



# **Operational Programme II Cohesion Policy 2007-2013**

*Empowering People for More Jobs and a Better Quality of Life*

**Annual Implementation Report  
2008**



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## List of Acronyms

AA	Audit Authority
AOB	Any Other Business
DoC	Department of Contracts
EAGGF	European Agricultural Guidance and Guarantee Fund
EEA	European Economic Area
EIB	European Investment Bank
ERDF	European Regional Development Fund
ESF	European Social Fund
ETC	Employment and Training Corporation
EU	European Union
FIFG	Financial Instrument for Fisheries Guidance
IAID	Internal Audit and Investigations Directorate
IB	Intermediate Body
MA	Managing Authority
MC	Monitoring Committee
MCAST	Malta College for Arts, Science and Technology
MEDC	Ministry of Education, Youth and Culture
MEPA	Malta Environment and Planning Authority
MFEI	Ministry of Finance, the Economy and Investments
MRRA	Ministry for Resources and Rural Affairs
MSOC	Ministry for Social Policy
NGO	Non-Governmental Organisation
OHSA	Occupational Health and Safety Authority
OPII	Operational Programme II
OPM	Office of the Prime Minister
PPCD	Planning and Priorities Co-ordination Division
PPS	Principal Permanent Secretary
PSC	Project Selection Committee
SAMB	State Aid Monitoring Board
SDO	Staff Development Organisation
SFC	System for Fund Management in the European Community 2007 - 2013
SFD07	Structural Funds Database 2007
SPD	Single Programming Document

## Introduction

This document provides for the second annual report for the implementation of the ESF Operational Programme II in Malta entitled '*Empowering People for more Jobs and a Better Quality of Life*' in fulfilment of Article 67 of Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999.

This report includes information on the physical progress made in implementing the Operational Programme. The report also includes information on the steps taken by the Managing Authority and other stakeholders to ensure the quality and effectiveness of implementation. A summary of any significant problems encountered in implementing the Operational Programme and any measures taken to overcome them; complementarity with other instruments; information about compliance with Community law; changes in the context of the implementation of the Operational Programme; consistency with the European Employment Strategy; the use of the technical assistance; and the measures taken to provide information on and publicise the Operational Programme are also presented in this report.

## Chapter 1 – Identification

OPERATIONAL PROGRAMME	<b>Objective Concerned:</b> Convergence
	<b>Eligible area concerned:</b> Malta
	<b>Programming period:</b> 2007 - 2013
	<b>Programme Number (CCI No):</b> 2007/MT051PO001
	<b>Programme Title:</b> Operational Programme II – Empowering People for More Jobs and a Better Quality of Life (Cohesion Policy 2007-2013)
ANNUAL IMPLEMENTATION REPORT	<b>Reporting year:</b> 2008
	<b>Date of approval of the annual report by the Monitoring Committee:</b> 09/06/2009

## Chapter 2 - Overview of the implementation

### 2.1. Achievement and analysis of the progress

#### 2.1.1 Information on the physical progress of the Operational Programme

During 2008, implementation activities of the ESF Operational Programme (OP) focused on various actions related to the Implementation of the Programme including the launch of calls for project proposals under the different Priority Axes and the Project Selection Process of these proposals; the setting up of monitoring and control systems; the finalisation of the Manual of Procedures for Beneficiaries entitled *Manual of Procedures for Projects Implementation, Cohesion Policy 2007 – 2013, Malta*; the preparation of the first draft of the Indicators Users' Guide; support to Intermediate Bodies (IBs) in preparation for the launch of the aid schemes under Article 87 of the Treaty; as well as further strengthening of the institutional capacity of the different stakeholders. In this context, as indicated in Annex 1, very limited physical progress of the OP vis-à-vis indicators has been achieved. Physical progress on indicators will be achieved once the implementation of projects selected gets underway.

#### **a. Calls for Project Proposals under ESF Operational Programme II**

During 2008, three calls for ESF project proposals under Operational Programme II were launched by the Managing Authority. One call was dedicated to proposals under Priority Axes 1 and 3 for all Focus Areas of intervention under the Axes and was issued on the 8<sup>th</sup> January 2008 (Call 3<sup>1</sup>). Another call which targeted specifically NGOs was issued under Priority Axis 3 (all Focus Areas) on the 29<sup>th</sup> February 2008 (Call 4). The last call to be issued during 2008 was for project proposals under Priority Axes 2 and 4 and it was issued on the 20<sup>th</sup> October (Call 5). Further information on the calls for project proposals can be found under section 3.1.1 of this report. Application forms and guidance notes to applicants were prepared by the Managing Authority according to the Priority Axes and target group that they were issued for. The calls were published via press releases with advertisements in a number of leading newspapers (Maltese and English).

As with previous calls issued in 2007 a number of repeated information sessions were organised vis-à-vis the afore-mentioned calls by the Managing Authority for potential applicants to support them in the application process. The sessions were published in leading Maltese and English newspapers and all interested stakeholders were invited to participate (participation was for free). In total 5 information sessions in relation to the 3 calls were held and around 200 potential applicants attended. More information about these information sessions can be found under section 2.1.1(j) of this report. Following a number of information sessions a list of frequently asked questions (FAQs) were posted on the PPCD website to give additional guidance to applicants (even those unable to attend the information session) in filling in the ESF Application Form.

Under Call 3, 41 applications were received, whilst 6 projects were received under Call 4 which was specifically targeted for NGOs. Call 5 closed on 9<sup>th</sup> January 2009 and 30 projects were received.

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<sup>1</sup> Calls 1 and 2 under the OP were launched on the 27<sup>th</sup> July 2007 and 3<sup>rd</sup> August 2007 respectively.

## **b. Project Selection**

The Project Selection Committee (PSC) for projects co-financed under the ESF (2007-2013) which was set up in 2007. The PSC, which is presided over by the Managing Authority, was convened as often as necessary. The first round of project evaluation which started on the 7<sup>th</sup> November 2007 covering Call 1 (Priority Axis 2 – continuous education and training) and Call 2 (Priority Axis 1 – ICT) continued in 2008. During 2008, the ESF PSC met 13 times in relation to this round of project evaluation. In order to speed up the project selection process, a separate PSC for ESF was set up in the second quarter of 2008.

A new PSC with a new chairperson was set up for the assessment of the project proposals submitted under Call 3. During this call, project proposals were received for Priority Axes 1 and 3. The PSC evaluated the projects submitted under PA 1 during 16 sessions. Another 18 sessions were held for the evaluation of projects submitted under PA 3. In the third quarter of 2008, the PSC started the evaluation of project proposals submitted under Call 4 PA 3 which was open for NGOs only. The project selection process for this call was still ongoing as at end of 2008<sup>2</sup>.

In those cases where the PSC felt that clarifications were necessary to ensure a more comprehensive assessment of the project proposals, the PSC issued requests for further clarifications. Such clarifications had to be addressed by the project proponents within very strict deadlines. When the PSC required expert technical advice, the relevant experts were consulted. For transparency's sake, the PSC conducted nearly all its business (especially in terms of queries sent to applicants) in writing, which obviously led to delays in concluding the process. When required, the PSC also held meetings with the applicants.

Successful applicants were informed through an approval letter<sup>3</sup> issued by the Managing Authority. A total of 33 approval letters were issued in 2008. The relevant stakeholders (e.g. line Ministries, Department of Contracts (DoC) were also notified in order to facilitate the start of implementation on the ground. Unsuccessful applicants were informed through a rejection letter. These applicants were informed about the possibility to appeal from the decision taken by the PSC to the Projects Selection Appeals Board (PSAB). For the projects evaluated throughout the year under review, the PSAB received 2 appeals concerning ESF projects. One request was withdrawn by the Applicant whilst the other appeal was assessed by the PSAB and was eventually rejected. A number of proposals were placed on the reserve list<sup>4</sup> and informed as such. These applicants were also given the possibility of redress.

## **c. Aid Schemes implemented under Article 87 of the Treaty**

Following the approval of eligibility criteria for Aid Schemes by the Monitoring Committee in December of 2007, 2008 saw a lot of ground work being carried out by a number of stakeholders for the preparation and launch of aid schemes under Article 87 of the Treaty.

On 11<sup>th</sup> March 2008, the Managing Authority designated ETC as the Intermediate Body for two schemes implemented under the ESF (OPII), namely the Training Aid Framework (TAF) and the Employment Aid Programme (EAP). The deadline for the submission of the applications was 21<sup>st</sup> April 2008. The TAF was accepted for implementation under Priority Axis 2 of the ESF OP, whilst the EAP was accepted under Priority Axis 3 of the ESF OP. These schemes were assessed by the PSC with the same structure as that utilised during the assessment of other project proposals.

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<sup>2</sup> The PSC for Call 4 was concluded in February 2009 and three projects were approved out of the six that were submitted

<sup>3</sup> Pending the finalisation of the grant agreement.

<sup>4</sup> These are projects that would have made the pass mark but could not be funded as the call would have been oversubscribed in financial terms.

