreneurial income stood at €16.2 million. During 2014, the volume of fresh fish sold amounted to 8,606 tonnes, a decrease of 5.2 per cent over 2013. This was mainly due to a drop in sales of tuna by 11.0 per cent, while sea bass and sea bream increased by 49.0 and 6.0 per cent respectively [Table 11.18].

In March 2012, the draft Aquaculture Strategy was published<sup>29</sup> with the intention to shift the Maltese aquaculture towards an increased production of closed cycle species with aspirations to develop into alternative species such as the amberjack. Due to territorial constraints and competition for space by other industries such as tourism and shipping, the strategy aimed at developing further through sustainable aquaculture within defined aquaculture zones with an improved monitoring programme that will link monitoring results with the defined specific carrying capacity for each site. The draft strategy emphasised communication between all stakeholders of this industry for its sustainable development that will provide the increased demand for seafood for human consumption and supplement the capture fisheries sector. In 2014 the draft Aquaculture Strategy was followed by the Aquaculture Strategy for the Maltese Islands: Towards Sustainability 2014 - 2025<sup>30</sup> [MSDEC].

On 9<sup>th</sup> August 2012, the IB launched an Aid Scheme under this measure with a total budget allocation of €500,000. Two applications were received, however upon conclusion of the evaluation process by the Project Selection Committee only one beneficiary under Measure 2.1 signed the Grant Agreement in May 2013.

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. On 30<sup>th</sup> October 2013, the

<sup>28</sup>[https://nso.gov.mt/en/publicatons/Publications\\_by\\_Unit/Documents/B3\\_Environment\\_Energy\\_Transport\\_Agriculture\\_Statistics/Agriculture\\_and\\_Fisheries\\_2014.pdf](https://nso.gov.mt/en/publicatons/Publications_by_Unit/Documents/B3_Environment_Energy_Transport_Agriculture_Statistics/Agriculture_and_Fisheries_2014.pdf)

<sup>29</sup>[http://eufunds.gov.mt/en/EU%20Funds%20Programmes/Agricultural%20Fisheries%20Fund/Documents/DRAFT\\_AQUACULTURE\\_STRATEGY\\_FOR\\_MALTA\\_MARCH\\_2012\[1\].pdf](http://eufunds.gov.mt/en/EU%20Funds%20Programmes/Agricultural%20Fisheries%20Fund/Documents/DRAFT_AQUACULTURE_STRATEGY_FOR_MALTA_MARCH_2012[1].pdf)

<sup>30</sup><http://msdec.gov.mt/en/Document%20Repository/Aquaculture%20Strategy%202014-25.pdf>

Intermediate Body and the Managing Authority carried out an OTS check on the fish farms cages built in the area of St. Paul's Island. This consisted in verifying the successful completion of the project and also the inspection of the EFF Programme plaques affixed to the cages. All 24 cages were built and the IB and MA took photos of each EFF Programme plaques affixed to them. Further OTS checks were conducted in 2014 and 2015 which resulted in financial adjustments amounting to €2672

<b>PA2 ~ Measure 2.1 - Financials as at: End 2016 [Public Eligible]</b>					
<i>Total Expenditure [€]</i>		<i>Total Verified[€]</i>		<i>Irregularities [€]</i>	
EU	MT	EU	MT	EU	MT
€303,758.41	€101,252.80	€303,758.41	€101,252.80	€0.00	€0.00

Table 7: Measure 2.1 Financials as at end 2016

### **Measure 2.2 – Aqua-environmental measures**

A call under this measure was launched by the IB on 9<sup>th</sup> August 2012. The deadline for the submission of applications was originally the 10<sup>th</sup> September 2012, but this was later extended to the 28<sup>th</sup> September 2012 so as to grant applicants more time to write and submit their application. The budget made available under this Scheme totalled €500,000. No applications were received. Following such result the operational programmes was revised to remove the indicators and targets set for such measure.

### **Measure 2.3 – Investments in processing and marketing**

The Marketing and Processing call was published on 28<sup>th</sup> September 2010 and closed on 2<sup>nd</sup> November 2010. There were two eligible applications. The agreements with these 2 applicants, amounting to € 780,006, were signed in February 2011. The two projects under this measure consisted 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 17<sup>th</sup> 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 question<sup>31</sup>. The remaining project under this measure was a huge success overall, considering that funding received through the EFF was used for a new packaging plant for farmed fish. The aid scheme under this measure targeted the efficiency of operations of the enterprise involved in the processing and marketing of fish products and also product quality presentations. As mentioned earlier, the aid scheme was also beneficial in providing the business with improvements in public

<sup>31</sup> The amount of €14,960 were successfully recovered in January 2014 from the withdrawn project under Measure 2.3

health and hygiene conditions over and above what is required by national and European legislation. The aid scheme supported production investments in marketing and processing to improve competitiveness, working environment and reduce the environmental foot print; this includes (i) excavation and construction works required for the new marketing and processing plant, ii) investments in facilities and equipment including both hardware and software (iii) investment in refrigeration equipment and (iv) investments in health, hygiene and safety measures.

The concerned investment sought to mitigate any possible negative environmental impacts, whilst strengthening the competitiveness and economic viability of the private company in question – the new marketing and processing facility was fully integrated into the surrounding rural environment thus minimising visual and noise impact.

Implementation took place during 2011 and 2012 and checks were carried out by the IB and MA between 2011 and 2014. During 2014 the IB carried out a total of 18 OTS for this measure. Table 8 illustrates the financials achieved for the measure as at end 2016 which show that out of € 578,616.84 verified Public Eligible expenditure, € 34,772.48 relate to irregularities detected amounting to 5.8% of the total project's expenditure. The main irregularities registered under this measure included (i) ineligible expenses (ii) variations on construction works and (iii) insufficient supporting documentation for expenditure being claimed. By end 2015, the total Public Eligible amount paid under this measure totalled to €543,934.36 [€407,950 EFF contribution].

<b>PA2 ~ Measure 2.3 - Financials as at: End 2016 [Public Eligible]</b>					
<i>Total Expenditure [€]</i>		<i>Total Verified[€]</i>		<i>Irregularities [€]</i>	
EU	MT	EU	MT	EU	MT
€433,962.63	€144,654.21	€433,962.63	€144,654.21	€26,011.86	€8,670.62

Table 8: Measure 2.3 Financials as at end 2016

## **Priority Axis 3 – Measures of Common Interest**

### ***Measure 3.1 – Fishing Ports, landing sites and shelters***

#### *Fishing Ports*

In 2011, there were 6 ports designated as fishing ports in Malta and Gozo. The need to upgrade current amenities, particularly improving and guaranteeing the necessary hygiene standards through the provision of covered areas and temporary cold storage for both approved and withheld landings as well as the increased control obligations arising from Council Regulation [EC] No. 1967/2006, meant that existing port facilities were in need of

further investments in order to be able to handle increased workload as well as ensure compliance with the relevant Regulation. During 2011, a restricted call was issued under this Axis and the Wholesale Markets and Fishing Fleet Facilities Directorate responded with an application to install 12 service pillars in the Marsaxlokk fishing port for a total of €45,231.54 in public expenditure. These pillars are providing electricity and fresh water to be used for the maintenance and cleaning of fishing vessels. The beneficiary of this project carried out further checks on 17th September 2013. Following such On the Spot [OTS] report, the FCD remarked that all service pillars were still in place and still had publicity plaques affixed to them.

### *Landing Sites*

The Mediterranean Regulation<sup>32</sup> has further increased the obligations with respect to landings of tuna, swordfish and trawled fish. According to Article 22 of the Council Regulation [EC] No. 1967/2006 catches of such species have to be landed at designated ports. In 2011, the Ministry for Resources and Rural Affairs had short-listed potential designated ports that might be upgraded during the 2007 – 2013 programming period; Valletta, Marsaxlokk and Mġarr, Gozo. These four ports were deemed the most advantageous sites for such landings. Given that the said ports are multi-functional and have also commercial / touristic [scenic] value, discussions were held with MEPA in 2011 in order to identify the best option which would fulfil the necessary requirements of the fisheries sector whilst at the same time make it through the very stringent development restrictions in these areas. Eventually the designated ports selected for landing sites to be upgraded were: [i] Mġarr Gozo; [ii] Marsa; [iii]; Marsaxlokk [iv] Marsalforn and [v] Veccja - St.Paul's Bay.

