



**STRATEGIC REPORT 2012**

**NORWAY FINANCIAL MECHANISM 2009-2014**

**MALTA**

**15 January 2013**

## EXECUTIVE SUMMARY

This Strategic Report has been drawn up by the National Focal Point for Malta in pursuance of Article 2.2 of the Regulation on the implementation of the Norwegian Financial Mechanism 2009-2014.

It is the first Strategic Report to be delivered by the National Focal Point for Malta with the aim of providing an overall indication of the stage reached in programme implementation under the Norwegian Financial Mechanism 2009-14. Since programme implementation on the ground has not started yet, this Report looks at how the national priorities will be addressed through the selected programme areas under the Norwegian Financial Mechanism for the country.

The programme areas under the Norway Financial Mechanism 2009-14 that shall be implemented in Malta consist solely of projects that have been pre-defined in the Memorandum of Understanding between Malta and Norway signed on 27 September 2011. There shall be no calls for project proposals and no selection procedure. Upon the approval of each project, a project contract shall be signed between the Project Operator and the Project Promoter.

## 1. ASSESSMENT OF IMPACT AT NATIONAL LEVEL

In accordance with the Memorandum of Understanding between Malta and Norway signed on 27 September 2011, Malta agreed to focus the Norway Grant on the following three programme areas:

- Programme Area 22 Global Fund for Decent Work and Tripartite Dialogue<sup>1</sup>
- Programme Area 25 Capacity-building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities
- Programme Area 32 Correctional Services, including Non-custodial Sanctions

The programme under the Norway Financial Mechanism 2009-2014 seeks to contribute to the reduction of economic and social disparities within the EEA. This will be done through the implementation of two, pre-defined projects one of which includes a Donor partner.

The Department for Local Government and the Local Councils Association in Malta will partner their Norwegian counterparts and the Council of Europe to formulate a set of initiatives that will research, examine, focus and create a number of measures to strengthen institutional capacity (including staff development) at the respective departments responsible for local government, within the elected and the executive arms of local and regional government, to improve the quality and accessibility of services provided and to create a professional programme for the exchange of personnel.

The second project aims to ensure that Malta will also have more efficient correctional services and facilities that seek to integrate and assimilate young offenders into society. In this way, the country would be in a better position to honour international regulatory frameworks for the treatment of young offenders in detention.

The Programme shall also help to strengthen bilateral relations at multiple levels. To this end 0.5% of the total allocation for Malta under the Norwegian Financial Mechanism has been set aside in a fund for bilateral relations at national level. This Work Plan for the proposed activities under this fund identifies three aspects:

- i. participation of officials from Malta at workshops, conferences and seminars organised by the Donor States and/or other Beneficiary States which are of relevance to the Maltese context. These could include workshops, such as on

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<sup>1</sup> Innovation Norway is the Programme Operator for this Programme Area

- gender issues and seminars such as on Governance/Risk Prevention which the FMO/Donor States hold annually;
- ii. preparatory meetings between Project Promoters and Donor Project Partners;
  - iii. strengthening bilateral relations between the Donor States and Malta within the Programme Areas of the EEA and the Norwegian Financial Mechanisms 2009-14.

In this regard, the Maltese Focal Point has already started working on the implementation of the Work Plan and encouraged relevant Project Promoters to meet with their Donor Partner during 2012 in order to develop their partnerships and to prepare for the implementation of their Donor Partnership Project.

Furthermore, in accordance with Article 3.6 of the Regulation, the Programme Operator will be managing separate funds for bilateral relations at programme level to facilitate partner networking. 1.5% of the allocation under the Norwegian Financial Mechanism has been reserved for this purpose.

## 1.1 Cohesion

### Programme Area 25 – Capacity-building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities

Local authorities require good leadership skills if they are to perform well. The Council of Europe's vision on the future of local government requires that new initiatives are taken and continued in the member states to strengthen good governance, capacity building and citizens' democratic participation at local and regional levels.