The Intermediate Body, in close collaboration with the Managing Authority, carried out most of the work in relation to the Application Form for Beneficiaries and the relevant guidelines to support applicants during the application process. Furthermore, two sets of *implementation guidelines* to support the Beneficiaries in implementing approved operations under the two schemes were also developed (see point (e) below). During 2008, the two Monitoring Committees that were held for OP II also approved modifications to the eligibility criteria for the aid schemes which were mainly introduced as a result to changes in the State Aid Regulatory Framework. Given the demand driven approach used for both schemes, all the supporting documents had to be developed and finalised prior to launching of the schemes. Both schemes have since been launched.

#### **d. Setting up of the Management and Control System**

In line with Article 71 of the General Council Regulation 1083/2006 and in line with the provisions of Article 21 of the Implementing Regulation 1828/2006, the Managing Authority in collaboration with other relevant stakeholders drafted the description of the management and control systems. The description covers Operational Programme I (funded through ERDF and the Cohesion Fund) and Operational Programme II (funded through ESF). The information provided in this document was based on the model description annexed to Regulation 1828/2006 (Annex XII). It provided details of the functions and organizational set up of the Managing Authority (MA), the IBs, the Certifying Authority (CA) and the Audit Authority (AA); the project selection procedure; the payment process and details of the accounting system; the eligibility rules for expenditure; the audit trail and the financial and monitoring information system. It also incorporates details concerning the depictions of the organizational relationship, relevant organigrams and financial and audit flowcharts.

The description of the management and control system was submitted by the Managing Authority to the Audit Authority<sup>5</sup> for its opinion and the compilation of the Compliance Assessment. On 27th June 2008, the Audit Authority transmitted via SFC the description of the management and control systems for both OPI and OPII, together with a report and opinion in line with Articles 58 to 62 of Regulation (EC) No 1083/2006. The Commission accepted the Compliance Assessment documents submitted and expressed its satisfaction with the management and control system set up for both OPI and OPII in compliance with Articles 58 to 62 of the General Regulation on 15th December 2008,<sup>6</sup> opening the way for submission of interim payments, in line with Article 71 of the General Council Regulation 1083/2006.

As part of the Management and Control System, the MA drafted the national eligibility rules (in line with Article 56 (4) of Regulation EC 1083/2006) which were sent to the Commission together with the management and control system. The Eligibility rules laid down by Malta and applicable to OPII were uploaded on the website of the Managing Authority. In drafting these rules, the MA sought to have consistency between the two Operational Programmes (OPI and OPII) whilst at the same time having specific rules where necessary. The 2007-2013 national eligibility rules are similar to those used under the 2004-2006 Programme and include also lessons learned from the first programming period.

#### **e. Manual of Procedures 2007 – 2013**

During 2008, the MA drafted the Manual of Procedures (MoP) for 2007-2013: *Manual of Procedures for Projects Implementation, Cohesion Policy 2007 – 2013, Malta*. Given that Malta has one Management and Control System covering both OPI and OPII, one MoP was drafted

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<sup>5</sup> The Audit Authority is the Internal Audit and Investigations Directorate and is the Body designated to draw up the compliance assessment in terms of Article 59 of EC Regulation 1083/06.

<sup>6</sup> The Observations of the Commission on the Compliance assessment procedure were sent on 12th December 2008 while acceptance via the SFC was received on 15<sup>th</sup> December 2008.

covering the two OPs. The MoP provides detailed guidelines to Beneficiaries implementing operations for Cohesion Policy 2007-2013. Specific guidelines to Beneficiaries implementing operations under Aid Schemes (Article 87 of the Treaty) have been drafted by the Intermediate Body responsible for the approved schemes.

Learning from the 04-06 experience and in a bid to make the MoP more user friendly to Beneficiaries, the MA has opted for a more simplified and leaner version of the 04-06 manual focusing only on those aspects of the implementation process that are relevant to Beneficiaries. This MoP for Beneficiaries focuses, *inter alia*, on compliance with Community Policies; the contracting procedures; financial management procedures including payments; monitoring and reporting; audit and control; reporting on irregularities; delegation of Authority; the verification process; information and publicity; and retention of documents. The MoP is updated regularly and is also supplemented by circulars from time to time. The MoP is used for training of Beneficiaries and is available on the PPCDs website.

A draft second manual has also been compiled designed to give an insight into the overall national procedures set up to manage the Cohesion Policy 2007-2013 programmes in Malta and which is targeting more the horizontal stakeholders and practitioners.

#### **f. Project Progress Report**

As part of the monitoring process, during 2008 the MA has developed a template that will facilitate tri-annual reporting by each Beneficiary through the respective Line Ministry<sup>7</sup>. The reporting template includes information on various aspects of project management and records achievements on the implementation schedule, disbursement, indicators, horizontal priorities, publicity and also an indication of any risks perceived for the following trimester.

#### **g. Evaluation**

The Evaluation Plan for Malta, which describes the approach that the Maltese Managing Authority plans to adopt in order to meet the requirements in terms of EC Regulation 1083/2006, was initially drafted during 2007 and during that same year the plan was forwarded informally to the Commission. During 2008 discussions were held on the plan, mainly between the Commission Services and the MA, which led to the finalization of the document. The plan was also presented during the Monitoring Committee held on 22<sup>nd</sup> May 2008.

During the fourth quarter of 2008, preparations started for the drafting of the terms of reference for the development of a Tracking System and of the Mid-Term Evaluation both of which will be outsourced through a tender to be launched in 2009.

#### **h. Indicators Users' Guide**

During the year under review, a draft document providing guidelines on indicators was drafted. The main aim of the guidelines is to provide Intermediate Bodies and Beneficiaries with a practical and clear guide on the indicator definitions as stipulated in both OPs. This document shall provide a concise introduction of the scope, purposes and usage of the indicator system in relation to Cohesion Policy. The data contained within the guidelines covers both OPs, thus creating two main sections focusing on the indicators for OPI and OPII. The Guide builds on experience gained by the MA through the evaluation exercises carried out by the PPCD in the last years and its objective is to enable a more effective monitoring of the indicators and targets as well as facilitates future evaluations.

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<sup>7</sup> The latter where applicable.

### **i. Structural Funds Database 2007 – 2013**

During 2008 a number of important milestones were achieved with regard to the development of the new Structural Fund Database (SFD). The Managing Authority has set up a designated small unit to support Beneficiaries and other users. During this period a number of focused meetings were held with key stakeholders relating to the Structural Funds Database 2007-2013 (SFD 07-13), including Treasury, the Malta Information, Technology and Training Services (MITTS), the Information Management Unit (IMU) and the senior managers within PPCD.

New stakeholders' requirements were identified based on feedback provided over the past months. During 2008, priority was given to the development of the payments and verification and certification modules. The first payments were processed through the system by the Treasury. Further development on the payments module is currently planned, including more functionality and compliance with the transposition of the Payments Services Directive into national law (i.e. SEPA) coming into force as from November 2009.

A training plan for the SFD 07-13 was drawn up taking into consideration the large amount of users expected, the different entities involved and the different user knowledge. A train the trainer programme is being followed where trainers in different organisations are familiarising themselves on the database management system. Step by step tutorials and guidelines have been created by the SFD unit and uploaded on the PPCD website. A frequently asked questions (FAQs) section with common queries has also been created and uploaded on the PPCD website.

In order to improve performance, redundancy and scalability, a departmental tender for IT equipment and hardware was launched in the last quarter of 2008.

### **j. Strengthening Administrative Capacity**

A number of activities were launched and concluded in 2008 aimed at strengthening the administrative capacity within the Managing Authority and other key horizontal stakeholders. Apart from a number of calls that have been issued to increase capacity in the Managing Authority, the Certifying Authority, as well as other horizontal stakeholders such as the Treasury and Line Ministries, a number of capacity building measures in line with PPCD's Structural Funds Stakeholders' Training Strategy have also been undertaken during 2008. These include:

- Induction training sessions for 43 new recruits in the grades of Projects Managers, EU Fund Officers and EU Fund Support Officers, held on 1-10 April 2008, organised by PPCD in conjunction with the Government's central Staff Development Organisation (SDO). These consisted of 11 training modules spread over 8 days and tackled areas including:
  - A general overview of Cohesion Policy;
  - National governance structures and ways of working;
  - National Procurement Regulations;
  - Government administrative procedures;
  - Cohesion Policy: Stakeholders and Administrative Structures; Publicity Requirements; The Programme Cycle and General Principles of Eligibility; and Managing Programme/s and Project/s;
  - Introduction to Financial Management;
- Two separate capacity building training programmes for *new* Cohesion Policy 2007-2013 stakeholders and Beneficiaries following approval of the first round of projects. These were held in April-May 2008 and in November 2008 respectively. Training was organised by PPCD in conjunction with SDO, and consisted of 7 training modules spread over 11 days (April/May), and 4 training modules spread over 7 days (November) covering:
  - Introduction to Cohesion Policy Administrative Structures;

- Basic Principles of Control;
  - Cohesion Policy: Publicity Requirements;
  - National Procurement;
  - Project Management (*April/May programme only*);
  - Introduction to Payment Procedures (*April/May programme only*);
  - Guidelines to the Value Added Tax (*April/May programme only*).
- Three-hour information sessions were organised for three separate calls for project proposals on the 23<sup>rd</sup> and 31<sup>st</sup> January, 17<sup>th</sup> March (NGOs only), and 5<sup>th</sup> and 7<sup>th</sup> November for potential Beneficiaries under ESF OP II. A total of 109 (January), 28 (March), and 62 (November) persons participated;

Moreover, staff working on OP II, mainly Project Managers within the Managing Authority and Fund Managers from the horizontal authorities have also attended a number of meetings and/or training seminars that were organised abroad by foreign institutions.