The MA issued a restricted call on the 25th June 2012 and MRRA submitted an application for the financing of four mobile offices to be used in landings sites in designated ports located in Malta and the upgrading of a building in Mġarr, Gozo, which is to be used as a landing site. On the 5th September 2012 the MA's Project Selection Committee recommended the project for approval and thus the grant was awarded by the MA. By the end of 2013, the project was in its advanced stages and its completion date was set for some time around May 2014. However during the project implementation the Department of Fisheries and Aquaculture [DFA] encountered several administrative problems which led to several extensions being requested. One such problem was the tender for the installation of cold rooms whereby as at December 2013, this tender was issued for the fourth time due to the ineligibility of bidders submitting their application. Such mishaps affected the overall completion of the project which was earmarked to be complete by end December 2014. The project was eventually and successfully wrapped up during the 3<sup>rd</sup> quarter of 2015.

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<sup>32</sup> Council Regulation [EC] No. 1967/2006

On 29<sup>th</sup> July 2013, the MA issued another restricted call under this measure, for which a total of three project applications were received, two by the MSDEC and a third one by the Ministry for Gozo [MGOZ]. Following an evaluation process by the Project Selection Committee, the MA issued approvals on 20<sup>th</sup> December 2013. The Grant Agreement for the upgrading of the Marsaxlokk landing site was signed on 26<sup>th</sup> March 2014. The project basically involved the enlargement of a landing platform partly via land-reclamation to allow for a safer berthing and unloading of catches. Design revision following additional feedback from local fishers resulted in a change in the project completion date. Two service pillars were also installed in the vicinity. The site was officially inaugurated in the presence of local media on 28<sup>th</sup> August 2015. Meanwhile, the Grant Agreement for the upgrading and development of the fisheries infrastructure at Marsalforn [Gozo] was duly signed on 24<sup>th</sup> November 2014. It covered the re-instatement of a seawall equipped with navigational lights, works on an existing slipway and dry-standing area inclusive of the installation of lighting and service pillars, the setting up of a landing office to facilitate orderly administrative procedures and finally the replacement of an old winch with a modern safer one. A few months delay in project implementation was experienced due to unforeseen weather-related circumstances during the inclement winter of 2014-2015. The overhauled area was inaugurated on 28<sup>th</sup> April 2016. The project launch and inauguration features were aired on a programme named *Għawdex Illum* broadcasted weekly on national television. The third project under this call comprised several localities and the related Grant Agreement was signed on 1<sup>st</sup> June 2015 following the settlement of a land title issue. Apart from the refurbishment of two slipways at Marsascula and Xemxija respectively, the project also incorporated the construction of a new landing site at Marsa with the intention to cater for the neighbouring new fish market and the upgrading of a fishing shelter at St. Paul's Bay. The latter had its quay strengthened, the main slipway enlarged, dry-standing area improved and equipped with service pillars whilst a landing office was also constructed.



*Slip way in St.Paul's Bay - Veccja*



*Landing Office in Marsa*



*Landing Site in Marsaxlokk*

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*Fish Market*

The general objective of the measure was improve the existing fishing ports and landing sites whilst meeting standards as well as improving the conditions under which products are auctioned. Government was committed to invest in a new fish market to relocate and upgrade amenities of the current infrastructure as well as offer the possibility for new fisheries activities, related primarily to processing, within the newly designated area. In 2011, the main activity centred on securing the relevant planning permits and drafting of the relevant tender specifications and dossiers. Discussions with MEPA were held as part of the assessment process and a site in Marsa was identified. MEPA Board approved the application on the 15 September 2011. As at end 2011, the procurement process was still ongoing. The relocation of the fish market was planned with various targets in mind namely making a positive contribution to the environment, preventing the issue of having fish transported across a busy road on pallets and trolleys, minimising water runoff, preventing pollution and seeking to support the processing of unsold fish hitherto discarded.

On the 26th July 2012, MRRA signed the contract for the demolition of the ex-reverse osmosis plant and the construction and finishing works of the new fish market to be located in Marsa. The contractor commenced work on the project and by the end of the year excavation works were completed. The demolition and preliminary works included the demolition of the previously standing buildings which formed the whole block, and the carting away of all the resulting materials and debris including disposal in an approved dump and licensed dump area. During 2014, two extensions to the Grant Agreement were issued. 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 substation, which is to provide electricity to the new fish market, took longer than planned. In 2015, another three Grant Agreement Addenda were issued granting additional time and funds to the project in order to aid complete remaining works. The project was officially inaugurated by the Prime Minister of Malta on the 25<sup>th</sup> November 2015.

On the 11<sup>th</sup> July 2016 the beneficiary [DFA] informed the MA that the marketing and processing area will not be operational by the end of November 2016 as per Grant Agreement and relevant addenda issued. The first floor of the fish market was designed to serve as a fish processing plant, fish packing and an office space. This floor should have been operational at the latest by the end of November 2016 and was envisaged to be operated by a private operator, selected following a competitive tendering process. The DFA was facing problems to identify an operator given that two requests for proposals were issued and no interest was shown from the private sector. On the 26<sup>th</sup> October 2016, the MA issued an irregularity for the full amount of €230,954, since all efforts were being poured in, towards finding a private operator for the first floor of the fish market.



Fish market during operations and after closing hours

<b>PA3 ~ Measure 3.1 - Financials as at: End 2016 [Public Eligible]</b>					
<i>Total Expenditure [€]</i>		<i>Total Verified[€]</i>		<i>Irregularities [€]</i>	
EU	MT	EU	MT	EU	MT
€4,003,923.25	€1,334,641.08	€4,003,923.25	€1,334,641.08	€302,584.66	€100,861.55

Table 9: Measure 3.1 Financials as at end 2016

### ***Measure 3.2 – Development of new markets and promotional campaigns***

#### **Promotional Campaign**

On the 8<sup>th</sup> November 2012, the Managing Authority launched a call for project proposals under Measure 3.2 ‘*Development of new markets and promotional campaigns*’ of the Fisheries Operational Programme for Malta; The call was open to Public Bodies, Producer Organisations and other organisations, that at the time, were recognised and registered with the relevant authorities in Malta and had a demonstrable interest in fisheries. Local Councils and NGOs with a demonstrable interest in fisheries were also eligible to submit a project proposal. The total indicative budget of the call was set to € 1,000,000.00 [one Million euro].

An information session with prospective applicants was held at the Funds and Programmes Division, on the 20<sup>th</sup> November 2012. One project proposal was submitted by the set deadline, the 14<sup>th</sup> December 2012, by the then Ministry for Resources and Rural Affairs.

The project selection committee assessed the submitted application against the criteria approved by the Monitoring Committee, and a grant award letter was subsequently issued on the 6<sup>th</sup> March 2013. The project was awarded funding on the basis that a promotional campaign would be implemented to increase awareness amongst the general public of the health benefits associated with fish consumption thereby enhancing the demand for currently

underutilised fish and/or aquaculture species. The beneficiary, the <sup>33</sup>Ministry for Sustainable Development, the Environment and Climate Change, involved a number of partners amongst which St. Peter's Foundation, the National Fishing Cooperative, Malta Chefs Society, the Federation of Maltese Aquaculture Producers, Fish4tomorrow, Għaqda Koperattiva tas-Sajd Ltd., the Fishing Trawlers Owners Association and the Fishing Pitkala to implement the publicity campaign.

During implementation a number of procurement procedures were undertaken by the beneficiary, as follows:

- a. Department of Contract Tender for the Implementation of the Publicity/Promotional Campaign – awarded on the 31<sup>st</sup> October 2014
- b. Departmental Tender for the Design of the Promotional Campaign – awarded on the 18<sup>th</sup> August 2014
- c. Departmental Tender for the Post-Campaign Research – awarded on the 9<sup>th</sup> November 2015.

