



Operational Programme II Cohesion Policy 2007-2013

Empowering People for More Jobs and a Better Quality of Life

Annual Implementation Report

2010



Operational Programme II – Cohesion Policy 2007-2013
European Social Fund (ESF)



Investing in your future

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List of Acronyms

AA	Audit Authority
AIR	Annual Implementation Report
CA	Certifying Authority
CAPAM	Commonwealth Association for Public Administration & Management
CDRT	Centre for Development Research and Training
CEO	Chief Executive Officer
CF	Cohesion Fund
CION	European Commission
CIP	Competitiveness and Innovation Framework Programme
CSGs	Community Strategic Guidelines
DAS	Departmental Accounting System
DAVID	Developing a Vocational Training Programme for Persons with Intellectual Disability
DG	Director General
DG REGIO	Directorate-General Regional Development
DG EMPL	Directorate-General Employment, Social Affairs and Inclusion
DIER	Department of Industrial and Employment Relations
DoC	Department of Contracts
DOI	Department of Information
EAFRD	European Agricultural Fund for Rural Development
EAP	Employment Aid Programme
EC	European Commission
ECDL	European Computer Driving Licence

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
FAQ	Frequently Asked Questions
FSWS	Foundation for Social Welfare Services
FTE	Full Time Employment
GA	Grant Agreement
IAID	Internal Audit Investigation Department
IB	Intermediate Body
IBSC	Intermediate Body Steering Committee
ICT	Information Communication Technology
ICMCH	Heritage Malta- Institute of Conservation and Management of Cultural Heritage
IEG	Integrated Employment Guideline
IMCC	Inter-Ministerial Co-ordination Committee
IMU	Information Management Unit
INIO	Informal Network of Information Officers
IT	Information Technology
KNPD	Kummissjoni Nazzjonali Persuni b'Dizabilita'
LM	Line Ministry
LN	Legal Notice
M2ADL	Microchemistry and Microscopy Art Diagnostic Laboratory

MA	Managing Authority
MC	Monitoring Committee
MCAST	Malta College for Arts, Science and Technology
MCST	Malta Council for Science and Technology
MCESD	Malta Council for Economic and Social Development
MEUSAC	Malta-EU Steering and Action Committee
MEDC	Ministry of Education, Culture, Youth and Sport
MEEF	Ministry for Education, Employment and the Family
MEU	Management Efficiency Unit
MEPA	Malta Environment and Planning Authority
MFEI	Ministry of Finance, the Economy and Investments
MHEC	Ministry for Health, the Elderly and Community Care
MITA	Malta Information Technology Agency
MITC	Ministry for Infrastructure, Transport and Communications
MoP	Manual of Procedures
MPSC	Ministerial Project Steering Committee
MRA	Malta Resource Authority
MRRA	Ministry for Resources and Rural Affairs
MS	Member State
MSOC	Ministry for Social Policy
MT	Malta
MTA	Malta Tourism Authority
MTE	Mid-Term Evaluation
NAPemp	National Action Plan for Employment
NCPE	National Commission for the Promotion of Equality
NGO	Non-Governmental Organisation
NRP	National Reform Programme
NSRF	National Strategic Reference Framework
OHS	Occupational Health and Safety

OHSA	Occupational Health and Safety Authority
OP	Operational Programme
OPI	Operational Programme I
OPII	Operational Programme II
OPM	Office of the Prime Minister
OTS	On-the-spot check
PA	Priority Axis
PC	Personal Computer
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
RDPs	Registered Disabled Persons RDPs
RTDi	Research, Technological Development and Innovation
S&T	Science and Technology
SAMB	State Aid Monitoring Board
SFD	Structural Funds Database
SOE	Statement of Expenditure
STEPS	Strategic Educational Pathway Scholarships
TA	Technical Assistance
TAF	Training Aid Framework
TFEU	Treaty on the Functioning of the European Union
ToR	Terms of Reference
UK	United Kingdom
VAT	Value Added Tax
VET	Vocational Education and Training

1 – Introduction

OPERATIONAL PROGRAMME

Objective Concerned: Convergence

Eligible area covered: 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: 2010

Date of approval of the annual report by the Monitoring Committee: 24th June 2011

2 – Overview of the implementation

2.1 Achievement and analysis of the progress

While 2009 saw the first signs of implementation and the activation or fine-tuning of the necessary procedures as well as preliminary actions for the delivery of the Programme on the ground, 2010 was characterised with a substantial number of projects well into implementation stage. Disbursements increased accordingly as did the activity related to first level of control by the MA and the expenditure certified by the CA to the Commission. More importantly, some projects started to achieve first results both in terms of participants gaining certifications and qualifications as well as in the implementation of activities related to reforms and / or enhanced services in the education and social sectors.

The Managing Authority (MA) continued with the implementation of the Programme, issuing new calls for project proposals, approving new projects, finalising Grant Agreements with Beneficiaries, monitoring (and reporting on) the implementation of projects on the ground as well as verifying expenditure. In 2010, the MA issued two calls for project proposals: one call under Priority axis (PA) 1 and 3¹ and the second call under PA 2 and 4², making available all the remaining financial resources under each Priority axis. A total of sixty-two (62) projects were received following the closure of both calls for the value of €69Mil in total cost³. The PSC started the evaluation of Call 6 in 2010, however, evaluation was still ongoing as at end of year. The evaluation of Call 7 will take place in 2011. In 2010, however, six new projects⁴ were approved amounting to €1,487,203.48⁵ total eligible cost, following the conclusion of Call 5 (spilling over from 2009).

The total number of approved projects by the end of 2010 is to forty-two (42)⁶ as well as two aid schemes under Article 107 of the Treaty on the Functioning of the EU being implemented under ESF. The total funds committed under the Programme as at end of year stood at €76,628,204 of public eligible cost. This represents a decrease of 4% when compared to 2009⁷, due to the withdrawal of four projects⁸ and the removal of the schemes' administrative costs from the relevant Priority axes (PAs)⁹, in line with the clarification received from the CION¹⁰. This overall decrease in commitments resulted also in a corresponding decrease in the Lisbon earmarking categories bringing the total of earmarked categories committed to €55,497,974 equivalent to 49.5% of the overall programme's allocation and to

¹ Call 6 was issued in Q3 2010.

² Call 7 was issued in Q4 2010.

³ PA 1: 15 projects proposals submitted €28Mil; PA 3: 19 projects €22Mil; PA2: 12 projects €12 Mil; PA4 16 projects €7Mil.

⁴ One project - ESF 2.76 "Development of Operational Guidelines for Innovation and Quality in Hotels, eventually withdrew.

⁵ Reduced to € 1,331,419.48, following withdrawal of ESF 2.76.

⁶ This figure does not include TA.

⁷ In 2009, the level of commitment registered was €80,039,768.10.

⁸ Withdrawn projects during 2010: ESF 3.51, "Creative Lives, Creative Schools"; ESF 3.58, SIPP, ESF 3.68, "DAVID: Developing a Vocational Training Programme for Persons with Intellectual Disability"; ESF 4.93"Capacity Building in Equality and Diversity.

⁹ In view of this, the commitments under PA 2 was subject to a reduction of €1,011,534 whilst the commitment under PA 3 was subject to reduction of € 1,114,495.

¹⁰ This decision was undertaken based on clarifications provided by CION and communicated in its Letter Ref. N. 24374, dated 15 December 2009.

60%¹¹ of the overall earmarked allocation¹². Procurement continued to present the usual challenges, however despite the non-abating difficulties, one-hundred-fifty-eight (158)¹³ procurement procedures were launched and one-hundred-sixty-eight (168) contracts signed¹⁴. The overall contracted amount as at end 2010 stood at €40,073,613.60 representing 52% of the amount committed. This increase is also due to an increasing number of contracts being signed by the IB with Beneficiaries under the two aid schemes which at end 2010 stood at two-thousand-five-hundred-twenty-four (2524) contracts signed under both schemes for a total public eligible cost of €7,797,599.99¹⁵. The increase in expenditure is also significant. Total payments for 2008 and 2009 amounted to €2,374,783.05 (public eligible), whilst the amount of payments processed during 2010 were six times as much amounting to €13,491,422.85, of which 41% (€5,595,039.43) were ultimately verified by the MA and certified by the Certifying Authority to the Commission during the same year. This represents a sharp increase when compared with €676,344,68 in the previous two years. In this regard, the MA increased significantly its first level of control verifications. During 2010, the MA carried out one-hundred-sixty-five (165) day-visits for documentary checks, which required two-thousand-one-hundred-thirteen (2113) working man-hours and ninety-eight (98) physical spot checks. These statistics are clearly indicative of the increased level of activity on the ground by Beneficiaries and stakeholders alike.

Other highlights for 2010 include: the CION approval of the implementation system on Art. 11(3) (b)(i) of Regulation No. 1081/2006 concerning the possibility of declaring indirect costs on a flat rate basis¹⁶; the approval of new projects and the conclusion of a number of operations under the EAP, the start of implementation of projects under Axis 4 of the Programme as well as the increase in a number of capacity building initiatives, also by the Social Partners. Moreover, throughout 2010, numerous publicity activities were organised by Beneficiaries and horizontal stakeholders alike and the Mid-Term Evaluation Tender, launched in 2009, was contracted and well into implementation by end of year. The MA also recorded an increase in terms of results and attainment of targets with achievements registered for nineteen (19) output indicators and sixteen (16) result indicators. Achievements on Impact indicators, will start to be collated at projects' completion and be recorded on a later stage of programme's implementation¹⁷.

By way of conclusion, it is fair to say that the achievements registered in 2010 are demonstrative of the fact that implementation is now well underway and is on its way to reaching its peak. However, in spite of the fact that 2010 witnessed an increase in implementation, the only operations to conclude were those under the EAP. It is also clear that verifications at both mainstream and aid scheme levels have to increase in order to clear existing backlogs in the amount of payments certified to the EC.

¹¹ The total amount allocated (in projects) for earmarking in OP II as at 2009, amounted to €57,723,295.06, including schemes, equivalent to 52% of the overall programme's allocation.

¹² Total earmarked allocation at programme level is €92,500,800.00, resulting in 82.59% of overall OP allocation (€112Mil).

¹³ Of which over 28 procurement procedures were re-issued procedures. The procurement procedures also include direct orders.

¹⁴ Of which 41 refer to employment contracts.

¹⁵ €4,779,239.60 under EAP and €3,018,360.39 under TAF as at the end of 2010.

¹⁶ EC Letter no. 536476, dated 26/08/2010.

¹⁷ Figures reported in AIR 2009 will be taken into consideration at the end of the programming period.

2.1.1 Information on the physical progress of the Operational Programme

Project Selection Process

▪ Calls for Project Proposals

Following the fifth Call for proposals under ESF issued in 2008 (which spilt over into 2009), two calls were launched under ESF for project proposals in 2010 addressing all the PAs. This brings the total number of calls issued under OPII as at the end 2010 to seven (7), making available all the financial resources allocated under the various PAs. The calls launched under ESF in 2010 targeted all eligible applicants which included Public Sector Organisations, Local Councils as well as other organisations such as social partners and voluntary organisations¹⁸. The calls are published via a Government press release as well as press adverts in local newspapers (both in English and Maltese), Government Gazette and the PPCD website. In addition, Application Forms and Guidance Notes are prepared by the MA for each call and are accessible through the MA's website.

The sixth Call for ESF project proposals was launched in Q 3 2010, addressing PA 1 and 3 under all focus areas of intervention¹⁹. This call was open to all entities, both Government and non-Government organisations. Four (4) information sessions one (1) in Gozo and three (3) in Malta for prospective Applicants were organised by the MA with the participation of a number of stakeholders including the DoC, SAMB, MEUSAC and NCPE. A total number of one-hundred-twenty-three (123) participants attended these information sessions. In order to address any additional queries, two sets of FAQs were uploaded on the PPCD website, following the sessions. The call closed on 24th September and a total of fifteen (15) and nineteen (19) project proposals (34 in all under Call 6) were received by the MA under PA 1 and PA 3 respectively.

The seventh Call for ESF project proposals under PA 2 and PA 4, also addressing all focus areas of intervention²⁰ was launched in Q 4 2010. This call was open to all entities, both Government and non-Government organisations. Two information sessions for prospective Applicants were held in November²¹, attracting fifty-five (55) participants. In addition, also in this case, a list of FAQs was uploaded on the PPCD website during the same month. The call closed on the 3rd December 2010 with twenty-eight (28) projects received, twelve (12) and sixteen (16) proposals under PA 2 and PA 4 respectively.

¹⁸ Enterprises are targeted on an ongoing basis under a *demand driven approach* involving two aid schemes.

¹⁹ In detail, with reference to PA 1, the focus areas open to Call 6 were: *Investing in the education system; Addressing skills mismatches; Research and Innovation and Information and Communication Technology*. With reference to PA 3, focus areas are: *Female participation in the labour market, Promoting an inclusive society and Addressing labour market distortions and ensuring that work pays*.

²⁰ In detail with reference to PA 2, the focus areas open under this PA are: *Continuous training and education and Supporting the private sector and Supporting Public Sector Reform*. With reference to PA 4, focus areas are: *Lifelong learning for the Public Sector; Strengthening the quality of employment services and Promoting a more effective social and civil dialogue in Malta*.

²¹ Information sessions for prospective Applicants were held on the 4 and 9 November 2010, both in Malta.

▪ Project Selection Outcome

During 2010, the Project Selection Committee (PSC) met thirteen (13) times: six (6) times for Call 5²² and seven (7) times for Call 6. As in previous years, the PSC requested further clarifications in writing in those cases where it was felt that certain issues were not clearly explained in order to ensure a more comprehensive assessment of the project proposal. Such an approach has ascertained the continued transparency achieved in previous years. These clarifications had to be addressed by the project proponents within the deadlines specified by the PSC. In this regard, a total of fourteen (14) clarification letters²³ were issued to Applicants. Three eligibility letters were issued in those cases when the PSC required further information which was necessary for the application to be deemed eligible and hence, to proceed to the selection process²⁴. As at end 2010, the projects selection process for Call 6 and Call 7 was still ongoing²⁵.

The project evaluation process is long and is often the start of delays in the implementation process. In its attempt to ensure a fair and competitive process, discussions are often long drawn and detailed clarification letters are sent to Beneficiaries in an effort to avoid the unnecessary cancellation of calls which ultimately have to be re-launched with the greater possibility of submissions by the same Beneficiaries (given the limitations of the territory) and most likely of the same proposals. In this context, the PSC seeks to “save” rather than reject proposals, however despite these efforts some of the proposals are still failing to make the pass-mark.