A study by the Centre of Expertise for Local Government Reform (CoE) in 2008 showed that local government in Malta has remained centralised and that little changed since its inception in 1993. Most of the 68 Maltese local councils are small in budget and in professional capacity. The year 2010 saw a reform in local government, bringing in new units and the engagement of new staff.

Training programmes are considered indispensable in fostering the international experience of foreign local government systems. Training is an essential tool in improving performance standards and in encouraging career development. At the time the 2008 report was conducted there was no systematic training for local council staff and elected representatives. Fewer than five councils had budgets for training, while newly elected representatives received little training for their important role. In the years that followed, some progress was made in this regard: the Department for Local Government in Malta set up a training unit and several training initiatives were introduced to bring about the needed change. In September 2010, the Department embarked on the identification of gaps in the system by launching a skills' profiling

exercise on individual and local council requirement. This was the first step towards establishing the need for a full training requirements assessment to establish all the possible gaps in the local government system. The next step is an assessment of the actual performance of local authorities against existing standards.

Local councils play an important role in implementing national priorities. The Maltese Government is committed to deliver change for the better in local government. Many Maltese local councils have good work practices, however at present there are no mechanisms to identify and share such good practices with other local councils. Keeping in consideration the size of the country and its low economies of scale, many small councils have joined forces to make ends meet by pooling in expertise and other resources. Initiatives like these should be encouraged while other councils should be invited to explore opportunities of mutual cooperation.

The project entitled 'A Partnership for Creative Governance' is expected to bring about a culture change in the Maltese local government scenario. Through a stronger local government system the long-term benefits for the Maltese community shall include an improved standard of living, a change in mentality, and a local government system that operates more closely to that expected at a European level.

The project shall sustain the local government system in Malta with the aid of experts from Norwegian Local Government and the Council of Europe. The adoption of strategies and performance indicators should create the necessary tools for economic sustainability of the system.

#### [Programme Area 32 – Correctional Services, including Non-custodial Sanctions](#)

The Young Offenders' Unit of Rehabilitation Services (YOURS) within Malta's Correctional Facility was established in 1994 and initially it catered for a population of up to 8 male inmates.

The number of young prisoners has increased over the years and YOURS has expanded and currently caters for a male-only population of 36 inmates. Capacity remains an issue however and Malta has felt the need to invest further in YOURS in order to address the situation whereby at times the earlier YOURS inmates have to be transferred to the adult offenders' section to make room for younger and newer offenders.

Additionally, at present YOURS does not cater for young female offenders even though their number has gradually increased over the past years. This has been a major operational concern given that the main Correctional Facility is not appropriately equipped to cater for this special population in terms of dedicated space and tailor-made programmes.

Statistically, it can be assumed that the growth in the YOURS population evidenced in the past seven years will continue to increase. As long as the number of YOURS inmates awaiting trial remains consistently high, the introduction of parole will only have a marginal effect on the number of inmates within the division. Bigger premises to accommodate the growing population, as well as a renewed programme that will help sentenced inmates earn their parole are essential for successful correction in the coming years.

Furthermore, the premises housing the Correctional Facility do not appropriately cater for the needs and rehabilitation requirements of its young residents. Original plans included a maximum security wing, a highly restrictive floor-plan and dedicated space for educational, recreational and psychological needs of a young population. The current division has limited indoor and outdoor facilities.

Another concern is the level of skill of prison warders and their understanding of the juvenile offenders' needs. Correctional staff is primarily custodial in orientation and have had little, if any, training in dealing with a younger prison population.

The project 'Renewing the Young Offenders' Unit of Rehabilitation Services (YOURS)' will address this gap by relocating the current YOURS to new premises and through the introduction of a renewed programme of activities aimed at age and gender requirements of the population. The relocation should facilitate the rehabilitative and integrative programmes for first-time and young offenders. Correctional staff will undergo formalised training on current best practices in the adolescent correctional field as well as receive first hand experience in the way a correctional facility is operated in Norway and in line with international practices and human rights standards.