Additionally, a recruitment process was initiated in May 2014 to fill the position of Project Administrator, which Administrator was engaged in January 2015.

The grant requested for the implementation of the publicity campaign was initially € 482,396.94 and the project end date was set to the 3<sup>rd</sup> Quarter of 2015. However, during implementation two addenda to the Grant Agreement were issued by the Managing Authority following requests by the beneficiary. The first addendum signed on the 31<sup>st</sup> July 2015 extended the project end date till the 31<sup>st</sup> December 2015 and increased the overall budget by € 13,014.72. The second addendum signed on the 27<sup>th</sup> November 2015 increased the overall budget by € 32,564.19 and transferred funds from two components to various other components making up the project. The grant requested following the second addendum was therefore revised to € 527,975.85.

The publicity campaign revolved around, **amongst others**, the following activities:

- Design, printing and distribution of 10,000 20 piece jigsaw puzzles
- Design, printing and distribution of 10,000 pen-drives
- Design, printing and distribution of 10,000 spoon-rests
- Design and placement of 12 non-lit and 2 back-lit billboards
- Design, printing and distribution of 10,000 information leaflets
- Design, printing and distribution of 10,000 recipe leaflets
- Design and publishing of 13 magazine adverts
- Design, printing and placement of 500 posters

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<sup>33</sup> After the 8<sup>th</sup> March 2013, the MSDEC took over the implementation of the project.

- Organisation of six fish fairs,
- Design, Printing and Distribution of 50,000 2016 Calendars
- Design, Printing and Distribution of 160,000 recipe and information booklets
- Organisation of 10 school visits
- Design, Hosting and Maintenance of an interactive campaign website
- Organisation of 16 roadshows
- Production of six different radio spots and airing of same for 4,000 times
- Organisation of 24 cookery lessons

The above activities were to specifically contribute towards the achievement of the project's expected results. Following implementation of the publicity campaign, the beneficiary engaged a service provider to design and conduct a quantitative survey to gauge the general public's awareness and to understand consumers' perceptions and attitudes towards the consumption of fish and different fish species. The survey had to enable a comparison with findings derived from a similar research exercise that was carried out prior to the implementation of the publicity campaign and which was financed through national funds. The selected service provider was to specifically determine whether the project's expected results were attained following implementation of the publicity campaign.

The resultant post-campaign research concluded that the project's expected results were in fact attained. Below is a summary of the results, as achieved through the implementation of the promotional campaign.

*Table 10: Promotional Campaign Summary of Results:*

<b>Output Indicator</b>	<b>Result</b>	<b>Achieved/Partially</b>
Per capita consumption of fish/fish products to increase by 0.32kg to 6.9kg	Increase of 0.36Kg	Achieved
The percentage of those individuals that never consume fish to decrease by 2.5% [from 41.6%]	Decrease of 23.6% to 18%	Achieved
The local population to become more aware of the benefits of fish consumption with the percentage of those not aware of its benefits to decrease by 5%	Decrease of 1%	Partially Achieved <sup>34</sup>
Awareness and consequent consumption of currently underutilised / underexploited fish to increase by 5%	Increase in awareness of 13% and increase in consumption of 11%	Achieved

<sup>34</sup> With a margin of error of +/-5%, one cannot conclude that the result was not achieved.

**Awareness of endangered species increased as follows:**

Dolphin Fish increase by 5% [Baseline: 18.5%]	Increase of 34.5%	Achieved
Swordfish increase by 10% [Baseline: 6.6%]	Increase of 11.4%	Achieved
Blue Fin Tuna Increase by 10% [Baseline: 18.8%]	Increase of 39.2%	Achieved



*Promotional Campaign Logo*

Table 11 below illustrates the financials achieved for this measure as at end 2016 which shows that out of €527,522.95 verified Public Eligible expenditure, €49,667.01 relate to irregularities detected by the MA during OTS checks amounting to 9.41% of the project's budget. Overall, mainly these irregularities resulted in financial corrections due to (i) planned deliverables not being met, (ii) payment claims made for deliverables for which timeframes set were not adhered to, (iii) ineligible expenses, and (iv) insufficient/ lack of supporting evidence or lack of proof held by the beneficiary for claimed expenditure.

<b>PA3 ~ Measure 3.2 - Financials as at: End 2016 [Public Eligible]</b>					
<i>Total Expenditure [€]</i>		<i>Total Verified[€]</i>		<i>Irregularities [€]</i>	
EU	MT	EU	MT	EU	MT
€395,642.21	€131,880.74	€395,642.21	€131,880.74	€37,250.26	€12,416.75

*Table 11: Measure 3.2 Financials as at end 2016*

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## Priority Axis 5 – Technical Assistance

Calls for the recruitment of two officials [one for MA, one for IB] were published during 2010. An official from the Ministry for Finance, the Economy and Investment carried out the function of Certifying Authority for EFF and therefore this official's salary was co-financed through Technical Assistance. A wave study to identify the best possible solution to the high wave disturbance experienced by fishermen at the hard standing facility and at the fishing berthing basin in Marsaxlokk harbour was also financed through Technical Assistance.

In 2011 a number of technical studies were commissioned including the preparation of an aquaculture strategy commissioned through Technical Assistance. The aquaculture strategy was necessary in view of the designated ports project co-financed under Priority Axis 3 and includes the development of the Alternative Site Assessment [ASA] for the marine hatchery and Blue fin tuna spawning facility [under Measure 2.1]. The aquaculture study was concluded in mid-2011. With regard to the implementation of the programme itself, the mid-term evaluation was commissioned in March 2011 and presented to the Monitoring Committee in June 2011. Other expenses under Technical Assistance also included capacity building, publicity and expenses related to the Monitoring Committee.

In 2012, 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 and launch tenders in relation to the drafting of the EMFF Operational Programme and the EMFF Ex-Ante Evaluation and Strategic Environmental Assessment. In addition, by means of a written procedure, in 2012, the MC approved the TA Criteria, which complemented the list of eligible actions stipulated by the OP in clarifying what actions were eligible under this PA.

In 2013, additional funds were shifted to this PA, following a written procedure as approved on the 18th April 2013 by the EFF Monitoring Committee [MC]. Further to this written procedure, the MA submitted the amended OP for the EC's approval via SFC2007. Together with this submission, the MA also proposed a budget shift to increase the budget allocated to PA5 to 6.5% of the total OP budget, thus exceeding the 5% threshold as defined in the regulation by 1.5%.

In 2014, Technical Assistance [TA] was used to facilitate the participation of MA officials in Fund Committees and Expert Groups organized by the European Commission and the preparation for the upcoming programming period [EMFF] which included the drafting of the new OP and also related studies. Technical Assistance 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.

On the 27<sup>th</sup> November 2015, the Managing Authority submitted another OP change request which included a request for TA increase from 6.5% to 8.28%. Such increase was related to a budget shift of remaining uncommitted and saved funds under PA1 to help finance the implementation of several projects under PA3 and Technical Assistance under PA5. This budget shift was approved in February 2016. The increase in TA share in the OP budget to 8.28% helped to cover expenditure related to staff costs in the implementation of the OP in addition to expenditure related to dissemination and publicity measures on EFF good practice projects implemented in Quarter 4 of 2015, payments of preparatory activities undertaken in relation to the EMFF database, travel expenditure in relation to EMFF Expert Group and Committee meetings (necessary for EMFF preparations) and other costs in relation to the preparatory activities for the EMFF 2014-2020 programming period such as the Drafting of the OP, the Ex-Ante Evaluation Report and the SEA for the EMFF OP. With reference to the latter costs mentioned, the MA would like to note that the increase of the TA share under EFF and its utilisation for EMFF preparatory tasks, in line with Article 46(2) of the EFF Regulation, helped to reduce the burden on EMFF TA expenditure which share is also limited and incurring such expenditure from the EMFF would limit to a great extent the resources available.