During the year under review, six (6) approval letters were issued²⁶ by the MA. Unsuccessful Applicants were informed through a rejection letter. In this context, in 2010, three (3) projects under PA 2, (Call 5), were rejected and four (4) projects were rejected under the PA 1 (Call 6). The main reasons behind the majority of failed applications is lack of expertise and capacity, even in public entities, in compiling good quality applications. In the case of 2010 calls, a number of proposals were good projects in themselves, however, the prime requisites for Cohesion Policy funding, such as strong anchoring in the overall strategy of the Axis and concrete results in terms of the objectives to be achieved, were largely missing, thereby rendering the project weak in its justification for ESF support. The unsuccessful Applicants were given the possibility to appeal to the Project Selection Appeals Board (PSAB); however no appeals were registered during the course of 2010. In 2010, five (5) Grant Agreements were signed between the MA and the Beneficiaries²⁷.

²² Call 5 referred to PA 2 and PA 4. This call closed in Q1 2009, with the evaluation of projects proposals under PA 4 concluded in the same year whilst those under PA 2 awarded in the early weeks of 2010.

²³ During 2010 under Call 5, PA 2, there were 6 clarification letters issued whilst under the Call 6, PA 1 there were 8 clarification letters issued.

²⁴ During 2010 under Call 6, for project proposals addressing PA 1, there were 3 eligibility letters issued.

²⁵ PSC evaluation of PA 1 projects submitted under Call 6, commenced on the 1st November 2010 and continued in 2011. The evaluation of PA 3 projects together with those submitted under Call 7 commenced in 2011.

²⁶ Under the 5th call for project proposals addressing Priority axis 2; ESF 2.72 “EPITOME”, ESF 2.78 “Retaining and Attracting People within Tourism Through Diversity Management”, ESF 2.84 “Promoting Life-long Learning Amongst Civil Society Organisations’ Voluntary Staff”, ESF 2.80 “Cultural Heritage Awareness for Front-Liners (CHAF)”, ESF 2.85 “Linking Industrial Needs and VET to Optimise Human Capital”, ESF 2.76 “Development of Operational Guidelines for Innovation and Quality in Hotels”.

²⁷ ESF 3.47 “Unlocking the Female Potential”, ESF 3.59 “Nista’ : The benefits of sharing life’s responsibilities”, ESF 3.52 “Care creates changes in People’s Lives”, ESF 3.48 “Lifelong learning for enhanced employability for parents” and ESF 3.62 “ME2 - Integration of persons with a disability into the Labour market”.

Progress in Programme Implementation

- **Territorial Earmarking: progresses on implementation of the 10% commitment for Gozo.**

OPII has a territorial commitment to spend 10% for the benefit of socio-economic development in Gozo. The calls for project proposals and schemes issued under OPII during the year under review were open for Applicants across the whole territory of Malta, including Gozo. An additional effort was made in the calls of 2010 to include specific sections for Gozo activities in the application. The objective was to make prospective applicants actively think about potential measures for Gozo and its labour force. In 2010, there were two (2) projects²⁸ being implemented in Gozo. As at end of the same year, there were a further twenty-seven (27) projects which entail components specifically targeting activities in Gozo. All the remaining projects are equally targeted towards Maltese and Gozitan citizens²⁹. With regards to these latter projects the commitment on Gozo can only be determined at the end of the projects' activities. Moreover, a number of aid scheme projects are being implemented by enterprises based in Gozo: €1,954,406.94 in approved projects under the TAF and EAP in 2010, representing roughly 11% of the amount allocated to these aid schemes.

During 2010, the MA started working on a new feature in the Structural Funds Database which will allow a more structured and accurate tracking of expenditure related to Gozo, in order to facilitate monitoring and reporting as well as follow-up measures. In addition, the MA also included specific reference to Gozo commitments in certain sections of the new applications forms. This will aid in further monitoring of the specific contribution that each project is providing. Overall, the current commitments for Gozo remain low, however as at end of 2010 it was too early to evaluate the results of the extra efforts made in the 2010.

As at the end of the year, the total commitment for Gozo (including schemes) was close to €4,200,000 equivalent to around 3.18% of the approved public eligible costs. However, this amount is expected to increase in view of those projects already under implementation for which at this stage it is not possible to determine the actual contribution to Gozo territory as explained above.

- **Aid Schemes implemented under Article 107 of the Treaty**

During 2010, the Intermediate Body³⁰ continued to receive and evaluate applications and sign grant agreements. The IB also started to carry out spot checks and processed the first payments³¹. Throughout 2010, ETC carried out various activities to promote both schemes with potential applicants, particularly through seminars, conferences and workshops but also through various publicity means such as newspaper adverts, television appearances and radio spots³². By end of the year under review, the IB had signed one-thousand-eight-hundred-fifty-six (1856) Grant Agreements (GAs)³³.

²⁸ 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*.

²⁹ Source: data submitted by Beneficiaries on Gozitan participants.

³⁰ Employment and Training Corporation (ETC).

³¹ As at the end of 2010, ETC processed payments only under TAF.

³² In the case of TAF information sessions were held.

³³ 1176 TAF GAs (however 2 were then withdrawn) and 682 EAP GAs.

Unfortunately, the same success cannot be said with regard to the processing of payments, which as at year end had still not picked up the desirable pace.

By end of year, two-thousand-one-hundred-twenty-three (2123)³⁴ applications had been received for the TAF scheme, of which just over 51% (1077) were received in 2010. Over one-thousand-four-hundred (1400) Grant Agreements³⁵ were signed by end of year under review, of which by far the overwhelming majority 84% (1174)³⁶ were signed in 2010 for a total amount of €2,616,997.39³⁷. Although the number of applications received remained within the 2009 range, of the number of Grant Agreements signed increased by over 500%. This was mainly due to the considerable effort made by ETC to improve and simplify the application process. This effort of simplification is expected to continue in 2011 and increased resources must be allocated towards improving efficiency at the payment stage, which in 2010 continued to be extremely slow. On a positive note, it is worth noting that by end of year close to seven-thousand-five-hundred (7,500) workers had benefited from training under this scheme spanning a cross section of important economic areas, including manufacturing, business³⁸ and tourism.

The second scheme, the Employment Aid Programme (EAP) recorded a significant increase in the number of applications received as well as in the subsequent placements. By end of year the scheme had received a total of two-thousand-three-hundred-fifty (2350) applications of which 64% (1496)³⁹ were received in 2010. The total number of Grant Agreements signed by end of 2010 was one-thousand-one-hundred-twenty (1120), of which six-hundred-eighty-two 682⁴⁰ were signed in 2010 for a total amount of €3,266,873⁴¹, resulting in 216% increase in terms of financial commitments made, when compared to 2009. Despite the success in terms of demand by the private sector and commitments made by the IB, the payment rate has remained very low, although this scheme cannot be compared to TAF (which clearly is the result of capacity bottlenecks), given the specific conditions related to payments.

EAP is proving to be successful in the retention rate of persons engaged: it results, in fact, that 94% (330) of the 352 participants that completed their placement under this scheme have been retained even after the end of their participation on the Scheme and two (2) participants have set up their own business as self-employed.

Despite all the efforts, the expenditure registered under both schemes is below what was originally forecasted. With regards to TAF, payments were still very low in 2010, representing only 1% of the commitments made under the scheme. By end 2010, only ten undertakings had been reimbursed and the total amount of disbursements in 2010 was a mere €25,136. The delays arise mainly from the

³⁴ 1046 were received in 2009 and 1077 in 2010.

³⁵ 1404 to be exact.

³⁶ Total agreements signed in 2010 by TAF was originally 1176. However, two applications were withdrawn.

³⁷ By the end of 2009, 1046 applications were received under TAF and a total of 230 Grant Agreements were signed amounting to a total of € 401,363.00, bringing to a total of 1404 grants signed with a total value €3,018,360.39.

³⁸ This refers to code 74 'Other business activities' of the NACE codes, which vary from legal activities, accounting book-keeping and auditing activities tax consultancy, market research and public opinion polling, advertising

³⁹ The rest (854) were received in 2009.

⁴⁰ 438 were signed amounting to €1,512,367 in 2009.

⁴¹ Total amount of grants signed under this scheme since its launch is €4,779,240, out of which €1,512,367 refers to grants signed in 2009.

fragmentation of the scheme and the resultant disproportionate number of checks which has created backlogs within the IB, which have been made even worse through the various initial demands made on the IB from the different horizontal stakeholders. The IB, in turn, has realized that its current practices are not sustainable, if commitments are to be translated into payments in 2011 and has initiated a review of the process with the aim of consolidating the simplification process involving relevant stakeholders, including the representatives of the private sector. No payments were made to Beneficiaries under EAP in 2010. To a certain extent, the EAP also experienced problems similar to those of the TAF, however the backlog in the case of this scheme is less acute as employers are paid only after all obligations under the Grant Agreement are fulfilled. By end of December 2010, only one-hundred-sixty-nine (169) reimbursement requests were received, representing only 48% of the requests which were due by end December 2010. The demand for both schemes cannot be seen to be equally distributed over the entire territory, although clearly the EAP is far more represented in Gozo than TAF. Since the launch of this scheme, four-hundred-fifty-eight (458) applications relate to participants based and working in Gozo. In 2010, one-hundred-eighty-eight (188) grants were signed for the benefit of Gozo (28% of the total GAs signed in 2010), amounting to €1,204,346. This means that, as at the end of 2010, three-hundred-thirty-one (331) grants were signed with respect to Gozitan placements amounting to €1,891,889. This represents the 40% of the entire commitment under this scheme. In addition, it is worth noting that one-hundred-seventy-two (172) of five-hundred-sixteen (516) employers that benefitted from this scheme are from Gozo. Out of the hundred-seventy-two (172), one-hundred-one (101) joined in 2010. Unfortunately, the same cannot be said with regard to TAF, where Gozitan interest has hitherto been modest with twenty-six⁴² (26) grants signed amounting to €70,817.60, (2% of the total GAs signed as at the 2010).

It is clear that the implementation of the aid schemes continued to be a very challenging experience for the IB. ETC has extensive experience in the implementation of ESF projects – in both the 04-06 as well as the 07-13 Programmes. The MA is monitoring the situation closely, also through the high level bilateral meetings⁴³ and has also sought to support the IB in a very direct manner, providing constant advice and guidance as well as training and support, particularly with regard to the first level of control function. In order to share and revolve the limited experience on the ground, the MA has, in 2010, formalised the set-up of the IB network, which provides a forum not only for the ESF IB to interact with the MA, but also share experiences on common issues (such as possibilities of double funding, processing of claims, verifications and common administrative issues) with the ERDF IBs, to ensure a more integrated approach and common positions, where possible, on the ground. The MAs of the EAFRD and the EFF are also invited to the IB network meetings, of which two⁴⁴ were held in 2010. On its part, the IB continued to hold the IB Steering Committee (IBSC), reviewing progress and examining results achieved. The IBSC, chaired by the Head of the IB, met twice during 2010⁴⁵. Discussions on the payment process were also held and will be followed up by another IB meeting addressing this issue specifically.

⁴² Twenty one grant agreements were signed in 2010 for a total value of €62,453.46.

⁴³ ESF3.64 was called for 3 bilateral meetings with the PPS in 2010.

⁴⁴ IB Network was held on 3rd February 2010 and on 13th September 2010.

⁴⁵ Meetings were held on the 23rd June, 21st December 2010.

The intense discussions and monitoring as well as the feedback coming from the first months of implementation of the schemes (particularly TAF where backlogs soon experienced sharp increases) led to modifications of the eligibility criteria which were approved in May and November have since been put into practice. Under TAF, two new systems have been introduced: a threshold for eligible training cost was set per application⁴⁶ as well as a revision of the eligibility criteria related to trainers. The changes to the EAP criteria were as follows: removal of capping for certain categories of client groups⁴⁷; increase in the support period⁴⁸ modification to the definition of some client groups⁴⁹; and the eligibility of Registered Disabled Persons (RDPs) who have reached pensionable age⁵⁰. Moreover, a number of *operational* issues⁵¹ was also dealt with by the IB in close collaboration with the MA. Overall, it is safe to say that while the focus in 2011 has to be the acceleration of payments, it is also clear that the IB as well as the system itself has had to deal with a considerable number of unforeseen *teething issues*. The ongoing review as well as the broad consensus across private and public stakeholders concerning the expected benefits of the scheme will undoubtedly continue to mobilise efforts to address the existing bottlenecks.

▪ Indicators

The table below depicts the achievements registered on the various indicators under OPII as at end 2010. Although implementation has picked up significantly in 2010, by year's end most of the projects were still at different stages of the implementation process hence the achievements in the indicators vary, from minimal (given that the majority of the indicators are considered to be achieved once a project is complete) to very high – largely in the case of two output indicators under PA 1, *Number of persons participating in S&T or ICT in further or higher education & training programmes* and *Number of persons trained through capacity building courses*; one output indicator under PA 2, *Number of undertakings supported*. A detailed analysis of the achievements registered under output and result indicators as at the end of 2010 will be provided in Chapter 3 of this report.

⁴⁶ According to this criterion the minimum eligible amount that can be claimed by undertakings is €350.

⁴⁷ Participants over 50 years of age and participants who are registered disabled persons are exempted from the capping.

⁴⁸ According to this criterion, in the case of applications dated 1st of January 2011 onwards, the subsidy period will be increased to 52 weeks. Registered Disabled Persons will benefit from a 156 week subsidy period.

⁴⁹ Specifically, when an employee's contract has been terminated due to the insolvency of the company, the end of work contract may also be considered as a form of redundancy. This has to be determined on a case by case basis.

⁵⁰ Registered Disabled persons are eligible irrespective of whether they reach pensionable age by the end of the grant agreement or not.

