

---

**TABLE OF CONTENTS**

|  |           |
|--|-----------|
| <b>LIST OF TABLES</b>  | <b>3</b>  |
| <b>LIST OF ACRONYMS</b>  | <b>4</b>  |
| <b>1 – INTRODUCTION</b>  | <b>6</b>  |
| <b>2 – OVERVIEW OF THE IMPLEMENTATION</b>  | <b>7</b>  |
| <b>2.1 <i>Achievement and analysis of the progress</i></b>                                       | <b>7</b>  |
| 2.1.1 Information on the physical progress of the Operational Programme                          | 8         |
| 2.1.2 Financial information  | 21        |
| 2.1.3 Information about the breakdown of use of the Funds  | 23        |
| 2.1.4 Assistance by target group   | 26        |
| 2.1.5 Assistance repaid or re-used   | 27        |
| 2.1.6 Qualitative analysis   | 27        |
| <b>2.2. <i>Compliance with Community law</i></b>   | <b>32</b> |
| <b>2.3 <i>Significant problems encountered and measures taken to overcome them</i></b>           | <b>33</b> |
| <b>2.4 <i>Changes in the context of the Operational Programme implementation</i></b>             | <b>38</b> |
| <b>2.5 <i>Substantial modification under Article 57 of Regulation (EC) No</i></b>                | <b>39</b> |
| <b>2.6 <i>Complementarity with other instruments</i></b>   | <b>39</b> |
| <b>2.7 <i>Monitoring and Evaluation</i></b>  | <b>42</b> |
| 2.7.1 Monitoring by the Managing Authority   | 42        |
| 2.7.2 Monitoring Committee   | 45        |
| 2.7.3 Evaluation   | 45        |
| <b>3 – IMPLEMENTATION BY PRIORITY</b>  | <b>47</b> |
| <b>3.1 <i>Priority Axis 1 - Improving Education and Skills</i></b>                               | <b>47</b> |
| 3.1.1 Achievement of targets and analysis of the progress  | 47        |
| 3.1.2 Significant problems encountered and measures taken to overcome them                       | 51        |
| <b>3.2 <i>Priority Axis 2 – Investing in Employability and Adaptability of the Workforce</i></b> | <b>53</b> |
| 3.2.1 Achievement of targets and analysis of the progress  | 53        |

---

|   |           |
|---|-----------|
| 3.2.2 Significant problems encountered and measures taken to overcome them                  | 57        |
| <b>3.3 Priority Axis 3: Promoting an Equal and Inclusive Labour Market</b>                  | <b>58</b> |
| 3.3.1 Achievement of targets and analysis of the progress                                   | 58        |
| 3.3.2 Significant problems encountered and measures taken to overcome them                  | 63        |
| <b>3.4 Priority Axis 4: Strengthening of Institutional and Administrative Capacity</b>      | <b>64</b> |
| 3.4.1 Achievement of targets and analysis of the progress                                   | 64        |
| 3.4.2 Significant problems encountered and measures taken to overcome them                  | 66        |
| <b>3.5 Priority Axis 5 – Technical Assistance</b>   | <b>66</b> |
| 3.5.1 Achievement of targets and analysis of the progress                                   | 66        |
| 3.5.2 Significant problems encountered and measures taken to overcome them                  | 68        |
| <b>4 – ESF PROGRAMMES: COHERENCE AND CONCENTRATION</b>                                      | <b>70</b> |
| <b>4.1 Links with the NRP</b>   | <b>70</b> |
| <b>4.2 Links with the CSGs and IEGs</b>   | <b>73</b> |
| <b>4.3. Links with the European Employment Strategy</b>                                     | <b>74</b> |
| <b>5 – TECHNICAL ASSISTANCE</b>   | <b>77</b> |
| <b>6 – INFORMATION AND PUBLICITY</b>  | <b>80</b> |
| <b>6.1 Measures taken to provide information and publicity on the Operational Programme</b> | <b>80</b> |
| <b>7 – CONCLUSIONS</b>  | <b>87</b> |
| <b>ANNEX 1 - EXPENDITURE TABLE</b>  |           |

---

## List of Tables

---

|   |           |
|---|-----------|
| <b>Table 1: Physical Progress of the OP for each quantified indicator</b>                     | <b>11</b> |
| <b>Table 2: Priority Axes by source of funding (€)</b>  | <b>22</b> |
| <b>Table 3: Cumulative breakdown of allocations of the Community contribution by category</b> | <b>23</b> |
| <b>Table 4: Information by target Groups in accordance with Annex XXIII</b>                   | <b>26</b> |
| <b>Table 5: Priority Axis 1 Indicators (Output and Result Indicators)</b>                     | <b>49</b> |
| <b>Table 6: Financial Progress Priority Axis 1</b>  | <b>50</b> |
| <b>Table 7: Priority Axis 2 Indicators (Output and Result Indicators)</b>                     | <b>55</b> |
| <b>Table 8: Financial Progress Priority Axis 2</b>  | <b>55</b> |
| <b>Table 9: Priority Axis 3 Indicators (Output and Result Indicators)</b>                     | <b>61</b> |
| <b>Table 10: Financial Progress Priority Axis 3</b>   | <b>62</b> |
| <b>Table 11: Priority Axis 4 Indicators (Output and Result Indicators)</b>                    | <b>65</b> |
| <b>Table 12: Financial Progress Priority Axis 4</b>   | <b>65</b> |
| <b>Table 13: Priority Axis 5 Indicators (Output and Results Indicators)</b>                   | <b>67</b> |
| <b>Table 14: Financial Progress Priority Axis 5</b>   | <b>67</b> |
| <b>Table 15: Communication Plan Indicators</b>  | <b>83</b> |

---

## List of Acronyms

|       |  |
|-------|--|
| AA    | Audit Authority                                    |
| AIR   | Annual Implementation Report                       |
| CA    | Certifying Authority                               |
| CDRT  | Centre for Development Research and Training       |
| CEO   | Chief Executive Officer                            |
| CF    | Cohesion Fund                                      |
| CIP   | Competitiveness and Innovation Framework Programme |
| CSG   | Community Strategic Guideline                      |
| DCS   | Directorate for Corporate Services                 |
| DG    | Director General                                   |
| DoC   | Department of Contracts                            |
| EAFRD | European Agricultural Fund for Rural Development   |
| EAP   | Employment Aid Programme                           |
| EC    | European Commission                                |
| EEA   | European Economic Area                             |
| EES   | European Employment Strategy                       |
| EFF   | European Fisheries Fund                            |
| EIB   | European Investment Bank                           |
| ERDF  | European Regional Development Fund                 |
| ERF   | European Refugee Fund                              |
| ESF   | European Social Fund                               |
| ESG   | Evaluation Steering Group                          |
| ETC   | Employment and Training Corporation                |
| EU    | European Union                                     |
| FP    | Framework Programme                                |
| FTE   | Full-time employment                               |
| IB    | Intermediate Body                                  |
| IBSC  | Intermediate Body Steering Committee               |
| ICT   | Information Communication Technology               |
| IEG   | Integrated Employment Guideline                    |
| IMCC  | Inter-Ministerial Co-ordination Committee          |
| INIO  | Informal Network of Information Officers           |
| IT    | Information Technology                             |
| LN    | Legal Notice                                       |
| MA    | Managing Authority                                 |
| MC    | Monitoring Committee                               |
| MCAST | Malta College for Arts, Science and Technology     |

---

|        |   |
|--------|---|
| MCESD  | Malta Council for Economic and Social Development         |
| MEDC   | Ministry of Education, Youth and Culture                  |
| MEU    | Management Efficiency Unit                                |
| MFEI   | Ministry of Finance, the Economy and Investments          |
| MGOZ   | Ministry for Gozo   |
| MITC   | Ministry for Infrastructure, Transport and Communications |
| MoP    | Manual of Procedures                                      |
| MARRA  | Ministry for Resources and Rural Affairs                  |
| MSC    | Ministerial Steering Committee                            |
| MSOC   | Ministry for Social Policy                                |
| MT     | Malta   |
| NAPemp | National Action Plan for Employment                       |
| NCPD   | National Commission for Persons with a Disability         |
| NCPE   | National Commission for the Promotion of Equality         |
| NGO    | Non-Governmental Organisation                             |
| NRP    | National Reform Programme                                 |
| NSRF   | National Strategic Reference Framework                    |
| OP     | Operational Programme                                     |
| OPM    | Office of the Prime Minister                              |
| PA     | Priority Axis   |
| PE     | Permit Employer   |
| PPCD   | Planning and Priorities Co-ordination Department          |
| PPR    | Project Progress Report                                   |
| PPS    | Principal Permanent Secretary                             |
| PSAB   | Projects Selection Appeals Board                          |
| PSC    | Project Selection Committee                               |
| R&D    | Research and Development                                  |
| RTDi   | Research, Technological Development and Innovation        |
| S&T    | Science and Technology                                    |
| SAMB   | State Aid Monitoring Board                                |
| SDO    | Staff Development Organisation                            |
| SFD    | Structural Funds Database                                 |
| SoE    | Statement of Expenditure                                  |
| TA     | Technical Assistance                                      |
| TAF    | Training Aid Framework                                    |
| TFEU   | Treaty on the Functioning of the European Union           |
| ToR    | Terms of Reference  |
| UK     | United Kingdom  |
| VET    | Vocational Education and Training                         |

# 1 – Introduction

---

OPERATIONAL PROGRAMME

**Objective Concerned:** Convergence

**Eligible area concerned:** Malta

**Programming period:** 2007 - 2013

**Programme Number (CCI No):** 2007/MT051PO001

**Programme Title:** Operational Programme II – Empowering People for More Jobs and a Better Quality of Life (Cohesion Policy 2007-2013)

ANNUAL IMPLEMENTATION  
REPORT

**Reporting year:** 2009

**Date of approval of the annual report by the Monitoring Committee:**

## 2 – Overview of the implementation

### 2.1 *Achievement and analysis of the progress*

While 2008 focused primarily on setting up the systems and processes necessary for the implementation of the Programme, 2009 saw the mobilisation of stakeholders (both vertical and horizontal) in the delivery of the Programme. During 2009, Malta continued with implementation of the Programme, approving new projects, finalising the Grant Agreements of approved projects and monitoring the implementation of projects on the ground. Beneficiaries as well as other horizontal stakeholders focused most of their resources on the procurement, however, 2009 has also seen the first training actions implemented on the ground.

No new calls for proposals were launched in 2009, however all pending calls were cleared. The evaluation of proposals in the case of the ESF projects focused primarily on pending calls under Priority Axes (PA) 4 and 2. This resulted in 7 new projects for a total of € 8,543,321.42, equivalent to 6.5 % of the Programme being approved during the year. As at end 2009, 43 projects including two aid schemes under Article 107 of the Treaty were under implementation.

Following the approvals of projects in 2009, a wave of public tenders was published, covering different sectors of the economy. The Central Government Authority<sup>1</sup> launched 29 procurement procedures<sup>2</sup> and another 157 contracting procedures were launched under the departmental procedure. Moreover, 56 calls for employment were issued in 2009 bringing the total number of the different procurement procedures to 227<sup>3</sup> for a total of € 17,544,981. A substantial increase in the amount of payments was also made wherein **€ 2,296,015.29<sup>4</sup>** were paid as at 31<sup>st</sup> December 2009, representing a substantial increase over payments as at 2008<sup>5</sup>. Of these payments, the Certifying Authority certified **€ 676,344.68** to the Commission on the basis of a verification process initiated by the MA in April and November 09.

Apart from the strengthening of the monitoring activities, the MA also undertook 18 spot checks (16 documentary and 2 physical) in relation to the verification process. Other highlights for 2009, included the inclusion of new projects; ongoing information and publicity activities; further strengthening of the institutional capacity of the different stakeholders (through increase of human resources and diverse training programmes); the setting up of an Evaluation Steering Group and the launch of the Mid-Term evaluation tender.

<sup>1</sup> Department of Contracts, MFEI

<sup>2</sup> For public contracts whose value exceed €47,000

<sup>3</sup> It is clear that not all procedures were successful and a number had to be re-launched as is explained later in different sections of this report.. The amount includes all public procurement as well as calls for employment

<sup>4</sup> The figure reflects the payments made as at end 2009. The payments covering 2008 and 2009 amount to €2,374,783.05

<sup>5</sup> Amount paid in as at December 2008 was €78,767.76

With regard to results, during 2009, the MA continued ascertaining the achievement of the targets set out in the OP. However, given that no projects were completed as at end 2009, limited information is available on the physical progress of the OP vis-à-vis indicators. The physical progress of the OP will continue to be monitored and updated on a regular basis as implementation of the projects progresses.

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

#### **▪ Project Selection Process**

There were no calls for projects in 2009<sup>6</sup>. During the year under review, the Project Selection Committee (PSC) met 45 times: 28 times for projects submitted under PA 4 and 17 times for projects submitted under PA 2. The Committee evaluated 30 project proposals: specifically, 16 projects submitted under PA 4 and 14 projects under PA 2. The PSC requested further clarifications in those cases where it was felt that further information was necessary in order to ensure a more comprehensive assessment of the project proposal. Such clarifications had to be addressed by the project proponents within the deadlines specified by the PSC. The relevant experts were consulted whenever the PSC required expert technical advice. The PSC conducted the majority of its business in writing. This obviously led to some delays in concluding the process, however it has ensured transparency in the conduction of the PSC's functions. When required, the PSC also held meetings with the Applicants.<sup>7</sup>

Successful Applicants were informed through an approval letter issued by the Managing Authority.<sup>8</sup> A total of ten approval letters were issued in 2009: three related to PA 3 and seven to PA 4. Moreover, following the withdrawal of two projects under PA 3, another two approval letters were issued to projects that were on the reserve list. As at end 2009, the project selection process for Call 5 (PA 2) was still ongoing<sup>9</sup>. In 2009, 24 Grant Agreements and two Covenants were signed with Beneficiaries and Intermediate Bodies respectively.

The relevant stakeholders, including the Line Ministries and DoC were notified in order to facilitate the start of implementation on the ground. Unsuccessful Applicants were informed through a rejection letter and given the possibility to appeal to the Projects Selection Appeals Board (PSAB). For the projects evaluated throughout the year under review, the PSAB received 1 which was rejected by the PSAB.

---

<sup>6</sup> A pre-announcement was issued for Call 6, covering Priority Axes 1 and 3 in the last quarter of 2009.

<sup>7</sup> Two meetings were held with the Applicants of project proposals under PA 4.

<sup>8</sup> Pending the finalisation of the grant agreement.

<sup>9</sup> In Q1 2010, a further 6 approval letters were issued.



## Progress in Programme Implementation

### ▪ Aid Schemes implemented under Article 107 of the Treaty

Two aid schemes (Article 107 of the Treaty) are being implemented under OPII, namely the *Training Aid Framework (TAF)* and the *Employment Aid Programme (EAP)*. During the course of 2009, the two Covenants for the Aid Schemes, implemented under Article 107 of the Treaty, were signed between the Intermediate Body (IB), namely the Employment and Training Corporation (ETC) and the Managing Authority (MA). In close collaboration with the Managing Authority, the IB finalised documentation in relation to the launching of the schemes. Such documentation consisted of the Application Form for Beneficiaries, Guidelines to support potential Applicants and the Grant Agreement to be signed between the IB and the Beneficiary enterprise. Other assistance has been provided by the MA to the IB in order to finalise templates for monitoring, control and reimbursement purposes.

The schemes were launched in February 2009. The schemes are demand driven. Information meetings were organised by ETC to promote these initiatives amongst prospective Beneficiaries. The EAP Marketing Company's duties involved visiting potential Beneficiaries to inform the said Beneficiaries about the scheme and to provide assistance with the application form. The Marketing Company's aim was to introduce, promote and obtain vacancies for EAP. On the other hand, the EAP publicity campaign comprised three types of media communications; newspapers, television and radio to inform potential Applicants about the scheme. During the first two quarters of 2009, implementation has progressed and take up of grants started taking place at a steady pace. During 2009, 1046 applications were received under the TAF and 230 Grant Agreements were signed. 854 Applications were received under the EAP and 438 Grant signed till the end of the year. Despite the effort put into the mobilisation of the scheme on the ground, no payments were made to Beneficiaries under these schemes. In the case of the EAP, this related mainly to the fact that employers are paid only after all obligations under the Grant Agreement are fulfilled. The TAF reimbursement is much less straight forward, also given the fragmentation of the operations and the difficulties in establishing standardised procedures applicable across all enterprises. Documentary on-the-spot checks were carried out by the MA on the IB. During the year under review, the IB had also started to carry out physical on-the-spot checks on Beneficiaries. A Systems Audit was also initiated in 2009.

Simultaneously, in accordance with the Covenants, and in order to steer and monitor the implementation of the Aid schemes, the IB set up a Steering Committee (IBSC), with the function of reviewing progress and examining results achieved. The IBSC, chaired by the Head of the IB, met on a quarterly basis during 2009<sup>10</sup>. The MA acts as an observer on the IB Steering Committee.

The MA also provided assistance in setting-up an IB Network, where representatives from Aid Schemes funded under both OPI and OPII can exchange information on the implementation of the schemes. The setting up of

---

<sup>10</sup> Meetings were held on the 27<sup>th</sup> May, 28<sup>th</sup> July, 23<sup>rd</sup> September and 16<sup>th</sup> December

the IB network in 2008 has enabled the entities implementing Aid Schemes to come together to share experience, enhance coordination as well as ensure a degree of consistency in implementation measures. The MA and the Ministry for Resources and Rural Affairs (as the public authority responsible for the implementation of the programmes financed by the EAFRD and the EFF) are also invited to these meetings. Four meetings were held in 2009, during which common issues such as demarcation, processing of claims, verifications and common administrative issues, were discussed. Discussions on the payment process through the SFD were also held which was followed up with a SFD training session for IBs held in August 2009.

As a result of lessons learnt through the implementation of both schemes, the need for modifications to the eligibility criteria was identified. Such modifications were submitted to the Monitoring Committee OPII and approved changes have been put into practice. The changes concerning the *TAF* consisted in setting minimum eligible training costs and a change in internal trainers' requirements. The changes on the EAP included a change in an extra year commitment by Beneficiaries in cases of disabled employees; an augmentation in the number of participants a Beneficiary can employ through the scheme over the period of one calendar year; a clearer explanation of one of the criteria; and changes with respect to participants reaching pensionable age and the eligibility of apprentices. Moreover, a number of *operational* issues<sup>11</sup> emerging from the first months of implementation were also dealt with by the IB in close collaboration with the MA.

- **Indicators**

The table below depicts the achievements registered on the various indicators under OP II as at end 2009. Given that 40% of the OP allocation still has to be committed while the majority of the projects are still at the beginning of their implementation phase, the achievements registered in the Impact and Result indicators is still low. However, it should be noted that the achievements registered in 2009 on the Output indicators related to the number of persons participating in training can be considered satisfactory.

---

<sup>11</sup> Calculations of staff costs; dealing with companies which have more than one PE number; cases of termination on voluntary redundancies; termination during probation and engagement after submission of the application amongst others

Table 1: Physical Progress of the OP for each quantified indicator

| Impact Indicators               |   |                                   |      |      |         |       |
|---------------------------------|---|-----------------------------------|------|------|---------|-------|
|                                 |   |                                   | 2007 | 2008 | 2009    | Total |
|                                 | <b>Overall Impact Indicator</b>   |                                   |      |      |         |       |
|                                 | % increase in the Employment Rate   | Achievement                       | 0    | 0    | 0       | 0     |
|                                 |   | Target                            | n/a  | n/a  | n/a     | 57%   |
|                                 |   | Baseline                          | n/a  | n/a  | n/a     | 54.3% |
|                                 |   |                                   |      |      |         |       |
|                                 |   | <b>Specific Impact Indicators</b> |      |      |         |       |
|                                 | % increase in participation rates in upper secondary education level or more of 20 – 24 year olds | Achievement                       | 0    | 0    | 1.27%   | 1.27% |
|                                 |   | Target                            | n/a  | n/a  | n/a     | 70%   |
|                                 |   | Baseline                          | n/a  | n/a  | n/a     | 53.7% |
|                                 |   |                                   |      |      |         |       |
|                                 | % decrease of early school leaving rate   | Achievement                       | 0    | 0    | 0       | 0     |
|                                 |   | Target                            | n/a  | n/a  | n/a     | 22%   |
|                                 |   | Baseline                          | n/a  | n/a  | n/a     | 38.9% |
|                                 |   |                                   |      |      |         |       |
|                                 | % increase in the number of adults (25 – 64 years) participating in lifelong learning             | Achievement                       | 0    | 0    | 1.95%   | 1.95% |
|                                 |   | Target                            | n/a  | n/a  | n/a     | 8%    |
| Baseline                        |   | n/a                               | n/a  | n/a  | 5.4%    |       |
|                                 |   |                                   |      |      |         |       |
| % increase in female employment | Achievement   | 0                                 | 0    | 0    | 0.0037% |       |
|                                 | Target  | n/a                               | n/a  | n/a  | 41%     |       |
|                                 | Baseline  | n/a                               | n/a  | n/a  | 33.9%   |       |

### Priority Axis 1 – Improving education skills

|         |        |   |             | 2007 | 2008 | 2009 | Total |
|---------|--------|---|-------------|------|------|------|-------|
| Output  | A      | Indicator 1: Number of persons participating in further or higher education & training programmes                     | Achievement | 0    | 0    | 129  | 129   |
|         |        |   | Target      | n/a  | n/a  | n/a  | 2,000 |
|         |        |   | Baseline    | n/a  | n/a  | n/a  |       |
|         | B      | Indicator 2: Number of persons participating in S&T or ICT in further or higher education & training programmes       | Achievement | 0    | 15   | 610  | 625   |
|         |        |   | Target      | n/a  | n/a  | n/a  | 600   |
|         |        |   | Baseline    | n/a  | n/a  | n/a  |       |
|         |        | Indicator 3: Number of persons participating in S&T or ICT capacity building education & training                     | Achievement | 0    | 0    | 8    | 8     |
|         |        |   | Target      | n/a  | n/a  | n/a  | 250   |
|         |        |   | Baseline    | n/a  | n/a  | n/a  |       |
|         |        | Indicator 4: Number of S&T or ICT actions/studies/campaigns/r research activities carried out                         | Achievement | 0    | 0    | 0    | 0     |
|         |        |   | Target      | n/a  | n/a  | n/a  | 10    |
|         |        |   | Baseline    | n/a  | n/a  | n/a  |       |
|         | C      | Indicator 5: Number of persons trained through capacity building courses  | Achievement | 0    | 0    | 110  | 110   |
|         |        |   | Target      | n/a  | n/a  | n/a  | 750   |
|         |        |   | Baseline    | n/a  | n/a  | n/a  |       |
|         |        | Indicator 6: Number of persons trained through supplementary courses, modules or credits for better skills matches    | Achievement | 0    | 213  | 192  | 405   |
|         |        |   | Target      | n/a  | n/a  | n/a  | 3,000 |
|         |        |   | Baseline    | n/a  | n/a  | n/a  |       |
|         |        | Indicator 7: Number of actions supporting educational quality, relevance, structures, systems, campaigns and research | Achievement | 0    | 0    | 0    | 0     |
|         | Target |   | n/a         | n/a  | n/a  | 20   |       |
|         |        |   | Baseline    | n/a  | n/a  | n/a  |       |
| Results | A      | Indicator 1: % of participants gaining a further or higher education & training qualification                         | Achievement | 0%   | 0%   | 0%   | 0%    |
|         |        |   | Target      | n/a  | n/a  | n/a  | 75%   |
|         |        |   | Baseline    | n/a  | n/a  | n/a  |       |
|         | B      | Indicator 2: % of participants gaining a further or higher education & training qualification in S&T or ICT           | Achievement | 0%   | 0%   | 0%   | 0%    |
|         |        |   | Target      | n/a  | n/a  | n/a  | 75%   |
|         |        |   | Baseline    | n/a  | n/a  | n/a  |       |
|         |        | Indicator 3: % of participants gaining a qualification/certification in capacity building education/training          | Achievement | 0%   | 0%   | 2.8% | 2.8%  |
|         |        |   | Target      | n/a  | n/a  | n/a  | 80%   |
|         |        |   | Baseline    | n/a  | n/a  | n/a  |       |
|         | C      | Indicator 4: % of participants gaining a qualification/certification  | Achievement | 0%   | 0%   | 1.9% | 1.9%  |
|         |        |   | Target      | n/a  | n/a  | n/a  | 80%   |
|         |        |   | Baseline    | n/a  | n/a  | n/a  |       |

| Priority Axis 2 – Broad target groups                                |         |   |  |             |      |       |                     |
|--|---------|---|--|-------------|------|-------|---------------------|
|  |         |   |  | 2007        | 2008 | 2009  | Total               |
| Output   | A       | Indicator 1: Number of persons trained/supported  | Achievement  | 0           | 0    | 5101  | 5101                |
|  |         |   | Target   | n/a         | n/a  | n/a   | 45000 <sup>12</sup> |
|  |         |   | Baseline   | n/a         | n/a  | n/a   |                     |
|  |         | Indicator 2: Number of actions supporting educational structures, systems, campaigns and research | Achievement  | 0           | 0    | 0     | 0                   |
|  |         |   | Target   | n/a         | n/a  | n/a   | 5                   |
|  |         |   | Baseline   | n/a         | n/a  | n/a   |                     |
|  | B       | Indicator 3: Number of undertakings supported   | Achievement  | 0           | 0    | 230   | 230                 |
|  |         |   | Target   | n/a         | n/a  | n/a   | 700                 |
|  |         |   | Baseline   | n/a         | n/a  | n/a   |                     |
|  | Results | A   | Indicator 1: % of participants in employment or further study 6 month after receiving assistance | Achievement | 0%   | 0%    | 0.3%                |
| Target   |         |   |  | n/a         | n/a  | n/a   | 20%                 |
| Baseline   |         |   |  | n/a         | n/a  | n/a   |                     |
| Indicator 2: % of participants gaining a qualification/certification |         |   | Achievement  | 0%          | 0%   | 8.43% | 8.43%               |
|  |         |   | Target   | n/a         | n/a  | n/a   | 60%                 |
|  |         |   | Baseline   | n/a         | n/a  | n/a   |                     |
| B  |         | Indicator 3: % of participants gaining a qualification/certification                              | Achievement  | 0%          | 0%   | 0%    | 0%                  |
|  |         |   | Target   | n/a         | n/a  | n/a   | 60%                 |
|  |         |   | Baseline   | n/a         | n/a  | n/a   |                     |