Further to the last certification issued on the 29<sup>th</sup> November 2016 the final TA expenditure [EU share] amounted to € 719,401.42. The programmed amount was that of € 693,206 or 8.28%. This automatically means that the TA expenditure exceeded the final programmed amount by registering an over commitment.

<b>PA5 ~ Technical Assistance - Financials as at: End 2016 [Public Eligible]</b>					
<i>Total Expenditure [€]</i>		<i>Total Verified[€]</i>		<i>Irregularities [€]</i>	
<i>EU</i>	<i>MT</i>	<i>EU</i>	<i>MT</i>	<i>EU</i>	<i>MT</i>
€721,439.48	€240,479.83	€721,439.48	€240,479.83	€2,038.41	€679.47

Table 12: Measure 5.1 Financials as at end 2016

- **Demonstration on the effects of the operational programme on the promotion of equal opportunities between men and women as appropriate and description of the partnership agreements.**

The principles of equal opportunities and environmental sustainability, which were horizontal objectives within the EFF OP and feature as fundamentally important in the Maltese Government's Agenda, were stressed in all documentation issued throughout the implementation of the OP. Equal opportunities and environmental sustainability were also emphasised and requested as part of the application process for all the calls for projects and

aid schemes issued throughout the implementation of the programme. Furthermore, the MA's commitment towards equal opportunities and environmental sustainability were reflected in the project selection process where marks were specifically allocated to proposed investments that promote these priorities.

**- List of unfinished operations and the schedule for their completion [final report only] – in accordance with Annex XIV**

No operations under the MT EFF OP are considered as unfinished. This applies both for non-functioning and suspended projects. In this regard, the summary table of non-functioning projects [Annex II of the Guidelines on Closure 2007-2013] and the summary table of suspended projects [Annex IV of the Guidelines on Closure 2007-2013] are not being attached to this final report as nil data applies. Even though, as mentioned earlier the first floor of the fish market project was not concluded by the end of the implementation of the programme, the MA took all the necessary action to recover the funds allocated to this section of the project. However this would still not have qualified as a non-operational project since the allocated budget for the fish market did not exceed the €5million target for declaring a project as non-operational.<sup>35</sup>

### **3.5 Monitoring Arrangements**

The provisions for the implementation of the Operational Programme are in line with Article 57 and 58 of Council Regulation 1198/2006 establishing both the general principles of the management and control systems as well as the designation of the relevant authorities. A Managing Authority was set up to manage the OP, a Certifying Authority to certify statements of expenditure and applications for payments before they are sent to the European Commission, and an Audit Authority, independent of the Managing Authority, was designated to be responsible for verifying the effective functioning of the management and control system. The management and overall coordination of the OP was entrusted to the EU Affairs Directorate within the Ministry for Resources and Rural Affairs between 2009-2011 which task and responsibilities were subsequently taken over between 2012 to date by the Funds & Programmes Division currently falling under the Ministry for European Affairs and the Implementation of the Electoral Manifesto. The Wholesale Markets and fisheries Fleets facilities had been designated as Intermediate Body between 2009 and 2011 which role eventually transferred to the EU Affairs Directorate within MRRA/MSDEC with effect from 1 January 2012. The EU Paying Authority within the Ministry for Finance was appointed to carry out the function of the Certifying Authority, whilst the Internal Audit and Investigations Department was appointed as the Audit Authority for the OP.

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<sup>35</sup> Refer to closure guidelines issued by EC on 6.10.2015 (C(2015) 6713 final)

The setting up of an effective and efficient monitoring system ensures the adequate implementation of the OP. In accordance with Article 66 of Council Regulation [EC] 1198/2006, the MA set up a monitoring system, i.e. the EFF 2007-2013 Database for the supervision of implementation including the monitoring of 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 served to provide 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. In 2013, the MA issued one circular namely; [i] Circular No.1\_2013: Visual Identity Guidelines. In 2014, the MA issued two Circulars namely: [i] Circular No.1\_2014: Conflict of Interest [iii] Circular No.2\_2014: Password Policy. In 2015 the MA issued one circular, namely: [iv] Circular No.1\_2015: Public Procurement Guidance for practitioners on the Avoidance of Errors<sup>36</sup>. Throughout the 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 EFF MA was 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 by the MA throughout the years, a total of 206 OTS checks [including both physical and documentary] were carried out during the implementation of the programme. These OTS checks varied from on-site visits of ongoing projects and schemes to checks on documentation and procurement processes. These checks proved to be crucial for the MA in order to carry out its monitoring tasks. Daily formal and informal monitoring was carried out through various means such as emails, phone calls and bi-lateral meetings with the IB and Beneficiaries. Such operations helped the MA to monitor closely the implementation of operations co-financed through the EFF. Monitoring was also carried out on the EFF Database [see section 3.5.3] whereby MA officers regularly checked and followed up any payments and progress of EFF funded projects and Aid-schemes. Day-to-day management was essential towards the fourth quarter of 2015 as the MA had to monitor pending payments in the EFF Database which were still to be processed. The MA thus played the vital role of following up any payments which for some reason were at risk of not being processed before 31<sup>st</sup> December 2015.

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<sup>36</sup> <https://eufunds.gov.mt/en/EU%20Funds%20Programmes/Agricultural%20Fisheries%20Fund/Pages/Links-and-Downloads.aspx>

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### 3.5.2 Monitoring Committee

The Monitoring Committee was set up according to Article 63 of Council Regulation [EC] 1198/2006. Such MC had the task to draw up its rules of procedure within the institutional, legal and financial framework of Malta and adopt them in agreement with the MA in order to exercise its missions in accordance with this Regulation.

The Monitoring Committee was established in its first meeting on 26<sup>th</sup> May 2009, and held its second meeting on 27<sup>th</sup> November 2009. The following points were discussed during the first meeting of the MC:

- Rules of Procedures for the Monitoring Committee
- Project Selection Criteria for selecting operations
- Annual Reports
- Ministry website
- Management and Control Systems of the OP and Compliance Assessment Report
- European Transparency Initiative
- Status reports on the state of play of OP implementation

The MC meetings held in June and November 2010 were mainly focused on reporting of the first calls being issued during that year, amongst other topics as discussed during the 2009 MC meetings including discussion on updates carried out on documentation pertaining to the OP and the Fishing Effort Adjustment Plan.

As in 2010, another two MC meetings were held in June and November 2011. The following topics were on the agenda of the MCs held in 2011:

#### *June 2011*

- i. State of play of the OP implementation
- ii. Update on Priority Axis 5 – Technical Assistance
- iii. EFF Interim Evaluation Report
- iv. Approval of AIR 2010
- v. Financial implementation
- vi. Commission Reports

#### *November 2011*

- i. Presentation of the amended OP
- ii. Statements of Expenditure processed as of the time of the MC

- iii. Status report on the state of play of the OP Implementation
- iv. Change in the Programme Structure and the amendments to the programme documentation

Following an interim evaluation held in June 2011, a number of amendments were made to the Operational Programme in force [Version 2]. The revised OP was presented to the MC members in the MC held on the 29th November 2011 by the Head of the MA and the main changes were explained in a detailed power point presentation. On 6th December 2011 the MA sent the revised OP to all MC members for feedback and eventual approval. Another e-mail was sent to MC members on the 20th December 2011 informing the MC that the draft proposal for a revised OP [Version 3] had been approved since the MA only received a number of comments from the EC which were incorporated in the final version of the document.

On 18th April 2012, the first MC meeting steered by the FPD within the OPM as the EFF MA was held. The following points were discussed by MC members:

- i. Amended Terms of Reference for the EFF MC;
- ii. Approval of 2011 Annual Implementation Report;
- iii. Update on OP Implementation;
- iv. Revised Project Selection Criteria.

As evidenced by the items on the agenda [above], the MC held in 2012 was quite intensive and the revised rules of the MC, which included a change in the membership of the Committee, and the amended Project Selection Criteria, were approved by the said Committee.