#### **k. ESF Flat Rate Rule**

In May 2008, the Managing Authority issued a tender for the implementation of the ESF Flat Rate Rule in line with Article 11 (3)(b) of Regulation (EC) 1081/2006 of the European Parliament and of the Council of 5 July 2006 on the European Social Fund and repealing Regulation (EC) 1784/1999. The main scope of the tender was to support the Managing Authority in establishing the appropriate flat rate/s for indirect costs for different categories of operations funded under the ESF Operational Programme for 2007-2013 Programming Period.

For the purpose of this study, the contractor analysed 20 out of 54 ESF and EQUAL projects implemented in Malta under the 2004-2006 ESF measures of the SPD. Follow-up requests for financial information relating to direct and indirect costs and a series of meetings were held with Final Beneficiaries as well as between the MA and the contractor to gather the necessary information. The final report of this study was completed and submitted to the EC in 2009.

#### **2.1.2 Financial Information**

In May 2008, Malta received its second instalment of the advance payment from the EC in line with Article 82 of Regulation 1083/2006. The second instalment amounted to €3,360,000, which brings the total of advance payment paid on the programme to €5,600,000.

During the year under review, expenditure was mainly incurred with respect to the Technical Assistance and some preparatory activities with respect to a limited number of projects. The expenditure incurred during 2008 was low since the Programme was still at the peak of the project selection phase. The selected projects were mainly involved in the procurement and recruitment (of trainers, co-ordinators, project management / administrators etc...) processes which, for a number of reasons, have both been extremely lengthy processes and the Programme has therefore registered limited expenditure in 2008.

**Table 2.1: Priority Axes by source of funding (€)**

	Expenditure paid out by the beneficiaries included in payment claims sent to the managing authority	Corresponding public contribution	Private expenditure <sup>8</sup>	Expenditure paid by the body responsible for making payments to the beneficiaries	Total payments received from the Commission
<u>Priority Axis 1:</u> Improving education and skills	0.00	0.00	N/A	0.00	0.00
<u>Priority Axis 2:</u> Investing in the employability and adaptability of the workforce					
ESF type of expenditure	21,231.03	21,231.03	N/A	21,231.03	0.00
ERDF type of expenditure	1,518.32	1,518.32		1,518.32	
<u>Priority Axis 3:</u> Promoting an equal and inclusive labour market (ESF type of expenditure)	3,974.95	3,974.95	N/A	3,974.95	0.00
<u>Priority Axis 4:</u> Strengthening of institutional and administrative capacity	0.00	0.00	N/A	0.00	0.00
<u>Priority Axis 5:</u> Technical Assistance					
<u>Specify the Fund:</u> ESF					
Of which ESF type expenditure	50,907.18	50,907.18	N/A	50,907.18	0.00
Of which ERDF type expenditure	1,136.28	1,136.28	N/A	1,136.28	0.00
<b>Sub Total – ESF</b>	<b>76,113.16</b>	<b>76,113.16</b>	<b>N/A</b>	<b>76,113.16</b>	<b>0.00</b>
<b>Sub Total – ERDF</b>	<b>2,654.60</b>	<b>2,654.60</b>	<b>N/A</b>	<b>2,654.60</b>	<b>0.00</b>
<b>Grand Total<sup>9</sup></b>	<b>78,767.76</b>	<b>78,767.76</b>	<b>N/A</b>	<b>78,767.76</b>	<b>0.00</b>

<sup>8</sup> Only applicable for operational programmes expressed in total cost

<sup>9</sup> This amount represents the expenditure incurred up to 2008 by different entities from the national funds which will eventually be claimed from the Structural Funds.

### **a) Information about the breakdown of use of the Funds**

Date of the last Commission decision for the Operational Programme concerned: 22<sup>nd</sup> June, 2007

The breakdown by categorisation of intervention including the categories by code of intervention and code category is listed within the ESF OP II (page 51). Information about the cumulative breakdown of use of funds by category for operations approved up to 2008 is included in Table 2.2<sup>10</sup>.

**Table 2.2: Cumulative breakdown of allocations of the Community contribution by category**

Priority Theme	Form of Finance	Territory	Economic Activity	Location	Total
62	01	03	14	MT0 - Malta	1,716,145
			22	MT0 - Malta	735,491
64	01	03	18	MT0 - Malta	89,936
66	01	03	1	MT0 - Malta	31,894
			2	MT0 - Malta	31,894
			3	MT0 - Malta	31,894
			4	MT0 - Malta	31,894
			5	MT0 - Malta	31,894
			6	MT0 - Malta	31,894
			7	MT0 - Malta	31,894
			8	MT0 - Malta	31,894
			9	MT0 - Malta	31,894
			10	MT0 - Malta	31,894
			11	MT0 - Malta	31,894
			12	MT0 - Malta	31,894
			13	MT0 - Malta	31,894
			14	MT0 - Malta	31,894
			15	MT0 - Malta	31,894
			16	MT0 - Malta	31,894
			18	MT0 - Malta	202,736
			19	MT0 - Malta	388,894
20	MT0 - Malta	31,894			
21	MT0 - Malta	31,894			
22	MT0 - Malta	31,894			
69	01	03	18	MT0 - Malta	259,228
			20	MT0 - Malta	1,970,906
			22	MT0 - Malta	3,373,290
71	01	03	18	MT0 - Malta	110,811
			20	MT0 - Malta	4,835,127
72	01	03	1	MT0 - Malta	125,452
			2	MT0 - Malta	125,452
			3	MT0 - Malta	125,452
			4	MT0 - Malta	125,452
			5	MT0 - Malta	125,452
			6	MT0 - Malta	125,452

<sup>10</sup> The amounts represented in this table cover only approved operations in 2008 and do not include the commitments done by the MA at IB level in terms of Aid Schemes.

			7	MT0 - Malta	125,452
			8	MT0 - Malta	125,452
			9	MT0 - Malta	125,452
			10	MT0 - Malta	125,452
			11	MT0 - Malta	125,452
			12	MT0 - Malta	125,452
			13	MT0 - Malta	125,452
			14	MT0 - Malta	125,452
			15	MT0 - Malta	125,452
			16	MT0 - Malta	125,452
			18	MT0 - Malta	7,043,684
			19	MT0 - Malta	125,452
			20	MT0 - Malta	125,452
			21	MT0 - Malta	125,452
			22	MT0 - Malta	125,452
73	01	03	1	MT0 - Malta	55,284
			2	MT0 - Malta	55,284
			3	MT0 - Malta	55,284
			4	MT0 - Malta	55,284
			5	MT0 - Malta	55,284
			6	MT0 - Malta	55,284
			7	MT0 - Malta	55,284
			8	MT0 - Malta	55,284
			9	MT0 - Malta	55,284
			10	MT0 - Malta	55,284
			11	MT0 - Malta	55,284
			12	MT0 - Malta	55,284
			13	MT0 - Malta	55,284
			14	MT0 - Malta	790,774
			15	MT0 - Malta	55,284
			16	MT0 - Malta	55,284
			18	MT0 - Malta	8,665,517
			19	MT0 - Malta	188,113
			20	MT0 - Malta	55,284
			21	MT0 - Malta	55,284
			22	MT0 - Malta	370,494
74	01	03	18	MT0 - Malta	11,409,125
85	01	03	00	MT0 - Malta	81,253
86	01	03	00	MT0 - Malta	46,986
<b>Grand Total</b>					<b>46,333,364</b>

**b) Assistance by target groups**

Information by target groups i.e. data on participants in ESF operations in accordance with Annex XXIII is not yet available since during 2008, projects selected were in the first stages of the project implementation cycle.

**c) Assistance repaid or re-used**

As at end of 2007, Malta had not made any financial corrections/ modifications to the use of assistance co-financed by the ESF i.e. assistance repaid or re-used following cancellation of assistance as referred to in Articles 57 and 98(2) of the Regulation (EC) No 1083/2006.

**d) Qualitative analysis**

As indicated under section 2.1.1, given that limited project implementation activities were undertaken in 2008, the qualitative analysis on the progress achieved in relation to the targets set out initially cannot be provided. The focus of this section is, therefore, an analysis of the projects which have been approved and how they are expected to address these targets.

(i) Addressing the Targets set out in the Operational Programme

In order to ensure that the targets set out in the Operational Programme are addressed by the selected projects, it was required, right at the onset of the process – i.e. at application stage - that the Applicants indicate how their proposed project would link and contribute towards the OP objectives and targets. These were further linked with a set of indicators which the Applicants were required to quantify. The submitted projects were awarded a range of marks, depending on how many of the targets would be addressed by the proposed project.