<sup>12</sup> Includes repeat participants

| Priority Axis 3 – Promoting an equal and inclusive labour market |  |   |   |             |      |      |       |     |
|--|--|---|---|-------------|------|------|-------|-----|
|  |  |   |   | 2007        | 2008 | 2009 | Total |     |
| Output   | A  | Indicator 1: Number of actions supporting a lifecycle approach to work                                  | Achievement   | 0           | 0    | 0    | 0     |     |
|  |  |   | Target  | n/a         | n/a  | n/a  | 10    |     |
|  |  |   | Baseline  | n/a         | n/a  | n/a  |       |     |
|  |  | Indicator 2: Number of women trained/supported  | Achievement   | 0           | 0    | 24   | 24    |     |
|  |  |   | Target  | n/a         | n/a  | n/a  | 2,000 |     |
|  |  |   | Baseline  | n/a         | n/a  | n/a  |       |     |
|  |  | Indicator 3: Number of families benefiting from childcare   | Achievement   | 0           | 0    | 0    | 0     |     |
|  |  |   | Target  | n/a         | n/a  | n/a  | 1,600 |     |
|  |  |   | Baseline  | n/a         | n/a  | n/a  |       |     |
|  | B  | Indicator 4: Number of vulnerable persons trained/supported   | Achievement   | 0           | 0    | 660  | 660   |     |
|  |  |   | Target  | n/a         | n/a  | n/a  | 6,500 |     |
|  |  |   | Baseline  | n/a         | n/a  | n/a  |       |     |
|  |  | Indicator 5: Number of persons trained in capacity building courses                                     | Achievement   | 0           | 0    | 24   | 24    |     |
|  |  |   | Target  | n/a         | n/a  | n/a  | 600   |     |
|  |  |   | Baseline  | n/a         | n/a  | n/a  |       |     |
|  |  | Indicator 6: Number of studies, actions, campaigns, research activities carried out                     | Achievement   | 0           | 0    | 0    | 0     |     |
|  |  |   | Target  | n/a         | n/a  | n/a  | 10    |     |
|  |  |   | Baseline  | n/a         | n/a  | n/a  |       |     |
|  |  | Indicator 7: Number of civil society projects   | Achievement   | 0           | 0    | 3    | 3     |     |
|  |  |   | Target  | n/a         | n/a  | n/a  | 50    |     |
|  |  |   | Baseline  | n/a         | n/a  | n/a  |       |     |
| Results  |  | A   | Indicator 1: % of participants in employment or further study 6 months after receiving assistance | Achievement | 0%   | 0%   | 0%    | 0%  |
|  |  |   |   | Target      | n/a  | n/a  | n/a   | 20% |
|  |  |   |   | Baseline    | n/a  | n/a  | n/a   |     |
|  | Indicator 2: % of participants gaining a qualification/certification |   | Achievement   | 0%          | 0%   | 0%   | 0%    |     |
|  |  |   | Target  | n/a         | n/a  | n/a  | 50%   |     |
|  |  |   | Baseline  | n/a         | n/a  | n/a  |       |     |
|  | B  | Indicator 3: % of vulnerable persons in employment or further study 6 months after receiving assistance | Achievement   | 0%          | 0%   | 0%   | 0%    |     |
|  |  |   | Target  | n/a         | n/a  | n/a  | 20%   |     |
|  |  |   | Baseline  | n/a         | n/a  | n/a  |       |     |
|  |  | Indicator 4: % of participants in capacity building gaining a qualification/certification               | Achievement   | 0%          | 0%   | 0%   | 0%    |     |
|  |  |   | Target  | n/a         | n/a  | n/a  | 80%   |     |
|  |  |   | Baseline  | n/a         | n/a  | n/a  |       |     |

| Priority Axis 4 – Strengthening of institutional and administrative capacity |                                       |   |  |             |      |      |                    |     |
|--|---------------------------------------|---|--|-------------|------|------|--------------------|-----|
|  |                                       |   |  | 2007        | 2008 | 2009 | Total              |     |
| Output   | A                                     | Indicator 1: Number of persons participating in training in a year  | Achievement                            | 0           | 0    | 0    | 0                  |     |
|  |                                       |   | Target                                 | n/a         | n/a  | n/a  | 4000 <sup>13</sup> |     |
|  |                                       |   | Baseline                               | n/a         | n/a  | n/a  |                    |     |
|  |                                       | Indicator 2: Number of studies/actions/campaigns/research activities carried out  | Achievement                            | 0           | 0    | 0    | 0                  |     |
|  |                                       |   | Target                                 | n/a         | n/a  | n/a  | 30                 |     |
|  |                                       |   | Baseline                               | n/a         | n/a  | n/a  |                    |     |
|  | B                                     | Indicator 3: Number of projects supporting partnership  | Achievement                            | 0           | 0    | 2    | 2                  |     |
|  |                                       |   | Target                                 | n/a         | n/a  | n/a  | 7                  |     |
|  |                                       |   | Baseline                               | n/a         | n/a  | n/a  |                    |     |
| Results  | A                                     | Indicator 1: % of participants gaining a qualification/certification  | Achievement                            | 0           | 0    | 0    | 0                  |     |
|  |                                       |   | Target                                 | n/a         | n/a  | n/a  | 80%                |     |
|  |                                       |   | Baseline                               | n/a         | n/a  | 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    | 0    | 0                  |     |
|  |                                       |   | Target                                 | n/a         | n/a  | n/a  | 50%                |     |
|  |                                       |   | Baseline                               | n/a         | n/a  | n/a  |                    |     |
|  |                                       | <b>Priority Axis 5 - Technical Assistance</b>   |  |             |      |      |                    |     |
|  |                                       | Output  | Indicator 1: Number of Persons Trained | Achievement | 3    | 230  | 127 <sup>14</sup>  | 360 |
|  |                                       |   |  | Target      | n/a  | n/a  | n/a                | 350 |
| Baseline   | n/a                                   |   |  | n/a         | n/a  |      |                    |     |
| Indicator 2: Number of evaluations carried out                               | Achievement                           |   |  | 0           | 0    | 0    | 0                  |     |
|  | Target                                |   |  | n/a         | n/a  | n/a  | 4                  |     |
|  | Baseline                              |   |  | n/a         | n/a  | n/a  |                    |     |
| Indicator 3: Number of Publicity measures undertaken                         | Achievement                           |   | 4                                      | 11          | 7    | 22   |                    |     |
|  | Target                                |   | n/a                                    | n/a         | n/a  | 15   |                    |     |
|  | Baseline                              |   | n/a                                    | n/a         | n/a  |      |                    |     |
| Indicator 4: Number of studies/research activities carried out               | Achievement                           |   | 0                                      | 0           | 1    | 1    |                    |     |
|  | Target                                |   | n/a                                    | n/a         | n/a  | 5    |                    |     |
|  | Baseline                              |   | n/a                                    | n/a         | n/a  |      |                    |     |
| Result   | Indicator 1: Reaching N+3/N+2 targets |   | Achievement                            | 0           | 0    | 0    | 0                  |     |
|  |                                       |   | Target                                 | n/a         | n/a  | n/a  | 80%                |     |
|  |                                       |   | Baseline                               | n/a         | n/a  | n/a  |                    |     |

<sup>13</sup> Includes repeat participants<sup>14</sup> Figure does not include repeat trainees

- **Territorial Earmarking**

OPII has a territorial commitment to spend 10% for the benefit of socio-economic development in Gozo. All calls for proposals issued under OPII, as at end 2009, were open for Applicants across the Maltese Islands. Two projects<sup>15</sup> implemented by the Ministry for Gozo<sup>16</sup> and scheduled to start in 2009, specifically target Gozitan participants (100%). Both projects however had a late start, with ESF 1.23 managing to start implementation in November 2009 and ESF 2.7 not managing to start at all due to unsuccessful procurement procedures.

It should be noted, that the majority of the projects were open to Maltese and Gozitan participants alike with a number of projects organising training in Gozo. Beneficiaries' forecasts with regard to Gozitan participants vary from a minimum of 7% to a maximum of 33%. Furthermore, under the Employment Aid Programme, extra effort is being mobilised to maximise the participation of Gozitan employees and employers in the scheme. In fact, as at end 2009, 33% of total participants were Gozitan.

Since most of the projects are in the initial phases of implementation, it is difficult to identify the precise degree of contribution to the Gozo commitment at this stage. However, the situation is being closely monitored.

- **Further Guidance on Implementation**

***Manual of Procedures 2007 – 2013***

During 2009, the *Manual of Procedures for Projects Implementation Cohesion Policy 2007–2013 Malta* was updated to reflect the changes that became necessary as the implementation of the projects began in earnest. Two updates took place in 2009, one in April and another in August. The changes incorporated in these updates related mainly to public procurement and were made in accordance with the directions given by the DoC. Details of contact persons were also changed where required.

The second Manual of Procedures, entitled *Manual of Procedures for Horizontal Stakeholders Cohesion Policy 2007-2013 Malta* was published in 2009. Besides being uploaded on the PPCD website, it was also forwarded directly to horizontal stakeholders and practitioners. This (second) Manual of Procedures (MoP) is designed to give an insight into the back end national procedures which are also part of the national system regulating the implementation of Cohesion Policy 2007-2013 programmes. This second manual complements the (first) *Manual of Procedures for Projects Implementation Cohesion Policy 2007-2013 Malta*. It provides, *inter alia*, a detailed explanation of the role and responsibilities of the various stakeholders – including the MA, the CA, the AA, the Treasury, and the DoC – amongst others. Finally, the MoP II describes the role of evaluation exercises that will take place throughout the 2007- 2013 programme to assess the effectiveness of the programme in achieving its objectives. It also provides an explanation of the structures set up for the implementation of Technical Assistance.

---

<sup>15</sup> ESF 1.23 - *Higher education courses to address skills mismatches in Gozo* and ESF 2.7 - *Training Courses to enhance Employability and Adaptability of the Workforce*

<sup>16</sup> ESF 1.23 in partnership with University of Malta (Gozo)



### **Report on the Implementation of the ESF Flat Rate Rule**

In order to establish the appropriate flat rate/s for indirect costs for different categories of operations funded under the ESF Operational Programme for 2007-2013 Programming Period, in February 2009 the MA submitted to the European Commission a study which analysed a sample of ESF and EQUAL projects implemented under the 2004-2006 programming period. The objective of the analysis is to determine (on the basis of historical data) an equitable and practical approach towards the application of pre-determined flat-rate rules for overhead absorption for projects that will be undertaken under the 2007-2013 programme.

Following the submission of the report, a meeting was held between the Managing Authority and the EC in Brussels on 10 July 2009. During this meeting, a number of clarifications were requested and the MA followed further submissions on 31 July of the same year. As at end 2009, discussions between the two sides were still ongoing. In the meantime, the MA is registering all requests by Beneficiaries for flat rate costs, informing Beneficiaries of the uncertainty of the outcome. Should the outcome be positive, the MA will initiate the implementation of the requests received so far on the basis of the final rate as approved.

- **Monitoring and Reporting**

#### **Strategic Report 2009**

Malta's Strategic Report 2009 fulfils Malta's obligations with respect to strategic reporting as outlined in Article 29 of EC Regulation 1083/06. The report was compiled by the MA, with the support of a number of Ministries and other organisations such as the National Statistics Office and the Economic Policy Division. Malta's Strategic Report highlights the synergies between the CSGs and the NRP with the strategic Objectives highlighted in the NSRF.

The information and data provided is as at the cut of date of 30th September 2009.

The outline of the report was presented to the Monitoring Committee on 20th November 2009, with the actual report being subsequently submitted to the EC on the 28th December 2009. Malta's Strategic Report 2009 is available on the PPCD's website.

The report provides a detailed update of the socio-economic as well as territorial situation in Malta since the drafting of the NSRF. Furthermore, the socio-economic section seeks to assess the impact (actual and expected) of Cohesion Policy on the Maltese economy and quality of life of the citizens. However, given that a number of large projects were still at contracting stage at the time of drafting of the report, no real impact could be quantified. This report also seeks to provide an insight into the implementation problems (mainly attributed to the global economic crisis) and the mitigating measures taken to address these issues. The report includes an update on the Lisbon (*earmarking*) commitments and an overview of the main financial data.

The report touches upon the contribution of the OPs with respect to the European Economic Recovery Plan. Essentially both OPs were considered to be flexible and robust enough to include special measures such as increased support to enterprises. Moreover, a number of measures were undertaken to facilitate the absorption of Cohesion Policy resources. In a nutshell, these include:

- the Pre-financing of projects through national resources;
- the declaration of costs related to major projects,
- front loading of investment,
- improving access of finance,
- simplifying the implementation procedures such as the introduction of measures at a national level to accelerate the implementation of the OP; and
- accelerated public procurement procedures.

By way of conclusion, Malta's Strategic Report confirms that despite the unforeseen impact of the global crisis, the strategy and priorities as outlined in the NSRF and the OPs remain valid. It is also clear that the translation of the strategic priorities into tangible benefits to the economy and to citizens is ongoing and is expected to increase once more projects are concluded and therefore results become more apparent.

#### ▪ **Structural Funds Database 2007 – 2013**

During 2009, the development of the Structural Funds Database 2007-13 (SFD 07-13) gained further momentum. Following the successful launch of the new Statement of Expenditure module which absorbed most of the time, effort and resources of both the developers and the team<sup>17</sup> of the first quarter of 2009 (due to the critical changes being made on an established framework), development focused on data gathering and reporting functionalities which were deemed critical for the development of the next modules. Meetings were held with MA practitioners, Treasury, CA, and AA on the new irregularities module which is planned to go live in 2010. Other meetings and presentations were held relating to other new modules e.g. indicators and Annex XXIII of EC Regulation 1282/2006.

A browser based interface to the database started being used for some new functionalities. This provides certain advantages over the application based interface<sup>18</sup>. A separate application was created for Treasury which will be utilised for Treasury-based functions such as reconciliation with the Government's Departmental Accounting System. Further to this, additional System administrative functionalities; modules and reporting relevant to the Managing Authority, Audit Authority, Certifying Authority, Treasury and Beneficiaries are in the pipeline.

During the year under review, the Structural Funds Database Unit's human resources capacity was strengthened by an equivalent of one FTE. These resources enabled the unit to work on the SFD 07-13 tutorials, website and to assist Grant Schemes and NGOs users in using the system, as well as strengthen testing and tutorials of new modules, whilst, at the same time, providing user support. A number of modules, undergoing testing as at end 2009, are expected to be launched in 2010.

<sup>17</sup> The SFD team is composed of the IMU OPM, SFD unit within the MA as well as the programmer.

<sup>18</sup> For example, if a user is in a meeting and has access to a computer which does not have the SFD 07-13 installed, the user would still be able to generate reports from the system.

With the increase in approved projects and hence increased users, the MA increased the frequency of training sessions under the Train the Trainer programme, in which approximately 90 trainers took part. Moreover, over 20 sessions were organised for horizontal stakeholders. Apart from this, ongoing users' support is provided via tutorials, knowledge based articles, frequently asked questions on the website, meetings and emails as well as over the phone.

The departmental tender for IT equipment and hardware launched in 2008 was re-issued in 2009 as no bidder was found to be administratively compliant. The second tender was successful and the contract was signed in November 2009 and the equipment is expected to be commissioned in early 2010. The new equipment is expected to result in improved performance, redundancy and scalability.

- **Other monitoring and reporting**

Further details relevant to monitoring and reporting undertaken by the MA are reported under Section 2.7.

### **Strengthening administrative capacity**

- **Capacity within Stakeholders**

During 2009, capacity within the main stakeholders was monitored. The MA has increased capacity with 4 officers. However, in the third quarter of 2009, the Unit's Head was not available and the situation remained unchanged throughout the remaining period of 2009. With regard to IB, the administrative set up to manage the schemes was substantially strengthened in 2009 with 11 recruited to manage and implement whilst two control officers were responsible for first of level of control issues.

The CA had an increase in capacity of 1 FTE on OPII as reported in the MC of May 2009. Additional capacity (6 FTEs)<sup>19</sup> was also recruited within the Line Ministries.

There were 7 officers<sup>20</sup> within the Department of Contracts who were working solely on OPI and OPII of which three were co-financed through Technical Assistance with the co-financing rate of 70% ERDF and 30% ESF(as per OP II Chapter 4.5 Technical Assistance, Common Activities between OPI and OPII). Compared to the previous reporting period, this results in a net gain of 1 officer on OPI and OPII). Capacity at Treasury remained stable.

- **Capacity Building / Training**

A number of activities were launched and concluded in 2009 aimed at strengthening the administrative capacity within 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

<sup>19</sup> On both OPI and OPII

<sup>20</sup> 0.7 FTE on OPII and 6.3 FTE on OPI

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 2009. These include:

Induction training sessions for 30 new recruits<sup>21</sup> in the relevant different stakeholders' organisations, were held between 30<sup>th</sup> July and 18<sup>th</sup> August 2009. These were organised by PPCD in conjunction with the Government's central Staff Development Organisation (SDO). The training modules were spread over 6 days and covered the following areas:

- A general overview of Cohesion Policy;
  - National governance structures and ways of working;
  - National Procurement Regulations and National Procurement in Practice;
  - 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;
  - Manual of Procedures: forms and reports;
  - Introduction to the Budget;
  - Payment Procedures;
  - Introduction to the First Level of Control;
  - Certification – Paying Authority;
  - Introduction to the Government Accounting System;
  - Second level of control;
  - How to prepare for an audit.
- A separate capacity building training programmes for 19 *new* Cohesion Policy 2007-2013 stakeholders and Beneficiaries (NGOs) (12 on OPI and 7 on OPII) was held between the 18<sup>th</sup> and the 28<sup>th</sup> September 2009. Training was organised by PPCD in conjunction with SDO, and consisted of a number of training modules spread over 3 days covering:
    - General Overview of Cohesion Policy
    - Introduction to Cohesion Policy Administrative Structures;
    - Introduction to Payment Procedures;
    - Guidelines to the Value Added Tax;
    - Cohesion Policy: Publicity Requirements;
    - Principles of National Procurement Regulations;
    - Retention of documents and Links to Control (Management and Control Systems);
    - Introduction to Project Management.
  - A Train-the-Trainer Programme was held on the Structural Funds Database 2007-2013. This was organised by PPCD and was held at the premises of the Staff Development Organisation (SDO). A

<sup>21</sup> 3 working at OPII and 27 on both OPI and OPII

total of 76 participants (all of whom had some level of relevance to OPII) were trained over 21 sessions

- A two day workshop titled 'Management Verifications for the MA and the Intermediate Bodies' was organised by PPCD also in conjunction with SDO. A total of 40 participants (of whom 22 had links with OPII) from PPCD and the Intermediate Bodies participated in the workshop which looked at EU legislation and Management Verifications and Internal Controls.

Members of staff from the different horizontal organisations working within the context of OPII participated in a number of conferences and training seminars which were organised abroad by foreign institutions/organisations. These included activities related to financial management; management and monitoring of Programmes; evaluation of public policies; management of Technical Assistance funds. Moreover, staff working on OPII, 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

### **2.1.2 Financial information**

#### **▪ Advance Payments**

During the year in review Malta received the last two installments of advance payments for ESF. These followed the two installments received in 2007 and 2008 (totaling €5,600,000). On the 16<sup>th</sup> February, Malta received the third installment amounting to €2,240,000. The last payment of €2,240,000 was received on 24<sup>th</sup> April 2009. This represented the additional 2% advance payment awarded to each Member State joining the EU on or after 1<sup>st</sup> May 2004, by virtue of Council Regulation EC284/2009, amending EC1083/2006. This revision was introduced by the European Commission, as a result of the Economic Recovery Plan in December 2008.

Therefore, the total amount of advance payments received under ESF was €10,080,000. No further advance payments are due to Malta.

#### **▪ Interim Payments**

Expenditure increased considerably during the year under review as project implementation gained ground. In April, the process for the first Statement of Expenditure under the Operational Programme II was launched by the Managing Authority, with €84,861.16 being verified by the MA, of which €84,034.67 were certified by the CA. The 85% of the latter amount was reimbursed by the Commission in July.

The second Statement of Expenditure took place in November. €592,310.01 were verified and certified to the Commission. The 85% of this amount was reimbursed by the Commission in January 2010.

**Table 2: Priority Axes by source of funding (€)**

|  | <b>Expenditure paid out by the Beneficiaries included in payment claims sent to the managing authority</b> | <b>Corresponding public contribution</b> | <b>Expenditure paid by the body responsible for making payments to the Beneficiaries</b> | <b>Total payments received from the Commission</b> |
|--|--|--|--|--|
| Priority Axis 1<br>Improving education and skills<br>ESF   | 1,663,922.79   | 1,659,320.79                             | 1,659,320.79   | -  |
| Priority Axis 2<br>Investing in the employability and adaptability of the workforce<br>ESF         | 162,571.62   | 162,571.62                               | 162,571.62   | -  |
| Priority Axis 3<br>Promoting an equal and inclusive labour market<br>ESF                           | 292,568.22   | 291,785.01                               | 291,785.01   | -  |
| Priority Axis 4<br>Strengthening of institutional & administrative capacity<br>ESF                 | -  | -  | -  | -  |
| Priority Axis 5<br>Technical Assistance<br>ESF   | 182,337.87   | 182,337.87                               | 182,337.87   | 71,429.46  |
| <b>Grand total</b>   | <b>2,301,400.50</b>  | <b>2,296,015.29<sup>22</sup></b>         | <b>2,296,015.29</b>  | <b>71,429.46<sup>23</sup></b>                      |
| Total in transitional regions in the grand total   | -  | -  | -  | -  |
| Total in non-transitional regions in the grand total   | 2,301,400.50   | 2,296,015.29                             | 2,296,015.29   | 71,429.46  |
| ERDF type expenditure in the grand total where the operational programme is co-financed by the ESF | 88,619.09  | 88,243.56                                | 88,243.56  | 3,851.70   |

<sup>22</sup> This figure includes EU and MT contribution.

<sup>23</sup> It refers only to EU share.

### 2.1.3 Information about the breakdown of use of the Funds

The table below indicates amounts committed relevant to each Priority Theme and Economic Activity as at 31<sup>st</sup> December 2009.

**Table 3: Cumulative breakdown of allocations of the Community contribution by category (Part C of Annex II)<sup>24</sup>**

| Priority Theme | Form of Finance | Territory | Economic Activity | Location    | Total        |
|----------------|-----------------|-----------|-------------------|-------------|--------------|
| 62             | 01              | 03        | 14                | MT0 - Malta | 1,716,144.93 |
|                |                 |           | 22                | MT0 - Malta | 735,490.69   |
|                |                 |           | 17                | MT0 - Malta | 8,383,680.90 |
| 64             | 01              | 03        | 18                | MT0 - Malta | 89,935.95    |
| 65             | 01              | 03        | 0                 | MT0 - Malta | 125,326.93   |
| 66             | 01              | 03        | 1                 | MT0 - Malta | 31,894.50    |
|                |                 |           | 2                 | MT0 - Malta | 31,894.50    |
|                |                 |           | 3                 | MT0 - Malta | 31,894.50    |
|                |                 |           | 4                 | MT0 - Malta | 31,894.50    |
|                |                 |           | 5                 | MT0 - Malta | 31,894.50    |
|                |                 |           | 6                 | MT0 - Malta | 31,894.50    |
|                |                 |           | 7                 | MT0 - Malta | 31,894.50    |
|                |                 |           | 8                 | MT0 - Malta | 31,894.50    |
|                |                 |           | 9                 | MT0 - Malta | 31,894.50    |
|                |                 |           | 10                | MT0 - Malta | 31,894.50    |
|                |                 |           | 11                | MT0 - Malta | 31,894.50    |
|                |                 |           | 12                | MT0 - Malta | 31,894.50    |

<sup>24</sup> The total value of the Aid Schemes (Articles 107 and 108 (ex-Articles 87 and 88) of the TFEU) committed by the MA to the IB has been included under relevant categories (€19.2m). However, only the total amount of € 1,913,731 was committed by the IBs to the Beneficiaries under the two schemes as at end of 2009. In this regard, it should be noted that: under ESF 2.65 – TAF, the total amount committed by the end of 2009 (€401,363.84) is divided by code of economic activities, as follows:

code 3 - *Manufacture of food products and beverages*: € 22,420 (5.5%);  
code 5 - *Manufacture of Transport Equipment*: € 67,409 (16.8%);  
code 6 - *Unspecified manufacturing industries*: € 105,091 (26.1 %);  
code 10 - *Post and telecommunications*: € 73,426 (18.2%);  
code 12 - *Construction*: € 9,262 (2.3%);  
code 13 - *Wholesale and retail trade*: 43,793 (10.9%);  
code 14 - *Hotels and restaurants*: € 1,262 (0.3%);  
code 15 - *Financial intermediation*: € 7,775 (1.9%);  
code 16 - *Real estate, renting and business activities*: 60,174 (15%);  
code 18 - *Education*: 3,779 (0.9%);  
code 20 - *Social work, community, social and personal services*: € 2,133 (0.5%);  
code 22 - *Other unspecified services*: € 4,834 (1.2%).