## Risks

A number of risks could impede the efficient implementation of the programme. For example, offers submitted in response to public calls for tenders may exceed the available budget. A realistic financial provision is being made to minimise the risk of such an eventuality but it cannot be ruled out altogether because it is in the nature of public procurement. Similarly, the risk of appeals being lodged following publication of results cannot be overlooked either. This would have to an adverse impact on contract awards and lead to delays in project implementation.

Issues regarding staff resignations and retention may also arise during implementation, hindering efficiency until replacements are in place. In the case of the National Focal Point this risk is being mitigated by reinforcing capacity. One officer is already performing the tasks of the National Focal Point while another officer is carrying out the functions of Programme Operator. Two additional officers have been assigned to

actively support the National Focal Point and the Programme Operator throughout programme implementation.

In terms of financial reporting, the computerised payment and accounting system used to process payments on a national level during the 2004-09 Financial Mechanisms period took a long time to be developed. That, in turn, delayed reporting to the FMO. As an interim measure in order to prevent that happening again, the 2004-09 system will remain in use until the 2009-14 system comes on stream. For reasons of eligibility of expenditure, work to implement the 2009-14 system will be commissioned once the Programme Agreements are signed.

This way costs will be reported to the FMO in the reporting period in which they are incurred.

The non-timely cooperation between all stakeholders involved has been identified as a risk. Consistent and vigilant monitoring and follow up action with the Project Promoters shall ensure smooth and well-timed coordination.

The Monitoring Plan prepared by the Programme Operator presents a risk tracing system as part of risk assessment and risk management. The plan also devises a tool to assess the probability and impact of identified risks which helps the Programme Operator to evaluate the level of the risk. The risks identified within each project will be monitored by the PO through periodical progress reports and on-the-spot checks. The Monitoring Plan is to be updated each year.

No systematic risks are currently foreseen but a systems audit is envisaged for mid-2013.

## **1.2 Bilateral relations**

In May 2012, the Financial Mechanism Office organised a workshop on Gender Equality and Gender-based Violence for Programme Operators and Donor Programme Partners where it provided further networking among the participants. The Programme Operator of the Financial Mechanism in Malta actively participated in the seminars' work sessions.

In preparation for the project 'A Partnership for Creative Governance' the Department for Local Government met the project partners that will be involved, in order to draw up the project's detailed application. Further meetings followed up locally between the Maltese project partners, i.e. the Department for Local Government and the Local Councils Association. A meeting was also held in Strasbourg with the Norwegian Ministry for Local Government and a representative from the Council of Europe. A

further two meetings were held in Malta in September 2011 and May 2012, where local councils representatives were invited to attend.

The first activity to be financed from the Fund for Bilateral Relations at National Level was a meeting involving the partners in this project. This was held in Oslo in October 2012 and the Maltese and Norwegian project partners came together with the Council of Europe to discuss the roles to be adopted by each partner in the project, and the contribution of each to reach the project targets.

Funds are available for further bilateral cooperation between the Donor States and Malta. The National Focal Point for Malta, in collaboration with the Maltese Ministry of Foreign Affairs (MFA) and the Mediterranean Academy of Diplomatic Studies (MEDAC) within the University of Malta, intends to organise a seminar on a theme of common interest. Themes could include Renewable Energy with a focus on the Mediterranean, Regional Cooperation Initiatives, Human Rights, Education, Management of Irregular Migration and/or Management of Maritime Resources. This seminar is foreseen to take place mid-way through the implementation of the EEA and Norway Financial Mechanisms 2009-14.

Beyond the framework of the Financial Mechanism, the following key events/meetings at national level between Norway and Malta have also contributed to strengthened bilateral relations:

H.E. Bjørn T. Grydeland, Ambassador of the Kingdom of Norway, paid his first visit to Malta from 28 to 30 March 2012. The Norwegian Ambassador was in Malta on the occasion of the presentation of His Letters of Credentials to the President of Malta. Separate meetings were held with the Hon. Dr Tonio Borg, Deputy Prime Minister and Minister of Foreign Affairs, and with Dr. John Paul Grech, Permanent Secretary, Ministry of Foreign Affairs.