On 18th April 2013 the second MC meeting steered by the FPD as the EFF MA was held whereby the following topics were discussed:

- i. Amended Terms of Reference for the EFF MC;
- ii. Approval of 2012 Annual Implementation Report;
- iii. Update on OP Implementation;
- iv. Approval of Budget Shifts

The 2013 AIR was approved during the MC meeting held on the 7<sup>th</sup> May 2014. An update on the implementation of the OP was also presented to the MC members.

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On 7<sup>th</sup> May 2014 the third MC meeting steered by the FPD as the EFF MA was held whereby the following topics were discussed:

- i. Approval of 2013 Annual Implementation Report;
- ii. Update on OP Implementation;

In 2015 the final MC for the FOP was held on the 26<sup>th</sup> March 2015. The following points were discussed by MC members.

- i. Approval of 2014 Annual Implementation Report;
- ii. Update on OP Implementation;

During this MC the 2014 AIR was unanimously approved and an update of the implementation of projects was also presented. During this final meeting, the committee chair presented projections and plans for the closure of the OP including approximate deadlines as presented by the EC officials present for the meeting. The chairperson encouraged the members to give their utmost effort in order to successfully wrap up the programme while respecting the closure deadlines in order to avoid any unnecessary loss of EU funds.

### 3.5.3 The Database

The EFF Database 2007-2013 was the main tool used for the monitoring of the OP and project implementation, recording of data especially in light of indicators achieved, processing of payment claims, irregularities and recoveries. The EFF Database 2007-2013 is system developed by the Government of Malta for the management of EU funds during the implementation period 2007-2013. The EFF Database 07-13 forms part of the government's project management database system. 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, Beneficiaries and the IB. Continuous monitoring of payments and projects was crucial in helping the MA reaching its commitment targets. The system proved to be an efficient system by which the MA, IB and Beneficiaries managed to monitor and implement step by step each and every payment. On the 22<sup>nd</sup> September 2014, the MA issued a Circular<sup>37</sup> 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

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<sup>37</sup> MA Circular02/2014

will reflect the required changes for the EMFF Programming Period. Towards the end of 2014, the new EMFF Database was in an advanced state of programming.

#### 3.5.4 On-the-Spot [OTS] Checks

According to Article 59 of the EFF Regulation 1198/2006, the MA is 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 regard to verification of operations, the MA carried out OTS checks on the IB, whereas the latter was 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] 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 the implementation of the programme the MA together with the IB [where applicable] managed to carry out several OTS checks relating to various projects. These checks were carried out during the actual implementation of the projects and also upon closure in order to verify amounts disbursed before claiming re-imburement from the EC via the CA. Using specific checklists and OTS report templates for both OTS checks on the IB and OTS checks on final beneficiaries in accordance with the Manual for Procedures, the MA carried out the following checks:

<b>OTS Checks carried out [2007-2013]</b>							
<i>PA</i>	<i>Measure</i>	<i>Project/Aid Scheme</i>	<i>OTS Type</i>	<i>Carried Out BY</i>	<i>Carried Out ON</i>	<i>Year</i>	<i>Total</i>
PA1	EFF131	Investments on Board	Documentary	MA	IB	2012	44
PA3	EFF312	Relocation of Fish Market	Documentary	MA	DFA	2012	1
PA1	EFF111	Permanent Cessation	Documentary	MA	IB	2013	15
PA1	EFF111	Permanent Cessation	Physical	MA	FB	2013	1
PA1	EFF131	Investments on Board	Documentary	MA	IB	2013	2
PA2	EFF211	Investments in Aquaculture	Documentary	MA	FB	2013	3
PA2	EFF211	Investments in Aquaculture	Physical	MA	FB	2013	1
PA2	EFF231	Investments in Marketing & Processing	Documentary	MA	FB	2013	4
PA3	EFF311	Mgarr Landing Sites	Documentary	MA	DFA	2013	4
PA1	EFF111	Permanent Cessation	Physical	MA	FB	2014	1

<b>[cont] OTS Checks carried out [2007-2013]</b>							
<i>PA</i>	<i>Measure</i>	<i>Project/Aid Scheme</i>	<i>OTS Type</i>	<i>Carried Out BY</i>	<i>Carried Out ON</i>	<i>Year</i>	<i>Total</i>
PA1	EFF111	Permanent Cessation	Documentary	MA	IB	2014	9
PA2	EFF231	Investments in Marketing & Processing	Documentary	MA	FB	2014	18
PA3	EFF311	Mġarr Landing Sites	Documentary	MA	DFA	2014	2
PA3	EFF312	Relocation of Fish Market	Documentary	MA	DFA	2014	4
PA3	EFF311	Mġarr Landing Sites	Documentary	MA	DFA	2015	10
PA3	EFF311	Mġarr Landing Sites	Physical	MA	DFA	2015	14
PA3	EFF312	Relocation of Fish Market	Documentary	MA	DFA	2015	1
PA3	EFF312	Relocation of Fish Market	Physical	MA	DFA	2015	1
PA3	EFF315	Marsa et.al Landing Sites	Documentary	MA	DFA	2015	1
PA3	EFF315	Marsa et.al Landing Sites	Physical	MA	DFA	2015	1
PA3	EFF317	Marsalforn Landing Site	Documentary	MA	MGOZ	2015	5
PA5	EFF511	Technical Assistance	Documentary	MA	IB	2015	1
PA1	EFF115	Permanent Cessation	Documentary	MA	IB	2016	6
PA1	EFF315	Xemxija Slipway	Documentary	MA	DFA	2016	3
PA3	EFF311	Mġarr Landing Sites	Physical	MA	DFA	2016	1
PA3	EFF316	Marsaxlokk Landing Sites	Documentary	MA	DFA	2016	3
PA3	EFF316	Marsaxlokk Landing Sites	Physical	MA	DFA	2016	2
PA3	EFF315	Marsa et.al Landing Sites	Documentary	MA	DFA/DoC	2016	7
PA3	EFF315	Marsa et.al Landing Sites	Physical	MA	DFA	2016	2
PA3	EFF313	Promotional Campaign	Documentary	MA	DFA	2016	17
PA3	EFF313	Marsalforn Landing Site	Documentary	MA	MGOZ	2016	9
PA3	EFF313	Marsalforn Landing Site	Physical	MA	MGOZ	2016	3
PA3	EFF312	Relocation of Fish Market	Documentary	MA	DFA	2016	5
PA3	EFF312	Relocation of Fish Market	Physical	MA	DFA	2016	5
						<b>Total</b>	<b>206</b>

Table 13: OTS Checks carried out [documentary and physical]

A total of 131 OTS reports resulting from 206 OTS checks were issued by the end of the programming period. These reports were essential to the MA in order to properly monitor the procurement process, implementation of the projects and also to correct any irregularity which might have taken place at some point or another. Further to the above, the IB carried out checks on Beneficiaries under the Measure falling within their remit as required by the MOP.

### 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. The IB network sought the maximization of opportunities for enterprises, avoiding duplication of efforts and also ensure that schemes are implemented efficiently and effectively whilst keeping in mind sound financial management. FPD, in its capacity of EFF MA and the IB attended the meetings held throughout the implementation of the programme.

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

Following an open call for tenders launched in December 2010, a contract was signed with the winning bidder in March 2011 to undertake a mid-term evaluation of the EFF Programme in Malta. The report was presented to the MC in June 2011. The independent evaluator looked at the relevance of the programme strategy as set out in the OP, the quality and efficiency of the programme's implementation and management and the effectiveness of the programme's progress towards achieving its objectives and mid-term targets as set out in the OP. Following an analysis based on discussions with the stakeholders of the sector [public and private] as well as documentation that is in the public domain and documents that are not in the public domain but were made available by stakeholders, the independent evaluator made a number [11] of recommendations, mostly focusing on the specific projects amongst which was a proposal to re-allocate more funds under measures 1.1 and 3.1<sup>38</sup> in view of the importance of these schemes and the ensuing stringent regulatory framework; the active participation of the partners in the monitoring function; revisions to indicators and the underlying causes of the emerging figures; revised baselines for results; new training courses; and the establishment of measurable milestones until the end of the period to ensure the full implementation of the Programme within the limited time remaining. Apart from the discussion at the MC meeting, the recommendations made in the report were followed up by the MA and were discussed with the European Commission in the Annual Examination Meeting. The recommendations were also taken into consideration when making amendments to the OP.