With reference to Aid Scheme ESF 3.64 – EAP, the total amount committed by the end of 2009 (€1,512,367.22)

is divided by code of economic activities as follows:  
code 1 – *Agriculture, Hunting and Forestry*: 30,569 (2%);  
code 3 – *Manufacture of food products and beverages*: € 62,878 (5.6%);  
code 6 - *Unspecified manufacturing industries*: € 180,681 (11.9 %);  
code 10 - *Post and telecommunications*: € 83,188 (5.5%);  
code 12 - *Construction*: € 104,431 (6.9%);  
code 13 - *Wholesale and retail trade*: 387,753 (25.6%);  
code 14 - *Hotels and restaurants*: € 146,113 (9.6%);  
code 15 - *Financial intermediation*: € 21,407 (1.4%);  
code 16 - *Real estate, renting and business activities*: 241,395 (16%);  
code 18 - *Education*: 18,711 (1.2%);  
code 19 - *Human health activities*: 2,288.00 (0.1%);  
code 20 - *Social work, community, social and personal services*: € 220,181 (14.5%);  
code 22 - *Other unspecified services*: € 12,770 (0.8%).

|    |    |    |    |             |              |
|----|----|----|----|-------------|--------------|
|    |    |    | 13 | MT0 - Malta | 31,894.50    |
|    |    |    | 14 | MT0 - Malta | 31,894.50    |
|    |    |    | 15 | MT0 - Malta | 31,894.50    |
|    |    |    | 16 | MT0 - Malta | 31,894.50    |
|    |    |    | 17 | MT0 - Malta | 223,957.65   |
|    |    |    | 18 | MT0 - Malta | 186,321.30   |
|    |    |    | 19 | MT0 - Malta | 443,926.90   |
|    |    |    | 20 | MT0 - Malta | 31,894.50    |
|    |    |    | 21 | MT0 - Malta | 31,894.50    |
|    |    |    | 22 | MT0 - Malta | 31,894.50    |
| 69 | 01 | 03 | 18 | MT0 - Malta | 363,837.44   |
|    |    |    | 20 | MT0 - Malta | 1,279,666.46 |
|    |    |    | 22 | MT0 - Malta | 1,110,822.50 |
| 71 | 01 | 03 | 1  | MT0 - Malta | 377,015.27   |
|    |    |    | 2  | MT0 - Malta | 377,015.27   |
|    |    |    | 3  | MT0 - Malta | 377,015.27   |
|    |    |    | 4  | MT0 - Malta | 377,015.27   |
|    |    |    | 5  | MT0 - Malta | 377,015.27   |
|    |    |    | 6  | MT0 - Malta | 377,015.27   |
|    |    |    | 8  | MT0 - Malta | 377,015.27   |
|    |    |    | 9  | MT0 - Malta | 377,015.27   |
|    |    |    | 10 | MT0 - Malta | 377,015.27   |
|    |    |    | 11 | MT0 - Malta | 377,015.27   |
|    |    |    | 12 | MT0 - Malta | 377,015.27   |
|    |    |    | 13 | MT0 - Malta | 377,015.27   |
|    |    |    | 14 | MT0 - Malta | 377,015.27   |
|    |    |    | 15 | MT0 - Malta | 377,015.27   |
|    |    |    | 16 | MT0 - Malta | 377,015.27   |
|    |    |    | 17 | MT0 - Malta | 377,015.27   |
|    |    |    | 18 | MT0 - Malta | 377,015.27   |
|    |    |    | 19 | MT0 - Malta | 377,015.27   |
|    |    |    | 20 | MT0 - Malta | 4,910,781.12 |
|    |    |    | 21 | MT0 - Malta | 377,015.27   |
|    |    |    | 22 | MT0 - Malta | 377,015.27   |
|    |    |    | 0  | MT0 - Malta | 53,786.30    |
| 72 | 01 | 03 | 1  | MT0 - Malta | 125,451.68   |
|    |    |    | 2  | MT0 - Malta | 125,451.68   |
|    |    |    | 3  | MT0 - Malta | 125,451.68   |
|    |    |    | 4  | MT0 - Malta | 125,451.68   |
|    |    |    | 5  | MT0 - Malta | 125,451.68   |
|    |    |    | 6  | MT0 - Malta | 125,451.68   |
|    |    |    | 7  | MT0 - Malta | 125,451.68   |
|    |    |    | 8  | MT0 - Malta | 125,451.68   |
|    |    |    | 9  | MT0 - Malta | 125,451.68   |
|    |    |    | 10 | MT0 - Malta | 125,451.68   |
|    |    |    | 11 | MT0 - Malta | 125,451.68   |
|    |    |    | 12 | MT0 - Malta | 125,451.68   |
|    |    |    | 13 | MT0 - Malta | 125,451.68   |
|    |    |    | 14 | MT0 - Malta | 125,451.68   |
|    |    |    | 15 | MT0 - Malta | 125,451.68   |
|    |    |    | 16 | MT0 - Malta | 125,451.68   |
|    |    |    | 17 | MT0 - Malta | 1,329,824.48 |



|                    |    |    |    |             |                   |
|--------------------|----|----|----|-------------|-------------------|
|                    |    |    | 18 | MT0 - Malta | 6,477,108.03      |
|                    |    |    | 19 | MT0 - Malta | 125,451.68        |
|                    |    |    | 20 | MT0 - Malta | 125,451.68        |
|                    |    |    | 21 | MT0 - Malta | 125,451.68        |
|                    |    |    | 22 | MT0 - Malta | 125,451.68        |
| 73                 | 01 | 03 | 1  | MT0 - Malta | 55,283.79         |
|                    |    |    | 2  | MT0 - Malta | 55,283.79         |
|                    |    |    | 3  | MT0 - Malta | 55,283.79         |
|                    |    |    | 4  | MT0 - Malta | 55,283.79         |
|                    |    |    | 5  | MT0 - Malta | 55,283.79         |
|                    |    |    | 6  | MT0 - Malta | 55,283.79         |
|                    |    |    | 7  | MT0 - Malta | 55,283.79         |
|                    |    |    | 8  | MT0 - Malta | 55,283.79         |
|                    |    |    | 9  | MT0 - Malta | 55,283.79         |
|                    |    |    | 10 | MT0 - Malta | 55,283.79         |
|                    |    |    | 11 | MT0 - Malta | 55,283.79         |
|                    |    |    | 12 | MT0 - Malta | 55,283.79         |
|                    |    |    | 13 | MT0 - Malta | 55,283.79         |
|                    |    |    | 14 | MT0 - Malta | 790,774.48        |
|                    |    |    | 15 | MT0 - Malta | 55,283.79         |
|                    |    |    | 16 | MT0 - Malta | 55,283.79         |
|                    |    |    | 18 | MT0 - Malta | 8,660,523.64      |
|                    |    |    | 19 | MT0 - Malta | 168,188.87        |
|                    |    |    | 20 | MT0 - Malta | 55,283.79         |
|                    |    |    | 21 | MT0 - Malta | 55,283.79         |
|                    |    |    | 22 | MT0 - Malta | 370,494.09        |
| 74                 | 01 | 03 | 18 | MT0 - Malta | 8,707,543.52      |
| 80                 | 01 | 03 | 17 | MT0 - Malta | 139,186.99        |
| 81                 | 01 | 03 | 17 | MT0 - Malta | 4,860,172.11      |
|                    |    |    | 18 | MT0 - Malta | 422,794.25        |
|                    |    |    | 0  | MT0 - Malta | 130,442.32        |
|                    |    |    | 22 | MT0 - Malta | 452,912.73        |
| 85                 | 01 | 03 | 00 | MT0 - Malta | 2,817,499.25      |
| 86                 | 01 | 03 | 00 | MT0 - Malta | 1,487,500.00      |
| <b>Grand Total</b> |    |    |    |             | <b>68,033,803</b> |

## 2.1.4 Assistance by target group

In accordance with Commission Regulation 1828/2006 Annex XXIII, additional reporting is required in relation to indicators that do not have targets set for them. During 2009 data has started to be available and reported in the table below.

**Table 4: Information by target Groups in accordance with Annex XXIII**

| ESF - ANNEX XXIII           |  |                       |       |                |       |                     |       |
|-----------------------------|--|-----------------------|-------|----------------|-------|---------------------|-------|
| Participants Data           |  |                       |       |                |       |                     |       |
|                             | Description/Categories                             | 2009 reporting period |       |                |       |                     |       |
|                             |  | People Entering       |       | People Leaving |       | People carried over |       |
|                             |  | Total                 | Women | Total          | Women | Total               | Women |
|                             | Total Number of participants                       | 7729 <sup>25</sup>    | 2597  | 5207           | 1749  | 228 <sup>26</sup>   | 90    |
| Status in the Labour Market | Employed   | 3212                  | 1252  | 2122           | 798   | 213                 | 89    |
|                             | Self-employed                                      | 65                    | 17    | 43             | 10    | 0                   | 0     |
|                             | Unemployed   | 2292                  | 657   | 1772           | 472   | 0                   | 0     |
|                             | Long-term unemployed                               | 872                   | 233   | 734            | 195   | 0                   | 0     |
|                             | Inactive Persons                                   | 1288                  | 438   | 536            | 254   | 15                  | 1     |
| Age                         | Young People (15-24 years)                         | 2386                  | 902   | 1488           | 628   | 0                   | 0     |
|                             | Older Workers (55-64 years)                        | 480                   | 76    | 386            | 64    | 0                   | 0     |
| Vulnerable Groups           | Minorities   | 0                     | 0     | 0              | 0     | 0                   | 0     |
|                             | Migrants   | 52                    | 12    | 37             | 11    | 0                   | 0     |
|                             | Disabled   | 290                   | 99    | 149            | 46    | 0                   | 0     |
|                             | Other Disadvantaged People                         | 497                   | 97    | 319            | 26    | 0                   | 0     |
| Education Attainment        | Primary or Lower secondary education (ISCED 1 & 2) | 4411                  | 1416  | 3340           | 1050  | 0                   | 0     |
|                             | Upper Secondary education (ISCED 3)                | 1572                  | 498   | 1089           | 392   | 15                  | 1     |
|                             | Post-secondary non-tertiary education (ISCED 3)    | 466                   | 132   | 305            | 81    | 0                   | 0     |
|                             | Tertiary Education (ISCED 5 & 6)                   | 1250                  | 551   | 473            | 206   | 213                 | 89    |

<sup>25</sup> This figure includes the persons trained by the Beneficiary under Schemes.

<sup>26</sup> The number of participants who were carried over from 2008 to 2009 was not reported in the 2008 AIR since the data was not provided by the Beneficiaries

### 2.1.5 Assistance repaid or re-used

As at end of 2009, 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.

### 2.1.6 Qualitative analysis

During 2009, Malta continued with the implementation of the Programme, approving new operations, finalising the Grant Agreements of approved operations and implementing operations on the ground. The MA and the IB (in case of aid schemes) led the process in the case of the first two whereas the Beneficiaries were largely taken up with procurement (process led largely by the Department of Contracts) and processing of payments (under the leadership of the Treasury). This has meant that, while implementation of the Programme in years 2007 and 2008 was largely driven by PPCD and mainly involved the finalisation and approval of the Programmes as well as the setting up of systems and processes dealing with implementation, 2009 has seen for the first time the mobilisation of all stakeholders – vertical (Beneficiaries) and horizontal in the delivery of the Programme. As at end 2009, 43 operations, including two aid schemes were being implemented under the ESF OP whilst 631 operations were implemented under the 2 different aid schemes, namely TAF and EAP. Despite this large scale mobilisation, limited results have been registered in terms of progress relating to the Operational Programme's targets. This is due to the fact that most projects were either still at procurement stage or in the initial stages of implementation.

During 2009, the approach towards ascertaining the achievement of the targets set out in the OP was sustained. At application stage, Applicants are required to highlight how the proposed project intends to contribute towards the achievement of the OP targets and objectives. Furthermore, Applicants are also requested to quantify the contributions towards indicators which the project intends to address.

In 2009 achievements have been registered within 12 output, 3 result and 2 impact indicators. These achievements are mainly resulting from the projects approved during the first 3 Calls for Proposals, under Priority Axes 1, 2 and 3.

#### ▪ **Operational Programme's contribution towards the Lisbon Objectives**

Malta is committed towards the achievement of the Lisbon Objectives through its Operational Programme. Notwithstanding that Malta is not bound by the targets of Earmarking, Malta has participated voluntarily in the Lisbon Earmarking exercise for this OP. OPII is targeting a number of Lisbon earmarked categories of expenditure as referred to in Article 9 (3) of 1083/2006 and identified in Annex IV of the same Regulation.

The total amount allocated (in projects) for earmarking in OP II as at 2009, amounts to €57,723,295.06<sup>27</sup>, equivalent to 72% of the commitments made under the OP until 31<sup>st</sup> December 2009. This represents an increase of 25% when compared to 2008. This result is encouraging and efforts will continue to be sustained with a view to achieve Malta's earmarking targets

In order to ascertain, that selected projects contribute towards the Lisbon objectives, the MA sustained its approach in establishing the link with the Lisbon Agenda as well as Community Strategic Guidelines/Integrated Employment Guidelines from the application process stage. In fact, Applicants are required to indicate and explain how the project will contribute towards the Community Strategic Guidelines (CSGs)/Integrated Employment Guidelines which will be addressed through the implementation of their project. Furthermore, in cases where the explanation put forward by the Applicants is not clear, the Project Selection Committee (PSC) has often sought further clarifications from the Applicant.

ESF projects under Priority Axes 3 and 4 approved in 2009 all address the NRP Strategic Themes of employment and education and training. This is done mostly through providing training opportunities and scholarships in various areas, maximizing human resource utilisation through support services and retraining, providing lifelong learning for low-skilled workers or illiterate as well as reducing dependency on social benefits. Increasing training for socially excluded people helps them enter into the labour market. A number of projects approved in 2009 also address the Strategic Theme of competitiveness; particularly those projects aimed at increasing investment in R+D related activities and better regulation (the latter under Axis 4).

Projects approved in 2009 focus on the following CSGs: *'Increase investment in human capital through better education and skills'* and *Administrative Capacity'*. All OP II projects are contributing in some way or another to the former; however the latter is being primarily addressed through the projects approved under Axis 4. In all 5 projects are targeting administrative capacity building including that of the social partners. The areas are diverse and include better regulation; ICT knowledge; employee support to the public administration; and training in various areas across the public service (areas identified after Training Needs Analysis), amongst others. Guideline 4.3 of the CSG calls upon Member States to promote a life cycle approach to work and to improve matching labour market needs. The life cycle approach to work is primarily being targeted through projects under Axes 2 and 4. Some examples include training and courses aimed at increasing the participants' adaptability and employability and projects promoting lifelong learning among parents. Moreover, 13 projects under PA 3 targeting Guidelines 17-24 aim to support gender mainstreaming and female employment.<sup>28</sup>

<sup>27</sup> Amount includes total allocation of Aid Schemes

<sup>28</sup> ESF 3.47: Unlocking the Female Potential;  
ESF 3.48: Lifelong Learning For Enhanced Employability for Parents  
ESF 3.51: Creative Lives Creative Schools  
ESF 3.59 : Nista': The Benefits of Sharing Life's Responsibilities

- **Environmental Sustainability**

Environmental sustainability features on top of the Maltese Government's Agenda. The Maltese Government is committed towards ensuring environmental sustainability also through projects funded by Cohesion Policy. Within this context, the MA invites the relevant organisations mandated with environmental sustainability to attend the various information sessions held for prospective Applicants. Such an approach aims to promote discussions between the project proponents and the experts at the project inception stage. The Applicants are requested to identify actions aimed to ascertain environmental sustainability. Through the inclusion of adequate environmental sustainability measures, Applicants may benefit from additional marks during the project selection process.

In a general way all approved projects have some element of commitment towards Environmental Sustainability. The measures proposed by the projects approved in 2009 include the use of electronic documents to reduce the use of paper; the use of recycled paper where necessary; ensuring that service providers make use of energy saving systems and the inclusion of training content focusing on environmental sustainability where relevant.

- **Equal Opportunities**

Another important horizontal priority within OPII is the promotion of equality between men and women, and the integration of the gender perspective and social inclusion in the wider sense. Malta is committed towards the promotion of equality through the implementation of Cohesion Policy, in accordance with Article 16 of Regulation EC/1083/2006. Within this context, actions aimed at promoting equal opportunities are encouraged at every stage of the programme. At the inception stage of the project, the prospective Applicants are encouraged to discuss different possibilities which could be included within their project proposal with the Commissions with respect to equal opportunities namely, the National Commission for Persons with a Disability (NCPD) and the National Commission for the Promotion of Equality (NCPE). The same organisations are also invited to information sessions held in relation to open calls for proposals and are listed with contact persons in the relevant Guidelines to Applicants.

Proposals showing extra efforts to integrate equal opportunities are awarded marks which contribute to the rating and selection of the project. Examples of measures promoting equal opportunities included in projects which were approved in 2009: selection of appropriate accessible venues for project seminars and the implementation of project activities; childcare as accompanying measures; provision of remedial measures for persons with learning difficulties; the inclusion in tenders' terms of reference of clauses stating that preference will be given to companies with a good track record of employing disabled persons and achieving a good gender balance; the provision of training and publicity material which are free from gender stereotypes, among others.

Beneficiaries whose projects were in their initial phases of implementation, started putting the principles of equal opportunities into practice, including in the tendering process. Beneficiaries ensured that tender

documents had clear criteria which guaranteed that any services being requested would address these principles.

As explained earlier in previous sections, during 2009 the projects which started implementation also started being monitored and were subject to documentary spot checks carried out by the MA. Through these spot checks it was ensured that wherever proposals of action involving equal opportunities were made, these were being actually followed and implemented.

- **Partnership**

In line with the provisions of Article 11 of the Regulation 1083/2006 the Managing Authority has worked and keeps on working in partnership with economic and social partners and civil society organizations in different phases of Programme Implementation. From a strategic perspective, social and economic partners as well as other members of the Civil Society are represented within the Monitoring Committee with a view to monitor and assess the implementation and efficient spending of the funds under OPI as well as provide the business and civil society sectors' dimension to the process.

Throughout 2009, the Managing Authority has continued to encourage Applicants to involve both local and transnational partners to participate and contribute towards project implementation by allocating additional marks to proposals that take on this challenge. Marks increase if the partnership involves co-operation between public and members of civil society.

With regard to direct participation in the Programme, as at end 2009, there were 15 projects involving socio-economic partners / civil society groups; 8 where the Partner was the Beneficiary and 14 where the Partner was a Partner in a project led by a public organisation.<sup>29</sup> During the year under review the Partners' role and participation in the projects' implementation varied in degree, some were involved at the level of stakeholders' meetings, whilst others were also directly involved in the implementation of the project activities. Thus partners are featuring in think tank sessions for stakeholders before the implementation of activities and in reviewing of activities, providing valuable means of project information dissemination through their channels targeting particular groups, contributing in the formulation of training programmes and providing the necessary networking for the successful implementation of project activities.

- **Innovative activities**

Innovation is included as a cross cutting principle across Priority Axes. Projects that met the principle of innovation as defined under the Priority Axes also stand to gain additional points in the selection process. As at end 2009, there were 14 operations implemented under OPII that addressed the cross-cutting theme of innovation.

From the projects approved in 2009 just under half addressed the Focus Area of Innovation. The selected operations mainly address training for public officers involving innovative methods, including e-learning,

---

<sup>29</sup> The figures given include repeat counts of project which may have two or more kinds of the partners mentioned

coaching and mentoring, blend learning and modular accredited courses. Other operations addressing innovation through the provision of skills training to public employees both through preventive and remedial measures, seeking to promote partnership of the public service with other public entities, social and civil society.

- **Transnational Actions**

OPII also seeks to encourage transnational partnerships. As indicated in the previous report, 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.

From the projects approved in 2009, only two have a transnational dimension. As at end 2009, there were 8 projects under implementation that had transnational partners. These mainly concerned public organisations in areas such as employment, training and equal opportunities. The transnational partners vary in location and come from different European countries including the UK, Belgium, Italy, the Czech Republic, France and Estonia.

- **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.

- a) **Gender Mainstreaming**

As previously mentioned gender mainstreaming is addressed horizontally throughout projects. Even more specifically, gender mainstreaming is addressed through projects approved under Priority Axis 3 which deals with the promotion of an equal and inclusive labour market. One of the Axis' operational objectives focuses on increasing the female participation rate in the labour market.

In line with the OP, in 2009 ESF has continued to promote a lifecycle approach to work, actions which support the reduction of the gender gap and combat occupational segregation and the promotion of social inclusion in general. As at end 2009 there were 5 projects supporting gender mainstreaming; 3 addressing the promotion of a life-cycle approach to work and 5 contributing towards increasing female participation in the workforce.<sup>30</sup>

- b) **Migrants**

Within PA 3, ESF also targets migrants as a vulnerable group. Access to training and employment for refugees and asylum seekers is a key component of their integration process. Although no specific ESF

---

<sup>30</sup> ESF 3.43 Dignity for Domestic Violence; ESF 3.47 Unlocking the Female Potential, ESF 3.48 Lifelong Learning for Enhanced Employability for Parents; 3.59 NISTA: The Benefits of Sharing Life's Responsibilities.

project is directly and solely targeting asylum seekers<sup>31</sup>, this target group forms an integral part in projects targeting a wider spectrum of vulnerable groups. During 2009, ESF has provided opportunities to assist asylum seekers in their integration process through employability skills. This was done in particular through a project whereby asylum seekers are trained in the green jobs sector.

### c) Minorities and disadvantaged groups

There is no specific definition of minorities used in Malta and therefore specific action targeting minorities is difficult to quantify. In 2009, the MA has approved various projects which would assist disadvantaged groups in accessing or remaining in the labour market. In 2009, 18 projects were approved targeting disadvantaged groups, youths aged 16-24 years old, including disabled persons, illiterate persons, persons with mental health difficulties, ex-convicts, the health and safety of the labour force, asylum seekers, unemployed, youths in institutional care, homeless youth, and youth in inappropriate housing, ex-substance abusers and women in difficulty (inactive women, victims of domestic violence), parents young school drop outs, and also targeting professionals working with disadvantaged groups namely school leavers and disabled persons.

## 2.2. Compliance with Community law

### ▪ State Aid (Article 107 of the Treaty)

Calls issued by the Managing Authority are not open to projects involving state aid. All proposals are screened for state aid prior to these being approved by the Managing Authority. This screening is undertaken by the competent authority responsible for state aid in Malta, namely the State Aid Monitoring Board (SAMB). During 2009 the SAMB gave its opinion and state aid guidance on 30 ESF project proposals following Call 5. The MA relies on the opinion and decisions of the SAMB on all matters related to state aid.

During 2009 Malta had 2 ESF schemes being implemented under one state aid regime: the general block exemption regulation<sup>32</sup>. The schemes were notified to the SAMB by the state aid grantor (Intermediate Bodies) prior to the launch of such schemes in line with the provisions set out in the State Aid Monitoring Regulations (LN 210 of 2004). The SAMB assessed the notified proposed schemes and guided the Intermediate Bodies with regards the applicable state aid *acquis* that was to be followed in the implementation of such schemes. These schemes, as required by the rules of procedure, were duly notified to the European Commission.

### ▪ Public Procurement

Public Procurement in Malta is regulated by LN 177 of 2005 (and subsequent amendments) and relevant circulars issued by the Ministry of Finance, the Economy and Investment (MFEI). All public procurement above the amount of €47,000 procured by Beneficiaries listed under Schedule 1 of the same Legal Notice

<sup>31</sup> This target group has benefitted from other financial instruments, such as European Refugee Fund, under which 16 projects were approved in 2009.

<sup>32</sup> Training Aid Framework scheme and Employment Aid Programme Scheme



is steered by the Central Government Authority<sup>33</sup> that is responsible for vetting and launching of dossiers as well as approving tender evaluation reports and drawing up / signing of contracts on behalf of contracting authorities. Substantial changes to the contract, including issues related to variations beyond a threshold also have to be approved by the same Central Authority. This process does cause delays but guarantees a high degree of consistency in quality as far as public procurement is concerned. During the year under review, the Central Government Authority launched 29 procurement procedures of which 2 were cancelled due to unsuccessful tendering processes and another 6 unsuccessful processes were re-issued as open or negotiated procedure (one of these was re-issued in 2009 and the rest in 2010), 7 were successfully awarded, while 13 were still ongoing as at end 2009. The MA relies on the advice and decisions of the Central Contracting Authority on matters related to public procurement in Malta.

Procurement of a lower amount (below €47,000) is undertaken by the Beneficiaries under the supervision of the Directorate responsible for Corporate Services / Financial Control / Procurement of the same organisation. During the year under review 157 contracting procedures were launched by Beneficiaries.

In the case of those organisations not falling within the scope of the public procurement regulations (e.g. NGOs), these are asked to follow the spirit of the public procurement regulations for Cohesion Policy operations in order to ensure transparency and fair competition. In the case of private sector Beneficiaries under state aid schemes – quotations are a requirement for most components to ensure value for money.

Despite the backlog created largely due to volume, to date no other significant problems relating to the compliance with Community law have been encountered.

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

### **▪ Problems in implementing Operational Programme**

During 2009 problems causing delays namely those related to project selection and public procurement process persisted despite the measures that were taken to address them. It should be noted that attempts to recruit support through employment contracts also failed in a number of cases.

In 2009 no calls were launched under OP II, however, the Project Selection Committee met 45 times, each session lasting an average of 4 hours. The PSC evaluated projects submitted in 2009 (for calls issued in late 2008). In 2008, the MA had set up a second committee for OP II so that the original committee set up in 2007 could focus more on OPI calls. The system functioned well in 2008 and saw backlogs coming from 2007 being cleared, however due to movements in senior positions at the Managing Authority in late 2008 and 2009, the process took much longer than expected and spilled into 2010.