⁵¹ 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 output and result indicator

Priority axis 1 – Improving education skills				2007	2008	2009	2010	Total
Output	A	Indicator 1: Number of persons participating in further or higher education & training programmes	Achievement	0	0	136 ⁵²	159	295
			Target	n/a	n/a	n/a	n/a	2,000
			Baseline	n/a	n/a	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	595	661	1,271
			Target	n/a	n/a	n/a	n/a	600
			Baseline	n/a	n/a	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	40	48
			Target	n/a	n/a	n/a	n/a	250
			Baseline	n/a	n/a	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	5	5
			Target	n/a	n/a	n/a	n/a	10
			Baseline	n/a	n/a	n/a	n/a	n/a
	C	Indicator 5: Number of persons trained through capacity building courses	Achievement	0	0	110	1,286	1,396
			Target	n/a	n/a	n/a	n/a	750
			Baseline	n/a	n/a	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	140	545
			Target	n/a	n/a	n/a	n/a	3,000
			Baseline	n/a	n/a	n/a	n/a	n/a
Indicator 7: Number of actions supporting educational quality, relevance, structures, systems, campaigns and research		Achievement	0	0	0	5	5	
		Target	n/a	n/a	n/a	n/a	20	
		Baseline	n/a	n/a	n/a	n/a	n/a	
Results	A	Indicator 1: % of participants gaining a further or higher education & training qualification	Achievement	0%	0%	0%	4%	4%
			Target	n/a	n/a	n/a	n/a	75%
			Baseline	n/a	n/a	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%	31%	31%
			Target	n/a	n/a	n/a	n/a	75%
			Baseline	n/a	n/a	n/a	n/a	n/a
		Indicator 3: % of participants gaining a qualification/certification in capacity building education/training	Achievement	0%	0%	3%	15%	18%
			Target	n/a	n/a	n/a	n/a	80%
			Baseline	n/a	n/a	n/a	n/a	n/a
	C	Indicator 4: % of participants gaining a qualification/certification ⁵³	Achievement	0%	0%	0% ⁵⁴	14%	14%
			Target	n/a	n/a	n/a	n/a	80%
			Baseline	n/a	n/a	n/a	n/a	n/a

⁵² In Air 2009, the achievement under 'Number of persons participating in further or higher education & training programmes' was erroneously reported as 129 rather than 136. In 2009, under ESF 1.23, persons participating in further or higher education & training programmes were 29 and not 22.

⁵³ Including certificates of attendance.

⁵⁴ In Air 2009, for a miscalculation, the progress registered under '% of participants gaining a qualification/certification' were should read 0.37 rather than 1.9%. Percentage was calculated over 750 target Number of persons trained through capacity building courses rather than to the 3750.

Priority axis 2 – Broad target groups				2007	2008	2009	2010	Total
Output	A	Indicator 1: Number of persons trained/supported	Achievement	0	0	5,101	14,030	19,131
			Target	n/a	n/a	n/a	n/a	45000 ⁵⁵
			Baseline	n/a	n/a	n/a	n/a	n/a
		Indicator 2: Number of actions supporting educational structures, systems, campaigns and research	Achievement	0	0	0	0	0
			Target	n/a	n/a	n/a	n/a	5
			Baseline	n/a	n/a	n/a	n/a	n/a
	B	Indicator 3: Number of undertakings supported	Achievement	0	0	230	1,174	1404
			Target	n/a	n/a	n/a	n/a	700
			Baseline	n/a	n/a	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%	16%	16%
			Target	n/a	n/a	n/a	n/a	20%
			Baseline	n/a	n/a	n/a	n/a	n/a
		Indicator 2: % of participants gaining a qualification/certification	Achievement	0%	0%	8%	26%	34%
			Target	n/a	n/a	n/a	n/a	60%
			Baseline	n/a	n/a	n/a	n/a	n/a
	B	Indicator 3: % of participants gaining a qualification/certification	Achievement	0%	0%	0%	29%	29%
			Target	n/a	n/a	n/a	n/a	60%
			Baseline	n/a	n/a	n/a	n/a	n/a

Priority axis 3 – Promoting an equal and inclusive labour market				2007	2008	2009	2010	Total
Output	A	Indicator 1: Number of actions supporting a lifecycle approach to work	Achievement	0	0	0	0	0
			Target	n/a	n/a	n/a	n/a	10
			Baseline	n/a	n/a	n/a	n/a	n/a
		Indicator 2: Number of women trained/supported	Achievement	0	0	23	285	308
			Target	n/a	n/a	n/a	n/a	2,000 ⁵⁶
			Baseline	n/a	n/a	n/a	n/a	n/a
		Indicator 3: Number of families benefiting from childcare	Achievement	0	0	0	0	0
			Target	n/a	n/a	n/a	n/a	1,600
			Baseline	n/a	n/a	n/a	n/a	n/a
	B	Indicator 4: Number of vulnerable persons trained/supported	Achievement	0	0	656	4,500	5,156
			Target	n/a	n/a	n/a	n/a	6,500
			Baseline	n/a	n/a	n/a	n/a	n/a
		Indicator 5: Number of persons trained in capacity building	Achievement	0	0	24	252	276
			Target	n/a	0	n/a	n/a	600
			Baseline	n/a	n/a	n/a	n/a	n/a

⁵⁵ Including repeat participants

⁵⁶ This target only covers actions specifically addressing women. Other targets included in this Priority axis and other Priority axis also include female participants.

		courses	Baseline	n/a	0	n/a	n/a	n/a
		Indicator 6: Number of studies, actions, campaigns, research activities carried out	Achievement	0	0	0	4	4
			Target	n/a	n/a	n/a	n/a	10
			Baseline	n/a	n/a	n/a	n/a	n/a
		Indicator 7: Number of civil society projects	Achievement	0	0	2 ⁵⁷	0	2
			Target	n/a	n/a	n/a	n/a	50
			Baseline	n/a	n/a	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%	0%
			Target	n/a	n/a	n/a	n/a	20%
			Baseline	n/a	n/a	n/a	n/a	n/a
		Indicator 2: % of participants gaining a qualification/certification	Achievement	0%	0%	0%	10%	10%
			Target	n/a	n/a	n/a	n/a	50%
			Baseline	n/a	n/a	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%	11%	11%
			Target	n/a	n/a	n/a	n/a	20%
			Baseline	n/a	n/a	n/a	n/a	n/a
		Indicator 4: % of participants in capacity building gaining a qualification/certification	Achievement	0%	0%	0%	30%	30%
			Target	n/a	n/a	n/a	n/a	80%
			Baseline	n/a	n/a	n/a	n/a	n/a

⁵⁷ Following the withdrawal of ESF 3.68, "DAVID: Developing a Vocational Training Programme for Persons with Intellectual Disability," dropped on the 25 February 2010, only two projects (ESF 3.66 and ESF 3.71) contribute towards this indicator. Consequently, the achievement registered under indicator in 2009 had to be reduced from three (3) to two (2).

Priority axis 4 – Strengthening of institutional and administrative capacity									
				2007	2008	2009	2010	Total	
Output	A	Indicator 1: Number of persons participating in training in a year	Achievement	0	0	0	213	213	
			Target	n/a	n/a	n/a	n/a	4000 ⁵⁸	
			Baseline	n/a	n/a	n/a	n/a	n/a	
		Indicator 2: Number of studies/actions/campaigns/research activities carried out	Achievement	0	0	0	1	1	
			Target	n/a	n/a	n/a	n/a	30	
			Baseline	n/a	n/a	n/a	n/a	n/a	
	B	Indicator 3: Number of projects supporting partnership	Achievement	0	0	2	0	2	
			Target	n/a	n/a	n/a	n/a	7	
			Baseline	n/a	n/a	n/a	n/a	n/a	
Results	A	Indicator 1: % of participants gaining a qualification/certification	Achievement	0%	0%	0%	17%	17%	
			Target	n/a	n/a	n/a	n/a	80%	
			Baseline	n/a	n/a	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%	57%	57%
				Target	n/a	n/a	n/a	n/a	50% ⁵⁹
				Baseline	n/a	n/a	n/a	n/a	n/a

Priority axis 5 - Technical Assistance										
				2007	2008	2009	2010	Total		
Output	A	Indicator 1: Number of Persons Trained	Achievement ⁶⁰	3	230	127	76	436		
			Target	n/a	n/a	n/a	n/a	350 ⁶¹		
			Baseline	n/a	n/a	n/a	n/a	n/a		
		Indicator 2: Number of evaluations carried out	Achievement	0	0	0	0	0		
			Target	n/a	n/a	n/a	n/a	4		
			Baseline	n/a	n/a	n/a	n/a	n/a		
		Indicator 3: Number of Publicity measures undertaken	Achievement	4	11	7	7 ⁶²	29		
			Target	n/a	n/a	n/a	n/a	15		
			Baseline	n/a	n/a	n/a	n/a	n/a		
		Indicator 4: Number of studies/research activities carried out	Achievement	0	0	1 ⁶³	0	1		
			Target	n/a	n/a	n/a	n/a	5		
			Baseline	n/a	n/a	n/a	n/a	n/a		
		Result	A	Indicator 1: Reaching N+3/N+2 targets	Achievement	0%	0%	0%	0%	0%
					Target	n/a	n/a	n/a	n/a	80%
					Baseline	n/a	n/a	n/a	n/a	n/a

⁵⁸ Including repeat participants.

⁵⁹ Baseline as at 2006 is three full time and one part-time.

⁶⁰ Achievements registered in 2007,2008, 2009 and 2010 include repeated participants.

⁶¹ This figure includes repeated trainees.

⁶² Achievements between 2007 and 2010, were reported as per Communication Plan. These include: (1) Annual Event in Malta and Gozo; two (2) information sessions; adverts for Pre-Announcement (1 for Call 7) and Call for Projects (2 for Call 6 and 7); promotional items.

⁶³ This refers to 'PPCD Implementation of ESF Flat Rate Rule'. This study was issued by PriceWaterHouseCoopers on 13th February, 2009.

Further Guidance on Implementation

▪ Eligibility Rules

Subsequent to the drafting of the National Eligibility rules (in line with Article 56 [4] of 1083/2006) in 2008, no amendments to ESF eligibility rules were made during 2010, however an internal exercise was being undertaken with the objective of providing further clarity. The revised rules are expected to be adopted in 2011.

▪ Manual of Procedures 2007 – 2013

During 2010, the MA launched consultation procedures with vertical and horizontal stakeholders as part of the regular revisions of the *Manual of Procedures for Projects Implementation Cohesion Policy 2007-2013* (MoP) which was last updated in August 2009. Stakeholders were invited to present proposals. In this regard it should be stressed that the current MoP remains faithful to the core system outlined in Malta's *Description of Management and Control Systems – Operational Programmes I and II (2007-13)* and the revisions that have been initiated are mainly an effort to streamline and provide additional clarity. The revised version of the MoP is expected to be published by the MA in 2011 and will be accessible from http://ppcd.gov.mt/links_and_downloads.

▪ MA Circulars

Apart from the somewhat larger scale updating activities referred to above, the MA also issued four circulars relevant for OPII during 2010, with the scope of providing Beneficiaries with clarifications and recalling important requirements and obligations. MA Circular 02/2010 was issued on 24 February, 2010, and provides guidance on the documents to be uploaded on the SFD by the different stakeholders⁶⁴. This circular was issued with the objectives of ensuring availability (and consistency) of information in the electronic system which is required for monitoring and control purposes (keeping in mind also data protection restrictions), as well as eliminating unnecessary duplication of work, reducing administrative burdens and mitigating the impact (of unnecessary uploads) on SFD 07-13 hardware capacity. The Circular is considered to be an effort towards simplification and harmonisation of activities. In this regard, this circular referred to the obligations relating to the retention of documents as stipulated in Article 90 of EC/1083/2006 (and subsequent amendments), the Grant Agreement and the MoP – all of which are to remain valid and effective.

MA Circular 03/2010, issued on 30th March 2010 concerns data protection matters and was issued following a data protection audit on the electronic management system. MA Circular 04/2010 was issued on the 5th November 2010 provides additional clarity to the different type of Beneficiaries concerning the obligations to maintain a separate accounting system (or a separate accounting code) for all transactions. The last circular for 2010, i.e. MA 05/2010, was also issued in November and aims to recall the responsibilities of those officers nominated by their respective organisations to carry out the function of SFD 2007-13 trainers. All the above circulars may be found on the following link: <http://ppcd.gov.mt/circulars>.

⁶⁴ MA Circular 01/2010, issued 16 February 2010 refers primarily to ERDF projects and relates to the respect to the minimum standards for Renewable Energy Sources (RES).

Strengthening administrative capacity

▪ Capacity within Stakeholders

During 2010, capacity within the main stakeholders has continued to be monitored. Some changes were made within the MA. There were new appointments, as well as a reduction in capacity by 1 FTE. While one officer left the Unit, another was promoted from Programme Manager to Senior Manager. It is worth noting that following the resignation of the first Head for OPII, the new head was appointed in Q3 of 2010. With regards to the Intermediate Body, the administrative set-up was further strengthened during 2010 with a total net increase of capacity of 3.5 FTE's⁶⁵. The other Horizontal stakeholders also recorded a number of changes. The Treasury and the DoC registered slight increases (1.85FTE and 0.50FTE respectively) while the Certifying Authority recorded a drop of two FTE of officers working on OPII. A number of Line Ministries have also requested an increase in capacity, given the surge in payments expected, particularly within MEEF that has to undertake the LM function for the majority of public sector projects under OPII as well as both aid schemes. Some internal re-allocations were made to meet existing demand, however as at end 2010, calls for applications for EU Fund Manager and EU Fund Officers were being processed by the Personnel and Human Resources organizations within OPM with resource allocations expected in the first half of 2011.

▪ Capacity Building / Training

A number of activities were organised in 2010 aimed at strengthening the administrative capacity within key horizontal stakeholder organisations. These include:

- In-house training sessions on '*Project Management Tools for Monitoring*' for OPII – with the participation of 22⁶⁶ members of staff within the MA - were held between the 19th January and 19th February 2010.
- A training course for Cohesion Policy 2007-2013 Beneficiaries entitled: "*Introduction to Payment Procedures; Guidelines to VAT*". The sessions were held between the 3rd and the 5th March 2010.⁶⁷
- A course on the "*Project Progress Report for NGOs and Social Partners*" was held on the 29th March 2010. A total of 7 OPII related NGOs and Social Partners attended.
- An In-house training session on "*Eligibility: Simplified Costs*" was held for MA staff on the 22nd June 2010. Ten (10) officers working on OPII participated.

Training was also provided for new Beneficiaries in 2010 entitled "*Start Up Training for New Beneficiaries*". The training modules were spread over five days, between the 26th July and the 4th August 2010, and covered the following areas:

- General overview of Cohesion Policy;
- Introduction to Administrative Procedures: Who's who in Cohesion Policy in Malta;

⁶⁵ Two FTEs for EAP and 1.5 FTE for TAF.