An overview of the approved operations shows that through the various activities included under the operations, the set OP targets are being addressed. This is evident in operations promoting and implementing actions contributing towards increased student participation rates in upper secondary education level and more; an increase in the participation rate in lifelong learning; increase in female participation rate and the integration, retention and progression of disadvantaged groups in the labour market.

As explained in Section 2.1.1(h), to ensure that the set indicators are clear and well defined for the Beneficiaries an Indicators Users’ Guide started being drafted during 2008.

(ii) Operational Programme towards the Lisbon Objectives

In accordance with Article 9 (3) of Regulation (EC) No 1083/2006, the assistance co-financed by the ESF shall target the European Union priorities of promoting competitiveness and creating jobs, including meeting the objectives of the Integrated Guidelines for Growth and Jobs (2005 to 2008) as set out by Council Decision 2005/600/EC of 12 July 2005. Under OP II, Malta has made a voluntary commitment towards Lisbon earmarking. Over 80 %<sup>11</sup> of the ESF allocation within the ESF OP is dedicated towards Lisbon earmarked categories.

At application stage, the Applicants were asked to indicate towards which categories the project would be contributing. As indicated in the table below, in 2008 the total commitments allocated to aid schemes/projects targeting Lisbon earmarked categories amounts to €62.5 Million which represents 55% of the OP allocation. Projects/Aid Schemes do not necessarily target one category only - one project/scheme may address more than a category and the Applicants were asked to indicate the percentage of the project budget targeting each category.

**Table 2.3: Earmarking Commitments**

Priority Theme	Total per category <sup>12</sup>	% of OP	OP Target %

<sup>11</sup> Total earmarked under OP II is 82.59%.

<sup>12</sup> Amounts include the allocation committed by the MA to the IB for the implementation of Aid Schemes

62	€	10,835,316.52	9.67%	12.50%
63	€	-	0.00%	1.25%
64	€	89,935.95	0.08%	3.21%
65	€	-	0.00%	2.68%
66	€	1,197,626.37	1.07%	0.89%
67	€	-	0.00%	1.34%
68	€	-	0.00%	1.79%
69	€	5,603,423.77	5.00%	7.14%
70	€	-	0.00%	0.45%
71	€	12,863,259.20	11.49%	16.96%
72	€	9,552,717.74	8.53%	16.52%
73	€	10,954,723.71	9.78%	11.61%
74	€	11,409,125.34	10.19%	6.25%
Grand Total	€	62,506,128.60	55.81%	82.59%

Furthermore, given the ESF's support towards the European Employment Strategy (EES) with the aim of contributing more effectively to the employment objectives and targets of the "Lisbon Strategy for Growth and Jobs", at the application stage, Applicants were also asked to indicate towards which of the Community Strategic Guidelines (CSGs) / Integrated Employment Guidelines (IEGs) their project would be contributing. The Applicants were required to explain how the project would be contributing towards the indicated CSGs/IEGs. In cases where this was not explained clearly, the PSC asked for clarifications to ensure that the project's activities would be actually addressing the guidelines. The 2008 approved projects which fall under Priority Axes 1, 2 and 3 are addressing mainly CSG 4.3.1 *Attract and retain more people in employment, increase labour supply and modernise social protection system*; CSG 4.3.2 *Improve adaptability of workers and enterprises*; and CSG 4.3.3 *Increase investment in human capital through better education and skills*. CSG 4.3.4 *Administrative capacity* would be primarily addressed by projects submitted under Call 5 Priority Axis 4 which was still open as at end of 2008. The main IEGs targeted by the approved projects were Guideline 18 *Promote a life-cycle approach to work*; guideline 19 *Ensure inclusive labour markets, enhance work attractiveness, and make work pay for jobseekers, including disadvantaged people, and the inactive*; Guideline 23 *Expand and improve investment in human capital*; and Guideline 24 *Adapt education and training systems in response to new competence requirements*. Other guidelines were also indicated.

In terms of the National Reform Programme (NRP), which is also an essential component of the EES, at the application stage, Applicants were also required to indicate towards which of the National Reform Programme (NRP) Strategic Themes (i.e. sustainability of public funds, competitiveness, employment, education and training and environment) the project will contribute. Since the latest NRP document was published in October 2008, the projects submitted made reference to the previous NRP document (2005) which was in circulation whilst the projects were being written. However with respect to Call 5 which was issued in October the Applicants were encouraged to refer to the new NRP document as soon as it was published. The Applicants were also asked to describe how the project will contribute towards the NRP Strategic Themes selected whilst making reference to the NRP. Approved ESF operations mainly targeted Strategic Themes *Employment* and *Education and Training* since these are the themes of direct relevance to ESF.

(iii) Equal Opportunities

Equality between men and women and the integration of the gender perspective is promoted during the various stages of implementation of the ESF Operational Programme in accordance with Article 16 of Regulation EC/1083/2006.

In reflecting the Government's commitment to ensure that all interventions financed under this Operational Programme demonstrate commitment to respect the principles of non-discrimination and equal opportunities, all Applicants were requested to include in their project proposals actions promoting these principles. Projects must contribute to the attainment of the horizontal priority of Equal Opportunities, in its broadest sense. Prospective Beneficiaries have been encouraged to consider steps to prevent any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. In fact, at application stage, Applicants were required to demonstrate that they have considered equal opportunities at all stages of the design of the project. Furthermore, the Applicants were encouraged to discuss possible actions to be included within their project proposals with the relevant entities who are experts in the area i.e. the National Commission for Persons with a Disability and the National Commission for the Promotion of Equality.

One should note that Equal Opportunities as a horizontal priority was one of the selection criteria for which project proposals were awarded marks, therefore contributing towards the rating and selection of the project. Marks have been awarded to Applicants who showed extra efforts to integrate effectively this horizontal priority into the project.

#### (iv) Partnership

In line with the provisions of Article 11 of the Regulation 1083/2006 the Managing Authority has worked in partnership with economic and social partners and civil society organizations in different phases of the preparation of the OP and initial stages of implementation and monitoring.

During 2008, the Managing Authority launched calls for project proposals encouraging Applicants to involve both local and transnational partners to participate and contribute towards project implementation. In view of the Maltese Government's aim to encourage the implementation of the partnership principle at the project level, partnership has been given due consideration during the project selection process and was included in the selection criteria as approved by the Monitoring Committee. Projects that have been proposed to be implemented between two or more local partners gained additional points during project selection phase. In the case of transnational partners, additional points were provided in the selection process in cases where transnationality is linked to innovation.

The majority of project partners are other public bodies with a fewer number of projects including a mix of partnership comprising social partners and NGOs, particularly in the area of social inclusion. Other projects feature Local Councils as partners. Out of the 33 projects approved in 2008, 19 had partners. It was noted that NGOs give higher prominence to partnership. In fact, the call that was issued specifically for NGOs, out of the six projects submitted, five projects included partners.

In order to continue to ensure that Social Partners and Civil Society Organisations participate in the Programme on a more equitable and level playing field, two calls were issued in 2008 which targeted solely Social Partners and NGOs<sup>13</sup>. These were calls under Axes 3 and 4. Under Axis 4 of Call 5, €2 million out of the €22million (9%) allocated for the whole call, were ring fenced for proposals targeting Focus Area of Intervention: *Promoting a more effective social and civil dialogue in Malta*. This call closed in January 2009.

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<sup>13</sup> It should be noted that social partners and NGOs can also participate in other open calls which are not targeting solely NGOs and civil society.

- (v) Article 10 of Council Regulation (EC) No 1081/2006

The implementation of the ESF OP, as described in the same OP, foresees the implementation of actions relating to gender, migrants, disadvantaged groups (including people with disabilities), innovative activities and transnational activities.

- **Gender Mainstreaming**

As explained under section 2.1.2(d)(iii), gender mainstreaming is addressed horizontally throughout projects. Moreover, gender issues were also specifically (directly) addressed through projects submitted under Priority Axis 3. Priority Axis 3 deals with the promotion of an equal and inclusive labour market and one of its operational objectives focuses on increasing female participation rate in the labour market. Under this Priority Axis, approved operations include sensitisation activities (involving an awareness campaign) focusing on the required gender balance i.e. better gender distribution of roles which promote financial independence for women and the greater involvement of men in the sharing of non-remunerated family work. Employers will be also targeted by highlighting the benefits that increased work-life reconciliation measures at work can have for both employers and their employees.

Another project will focus on a campaign with the aim to create the concept of a certified equal opportunities employer. Through this initiative the employers who achieve this certification can gain a competitive edge over other employers by being in a position to attract the best human resources available. Furthermore, through this initiative an organisational culture change is expected. Research will also focus on learning and understanding what hinders women to get involved in training and employment. The overall aim is to strengthen women's labour market access, and strengthen the labour market structure by sensitising employers.

The provision of childcare services features in a number of projects as an incentive for the participation of parents in training and employment by offering support with regard to childcare costs. This will make it more worthwhile for the parents to work and will encourage them to enter employment, retain it and increase their working commitments by increasing the number of working hours and more at liberty to consider other employment opportunities, such as self-employment.