The availability of the members of the Project Selection Committee (that are mainly public officers) is also a problem. It should be noted that despite the long process of project selection, Malta is still one of the

---

<sup>33</sup> Department of Contracts, MFEI.

countries that has high commitments in projects (60.7 % committed as at end 2009) so although the process can be improved, it is not worrying for the implementation of the Programme as this stage. Given the competitive nature of the process, the process tends to be self-regulating apart from ensuring a higher degree of quality of projects selected. The Managing Authority is expecting to launch 1 more open call for projects under Priority Axis 1 and Priority Axis 3 in 2010. The Managing Authority will discuss the process with the evaluators undertaking the mid-term evaluation with a view to making the process more efficient.

It is clear from the number of unsuccessful tendering procedures that the procurement process is taking up more than its fair share in the project implementation cycle. Given the centralised process, it is inevitable that backlogs are created at the various stages of the process. Attempts at increasing capacity have been made and are ongoing but it is clear that the availability of expertise on the Island is limited and that anyone joining the process (whether at the Beneficiary end or at the Central Contracting Authority) has a steep learning curve. Beneficiaries are also limited in the amount of experts that they can put at the disposal of the tendering process, resulting often in more delays at the level of tender drafting and tender evaluation. Moreover, around 20% to 26% of procedures launched are unsuccessful. In the case of calls for employment 11% of the procedures launched in 2009 were also unsuccessful.<sup>34</sup>

The main reasons for unsuccessful tendering is lack of sufficient bidders, administratively incompliant bids (which result in potentially valuable bids being discarded) and bids going over the projected budgets. These issues often result in no valid bids remaining in the competition which then has to be re-launched under some procedure or other. In addition to these constraints, whose roots can be traced to the permanent territorial constraints of the market, a number of successful tenders go into appeal (largely also due to territorial characteristic of the market) which, on average, takes around 3 months for a decision. This means that the duration allocated for procurement in the project implementation period is often doubled, at least, with some procedures taking well over a year to complete. The highly centralised system as well as capacity issues (within the Central Contracting Authority as well as Beneficiaries) is a cause of delay, however, once again, this is offset by a high degree of consistency in decisions and also quality. This ensures that the level of irregularities in procurement remains low and hence contributes, in the long term to a sustainable absorption of funds. It should be noted measures to address the issue of administratively incompliant bids are planned for 2010 and that further calls for recruitment within the Central Contracting Authority are also part of the DoC's work plan for 2010.

One of the measures that the Maltese administration has put in place in order to monitor more closely delays is a monthly update of progress on ALL projects and the identification of those experiencing exceptional delays. The relevant projects are then selected for high level bilateral meetings which are chaired by the Principal Permanent Secretary (PPS) supported by Permanent Secretary OPM (Operations), the Managing Authority and which involve the Beneficiary (supported by the relevant Permanent Secretary) as well as the Central Contracting Authority. During these meetings, the MA identifies the source of delays (which at this stage are generally related to procurement). Other stakeholders are invited if this is deemed necessary.

---

<sup>34</sup> Under ESF the percentage of unsuccessful procedures is slightly higher than under ERDF due to the unavailability of expertise.

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.

- **Significant problems encountered in implementing the actions and activities of Article 10 EC Reg. 1081/2006.**

***(a) Gender mainstreaming as well as of any gender-specific action;***

During 2009 the Managing Authority did not encounter major problems upon the implementation of the OP in general in view of the actions under Article 10 of EC Regulation 1081/2006. On the ground, an intervention targeting women/parents' entry in employment/ training through the co-financing of a subsidy on childcare services did not obtain the desired take up and has been withdrawn by the Beneficiary following a number of attempts at animation.

It is clear that in order to meet the indicators as per Operational Programme, more actions supporting a lifecycle approach to work are needed and more training activities targeting women (especially inactive women) are required. In this regard, it should be noted that 7 projects currently under implementation within the OP are providing childcare services as a supporting measure to ensure that training opportunities are maximised. There are also a number of projects<sup>35</sup> that are focusing on campaigns aimed at creating more awareness on employment / training opportunities for women and the possibility of combining work with family life. These measures coupled with support (through ERDF under OPI) targeting increase in childcare facilities should provide the necessary enablers for more women to venture into employment and / or training.

***(b) Action to increase participation of migrants in employment and thereby strengthen their social integration.***

As at end 2009, there were no projects proposed under the ESF Operational Programme which aim to target solely migrants. There is one project that is targeting the integration of asylum seekers (in the context of a wider vulnerable target group approach) in employment by providing a mixture of training and work exposure in the green jobs sector.

***(c) Action to strengthen integration in employment and thereby improve the social inclusion of minorities;***

The OP does not target minorities as a specific target group. The OP speaks of disadvantaged groups. Malta has allocated the second highest budget (in terms of Axis allocation) to Priority Axis 3 which is targeting an inclusive labour market. As at end 2009, there were a number of different target groups that were being addressed under this Axis. These include inactive women; persons with a disability; ex-convicts; and ex-substance abusers, among others.

---

<sup>35</sup> ESF 3.47, Unlocking the Female Potential; ESF 3.59 NISTA: The benefits of sharing life's responsibilities campaign

***(d) Action to strengthen integration in employment and social inclusion of other disadvantaged groups, including people with disabilities;***

As at end 2009 there were 18 projects and one aid scheme under Article 107 of the Treaty targeting disadvantaged groups. Of these 3 were specifically targeting persons with disabilities. The overall objective of the different measures within the operations is to facilitate access to training and / or employment of such persons. The projects largely follow a common pattern and include a component of research (in order to provide more updated intelligence on how best to target such groups); an awareness campaign (or some form of marketing / publicity action) to sensitize employers and other stakeholders as well as training components, often supported by job placements to complement training and provide employment experience.

In general, the projects are encountering similar problems as other projects under the other Axes. However, some have also reported some difficulties in selecting participants due to the lengthy screening process and needs assessment of individuals in order to devise a personalised action plan. The issue of finding qualified personnel has also been reported. These *hitches* have also impacted the launching of tenders which often had to be delayed until the needs analysis was completed.

***(e) Innovative activities, including a presentation of the themes and their results, dissemination and mainstreaming;***

As mentioned elsewhere in this report, innovation is 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. As at end 2009 there were 14 projects that included innovative activities, the majority under Axis 3. The innovative actions that are being implemented under the OP include: actions which support the implementation of educational reform especially to reduce skills mismatches and to stimulate the participation in science and technology related education; actions that improve adaptability through the design of innovative and more productive forms of work organizations such as the introduction of childcare centres; the development of new methods, tools and approaches to the integration of excluded people in education, training and employment and innovative tools such as new ways of training for the capacity building measures of the Public Sector and also the Partners. In general the MA's observation with regard to innovative activities is a general lack of common understanding of what constitutes an innovative action. This is described in the Guidance Notes to Applicants and clarified further in information sessions, however the problem persists and is often debated at length during the project evaluation process.

***(f) Transnational and/or interregional actions.***

There are currently 8 projects being implemented under the OP that involve a transnational element. The MT partners are generally public organisations that are seeking co-operation with counterpart public organisations. These co-operation links are often still reminiscent of the pre-accession period when many of the links were first established. There are also a small number of civil society transnational partners, the

majority of these under Axis 3. Partner search can prove to be a difficult process especially for those project promoters who have had no experience in implementing projects with a transnational aspect.

## **2.4 Changes in the context of the Operational Programme implementation**

Malta's overall economic performance has been affected by the international crisis which has resulted in the country facing various challenges. The impact of the economic crisis has had its impact on the labour market. In fact, during 2009, persons registering for work increased by 21.6% while those registering for work in Gozo went up by 11.6%. The number of unemployed males increased by 19.6% whilst the number of females increased by 23.7%<sup>36</sup>.

Within the context of implementation of the funds, the international crisis has also been the main source of set-backs and delays. In order to effectively minimise and mitigate the impact of the crisis, the Maltese government has undertaken a number of measures both through National and Cohesion Policy Funds. With the main focus on employment, education, training and social inclusion, OP II was found flexible enough to contribute to certain measures. For instance employment aid schemes were already being funded through ESF and these were made more flexible in 2009 in order to facilitate participation. The promotion and funding of family-friendly measures such as childcare in order to increase participation, particularly those of female and disadvantaged groups are eligible under ESF. Furthermore, the Maltese Authorities also continued to provide a pre-financing arrangement for payments (also for NGOs and local authorities) in order to mitigate delays arising from cash flow problems. As at end 2009, the issue of the flat rate on indirect costs was still being negotiated between the MA and the European Commission. A resolution to this issue will go a long way in facilitating participation of the Programmes by Beneficiaries most hit by the crisis.

The Maltese government, as one of the main employers in Malta, is focusing its efforts to streamline the workforce and re-allocate and re-train surplus staff. The Public Sector is also in the process of re-organising procedures and operations, further integrating the use of ICT; implementing e-government solutions as well as pioneer *innovative* occupational health measures. In 2009, a number of projects were selected under PA 4 that addresses administrative capacity issues. The selected projects all contribute to these priorities as well as address important areas related to competitiveness, such as better regulation.

During 2009, the MA has continued to monitor the impact of the crisis on the implementation of the Programme with a view to ascertain that necessary actions are taken immediately to address any negative impact on the OP.

---

<sup>36</sup> NSO Statistics [http://www.nso.gov.mt/statdoc/document\\_file.aspx?id=2679](http://www.nso.gov.mt/statdoc/document_file.aspx?id=2679)

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

To date no substantial modifications have been made 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 MA shall coordinate assistance from the OP co-financed by the ESF with assistance from the OP 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. In particular, OP II is complemented by investments under OPI, particularly those areas addressing education and training infrastructure, social infrastructure, RTDi interventions and investment in firms.

The PPCD has the overall responsibility for the co-ordination of all Structural Funds (including ERDF and ESF) and the CF. In addition the same Division also acts as National Contact Point for the European Territorial Co-Operation Programmes and other bilateral instruments including the EEA/Norway Financial Mechanisms and the Swiss Swiss-Maltese Cooperation Programme. The co-ordination and complementarity mechanisms are strengthened through centralised management which also ensures that there is no duplication in the activities funded.

### **▪ Structures**

The Operational Programme (Section 5.4) envisages the establishment of a number of co-ordination structures in order to enhance synergies and co-ordination between the different funding mechanisms as well as avoid overlap and duplication of effort and resources.

In this regard, in 2009, an Inter-Ministerial Co-ordination Committee (IMCC) was set up in order to strengthen strategic co-ordination between the different EU funded Programmes and Initiatives dealing with EU Human Capital Investment Funding Programmes. The terms of reference of this Committee were drawn up by the MA and discussed with the members. The main function of the IMCC is to ensure synergy and complementarity between the different initiatives, maximisation of resources and that the priorities of the Cohesion Policy OP's are addressed with minimal risks with regard to overlaps and duplication of effort. In this regard the members of the IMCC provide necessary clarifications on the demarcation between each fund/Programme/initiative. . The IMCC met twice during 2009 (include months as footnotes are not visible).

The Committee draws up and exchanges periodically a list of interventions with the details of budgets, Beneficiaries and duration pertaining to the operation falling under the responsibility of each Programme. Ad hoc consultation is undertaken between the members of the Committee when there is a possible overlap of activities. Members also exchange information about proposed changes to any of the EU Funding Programmes that could have an impact on the main objectives of the IMCC. Furthermore, the Committee discusses and informs members with regard to eligibility criteria and the eligible actions under the calls.

The members of the IMCC on EU Human Capital Investment Funding Programmes comprise of: The Head of Managing Authority (or designate) as Chairperson; two representatives from the Intermediate Body under OPII<sup>37</sup>; one representative of the National Contact Point of the European Territorial Co-operation Programmes; representatives of the Managing Authorities of the EAFRD Programme; the EFF Programme; the Programmes dealing with Migration and Asylum. Other represented bodies are the National Contact Points for the following Programmes: Life Long Learning, Youth In Action, Progress, Public Health Programme, Seventh EU Framework Programme (FP7), Competitiveness and Innovation Framework Programme (CIP); Culture 2007-2013, Media 2007, Europe for Citizens 2007-2013, European Fund for the Integration of third-Country Nationals, Fight Against Violence Daphne III, Drug Prevention and Information.

Complementarity and consistency between different financial instruments includes:

- **ESF and ERDF**

Human resources investments supported by OPII are complemented by investments under ERDF OPI, particularly in those areas addressing education and training infrastructure, social infrastructure, RTDi interventions and investment in firms.

As at the end of 2009, in this regard OPI is financing 11 projects in the areas of education and training as well as other social infrastructure as well as a number of aid schemes which complement investments in firms.<sup>38</sup> One aid scheme in particular supports infrastructural investments in child care centres and is critical to the long-term sustainability for ESF interventions under Axis 3 of OPII.

Moreover, a number of OPII operations (13 projects) are also implementing the cross-financing mechanism (Article 34 of Regulation 1083/2006). The costs relate mainly to the purchasing of equipment for the formal education sector, particularly the national vocational training institute.

- **ESF and EAFRD / EFF**

The agriculture and fisheries sectors have been separated from mainstream Cohesion Policy under the 2007-2013 Programmes. The sectors will be supported by the EAFRD and the EFF respectively. The NSRF highlights the consistency and complementarity between the Structural Funds and the EAFRD and the EFF. It is worth noting that the MA is a member of the EAFRD MC and issues of potential overlaps are also discussed in this forum. It should also be noted that an informal network (as further explained under Section 2.7.1) of all ERDF and ESF IBs has been set up to co-ordinate issues and also exchange experience and best practice. The MAs for both the EAFRD and EFF and the SAMB, though not forming part of the informal network, are invited on ad-hoc basis to discuss issues requiring their input.

<sup>37</sup> Representing the two Aid Schemes, namely EAP and TAF

<sup>38</sup> This includes projects under Education, Social and Health focus area, excluding childcare aid scheme.



As part of the co-ordination process between different funds, the Managing Authority also participates in the Monitoring Committee of the EAFRD. Furthermore, the MRRA (which is the Ministry responsible for both EAFRD and EFF) is also represented in the ESF Monitoring Committee.

The documents related to the aid schemes which were launched in Q1 of 2009 respect the eligibility criteria that were approved by the ESF Monitoring Committee in 2008. The eligibility criteria highlight the demarcations that were outlined in the ESF OP. In fact, the training schemes for the private sector funded under the ESF OP cover enterprises in the agricultural and fisheries sectors but exclude farmers, fishermen and co-operatives since such training will be organised by EAFRD and EFF. In addition, as outlined in OP II, the development of human resources under the OP 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 complement actions undertaken through the sector specific funds (EAFRD and EFF) by supporting human resources in terms of vocational training.

- **ESF and other Education, Training and R&D Programmes**

During the 2007-2013 period, Malta will also benefit from a number of Community Programmes. Of particular relevance to OP II are the Community Programmes, such as those related to R&D, competitiveness and innovation, education, training, youth, justice and home affairs. With respect to R&D, the interventions foreseen under the ESF will focus on the development of expertise in research and innovation policy design as well as science popularisation as outlined under section 5.4.4(c) of the OP. It should be noted that the national contact points of the main programmes are represented on the IMCC.

- **ESF and ERF, ARGO, and the External Borders Fund**

ESF interventions targeting refugees and asylum seekers are complemented by other funds, namely; the European Refugee Fund (ERF), ARGO and the External Borders Fund. ERF supports Member States action in reception measures, integration and voluntary return measures. The risk of overlaps exists mainly in the integration measures. However, in Malta, the Integration component within the ERF will be used for capital investment initiatives, while the ESF focuses on train the trainers actions, training related to employability of refugees and asylum seekers (including language training), other integration related training, such as basic skills (cultural orientation and others) networking, exchange of information and best practice.

There are less risks of overlaps between the ARGO Programme and the External Borders Fund. In the case of both Programmes, training in border control and protection will be provided by the ESF.

## 2.7 Monitoring and Evaluation

### 2.7.1 Monitoring by the Managing Authority

Effective monitoring tools aid in the successful implementation of the approved projects. The Managing Authority's (MA) responsibility of creating effective and efficient monitoring systems derives from Article 66 of Council Regulation EC1083/2006. This responsibility was further enhanced by the MA when it presented the Monitoring Committee in May 2008 with an Evaluation Plan for Malta's Operational Programmes clearly describing its monitoring role for the 2007-2013 Programming Period. The MA made reference to ongoing monitoring as well as *ad hoc* evaluations and mid-term evaluations to name a few. The following paragraphs provide concise descriptions on the MA's monitoring arrangements during 2009.

- **Day-to-Day Management**

As in the previous year, the Managing Authority has adopted a *desk-officer* approach to monitoring during 2009. The year under review saw project implementation gaining ground and this meant an increased emphasis on monitoring with on-the-spot physical and documentary checks being also carried out by the desk-officers. These checks are not only critical as part of the financial control function but give greater insight into the day-to-day issues and challenges of the operation. During 2009 18 spot checks<sup>39</sup> were carried out by the MA. Besides this formal way of monitoring project implementation, the Project Managers also kept constant contact with other stakeholders in the system to ensure that implementation is as smooth as possible. This was done through phone calls as well as exchange of e-mails and other forms of correspondence. This mix of measures has allowed officers with the OPII unit to keep a close eye on the implementation of the project/scheme; to report on progress and to bring to the attention of the senior staff any issues which might compromise implementation time frames. Day to day (financial) monitoring is also done via the Structural Funds Database where officers are able to monitor the contracting and disbursement progress. Further details on the improvements of the SFD are reported in Section 2.1.1.

- **Project Progress Reporting**

On a more formal level, Beneficiaries are asked to draw up a Project Progress Report (PPR), every 4 months. Part of the data required is generated through the SFD. PPRs collate updated information and achievements with regard to: physical progress; implementation of project activities; contracting; financial disbursement and financial indicators; output and results indicators as well as participants' data as per Annex XXIII of EC Regulation EC 1828/2006. Beneficiaries are also expected to report on risk factors and relevant mitigation measures. Furthermore, within the context of this reporting obligation, Beneficiaries are invited to submit details of publicity measures undertaken during the reporting period. The reporting periods for each year are January – April, May – August, and September – December. Regular reporting ensures the systematic

---

<sup>39</sup> 2 physical on the spot checks and 16 documentary on the spot checks

monitoring of performance and financial indicators. During 2009, project progress reports were drawn up for 32 projects at the end of April, 34 projects end of August and 36 at the end of December.<sup>40</sup>

In order to ensure quality of the reports, the MA provided training sessions to the Line Ministries who are responsible for endorsing the reports prior to submission to the MA. Following receipt of the first batch of reports, the MA also provided feedback on the submissions in order to ensure better quality in subsequent reports. As a result of this analysis of the first batch of reports, the MA also amended its reporting template.

- **Ministerial Steering Committee**

In view of the recommendations made by the Mid-Term Update of the Single Programming Document 2004-2006, the MA has coordinated the setting up of a Ministerial Project Steering Committee within each Line Ministry to track project progress, deal with arising issues that are hindering progress and facilitate programme management at the MA level. The Committee monitors and guides projects which fall under its remit in order to ensure that their targets, both financial and physical, are achieved within budget and on time. In 2009, six Committees were set up to cater for the projects under OP II, namely MSOC, MEDC, MRRA, MGOZ, MITC and OPM. In total, eleven<sup>41</sup> sessions were held in 2009.

- **Intermediate Bodies Steering Committees (IBSC)**

The Employment and Training Corporation (ETC) was designated as the Intermediate Body for both Aid Schemes financed under ESF, the Employment Aid Programme (EAP) and the Training Aid Framework (TAF). Art.11 par.2 of the Covenant establishes the IBSC. The objective is to discuss issues that are inherent to the implementation of an aid scheme, particularly as ETC performs the function of IB. The IBSC was set up in 2009 and during the same year 4 meetings were held. The meeting is chaired by Ms Sue Vella, CEO, ETC and the members include project leaders of the schemes the ETC Chairperson, General Manager Operations, Senior Manager Business Development and a representative of the Ministry for Social Policy. The MA is invited to act as an observer to the Committee in order to support the IB on the issues raised.

- **Intermediate Bodies Network**

In 2009, following the appointment of the IBs in March 2008 and the signing of the Covenants in 2009 the MA encouraged the setting up of an IB Network amongst the IBs of OPI and OPII (given that the implementation system is the same for both Programmes) was set up with the scope of providing a discussion platform to discuss the standardisation of functions, procedures and documents to the benefit also of end Beneficiaries (enterprises) that are likely to benefit from a number of schemes. The Network aims to provide a forum where best practices, problems and potential overlaps can be shared and common solutions found. . Other organisations managing aid schemes under Article 107 of the Treaty such as MRRA

<sup>40</sup> The difference in figures between one period and the other is attributed to projects which were withdrawn or approved during the year in review.

<sup>41</sup> For Projects under OPII, the MSCs held were; 2 for MSOC, 1 for MEDC, 1 for MRRA, 1 for MGOZ, 4 for MITC and 2 for OPM. In 2009, there were no ESF projects under MFEI.

(managing Authority of the EAFRD and EFF) are also invited to attend this network on an ad hoc basis . During 2009 five meetings<sup>42</sup> were held. The main issues discussed in 2009 were: the mini manual, administrative check and double financing

- **Inter Ministerial Coordination Committees (IMCCs)**

As per Article 9(4) of Regulation 1083/2006 the MA is responsible to coordinate assistance within the OPs as well as with other programmes and existing EU financial instruments. The OPs envisage the establishment of a number of coordination structures in order to enhance synergies and coordination. This is to ensure that priorities are addressed with minimal risks of overlap and duplication of efforts and resources. In this regard two Inter-Ministerial Coordination Committees have been set up. The one for OP II deals with Human Capital Investment Funding and the one for OP I looks at Infrastructure and Productive Investment. These committees have been reconvened during 2009 and a number of recommendations arose mainly relating to the different mechanisms for avoiding and monitoring overlaps and double funding.

- **High Level Meetings**

As outlined under section 2.3 above, during 2009, the Principal Permanent Secretary continued to chair high level monitoring meetings that started at the end of 2008 when delays in the implementation process became apparent. The causes of the delays are outlined under section 2.3 and the focused monitoring on projects that are deemed to be incurring substantial delays has proved to be effective in ensuring that the sources of the problems are brought to the forefront of discussion and recommendations on the way forward made. The MA is responsible to set the agenda and present project issues which are then discussed with stakeholders who are invited depending on the agenda and the nature of the issues being raised. The meetings, which were intended to be held twice a year are now being held on a more regular basis in an effort to monitor projects more closely especially with a view of the first N+3 year. During 2009, sessions were held in March/April, July, September, November and December. During the 2009 sessions, 26 projects were reviewed in depth with some projects being reviewed more than once.

- **Cabinet**

As a means to further monitor the implementation of the OP at a more strategic level, during 2009, the Cabinet of Ministers started to report on progress achieved on projects within their Ministry's remit. The combination of the High Level meetings and the Cabinet reporting allows the highest authorities to keep tab of project implementation on the ground and to act/decide accordingly.

---

<sup>42</sup> The 5 meetings were held on 5<sup>th</sup> February, 20<sup>th</sup> February, 27<sup>th</sup> April, 21<sup>st</sup> July and 27<sup>th</sup> November 2009.

## 2.7.2 Monitoring Committee

### ▪ Meetings of the MC in 2009

In compliance with Article 63 of Council Regulation (EC) 1083/2006 and amended by Council Regulation (EC) No 284/2009 of 7 April 2009, laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and in compliance with the Commission Decision approving the Operational Programme, Malta has, in 2007, established the MC. The MC for the 2007-2013 Programme includes representatives of Government, socio-economic partners and civil society as well as the EC. During 2009, the MC met twice, on 12<sup>th</sup> May and on 20<sup>th</sup> November. During 2009, as was the case with the two previous years, the MC meetings were well attended and the meetings served as a good basis not only to discuss the formal business but also to provide participating organisations with other information relating to the implementation of the OP.

The items discussed during the May MC meeting included the Annual Implementation Report (AIR) for 2008; an update on the Programme's implementation (first 4 months of 2009); amended criteria for TA, a presentation regarding the revised eligibility criteria for the Training Aid Framework Scheme (which were also approved), as well as an overview of the Annual Control Report (by AA). During the second meeting of the MC in November 2009, apart from an update on implementation and an overview of the Strategic Report delivered by the MA, the IBs for state Aid Schemes provided an update on the implementation of each scheme in light of the economic crisis. A more detailed description of both the Aid Schemes and the Strategic Report can be found in section 2.1.1.

During the November meeting (20 November 2010), apart from an update on implementation and an overview of the Strategic Report delivered by the MA, the IBs for state Aid Schemes provided an update on the implementation of each scheme in light of the economic crisis. A more detailed description of both the Aid Schemes and the Strategic Report can be found in section 2.1.1. The IB ETC presented the MC members with revisions proposed for the eligibility criteria of the Employment Aid Programme (EAP) and the Training Aid Framework (TAF). The changes proposed for the eligibility criteria of the EAP were discussed and subsequently approved. However, the MC did not approve the full list of changes on TAF, in particular the members did not agree with one of the changes focusing on *minimum eligible training costs per application*. In view of this, it was agreed that all the other changes would be approved with the exception of this criterion which was subsequently discussed further and proposed again through a written procedure.

## 2.7.3 Evaluation

On 25th August 2009, the ESG was set up. The main tasks of the ESG include:

- Supporting the MA in executing the Evaluation Plan;
- Assisting the MA in drafting the ToR of evaluation activities;
- Assisting the MA in drafting evaluation questions;

- Supporting the MA in the selection of evaluators;
- Giving opinion on reports;
- Supporting the evaluation work along the process.

During the fourth quarter of 2009, the tender for the Mid-Term Evaluation targeting both OP I and OP II was launched. The call for tenders will close on 12 January 2010 and the contractors are expected to start work by the second quarter of 2010. The mid-term evaluation of both Programmes will be carried out by one evaluation team, who will provide three separate reports, one for each of the OPs and one reporting on areas in common between the two Programmes.

During 2009, a representative from the Evaluation Unit within the MA attended the three Evaluation Network Partnerships Meetings organised by DG Employment. These meetings consisted of discussions related to anti-discrimination, adaptability, capacity building and ESF support to EES.