⁶⁶ Eleven officers OPII and eleven officers OPI/OPII.

⁶⁷ Twenty-four OPII and one officer OPI/OPII participated.

- Introduction to Project Management;
- Publicity Requirements;
- National Procurement Regulations;
- Introduction to Payment Procedures;
- Guidelines on the VAT implications for Maltese entities implementing projects financed through EU Structural Funds;
- Document Retention and Basic Principles of Control; Preparing for a Spot Check; and
- Reporting requirements.

A total of thirty-nine (39) participants from OPII Beneficiaries attended. A two-day training course was organised for staff of the Managing Authority and of the Intermediate Bodies entitled “*Monitoring of Horizontal Policies*”⁶⁸. This was held on the 25th and 26th of October. Another SFD Train-the-Trainer Programme was organised by the MA between April and September 2010. A total of forty-five (39) participants working on OPII⁶⁹ were trained in nine (9) sessions. Members of staff from different stakeholder organisations working on 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; monitoring of Programmes; and management of TA funds.

Report on the Implementation of the ESF Flat Rate Rule

During the course of 2010⁷⁰, CION approved the proposal by Malta for the application of Article 11.3 (b) (i) of EC Reg. 1081/2006, regarding indirect costs declared on a flat-rate basis⁷¹. The accepted proposal establishes flat rate thresholds according to the type of Beneficiary and the size of the grant. The rates will be applied to all projects that follow the normal implementing process, including those projects selected within the transitory periods⁷², with the exception of those projects implemented through *outsourcing* and which therefore cannot be deemed to incur significant indirect costs related to the project. With regards to projects implemented within the context of partnership, the level of participation of the partner/s will determine the extent to which the rate will apply also for partners. If the project tasks are shared between Beneficiaries and partners, the established and relevant rates for overhead absorption will also be used by partners and applied according to the cost of the activities performed by the latter. The rates to be applied are as follows:

⁶⁸ Four participants (OPII) and two OPI/OPII

⁶⁹ Seventeen (17) OPII and twenty-two (22) OPI/OPII

⁷⁰ In February 2008, Malta commissioned a study to support the Managing Authority in establishing the appropriate flat rate/s for indirect costs for different categories of operations funded. This, together with the system’s description on the implementation of the ESF flat-rate rule on indirect costs was forwarded to the EC in 2009 in order to establish the rates on indirect costs to be applied to projects implemented under OPII.

⁷¹ Letter of approval N. 536 476, dated 26th August 2010 on the implementation of article 11.3 (b) (i) of Regulation (RC). No 1081/2006, concerning the possibility of declaring indirect costs on a flat rate in case of grants.

⁷² i.e. from the start of the implementation period to the decision date.

Table 2 - Indirect Costs: Projects implemented by Non Government Departments

Size of Grant	Flat Rates
< € 200,000	10%
€ 200,000 - € 600,000	8%
€ 600,001 - € 2.3 million	5%
> € 2.3 million - € 4 million	2%
€ 4 million	2%

In the case of **projects implemented by Government Departments**, the applicable rates are as follows:

Table 3 - Indirect Costs: Projects implemented by Government Departments

Size of Grant	Flat Rates
< € 200,000	4%
€ 200,000 - € 600,000	4%
€ 600,001 - € 2.3 million	4%
> € 2.3 million - € 4 million	2%
€ 4 million	2%

In view of the approval from the EC on the applicable rates, the MA started the process of drafting the Addenda to the relevant Grant Agreements (concluded before the decision) to include the actual approved applicable rate together with a working note on how to implement the flat rate⁷³. The costs will be eligible from the day when the project was approved for funding. The Manual of Procedures will also be amended to include guidance on the implementation of the flat rate.

⁷³ This refers only for those projects that , at submission stage, applied for indirect costs.

2.1.2 Financial information

Advance Payments

No further advance payments were due to Malta in 2010. The total amount of advance payments received under ESF remained €10,080,000.

Interim Payments

The implementation of project activities has evidently gained momentum in 2010 and this has resulted in increased expenditure. The MA launched the Statement of Expenditure (SoE) process on two separate occasions in 2010: June and September. Table 4 below indicates the total public share (EU + MT) that was verified by the MA, the amounts certified by the CA and the funds received from the EC during 2010.

Table 4 - Summary of Verified, Certified and Received Amounts

Summary - Verified, Certified and Received	Verified by MA in 2010	Certified by CA in 2010	Received from EC in 2010 ^[1]
	(public share, €)	(public share, €)	(EU share, €)
ESF - Nov 09	0	0	503,463.73 ⁷⁴
ESF - June	3,068,030.79	3,068,030.79	2,607,826.17 ⁷⁵
ESF - September	2,527,008.64	2,527,008.64	2,147,957.34 ⁷⁶
Total	5,595,039.43	5,595,039.43	5,259,247.24

⁷⁴ Amount received from the EC on 15 January 10.

⁷⁵ Amount received from the EC on 5 July 10.

⁷⁶ Amount received from the EC on 9 December 10.

Table 5 - Priority Axes by source of funding (€)

	Total funding of operational programme (Union and national)	Basis for calculating Union contribution (Public or Total cost) ⁷⁷	Total amount of certified eligible expenditure paid by Beneficiaries ⁷⁸	Corresponding public contribution (CERTIFIED ONLY) ⁷⁹	Implementation rate in %
	a	b	c	d	e = c/a if T or e = d/a if P
Priority axis 1 <i>Improving education and skills</i>	37,400,000.00	P	4,684,837.54	4,684,837.54	13%
Priority axis 2 <i>Investing in the employability and adaptability of the workforce</i>	30,995,000.00	P	432,689.06	432,689.06	1%
Priority axis 3 <i>Promoting an equal and inclusive labour market</i>	36,900,000.00	P	814,826.98	814,826.98	2%
Priority axis 4 <i>Strengthening of institutional & administrative capacity</i>	21,405,000.00	P	-	-	0%
Priority axis 5 <i>Technical Assistance</i>	5,064,705.00	P	339,030.22	339,030.22	7%
Grand total	131,764,705.00	P	6,271,383.80	6,271,383.80	5%
Total expenditure in transitional regions in the grand total	-	-	-	-	-
Total expenditure for regions not receiving transitional support	131,764,705.00	-	6,271,383.80	6,271,383.80	-
ERDF type expenditure in the grand total where the operational programme is co-financed by the ESF	-	-	975,758.38	975,758.38	-

⁷⁷ Art. 53(1) - EC1083/2006 OP II document table pg 110.

⁷⁸ Includes Public only, certified by CA Art. 53(1) - EC1083/2006.

⁷⁹ Cumulative Certified Public.

2.1.3 Information about the breakdown of use of the Funds

The Table below indicates the amounts committed to each Priority Theme and Economic Activity as at 31st December 2010.

Table 6 - Cumulative breakdown of allocations of the Community contribution by category (Part C of Annex II)

Priority Theme	Form of Finance	Territory	Economic Activity	Location	Total
62	01	03	14	MT0 - Malta	2,267,534.48
			22	MT0 - Malta	1,131,484.21
			18	MT0 - Malta	642,392.21
			20	MT0 - Malta	479,459.43
			3	MT0 - Malta	395,993.53
			4	MT0 - Malta	395,993.53
			5	MT0 - Malta	395,993.53
			6	MT0 - Malta	395,993.53
			7	MT0 - Malta	395,993.53
			8	MT0 - Malta	395,993.53
			9	MT0 - Malta	395,993.53
			10	MT0 - Malta	395,993.53
			11	MT0 - Malta	395,993.53
			12	MT0 - Malta	395,993.53
			13	MT0 - Malta	395,993.53
			15	MT0 - Malta	395,993.53
			16	MT0 - Malta	395,993.53
			19	MT0 - Malta	395,993.53
			21	MT0 - Malta	395,993.53
63	01	03	14	MT0 - Malta	360,157.77
64	01	03	18	MT0 - Malta	71,868.35
65	01	03	0	MT0 - Malta	94,395.14
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
			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	188,138.62			
18	MT0 - Malta	211,042.78			
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

Priority Theme	Form of Finance	Territory	Economic Activity	Location	Total
			20	MT0 - Malta	248,443.06
			22	MT0 - Malta	1,110,822.50
71	01	03	1	MT0 - Malta	331,904.76
			2	MT0 - Malta	331,904.76
			3	MT0 - Malta	331,904.76
			4	MT0 - Malta	331,904.76
			5	MT0 - Malta	331,904.76
			6	MT0 - Malta	331,904.76
			8	MT0 - Malta	331,904.76
			9	MT0 - Malta	331,904.76
			10	MT0 - Malta	331,904.76
			11	MT0 - Malta	331,904.76
			12	MT0 - Malta	331,904.76
			13	MT0 - Malta	331,904.76
			14	MT0 - Malta	331,904.76
			15	MT0 - Malta	331,904.76
			16	MT0 - Malta	331,904.76
			17	MT0 - Malta	331,904.76
			18	MT0 - Malta	331,904.76
			19	MT0 - Malta	331,904.76
			20	MT0 - Malta	4,462,506.26
			21	MT0 - Malta	331,904.76
			22	MT0 - Malta	331,904.76
			0	MT0 - Malta	53,958.85
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	1,420,130.19
			18	MT0 - Malta	6,693,183.89
			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

Priority Theme	Form of Finance	Territory	Economic Activity	Location	Total
			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	8,587,007.03
			19	MT0 - Malta	166,020.94
			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
81	01	03	17	MT0 - Malta	4,354,543.24
			18	MT0 - Malta	480,985.25
			0	MT0 - Malta	98,248.01
			22	MT0 - Malta	397,224.55
85	01	03	00	MT0 - Malta	2,817,499.25
86	01	03	00	MT0 - Malta	1,487,500.00
Grand Total					65,133,974.08⁸⁰

⁸⁰ 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 (€17m). However, the total amount of 7,396,236.99 was committed by the IBs to the Beneficiaries under the two schemes at the end of 2010.

In this regard, the total amount committed by TAF by the end of 2010 (€ **3,018,360.39**) is divided by code of economic activities, as follows:

code 3 - *Manufacture of food products and beverages*: € 206,986.73 **(6.9%)**;
code 4 - *Manufacture of textile and textile products*: € 2,847.27 **(0.1%)**;
code 5 - *Manufacture of Transport Equipment*: € 253,505.29 **(8.4%)**;
code 6 - *Unspecified manufacturing industries*: € 711,931.11 **(23.6%)**;
code 7 - *Mining and quarrying of energy producing materials*: € 4,080.40 **(0.1%)**;
code 10 - *Post and telecommunications*: € 102,214.22 **(3.4%)**;
code 11 - *Transport*: € 155,181.84 **(5.1%)**;
code 12 - *Construction*: € 143,607.60 **(4.8%)**;
code 13 - *Wholesale and retail trade*: €356,611.69 **(11.8%)**;
code 14 - *Hotels and restaurants*: € 84,894.22 **(2.8%)**;
code 15 - *Financial intermediation*: € 137,013.07 **(4.5%)**;
code 16 - *Real estate, renting and business activities*: € 687,011.28 **(22.8%)**;
code 18 - *Education*: € 64,980.93 **(2.2%)**;
code 19 - *Human health Activities*: € 42,910.07 **(1.4%)**;
code 20 - *Social work, community, social and personal services*: € 62,243.47 **(2.1%)**;
code 22 - *Other unspecified services* €2,341.20 **(0.1%)**.

With reference to Aid Scheme ESF 3.64 – EAP, the total amount committed by the end of 2010 (€ **4,779,239.85**) is divided by code of economic activities as follows:

code 1 - *Agriculture, Hunting and Forestry* : €150,502 **(3.15%)**;
code 2 - *Fisheries*: €6,930 **(0.14%)**;
code 3 - *Manufacture of food products and beverages*: €151,173 **(3.16%)**;
code 4 - *Manufacture of textile and textile products* €19,048 **(0.40%)**;
code 5 - *Manufacture of transport equipment* €151,109 **(3.16%)**;
code 6 - *Unspecified manufacturing industries*: €807,041 **(16.89 %)**;
code 10 - *Post and telecommunications*: €292,847 **(6.13%)**;
code 12 - *Construction*: €351,130 **(7.35%)**;
code 13 - *Wholesale and retail trade*: €1,164,251 **(24.36%)**;
code 14 - *Hotels and restaurants*: €338,915 **(2.29%)**;
code 15 - *Financial intermediation*: €109,636 **(16.17%)**;
code 16 - *Real estate, renting and business activities*: €772,754 **(16.17%)**;
code 18 - *Education*: €43,492 **(0.91%)**;
code 19 - *Human health activities*: €28,612 **(0.6%)**;
code 20 - *Social work, community, social and personal services*: € 391,796 **(8.20%)**

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 2010 data has continued to be available and reported in the table below.

Table 7 - Information by target Groups in accordance with Annex XXIII

2010		People Entering		People Leaving		People Carried Over ⁸¹	
		Total	Women	Total	Women	Total	Women
Status in the Labour Market	Total Number of participants (Employed+Unemployed+Inactive)	29795	11970	17802	6802	2528	939
	Employed	14960	6514	6923	3134	1059	435
	Self Employed	778	220	653	172	36	19
	Unemployed	8836	2712	8304	2464	441	158
	Long Term Unemployed	2927	966	2689	878	40	22
	Inactive	5999	2744	2575	1204	1028	346
	Inactive in Education and Training	3163	1315	288	42	446	133
Age	Young People (15-24 years)	9218	3964	4353	1780	1199	412
	Older Workers (55-64 years)	2067	591	1571	385	77	13
Vulnerable Groups	Minorities						
	Migrants	670	157	615	129	3	0
	Disabled	901	269	554	132	158	85
	Other Disadvantaged People	4056	1686	1005	270	578	237
Education Attainment	Primary or Lower secondary education (ISCED 1 & 2)	18017	6566	12252	4139	942	325
	Upper Secondary education (ISCED 3)	4517	2287	2349	1133	565	183
	Post-secondary non-tertiary education (ISCED 3)	2753	1129	1251	485	188	44
	Tertiary Education (ISCED 5 & 6)	4508	1988	1950	1045	833	387

2.1.5 Assistance repaid or re-used

As at end of 2010, 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

As in previous years, 2010 was characterised with calls for proposals, approval of new projects, finalisation of Grant Agreements, publication of tenders and the actual implementation of projects on the ground, the latter having intensified considerably when compared with 2009. This process which demanded the continued effort of the MA and the IB (the latter in case of Aid schemes under Article 107

⁸¹ The number of "People carried Over" refers to participants that started training in 2009 and continued in 2010. Thus, the report provides an additional information when compared to the number of "People carried Over" created automatically on the Structural Funds Common database and which refers to participants that started training in 2010 and continued in 2011.

of the Treaty) as well as that of other stakeholders, in particular the DoC, the Treasury and the Beneficiary, resulted in further quantifiable progress in the implementation of the Programme.