- **Migrants**

In terms of migrants the ESF targets specifically refugees and asylum seekers since at policy level it is understood that access to training and employment to these target groups is a key component of their integration process. During 2008, only one project which targets specifically asylum seekers was submitted and eventually approved during the same year. In this project asylum seekers are targeted together with other vulnerable groups through training (including on the job training) in the budding environmental sectors.

- **Minorities and disadvantaged groups**

According to national rules, no specific definition of minorities is used in Malta on an official basis, therefore specific action targeting minorities is difficult to quantify. However, Priority Axis 3 of the ESF OP addresses the social inclusion of vulnerable groups in the labour market. In fact this Priority Axis aims to promote the uptake of stable and quality employment by persons who find difficulties in participating in the labour market. More specifically, this Priority Axis aims to contribute towards the integration, retention and progression of disadvantaged groups in the labour market.

A number of operations approved under the two calls for proposals issued under Priority Axis 3 target various issues related to these target groups. These include focused efforts in order to help disabled persons access employment and training opportunities that will eventually increase their chances of permanent employment. Other projects include capacity building to improve the services provided to disabled persons will also be targeted Equal access to training and tools supported through ESF projects is also being ensured by organising training in accessible places and in general a more *pro-active approach* to adapting the training material produced for the needs of disabled persons, where possible.

Unemployed youths or youths with employment difficulties will also be targeted through one of the programmes (comprising multiple actions and activities) which have been approved. These actions are intended to increase the employability and labour market integration chances of young people. Another operation specifically targets youths who are either ending their placement in institutional care or are homeless. The project will support and sustain these youths in their integration process into employment or in taking up further education/training opportunities.

#### vi. Commitments for Gozo -

The calls for project proposals issued during the year under review were open for Applicants across the Maltese Islands. Among the projects which were approved in 2008 there were two projects which were specifically aimed at Gozitans and will be implemented in Gozo. In total these projects amount to around € 360,000 eligible costs. One of the projects will be focusing on language training with the aim to enhance employability, whilst the other will focus on higher educational courses in ICT, finance and tourism studies. Another project which will be offering a variety of courses ranging from basic skills to more specialised vocational courses, through different training media across Malta and Gozo will be also be specifically addressing the needs of Gozo participants by having a person employed on the project working in Gozo to ensure that that the training activities of the project reach as many Gozitans as possible. Furthermore, all other ESF approved projects do not discriminate between Maltese and Gozitans, since these will be also open for participants from Gozo.

Both schemes that were approved for implementation under the ESF cover the whole territory of Malta (including Gozo). In terms of employment aid, Gozo benefits from specific beneficial criteria, including the maximum duration of subsidy under the scheme irrelevant of the eligible target groups supported and the maximum quota of 10 participants per year is not applicable for employment based in Gozo.

#### ▪ **Innovative activities**

Innovation has been integrated into the Operational Programme. Innovation has been included as a cross cutting principle across Priority Axes. Projects that met the principle of innovation as defined under the Priority Axes gained additional points in the selection process.

In 2008, 13 projects which address the Focus Area of Innovation were approved. Selected operations mainly address themes focusing on equal opportunities by using innovative training methods, outreach approaches, different support services for different target groups, including women, youth and disabled persons. Other operations address innovation within the theme of lifelong learning by offering training courses which have not been offered previously in Malta, such as training to science graduates in the field of conservation science related to wood.

#### ▪ **Transnational Actions**

Transnationality is also being supported and Malta's commitment towards this principle is also anchored in the OP. However, it has been decided that the transnational dimension which should be supported through additional points in the project selection process is the one that adds value to the principle of innovation.

The operations which were approved during 2008 show a particular effort towards actions involving partners, however in most cases this was limited to local partners. Transnational partners feature very little in the operations which were proposed and approved. In the same manner transnational partners were seldom present in those projects which were rejected.

## **2.2. Information about compliance with Community law**

To date no significant problems relating to the compliance with Community law have been encountered.

## **2.3 Significant problems encountered and measures taken to overcome them**

The main problem that was encountered in the implementation of the Operational Programme was that there were considerable delays in the implementation of operations mainly resulting from lengthy project selection and procurement procedures. Nonetheless action has been taken in the first quarter of 2008 and new staff has been appointed to facilitate the implementation of the Operational Programme.

With regard to project selection process, efforts are being made to strengthen this process. In fact, a new Project Selection Committee was established in 2008 to deal solely with OPII calls in order to be able speed up the selection process. This resulted in the approval of 32 operations and 2 schemes during the last three quarters of 2008. One should also note that despite the *lengthy* project selection process, recent statistics (as at 01.03.2009) obtained from the EU12 show Malta to have the highest rate of committed projects under ESF 07-13 standing at 52.5 % of the total allocation, following eighteen months from the approval of the Programme. Having achieved this, it is still the intention of the MA to continue to strive to make the selection process more efficient and less lengthy.

In terms of tendering, there were four tender documents presented for vetting to the Department of Contracts, with one being published during 2008. To speed up the public procurement process, new staff has also been recruited at the Department of Contracts.

There was one issue regarding the re-dimensioning of the two ESF Aid Schemes, mainly resulting from changes within the State Aid Regulations and changes in ministerial portfolios. As indicated in section 2.7.2 of this document, revisions in the eligibility criteria of the Training Aid Framework (TAF) and the Employment Aid Programme (EAP) were presented to the Monitoring Committee and subsequently approved.

Further to the above, no serious problems have been identified under the procedure in Article 62 (1) (d) (i) of Regulation (EC) No 1083/2006 and in implementing the actions and activities of Article 10 of Regulation (EC) No 1081/2006.

## **2.4 Changes in the context of the Operational Programme implementation (if relevant)**

2008 was marked with the onset of the economic-financial crisis. The start of implementation of OPII was very timely. Education and training, already at the heart of Government policy, were brought even further to the forefront. In this regard the projects proposed and subsequently approved cannot have been more timely and appropriate. Large programmes (funded by ESF) targeting employability and scholarship schemes to encourage further education and training are part of the Maltese Government's package aimed at stabilising the impact of the crisis. These programmes were complemented with aid schemes supporting employment and training in the private sector to support enterprises to continue investing in Malta's only resource, even at a time of crisis. Government also continued to provide pre-financing for projects in order to support Beneficiaries in managing their cash flow.

During 2008, there was no particular need to change the OP as this was deemed flexible enough to accommodate measures aimed at mitigating against the crisis. However, some changes were made to the selection criteria of the aid schemes and more resources were placed within the Intermediate Body managing the schemes to ensure a more rapid and *personalised* response by Government to the needs of industry.

The Managing Authority continues to monitor the crisis very closely to ensure that necessary measures are taken immediately to avoid any negative impact on the OP.

## **2.5. Substantial modification under Article 57 of Regulation (EC) No 1083/2006 (if relevant)**

Not relevant for ESF OP II since during 2008 no substantial modifications have been detected under Article 57 of Regulation (EC) No 1083/2006.

## **2.6 Complementarity with other instruments**

In accordance with Article 9(4) of Regulation EC/1083/2006 the Managing Authority shall co-ordinate assistance from the Operational Programme co-financed by the ESF with assistance from the Operational Programme co-financed by the ERDF, the programmes financed by the European Agricultural Fund for Rural Development (EAFRD) and the European Fisheries Fund (EFF), the interventions of the EIB, where applicable, and of other existing financial instruments.

Complimentarity between the ESF OPII and the investments financed under ERDF (OPI), particularly those areas addressing education and training infrastructure, social infrastructure, RTDi interventions and investment in firms, was strengthened since the same Managing Authority is responsible for OPI and OPII. In addition the same Division also acts as National Aid Co-Ordinator for Malta's pre-accession aid, the Transition Facility and a number of bilateral instruments including the EEA/Norway Financial Mechanism. Having the management of these financial instruments all centralised under one Division is ensuring that there is coordination and complementarity between the Funds but no duplication in the activities funded.

As part of the co-ordination process between different funds, the Managing Authority also participates in the Monitoring Committee of the EAFRD. Furthermore, the MRRRA (which is the

Ministry responsible for both EAFRD and EFF) is also represented in the ESF Monitoring Committee. During the ESF Monitoring Committee held in 2008, it was ensured that any amendments made to aid schemes eligibility criteria respected the demarcations that were outlined in the ESF Operational Programme. In fact, the training schemes for the private sector envisaged under the ESF OP II will also cover enterprises in the agricultural and fisheries sectors but will exclude farmers, fishermen and co-operatives since such training will be organized by EAFRD and EFF. In addition, as outlined in the ESF Operational Programme, the development of human resources under the ESF OP II aims to help sustain the long-term future of the declining industries such as the fishing and agricultural sectors. Within the agriculture and fisheries sectors, the ESF activities will complement actions undertaken through the sector specific funds (EAFRD and EFF) by supporting human resources in terms of vocational training.