In undertaking new evaluations the MA will also take into account the new evaluation methods which were discussed at the conference called “New Methods for Cohesion Policy Evaluation: Promoting Accountability and Learning” organised by DG REGIO in Poland between 30th November and 1st December 2009.

A training seminar was attended during 2009 by a representative from the Evaluation Unit. The first seminar was entitled “Developing the evaluation of public policies: comparative experience” was organised by the European Institute of Public Administration. The seminar provided knowledge about evaluation systems of public policies in Europe and how to improve skills in designing and monitoring evaluation activities.

## 3 – Implementation by Priority

### 3.1 Priority Axis 1 - Improving Education and Skills

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

The Objectives of Priority Axis 1 (PA 1) focus on investing in human capital in order to increase the overall participation rates in education at all levels, thereby strengthening and upgrading knowledge and skills levels of the labour force.

As at end 2009, there were 13 projects under implementation.<sup>43</sup> During 2009, no further calls under this Axis were issued, although, a pre-announcement for a future call was published in the last quarter of 2009. At the end of the year under review, the amount committed by the MA was of € 27,089,316.50, representing 72.4% of the Priority Axis. The projects that are being financed under PA 1 target the increase in student participation (at a further or higher level of education) in both general fields of study as well as science, technology and ICT. Moreover, a number of projects aim at improving the quality or relevance of educational experience<sup>44</sup>. Skills mismatches, one of the main issues mentioned in the OP, is also being addressed<sup>45</sup>. In this regard one can safely say that with 72.4% of the Axis committed, all the objectives of the Axis are being addressed through the operations under implementation.

The same can be said for the target groups of the Axis. The main target groups that are being addressed through the projects currently under implementation include students, educators, young people and adults outside the formal education system. It should be noted that the operations under this Axis are not only addressing gaps and pockets in the education system and related human resources development in the short and medium term, but are building the foundations for a stronger workforce in the future by addressing core components and needs of the system and the relevant stakeholders, including parents.

Finally, one should also note that a number of measures under this Axis are being complemented by investments in infrastructure and equipment under the ERDF which will guarantee the long-term sustainability of the actions being implemented by ESF.

<sup>43</sup> In August 2009, ESF 1.37 – *Amplifying the University of Malta's Teaching and Research Capacity*, total cost € 3,086,696 was withdrawn by the Beneficiary.

<sup>44</sup> In this context, ESF 1.36 - *Professional Development Programmes for MCAST Staff & Student's Top-Up Degrees* intends to develop the academic and administrative staff at MCAST and introduce quality assurance systems which will have a direct positive impact on the quality of the educational experience delivered by the College. ESF 1.28 - *Accrediting Quality Vocational Training (VQPACK)* enhances the quality of vocational education and training (VET) in the context of Malta's competitiveness by making VET more attractive to learners in compulsory education, ESF 1.29 - *Valuing all Skills for the Labour Market (SKILLSPLUS)* creates the infrastructure for the design of occupational standards of skills within 9 key sectoral areas leading to formal certification and quality assurance.

<sup>45</sup> ESF 1.34 '*Addressing skills mismatches in the aviation maintenance industry*' aims to address the lack of skills presently encountered in the aviation maintenance industry at a technician level. ESF1.23 - *Higher Education Courses to Address Skill Mismatches in Gozo* aims at reducing labour market mismatches as it will enable participants to achieve a higher level of education and skills in the finance, ICT and tourism sectors.

## Information on the physical and financial progress

### ▪ Physical Progress

The PA 1 projects under implementation as at end 2009 were all approved in the course of 2008 with implementation on the ground starting in earnest in the first two quarters of 2009. During the year under review, efforts were focused on the preparation, publishing and evaluation of tenders by the Beneficiaries in conjunction (where relevant) with the Central Contracting Authority. In 2009 under this Axis alone a total of 34 tenders were published<sup>46</sup> of which 18 were evaluated and 13 awarded. These were complemented by a number of calls for employment contracts (13 calls were launched in 2009) as well as preparations for calls for participants in the various actions, including scholarships – for which procedures had to be established in order to ensure alignment with ESF rules. This preparatory work took up most of the time, effort and resources of the Beneficiaries in 2009.

Most of the projects financed under this Priority Axis involve the provision of courses and scholarships. With regard to progress of the activities, it should be noted that a number of projects under this Priority Axis managed to start implementation on the ground. Calls for applications for scholarships were launched and a total of 184 contracts were signed with participants.<sup>47</sup> Moreover, training activities, including MCAST top-up degrees<sup>48</sup>, courses in aviation sector<sup>49</sup> and courses in ICT<sup>50</sup> commenced. These involved 651 participants following formal education courses in 2009. These are but some of the principle examples that demonstrate the mobilisation of ESF on the territory. It is clear that this mobilisation is very resource intensive and was therefore complemented by the engagement of a number of persons (from ESF and national funds) supporting the implementation of the projects, in itself also contributing to increase in employment as well as the acquisition of new skills by those already in employment.

<sup>46</sup> Under the different procedures.

<sup>47</sup> Under ESF 1.24 - *Career Guidance Capacity Building* three calls for scholarships in Post graduate Diploma and Masters Programmes in Career Guidance were issued. As a result, six contracts were signed. Under ESF 1.25 - *Strategic Educational Pathway Scholarships - STEPS* three calls for scholarships in Masters and PhD. As a result, 178 contracts were signed.

<sup>48</sup> ESF 1.36 - *Professional development programmes for MCAST staff & student's top-up degrees*.

<sup>49</sup> ESF 1.34 - *Addressing skills mismatches in the Aviation Maintenance Industry*

<sup>50</sup> ESF 1.33 - *Increasing ICT Student Capacity in Malta*



Table 5: Priority Axis 1 Indicators (Output and Result Indicators)

| Priority Axis 1 – Improving education skills  |             |   |             |      |      |       |       |
|---|-------------|---|-------------|------|------|-------|-------|
|   |             |   |             | 2007 | 2008 | 2009  | Total |
| Output  | A           | Indicator 1: Number of persons participating in further or higher education & training programmes               | Achievement | 0    | 0    | 129   | 129   |
|   |             |   | Target      | n/a  | n/a  | n/a   | 2,000 |
|   |             |   | Baseline    | n/a  | n/a  | n/a   |       |
|   | B           | Indicator 2: Number of persons participating in S&T or ICT in further or higher education & training programmes | Achievement | 0    | 15   | 610   | 625   |
|   |             |   | Target      | n/a  | n/a  | n/a   | 600   |
|   |             |   | Baseline    | n/a  | n/a  | n/a   |       |
|   |             | Indicator 3: Number of persons participating in S&T or ICT capacity building education & training               | Achievement | 0    | 0    | 8     | 8     |
|   |             |   | Target      | n/a  | n/a  | n/a   | 250   |
|   |             |   | Baseline    | n/a  | n/a  | n/a   |       |
|   |             | Indicator 4: Number of S&T or ICT actions/studies/campaigns/research activities carried out                     | Achievement | 0    | 0    | 0     | 0     |
|   |             |   | Target      | n/a  | n/a  | n/a   | 10    |
|   |             |   | Baseline    | n/a  | n/a  | n/a   |       |
|   | C           | Indicator 5: Number of persons trained through capacity building courses  | Achievement | 0    | 0    | 110   | 110   |
|   |             |   | Target      | n/a  | n/a  | n/a   | 750   |
|   |             |   | Baseline    | n/a  | n/a  | n/a   |       |
| Indicator 6: Number of persons trained through supplementary courses, modules or credits for better skills matches    |             | Achievement   | 0           | 213  | 192  | 405   |       |
|   |             | Target  | n/a         | n/a  | n/a  | 3,000 |       |
|   |             | Baseline  | n/a         | n/a  | n/a  |       |       |
| Indicator 7: Number of actions supporting educational quality, relevance, structures, systems, campaigns and research | Achievement | 0   | 0           | 0    | 0    |       |       |
|   | Target      | n/a   | n/a         | n/a  | 20   |       |       |
| Result  | A           | Indicator 1: % of participants gaining a further or higher education & training qualification                   | Achievement | 0%   | 0%   | 0%    | 0%    |
|   |             |   | Target      | n/a  | n/a  | n/a   | 75%   |
|   |             |   | Baseline    | n/a  | n/a  | n/a   |       |
|   | B           | Indicator 2: % of participants gaining a further or higher education & training qualification in S&T or ICT     | Achievement | 0%   | 0%   | 0%    | 0%    |
|   |             |   | Target      | n/a  | n/a  | n/a   | 75%   |
|   |             |   | Baseline    | n/a  | n/a  | n/a   |       |
|   |             | Indicator 3: % of participants gaining a qualification/certification in capacity building education/training    | Achievement | 0%   | 0%   | 2.8%  | 2.8%  |
|   |             |   | Target      | n/a  | n/a  | n/a   | 80%   |
|   |             |   | Baseline    | n/a  | n/a  | n/a   |       |
|   | C           | Indicator 4: % of participants gaining a qualification/certification  | Achievement | 0%   | 0%   | 1.9%  | 1.9%  |
|   |             |   | Target      | n/a  | n/a  | n/a   | 80%   |
|   |             |   | Baseline    | n/a  | n/a  | n/a   |       |

**Table 6: Financial Progress Priority Axis 1**

| Priority Axes  | Total contribution | Financial progress |              |               |            |
|--|--------------------|--------------------|--------------|---------------|------------|
|  |                    | Commitments        | Payments     | Commitments % | Payments % |
|  | (a)                | (b)                | (c)          | (b/a)         | (c/a)      |
| Priority Axis 1<br><i>Improving education and skills</i> | 37,400,000.00      | 27,089,316.50      | 1,659,320.79 | 72.4%         | 4.4%       |

## Qualitative Analysis

### a) Analysis of indicators

A brief overview of section 3.1.2 clearly demonstrates that 2009 has registered considerable progress of the targets when compared to 2008. Although in 2009 all the projects were in their first year of implementation on the ground, the number of persons participating in training activities can be considered satisfactory so far. An analysis at the level of output indicators clearly demonstrates a significant increase in the targets reached from 2008 to 2009. Specifically, the number of persons participating in Science and Technology (S&T) or ICT in further or higher education / training programmes has increased substantially from 15 to 610 participants. Of course the targets of the OP in terms of the output and result indicators have not yet been achieved. 2009 was the first year of implementation on the ground and all the projects that contributed to the targets in 2009 were still in their initial phases. Moreover, a good 28% of the Axis is still uncommitted.

As at end 2009, all projects had commenced the procurement process and 43.8% of the amount committed had been contracted, under some form of procedure or another. Moreover, 1049 persons were involved in training and /or further education in 2009. As at end of the year under review, one campaign seeking to popularise science with younger target groups by providing a gainful insight on the basic principles of science and technology was also launched.<sup>51</sup>

### b) Financial Analysis

A brief overview of the financial progress of the Priority Axis reveals a good result in terms of commitment although the level of payments is still below expectations due to a number of issues which are explained further under section 3.1.4.

During 2009, the total amount committed under this Priority Axis was of € 27,089,316.50. This is translated in a financial commitment of 72.4% of the total PA allocation.<sup>52</sup> As already outlined above, under PA 1, 43.8% of the commitments were contracted.<sup>53</sup> Last year also saw the start of payments under this Axis. In fact as at the end 2009, over 50% of the projects had also started disbursing funds.<sup>54</sup> This brings the level of

<sup>51</sup> The *Science Popularisation Campaign* was launched under ESF 1.40 - *Science Popularisation Campaign* in November 2009.

<sup>52</sup> The total allocation of PA1 under the Operational Programme amounts to 37,400,000, reflecting the 28.38% of the total budget of the Programme.

<sup>53</sup> As at the end of 2009, €11,911,028 were contracted under PA 1.

<sup>54</sup> The projects are: ESF 1.21 - *Parents and Teachers Fusion ICT Training Programme*; ESF 1.25 - *Strategic Educational Pathway Scholarships*; ESF 1.31 - *Wood CPR: Education & Training in Wood Conservation Restoration* ; ESF 1.34 - *Addressing skills*

disbursement in 2009 to € 1,659,320.79, meaning that 6% of the committed amount and the 4.4% of the total PA allocation had been disbursed.<sup>55</sup> The amount of € 356,213.55 was certified to the EC in November 2009.<sup>56</sup> Since most of the projects that were approved under PA 1 had started their implementation in 2009, it is expected that the disbursement level increases significantly in 2010. Furthermore, another call for projects under PA 1 is expected to be launched in 2010 which will most likely see a total commitment of the Axis in projects by end 2010.

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

As already indicated, projects' implementation started to gain momentum only in 2009, progress being rather slow in 2008. The main issues highlighted in 2008, namely the delays in approving operations and the delays in the procurement process continued to persist, albeit to different degrees, in 2009. Another factor contributing to the delays in 2009 were the effects of the economic crisis.

As already highlighted in section 2.3, the lengthy project selection process continued to be cause of delays in 2009. This is due to a number of issues, not least the detailed analysis by the Project Selection Committee of the project at this stage. The process adopted results in the procedure being very capacity intensive. The MA had sought to deal with the capacity issue in 2008 by setting up a separate committee in 2008 to deal with ESF projects.<sup>57</sup> In 2009, however, the Chair of the Committee resigned and the Head of the MA took on this role in order to clear up pending applications in the shortest time possible. The availability of the members of the Project Selection Committee is also a problem. In 2009, the MA appointed a specific director for the Programme, however in the latter half of 2009, the Head of the OPII unit was indisposed for most of quarter 3 (Q3) until the end of the year, with the resulting impact on capacity.

However, despite the long process of project selection, Malta is still one of the countries that has high commitments in terms of projects. As at end 2009, 72.4% of the funds had already been allocated under this PA. Furthermore, the Managing Authority is expecting to launch another call in 2010. In this regard, the Managing Authority will discuss the projects selection process with the evaluators undertaking the mid-term evaluation with a view to making the process more efficient.

The procurement process under this Priority Axis faced backlogs at the various stages of the process. This has also resulted on a number of unsuccessful tendering procedures. Specifically, under PA 1, the main reasons of unsuccessful tendering procedures were: lack of sufficient bidders, administratively incompliant bids (which result in potentially valuable bids being discarded) and bids going over the projected budgets. These issues often result in no valid bids remaining in the competition which then has to be re-launched under some procedure or other.

---

*mismatches in the aviation maintenance industry; ESF 1.36 - Professional development programmes for MCAST staff & student's top-up degrees; ESF 1.40 - Science Popularisation Campaign ; ESF 1.19 - Online e-Learning Management System for Post-graduate Medical Training Activities .*

<sup>55</sup> There was no disbursement in 2008 under this Priority Axis.

<sup>56</sup> On the 15<sup>th</sup> January 2010, the EC re-funded € 302,781.52 (85%) under this PA.

<sup>57</sup> In 2007 the PSC for OPI (ERDF and CF) and OPII (ESF) were the same.

In addition to these constraints, whose roots can be traced not least to the permanent territorial constraints of the market, a number of successful tenders go into appeal which, on average, takes around three months for a decision. In the case of projects under PA 1, 13% of the larger tenders have resulted in an appeal at some point in the process. Appeals take an average of three months to clear. On a positive note, by end of year, both appeals were cleared by the Public Contracts Appeals Board, paving the way for implementation in 2010.

The highly centralised system as well as capacity issues (within the Central Contracting Authority as well as Beneficiaries) is a cause of delay in the procurement process, however, once again, this is offset by a high degree of consistency in decisions and comfort in terms of quality assurance. The system ensures that the level of irregularities in procurement remains low and hence contributes, in the long term, to a sustainable absorption of funds. It should be noted that measures to address the issue of administratively incompliant bids are planned for 2010 (by the Ministry of Finance) and that further calls for recruitment within the Central Contracting Authority is also in the pipe-line.

The global economic crisis also had an impact on some of the projects. Due to the effects of the global economic crisis a number of Beneficiaries found it difficult to implement projects, despite the availability of pre-financing from national resources. The economic crisis has also had an impact on contractors' capacity resulting in a number of tenders not receiving bids.



## 3.2 Priority Axis 2 – Investing in Employability and Adaptability of the Workforce

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

The objectives of Priority Axis 2 (PA 2) are to invest in human capital, ensuring that working age population and enterprises become flexible to respond to the needs of the economy, whilst reducing unemployment levels.

As at end 2009, there were four *mainstream* projects and one Aid Scheme<sup>58</sup> under Article 107 of the Treaty that were being implemented under Axis 2. The amount committed under PA 2 registered in 2009 totals € 20,212,088.00, representing the 65.2% of the Priority Axis. The second call for project proposals under PA 2 resulted in 14 new projects for a total value of € 6,276,567 being submitted in 2009 under this Axis. As at end of 2009, the evaluation was still ongoing.<sup>59</sup>

Human resources are Malta's sole resource and therefore it is important that this resource continuous to be supported throughout its life-span. Through the objectives of this Axis, Government is ensuring a holistic and life-long approach to education and training. The projects financed under this Priority Axis target the increase of participation in lifelong learning by providing opportunities to all citizens (whether already in the labour market or not) to learn new skills, upgrade existing skills and seek new employment opportunities. As at end 2009, there were 6,080 participants involved in training from the mainstream projects and scheme.<sup>60</sup> The target groups addressed included unemployed, inactive as well as those employed but seeking further training, including older workers.

The Axis also supports undertakings in re-structuring; adapting to new demands and increasing competitiveness through human resource development. In 2008, the Managing Authority designated the *Employment and Training Corporation* (ETC) as the Intermediate Body for the implementation of the Aid Scheme. In the first quarter of 2009, a Covenant regulating the relationship between the Managing Authority and the Employment and Training Corporation vis-à-vis the management and the implementation of the *Training Aid Framework*<sup>61</sup> (TAF) was signed. Through this Aid Scheme, undertakings are being supported to increase their adaptability to the changing labour market needs through the upgrading of skills of their workers. The Managing Authority allocated € 8.8 million Euro to the IB to be disbursed as grants to the private sector in this regard. As at end 2009, the IB had received 1,046 applications and had signed 230 grant agreements, representing 22 % of the applications received and the 4.5% of the overall financial grant allocation. The applications for support are coming from all sectors of the economy, however the sectors of manufacturing, real estate, renting and business activities, and wholesale and retail trade were deemed to be the most active in 2009. By the end of the year under review, close to 1,000 persons<sup>62</sup> were involved in training activities funded by TAF.

<sup>58</sup> Scheme is addressing training needs in the private sector.

<sup>59</sup> Six new projects under PA 2 were approved in the first quarter of 2010.

<sup>60</sup> 5,101 participants came from ESF 2.4 -*Employability Programme* and the rest were participants under the Scheme.

<sup>61</sup> Name of aid scheme implemented under this Axis.

<sup>62</sup> 979 to be exact.

## Information on the physical and financial progress

### ▪ Physical Progress

As mentioned above, four projects and one Aid Scheme under Article 107 of the Treaty, which were approved by the end of 2008, started implementation of activities in 2009. Most projects were involved in the launching of tenders and 2 projects also managed to commence the implementation of the activities.<sup>63</sup> This is a great achievement considering that most of the tenders launched in 2009 were not awarded in the same year due to appeals<sup>64</sup> or other administrative issues which came up following the results of the tendering process. There were 5 Department of Contracts Tenders (for a value of €4,719,722) which were published in 2009: 4 of these were evaluated and only one (20%) was awarded in the same year. On a positive note there were also 72 departmental tenders launched in 2009 of which 62 were awarded. 18 calls for employment contracts were also launched and all were successful.<sup>65</sup> The start of project activities was only possible due to the departmental tenders which were launched and awarded in 2009.

As a result of the problems in the procurement process, most of the activities implemented on the ground originated from the ESF 2.4 - *Employability Programme*, consisting in various courses on a wide spectrum of areas and topics. These included both practical and theoretical training, ranging from Basic Skills courses to Vocational Training. As at end 2009, 5,101 persons were involved in training with the target group being largely unemployed persons.

With regards to the Aid Scheme, under Article 107 of the Treaty, the IB focused its efforts in the first quarter of 2009 on setting up the procedures as well as undertaking the necessary preparations for the launch of the scheme. The scheme was officially launched in February 2009 and immediately attracted widespread interest from all areas of the private sector. Information sessions were also organised. By the end of 2009, 1046 applications were received<sup>66</sup> and a total of 230 Grant Agreements were signed between the IB and the Beneficiary enterprises amounting to a total of € 401,363.00. Almost one thousand people benefited from training in 2009 under this scheme.

<sup>63</sup> Including the Aid Scheme.

<sup>64</sup> ESF 2.4 – *Employability Programme*, appeal with regards to Service Tender for the Publicity & Marketing Campaign was presented on 21<sup>st</sup> December 2009; ESF 2.11 - *Developing Leaders for Change and Innovation in Tourism*, suffered two appeals on the same tender at different points in the adjudication process; ESF 2.12 – *Second Step* was subject to an appeal on the tender for Development and Delivery of an ICT Diploma. .

<sup>65</sup> This figure includes 10 employment calls that were launched in 2008 and awarded in 2009.

<sup>66</sup> The scheme is demand driven.

Table 7: Priority Axis 2 Indicators (Output and Result Indicators)

| Priority Axis 2 – Investing in the employability and adaptability of the workforce |        |   |  |             |      |       |                     |      |
|--|--------|---|--|-------------|------|-------|---------------------|------|
|  |        |   |  | 2007        | 2008 | 2009  | Total               |      |
| Output   | A      | Indicator 1: Number of persons trained/supported  | Achievement  | 0           | 0    | 5101  | 5101                |      |
|  |        |   | Target   | n/a         | n/a  | n/a   | 45000 <sup>67</sup> |      |
|  |        |   | Baseline   | n/a         | n/a  | n/a   |                     |      |
|  |        | Indicator 2: Number of actions supporting educational structures, systems, campaigns and research | Achievement  | 0           | 0    | 0     | 0                   |      |
|  |        |   | Target   | n/a         | n/a  | n/a   | 5                   |      |
|  |        |   | Baseline   | n/a         | n/a  | n/a   |                     |      |
|  | B      | Indicator 3: Number of undertakings supported   | Achievement  | 0           | 0    | 230   | 230 <sup>68</sup>   |      |
|  |        |   | Target   | n/a         | n/a  | n/a   | 700                 |      |
|  |        |   | Baseline   | n/a         | n/a  | n/a   |                     |      |
|  | Result | A   | Indicator 1: % of participants in employment or further study 6 month after receiving assistance | Achievement | 0%   | 0%    | 0.3%                | 0.3% |
|  |        |   |  | Target      | n/a  | n/a   | n/a                 | 20%  |
|  |        |   |  | Baseline    | n/a  | n/a   | n/a                 |      |
| Indicator 2: % of participants gaining a qualification/certification               |        |   | Achievement  | 0%          | 0%   | 8.43% | 8.43%               |      |
|  |        |   | Target   | n/a         | n/a  | n/a   | 60%                 |      |
|  |        |   | Baseline   | n/a         | n/a  | n/a   |                     |      |
| B  |        | Indicator 3: % of participants gaining a qualification/certification                              | Achievement  | 0%          | 0%   | 0%    | 0%                  |      |
|  |        |   | Target   | n/a         | n/a  | n/a   | 60%                 |      |
|  |        |   | Baseline   | n/a         | n/a  | n/a   |                     |      |

Table 8: Financial Progress Priority Axis 2

| Priority Axes   | Total contribution | Financial progress        |            |               |            |
|---|--------------------|---------------------------|------------|---------------|------------|
|   |                    | Commitments <sup>69</sup> | Payments   | Commitments % | Payments % |
|   | (a)                | (b)                       | (c)        | (b/a)         | (c/a)      |
| Priority Axis 2<br>Investing in the employability and adaptability of the workforce | 30,995,000.00      | 20,212,088.00             | 185,320.97 | 65.2%         | 0.6%       |

<sup>67</sup> Including repeat participants<sup>68</sup> This amount refers to the number of Grant Agreements signed.<sup>69</sup> The committed amounts include both the projects approved by the MA as well as the commitments made by the MA to the IB with regard to the aid schemes. With regards to the Aid Scheme, the amounts committed (through grant agreements) by the IB to the Beneficiaries are being described as amounts *contracted* and amount to €401,363 as at end 2009.

## Qualitative Analysis

### a) Analysis of indicators

It is clear that, despite the problems encountered in the procurement process by most of the projects, under this Axis a significant increase has been registered with regard to the achievement of the first output indicator: *Number of persons trained/supported*. In 2009, this indicator reached a target of 5,101 persons, which resulted from ESF 2.4 *Employability Programme*.<sup>70</sup> Corresponding to this indicator is the result indicator which indicates that 8.43 % participants gained certification. This percentage is representing the amount over the whole target of 45,000.<sup>71</sup>

Another output indicator which has registered considerable achievements in 2009 is the *Number of undertakings supported*, which is addressed through the Aid Scheme under this PA. It should be noted that the Intermediate Body has already managed to reach 33% of the target in the OP. With regards to the corresponding result indicator: *% of participants in employment or further study 6 months after receiving assistance*, within the year under review, 6 months had not elapsed since the start of the training activities in 2009 and therefore achievement in relation to this indicator could not be registered in 2009.

In spite of the considerable progress registered with regard to some indicators between 2008 and 2009, the overall achievement is still far from the final target. However, considering that most of the progress registered came from one operation and one aid scheme only, the targets reached are more than satisfactory for the year.

### b) Financial Analysis

During 2009, the total amount committed under this Priority Axis was of €20,212,088.00. This is translated in a financial commitment of 65.2% of the total PA allocation.<sup>72</sup> Only 8.8% of the commitments were contracted.<sup>73</sup> There were 4 projects, including the scheme, which started to disburse funds in 2009.<sup>74</sup> With regards to the level of disbursement reached in 2009, this amounted to €185,320.97.<sup>75</sup> This means that 3.8% of the committed amount (less than 1% of the total PA allocation) was disbursed by the end of 2009. The amount of € 44,227.30 was certified to the EC in November 2009.<sup>76</sup> As already highlighted above, the low disbursement is mainly due to the fact that most of the projects approved could not start implementation on the ground, given that 80% of the larger tenders launched failed to be contracted. It is expected that in 2010 commitments will increase due to the call for proposals that was still being evaluated in 2009 and the possible clearance of the procurement procedures that were pending as at end of year.