As at end 2010, a total of forty - two projects⁸² and two aid schemes were being implemented under OP II with a total public eligible amount of €76,628,204, equivalent to 58% of the OP allocation and a decrease of 4% over the reported commitments as at end 2009⁸³. This decrease was due to the withdrawal (by the relevant Beneficiaries) of three projects under PA 3 and one project under PA 4⁸⁴ as well as the decrease in the administrative costs of the two schemes from the respective PA allocation for a total amount of €2,126,029⁸⁵. In this regard, one should note that there was no decrease of the funds available for Beneficiaries under the aid schemes. The overall decrease in commitments was partially off-set by an increase in commitments following the approval of five (5) PA 2 projects for a total amount of €1,331,419.48.

An analysis of the status of the projects as at end of year shows a further impetus in the actual implementation of the projects. In fact out, of the forty-two (42) projects under implementation as at year end, eleven (11) operations were still at procurement or contracting stage, fourteen (14) projects had started implementation and were registering first payments, whilst seventeen (17) were at an advanced stage of implementation (consolidation of payments), of which three (3) were close to completion. Furthermore, 1859 operations were implemented under the two different aid schemes, namely 1174 under TAF and 685 under EAP. The payments being processed and paid by Treasury have increased with €13,491,422.85 (in public eligible expenditure) processed during 2010, of which €5,595,039.43 were verified by the MA and certified by the CA to the Commission during the same year. When compared with 2009, 2010 registered an increase of over 450% in processed payments and an additional increase of over 800% in certified amounts⁸⁶.

The overall number of Programme's participants was satisfactory. A total of thirty-two-thousand-three-hundred-twenty-three (32,323⁸⁷) people participated in the various initiatives. Out of these, nineteen-thousand-four-hundred-fourteen (19,414) (60%) were male and twelve-thousand-nine-hundred-nine (12,909) (40%) were female. Moreover, one-thousand-nineteen (16019) were *employed*⁸⁸ (49.5% of 32,323), nine-thousand-two-hundred-seventy-seven (9277) (28.7%) of *unemployed* were engaged in the different ESF activities under implementation in 2010⁸⁹, whilst seven-thousand-twenty- seven

⁸² Excluding TA.

⁸³ Committed amount as at the end of 2009 was €80,039,768.10

⁸⁴ In 2010, commitment passed from €80,039,768 as at the end of 2009 to €76,628,204.80. €3,411,564.00 Withdrawn projects in 2010 were: ESF 3.51, "Creative Lives, Creative Schools", (€1,213,204); ESF 3.58, SIPP (€321,825); ESF 3.68, "DAVID: Developing a Vocational Training Programme for Persons with Intellectual Disability;" (€152,486); ESF 4.93"Capacity Building in Equality and Diversity (€818,747). Total amount: 2,506,262.00.

⁸⁵ In view of this, the commitment under PA 2 was subject to a reduction of €1,011,534 whilst the PA 3 was subject to reduction of € 1,114,495. ESF 2.65 *Training Aid Framework*, was in fact, reduced from €9,863,154 to €8,851,620; whilst the commitment amount under ESF 3.64 *Employment Aid Framework* was reduced from €9,314,495 to €8,200,000.

⁸⁶ The amount of payments made as at 2009 were €2,374,783.05 while the certified amount for 2009 amounted to €676,344.68

⁸⁷ All the figures mentioned refer to Annex XXIII data and they include participants that started to be engaged in ESF activities in 2009 and continued in 2010.

⁸⁸ Of which 814 were *self-employed* - 5% of the total Employed.

⁸⁹ Of which 2,967 were *long term unemployed* - 40% of the total Unemployed.

(7,027) (21.7%) were *economically inactive*⁹⁰. Young people as well as other vulnerable / disadvantaged groups were very much present in the various ESF operations. In this regard, ten-thousand-four-hundred-seventeen (10,417) participants were young people (representing 32% of total participants), two-thousand-one-hundred-forty-four (2,144) were older workers (13%) and one-thousand-fifty-nine (1,059) were people with disabilities (3%). In terms of performance and results, achievements were registered on nineteen output indicators and sixteen result indicators, subdivided as follows: eleven (11) (seven (7) output and four (4) result indicators) under PA 1; five (5) (two (2) output and three (3) result indicators) targeting PA 2, eight (8) (five (5) output and three (3) result indicators) targeting PA 3, eight (8) targeting PA 4 (three output and two result indicators) three indicators targeting PA 5. This is clearly a significant improvement on 2009.

One should note that the registered achievements mainly result from projects approved under the first call for proposals with data coming in on projects that are close to completion. Despite the clear improvement, however physical progress (that can be registered under the various indicators) is still limited given that the nature of a number of indicators are achievable only once the project is operational and concluding some activities. A more detailed analysis with respect to the indicators of each Axis can be found in Chapter 3 of this Report.

Operational Programme's contribution towards the Lisbon Objectives

The link between ESF and the achievements of the Lisbon Objectives is clear and Malta has participated voluntarily in the Lisbon Earmarking exercise for this OP⁹¹. Within this context, the 82% of the OP budget cost is committed towards Lisbon earmarked categories. As at the end of 2010, the total amount allocated for earmarking in OP II amounts to €55,497,974⁹² equivalent to 85% of the commitments made under the OP as at 31st December 2010. The main achievements are outlined in table 6. These include:

- Developing lifelong learning systems for employees to step up their adaptability to change and promoting entrepreneurship and innovation (*code 62*);
- Implementing active and preventive measures on the labour market (*code 66*)
- Supporting the integration and re-entry into employment for disadvantaged people; (*code 71*);
- Encouraging the designing, introduction and implementation of reforms in education and training systems in order to develop employability, improving the labour market relevance of initial and vocational education and training, updating skills of training personnel ... (*code 72*);
- Increasing participation in education and training with the purpose of reducing early school leaving, gender-based segregation of subjects ... (*code 73*);
- Developing human potential in the field of research and innovation (*code 74*).

⁹⁰ Of which 3296 were *inactive in education and training* – 51% of the total Inactive.

⁹¹ 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.

⁹² Amount includes total allocation of Aid Schemes

One should note that project proponents are requested to link operations to the NRP as well as to the Community Strategic Guidelines/Integrated Employment Guidelines, which, in turn, helps Applicants to focus on the Lisbon objectives. ESF projects approved in 2010⁹³ address the seek to improve Malta's competitiveness as well as reduce unemployment particularly through education and training.

More specifically, new projects shall be investing in lifelong learning by providing training in ICT in order to respond to new occupational needs, reducing early school-drop outs, training in administrative skills as well as improving the service rendered in the tourism sector particularly through training of front-liners in the industry.

Investing in a knowledge-based society, as stipulated in the Lisbon Agenda, is achieved through most of the projects under implementation (as can be ascertained through the high percentage (85%) of *Lisbon activities*.

The ESF Programme has also contributed significantly to alleviate the effects brought about by the economic crisis as investment in re-skilling address demands for new jobs brought about by the different global environment.

- **Environmental Sustainability**

Environmental Sustainability features on top of the Maltese Government's Agenda and this is reflected in various national and sectoral policies⁹⁴. The Maltese Government is committed towards ensuring environmental sustainability and the promotion of cleaner energy with a view to contribute towards mitigating the impact of climate change. The commitment is also reflected in a number of projects funded by Cohesion Policy. In this regard, all projects under PA 2 approved during 2010, were contributing towards environmental sustainability, albeit to varying degrees. Project Proponents are asked to identify, at the onset, the contribution of the project to environmental sustainability. Through the inclusion of adequate environmental sustainability measures, Applicants may benefit up to a maximum of 5% of the marks during the project selection process. Analysing the projects approved in 2010, one notes the following measures: the use of electronic training materials to reduce paper use⁹⁵; the use of recycled or biodegradable materials; the promotion of use and consumption of environmental friendly products and use of energy saving devices⁹⁶; the use of communal transport to access the training venues as well as the use of electronic media rather than paper for the storage and dissemination of information⁹⁷.

It is pertinent to note that a number of environmental measures have been put in place for those projects which are currently under implementation. One prominent example is the reduction of paper consumption through the electronic distribution of course material⁹⁸ and the use of recycling paper for

⁹³ Under Priority axes 2.

⁹⁴ Sectoral policies including Public Consultations on sustainable development are available from MRRRA (<http://www.mrra.gov.mt>), MEPA (www.mepa.org.mt) and MRA website (<http://www.mra.gov.mt>).

⁹⁵ ESF 2.72 "EPITOME".

⁹⁶ ESF 2.78 "Retaining and Attracting People within Tourism Through Diversity Management".

⁹⁷ ESF 2.84 "Linking Industrial Needs and VET to Optimise Human Capital".

⁹⁸ ESF 4.98 "Strengthening IMU's and other related functions through Specialist Training Programmes", ESF 1.31 "Wood CPR: Education & Training in Wood Conservation Restoration (ICMCH)", ESF 1.23 "Higher education courses to address skills

leaflets and publicity material⁹⁹. Waste management is also given priority through a number of measures including the use of waste separation bins during the two Youth Days which took place in Malta and Gozo¹⁰⁰ and the use of carefully chosen recyclable course raw materials¹⁰¹. In order to increase awareness and stimulate the adoption of proactive and innovative measures, several courses continued to include environment content in course material¹⁰².

▪ Equal Opportunities

Equal opportunities is a horizontal objective within the OP. Interventions aimed at promoting equal opportunities are encouraged in every project being implemented through Cohesion Policy. All interventions under OP II must demonstrate commitment to respect the principles of non-discrimination and Equal Opportunities. Given the importance of this theme for ESF, in particular, it has been included not only as a horizontal priority across all the Priority axes¹⁰³, but it has also been integrated into the strategy of this OP as a vertical priority under PA 3 which aims to promote an equal and inclusive labour market.

During 2010, a total of forty-four (44)¹⁰⁴ prospective applicants contacted NCPE for advice on how best to integrate equal opportunities in their proposal. The process includes informing the applicant of guidelines provided by the Commission and which is accessible from their website. The list below provides an idea of the measures (to address this horizontal principle) that Beneficiaries of projects approved in 2010 have committed to:

- The prevention of any discriminatory factor (such as, gender, age, race, sexual orientation). Any activities organised will be available for all eligible participants, free of any discriminatory factors.¹⁰⁵
- Venues for any project activities taking place (such as training seminars) are carefully selected to ensure that they are fully accessible¹⁰⁶;
- Equipment¹⁰⁷ / communal transport fully accessible to all as well as suitably adapted for people with disability¹⁰⁸;

mismatches in Gozo”, ESF 1.24 “*Career Guidance Capacity Building*”, ESF 3.64 “*Employment Aid Programme*” and ESF 3.54 “*Reach - Opportunities Close to Home*”.

⁹⁹ ESF 3.54 “*Reach - Opportunities Close to Home*”, ESF 3.60 “*Youth Employment Programme*” and ESF 1.23 “*Higher education courses to address skills mismatches in Gozo*”.

¹⁰⁰ ESF 3.60 “*Youth Employment Programme*”.

¹⁰¹ ESF 3.52 “*Care creates changes in People’s Lives*” and ESF 1.31 “*Wood CPR: Education & Training in Wood Conservation Restoration (ICMCH)*”.

¹⁰² ESF 3.66 “*Ic-Cavetta - Maltese Literacy Toolkit for Employment and Education Inclusion*” and ESF 3.52 “*Care creates changes in People’s Lives*”.

¹⁰³ projects contributing towards equal opportunities gain an additional 5% during the project selection process.

¹⁰⁴ This figure refers to both OP I and OP II prospective applicants.

¹⁰⁵ ESF 2.80 “*Cultural Heritage Awareness for Front-Liners (CHAF)*” ESF 2.72 “*EPITOME*”, ESF 2.85 “*Linking Industrial Needs and VET to Optimise Human Capital*”, ESF 2.78 “*Retaining and Attracting People within Tourism Through Diversity Management*” and ESF 2.84 “*Promoting Life -long Learning Amongst Civil Society Organisations’ Voluntary Staff*”.

¹⁰⁶ ESF 2.72 “*EPITOME*”, ESF 2.85 “*Linking Industrial Needs and VET to Optimise Human Capital*”, ESF 2.78 “*Retaining and Attracting People within Tourism Through Diversity Management*” and ESF 2.84 “*Promoting Life -long Learning Amongst Civil Society Organisations’ Voluntary Staff*”.

¹⁰⁷ ESF 2.72 “*EPITOME*”, ESF 2.84 “*Promoting Life -long Learning Amongst Civil Society Organisations’ Voluntary Staff*” and ESF 2.85 “*Linking Industrial Needs and VET to Optimise Human Capital*”.

¹⁰⁸ ESF 2.84 “*2.84 “Promoting Life -long Learning Amongst Civil Society Organisations’ Voluntary Staff*”.

- Course material used is made available in electronic means, once again ensuring accessibility¹⁰⁹;
- The organisation of child care facilities¹¹⁰ as well as the selection of family-friendly / flexible hours for the courses to take place¹¹¹ in order to encourage female participation;
- The provision for equal opportunities within tenders / contracts in order to ensure that the principle of gender equality is applied even at contractor level¹¹²;
- Projects widely publicised in order to ensure visibility to all¹¹³.

Meanwhile, a number of actions were implemented in 2010 aimed at promoting equal opportunities, including the provision of child-care facilities¹¹⁴ and flexibility in the organisation of training courses¹¹⁵, to accommodate the diverse exigencies of the target groups. This has resulted in a considerably high number of female participants during 2010 twelve-thousand-nine-hundred-nine (12909)¹¹⁶ women participating in some kind of training activity. 2010 also saw positive results towards improving the quality of life and the integration of persons with disabilities into the labor market. Specifically, under ESF 3.62 *ME2*, 251 disabled participants were trained and supported, with 5 persons placed in job training. Under ESF 3.64 *EAP*, 55 persons with disabilities were supported (with 26 retained in employment in 2010, i.e. after the support period came to an end. Under, ESF 2.65 *Employability Programme* more than 541¹¹⁷ persons with disabilities participated in different training activities¹¹⁸.