On 30 March, an Agreement on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income was signed by Dr. Grech and Ambassador Grydeland, on behalf of Malta and Norway respectively, in the presence of Deputy Prime Minister Borg.

Both sides expressed satisfaction about the excellent ties and Minister Borg expressed Malta's gratitude for the Norwegian financial contribution and for the relocation of 31 migrants mainly hailing from Somalia to Norway.

On 22 May 2012, Ambassador Martin Valentino presented his Letters of Credentials as non-resident Ambassador of Malta to His Majesty Harald V, King of Norway. In line with the State Protocol, Ambassador Valentino had a private audience with His Majesty.

During his stay in Oslo, Ambassador Valentino held a number of meetings at the Ministry of Foreign Affairs.

## **2. MANAGEMENT AND IMPLEMENTATION**

### **2.1 Management and control systems**

The National Focal Point submitted the detailed Description of Management and Control Systems (DMCS) together with the Audit Authority's opinion in November 2012. There have been no changes to the management and control system since. The elements in the DMCS are in place and the system is functioning as planned.

### **2.2 Compliance with EU legislation, national legislation and the MoU**

Public procurement in Malta is governed by the Public Procurement Regulations (Legal Notice 296 of 2010, Chapter 174 of the Laws of Malta). In the case of local councils public procurement is governed by the Local Councils (Tendering) Regulations (Subsidiary Legislation 363.03).

State aid is governed by Legal Notice 210 of 2004 (Chapter 325 of the Laws of Malta), equal opportunities by Chapter 456 of the Laws of Malta and protection of the Environment by Chapter 435 of the Laws of Malta.

Project Promoters have been made aware of their obligations with regard to public procurement, state aid, the environment and promoting equality of opportunity for all people irrespective of gender, age, race or disability.

In the case of public procurement, it should be noted that for most public entities, public procurement above the threshold of €47,000 is co-ordinated by a central unit (Department of Contracts) within the Ministry of Finance, the Economy and Investment. In such cases, templates are standard and the Department of Contracts oversees the procurement process and provides guidance to all organisations carrying out public procurement. This guarantees a degree of quality assurance across all public entities. In the case of procurement below the €47,000 threshold, departments and public entities can carry out their own procurement in line with the Public Procurement Regulations; however guidance can be sought from the Department of Contracts. The Ministry of Finance, the Economy and Investment issues circulars from time to time to all Ministries and agencies carrying out their own procurement.

### **2.3 Status of Programmes**

On 5 December 2012, the FMO informed the National Focal Point that Norway had approved the Norwegian Financial Mechanism Programme for Malta 2009-2014. As at 31 December 2012, the Programme Agreement was still in the process of being signed. Implementation on the ground will start following signature of the Programme Agreement.

### **2.4 Irregularities**

No irregularities were detected during 2012 in relation to the projects under the Norwegian Financial Mechanism Programme 2009-2014.

### **2.5 Audit, monitoring, review and evaluation**

The Programme was approved by the Donor State in December 2012. Accordingly, 2013 shall be the first year of implementation and based on past experience with similar projects, it is likely that tendering and contracting will take up most of year one. It would therefore still be early to undertake review and evaluation activities during 2013.

The Audit Plan for 2013 and an updated Monitoring Plan are being forwarded together with this Report.

### **2.6 Information and publicity**

In pursuit of the principle of transparency, a press release was issued through the Department of Information announcing the signing of the Memorandum of Understanding on the implementation of the Norwegian Financial Mechanism 2009-2014. The press release and photographs of the event are published on the NFP's website.