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<sup>38</sup> From any underperforming measures such as 1.3

### 3.5.7 Systems Audit Report

The audit authority has carried out various audits on operations and system audits throughout the implementation of the Fisheries Operational Programme. Such audits ranged from 2010 up to the end of implementation of the programme in 2015 and also throughout the closure preparations until end 2016. The overall notion conveyed in the Annual Control Reports [ACR] compiled by the IAID and submitted for review to the EC was that the management and control systems in place at the MA are satisfactory and effective and only minor improvements were needed. No problems of systematic character were identified during the systems audits carried out in 2012, 2013 and 2014. The issues highlighted in all audit reports compiled by the IAID were diligently addressed by the pertinent entities being audited, feedback [contradictory procedures and follow-up exercises] was sent within the stipulated timeframes and an electronic database recording each finding and reply in respect of every audit report was created with the purpose of mitigating the risk of similar findings in the future.

The ACR for 2012 amongst other conclusions drawn up, noted that the management and control systems were generally effective and practically applied, operations met the selection criteria for the operational programme have been implemented in accordance with the approval decisions and fulfilled any applicable conditions concerning its functionality and objectives to be obtained and that appropriate national co-financing had been made available. Basing on the ACR for 2012, the AA followed up with an unqualified audit opinion in its report for 2013. The ACR of 2014 published in December 2014 was 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 were 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 the Treasury Department and from the results of the audits on operations.

According to the 2015 ACR, the AA noted that a high level of assurance was derived from the results of the follow up of the systems audit carried out on the new Managing Authority, from the results of the Systems Audit carried out on the Treasury Department and Certifying Authority and also from the results of the audits on operations. On the other hand a medium level of assurance was derived from the results of the follow up of the systems audit on the new Intermediate Body. Given the results from both systems audit and audits on operations an unqualified audit opinion<sup>39</sup> was pegged to the 2015 ACR. The positive findings issued in

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<sup>39</sup> Article 61[1][e][i] of Council Regulation [EC] 1198/2006

the ACRs were reconfirmed in the follow up audit carried out by the European Commission officials in October 2015.

### 3.6 Significant problems encountered and measures to overcome them

- *Capacity*

The implementation of the EFF OP brought with it various experiences ranging from positive ones to some challenges which needed to be tackled by the MA. During 2008 and 2009, the MA had a very limited administrative capacity. Since this caused delays in the drafting and approval of the OP, it was deemed important to enhance capacity by employing officers with the MA in order to carry out the necessary tasks. During 2011, the implementation of the Programme gained some pace, albeit not to the desired extent, although a degree of progress was also evident on the ground.

In 2011, there were changes in staff at both the MA and the IB and both units had capacity problems. The delays were also partially the result of the consolidation process which had a direct effect on the management of the EFF Programme. In the second half of 2011, Government launched a consolidation process of the structures managing EU Funds and created the new Permanent Secretariat for EU Funds within the Office of the Prime Minister. This new office also established the new Funds and Programmes Division [FPD] to complement the PPCD, the latter being the Managing Authority for Cohesion Policy and also the former Managing Authority for the FIG. In 2011, the FPD was designated to take over the role of Managing Authority [as part of the consolidation process] as of January 2012. During the latter half of 2011, the old and new MA worked together in order to ensure a smooth transition period, in which the old MA was foreseen to continue to be involved as the new IB. In fact, the capacity problem within the MA at the time [within MRRA] was also addressed in the latter half of 2011 with a view to this office taking on the role of IB. As at end 2011, the MA within the MRRA had a staff complement of four persons working on EFF. Meanwhile the FPD undertook its own capacity building exercise to enable it to take over the role of MA as of 1st January, 2012. The relevant management and control systems were updated and sent to the AA for compliance review.

In 2013, capacity again proved 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. Nonetheless, the MA together with the IB managed to pull through these obstacles 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 applied for officers to be engaged with their respective units in order to fill-in the current vacancies. Meanwhile, the former Senior

Manager still continued to shadow the Unit even though he moved to another Unit within the same Ministry.

In 2014, capacity was still a challenge for both the MA and IB due to vacant posts not being filled. Nonetheless, the MA together with the IB managed to successfully meet the end of the year targets. In October 2015, the new Senior Manager took to task with the EFF MA unit in time to reach the closure targets for the Fisheries OP.

- *Technical capability*

Another issue causing some delays in the process concerns the technical skills of the administrators responsible for the overall management of the Programme. Since the checking of equipment co-financed under EFF requires highly specialised technical skills, the staff of the IB and the MA was not always in a position to undertake these checks themselves. In order to solve this problem, the IB engaged the services of an engineer and an architect to assist both the IB and MA officers during on-the-spot checks on Beneficiaries.

Technical expertise was also required when carrying out on-the-spot verifications on vessels scrapped under the third permanent cessation scheme in December 2012. A technician employed by MRRA assisted in these checks and drew up a report about every vessel verified. These technical checks complimented on-the-spot check reports by IB officials. 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 from Fisheries Protection Officers and Marine Engineers. External expertise was procured in 2014 to facilitate on-the-spot verifications on the aquaculture cages financed under Measure 2.1.

In September 2015 on an invitation by the Managing Authority, the European Commission Head of Unit and Desk officer provided the MA with a detailed training seminar on the closure process of the EFF 2007-2013 programming period. The involved stakeholders such as the Treasury and the Certifying Authority together with the Audit Authority representatives were also invited.

- *Enhancement of the Database*

Following the findings of the Systems Audit Report on the EFF MA issued on 3 November 2011, the Database had to be enhanced so as to be in line with the recommendations listed in the ACR. The MA signed two enhancement agreements with MITA, both of which were

signed in 2012<sup>40</sup>. The nature of the enhancements in both agreements included, the creation of reports such as: [i] Annex III Report [ii] SoE Reports [iii] Project Expenditure Reports [iv] Project Transaction Reports and [v] Priority Axis Expenditure Reports among other maintenance and upgrades necessary to the system. The EU Affairs Directorate and FPD took measures to address these findings and held a number of meetings with the Malta Information and Technology Agency [MITA] in this regard. In fact at the end of 2012 the AA considered that the finding pertaining to the generation of information pertaining to amounts withdrawn, recovered, to be recovered and the amounts which cannot be recovered/are not expected to be recovered was fully addressed through the incorporation of the debtors' ledger in the system.

Furthermore, the MA started to upload the spot check reports on the Database in line with the other finding of the Audit Authority. Remaining findings [from the audit report] pertaining to the database were discussed at length with MITA and were fully addressed in 2012. In addition to the above mentioned recommendations, other enhancements and updates were applied to the database throughout the year according to necessities in order to facilitate smoother operation and monitoring tasks

No enhancements were carried out on the EFF Database during 2013, 2014 and 2015.

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

During the implementation of the EFF programme, an ongoing line of communication was present between the EC and MA. The EC provided guidance on certain aspects of the OP and regulations pertaining to the EFF. In 2008, the EC recommended that the MA should keep an automatically updated table which includes EFF implementation data based on the model in Annex III of the EFF Implementing Regulation No. 498/2007. Such recommendation was taken on board and in fact, the Annex III report started to be generated automatically through the EFF Database for the rest of the implementation period.

The Annual Examination Meeting held on the 10<sup>th</sup> November, 2011, in Brussels between the European Commission and the heads of the *outgoing* and *incoming* MA. The EC made the following requests in the Annual Examination Meeting:

- The EC asked for an Organizational Chart of the new EFF MA and change of MA notification letter.
- EC advised the MA to revise the OP where necessary and to present the changes in advance of the MC scheduled for 29<sup>th</sup> November 2011 (see section 3.5 above);

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<sup>40</sup> Enhancement Agreements signed on the 27<sup>th</sup> February and 10<sup>th</sup> September 2012

- The EC asked the MA to send a document explaining the new method of working out scrapping premiums;
- EC asked for [i] an explanation of why the baseline figures pertaining to the number of vessels and the GT fluctuate; and [ii] a chart listing all licensed vessels registered on full time and part time fishers as from 2008.
- The EC requested a written explanation of the procedures in place to ensure that investments funded under Priority 1 of the OP will not lead to an ability to catch more fish.
- The EC recommended the launch of a call under Priority Axis 2 as soon as possible, so that if there will be no uptake Malta would be in time to make a budget shift and trim the OP indicators in connection with Priority Axis 2.