▪ Partnership

In line with the provisions of Article 11 of Regulation 1083/2006, the Maltese authorities have continued to work in partnership with different stakeholders in the different phases of the programme cycle. From a monitoring perspective, social and economic partners are represented within the MC and are therefore directly involved in the monitoring and assessment of implementation and efficient spending of the funds under OP II. A good number of the partners, including the Malta Council for Social and Economic Development, representing both employers and trade unions, are also Beneficiaries of the Programme. The different partners in the Programme also provide the civil society's dimension to the process.

¹⁰⁹ ESF 2.72 "EPITOME" and ESF 2.84 "Promoting Life -long Learning Amongst Civil Society Organisations' Voluntary Staff".

¹¹⁰ ESF 2.84 "Promoting Life -long Learning Amongst Civil Society Organisations' Voluntary Staff" and 2.85 "Linking Industrial Needs and VET to Optimise Human Capital". ESF 2.78 "Retaining and Attracting People within Tourism Through Diversity Management".

¹¹¹ ESF 2.84 "Promoting Life -long Learning Amongst Civil Society Organisations' Voluntary Staff" and 2.85 "Linking Industrial Needs and VET to Optimise Human Capital".

¹¹² ESF 2.84 "Promoting Life -long Learning Amongst Civil Society Organisations' Voluntary Staff" and ESF 2.78 "Retaining and Attracting People within Tourism Through Diversity Management".

¹¹³ 2.72 "EPITOME"

¹¹⁴ ESF 3.48 "Lifelong learning for enhanced employability for parents" and ESF 2.11 "Developing Leaders for Change and Innovation in Tourism".

¹¹⁵ ESF 1.34 "Addressing skills mismatches in the aviation maintenance industry" and ESF 1.31 "Wood CPR: Education & Training in Wood Conservation Restoration".

¹¹⁶ Figure provided through Annex XXIII.

¹¹⁷ The figure of 541 persons refers to 9 trained in 2009 and 532 in 2010.

¹¹⁸ ESF 2.4 "Employability Programme".

The Managing Authority continues to encourage Applicants to involve partners to participate in the Programme, particularly joint proposals between government and non-government organizations / local councils. Additional marks are allocated to project proposals which take on this challenge. In this regard, during 2010, 4 out of the 5 newly approved projects¹¹⁹ include collaboration with one or more local partners.

During the year under review, the Partners' role and participation in the projects' implementation varied in degree. A number of Partners were involved at the level of stakeholders' meetings as in the case of both the Training Aid Framework and the Employment Aid Programme where partners were present during the IBSC which was held on 23 June 2010 and 21 December 2010¹²⁰. Other Partners were also directly involved in the implementation of the project activities¹²¹ such as in the case of ESF 4.97 "*European Support Programme for Public Employees*" where social partners commenced preparations for training sessions which are scheduled to be delivering during 2011 and in the case of ESF 1.31 "*Wood CPR: Education & Training in Wood Conservation Restoration (ICMCH)*" where the MCAST is providing both its premises and staff (i.e. workshop technicians) for the organisation of the EQF level 3 course in wood and furniture heritage skills. Many of the projects witnessed the use of partners which provided the sharing of knowledge and expertise¹²². Some of the partners are also transnational partners such as in the case of ESF 1.31 "*Wood CPR: Education & Training in Wood Conservation Restoration (ICMCH)*" where Università Degli Studi Di Firenze within the University of Bologna (M2ADL) is assisting Heritage Malta in the research of the course content of conservation science applied to wood and furniture course (EQF level 7) as well as in the case of ESF 3.59 "*Nista' : The benefits of sharing life's responsibilities*" where the transnational partner, Caroline Meyers Flanders, shared expertise on a similar project which was conducted in Belgium. Another example is that of ESF 3.62 "*ME2 - Integration of persons with a disability into the Labour market*" where during 2010 the transnational partner, Brandon Trust, organised a familiarisation visit to the UK with the aim of enhancing the knowledge on how to develop supported and sheltered employment opportunities and skills as well as explore the possibility of collaborating on a feasibility study based on the development of employability skills, vocational training and job opportunities.

By way of conclusion, Partners are attending think tank sessions for stakeholders held during the drafting stage of the projects and before the implementation of activities. They are also involving themselves in the review of activities, providing valuable means of project information dissemination through their channels targeting particular groups, whilst contributing in the formulation of training programmes and providing the necessary networking for the successful implementation of project activities.

¹¹⁹ ESF 2.72 "*EPITOME*"; ESF 2.78 "*Retaining and Attracting People within Tourism Through Diversity Management*"; ESF 2.85 "*Linking Industrial Needs and VET to Optimise Human Capital*" and ESF 2.80 "*Cultural Heritage Awareness for Front-Liners (CHAF)*".

¹²⁰ Such as in the case of ESF 2.65 "*Training Aid Framework*" and ESF 3.64 "*Employment Aid Programme*".

¹²¹ Such as in the case of ESF 4.97 "*European Support Programme for Public Employees*" and ESF 1.31 "*Wood CPR: Education & Training in Wood Conservation Restoration*".

¹²² Such as ESF 2.4 "*Employability Programme*", ESF 3.61 "*E4L- Embark for life: Labour market integration of socially excluded youth*".

▪ Innovative activities

Innovation is included as a cross cutting principle across the Priority axes. Projects that meet the principle of innovation, as defined under the Priority axes, also stand to gain additional points in the selection process. In this regard, during 2010, 1 of the approved projects obtained extra points¹²³ for innovation. In the course of 2010, a number of projects addressed the principle of innovation through the implementation of specific measures, including, training for public officers using innovative methods such as e-learning, coaching, mentoring and blend learning¹²⁴. In addition, the introduction of the Employee Support Programme aimed at public employees (but supported through the participation of a number of civil society organizations) that may be experiencing problems which effect work performance¹²⁵, together with the introduction of specialised ICT training, are clear examples of the concept of innovation currently being implemented. Positive results in the area of research and innovation are also being experienced with forty (40) Doctoral Scholarships awarded in the priority areas "Research and Innovation in Science and Technology"¹²⁶.

▪ Transnational Actions

OPII seeks to encourage transnational partnerships, particularly when combined with innovation. As at end 2010 there were 7¹²⁷ projects under implementation¹²⁸ that have a transnational dimension. These mainly concern public organisations in areas such as employment, training and equal opportunities. Transnational activities under these projects include the sharing of expertise¹²⁹, exchange of best practice on domestic violence¹³⁰, job shadowing and study visits¹³¹, sharing educational toolkits for best-practices¹³², exchanging best-practices on mental health¹³³ and on research and campaigning¹³⁴ as well as students participating in foreign universities and foreign lecturers visiting Malta¹³⁵. The transnational partners are coming from 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 foresees the implementation of actions relating to gender, migrants, disadvantaged groups (including people with disabilities), innovative and transnational activities.

¹²³ ESF 2.78 "Retaining and Attracting People within Tourism Through Diversity Management"

¹²⁴ Such as ESF 4.100 "Developing Core Skills in the Public Service".

¹²⁵ ESF 4.97 "European Support Programme for Public Employees".

¹²⁶ ESF 1.25 "Strategic Educational Pathway Scholarships – STEPS".

¹²⁷ This number is reduced from last year as a project which had an element of transnationality was withdrawn.(ESF4.93).

¹²⁸ ESF1.31, ESF3.66, ESF3.71, ESF3.59, ESF3.43, ESF 4.86, ESF4.100

¹²⁹ ESF 4.100

¹³⁰ ESF3.43

¹³¹ ESF 3.62

¹³² ESF3.66

¹³³ ESF3.71

¹³⁴ ESF3.59

¹³⁵ ESF1.31

a) Gender Mainstreaming

Gender mainstreaming is a horizontal theme throughout projects, however also a vertical priority under Axis 3. All of the five (5) projects approved in 2010 seek to promote gender mainstreaming on a horizontal level. Such actions include awarding more points to female applicants during the selection criteria¹³⁶; promotion of gender equality in employment to promote stable and quality employment for all men and women¹³⁷, retaining skilled and trained personnel in order to achieve a greater gender balance of the workforce¹³⁸, educators to have a gender equality policy or sign a statement of commitment towards equality, ensuring that course and project promotion as well as course content is free of gender stereotypes and having the course time-table fixed around family friendly hours¹³⁹. Moreover, two (2) of the newly approved projects¹⁴⁰ offer childcare facilities for parents who undertake training.

From the projects under implementation two (2) projects¹⁴¹ are supporting gender mainstreaming which have included actions such as campaigns, organisational audits and equality mark awards as well as training people in equality representation. There are also four (4) projects¹⁴² which are supporting increasing the female participation rate in the workforce. Actions to support this include studies and training, targeting specifically women as well as the provision of childcare as a supporting measure, enabling parents with childcare responsibilities to participate in the ESF funded activities. Two (2) projects address the promotion of a life-cycle approach to work through research and a publicity campaign¹⁴³.

b) Migrants

Within PA3, 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 project is directly and solely targeting asylum seekers¹⁴⁴, this target group forms an integral part in projects targeting a wider spectrum of vulnerable groups. In fact, two (2) projects¹⁴⁵ have trained migrants and asylum seekers through their projects, with a total of 648 being trained. Other projects are open to training for all.

During 2010, 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 will be trained in the green jobs sector. The project contributes to the social and vocational integration of asylum seekers by enabling them to acquire skills in preparation for employment¹⁴⁶.

¹³⁶ ESF 2.72

¹³⁷ ESF2.78

¹³⁸ ESF 2.78

¹³⁹ ESF2.84

¹⁴⁰ ESF2.85 and ESF 2.84

¹⁴¹ ESF3.59 and ESF 3.47

¹⁴² ESF 3.43, ESF 3.47, ESF 3.48, ESF 3.54

¹⁴³ Both ESF3.47 and ESF3.59 are implementing these actions (4 actions in total)

¹⁴⁴ This target group has benefitted from other financial instruments, such as European Refugee Fund, under which 16 projects were approved in 2009.

¹⁴⁵ ESF2.4 (633 participants) and ESF 1.21(15 participants).

¹⁴⁶ ESF 3.52.

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. There are sixteen (16) projects which are currently under implementation that target 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. Such actions under implementation include training literacy to victims of domestic violence, young school drop-outs, ex-convicts and substance abusers¹⁴⁷; enabling youth to be more employable through a publicity campaign; career guidance and occupational therapy¹⁴⁸; training professionals on domestic violence issues¹⁴⁹; training aimed at unemployed parents by evaluating their skills and providing child-minding training¹⁵⁰ as well as providing trainers working with disable people with a training package that helps them prepare disable people for increased independence¹⁵¹. One of the aid schemes, the Employment Aid Programme¹⁵² also provides employment for disabled people for a maximum of 3 years; this is done by paying a share of their salary.

2.2. Compliance with Community law

State Aid (Article 107(1) TFEU)

All proposals received under calls for proposals issued by the MA are screened for compliance with state aid rules prior to these projects being approved by the MA¹⁵³. The competent authority responsible for state aid in Malta is the State Aid Monitoring Board (SAMB) which acts also as the national contact point on state aid related matters with respect to EU funded projects. The SAMB seeks to provide its expertise to any prospective Beneficiaries interested in applying for EU funds under both Programmes through its participation in the information sessions organised by MA. During these sessions, participants are encouraged to discuss their ideas and projects with the SAMB representative/s in order to ascertain, from an early stage, whether the proposed project would involve any state aid implications. The involvement of the SAMB continues even during the evaluation process, with the Project Selection Committee seeking state aid clearance and assistance from the SAMB on an ad hoc basis. Furthermore, all projects approved for funding are requested to re-confirm their position vis-à-vis state aid implications prior to the signing of the Grant Agreement. During 2010, the SAMB gave its opinion on

¹⁴⁷ ESF3.52.

¹⁴⁸ ESF 3.60.

¹⁴⁹ ESF3.43.

¹⁵⁰ ESF3.48.

¹⁵¹ ESF3.42.

¹⁵² 3.64.

¹⁵³ Calls issued by the MA generally exclude projects involving state aid.

state aid guidance on seventy-six (76) project proposals which included the screening of sixty-four (64) applications following calls by the MA under ESF.

Besides its involvement with calls issued by the MA, the SAMB is also in continuous close collaboration with the IB administering state aid schemes under Article 107(1) of the TFEU financed through ESF. The schemes administered by the Intermediate Body of OP II are being implemented under the General Block Exemption Regulation. All schemes were notified to the SAMB by the state aid grantor (ETC) 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 the schemes and guided the IB with regard to the applicable State Aid *Acquis* that was to be followed in the implementation of both schemes. The schemes, as required by the rules of procedure, were duly notified to the European Commission.

The SAMB has noted positive developments in relation to state aid matters vis-a-vis EU funded projects as potential applicants tend to approach the Board for guidance at a comparatively early stage. This is partly a reflection of the importance underlined during information sessions organised by the MA as well as a greater general awareness among different economic operators. In this regard, a number of meetings have been requested by interested applicants for EU funds with the SAMB. Such preliminary meetings help to ensure that a proposed project is from its inception given an indication on whether state aid could possibly be involved and provide guidance to Applicants accordingly. It is also interesting to note that following the recommendation made by the MA, most applicants are submitting further detailed information about their proposed project to the SAMB. Such information ensures that a formal position regarding state aid is obtained prior to Applicants submitting their project to the MA.

Public Procurement

The Central Contracting Authority is the organization with expertise on public procurement matters in Malta and assists the MA on a regular basis through exchange of information on the matter. New legislation (Legal Notice 296 of 2010¹⁵⁴) governing public procurement was introduced in May 2010 with the aim of increasing the overall strategic supervision of the Central Government Authority (DoC) as well as ensuring a more competitive and inclusive process. The new Regulations became effective as from 1st June 2010. The revisions include adjusted internal thresholds¹⁵⁵ and an increase in the devolution of functions in some instances to contracting authorities. The responsibility of the Central Government Authority is to vet and publish tenders, vet tender evaluation reports prior to submission to the General Contracts Committee as well as the drawing up of the actual contract and the signing of the contract on behalf of the Contracting Authority. During 2010, the Central Government Authority launched eighteen (18) procurement procedures under OP II of which seven (7)¹⁵⁶ procedures spilt over onto 2011; seven (7) procedures were re-launched in 2010 while none of the procedures were cancelled. Five (5) unsuccessful processes were re-issued under an open or negotiated procedure. In 2010 work also continued on the seventeen (17) tenders published in 2009 but which spilt over into 2010. In all thirty-one (31) contracts were successfully signed during 2010.