<sup>70</sup> It should be noted that there was no achievement in indicators in 2008.

<sup>71</sup> The actual amount of persons gaining a certification from the persons receiving training in 2009 is 3,795, corresponding to 74.4% of 5,101.

<sup>72</sup> The total allocation of PA 2 under the Operational Programme amounts to 30,995,000, reflecting the 23% of the total budget of Programme.

<sup>73</sup> As at the end of 2009, the amount of €1,784,979 was contracted under PA 2.

<sup>74</sup> These were: ESF 2.4 - *Employability Programme*; ESF 2.11 - *Developing Leaders For Change & Innovation in Tourism* and ESF 2.12 *Second Step and the Aid Scheme* and ESF 2.65 - *Training Aid Framework*

<sup>75</sup> This amount includes €22,749.35 disbursed in 2008 and €162,571.62 in 2009

<sup>76</sup> On the 15<sup>th</sup> January 2010, the EC refunded € 37,593.20 (85%) under this PA.



### 3.2.2 Significant problems encountered and measures taken to overcome them

The main problems identified that caused delays in implementation and disbursement under this Axis are largely attributed to the difficulties in the procurement process. As stated previously under this section, only 20% of the larger procedures launched were contracted as at end of 2009. The very fragmented nature of the aid scheme is also a problem in terms of concluding grant agreements and processing of payments under this operation.

With regard to the selection of operations, the second call for projects under PA 2 was still under evaluation as at end of 2009. The reasons for delay in the project selection process have been amply explained in sections 2.2 and 3.1.4 of this report. However, one should also note that unlike Axis 1, this Axis has a high degree of involvement (in terms of submission of projects) by NGOs and other members of the civil society. The project selection process often takes much longer in this case given the lack of experience of such organisations in handling structural funds and the obligation to familiarise themselves with rules and regulations related to management of public funds. Moreover, capacity issues are more acute in such organisations, often resulting in additional clarifications.

Tendering was also a problem for this Axis. In the case of projects under PA 2, apart from the common issue of delays in the procurement process as a result of backlogs in the system, 60% of the larger tenders have resulted in an appeal at some point in the process. By end of year less than a third were cleared by the Public Contracts Appeals Board, paving the way for implementation in 2010. Some delays in implementation will continue to be felt in 2010 with regard to these projects due to the seasonality issue, particularly those targeting the tourism sector.

Aid Schemes have the tendency to move faster and disburse quicker than other mainstream operations. In the case of TAF, however, given the demand driven approach of the scheme, the IB was inundated with applications within the first few months of launching the scheme, resulting in an immediate backlog in approving operations as well as processing of disbursements. In Malta, payments for aid schemes are processed following a request for reimbursement by the Beneficiary. 27 requests for reimbursement were received by the IB as at end 2009, however no reimbursement requests were processed even though 230 Grant Agreements were signed by the end of the same year. The reasons are varied and include procedural (IB is conducting 100% ex-ante checks in respect of each application for reimbursement to avoid recoveries at a later stage); queries regarding calculation of eligible costs particularly due to the lack of standardisation of procedures among private sector companies; incomplete documentation submitted by the Beneficiaries as well as general *teething problems*. It is also clear from the number of applications received and the corresponding potential claim on the funds (over 1000 applications for 4.5% of the funds) that the operations are very small and the scheme is extremely fragmented. This is a reflection of the nature of the private sector in Malta, largely consisting of micro and family run enterprises that, despite good intentions, have limitations on the level of training that can be undertaken at any given point in time. In reality the scheme has resulted in a *paperwork overkill* which the IB is also trying to address. It is planned that disbursements will start in 2010.

### 3.3 Priority Axis 3: Promoting an Equal and Inclusive Labour Market

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

The overall objective of Priority Axis 3 (PA 3) is to promote the uptake of stable and quality employment by persons who find difficulties in participating in the labour market. The Axis aims to address the employment needs of those furthest away from the labour market. In this regard the *mainstream* projects under implementation target a variety of target groups, including women<sup>77</sup>, disadvantaged groups<sup>78</sup>, persons with disabilities<sup>79</sup>, persons with mental health difficulties<sup>80</sup>, parents<sup>81</sup> and educators.<sup>82</sup>

As at end 2009, there were seventeen projects and one Aid Scheme under Article 107 of the Treaty on the functioning of the European Union being implemented under this Axis. As already outlined in previous sections, a pre-announcement for a future call was published in the last quarter of 2009. The amount committed under PA 3 as at end 2009 totals € 19,130,337.18, representing 51.84% of the Priority Axis' allocation.

During the year under review, 3 of the 17 projects under implementation were being led by Voluntary Organisations and Social Partners<sup>83</sup>. The areas being targeted are illiteracy, lifelong learning of disadvantaged groups and mental health. Apart from benefiting from the experience at grass root level of these organisations, a good number of operations under this Axis are a good example of the multi-level governance of Cohesion Policy.

The Axis also supports disadvantaged groups in gaining direct experience in the labour market and encourages employers to tap these resources. In 2008 the Managing Authority designated the *Employment and Training Corporation* (ETC) as the Intermediate Body for the implementation of the Aid Scheme under the *Employment Aid Programme* (EAP). In the first quarter of 2009, a Covenant regulating the relationship between the Managing Authority and the ETC vis-à-vis the management and the implementation of the EAP was signed. Through this Aid Scheme, undertakings are being supported to take on employees from disadvantaged groups that would otherwise face barriers in entering the labour market. This incentive to the employer facilitates the process of disadvantaged persons finding and potentially retaining employment.

The Managing Authority allocated €8.2 million to the IB to be disbursed as grants to the private sector in this regard. As at end 2009, the IB had received 854 applications (177 from Gozo and 677 from Malta) and had signed 438 grant agreements for a total of €1,512,367 representing close to 18.4% of the allocation. Out of

<sup>77</sup> ESF 3.47 - *Unlocking the Female Potential* and ESF 3.59 - *Nista: The Benefits of sharing life's responsibilities*.

<sup>78</sup> ESF 3.64 - *Employment Aid Programme* and ESF 3.52 - *Care Creates Changes in People's Lives and the Environment*.

<sup>79</sup> ESF 3.62 - *ME2: Integration of Persons with a disability into the labour market* and ESF 3.68 - *David: Developing a vocational training programme for persons with intellectual disability*.

<sup>80</sup> Persons with mental health difficulties are the target of ESF 3.71 *'Impact Assessment of Mental Health on Employment for policy development*.

<sup>81</sup> ESF 3.48 - *LLEEP: Lifelong Learning for Enhanced Employability for Parents* and ESF 3.51 - *Creative Lives Creative Schools*.

<sup>82</sup> ESF 3.49 - *Training of Inclusion Co-ordinators for Secondary Education*.

<sup>83</sup> ESF 3.66 - *Ic-Cavetta - Maltese Literacy Toolkit for Employment and Education Inclusion*; ESF 3.68: *DAVID: Developing a Vocational Training Programme for Persons with Intellectual Disability*; ESF 3.71- *Impact Assessment of Mental Health on Employment for Policy Development*

the 438 employees supported 189 (representing 43% of the grants committed) were women. The applications for support are coming from all sectors of the economy, however the wholesale and retail trade, real estate, renting and business activities, and the manufacturing sector, also in this case as is also the case for the *TAF*, were deemed to be the most active in 2009.

## Information on the physical and financial progress

### ▪ Physical Progress

As mentioned above, seventeen projects and one Aid Scheme under Article 107 of the Treaty had been approved by the end of 2009.

After the withdrawal of one of the approved projects,<sup>84</sup> funds were made available for two additional projects to be approved from the third call's reserve list. However, only one of the two projects accepted the offer.<sup>85</sup> All the projects under PA 3 started implementation on the ground in 2009. Most of these projects were involved in the design, launching and evaluation of tenders. With regards to tenders, a total of 78 tendering procedures were launched by public organisations in 2009 of which 35 were awarded in the same year. Finally, twelve employment calls were launched by public Beneficiaries, fourteen calls were evaluated<sup>86</sup> and 19 employment contracts were awarded by the end of 2009.<sup>87</sup>

Moreover, another 8 tenders were launched by Beneficiaries coming from NGOs and members of the civil society of which 7 were evaluated and awarded in 2009.<sup>88</sup> A further thirteen employment contracts were launched by these Beneficiaries in 2009 and contracted. In this regard, it should be noted that whilst NGO calls for tenders are not processed through the government structures, the Managing Authority encourages these entities to adhere to the general principles of the Public Procurement Regulations in the spirit of good governance and a fair and transparent approach in procurement procedures for all Cohesion Policy resources.

Despite the difficulties encountered in the procurement process, however 7 of the projects under this Priority Axis also managed to commence their activities during the year under review. As at end of 2009, a total of 268 persons were participating in training: of these 143 were women. It should be noted that out of 268: 157 participants were inactive (of which 71 were women); 103 participants belonged to other disadvantaged groups, (54 of which were women);<sup>89</sup> 6 were older workers (55-64 years) which were all women and 2 long term unemployed (no women) Apart from training, there were also 21 actions under implementation that aim to eliminate barriers and enhance employment prospects of disadvantaged groups. These include: 3 civil

<sup>84</sup> On the 19th May 2009, ESF 3.63 - *Childcare subsidy scheme*, with a total budget of 2,028,568.00 was formally withdrawn by the Beneficiary.

<sup>85</sup> Following the official Letter of Offer, sent by the MA in August 2009, only ESF 3.58 – SIPP accepted to be funded through ESF.

<sup>86</sup> This refers also to the evaluation of two calls launched in 2008.

<sup>87</sup> This refers to all the employment contract signed by the end 2009, including those signed by the next candidate on the list after the resignation of the selected candidate.

<sup>88</sup> Two of these tenders had a value between € 2,500 and € 6,000 threshold; three had a value between € 6000 and € 47,000 threshold and 2 exceeded the amount of 47,000.

<sup>89</sup> ESF 3.43 - *Dignity for Domestic Violence Survivors*, ESF 3.48 - *Lifelong Learning For Enhanced Employability for Parents*; ESF 3.49 - *Training of Inclusion Coordinators for Secondary Education*; ESF 3.61- *E4L - Embark for life*; ; ESF 3.62 – ME2.

society projects<sup>90</sup>; 13 studies, campaigns and research activities<sup>91</sup> and 5 actions supporting a lifecycle approach to work.<sup>92</sup>

With regards to the Aid Scheme under Article 107 of the Treaty, the IB focused its efforts in the first quarter of 2009 on setting up the procedures as well as undertaking the necessary preparations for the launch of the call. The scheme was officially launched in February 2009 and immediately attracted widespread interest from all areas of the private sector. The scheme is supported by an intense publicity and marketing campaign in order to reach all possible employers and to ensure that no person is left behind. By the end of 2009, 854 applications were received and a total of 438 Grant Agreements were signed between the IB and the Beneficiary enterprises amounting to a total of €1,512,367.00.<sup>93</sup> It should be noted that out of the 438 Grant Agreements signed, 143 participants were Gozitan.<sup>94</sup> As at end 2009, the IB had also started monitoring visits on Beneficiary companies.

---

<sup>90</sup> Refer to projects mentioned under footnote 40

<sup>91</sup> In this regard, few examples are: ESF 3.43 - *Dignity for Domestic Violence Survivors*, is carrying out a prevalence study aiming to better determine the link started between domestic violence and non employment started in 2009; ESF 3.71 - *Impact Assessment of Mental Health on Employment for Policy Development* carries out a research study which aims to identify the main barriers of the persons who experience mental health difficulties in accessing, retaining or maintaining their employment.

<sup>92</sup> As at the end, three projects are implementing actions supporting a lifecycle approach to work: these are ESF 3.51 - *Creative Lives, Creative Schools* that in 2009 launched a Subsidy action for the after school childcare; ESF 3.47 - *Unlocking the Female Potential* implementing a publicity campaign and a research study and ESF 3.59 - *Nista' . The benefits of sharing life's responsibilities* implementing a research study and a publicity campaign

<sup>93</sup> The scheme is demand driven.

<sup>94</sup> This refers to Gozitans employees, resident in Gozo, that benefited from the Scheme in 2009.

Table 9: Priority Axis 3 Indicators (Output and Result Indicators)

| Priority Axis 3 – Promoting an equal and inclusive labour market                    |   |   |             |      |      |       |                   |
|---|---|---|-------------|------|------|-------|-------------------|
|   |   |   | 2007        | 2008 | 2009 | Total |                   |
| A   | Indicator 1: Number of actions supporting a lifecycle approach to work                                  | Achievement   | 0           | 0    | 0    | 0     |                   |
|   |   | Target  | n/a         | n/a  | n/a  | 10    |                   |
|   |   | Baseline  | n/a         | n/a  | n/a  |       |                   |
|   | Indicator 2: Number of women trained/supported  | Achievement   | 0           | 0    | 24   | 24    |                   |
|   |   | Target  | n/a         | n/a  | n/a  | 2,000 |                   |
|   |   | Baseline  | n/a         | n/a  | n/a  |       |                   |
|   | Indicator 3: Number of families benefiting from childcare   | Achievement   | 0           | 0    | 0    | 0     |                   |
|   |   | Target  | n/a         | n/a  | n/a  | 1,600 |                   |
|   |   | Baseline  | n/a         | n/a  | n/a  |       |                   |
|   | B   | Indicator 4: Number of vulnerable persons trained/supported | Achievement | 0    | 0    | 660   | 660 <sup>95</sup> |
|   |   |   | Target      | n/a  | n/a  | n/a   | 6,500             |
|   |   |   | Baseline    | n/a  | n/a  | n/a   |                   |
| Indicator 5: Number of persons trained in capacity building courses                 |   | Achievement   | 0           | 0    | 24   | 24    |                   |
|   |   | Target  | n/a         | n/a  | n/a  | 600   |                   |
|   |   | Baseline  | n/a         | n/a  | n/a  |       |                   |
| Indicator 6: Number of studies, actions, campaigns, research activities carried out |   | Achievement   | 0           | 0    | 0    | 0     |                   |
|   |   | Target  | n/a         | n/a  | N/a  | 10    |                   |
|   |   | Baseline  | n/a         | n/a  | N/a  |       |                   |
| Indicator 7: Number of civil society projects                                       |   | Achievement   | 0           | 0    | 3    | 3     |                   |
|   |   | Target  | n/a         | n/a  | N/a  | 50    |                   |
|   |   | Baseline  | n/a         | n/a  | N/a  |       |                   |
| A   | Indicator 1: % of participants in employment or further study 6 months after receiving assistance       | Achievement   | 0%          | 0%   | 0%   | 0%    |                   |
|   |   | Target  | n/a         | n/a  | n/a  | 20%   |                   |
|   |   | Baseline  | n/a         | n/a  | n/a  |       |                   |
|   | Indicator 2: % of participants gaining a qualification/certification                                    | Achievement   | 0%          | 0%   | 0%   | 0%    |                   |
|   |   | Target  | n/a         | n/a  | n/a  | 50%   |                   |
|   |   | Baseline  | n/a         | n/a  | n/a  |       |                   |
|   | Indicator 3: % of vulnerable persons in employment or further study 6 months after receiving assistance | Achievement   | 0%          | 0%   | 0%   | 0%    |                   |
|   |   | Target  | n/a         | n/a  | n/a  | 20%   |                   |
|   |   | Baseline  | n/a         | n/a  | n/a  |       |                   |
|   | Indicator 4: % of participant in capacity building gaining a qualification/certification                | Achievement   | 0%          | 0%   | 0%   | 0%    |                   |
|   |   | Target  | n/a         | n/a  | n/a  | 80%   |                   |
|   |   | Baseline  | n/a         | n/a  | n/a  |       |                   |

<sup>95</sup> This includes also persons supported by the EAP.

**Table 10: Financial Progress Priority Axis 3**

| Priority Axes  | Total contribution | Financial progress |            |               |            |
|--|--------------------|--------------------|------------|---------------|------------|
|  |                    | Commitments        | Payments   | Commitments % | Payments % |
|  | (a)                | (b)                | (c)        | (b/a)         | (c/a)      |
| Priority Axis 3<br><i>Promoting an equal and inclusive labour market</i> | 36,900,000.00      | 19,130,337.18      | 295,759.96 | 51.84%        | 0.80%      |

### Qualitative Analysis

#### a) Analysis of indicators

Most of the projects that were approved in 2008 started their implementation process in 2009. A good part of the effort was geared towards the procurement process, however seventeen projects also managed to contract, ten of which also mobilising actions on the ground. This is clearly visible in the output indicators which are reporting a significant increase on the figures registered in 2008. The number of women trained / supported in 2009 shows a satisfactory take up. This shift can also be seen in the number of persons trained in capacity building courses. However, the most significant increase can be registered in the number of vulnerable persons trained / supported. Progress on result indicators can only be registered at a later stage. However, considering the difficulties in the initial phases as well as the fact that the majority of the projects approved under PA 3 have a budget allocation less than € 500,000 progress on targets reached in 2009 is very satisfactory. As already outlined above, a pre-announcement for a call was issued in 2009 and another call under this Axis is expected in 2010.

#### b) Financial Analysis

The analysis of the financial progress of this Priority Axis reveals a good result in terms of commitments. As expected, however the level of payments is still below expectation due to the fact that payments on the aid scheme can only be processed once all obligations under the Grant Agreement are honored (e.g. employers recruiting disabled persons for the full 3 years are requested to keep the employee in employment for a further year after the subsidy period).

During 2009, the total amount committed under this Priority Axis was of € 19,130,337.18. This is translated in a financial commitment of 51.8% of the total PA allocation.<sup>96</sup> Of the amount allocated, 17% was contracted<sup>97</sup>. With regards to disbursements, first payments on this Axis were made in quarter 4 of 2009 and by end of year these amounted to € 295,759.96. This means that 1.5% of the amount committed was disbursed, equivalent to 0.8% of the total PA allocation. The amount of € 143,663.82 was certified to the EC in November 2009.<sup>98</sup> The low disbursement is mainly due to the fact that most of the projects were at tendering stage in 2009.

<sup>96</sup> The total allocation of PA 3 under the Operational Programme amounts to 36,900,000, reflecting the 28% of the total budget of Programme.

<sup>97</sup> By the end of 2009, €3,369,092.98 were contracted under PA 3.

<sup>98</sup> On the 15<sup>th</sup> January 2010, the EC refunded € 122,144.25 (85%) under this PA.

As for the Aid Scheme (EAP), no reimbursement requests were processed in 2009 due to the fact that Beneficiaries are reimbursed at the end of each operation, when all additional commitments and conditionalities can be considered met by the Beneficiary. Therefore, reimbursement is expected to start in the first quarter of 2010.

### 3.3.2 Significant problems encountered and measures taken to overcome them

The main problems identified and to which delays in implementation and disbursement can be attributed are similar to other Axes as far as the project evaluation/approval process and difficulties in contracting. Peculiar to this Axis, however, is the high level of non-public sector Beneficiaries and the payment procedure on the aid scheme which is only set into motion upon completion of all commitments (often going into months beyond the actual end of the co-funded operation itself) by the Beneficiary enterprise. The high fragmentation of this Axis, (the majority of projects are under € 500,000) is also creating efficiency challenges.

With regard to procurement, in the case of projects under PA 3, apart from the common issue of delays in the procurement process as a result of backlogs in the system, 17% of the larger tenders have resulted in an appeal at some point in the process. The appeal was cleared in the same year.

This Axis has the highest number of projects implemented by the Civil Society and Social Partners. Apart from participating in normal calls, the MA launched a specific call for NGOs in order to create a more level playing field as described in section 5.3.7 Project Selection of Chapter 5 entitled *Implemented Provisions* of the OP. Whilst the response to the calls has been deemed adequate, it is felt that these entities, mainly due to lack of experience in the management of EU funded projects, have found the whole process very challenging. The procedures under Structural Funds differ significantly from those which are usually adopted by NGOs mainly because these entities are small in size, are community based and generally unfamiliar with principles of public procurement, government payment systems and the volume of paperwork involved. Apart from the challenges to the Beneficiary, this also caused delays in concluding grant agreements (between the MA and the Beneficiaries concerned) as many of the processes had to be explained in order to ensure that the Beneficiary understands the obligations emanating from the grants prior to signature. The Managing Authority provided support by dedicating specific personnel at the disposal of selected Beneficiaries and complemented this effort by organising specific and intensive training sessions (also in 2009) designed for Civil Society and Social Partners on public procurement, government policies and structure, payment processes and reporting.

With regard to the Aid Scheme, under Article 107 of the Treaty, the payment conditions of the scheme which are meant to ensure that Beneficiaries respect all conditionalities are resulting in delays in disbursements. Such conditionalities often entail that an employer must retain the supported employee for six months after the co-financing period is over. In order to minimise recovery procedures (and the potential impact of such actions on both the enterprise as well as the ESF) at a later stage, the IB has opted for the conservative approach and to effect payment when all conditionalities are met. Moreover, a number of operational problems were also encountered with regard to the scheme. Given the high number of participants in the

scheme, a good part of IB resources was merely taken up with monitoring visits. This has meant a mobilisation of additional staff to cope with the unexpected numbers of participants. As at end 2009, the MA and the IB were in consultation in order to find a more acceptable way forward for this issue in 2010, whilst still maintaining full integrity of the system and guaranteeing 100% check of all operations. Another issue related to the implementation of the scheme that required a decision, concerned the maximum number of participants that a Beneficiary could employ in one calendar year. A proposal was made by the IB to raise the threshold and this was accepted by the Monitoring Committee in 2009.

### **3.4 Priority Axis 4: Strengthening of Institutional and Administrative Capacity**

#### **3.4.1 Achievement of targets and analysis of the progress**

Priority Axis 4 (PA 4) invests in human resources development and mechanism in order to strengthen institutional capacity and efficiency of public administrations, local government, Social Partners and Civil Society. The operational objectives are to: strengthen the efficiency and effectiveness of the public sector and to contribute towards the development of effective partnerships in a wide range of policy areas.

In 2009, the first seven projects were approved under this Axis. Specifically, five projects are targeting the public administration (organisations and employees) and two are targeting socio-economic partners. The amount committed under PA 4 totals € 8,543,321.42 as at end 2009, representing 40% of the Priority Axis. The areas include financial management, equality in public administration, better regulation, occupational health and ICT as well as general capacity building of partners.

#### **Information on the physical and financial progress**

- **Physical Progress**

During 2009, most of the work under this Axis concerned the project evaluation process. Following the approval of the projects in the latter half of 2009, resources were then mobilised to finalise the Grant Agreements, a process which is time consuming as project activities and budgets are broken down into detail and confirmed. It should be pointed out that this is a long process and very taxing on both the MA's as well as the Beneficiary's time and resources, however it does help to bring further clarity and focus into the project and avoids problems at a later stage. This has meant that approved projects will only start implementation in 2010, although some projects started designing tenders in the last weeks of 2009. In this regard no disbursement was made in 2009.



**Table 11: Priority Axis 4 Indicators (Output and Result Indicators)**

| Priority Axis 4 - Strengthening of institutional and administrative capacity |   |   |             |      |      |       |                    |
|--|---|---|-------------|------|------|-------|--------------------|
|  |   |   | 2007        | 2008 | 2009 | Total |                    |
| Output   | A | Indicator 1: Number of persons participating in training in a year  | Achievement | 0    | 0    | 0     | 0                  |
|  |   |   | Target      | n/a  | n/a  | n/a   | 4000 <sup>99</sup> |
|  |   |   | Baseline    | n/a  | n/a  | n/a   |                    |
|  | A | Indicator 2: Number of studies/actions/campaigns/research activities carried out  | Achievement | 0    | 0    | 0     | 0                  |
|  |   |   | Target      | n/a  | n/a  | n/a   | 30                 |
|  |   |   | Baseline    | n/a  | n/a  | n/a   |                    |
|  | B | Indicator 3: Number of projects supporting partnership  | Achievement | 0    | 0    | 2     | 2                  |
|  |   |   | Target      | n/a  | n/a  | n/a   | 7                  |
|  |   |   | Baseline    | n/a  | n/a  | n/a   |                    |
| Result   | A | Indicator 1: % of participants gaining a qualification/certification  | Achievement | 0    | 0    | 0     | 0                  |
|  |   |   | Target      | n/a  | n/a  | n/a   | 80%                |
|  |   |   | Baseline    | n/a  | n/a  | 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    | 0     | 0                  |
|  |   |   | Target      | n/a  | n/a  | n/a   | 50%                |
|  |   |   | Baseline    | n/a  | n/a  | n/a   |                    |

**Table 12: Financial Progress Priority Axis 4**

| Priority Axes   | Total contribution | Financial progress |          |               |            |
|---|--------------------|--------------------|----------|---------------|------------|
|   |                    | Commitments        | Payments | Commitments % | Payments % |
|   | (a)                | (b)                | (c)      | (b/a)         | (c/a)      |
| Priority Axis 4 Strengthening of Institutional and Administrative capacity. | 21,405,000.00      | 8,543,321.42       | -        | 40%           | 0.0%       |

### Qualitative Analysis

No indicator achievements could be registered under PA 4 during the year under review. In 2009, the total amount committed under this Priority Axis was of € 8,543,321.42. This is translated into a financial commitment of 40% of the total PA allocation<sup>100</sup>. No tenders were launched under this Axis in 2009. The projects selected can be divided into two categories: five supporting the public administration in areas related to financial management, ICT, better regulation, equality, occupational health and other areas which will be specifically identified through a training needs analysis and 2 projects supporting Partnership. One of these two projects is targeting the strengthening of capacity within MCESD which is the main consultative and

<sup>99</sup> Including repeat participants

<sup>100</sup> The total allocation of PA 4 under the Operational Programme amounts to 21,405,000, reflecting the 16.24% of the total budget of Programme.

advisory body (consisting of government and socio-economic partners) with the function to advise Government, on issues relating to sustainable economic and social development. The other project is aimed at building capacity to improve and support the micro enterprises' position vis-à-vis discussions on policy making.