No official recommendations were issued in 2012 as no annual examination meeting of the Operational Programme was held. Further to the EC communication on the 11th December 2013 and 9<sup>th</sup> December 2014, Annual Examination meetings referred to in Article 69 of the EFF Basic Regulation 1198/2006, have 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 various written procedures and Monitoring Committee meeting decisions. Along the years, OP changes and changes in context and general conditions to the implementation included budget shifts, revisions in the Description of the Management and Control System [DMCS], which were carried out in collaboration with the new IB, the AA and the CA, and also to amendments to the Manual of Procedures etc.

OP changes are listed in the table below:

Operational Programme Revisions		
OP Version	Year	Content
2	2010	(i) Changes in the implementing bodies [MA, IB and CA] (ii) Changes in PA5 (iii) Budget shifts from PA2 to PA5
3	2012	(i) Changes in the implementing Bodies (ii) Changes under PA5: Technical Assistance (iii) Changes to the OP Financial Table
4	2013	(i) Changes to any references to the Office of the Prime Minister and the Ministry for Resources and Rural Affairs following changes in the reallocation of Ministerial portfolios following the March general election; (ii) The amendment of the table mapping out the budgetary allocation per Priority Axis as per the Monitoring Committee decision; (iii) The deletion of the Priority Axis 2 indicators and the respective targets, that could not be reached as a result of the budget shift approved by the Monitoring Committee; (iv) Changes to the Priority Axis 1 indicators to reflect the increase in budget under this Axis. (v) Budget shift from PA3 to PA1 (vi) Amendment in admissibility criteria under Measure 1.4
5	2014	(i) Budget shift from PA1 and PA2 to PA3 (ii) Indicator Changes
6	2015	(i) Budget shift from PA2 and PA3 to PA1
7	2015	(i) Budget Shift from PA1 to PA3 and PA5

Table 14 - Measure 2.1 Financials as at end 2015

## 4. The use made of Technical Assistance

Support from the EFF under the TA axis was provided for a number of measures, such as to support the effective and efficient implementation of the EFF 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 the overarching Partnership Agreement. Such tenders include the drafting of the EMFF OP and Ex-Ante Evaluation and the Strategic and Environmental Assessment. The TA budget was 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 2015 amounts to 8.59% which includes 0.31% overcommitted<sup>41</sup>. The following is a list of all expenditure paid out<sup>42</sup> during the implementation of the OP:

<sup>41</sup> The EFF's contribution allocated to the OP spent and certified under TA as at the end of 2015 amounts to

Technical Assistance 2007-2013		
TA Component Details	Invoices Paid [€]	
	EU	MT
Professional Development	5,424.39	1,808.13
Overseas Travel	15,069.25	5,023.08
Services	23,318.07	7,772.69
Publicity	40,007.89	13,335.96
Supplies	3,003.03	1,001.01
Salaries	492,572.57	164,190.85
Monitoring Committees	5,035.52	1,678.50
Studies	134,970.30	44,990.60
<b>Total</b>	<b>719,401.02</b>	<b>239,800.82</b>

Table 15: items paid under PA5 for EFF 2007-2013 [Separated into Components]

## 5. Information and Publicity

In accordance with Article 51 of the EFF Regulation, Malta was responsible for providing information on and publicising the OP and operations and the Community contribution. The information was addressed to the general public and aimed to highlight the role of the EU and ensure the transparency of assistance from the EFF.

Way back in 2009 when the MRRA [today MSDEC] was the MA of the EFF a website was designed to include various documents which were being drafted at that time such as: [i] National Strategic Plan [ii] Operational Programme [iii] Manual of Procedures [iv] Systems Description [v] Official Minutes of Monitoring Committee meeting [vi] Grant Schemes Guidelines and Application forms. Publicity measures were included in adverts relating to the first permanent cessation and investment on board fishing vessels and selectivity calls. Back when the website was launched the address read: <http://vafd.gov.mt/> however since the change in administration in 2013 the website now reads: [\[http://agriculture.gov.mt/en/agric/Pages/EFF/eur\\_fish\\_fund.aspx\]](http://agriculture.gov.mt/en/agric/Pages/EFF/eur_fish_fund.aspx) An e-mail address was also provided for information requests sent to the department.

All calls for proposals launched were published on the said MRRA/MSDEC website and on the Government Gazette and copies of the Guidelines and application forms were sent to fisheries cooperatives and to the Ministry for Gozo. Additionally, adverts were published on the local press. The adjudication process and results were also published electronically and

€ 719,401.02

<sup>42</sup> Expenditure as disbursed through components

on the Government Gazette. The relevant EFF logos were also included when requesting quotations and issuing tenders, on adverts and on the presentations undertaken by the MA during Monitoring Committee and other information meetings / sessions, the latter within the context of a call for applications to Beneficiaries. In May 2011 the Minister for Resources and Rural Affairs, the Hon. Dr. George Pullicino paid a visit to fishermen who were receiving training financed under Measure 1.4 at the International Safety Training Centre. This event was also given press coverage.

As from December 2011, the Funds and Programmes Division within the Office of the Prime Minister which took up the role of EFF MA as from the 1st January 2012, uploaded information and documentation pertaining to the EFF Programme on its web site. An MA online webpage dedicated solely for the EFF, was set up during 2012 including 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 communication system is considered to be effective in terms of visibility as stakeholders confirm their awareness of such initiatives and project proponents have confirmed that the information sessions organised by the MRRA helped them fill in the Application Form. In order to harmonise and ensure adequate publicity on the premises of the Beneficiaries, publicity plaques financed through Technical Assistance were bought in February 2011 and were placed on the Beneficiaries' vessels/premises.

All calls for proposals launched during 2012, including the Guidance Notes for applicants, application forms and results were published in line with Programme documentation.

As described in Section 3.4 of this report, the MA also promoted the achievements of the Fisheries OP for Malta in line with Article 28 of the EFF Implementing Regulation in the Lampuki Fest organised by MRRA on the 28<sup>th</sup> September 2012 in St. Julians and also in Festa tal-Hut which was held in Zurrieq on the 30<sup>th</sup> September 2012. During both events the MA handed out A5 flyers containing general information about the EFF in order to help increase the general public's knowledge about the EFF Programme and MA officials explained the achievements of the Fisheries OP for Malta to the general public. The overall feedback was very positive with people stopping by the MA's stand asking for more information.

In 2013, the MA also undertook two promotional events organised by two different local councils, namely: [i] Marsaxlokk Fish Fest held on the 14th September 2013 and the [ii] Għall-Kenn Tal-Port fil Menqa tal-Marsa held on the 13th October 2013. The information leaflet procured in 2012 was disseminated to those attending the events. In order to help publicise the fund, the MA also took the initiative to procure three EFF themed roll-up banners which were used during both events.

The MA undertook other measures in order to disseminate EFF including: [a] distribution of booklets to MEUSAC and Dar I-Ewropa [EU representation offices in Malta] [b] setting up an information point at the MA's premises reception area. In 2014, the MA promoted the achievements of the Fund in two promotional events; [i] Festa Ħut held on Sunday 1<sup>st</sup> June at Żurrieq [a fishing village] and [ii] Notte Bianca held on Saturday 4<sup>th</sup> October 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, with the aim of increasing EFF exposure amongst the general public and also reaching youngsters, the MA took up the task of creating an information/activity publication filled with educational exercises for children. The main theme of this booklet was the importance of sustainability of fisheries. Together with this booklet, promotional material from previous years [generic information leaflet and Commission publications] was also distributed to the attending public of each activity.