¹⁵⁴ The new Public Procurement Regulations of 2010 were formally published in the Government Gazette on 20 May 2010 and a Circular (Contracts Circular No 13/2010) issued by DoC followed on 26 May 2010.

¹⁵⁵ Circular 13/2010 retains previous thresholds for the purpose of projects funded by EU funds.

¹⁵⁶ Out of the 7 spilt over to 2011, 5 of the procurement procedures were awarded in 2011.

The Central Government Authority is also responsible for certain issues arising post-contract signature, in particular variations. The 2010 Regulations did not alter the provisions relating to variations, with anything exceeding the 5% of the awarded contract value still requiring the ex-ante approval of the Central Government Authority. During the year under review, the Central Government Authority also issued new procedures¹⁵⁷ with the aim of providing better guidance to economic operators when submitting offers in response to call for tenders. These procedures also provide for solutions, in cases of minor administrative failures, although no changes were made with respect to former provisions relating to technical compliance and the financial offer. The DoC has published updated tender templates on its website which should act as a template for tender documents for the procurement of works, supplies and services, also for those organisations managing their own procurement. In addition to these templates, the DoC has also published a Manual of Procedures for members of the Evaluation Committees. This Manual is also available on the DoC website.

Circular 13/20 retained the original departmental thresholds for EU funded tenders¹⁵⁸, although the new legislation (296/2010) did establish a new committee for these tenders, namely the Departmental Contracts Committee¹⁵⁹ which has the role to approve the Evaluation Committee's recommendations prior to award of tender. In the case of departmental tenders, contracting authorities manage their own procurement for tenders below €47,000 (excl. VAT). During 2010, there were ninety-four (94) departmental tenders launched (including nineteen (19) that were re-issued from previous years or in the same year). The failure of tenders (which sometimes includes multiple re-issuing of the same tender) is mainly due to either under-estimated budgets or insufficient interested bidders, the latter often in cases of professional services in the social sector. This resulted in either financially non-compliant bids and in some instances lack of bidders. In all, there were eighty (80) departmental contracts signed¹⁶⁰ and thirty-six (36) employment contracts signed in 2010.

Those organisations not falling within the scope of the Public Procurement Regulations (primarily NGOs) are still required to follow the spirit of the Regulations when implementing Cohesion Policy projects. During the year under review, NGOs successfully issued a total of 6 procurement procedures. As at end of year 28 contracts were successfully signed by the NGOs participating in the Programme. In the case of Beneficiaries benefiting from aid schemes, quotations are still a general requirement to ensure value for money of the approved project.

2.3 Significant problems encountered and measures taken to overcome them

Problems in implementing Operational Programme

During 2010, the implementation of the Programme has clearly gained pace and progress is also evident on the ground. Delays and bottlenecks, however persist, largely due to the limited capacity in both the

¹⁵⁷ These procedures were introduced through Contracts Circular No 11/2010 issued on 16 April 2010. However, procedures were first announced during an information meeting held on 12 March 2010.

¹⁵⁸ €47,000 excluding VAT.

¹⁵⁹ This committee is composed of the Director Corporate Services or his representative, an officer appointed by the Permanent Secretary and a representative of the Department of Contracts.

¹⁶⁰ This figure also includes Service Contracts.

Beneficiaries, horizontal stakeholders but also in the private sector. Three particular bottlenecks remain, namely the project selection process, the public procurement process and the payment process, the latter particularly in the case of aid schemes implemented under Article 107 of the Treaty. These three critical processes have been a major concern throughout the Programme's implementation, with continuous efforts from various sides to seek at least to mitigate against excessive delays. The year 2010 was no exception and further measures were taken by various stakeholders as part of the ongoing effort to improve Programme efficiency. With regards to the financial aspect of the Programme, delays experienced by the IB are of increasing concern, however from a horizontal point of view the verifications also need to be speeded up given the expected volume in 2011 and subsequent years. There is very little reason so far why the certification should take the average 2-3 months (following verification) as the data on payments (including relevant documentation) and results of management verifications are available to the CA throughout the implementation period. Both issues concerning the SOE can become critical in months to come if additional capacity is not recruited in the MA (to increase throughput) and if the CA does not manage to process the certification within a much shorter time following receipt of the verifications from the MA.

a) The Project Selection Process

Following the calls issued between 2007 and 2008, the Managing Authority issued two calls in 2010 covering all Priority axes. The fragmentation of the projects received under the calls issued as well as the volume of work created (when compared to the amount of funds available and the potential commitments arising from the conclusion of this evaluation) makes the selection process particularly burdensome and slow. In fact, in 2010, the PSC met twelve (12) times. In order to pre-empt unnecessary delays, the PSC undertook some revisions in its procedures, however delays persist largely due to availability of the members of the Committee as well as the nature of the projects, often requiring clarifications before they can be approved.

One should also note that during the year some delays were also experienced in the approval of operations under the state aid schemes. In the case of the Training Aid Framework, the IB had to simplify the application process and even made changes to the eligibility criteria (as will be further explained in Chapter 3 of this report).

Due to the limited capacity in terms of expertise in the project selection process, very few measures that have been undertaken have had the desired impact on this phase of the cycle. It is clear that a clinical evaluation of the proposals would automatically eliminate a good number of proposals, which would most likely result in long drawn appeals and hence be counter-productive in terms of the objective to increase throughput. It is for this reason that the PSC seeks to ensure that all possible means are used to ensure a thorough understanding of the project so that if it fails to attract funding, this is due to the nature of the project, rather than because some administrative boxes are not checked. In the case of aid schemes, there is no real competition in the selection of operations as this is a demand driven approach. Nevertheless, the increasing number of checks that the IB undertakes to ensure eligibility, prior to confirming the Grant, is also resulting in backlogs. The high numbers of small applications is also creating a disproportionate burden on the IB, when comparing the man-hours required to approve one

application and the funds (on average) committed through the exercise¹⁶¹. In any case, as at end 2010, the IB was engaged in a review involving the MA as well as other stakeholders, including the private sector representatives, to continue strengthen the process of simplification.

b) The Public Procurement Process

The procurement process takes its toll on the implementation of the Programme. The centralisation of the procurement process without doubt creates backlogs at the various stages of the process with a number of months required from the vetting of tender by the Director of Contracts to the actual publication of the tender. Although centralisation inevitably causes delays, when considering the benefits of consistent quality assurance, this centralised system is still considered to have an overall positive impact on the implementation of the Programme. A significant problem encountered during the year under review (but also in previous years) is the relatively high number of unsuccessful tendering procedures. The reasons continue to be various - a high number of administratively in-compliant bids (often due to the complex nature of the process made worse by the insufficient capacity and expertise at the bidders' end) - often due to issues not considered critical to the core of the tendering process. This led to many appeals, compounding further the delays. In an effort to address this issue, in April 2010, the DoC issued revised contracting procedures which would allow the possibility of an additional two working days for the bidder to rectify its administrative in-compliance instead of being eliminated from the tendering process. In addition, during the same year, the Department published updated and simplified tender templates in order to reduce administrative errors for the economic operators. Whilst it is too early to assess whether the desired impact of the new procedures will materialise, in the short term the change has been counterproductive, as no transition periods were established, resulting in Beneficiaries having to start again on new templates, even if they had almost concluded the compilation of the tender dossier on the old ones. The MA has drawn the attention of the DoC to seek to ensure that, where possible, such changes are phased in.

A considerable amount of unsuccessful tendering in 2010 was due to financially non-compliant bids or lack of bidders. In the case of the former, this is usually due to a miscalculation of the costs. In the case of the latter, the reasons are the result of a complex interaction of a number of issues, including the territorial constraints of the market, despite the openness of the Maltese economy. The country's size limitation not only causes a problem at the economic operators' end but also at the Beneficiary and DoC side. Attempts at increasing capacity have been made and are still ongoing, however the availability of expertise on the Island is limited and anyone joining the process experiences a steep learning curve. Whilst in 2008 and 2009, the main bottlenecks were at the vetting and evaluation stages, in 2010, due to capacity issues at the Central Government Authority (made even more acute because of the many different procedures coming to a close at the same time), the main backlog was in the finalisation of contracts, with a number of weeks passing from the award of the contract to the actual signature by both parties. Lastly, one should note that procurement by the NGOs has presented challenges of its own especially due to the limited expertise available in the area. As a consequence the MA has sought to provide constant support and specific training was held for these organizations, which has helped, to a

¹⁶¹ 68% of the TAF eligible applications are of a training value (not grant value) of less than €2500.

certain extent, to mitigate against problems arising from the incorrect application of the procurement process.

c) The Payment Process

The payment process has also been a cause of some delays in the process. The paperwork related to the processing of payments related to ESF projects as well as to the time-consuming verification process of the payments by the MA and the IB (the latter in case of aid schemes) is a general difficulty. Most projects are very fragmented requiring very detailed monitoring and lengthy checks (with validations and cross-checks of various documents) assuming substantial capacity at both the Beneficiary as well as MA levels. In addition, the lack of experience in the implementation of Cohesion Policy projects of some Beneficiaries, has made the delays more pronounced. The aid schemes are suffering from delays on various fronts, but particularly payments, which has prompted an internal review of the process by Government, following complaints also from private sector organizations.

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 2010, the Managing Authority did not encounter major problems in the implementation of actions under Article 10 of EC Regulation 1081/2006. It is clear that in order to meet the indicators in the 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 10¹⁶² 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 projects¹⁶³ 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 2010, there were no projects proposed under the ESF Operational Programme which aim to target solely migrants. One project targets the integration of asylum seekers (in the context of a wider target group of vulnerable persons) in employment, by providing a mixture of training and work exposure in the green jobs sector. There are various opportunities under a number of projects for asylum seekers and migrants to obtain training, however take-up has been low and Beneficiaries have reported lack of interest from asylum seekers to participate with some turning up late for interviews or

¹⁶² ESF1.21, ESF 1.33, ESF1.34, ESF1.36;ESF2.4, ESF2.11, ESF2.84, ESF2.85; ESF3.47, ESF3.48 , provide childcare for participants of ESF projects.

¹⁶³ ESF 3.47, Unlocking the Female Potential; ESF 3.59 *NISTA*: The benefits of sharing life's responsibilities campaign

simply not attending at all. The problem of interpretation and the difficulties in finding interpreters should not be under-estimated¹⁶⁴.

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 2010, 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.

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

As at end 2010 there were 16 projects and one aid scheme under Article 107 of the Treaty targeting specifically disadvantaged groups. Of these, three (3)¹⁶⁵ 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 desk based training and provide work experience.

In general, the projects are encountering similar problems as other projects under the other Axes. However, some have also reported some difficulties (and delays) 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 had been 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 2010 there were 16¹⁶⁶ projects that include innovative activities, the majority under Axes 1 and 3. The innovative actions that are being implemented under the OP include: actions which support the implementation of educational reform 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; the development of new methods, tools and approaches to integrate excluded people in education, training and

¹⁶⁴ ESF 3.52

¹⁶⁵ ESF3.64 *Employment Aid Framework*, ESF3.62 *ME2*, ESF3.42 *An Independent living training service for disabled people in Malta*.

¹⁶⁶ ESF1.19, ESF1.28, ESF1.29, ESF1.31, ESF1.36, ESF2.12, ESF2.78, ESF2.72, ESF3.42, ESF3.43, ESF3.47, ESF3.60, ESF3.62, ESF4.97, ESF4.98, ESF4.100

employment as well as innovative tools such as new training pathways for capacity building measures of the Public Sector and Partners. In general the MA's observation with regard to innovative activities is a general lack of common understanding as to 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 seven (7) 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 organizations in other Member States. 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.

Within this context, it should be noted that the MA is a member of the Trento Protocol- European Social Fund Cooperation Network, a network of co-operation of ESF Managing Authorities, their Intermediate Bodies and Central Authorities. The Learning Network of Transnational Cooperation in ESF was set up under this protocol together with its own website in order to foster learning and build capacity among ESF programme managers to help ensure successful implementation and promotion of transnational actions under ESF. This communication platform has been developed for all EU ESF programme managers who are responsible for implementing transnational cooperation. It aims to facilitate exchange of good practice and experience in designing, implementing, monitoring, disseminating and mainstreaming transnational actions and also jointly develop new tools and procedures to make transnational cooperation work.

Moreover, in order to share information and experiences on what other Member States are doing for the transnationality objective, we also participate in the Commission held. Furthermore, with the aim of further promote this Principle in projects, project proposal are awarded 10 extra points if they can link transnationality to innovation.

2.4 Changes in the context of the Operational Programme implementation

The global recession brought about by difficulties in the world financial markets continued to give rise to a number of challenges, with the impact being felt in a number of sectors of the Maltese economy, setting in motion the need for a rapid and concrete response from Government in order to counter-act the undesirable effects. The international economic crisis has had its own impact on the project implementation process resulting in difficulties both at the Beneficiary's and the Contractor's side. Within this context the Maltese Authorities continued introducing a series of active measures, financed through both National and Cohesion Policy resources in order to mitigate the impact of the crisis on the local economy. The aim of these measures is to sustain and boost investments in order to continue generating economic growth and jobs. Similar to what was reported in previous years, in 2010, the

Maltese Authorities continued to provide pre-financing arrangement for payments – including to Local Councils and NGOs – in order to mitigate delays arising from possible cash flow problems¹⁶⁷.

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 undertaken by the EIB, where applicable, and of other existing financial instruments. Operations under OPII are being complemented by investments under OPI, primarily 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 (ERDF and ESF) and the CF. In addition the same Department also acts as the 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 and that available resources are maximised.