Complementarity and consistency between different financial instruments features also in relation with other funds addressing different sectors. The 2007-2013 Cohesion Policy Programmes will coincide with the implementation of initiatives under a number of other Financial Instruments from which Malta is benefiting as a result of its accession to the European Union. These include the Community Programmes, such as those related to R&D, competitiveness and innovation, education, training, youth, justice and home affairs.<sup>14</sup>

In line with section 5.4.4 of the OP, the Managing Authority initiated the process for the establishment of a number of co-ordination structures to strengthen complementarity and ensure no overlaps or duplication between the different Funds and Programmes/Initiatives. In this context, during 2008, internal discussions were held and terms of reference for these co-ordination structures were being drafted to pave the way for the establishment of these committees in 2009.

## **2.7 Monitoring arrangements: Activities by the Managing Authority, Monitoring Committee and other stakeholders**

### **2.7.1 Day-to-Day Management**

The Managing Authority adopts a *desk-officer* approach to monitoring. Each Project Manager within the MA is responsible for a number of operations under one or more Priority Axis thus allowing regular contact with the individual Project Leaders and establishing a thorough understanding of the individual operations and their respective specificities. The main function of the desk officers within the PPCD is to follow closely the projects assigned, to report on progress, and to bring to the attention to the superiors any issues which need resolving / close monitoring. The desk officers are also liaising with other stakeholders in the system to ensure that implementation is as smooth as possible. This monitoring is done at both an informal as well as a formal level through phone calls as well as exchange of e-mails and other forms of correspondence. Throughout 2008 project managers mainly focused on the provision of secretarial support to the PSC during the project selection process and worked on finalising Grant Agreements for the approved projects.

Moreover, day-to day monitoring is also undertaken through the new SFD07. The SFD07 shall assist the Managing Authority to monitor the progress of the Operational Programme, particularly in monitoring ongoing progress of both payments and indicators. Section 2.1.1(h) provides further details on the work done at this level during 2008.

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<sup>14</sup> These are the areas considered most relevant to this OP.

Formal monitoring and reporting on projects is done through the project progress report compiled every four months (see section 2.1.1(f)). Moreover, the Office of the Prime Minister, led by the Principal Permanent Secretary (PPS), has set up a high level monitoring structure to discuss projects at risk. The MA uses *live* data acquired from the day-to-day monitoring exercise to assess projects at risk and these are then discussed with the stakeholders which are represented at Permanent Secretary level. During these meetings (which include also representatives from DoC and MEPA) the issues are discussed and deadlines are set for the follow-up measures. Issues requiring further guidance / clarification at policy level are also dealt with through the office of the PPS. These meetings started in the last quarter of 2008.

## **2.7.2 Monitoring Committee**

During 2008, the Monitoring Committee met twice, on 22<sup>nd</sup> May and 17<sup>th</sup> October 2008. During the May meeting<sup>15</sup> the MC was presented with the Annual Implementation Report for 2007 which was approved thereafter through written procedure with a change in section 2.1.1 paragraph 'f' where the line: *Indicators, physical progress and financial information* was removed. The agenda included an update on Programme Implementation, a presentation on the Evaluation Plan, presentation and approval of revised eligibility criteria for the Training Aid Framework Scheme, and presentation and approval of the Technical Assistance criteria. Under the agenda item AOB changes in the eligibility criteria for the Employment Aid Programme were presented and then approved on the 20<sup>th</sup> June 2007 through written procedure.

During the October meeting an update on the Implementation of the Programme was provided to the MC members. The MC members were presented with revisions proposed for the eligibility criteria of the Employment Aid Programme and the Training Aid Framework. In both cases the proposed revisions were discussed and subsequently approved. In the case of the EAP, these were approved on the 4<sup>th</sup> November 2008 following a written procedure, whilst the TAF revisions were approved during the MC meeting.

## **2.8 National Performance Reserve**

Not applicable.

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<sup>15</sup> The third MC for the 2007-2013 programming period

## Chapter 3 – Implementation by Priority

### 3.1 Priority Axis

#### 3.1.1 Achievement of targets and analysis of the progress

##### a) Information on the physical and financial progress

As already indicated in other sections of this AIR, the start of project implementation on the ground was rather slow in 2008. Limited progress was registered in that respect since throughout 2008 the bulk of the projects were being evaluated by the Project Selection Committee and those selected were mainly in the contracting stage, preparing tender dossiers and launching the tendering procedure. The progress towards indicators is being provided in Annex 1 and the Financial Progress for each Priority Axis is provided in section 2.1.2 of this report.

Information by target groups i.e. data on participants in ESF operations in accordance with Annex XXIII is not yet available since during 2008, only limited physical progress was registered.

##### b) Qualitative Analysis

The project selection process for call 1 and 2 (launched in 2007) was concluded in 2008. During 2008 a number of calls for all Priority Axes were launched (see table below). In all, in 2008 three calls were launched covering the different Priority Axes. Two of the calls launched, closed also during 2008, whilst the last call (Call 5) that was issued in 2008, closed in January 2009. The project selection process for the calls launched in 2008 was in the greater part concluded in 2008. The number of approved projects for the different calls is provided in the table below.

Call	Priority Axis	Focus Area	Date Launched	Date Closed	Financial threshold	Proposals Submitted	Proposals Approved
1	2	1	27.07.2007	7.09.2007	€ 10 million	16	4
2	1	4	3.08. 2007	14.09.2007	€ 5 million	5	3
3	1	All	8.01.2008	22.02.2008	€ 27million	19	11
	3	All	8.01.2008	22.02.2008	€ 15 million	22	14
4	3	All	29.02.2008	2.05.2008	€ 2.5million	6	0 <sup>16</sup>
5	2	All	20.10.2008	9.01.2009	€ 10million	14	0
	4		20.10. 2008	9.01.2009	€ 12 million	16	0
<b>Total projects approved up to 2008</b>							<b>32<sup>17</sup></b>

<sup>16</sup> At the end of the selection process in March 2009, 3 projects were approved.

<sup>17</sup> In addition to these, 2 Aid Schemes were approved for funding, whilst the Technical Assistance budget proceeded with implementation.

The different targets identified within Article 10 of Regulation EC/1081/2006 will be addressed through the approved operations under Priority Axes 1, 2 and 3 which were launched in 2008. This is also explained in further detail earlier in this report under section 2.1.2(d). The mentioned target groups in Article 10 will be mostly addressed through Priority Axis 3 which focuses on the Promotion of an Equal and Inclusive Labour Market. Equal Opportunities are also addressed horizontally through operations approved under the other Priority Axes. Innovation and Transnationality have been included as cross cutting principles across Priority Axes.

The qualitative analysis related to the Technical Assistance is provided in Chapter 5 of this report.

### **3.1.2. Significant problems encountered and measures taken to overcome them**

In 2008 no significant problems in implementing the Priority Axes have been encountered.

## Chapter 4 - ESF programmes: Coherence and Concentration

In accordance with Article 4(1) of Regulation (EC) No 1081/2006 Malta shall ensure that the actions supported by the ESF are consistent with and contribute to actions undertaken in pursuance of the European Employment Strategy (EES). In particular, the ESF OP reflects and builds on the key priorities identified within the National Reform Programme (NRP) 2005-2008 and Community Strategic Guidelines/Integrated Employment Guidelines, both being essential components of the EES as explained in the Operational Programme.

At application stage, within the application form, applicants were requested to indicate towards which of the Community Strategic Guidelines / Integrated Employment Guidelines the project will contribute and how will this be done. The applicants were also required to demonstrate and explain how the project will contribute towards the National Reform Programme.

### 4.1 Links with the NRP

The projects approved during 2008 largely address the Strategic Themes of Employment (Theme 3) and Education and Training (Theme 4) of the NRP. In line with the NRP, the approved projects aim to increase the employment rate. This will be achieved through operations implementing various training programmes leading to meaningful employment.

The government's policy is that of sustaining efforts to promote education and training to promote lifelong learning and enhance competitiveness and effectiveness in different vocational work sectors. This is linked to the certification of formal, non-formal and informal training based on the mapping of nationally agreed competences. In line with this aim an approved operation aims to prepare the structure necessary to outline occupational standards corresponding to current local vocational qualifications. This will lead to the realisation of these targets within the NRP.

Moreover, part of the current measures regarding the NRP is to '*promote an intensive use of ICT*' (NRP, 2005). An operation that was approved specifically focuses on the provision of ICT skills at a vocational level leading to a national diploma. Another operation addressing this measure will be aiming to decrease the social ICT gap that may be present between adults (teachers and parents) and children.

One of the policies which the government is proposing to meet the key issues and challenges in education, is to: "*Develop a high skilled workforce through a process of lifelong education, starting from early childhood education through an effective primary and secondary schooling*" (NRP, 2005). "*It is also the government's intention to sustain the pace of reform in education and to respond to future skills requirements*" (NRP, 2005). In this context, one related operation that was approved focuses on the professional development of staff within Malta's vocational educational institution together with introduction of a system providing students the option to pursue their studies at a degree level within the vocational stream.