In accordance with Article 4.3 (4)(b), the National Focal Point will, throughout the course of the programme period, be organising three major information activities on the implementation of the EEA and the Norwegian Financial Mechanisms 2009-14. These are the launch event (foreseen for April 2013), a mid-way activity and a closing event.

The aim of these activities would be to connect with the target audience and to allow for active engagement. The main aspects of these events would be to keep the public informed, to deliver transparent information, to heighten awareness, and to highlight

success stories. These events may be enhanced through the participation of key stakeholders and the Project Promoters, together with high profile guests and speakers.

As stated above, the National Focal Point foresees to hold the launch event in April 2013. The event, which is likely to take the form of a press conference, will involve the participation of a high ranking member of the Government of Malta. Representatives of the Donor States and/or the FMO will also be invited to take part. National media organisations, together with the key stakeholders and Project Promoters, shall be invited to attend. The launch event will present the objectives of the Financial Mechanisms, the selected Programme Areas, the projects to be financed, and the importance of bilateral relations between Malta and the Donor States.

As the programme starts to progress, the NFP will report on the status of the implementation of the Communication Strategy.

Pages dedicated to the Grants in Malta on the website of NFP/PO ([www.norwaygrants.gov.mt](http://www.norwaygrants.gov.mt)) provide information on the relevant priority sectors, programme, and projects. The MoU, reports and other relevant documentation of public interest is also uploaded.

The NFP ensures that the Norway Grants logo features on all information and promotional material, including power point presentations and reports.

Although no studies have been carried out, the NFP expects that the impact of the Grants on the visibility and image of the Donor States on a local level to be proportionate to the size and number of projects in Malta.

## **2.7 Work plan**

The work plan outlining the milestones for the implementation of the Norwegian Financial Mechanism over the next year is provided as a separate document to this Report.

## **3. REPORTING ON PROGRAMME**

Following signature of the Memorandum of Understanding in September 2011, the Programme proposal for the 2009-2014 period was submitted to the Donor State in May 2012. A Donor State request for additional information received in July 2012 was answered by September. The Donor State requested further clarifications and replies were provided in October and November 2012 and subsequently the programme was approved in early December 2012.

It is expected that the Programme Agreement will be signed during the first quarter of 2013, with the Project Contracts between the Programme Operator and the Project Promoters being in place by April 2013.

The projects to be implemented have been pre-defined and, as described earlier in this Report, shall target areas such as capacity building in local and regional authorities and correctional services. Funds have also been set aside for the Global Fund for Decent Work and Tripartite Dialogue (being managed by Innovation Norway).

The first meeting of the Monitoring Committee for the 2009-2014 programme period took place in March 2012. The Annual Meeting with the Donors was also held in March 2012.

#### **4. SUMMARY LISTING OF ISSUES AND RECOMMENDATIONS**

In the process leading to the approval of the Programme, the National Focal Point delivered a number of tasks as required by the Regulation. It has prepared a work plan for the Fund for Bilateral Relations at National Level and delineated a Communication Strategy for the Financial Mechanisms. It has elaborated a Manual of Procedures and also set up the Management and Control System for the proper implementation of the Financial Mechanism by defining the functions of designated authorities and outlining the operational and financial process.

Meanwhile, the Programme Operator has prepared and submitted the programme proposal for the Financial Mechanism and prepared a Monitoring Plan as well as a Communication Plan<sup>2</sup>.

Preparations are underway to have the Programme Agreement signed and the Project Contracts in place to commence the official implementation of the Financial Mechanism.

A good working relationship exists among all stakeholders. The National Focal Point is grateful for all the support provided by the FMO during this important preparatory phase and looks forward to further collaboration over the next year in order to ensure smooth and successful programme implementation.

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<sup>2</sup> Submitted to Donors via DORIS in May 2012

## **5. ATTACHMENT TO THE STRATEGIC REPORT**

This Report also includes the following attachment:

A table providing information in respect of donor partnership projects on the Beneficiary State level (names of Donor State entities, number and proportion of partnership projects).