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

During 2009, the only difficulties were related to the selection process which was long given the lack of clarity of some of the proposals submitted. While objectives were often clear and in compliance with the thrust of the OP, it was not always easy to ascertain the nature of the activities and the value of the targets proposed. A number of meetings had to be held with project proponents in order for the PSC to understand better the nature of the activities, the final (quantifiable) results as well as corresponding budgets, the latter having also an implication on eligible cost and therefore also the viability of the project.

## **3.5 Priority Axis 5 – Technical Assistance**

### **3.5.1 Achievement of targets and analysis of the progress**

During 2009, this Axis continued to provide the necessary support to the overall implementation of the programme. Various initiatives were undertaken and financed through this Axis. The adoption of the amended criteria approved during the MC held in May 2009 allowed for a wider utilisation of TA funds. By end of 2009, the MA had approved 159<sup>101</sup> separate mini operations for technical assistance to the value of € 1,511,270 (public eligible).<sup>102</sup>

#### **Information on physical and financial progress**

- **Physical progress**

The MA considers the TA budget as committed in line with the plan that was approved by the MC, on the 5<sup>th</sup> December 2007. Each year the MA receives requests against those commitments. These are sometimes requests for one-off activities (e.g. procurement of equipment) or involving multi-annual disbursements (e.g. salaries). In 2009, the MA received 75<sup>103</sup> requests for the use of TA. These included requests related to capacity building in various stakeholders both within and outside the MA (salaries); project selection expenditure; equipment; monitoring and evaluation; information and publicity as well as training and participation in conferences / meetings abroad.

The majority of these requests were related to Capacity Building, mainly training abroad, as well as the organisation of training seminars locally. Under the Implementation component there were a number of requests submitted by the SFD Unit, mainly related to the development of new modules of the SFD, as well

<sup>101</sup> The figure highlights the number of TA requests from 2007 till end 2009.

<sup>102</sup> This includes multi-annual commitments (as per contract) related to salaries but does not take into account possible extensions of contract till end of the programming period.

<sup>103</sup> Out of the 75 TA requests received, 5 were actually not approved

as the tender to upgrade the hardware<sup>104</sup>. Other requests were related to the Monitoring Committees and office supplies needed for the day-day running of the Programme. There were also a number of requests related to Information and Publicity which have aided in the overall promotion of EU Cohesion Policy. The number of requests to fund salaries increased, mainly due to the increase in workload both within the MA as well as within the other stakeholders, generating the need to recruit more staff which, in turn, has led to requests for small scale equipment such as desks and computers.

**Table 13: Priority Axis 5 Indicators (Output and Result Indicators)**

| Priority Axis 5 - Technical Assistance |  |                                       |             |                    |                    |       |     |
|--|--|---------------------------------------|-------------|--------------------|--------------------|-------|-----|
|  |  |                                       | 2007        | 2008               | 2009               | Total |     |
| Output                                 | Indicator 1: Number of Persons Trained                         | Achievement                           | 3           | 230 <sup>105</sup> | 127 <sup>106</sup> | 360   |     |
|  |  | Target                                | n/a         | n/a                | n/a                | 350   |     |
|  |  | Baseline                              | n/a         | n/a                | n/a                |       |     |
|  | Indicator 2: Number of evaluations carried out                 | Achievement                           | 0           | 0                  | 0                  | 0     |     |
|  |  | Target                                | n/a         | n/a                | n/a                | 4     |     |
|  |  | Baseline                              | n/a         | n/a                | n/a                |       |     |
|  | Indicator 3: Number of Publicity measures undertaken           | Achievement                           | 4           | 11                 | 7                  | 22    |     |
|  |  | Target                                | n/a         | n/a                | n/a                | 15    |     |
|  |  | Baseline                              | n/a         | n/a                | n/a                |       |     |
|  | Indicator 4: Number of studies/research activities carried out | Achievement                           | 0           | 0                  | 1 <sup>107</sup>   | 1     |     |
|  |  | Target                                | n/a         | n/a                | n/a                | 5     |     |
|  |  | Baseline                              | n/a         | n/a                | n/a                |       |     |
|  | Result   | Indicator 1: Reaching N+3/N+2 targets | Achievement | 0                  | 0                  | 0     | 0   |
|  |  |                                       | Target      | n/a                | n/a                | n/a   | 80% |
|  |  |                                       | Baseline    | n/a                | n/a                | n/a   |     |

**Table 14: Financial Progress Priority Axis 5**

| Priority Axes                                  | Total contribution | Financial progress |           |               |            |
|--|--------------------|--------------------|-----------|---------------|------------|
|  |                    | Commitments        | Payments  | Commitments % | Payments % |
|  | (a)                | (b)                | (c)       | (b/a)         | (c/a)      |
| Priority Axis 5<br>Technical Assistance<br>ESF | € 5,064,705        | € 5,064,705        | € 234,381 | 100%          | 4.63%      |

<sup>104</sup> These are funded under the 70/30 arrangement as per section 4.5 of the OP.

<sup>105</sup> Figure does not include repeated participants

<sup>106</sup> Figure does not include repeated participants

<sup>107</sup> Refers to Flat Rate Rule Study

## Qualitative Analysis

### *a) Analysis of indicators*

The four output indicators have witnessed the start of the achievement of results. During 2009, a number of persons have received training both locally and abroad. One mid-term evaluation was also initiated during 2009 with the publication of the tender. Numerous publicity measures have also been undertaken such as the announcement of calls and the organisation of the annual event<sup>108</sup>. With regard to studies / research carried out, 2009 witnessed the completion of the ESF Flat Rate Rule Study. The results achieved can be considered satisfactory as at the early-mid term of the programme. With regards to the indicator which measures the reaching of N+3/N+2 targets, 2009 was still too early in the programme to evaluate this indicator.

### *b) Financial Analysis*

As expected, in 2009, the bulk of the requests for funds were those concerned with the implementation component including staff salary requests both within the MA and stakeholders outside the MA as well as the request of the evaluation tender. The bulk of payments related to the processing of salaries. Most of the requests, as expected, were generated by the different units within the MA. 2008 had seen a significant backlog with regards to requests for reimbursements from the different stakeholders that had been allocated funds. Following efforts from the MA to bring to term commitments made internally as well as those made in favour of other stakeholders, significant improvement has been registered during 2009 on the funds disbursed within this Axis. Moreover, the MA has allocated more resources to the implementation of TA as has the Line Ministry in order to sustain the results achieved in 2009 over the rest of the period.

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

The problems encountered under this Axis are somewhat different than those encountered under the other Axes. The issue of public procurement was restricted mainly to the larger tenders related to the annual event of 2009<sup>109</sup>. Other small scale procurement was processed relatively smoothly.

The main issue which caused delays concerned the processing of reimbursement requests related to salaries, largely due to some minor errors in the calculations (given the volume) as well as publicity issues<sup>110</sup>. Several meetings were held between the different stakeholders in order to chart a way forward and find common understandings on a number of issues which should enable a more efficient processing of payments in 2010. Moreover, the finalisation of the TA section under the Manual of Procedures for Horizontal Stakeholders which also reflects lessons learned from the first 18 months of implementation; the updating of Travel Guidelines (for those activities co-financed through this Axis) as well as a revision of the application form and request for reimbursement templates should also enable a more efficient and streamlined processing of requests.

<sup>108</sup> Article 7(2)(b) of EC Regulation 1828/2006.

<sup>109</sup> The tendering procedure launched on 31 July 2009 ultimately failed.

<sup>110</sup> This was restricted to contracts of horizontal stakeholders.

Towards the end of 2009, the MA sought guidance from the Commission regarding expenditure related to IBs. As at end of 2009 discussion was still ongoing with regard to which expenditure related to Intermediate Bodies (that are managing aid schemes under Article 107 of the Treaty) will be charged to TA<sup>111</sup>.

---

<sup>111</sup> A reply was received in 2010.

## 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 Operational Programme (OP) reflects and builds on the key priorities identified within the National Reform Programme (NRP) 2005-2008, the National Reform Programme (NRP) 2008 - 2010 and the Community Strategic Guidelines/Integrated Employment Guidelines 2007-2013, both being essential components of the European Employment Strategy (EES) as explained in the Operational Programme.

In all calls for proposals, project proponents are requested to indicate which of the Community Strategic Guidelines/Integrated Employment Guidelines will be addressed through the project. Applicants are also required to demonstrate and explain how the project will contribute towards the objectives and targets of the National Reform Programme. The projects approved under Calls 4 and 5, launched in 2008 and 2009 respectively, endeavour to support actions contributing towards the NRP priority themes of *Education and Training, Employment and Unlocking Business Potential*.

### 4.1 Links with the NRP

#### NRP 2005 – 2008 and NRP 2008 - 2010

The *NRP 2005-2008* is divided into five Strategic Themes: *Sustainability of Public Finances, Competitiveness, Employment, Education and Training and Environment*.

All projects selected so far are contributing towards the NRP priority themes of *Employment* as well as *Education and Training*. Under the *Employment* Strategic Theme, the NRP focuses on the provision of the necessary support for transition in occupational statuses between training, self-employment and business creation. Particular emphasis is placed on improving the female employment rate and the integration and consolidation of older workers in the labour market. Meanwhile, under the *Education and Training* Strategic Theme, the NRP highlights the Government's intention to sustain the pace of reform in education so as to further increase existing participation rates in further and higher education in an inclusive manner. In particular, policies will be developed to assure inclusive education aimed at adult learners in general as well as disadvantaged groups in particular, and at reducing the number of early school leavers.

The closure report of the NRP 2005-2008 lists several examples of ESF intervention as part of the successful implementation of a number of measures. This report is an integral part of the NRP 2008-2010. The **National Reform Programme (NRP) 2008-2010** seeks to build on the achievements obtained so far by Malta with respect to the NRP 2005-2008 and the majority of strategic themes identified in the first NRP continue to be valid for the follow-up document. This NRP focuses on the priorities highlighted by the European Commission in its country specific and general recommendations as well as on addressing the

national issues which contribute towards enhancing Malta's competitiveness and quality of life. The thrust of this NRP is more focused (in respect of the first exercise) and is based on four main thrusts that relate to: *Unlocking business potential, Investing in knowledge and innovation, Energy and climate change as well as Investing in people and the modernisation of labour markets*. Clearly the last of these priorities is the most relevant with respect to OPII, however the projects selected are also targeting other priority areas of this NRP.

- **Education and Training**

The OP is currently funding 29 projects and 1 aid schemes for a total value of € 58,612,919 that can be said to align themselves directly with this Strategic Theme<sup>112</sup>. This theme is present in all the Priority Axes of the OP, although almost 50% is focused on Axis 1 which is targeting the formal education system.

With regard to formal education, the OP is focusing on strengthening capacity within the education system by consolidating and upgrading existing resources within the education system at University; providing scholarships as well as introducing new courses at MCAST<sup>113</sup>. Moreover, this Axis is taking a comprehensive approach to education, ensuring also that all those that are somehow involved in the delivery of formal education, including parents, are being supported. The Maltese authorities believe that this is the way to ensure that results obtained from the different projects are sustained, at least in the immediate term.

Life-long learning is also a cornerstone of Government policy with regard to education and training. The NRP's Measure 04.6 is explicitly targeting this objective and the OP is co-funding a number of projects, particularly under Priority Axis 2, to address it. ICT is also a recurrent theme in the NRP under 2 Strategic Themes<sup>114</sup>. As at end of 2009, OPII was funding 10 projects<sup>115</sup> addressing this particular sector with a total amount of €15,745,681. Target groups are also diverse including educators, parents, employees, the unemployed, disabled persons, students, young people, professionals and adults who are outside the formal education system. The level of training offered varies ranging from basic IT skills to tertiary and post graduate levels.

Emphasis has been placed on integrating those who are socially excluded and disadvantaged groups by offering training and support which will eventually lead to better prospects of finding employment. This is being carried out by targeting a number of such groups, including women; inactive; disadvantaged groups; persons with disabilities; persons with mental health difficulties; asylum seekers; parents; educators; social workers; persons receiving benefits; labour force disabled persons; youths and early school leavers. In all there are 18 projects that are directly aimed at such groups being funded under the OP.

<sup>112</sup> Projects targeting Education and Training are: ESF 1.19; ESF1.21; ESF 1.22; ESF 1.23; ESF 1.24; ESF 1.25; ESF 1.28; ESF 1.29; ESF 1.31; ESF 1.33; ESF 1.34; ESF 1.36; ESF 1.40; ESF 2.4; ESF 2.11; ESF 2.12; ESF 2.65; ESF 3.42; ESF 3.47; ESF 3.48; ESF 3.49; ESF 3.52; ESF 3.54; ESF 3.60; ESF 3.61; ESF 3.62; ESF 3.66; ESF 4.98; ESF 4.100; ESF 4.86; ESF 4.94. It should be noted that these projects are targeting also other Strategic Themes.

<sup>113</sup> The Vocational Training Institute.

<sup>114</sup> NRP 2005 - 2008 Strategic Theme 2 - M02.8 Establish a National ICT Framework that includes: drawing up strategies for attracting multi-national ICT companies to establish a base in Malta; addressing the skills requirements for the sector; developing financial and other supportive assistance to foster ICT competencies; and assessing the feasibility of developing an ICT park; and under Strategic Theme 4 - M04.3 Initiate training in basic computer skills for those registering for employment and establish Community Technology Learning Centres to enable them to practice the skills learned.

<sup>115</sup> ESF 1.19, ESF 1.21, ESF 1.23, ESF 1.33, ESF 2.4, ESF 2.12, ESF 3.52, ESF 3.54, ESF 3.61, ESF 3.62

## ▪ Employment

Under the employment Strategic Theme, the NRP focuses on the provision of the necessary support for transition in occupational statuses between training, self-employment and business creation. In this context, the OP aims to contribute towards the strengthening of guidance and counselling services, to support self employment and business creation as well as improve the quality of employment services through Priority Axes 1, 2 and 4. To date, 29 projects and 2 aid schemes (for a total of € 67,987,490) are implementing actions which focus on this Strategic Theme<sup>116</sup>.

Moreover, by way of addressing the government's intention to raise the overall employment rates, a number of projects relevant to this strategic theme show particular emphasis on the need to increase the female employment rate through the provision of personalised employment pathways and the provision of family-friendly measures (addressing measure 03.2 of the NRP). As at end of 2009, there were 608 inactive women mobilised on these projects. Increasing the female participation rate continues to be a priority also in the NRP 2008-2010.

## ▪ Competitiveness

The strategic theme of competitiveness is primarily addressed through co-funded measures in research and development (Axis 1) as well as through the Administrative Capacity Building Axis, particularly the project targeting better regulation.

The NRP 08-10 lists a number of points to watch. Two of these, *further improving the regulatory environment by continuing simplifying legislation by introducing systematic impact assessments and effective one-stop-shops for business* and *continuing efforts to raise educational attainment and reduce early school leaving* are of prime relevant to OPII. There are currently 17 projects and 1 aid scheme for a value of €48,484,992 that will be addressing these two points directly<sup>117</sup>. In 2009, not only has ESF contributed to the creation of a number of courses at vocational level (based on skills mismatches) to try and keep school leavers in further education beyond the age of 16, but the *STEPS* project has supported 178 persons in furthering their education at post graduate level and beyond.

Human resource development is listed as one of the objectives and part of the strategic vision under the NRP 08-10. OPII provides one of the main resources for Malta to continue to invest in education and training so as to ensure a flexible labour force which is capable of adapting to the changes of a globalised world economy. This will contribute to enhance labour productivity which in a country like Malta appears to be the main source of labour adjustment to negative external shocks. Moreover, a number of supporting measures are seeking to contribute to an increase in the participation rate. One such measure is providing childcare as an accompanying measure to a number of ESF operations. It is expected that the investments

<sup>116</sup> Projects targeting Employment are: ESF 1.23; ESF 1.24; ESF 1.25; ESF 1.28; ESF 1.29; ESF 1.31; ESF 1.33; ESF 1.34; ESF 1.36; ESF 2.4; ESF 2.7; ESF 2.11; ESF 2.12; ESF 2.65; ESF 3.42; ESF 3.43; ESF 3.47; ESF 3.48; ESF 3.52; ESF 3.54; ESF 3.56; ESF 3.59; ESF 3.60; ESF 3.61; ESF 3.62; ESF 3.64; ESF 3.66; ESF 3.71; ESF 4.98; ESF 4.100; ESF 4.86. It should be noted that these projects are targeting also other Strategic Themes.

<sup>117</sup> Projects targeting Competitiveness are: ESF 1.19; ESF 1.22; ESF 1.24; ESF 1.25; ESF 1.28; ESF 1.29; ESF 1.31; ESF 1.33; ESF 1.34; ESF 1.36; ESF 2.4; ESF 2.7; ESF 2.12; ESF 2.65; ESF 3.56; ESF 4.87; ESF 4.98; ESF 4.100; It should be noted that these projects are targeting also other Strategic Themes.



undertaken in OPII will contribute significantly to the targets reached by Malta in the main areas highlighted under this strategic objective.

With regard to the microeconomic pillar of the NRP, as already stated elsewhere in this section, ESF projects are contributing significantly to integrate a strategic approach to better regulation initiatives<sup>118</sup>; support an increase in R+D initiatives<sup>119</sup>; implementing the national ICT strategy<sup>120</sup>; provide a number of aid schemes to the private sector as well as making a significant contribution to the tourism product from the human resource side.<sup>121</sup>

## 4.2 Links with the CSGs and IEGs

The CSGs 4.3.1, 4.3.3 and 4.3.4 namely '*Attract and retain more people in employment and modernise social protection systems; 'Increase investment in human capital through better education and skills'*'<sup>122</sup> *Administrative Capacity* call upon Member States to promote a lifecycle approach to work and to improve matching labour market needs. A number of projects which were either approved during the year under review or actually started implementation on the ground during the same year, will, in fact (as reported elsewhere under this section), address these objectives, by seeking to integrate more females in the labour market and providing training and educational opportunities that are more focused on emerging labour market needs.

Similarly, "Member States are invited to conduct a comprehensive analysis to identify the policy areas requiring the most support for administrative capacity<sup>123</sup>". Up to 2007, Malta's administration was largely focused on training activities that emerge from the adoption of the *Acquis*. In 2008, it was felt that the training of the public administration had to be taken on a new level. In this regard, in 2008 Malta set up the Centre for Policy, Research & Training to provide the necessary administrative infrastructure to meet this objective.<sup>124</sup> The CPRT is the Beneficiary of a number of projects under Axis 4 and one of the approved operations includes a Training Needs Analysis for the public service – in order to further align training with the needs of a modern administration. Another project (which partners with a number of NGOs and civil society groups) will also cater for increased occupational health for public service employees.

In general all ESF operations, whether directly or indirectly, aim at '*attracting and retaining more people in employment*'. A number of operations have the added challenge of targeting groups that may have been marginalised from the labour market in the past due to the grounds of discrimination and or social/economic/cultural barriers.

<sup>118</sup> ESF 4.87 - *Developing the Maltese Public Sector's Capacity to Implement Better Regulation*

<sup>119</sup> This sector is complemented by investments in infrastructure under ERDF.

<sup>120</sup> ESF 4.98 - *Strengthening IMU's and other related functions through Specialist Training Programmes*; ESF1.21 *Parents and Teachers Fusion ICT Training Programme* and ESF 1.33 *Increasing ICT Student Capacity in Malta*

<sup>121</sup> ESF 2.11 - *Developing Leaders for Change and Innovation in Tourism*; ESF 2.7 - *Training Courses to enhance Employability and Adaptability of the Workforce*

<sup>122</sup> Community Strategic Guidelines 2007-2013 European Commission, page 24-26-27, 5<sup>th</sup> July 2005

<sup>123</sup> Public Administration and services in the European Social Fund 2007-2010, DG Employment, Social Affairs & Equal Opportunities

<sup>124</sup> CDRT was established with OPM Circular No. 22/2008.

### **4.3. Links with the European Employment Strategy**

Malta's response to the guidelines adopted under the European Employment Strategy (EES) has been formulated in the National Reform Programme (NRP) which supports the objectives of the National Action Plan for Employment (NAPemp). The NAPemp was the first plan outlining Malta's principal employment strategy for the period 2005-2010 which was submitted as one of the contributors towards the European Employment Strategy. This plan sets out Government's policy and measures to be implemented within the labour market sector with a view to effectively support Malta in reaching the Lisbon objectives. To this end, Operational Programme II, entitled *Empowering People for More Jobs and a Better Quality of Life* (OPII), following the strategic directions of the NRP, is supporting different initiatives closely interlinked to the priorities of the European Employment Guidelines, namely:

- Increasing the adaptability of workers and enterprises;
- Attracting more people to the labour market and making work a real option for all; and
- Investing more and more effectively in human capital and lifelong learning.

A number of measures aimed at increasing the adaptability of workers and enterprises are being implemented under OPII. However, the flagship operation addressing this priority in its entirety is the *Training Aid Framework* (TAF) which is being implemented under Article 107 of the Treaty on the Foundation of the European Union. The scheme is being managed by the national Employment Services and in 2009, 230 enterprises and 979 employees were engaged in operations funded under this scheme. Moreover, through the *Training Aid Framework*, the ESF supports companies through the provision of training for the workforce in fields that may encourage the enterprise to enter into new markets and/or increase market share. This investment in human resources is enabling enterprises to modernise, become more productive and competitive through the development of skills, qualifications and knowledge. Meanwhile individuals participating in these training activities have the opportunity to progress or consolidate their career. Apart from this scheme, five projects addressing one of the main pillars of the Maltese economy, namely the tourism sector, are also being implemented<sup>125</sup>. These projects are expected to have a significant impact on both employees as well as enterprises.<sup>126</sup>

Although, attracting more people to the labour market is a cross-cutting objective of the OP, the realisation of this objective in the short and immediate term, is primarily being tackled through operations co-funded under Axes 2 and 3. ESF measures are supporting the improvement of skills of jobseekers. Within this context, a number of ESF interventions provide the opportunity for an assessment and trade testing for jobseekers, as well as give them a chance to upgrade their skills and abilities through certified traineeships that include a combination of on-the-job and off-the-job training in occupational areas which are in demand and hence very attractive in terms of employment potential. Axis 3, on the other hand, is supporting a number of measures which aim to support those alienated from the labour market (whether by choice or because of social/economic / cultural barriers) to re-enter employment. The ESF is not only supporting a number of measures that aim to provide skills to job-seekers and inactive persons which may make employment look attractive

<sup>125</sup> ESF 2.11; ESF 2.7; ESF 1.29. Besides these, under ESF 1.21 and ESF 1.23 tourism is one of the focal sectors of research.

<sup>126</sup> The target is to train 1314 persons.

(e.g. IT skills which will sustain also a more stable work-life balance); but the authorities are also using financial incentives to encourage enterprises to give disadvantaged persons a chance at employment. An aid scheme under Article 107 of the Treaty is being implemented in this regard<sup>127</sup>. NGOs are also involved in a number of measures being implemented with regard to inclusive employment, highlighting the multi-governance approach of ESF.

Through the Smart Island National ICT strategy 2008-2010, the Government is asserting the potential of the ICT sector's growth in Malta, given its valid contribution to economic development and competitiveness. Hence the development of an even smarter workforce by continuously investing in people and nurturing their skills and potential has also become one of the main objectives which are strongly supported by ESF. Apart from supporting several initiatives offering IT courses at different levels and to a broad range of target groups, ESF projects are also focusing on offering IT as a means that will enable employment opportunities that are more conducive to family-life balance, as well as targeting the unemployed to gain new skills in a short period of time.

The accessibility, flexibility and the attractiveness of education is a priority which the Government is complementing through OP II. ESF is contributing, also with the support of a number of NGOs and Partners, towards the integration, retention and progression of disadvantaged individuals by upgrading their skills through work experience. Simultaneously, through the provision of financial assistance, ESF is encouraging employers to recruit individuals who, due to pre-conceived ideas, are likely to be excluded from the labour market.

In addition to the above, a number of measures aimed at educating and informing the population with respect to employability and job prospects are also being undertaken. In line with EU and national policy, ESF is financing campaign initiatives aimed at increasing the female employment rate, by promoting issues such as financial independence and reducing the care gap through the sharing of non-remunerated family work. The campaign also targets employers by highlighting the benefits that increased work-life reconciliation measures at work can have for both employers and their employees.

The investment in human capital is of most relevance to OP II and is at the heart of Government's vision and policy making. ESF is one of the main contributors to this objective. ESF co-funded initiatives are focusing on the need to improve the quality of life-long education for all and the upgrading of the skills level of the labour force. A number of ESF projects<sup>128</sup> are offering scholarships for diploma, degree, Masters and even Doctorate levels of study. These measures seek to give a direct injection into the country's human capital, particularly in those areas where Malta is lagging behind (e.g. science and science related subjects) as well as those areas where Malta is experiencing a brain drain (e.g. medical profession). These scholarships will enable Malta to catch up quickly and provide the necessary human resources for the country to continue to attract high value added activity to Malta and compete in global markets. Furthermore, recognising the importance of matching industry demands with the skills of those persons entering the labour market, an

---

<sup>127</sup> ESF 3.64 *Employment Aid Programme*.

<sup>128</sup> ESF 1.25 - *Strategic Educational Pathway Scholarships (STEPS)*; ESF 1.36-*Professional Development programmes for MCAST staff and student's top-up degrees*.

initiative is specifically aimed at training specialised teachers and educators in career guidance. Other ESF initiatives are targeting students with a view to breaking existing prejudices and barriers (particularly to females) towards choosing a science related career. In parallel capacity building measures, also funded through ESF, are ongoing to provide specialist training to support educational institutions to be able to innovate and be in a position to provide young people with the right skills in line with demands of the market.