Other Strategic Themes of the NRP will also be targeted by other approved operations. The Strategic Theme of Competitiveness is being targeted by operations approved under different Priority Axes. As stated in the National Reform Programme, increasing competitiveness is vital for Malta's economy to continue to expand and grow. In this respect it is important to upgrade Malta's workforce skills as people are the prime and unique resource of the country. In fact the level and standard of education of the people have an impact on the rate of growth of each economic activity in any sector. This is more crucial when considering Malta's high-value added target sectors that are key for future prosperity and which require a highly-skilled and adaptable workforce. A high-skilled workforce is developed through a process of lifelong education including vocational and continuous professional development. Projects targeting this strategic theme

target the issue of occupational health and safety as a way of having more productive employment and hence more competitive industries. Moreover, other projects will work towards more specific employment and training pathways for disadvantaged groups, namely the disabled and youths in order to increase the employability of these target groups, whilst enhancing the competitiveness of Maltese economy.

## 4.2 Links with the CSGs and IEGs

All the Community Strategic Guidelines are targeted by the approved operations which could target one or more Integrated Employment Guidelines.

The frequency of the addressed guidelines depended on the Priority Axes under which the operations were submitted and approved. Thus one could observe that, on the whole, the operations approved under Priority Axis 1 mainly targeted the CSG – *'Increase investment in human capital through better education and skills'* with the majority of the projects contributing towards IEG No 23: *expand and improve investment in human capital*; and IEG No 24: *'Adapt education and training systems in response to new competence requirements'*. In line with these IEGs, an approved project under this Priority Axis, puts forward the right infrastructure to establish and promote the necessary skills in various work sectors by means of establishing the competence matrices. This, in turn, leads to quality VET services necessary to achieve the challenges and targets laid down by the Lisbon strategy/Copenhagen process. Furthermore the direct involvement of the experts from industry will help to anticipate and list the emerging skills needs. Moreover, another project aims to offer courses in the areas of the preservation of material cultural heritage; wood and furniture heritage skills; and conservation science. These courses are in a new subject for which there is an identified market. Thus they *"enhance access to employment for all ages and...raise productivity levels and quality at work...for the benefit of individuals, the economy and society."* (Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines, 2007-2013, (July 2005, p.26).

Operations approved under Priority Axis 2 target mainly the CSG *'Increase investment in human capital through better education and skills'* and *'Improve adaptability of workers and enterprises'*. These operations seek to create more opportunities for improving the skills of workers and providing training which enhances the workers' adaptability and employability. Such projects will be providing training in different areas which will target different groups. Training will be delivered through different methodologies, including on the job training. Projects under this PA also address areas such as the acquisition of language skills enhancing the abilities of workers within the tourism sector. Training and courses in ICT skills which improve the workers' employability prospects also feature in projects under this Priority Axis.

Operations approved under Priority Axis 3 besides targeting the other CSGs address, in the greater majority, the CSG *'Attract and retain more people in employment, increase labour supply and modernise social protection systems'*. This is due to the fact that a large number of projects under this Priority Axis aim towards the increase in employment levels by promoting social inclusive economies. Hence, projects under this guideline will seek to increase the promotion of increased labour supply in vulnerable groups, namely youths, disabled, ex-convicts, ex-substance abusers, single parents, victims of domestic violence and asylum seekers, whilst promoting a new life-cycle approach to work. Operations under this Priority Axis give special attention to the tackling of the persistent employment gaps between women and men, and the low employment rates of young people.

During 2008 no projects were submitted or approved under Priority Axis 4 since the call for project proposals was still open as at end of 2008.

## Chapter 5 – Technical Assistance

Throughout 2008, Technical Assistance (TA) continued to support and facilitate the overall implementation of the European Social Fund (ESF) Programme optimising the Programme's quality and efficiency. TA has continued to finance costs relating to the purchase of expertise, monitoring, information and publicity, capacity building equipment and other expenditure necessary in support of the implementation of the Programme.

The Monitoring Committee of 22 May 2008, apart from other matters, approved a set of ESF TA criteria. All TA funding requests shall satisfy these criteria to be considered eligible for co-funding.

With regard to information and publicity, TA funds were primarily used to publicise calls for project proposals and information sessions, events such as the Information Festival and the publication of printed publicity material including promotional and information items. TA funds were also used in support of programme management and monitoring including the setting up and functioning of the OPII unit as well as support in the setting up of dedicated units in other key stakeholders such as the Department of Contracts, the CA and Treasury; costs associated with the organisation of Monitoring Committees and costs related to external expertise (e.g. flat rate study).

In the case of capacity building measures, these consisted mainly of participation in training and conferences in Malta as well as abroad, including training sessions organised by the Managing Authority for Project Leaders as well as other personnel from Beneficiary organisations and other stakeholders.

The insertion of TA payments through the Structural Funds Database started taking place during 2008 with many payments already effected through the new system. Direct payments were made to numerous suppliers together with payments on a reimbursement basis.

As explained in Table 2.1, up to end of 2008 €2,654.60 were incurred by different entities from National Funds for expenditure incurred in accordance with Article 34(2) of Regulation (EC) No. 1083/2008.

As indicated under Section 2.1.2 of this document, in 2008 the amount actually incurred by Beneficiaries from National Funds was € 78,767.76. This amounts to 0.06 % of the amount of Structural Funds contribution allocated to the Operational Programme.

## Chapter 6 – Information and Publicity

### 6.1 Measures taken to provide information and publicity on the Operational Programme

In line with the obligations of the implementing Commission Regulation (1828/2006), during 2008 the Managing Authority has initiated the implementation of the Communication Plan following its official approval by the Commission on 21<sup>st</sup> January 2008. The Plan comprises largely information and promotional measures using a number of tools which will be financed under the ESF OP II.

Following Article 7(2)(b) of EC Regulation 1828/2006, the MA issued a tender for contracting the planning, design and implementation of an Information Festival which was held on 21-22 November at City Gate, Valletta. The event consisted of a walk-through exhibition visually emphasizing, in a coherent manner, the different priority areas of Malta's Cohesion Policy programmes. Apart from banners, lighting effects, coloured carpeting and gazebos wrapping up the overall location, the event was complemented with a concert stage area for live music performances by local popular singers and personalities. The entrance and exit of the event also provided information stands from where promotional material and publications related to Cohesion Policy were distributed to the general public. These consisted of posters, pens, magnifiers, pc mice, keychains, and index sticky-notes complete with the necessary OPII branding. Managing Authority staff were present to give further information to the public on the progress of both Programmes. The event was launched through a press conference and was further supported with radio, print and outdoor advertising.

In line with Article 7 (c) of the Commission Implementing Regulation, the Managing Authority also displayed the EU flag outside the Managing Authority's premises during the week starting 9<sup>th</sup> May 2008.

A number of other information and publicity measures to promote Operational Programme II were carried out during 2008. These include:

- Media relations and participation of PPCD staff on local radio and TV programmes to provide information on the ESF to the general public;
- Launch of Calls for Project Proposals through various adverts and press releases on the local newspapers together with the organisation and delivery of information sessions; Information sessions were organised for three separate calls for project proposals on the for potential applicants. The relevant adverts were published in the local newspapers in English and Maltese, and Frequently Asked Questions (FAQs) were drawn up and uploaded on the PPCD website following some of these Sessions to provide additional guidance to applicants (even those unable to attend the information session) in filling in the ESF Application Form.
- Revamping of the Managing Authority's website [www.ppcd.gov.mt](http://www.ppcd.gov.mt) which includes webpages dedicated to Cohesion Policy 2007-2013, OPII and its Priority Axes, including publication and updating of the list of Beneficiaries on the Managing Authority's website [www.ppcd.gov.mt/op2](http://www.ppcd.gov.mt/op2) which is linked to DG Employment website. Further general webpages on the same site provide access to links and downloadable documentation on OPII together with more general information required for the implementation of the programmes such as publicity and information whereby Beneficiaries, horizontal stakeholders and interested parties can download related regulations, guidelines and logos. In addition, through the email Helpdesk that was established in 2007, 2008 saw the Receipt and processing of around 135 queries covering Cohesion Policy in general.

- Design, finalisation and circulation of the visual identity guidelines for Cohesion Policy 07-13 as per Communication Plan for the OPs. In addition, the Managing Authority issued and uploaded specific guidelines and templates to provide guidance on the technical requirements for publicity on adverts and tender documents.



Information Festival



ESF Promotional Material

## 6.2 Output and Results Indicators

Indicators		2007	2008	Total
Indicator 1: Number of Publicity measures undertaken	Achievement	4	5	9
	Target	n/a	n/a	15
	Baseline	n/a	n/a	n/a

## Conclusion

The second year of implementation of the new programming period saw re-newed efforts to build on the work accomplished during the previous year. The year 2008 was characterised by an increased focus on strengthening the initiation of implementation with continuing work on providing the *regulatory framework* and support services to enable the realisation of projects on the ground. In 2008 Malta continued with this parallel approach in order to gain as much time as possible. Most of the work in both these areas was largely carried out by PPCD as Managing Authority and overall co-ordinator of Cohesion Policy in Malta.

With regard to programme implementation, focus was on strengthening the project selection process and finalising the relevant framework for the launching of the state aid schemes in support of private enterprise. The MA launched a number of calls for projects. These calls were met with a good response from project promoters who showed interest both by attending the information sessions held and through the actual submission of project proposal. In fact for Calls 3 and 4 launched during 2008 a total of 47 project proposals were submitted. Moreover, the Project Selection Committee was strengthened to speed up the evaluation process. With regard to private sector projects, in 2008 the framework for state aid schemes was set with the appointment of the Intermediate Body charged with implementing the schemes, the criteria for project selection were approved and the relevant application forms, guidance notes to the application form and implementation guidelines were drawn up.