Information and Publicity measures carried out during 2015 included the launch of the EMFF Operational Programme held on the 26<sup>th</sup> March 2015 at the Mediterranean Conference Centre. Various entities were invited for the launch including ministries, horizontal stakeholders and the press. Towards the end of the year, the MA aired a series of TV spots highlighting achievements in the local utilisation of the European Fisheries Fund 2007-2013. The production and management of television spots was procured through a tendering procedure following public procurement regulations and funded through Technical Assistance. These TV spots were aired daily at prime time before the news bulletin on the local TV stations [including TVM, One and NET] for a period of one month.

In view of 11 of the EFF OP: *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 and its set targets*, as reported in Section 3.1 one notes that output targets were not solely achieved but even surpassed for certain targets. For instance although one publicity measure was meant to be undertaken by 2015 as per output target set, by 2015 the MA had undertaken six publicity measures as described above. Through this strategy the MA served to ensure the promotion of the Fund amongst the wide general public and potential beneficiaries as well as increasing awareness of sustainable fisheries.

## 6. Information about compliance with Community Law

Through regular monitoring, information sessions, circulars and guidance given to beneficiaries, the application of management and verification controls and follow-up of their findings, the MA and the IB ensured that organisations falling within the scope of the Public Procurement Regulations were in line with the relevant National Legislation in force on the 1<sup>st</sup> June 2010, i.e. Legal Notice 296/2010. Entities and natural persons not falling 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. Various projects which were of an infrastructural nature had to also adhere to the local environmental regulations such as the Strategic Environmental Assessment Regulation - Legal Notice 497 of 2010 and Directive 2001/42/EC which provide for a high level of protection of the environment and promotes sustainable development by ensuring that relevant environmental considerations are integrated into government and public authority plans. Of parallel importance is the Environmental Impact Assessment [EIA] Directive outlining which projects shall be made subject to an EIA. The EIA Directive is transposed into national legislation via Legal Notice 114 of 2007: Environmental Impact Assessment Regulations, 2007 Arrangement of Regulations

## 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 complement each other. The MT 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 forms part of the FPD within MEAIM. In order 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, all Managing Authorities take part in the Inter-Ministerial Coordination Committees [IMCCs]. As mentioned in EFF Annual Implementation Reports there are two

different IMCCs: one focusing on EU Infrastructure and Productive Funding and another one dealing with the EU Human Capital Investment Funding Programmes, 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 and IB attended IB Network meeting and IMCC meetings throughout the implementation of the FOP as indicated in section 3.5.5 *Intermediate Bodies Network*, above.

Over and above its participation in IMCC meetings, the EFF MA has also carried out various desk-based checks 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 were a crucial tool to avoid any double-funding instances with other funds as well as a useful forum where common issues were discussed and best practices shared. Since in some instances these EFF initiatives and other funding programmes addressed complementary types of activities, it was crucial that no overlap exists between actions being funded. So as to avoid this, the OP took into account the priorities and measures of the different funding programmes and 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. One may note that under the EFF OP, the importance of having a competitive sector was actively pursued. In addition to this the importance of the physical and natural environment was 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* has contributed to the upgrading of human resources in the sector, particularly at the vocational level with the aim of making the sector a more viable career choice.

### 7.3 EFF and Operational Programme I Cohesion Policy 2007-2013

Similarly to Operational Programme I, '*Investing in Competitiveness for a Better Quality of Life*' which has two objectives: [1] Sustaining a growing, knowledge-based, competitive economy and [2] Improving Malta's attractiveness and quality of life, the main themes of the EFF OP were 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.

In comparison whereas 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*', no parallel actions could be implemented through the EFF OP in terms of investment in TEN-T. In terms of actions to safeguard the environment, one notes that OP I is mainly focused on the development of physical infrastructure aimed at managing solid and liquid waste and storm water whereas under EFF OP, actions to safeguard the environment were aimed at changing behaviours and practices as well as the development of physical infrastructure with the minimum possible environmental impact. Measures for safeguarding the environment fell within the remit of Priority Axis 2 of the EFF OP, with successful efforts being made through Measures 2.1 and 2.3 to reduce the impact of existing processing plant on Natura 2000 sites, and the reduction of the footprint of offshore farms. Climate Change mitigation efforts were complimented under Priority Axis 1 within the EFF OP through measures which sought to increase engine energy efficiency. Various projects financed through ERDF as part of the Interreg Programme Italia-Malta 2007-2013<sup>43</sup> also contributed towards the complementarity between EFF and OPI. Such projects included [i] AMARE – Actions for Marine Protected Areas<sup>44</sup> and [ii] Panacea<sup>45</sup>. Panacea was a project with the main objective to promote the sound scientific management of biodiversity assets within Sicilian and Maltese MPA's by drawing on codes of best practice developed within selected MPA's and through the institution of environmental educational centres, amongst others.

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<sup>43</sup> <https://eufunds.gov.mt/en/EU%20Funds%20Programmes/EU%20Territorial%20Programmes/Pages/Italia-Malta-2007-2013.aspx>

<sup>44</sup> [http://www.etc.uma.es/index.php?option=com\\_content&view=article&id=125:touching-base-for-linking-amare-and-panacea&catid=13:news&Itemid=154&lang=es](http://www.etc.uma.es/index.php?option=com_content&view=article&id=125:touching-base-for-linking-amare-and-panacea&catid=13:news&Itemid=154&lang=es)

<sup>45</sup> [https://www.um.edu.mt/news\\_on\\_campus/researchinitiatives/archive/panacea\\_project](https://www.um.edu.mt/news_on_campus/researchinitiatives/archive/panacea_project)

## 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 which target is meant to 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. Similarly the EFF OP provides complementary supporting actions to the private sector under Priority Axis 2 'Aquaculture, processing and marketing of fishery and aquaculture products' whilst also provided training to fishers under Measure 1.4<sup>46</sup>.

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. In this regard, the EFF OP also aimed at safeguarding jobs in the fishing industry and at increasing adaptability of the persons employed in the sector. However it must be noted that the actions / measures proposed were not specifically designed as support to people facing difficulties to enter the work force and are thus somewhat distinct to those proposed under Operational Programme II Cohesion Policy 2007-2013. The IMCC meetings mentioned in the previous sections also aimed to regularly monitor that no overlap or double funding occurred.

## 7.5 EFF and the Rural Development Plan 2007-2013

It should be noted that the EFF and EAFRD have little in common since both their objectives and target groups differ significantly.. The only initiative which was funded under the LEADER programme through the Rural Development Programme for Malta 2007-2013 was managed by Gal Xlokk (one of the three Local Action Groups available in Malta). Gal Xlokk (financed through RDP 2007-2013) together with the University of Malta implemented a project financed through Italia-Malta 2007-2013 Interreg programme called Biodivalu. Such project aimed at supporting the monitoring of pollution at sea in the strait of Sicily and contributing to future legislation at national and European level. The University of Malta also benefitted from the Italia-Malta 2007-2013 programme through the project called] Calypso. Calypso mainly focused on the mitigation of marine risks such as oil spills and through the installations of various high tech antennae throughout Malta, Gozo and Sicily and the creation of a computer model was possible.

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<sup>46</sup> Measure 1.4 – Socio-economic compensation for the management of the community fishing fleet.

## **7.6 Concluding remarks**

The EFF has been instrumental in achieving veritable objectives and results in the Maritime and Fisheries Sector of Malta and based on the EU's strategic guidelines. The Maltese MA has since its inception strived to commit the maximum allocation of funds towards the different projects and initiatives which led to a 100% absorption rate at the end of the Programme.

Despite the various challenges encountered, Malta has guaranteed that various objectives could be reached through the EFF. In fact, Malta can declare that it's EFF projects have directly contributed towards the achievement of sustainable fishing, diversification of the fisheries project, the increase in competitiveness of the fishers, the enhancement of fishing skills, the safeguarding of jobs in the sector, improved working conditions and the application of increased innovation were effectively met.

Furthermore, the experience, results and flagship projects of the EFF have been considered as an ideal platform on which to base it's the programming of its successor, the EMFF