## 5 – Technical Assistance

---

Throughout 2009, Technical Assistance (TA) continued to support and facilitate the overall implementation of OP II, optimising the Programme's quality and efficiency. In this context, TA has financed costs relating to expertise, monitoring, information and publicity, capacity building, equipment and other expenditure necessary to support the implementation of the Programme. During the year under review, the implementation of TA has seen the clearing up of a backlog with regard to payments of commitments made in 2007 and 2008 as well as two decisions: one related to the use of technical assistance for matters related to Cohesion Policy in general and the other relating to the use of TA for expenditure incurred by the Intermediate Bodies.

During the Monitoring Committee (MC) of 12 May 2009, the criteria adopted in 2008 were revised in order to maximise the utilisation of TA funds. These amendments provide for a wider utilisation of technical assistance funds and permit the inclusion of other foreseen activities necessary to guarantee the efficient and effective implementation of Cohesion Policy in Malta. These changes were reflected in the TA Forms.

This Axis will also support the relevant management, administration and publicity costs of the Intermediate Bodies implementing Aid Schemes being financed under Axes 2 and 3 of the Programme. The MA has decided that costs related to IB expenditure in their function as grantors of state aid under Article 107 of the Treaty, would be financed under technical assistance. This decision is the outcome of clarifications sought by from DG Employment by the MA in 2009. As at end 2009 the exact costs related to the IBs which are to be financed under the ESF TA were still under discussion<sup>129</sup>, given the impact that this decision will have on the TA allocation, which is limited considering the resource intense nature of ESF implementation.

During 2009, the Managing Authority (MA) continued to implement TA using the block allocation method with annual plans that are revised from time to time. All requests for use of TA continue to be channeled through the MA with pre-financing allocations under the Office of the Prime Minister (OPM). During 2009, Head OP II approved (or rejected) most of the TA requests.<sup>130</sup> These requests are then dealt with and monitored by the relevant officer/s within the MA in liaison with the Directorate for Corporate Services (DCS) and Directorate for Programme Implementation OPM (latter acting in the Line Ministry function). Separation of functions in line with Article 58 of EC Regulation 1083/2006 is ensured. Head/Senior manager OP II approves and manages the budget whilst DG PPCD is responsible for first level of control.

With regard to expenditure type, the MA continued to update its TA plan drafted in January 2008. An annual review of the expenditure is undertaken each year in order to take into account: intelligence from the procurement process; the position of the programme cycle as well as requests coming in from different stakeholders. The annual forecast of the plan is then prepared in order to enable a more efficient and focused monitoring of the allocation.

---

<sup>129</sup> Therefore the costs are not reflected in the commitments, contracts and disbursements of the TA budget as at end 2009.

<sup>130</sup> In the absence of Head OP II requests are approved by the Senior Manager responsible for TA

2009 saw a consolidation of capacity in a number of organisations involved in the management and implementation of the Programme. This has increased commitments under the TA component “*Implementation of Cohesion Policy*”, whereby a substantial amount of the implementation budget was committed to salaries. This cost has also been accompanied by a parallel increase in equipment for use by the new recruits. The increase in this type of expenditure is normal, given that the Programme is reaching its peak with more operations being approved (requiring capacity in organisations such as the Department of Contracts {DoC} and Treasury), considerable increases in demand with regard to the first level of control function (as payments accelerate<sup>131</sup>) and the strengthening of the monitoring process, all of which are very resource intensive. Within this context, it is also worth noting that the MA has also made efforts in 2009 to allocate internal resources to the implementation of TA not only to ensure a clearing of accumulated backlogs and an efficient take-up of the funds in the future, but more importantly to ensure that the Programme can quickly mobilise resources to address requests.

Throughout 2009, the MA continued with the development of new modules of the Structural Fund Database (SFD 07). A number of requests received in 2008<sup>132</sup> as well as activities arising from the regulatory process were implemented in 2009, some modules taking longer than expected to finalise due to the nature of the exercise, at times considered to touch the *core* of the system. This was the case, for example, with regard to the Statement of Expenditure (SoE) module which practically hijacked further developments throughout the first quarter of 2009. Following the successful implementation of this module (which was considered the main priority for the first half of 2009), work started on a number of other modules, including the irregularities module, data capturing for Annex XXIII and the indicators module, amongst others. A number of these were concluded in 2009 while others were still under development or undergoing testing. During 2009, a public procurement process was launched for a new the hardware. As at end 2009, the system had 380 user accounts.<sup>133</sup>

TA funds were also used for a number of publicity related activities. In particular, TA funds supported the organisation of the annual event in Malta and Gozo; publicity with regard to calls for proposals (pre-announcement) as well as publicity stickers and items used in the promotion of ESF funds.

TA has also financed a number of local training events both for staff members of the Horizontal Stakeholders as well as potential and current Beneficiaries. Training organised locally included Induction training for recruits; management checks and training for Beneficiaries (NGOs and Project Leaders / contact persons). In total 127 officers attended one or more training sessions. Moreover, given the limited capacity locally, a number of officers within the different stakeholder organisations attended training seminars and conferences abroad, covering topics such as: seminars relating to the ESF Flat Rate Rule, Financial Management of EU Structural Funds, Evaluation, ESF Co. network, Maximising the use of Technical Assistance amongst others.

With the decision to take on the IB related costs, the TA is considered to be fully committed. As indicated under Table 2.2, the amount paid during 2009 amounted to €170,739.04 (public eligible amount). This is

<sup>131</sup> This is also generating demand for resources in the Treasury through which all payments are processed.

<sup>132</sup> Particularly by the Treasury and the Certifying Authority.

<sup>133</sup> This figure refers to the number of users of the SFD07-13, irrespective of whether they have access to one or more programmes

equivalent to 3.37 % of the amount allocated for Axis 5. As at end of 2009, there were € 1,511,270 (public eligible) contracted<sup>134</sup> and €234,381.33 disbursed (public eligible).

---

<sup>134</sup> This includes multi-annual commitments (as per contract) related to salaries, but does not take into account possible extensions of contract till end of the programming period.

## 6 – Information and Publicity

---

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

The objectives of the information and publicity activities are to increase visibility and awareness of OPII, to both potential Beneficiaries as well as to the general public, and to provide transparent information to Beneficiaries and stakeholders. Such awareness not only improves the transparency of the use of the Funds but also supports absorption.

In line with the obligations of the implementing Commission Regulation (1828/2006), during 2009 the Managing Authority has continued with the implementation of the Communication Plan following its official approval by the Commission the previous year<sup>135</sup>. The Plan comprises largely information and promotional measures using a number of tools which will be financed under the ESF OP II as well as a number of activities that will be co-funded by both OPs (OPI and OPII) in line with section 4.5 of the OP. During 2009, the MA also monitored closely the implementation of the plan and gathered data on activities carried out with a view to be able to revise the Plan in 2010.

The main highlight of 2009 was expected to be the annual event. In line with its obligations under Article 7(2)(b) of EC Regulation 1828/2006, the MA issued a tender for contracting the planning, design and implementation of the event, which was to feature a concert as the background for the information activities. The tender was launched in July 2009; however, the procurement process failed as all bidders were found to be administratively non-compliant. Given the limited time left (which would not have been sufficient to re-launch the tender), an alternative event was organized.

The 2009 annual event eventually took the shape of two national conferences. One was held in Malta on the 1<sup>st</sup> of December 2009 and another one was held in Gozo on the 4<sup>th</sup> of December 2009. Both conferences featured discussion panels on themes at the core of the Programme, namely Education, Employment and Training, and Competitiveness (Assistance to Enterprise and R+D). In Gozo, the topics were focused on those particular measures within the themes that are targeting Gozo more specifically. Each theme was covered by a number of keynote speakers and experts. Presentations on the progress of the Programme with regard to these themes were delivered by the MA's Senior Management team in order to set the context. A number of questions were then asked by journalists to the key speakers and experts that also included comments from the floor. The conferences were hosted by two renowned former television newscasters.

The conferences also included high level speakers. The Malta Conference was opened by the Hon. Parliamentary Secretary for Public Dialogue and Information and wound up with a speech by the Principal Permanent Secretary, whilst the Hon. Minister for Gozo and the Hon. Parliamentary Secretary for Public

---

<sup>135</sup> 21 January 2008.



Dialogue and Information opened and closed the Gozo event respectively. 200 persons registered to participate in the conferences. The events also captured the attention of the media and were covered by several TV stations' newsrooms<sup>136</sup> as well as the Government's Department of Information.



A number of other information and publicity measures to promote Operational Programme II were carried out during 2009. These include:

- Media relations and participation of OPII staff on local radio to provide information on OPII to the general public;
- Regular networking of the MA's Communications Unit with the Informal Network of Information Officers (INIO) network of DG REGIO for Information Officers in Managing Authorities<sup>137</sup>;
- The MA's website *www.ppcd.gov.mt* and the respective IB websites are being updated on a continuous basis with all information relating to open calls for project applications together with any other information related to Operational Programme II including publication and updating of the list of Beneficiaries on the Managing Authority's website which is linked to DG Employment website;
- Further general web pages 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 (*info.ppcd@gov.mt*) that was established in 2007, 2009 saw the receipt and processing of around 90 queries covering Cohesion Policy in general;
- Display of the EU flag outside the MA's premises during the week of 9th May 2009 in line with Article 7 (c) of the Commission Implementing Regulation;
- Distribution of various publications on Cohesion Policy, including the OPI and OPII and the respective Schemes, during the various events.

The Intermediate Body has complemented the actions carried out by the MA through a series of activities to promote and further disseminate information on the Aid Schemes they manage. These measures included publicity in the media, ETC website<sup>138</sup> as well as one to one marketing and information measures with

<sup>136</sup> TVM, NET and Favourite

<sup>137</sup> In 2009, the MA's Communications Unit and the INIO attended 4 meetings.

<sup>138</sup> <http://www.etc.gov.mt>

potential Beneficiaries.<sup>139</sup>

During 2009, a number of publicity actions were also implemented by the Beneficiaries. As at end 2009 a total of € 2,104,908 was committed by the MA for publicity actions under the operations<sup>140</sup>. The MA monitors this activity through the project progress reports which are submitted 3 times a year to the MA. In 2009, many of the activities related to ESF concerned newspaper adverts for calls for departmental tenders, calls for participants (in relation to training activities), leaflets as well as TV and Radio campaigns.

---

<sup>139</sup> This includes marketing in relation to operations but excludes funds allocated to campaigns as activities in their own right.

<sup>140</sup> This amount reflects the 2.8% of the total amount committed under PA 1,2,3 and 4

Table 15: Communication Plan Indicators

| Communications Measures  | Output Indicators                |               |               |                  |                          | Result Indicators  |               |               |                    |                          |
|--|----------------------------------|---------------|---------------|------------------|--------------------------|--|---------------|---------------|--------------------|--------------------------|
|  | Target until 2015 <sup>141</sup> | Achieved 2007 | Achieved 2008 | Achieved 2009    | Total Achieved 2007-2009 | Targeted until 2015  | Achieved 2007 | Achieved 2008 | Achieved 2009      | Total Achieved 2007-2009 |
| <b>Media advertising</b>   |                                  |               |               |                  |                          |  |               |               |                    |                          |
| Total no. of TV and radio spots created:   | 21 <sup>142</sup>                | 0             | 1             | 0                | 1                        | Coverage ratio: <b>25%</b> of the population***  | 0%            | 28.1%         | 0%                 | 28.1%                    |
| Total no. of spots aired on TV channels/radio stations:  | 375                              | 0             | 0             | 0 <sup>143</sup> | 0                        |  |               |               |                    |                          |
| Total no. of adverts designed:   | 20                               | 1             | 4             | 1                | 6                        | Coverage ratio: <b>45%</b> of newspapers/magazines readers targeted***                           | 30%           | 28.4%         | 34.25%             | 30.5%                    |
| Total no. of adverts published on newspapers and magazines:  | 681                              | 20            | 55            | 7                | 82                       |  |               |               |                    |                          |
| <b>Posters and Outdoor advertising</b>   |                                  |               |               |                  |                          |  |               |               |                    |                          |
| Total no. of posters and outdoor adverts designed [ <i>including marquees, banners, billboards, bus-stop advertising, bus-wraps</i> ]: | 42                               | 1             | 12            | 0                | 13                       | Coverage ratio: <b>30%</b> of localities [Malta and Gozo] targeted with outdoor adverts (#) **** | 0%            | +1.47%        | 0%                 | 1.47%                    |
| Total no. of posters/backdrops produced:   | 5,000                            | 1             | 261           | 0                | 262                      |  |               |               |                    |                          |
| <b>Branded promotional material</b>  |                                  |               |               |                  |                          |  |               |               |                    |                          |
| Total no. of items created [ <i>including pens, folders, caps, mouse-mats, mugs and other branded items</i> ]                          | 30                               | 1             | 5             | 1 (coasters)     | 5                        | Distribution ratio: <b>10%</b> <sup>144</sup> of the population ****                             | 0.125%        | 1.06%         | N/A <sup>145</sup> | 1.18%                    |
| Total no. of items   | 70,000                           | 500           | 4,000         | 300              | 3,750?                   |  |               |               |                    |                          |

<sup>141</sup> The output target indicators within the Communications Plan cover both OPI and OPII and thus values have been amended to cover OPII only unless otherwise marked with a #.

<sup>142</sup> Figure represented here covers OPII only.

<sup>143</sup> At this stage, this amount does not include figures from IBs.

|   |         |     |   |    |    |  |       |       |       |       |
|---|---------|-----|---|----|----|--|-------|-------|-------|-------|
| produced:   |         |     |   |    |    |  |       |       |       |       |
| <b>Informative publications and collateral materials</b>  |         |     |   |    |    |  |       |       |       |       |
| Total no. of informative material / publications created [including flyers, leaflets, postcards, booklets, presentations, key documents and reports]; | 30      | 2   | 6 | 7  | 15 | No. of informative publications downloaded: <b>25,000</b> (#) **** | N/A   | N/A   | 10    | 10    |
| Total no. of items printed:   | 210,000 | 610 | 0 | 0  | 0  |  |       |       |       |       |
| No. of informative material/publications uploaded:  | 30      | 1   | 6 | 10 | 17 |  |       |       |       |       |
| <b>Audio-visual products</b>  |         |     |   |    |    |  |       |       |       |       |
| No. of documentaries produced:  | 5       | 2   | 0 | 0  | 2  | No. of featuring times: <b>35</b> <sup>146</sup>                   | 2     | 0     | 0     | 2     |
| No of documentaries [on DVD] to be distributed:   | 250     | 2   | 0 | 0  | 2  |  |       |       |       |       |
| <b>Media Relations</b>  |         |     |   |    |    |  |       |       |       |       |
| Total no. of press releases issued:   | 28      | 1   | 4 | 1  | 6  | Total no. of press releases published: <b>84</b> <sup>147</sup>    | 1     | 4     | 1     | 6     |
|   |         |     |   |    |    | Coverage ratio: <b>15%</b> per press release                       | 0.63% | 2.50% | 0.62% | 1.23% |
| Total no. of press conferences organised:   | 10      | 1   | 2 | 0  | 3  | Total no. of newsrooms covering each event: <b>5</b>               | 8     | 3     | 0     | 11    |
|   |         |     |   |    |    | Total no. of media mentions: <b>50</b> <sup>148</sup>              | 12    | 6     | 8     | 26    |
|   |         |     |   |    |    | Coverage ratio: <b>25%</b> of population ***                       | 80%   | 40%   | 0%    | 39.3% |

<sup>144</sup> Communication Plan reads 20% not 30%. The figure has been amended to cover OPII only.

<sup>145</sup> Distribution for the 2009 promotional items was done during the Open Days in Brussels hence it is difficult to calculate actual distribution. However, 200 out of the 300 coasters produced were sent for distribution. The population baseline is however different and so a comparative % cannot be drawn up.

<sup>146</sup> The figure featuring in AIR 2007 covered both OPI and OPII. Thus this has been amended to cover OPII only.

<sup>147</sup> <sup>147</sup> The figure featuring in AIR 2007 covered both OPI and OPII. Thus this has been amended to cover OPII only.

<sup>148</sup> The figure in AIR 2007 covered both OPI and OPII. Thus this has been amended to cover OPII only.

|  |        |      |      |      |                     |  |       |       |                  |          |
|--|--------|------|------|------|---------------------|--|-------|-------|------------------|----------|
| Total no. of media interviews/features:  | 17     | 3    | 3    | 8    | 14                  | No. of viewers/readers: <b>25%</b> of population ***                 | 23%   | 29%   | 31.5%            | 27.3%    |
| No. of articles and advertorials issued:   | 17     | 0    | 1    | 0    | 1                   | No. of viewers/readers: <b>25%</b> of population ****                | 0%    | 3.13% | 0%               | 3.13%    |
| No. of media queries answered:   | 17     | 1    | 8    | 9    | 18                  | Coverage ratio: <b>25%</b> of population ***                         | 17.6% | 35.6% | 40.05%           | 30.8%    |
| <b>Information Events</b>  |        |      |      |      |                     |  |       |       |                  |          |
| No. of information sessions [including information sessions, conferences, seminars] organised: | 21     | 3    | 5    | 0    | 8                   | No. of participants: 1,400 <sup>149</sup> participants               | 119   | 199   | 0                | 318      |
| No. of days duration*: [*half day sessions are taken as 0.5 of a day]                          | 21     | 1.5  | 2.5  | 0    | 4                   | Satisfaction rate of participants: <b>60%</b>                        | N/A   | N/A   | 0 <sup>150</sup> | 0        |
| MA participation in events organised by others:  | 17     | 2    | 1    | 1    | 4                   |  |       |       |                  |          |
| <b>Networks and Exchange of Experience</b>   |        |      |      |      |                     |  |       |       |                  |          |
| Participation at EU level Network Meetings:  | 2      | 3    | 3    | 4    | 10                  | No. of participants at EU level network meetings: <b>2</b> ***       | 1     | 1     | 1                | 1        |
| No. of Communications network meetings at project level:                                       | 3      | 0    | 0    | 0    | 0                   | No. of participants at local network meetings: <b>50</b> per session | 0     | 0     | 0                | 0        |
| <b>OP launch event<sup>151</sup></b>   |        |      |      |      |                     |  |       |       |                  |          |
| No. of newsrooms covering the launch:  | 10 (#) | 5    | 0    | 0    | 5                   | No. of media publicizing event: <b>10</b>                            | 10    | 0     | 0                | 10       |
|  |        |      |      |      |                     | No. of participants at launch: <b>250</b>                            | 10    | 0     | 0                | 10       |
| No. of info seminars organised:  | 6 (#)  | 6    | 0    | 0    | 6                   | No. of participants at the info seminars: <b>300</b>                 | 300   | 0     | 0                | 300      |
| <b>Website and Helpdesk</b>  |        |      |      |      |                     |  |       |       |                  |          |
| No. of website pages:  | 20 EN  | 8 EN | 8 EN | 8 EN | 8 EN <sup>152</sup> | No. of page views: <b>1,500</b> per day                              | N/A   | 2,100 | 2,818.62         | 4,918.62 |
|  |        |      |      |      |                     | No. of visitors'   | N/A   | 182   | 260.55           | 442.55   |

<sup>149</sup> The figure in AIR 2007 covered both OPI and OPII. Thus this has been amended to cover OPII only.

<sup>150</sup> Evaluation sheets started being kept as of 2009.

<sup>151</sup> Event took place in July 2007. Achievement can be registered only for 2007 since these indicators are specific to the event and are not applicable to following years.

<sup>152</sup> This figure is not cumulative since the same pages (as of 2008 – new website) are updated on a regular basis.

|   |                  |     |      |      |                  |                                     |    |     |    |     |
|---|------------------|-----|------|------|------------------|-------------------------------------|----|-----|----|-----|
|   |                  |     |      |      |                  | sessions: <b>100</b> per day        |    |     |    |     |
|   | 20 MT            | N/A | 4 MT | 4 MT | 4 MT             | No. of queries: <b>150</b> per year | 66 | 135 | 90 | 291 |
| List of Projects and Beneficiaries:   | 1 <sup>153</sup> | 1   | 0    | 1    | 1 <sup>154</sup> |                                     |    |     |    |     |
| *Conservative value, Includes press releases published on the DOI website through which media agencies extract official government press releases. Figure does not include press releases featured in the press itself. Figures exclude Media Today newspapers. |                  |     |      |      |                  |                                     |    |     |    |     |
| ** press releases published on the DOI website.   |                  |     |      |      |                  |                                     |    |     |    |     |
| *** The percentage covers the average for the 7-year period.  |                  |     |      |      |                  |                                     |    |     |    |     |
| **** The percentage covers the total for the 7-year period.   |                  |     |      |      |                  |                                     |    |     |    |     |
| <i>Malta population taken as 363,275 (aged 12 and over as per Broadcasting Authority surveys</i>  |                  |     |      |      |                  |                                     |    |     |    |     |

<sup>153</sup> The List of Projects and Beneficiaries is updated regularly every year on the same template used through the 7-year period.

<sup>154</sup> This figure is not cumulative since the same list which is updated on a regular basis.

## 7 – Conclusions

---

Apart from the usual ongoing activities, 2009 was highlighted by the strengthening of implementation of projects approved in previous years, the approval of new projects, the finalisation of Grant Agreements of projects approved in 2008, and the first training actions implemented on the ground. In principle, Beneficiaries as well as other horizontal stakeholders focused most of their resources on initiating procurement procedures as well as the relevant paperwork to select participants for the various training courses. At Programme level, the main *administrative highlight* of 2009 was the first statement of expenditure resulting in the first claim of interim payment on the Programme.

During 2009, there were 43 projects under implementation, 11 of these were approved during the same year. These bring the Programme's overall commitment rate as at the end of 2009, to approximately 60% of the OP. It should also be noted that during 2009, the Programme started implementation on the ground - such activities included the initiation of training courses, publicity actions and the procurement of equipment, the latter co-funded under the cross-financing mechanism.

With regards to programme implementation, focus was on procurement whereby several public tenders were published covering a range of sectors of the economy. Procurement procedures ranged from central government authority tenders, departmental tenders to employment calls. In fact, the year 2009 was characterized by a substantial increase of payments (when compared to 2008) – disbursements reaching €2,374,783.05 as at 31<sup>st</sup> December 2009. This is clearly a sign that implementation has now achieved a stable rhythm, which is expected to continue increasing in 2010.

Apart from the strengthening of monitoring activities, including the day to day monitoring (also through the Structural Funds database) and the high level meetings described under section 2.7 of this report, the MA undertook several spot-checks in relation to the verification process. Other highlights for 2009, included ongoing information and publicity activities, further strengthening of the institutional capacity of the different stakeholders (through increase in human resources and diverse training programmes); the launching of the Mid-Term evaluation tender and the setting up of a number of committees at line Ministry level, IB level and other committees of a more horizontal nature, such as the Evaluation Steering Group, the IMCCs and the IB network. A systems audit by the AA was also initiated in 2009.

Despite the achievements mentioned above, the implementation of the Programme continued to be plagued by delays and bottlenecks in a number of critical stages, including the launching of public tenders and their eventual successful conclusion. The reasons (and action being taken) have been explained in detail in other sections of the report, however the over optimism of Beneficiaries in dealing with these issues when planning and scheduling operations remains a critical matter. The high level monitoring process (complementing that undertaken in the normal course of business) which was started in 2008 was strengthened in 2009 and discussions became more intense. This process has started to bear some results, however, the extent of

how much this is reflected in works on the ground as well as payments remains the biggest challenge for 2010.

During 2010, the Managing Authority will continue with monitoring and verification of payments. A new feature in the Structural Funds Database which concerns the inputting of information of Annex XXIII and participants' data will be introduced during 2010 in order to allow for more effective monitoring of projects. Capacity building shall continue to be strengthened through Technical Assistance. Emphasis will be placed on the initiation of the new projects' implementation and procurement as well as the launch of a new call for projects under Axes 1 and 3. In 2010 the conclusion of the Mid-term Evaluation is also expected to bring about some new challenges and changes which will impact the work in the latter half of the Programme's life-time.



Annex 1 Expenditure Table<sup>155</sup>

| Priority Axes   | Total contribution    | Financial progress         |                     |               |              |
|---|-----------------------|----------------------------|---------------------|---------------|--------------|
|   |                       | Commitments <sup>156</sup> | Payments            | Commitments % | Payments %   |
|   | (a)                   | (b)                        | (c)                 | (b/a)         | (c/a)        |
| <b>Priority Axis 1 - Improving education and skills</b>                                   | 37,400,000.00         | 27,089,316.50              | 1,659,320.79        | 72.43%        | 4.44%        |
| <b>Priority Axis 2 - Investing in the employability and adaptability of the workforce</b> | 30,995,000.00         | 20,212,088.00              | 185,320.97          | 65.21%        | 0.60%        |
| <b>Priority Axis 3 - Promoting an equal and inclusive labour market</b>                   | 36,900,000.00         | 19,130,337.18              | 295,759.96          | 51.84%        | 0.80%        |
| <b>Priority Axis 4 - Strengthening of institutional and administrative capacity</b>       | 21,405,000.00         | 8,543,321.42               | 0                   | 39.91%        | 0.00%        |
| <b>Priority Axis 5 - Technical Assistance</b>   | 5,064,705.00          | 5,064,705.00               | 234,381.33          | 100.00%       | 4.63%        |
| <b>Grand Total</b>  | <b>131,764,705.00</b> | <b>80,039,768.10</b>       | <b>2,374,783.05</b> | <b>60.74%</b> | <b>1.80%</b> |

<sup>155</sup> Quoted figures represent progress as at end 2009 and are expressed in total public eligible cost.

<sup>156</sup> The committed amounts include both the approved projects and the aid schemes.