With regard to the “regulatory framework” and “support services”, the first half of the year was mainly dedicated to the drafting of the description of the management and control system (in line with Article 71 of EC Regulation 1083/2006) which was then forwarded to the Audit Authority for the compliance assessment exercise and subsequently submitted to the EC in June 2008 (and approved by EC also in 2008). Related to this work are a number of other activities including finalisation of the manual of procedures, the launching of electronic management information system (SFD 07) and the national eligibility rules. Other activities related to the support services included the finalisation of the Evaluation Plan 2007 – 2013;, the launching of the study to apply the flat rate rule on indirect costs; approval of the criteria for use of technical assistance; and the strengthening of administrative capacity within the Managing Authority and other key stakeholders which included both the recruitment of additional staff as well as training for stakeholders..

This mix of activities has resulted in Malta having most of the *regulatory set-up* associated with the first phases of the programme cycle established and also approved by the European Commission. It has also resulted in Malta having one of the highest commitment rates in terms of projects approved. However, despite this state of affairs with regard to the *enabling work* at programme level, progress with regard to implementation of the individual projects on the ground remains slow and needs to be speeded up. In this regard, already in 2008, the monitoring process has been strengthened to keep a close eye on projects at risk of severe delays.

The target for 2009 is to consolidate and focus on the implementation and execution of the selected projects. It is important that contracting is speeded up and payments increase. In this regard the MA will focus its resources on strengthened monitoring process, also in the light of the financial crisis. In parallel the MA will continue to issue calls for proposals and it is planned that the Intermediate Body will launch the calls for projects under aid schemes (for private sector).

Meanwhile, in terms of programme management, the first half of 2009 will focus on the verification / certification of expenditure related activities so that the first request for interim payment can be submitted to the EC by the end of the second quarter of 2009. In parallel the MA

will be finalising terms of reference for the execution of the first round of evaluation exercises, including the tracking system. In terms of information and publicity it is expected that regulatory activities initiated in 2007 and 2008 will continue (updating of PPCD website, publicity for calls, information sessions etc...), however the first half of 2009 will also see the launching of the tender for the information event of 2009, expected to be held in the last quarter of 2009 as well as more monitoring of the publicity activities at project level as part of the verification and on the spot checks.

In terms of administrative capacity, focus will be on the recruitment / contracting of the project management function at project level as well as further training to both existing Beneficiary organisations (for next stage of project cycle which includes the SFD, payments and control and audit).

In terms of financial control, focus will be on setting up the financial control unit within the MA to enhance its capacity in the management and control systems, provide support on financial matters within the MA and to other stakeholders, monitor the flow of payments, produce requests for reimbursement to the Commission and carry out administrative and documentary checks on all projects.

## Annex 1 – Progress towards quantifiable indicators

Indicators			2008	Total	
<b>Priority Axis 1 – Improving education skills</b>					
Output	A	Indicator 1: Number of persons participating in further or higher education & training programmes	Achievement	0	0
			Target	n/a	2,000
			Baseline	n/a	
	B	Indicator 2: Number of persons participating in S&T or ICT in further or higher education & training programmes	Achievement	0	0
			Target	n/a	600
			Baseline	n/a	
		Indicator 3: Number of persons participating in S&T or ICT capacity building education & training	Achievement	0	0
			Target	n/a	250
			Baseline	n/a	
		Indicator 4: Number of S&T or ICT actions/studies/campaigns/research activities carried out	Achievement	0	0
			Target	n/a	10
			Baseline	n/a	
	C	Indicator 5: Number of persons trained through capacity building courses	Achievement	0	0
			Target	n/a	750
			Baseline	n/a	
		Indicator 6: Number of persons trained through supplementary courses, modules or credits for better skills matches	Achievement	0	0
			Target	n/a	3,000
			Baseline	n/a	
	Indicator 7: Number of actions supporting educational quality, relevance, structures, systems, campaigns and research	Achievement	0	0	
		Target	n/a	20	
		Baseline	n/a		
Results	A	Indicator 1: % of participants gaining a further or higher education & training qualification	Achievement	0	0
			Target	n/a	75%
			Baseline	n/a	
	B	Indicator 2: % of participants gaining a further or higher education & training qualification in S&T or ICT	Achievement	0	0
			Target	n/a	75%
			Baseline	n/a	
		Indicator 3: % of participants gaining a qualification/certification in capacity building education/training	Achievement	0	0
			Target	n/a	80%
			Baseline	n/a	
	C	Indicator 4: % of participants gaining a qualification/certification	Achievement	0	0
			Target	n/a	80%
			Baseline	n/a	
<b>Priority Axis 2 – Broad target groups</b>					

Output	A	Indicator 1: Number of persons trained/supported	Achievement	0	0
			Target	n/a	45,000 <sup>18</sup>
			Baseline	n/a	
		Indicator 2: Number of actions supporting educational structures, systems, campaigns and research	Achievement	0	0
			Target	n/a	5
			Baseline	n/a	
	B	Indicator 3: Number of undertakings supported	Achievement	0	0
			Target	n/a	700
			Baseline	n/a	
Results	A	Indicator 1: % of participants in employment or further study 6 month after receiving assistance	Achievement	0	0
			Target	n/a	20%
			Baseline	n/a	
		Indicator 2: % of participants gaining a qualification/certification	Achievement	0	0
			Target	n/a	60%
			Baseline	n/a	
	B	Indicator 3: % of participants gaining a qualification/certification	Achievement	0	0
			Target	n/a	60%
			Baseline	n/a	
<b>Priority Axis 3 – Promoting an equal and inclusive labour market</b>					
Output	A	Indicator 1: Number of actions supporting a lifecycle approach to work	Achievement	0	0
			Target	n/a	10
			Baseline	n/a	
		Indicator 2: Number of women trained/supported	Achievement	0	0
			Target	n/a	2,000
			Baseline	n/a	
		Indicator 3: Number of families benefiting from childcare	Achievement	0	0
			Target	n/a	1,600
			Baseline	n/a	
	B	Indicator 4: Number of vulnerable persons trained/supported	Achievement	0	0
			Target	n/a	6,500
			Baseline	n/a	
		Indicator 5: Number of persons trained in capacity building courses	Achievement	0	0
			Target	n/a	600
			Baseline	n/a	
		Indicator 6: Number of studies, actions, campaigns, research activities carried out	Achievement	0	0
			Target	n/a	10
			Baseline	n/a	

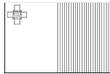
<sup>18</sup> Including repeat participants

		Indicator 7: Number of civil society projects	Achievement	0	0
			Target	n/a	50
			Baseline	n/a	
Results	A	Indicator 1: % of participants in employment or further study 6 months after receiving assistance	Achievement	0	0
			Target	n/a	20%
			Baseline	n/a	
		Indicator 2: % of participants gaining a qualification/certification	Achievement	0	0
			Target	n/a	50%
			Baseline	n/a	
	B	Indicator 3: % of vulnerable persons in employment or further study 6 months after receiving assistance	Achievement	0	0
			Target	n/a	20%
			Baseline	n/a	
		Indicator 4: % of participant in capacity building gaining a qualification/certification	Achievement	0	0
			Target	n/a	80%
			Baseline	n/a	
<b>Priority Axis 4 – Strengthening of institutional and administrative capacity</b>					
Output	A	Indicator 1: Number of persons participating in training in a year	Achievement	0	0
			Target	n/a	4,000 <sup>19</sup>
			Baseline	n/a	
		Indicator 2: Number of studies/actions/campaigns/research activities carried out	Achievement	0	0
			Target	n/a	30
			Baseline	n/a	
	B	Indicator 3: Number of projects supporting partnership	Achievement	0	0
			Target	n/a	7
			Baseline	n/a	
Results	A	Indicator 1: % of participants gaining a qualification/certification	Achievement	0	0
			Target	n/a	80%
			Baseline	n/a	
	B	Indicator 2: % increase in the technical capacity (secretariat) at MCESD to support Council (and sub-committees) in reaching informed opinions in policy issues	Achievement	0	0
			Target	n/a	50%
			Baseline (2005)	3	
<b>Priority Axis 5 - Technical Assistance</b>					
Output	Indicator 1: Number of Persons Trained	Achievement	230 <sup>20</sup>	233	
		Target	n/a	350	
		Baseline	n/a		
	Indicator 2: Number of evaluations	Achievement	0	0	

<sup>19</sup> Including repeat participants

<sup>20</sup> Does not include repeated participants

	carried out	Target	n/a	4
		Baseline	n/a	
	Indicator 3: Number of Publicity measures undertaken	Achievement	11	15
		Target	n/a	15
		Baseline	n/a	
	Indicator 4: Number of studies/research activities carried out	Achievement	0	0
		Target	n/a	5
Baseline		n/a		
Result	Indicator 1: Reaching N+3/N+2 targets	Achievement	0	0
		Target	n/a	80%
		Baseline	n/a	



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