Structures

The Operational Programme II Section 5.4.4 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. During 2010, the MA has continued to strengthen strategic co-ordination between the different EU funded Programmes and Initiatives dealing with EU Human Capital Investment Programmes through the Inter-Ministerial Co-ordination Committee (IMCC). Members of the IMCC include the Head of the MA or a designate as Chairperson; a representative of OPI (ERDF and Cohesion Fund); one representative from the relevant Intermediate Body under OPII (i.e.ETC); two representatives of the National Contact Point of the European Territorial Co-Operation Programmes¹⁶⁸; one representative of the MA of the EAFRD Programme; one representative of the MA of the EFF Programme; one representative of the MA for the Programmes dealing with Migration and Asylum¹⁶⁹ as well as one representative each of the National Contact Points for the: Lifelong Learning Programme; Youth in Action Programme; PROGRESS (including Employment

¹⁶⁷ The pre-financing arrangement for payments is not applicable to Aid Schemes implemented under Article 107 of the Treaty.

¹⁶⁸ One from MED, ENPI, IVC, EPSON and another one from the Italia-Malta Programme.

¹⁶⁹ Solidarity and Management of Migration Flows Programme, Security and Safeguarding Liberties, Fundamental Rights and Justice

Programme, Social Protection and Social Inclusion Programme, Anti-Discriminatory and Diversity Programme/Gender Equality Programme, Working Conditions Programme); Public Health Programme; Seventh EU Framework Programme; 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; Training Aid Framework Employability Programme and the Employment Aid Programme. The IMCC met on 13th September 2010.

The Terms of Reference to the IMCC have been slightly amended during 2010 with the addition of one representative from Operational Programme I, in order to consolidate the *integrated approach*.

In order to further raise awareness of what the different programmes are financing with the aim to minimize the risk of double-financing and ensure complementarity, each fund representative provided a list of their projects. Details such as name of Beneficiary, a short project description, project time-frame, total project value and amount of EU co-financing were exchanged. On a general note, 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 or implementation of the other Programmes / Initiatives. Furthermore, the Committee discusses and informs members with regard to eligibility criteria and the eligible actions under upcoming calls.

- **Complementarity and consistency between ESF and ERDF**

Human resources investments supported by OPII are complemented by ERDF investments under OPI, particularly in those areas addressing education and training infrastructure, social infrastructure, RTDi interventions and investment in firms. During 2010 the schemes supporting investment in firms under ERDF have continued to be implemented with new calls issued. The provision of equipment and upgrades in infrastructure complement the investment in companies' human resources, funded through ESF. During the reporting year, two (2) ERDF¹⁷⁰ projects which fund investments in training and education as well as one project targeting Employment¹⁷¹ were concluded. Furthermore, three (3)¹⁷² projects under the same theme were approved during 2010. Moreover, the ERDF aid scheme supporting infrastructural investments in child care centres signed Grant Agreements with 6 Beneficiaries in 2010. The operations funded under this scheme are critical to the long-term sustainability of ESF interventions, particularly those under Axis 3.

Moreover, a number of OPII operations (14 projects) are also implementing ERDF components through the cross-financing mechanism (Article 34 of Regulation 1083/2006). One of these projects was approved in 2010 under Priority axis 2. The costs registered so far under this mechanism relate mainly to the purchasing of equipment for the formal education sector; PCs and PC related equipment; photocopiers; office furniture and assistive devices and solutions for disabled persons.

- **Complementarity and consistency between ESF and EAFRD / EFF**

The agricultural and fisheries sectors have been separated from mainstream Cohesion Policy under the

¹⁷⁰ ERDF65 and ERDF62

¹⁷¹ ERDF45

¹⁷² ERDF 159, ERDF164, ERDF189.

2007-2013 Programmes. The sectors are 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.

OP II finances vocational training in agriculture, food matter and the fishing enterprises with a clear link to the labour market. With the aim of sustaining the long-term future of the fishing and agricultural sectors, OP II aid schemes cover enterprises in the agricultural and fisheries sectors but exclude farmers, fishermen and cooperatives. On the other hand, the EAFRD and the EFF focus on training in terms of adaptability for farmers¹⁷³, fishermen¹⁷⁴ and cooperatives¹⁷⁵. They provide information and animation for the agricultural and fisheries sectors as well as assist in the development of Producers Organisations in order to help fishers cope better with the market demands while undertaking training of fishermen and cooperation¹⁷⁶.

A formal network, i.e. the IB network (as further explained under section 2.1.1), of all ERDF and ESF IBs has been set up to coordinate issues and also exchange experience and best practice. The MAs for both the EAFRD, EFF, though not forming part of the formal network, are invited on ad-hoc basis to discuss issues requiring their input. In order to avoid potential overlaps and to ensure complementarity, the MA is a member of the EAFRD MC while representatives of the EAFRD and EFF MAs (the MRRA) are members of the ESF MC as well as participants in the IMCC on EU Human Capital Investment Funding Programmes. It should also be noted that in 2010 a *formal* network of all Cohesion Policy 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 formal network, are invited on ad-hoc basis to discuss issues of common interest.

In order to ensure a clear demarcation between the OP II schemes and the EFF and EAFRD, which Beneficiaries are receiving funding and the types of actions being funded are discussed during the IB Networks. Moreover, within the TAF application form, the undertaking declares that it has not benefited and will not seek aid directly or indirectly from any training grant scheme/s for the same type of training provided to the same employees. The Beneficiary is fully aware that funding and or reimbursement of fees and/or expenses for the same training programme from any other sources are strictly prohibited. Similarly under the EAP, the participants declare that they are not benefitting from other funds.

It should be noted that so far under the aid scheme Employment Aid Programme of the ESF, 16 Beneficiaries were supported in the fisheries and agriculture areas with eighteen (18) people being supported in their employment.

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

During the 2007-2013 period, Malta is also benefiting from a number of Community Programmes. Of particular relevance to OP II are the Community Programmes, such as those related to R&D,

¹⁷³ EAFRD

¹⁷⁴ EFF

¹⁷⁵ Both EFF and EAFRD

¹⁷⁶ The latter in case of EFF

competitiveness and innovation, education, training, youth, justice and home affairs. It should be noted that the national contact points of the main Programmes are represented on the IMCC. All the relevant organisations have contributed to the compilation of a list of related projects falling within their remit, in order to ensure complementarity between the initiatives and avoid double-funding. With respect to R&D, the interventions foreseen under the ESF will focus on providing the possibility to undertake research in various areas of study¹⁷⁷ as well as the development of expertise in research and innovation policy design and science popularisation as outlined under section 5.4.4(c) of the OP. ESF is funding 138 Master programmes and 57 Doctoral Studies in the R&D areas of Environmental Technologies and Resources, ICT (by research), Quality High Value and Manufacturing and Services, Health and Bio-Technology as well as professional development programmes in collaboration with other universities¹⁷⁸. The science popularization campaign¹⁷⁹ was close to the finalization stages as at the end of 2010. It is clear that for this campaign to yield the desirable long-term results, it must be sustained further and also be complemented by the relevant ERDF investments to inculcate a science culture from a very early age.

▪ **Complementarity and consistency between 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' actions in reception measures, integration and voluntary return measures. The potential risk of overlaps with ESF exists mainly in the integration measures, however, in Malta, the integration component within the ERF is 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 ESF and the ARGO Programme or the External Borders Fund. Training in border control and protection is the remit of the ESF, whilst the ERF supports Member states to grant reception conditions to refugees, displaced persons and Beneficiaries of subsidiary protection; the External Borders Fund provides a financial solidarity mechanism to support states enduring a heavy financial burden arising from the implementation of common standards on control and surveillance of external borders and visa policy while the ARGO supports administrative cooperation at EU level in the fields of asylum, visas, immigration and external borders.

Representatives of these Programmes / Initiatives are members of the IMCC and they have also participated in the 2010 Committee meeting as well as forwarded their contribution to the compilation of the list of actions funded by the different resources.

¹⁷⁷ ESF1.25, ESF1.31, ESF1.36

¹⁷⁸ These interventions are funded under STEPS and professional development programmes for MCAST staff and student top-up degrees.

¹⁷⁹ ESF1.40

2.7 Monitoring by the Managing Authority

2.7.1 Monitoring and Reporting by the MA

The setting up of an effective and efficient monitoring system ensures the adequate implementation of the OP. In accordance with Article 66 of Council Regulation EC 1083/2006, the MA has set up a monitoring system that permits the supervision implementation as well as monitors the achievement of the physical and financial indicators of the Programme. Same as in previous years, the MA continued to carry out its intense monitoring activity of the Programme, making full use of a number of tools at its disposal, in particular:

- **Structural Funds Database 2007 – 13**

Throughout 2010, the MA continued to improve (through the introduction of new modules) and upgrade the management information system whilst at the same time providing an efficient user support level. The SFD Core Group¹⁸⁰ met consistently during the year to prioritise the tasks, discuss the work programme and monitor the status of the development. In addition, regular meetings were held with the respective stakeholders depending on the module under development¹⁸¹.

During the year under review, a number of modules were introduced in the Structural Funds Database 2007-13 (SFD 07-13). These refer to the irregularities and adjustments modules; the Annex III data on operations and debtor's ledger modules; and the Indicators and Annex XXIII: data on participants modules. In early 2010, the *irregularities and adjustments modules* were released. The irregularities module gives the possibility to stakeholders to record irregularities and monitor the progress on the irregularity. The adjustment module provides the facility to the MA to make financial adjustments within projects. These adjustments could be either due to an irregularity (e.g. payments which should not have been effected) or financial changes within the system which, although may not necessarily be classified as irregular, a financial adjustment may still be required (e.g. a payment processed under the wrong component). Following the AA's System Audit Report, the '*Annex III: data on operations*' and the *debtor's ledger* were developed. New developments also took place related to the Treasury's separate application in order to be able to reconcile payments made from the SFD 07-13 with the Government's Departmental Accounting System (DAS). Following a request raised by both Operational Programme units, *the Indicators and Annex XXIII: Data on Participants modules*, were updated and a new version was released in April 2010, which has also resulted in a direct involvement of the evaluation unit within the MA in the monitoring of indicators. In the case of the Annex XXIII module, this module captures information which is obligatory under OP. The development team also focused on new reporting facilities. Two new reports were designed for the MA's Financial Control Unit: one relates to the sampling of invoices in relation to the Statement of Expenditure and the other generates a list of invoices entered into the system that pertain to a Fund, Priority axis or a Project in order to monitor their payment status and the expenditure incurred to date. These reports were developed to aid the MA in

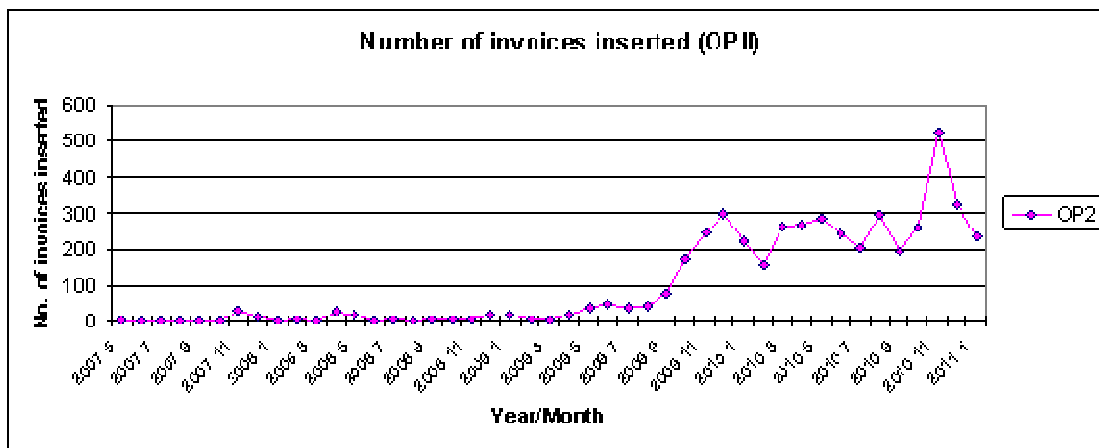
¹⁸⁰ The SFD Core Group is composed of the CIO OPM, representatives of the MA, the SFD unit and the system's software engineer.

¹⁸¹ For example, in the case of the Irregularities module development, meetings were held with the MA (with representatives of the Financial Control Unit and experienced managers), the CA, the Treasury (with the officers who receive the funds returned by the Beneficiary) and the AA.

monitoring the projects' and 'Priority axes' expenditure. A report on the *rejection of invoices* was also developed. This report enables the user (at project level) to compare the rejection rate of a project's invoices (by the LM or Treasury) with other projects in the database; whilst at an invoice level, the user would have useful information, including the reason as to why the invoice was rejected. Another report that was developed is the '*Detailed Invoices Report*' which gathers data related to an invoice. This report produces a very detailed list of invoices entered into the SFD07-13 that pertain to either a particular project, or to a Priority axis or to the whole Fund depending on the access rights assigned to the user. The report can then be extracted onto an excel sheet so that the user can filter any invoice data desired depending on the information required by the MA, Line Ministry, etc for reporting purposes. A number of these reporting modules were concluded in late 2010 and released in February 2011.

Two MA circulars were released upon the initiative of the SFD Unit. MA Circular 3/2010 relates to issues concerning data protection and MA Circular 05/2010 relates to the SFD Train the Trainers programme, as also outlined under section 2.1.1 of this Report. '*Further Guidance on Implementation*'. During 2010, training sessions for new Beneficiaries were organised, whilst experienced Beneficiaries and IBs were invited for intermediate level sessions in order to make better use of the system's functions and try out new modules that were released in the preceding weeks. During the year, six Train the Trainer sessions¹⁸² at Beneficiary and LM level were organised. Another four sessions were organised to train the MA users on the newly released modules. Similar to previous years, the user guides, frequently asked questions and knowledge based articles were regularly updated. Usage of the system also increased during the year. The following diagram illustrates the number of newly inserted invoices¹⁸³ under the Operational Programme, which gives an indication of the usage of the system by the users. As expected, the peak time was in November (the month before the Government accounts were closed for the financial year 2010).

Figure 1 – Number of invoices inserted (OP II)



¹⁸² Covering both OP I and OP II

¹⁸³ Including adjustments

▪ Day-to-Day Management

The desk-officer approach adopted by the MA has been sustained during 2010. Given that the Programme is now well into implementation, the importance of daily monitoring has continued to increase through out 2010. In this regard, 2010 saw an increase in the number of on-the-spot checks concluded¹⁸⁴. Although the purpose of OTS is not monitoring, it is clear that a thorough check of the relevant project documents as well as on site visits are very beneficial to the monitoring capacity. Daily monitoring, both formal and informal, is carried out via emails, phone calls and meetings with updates provided on a weekly basis recording any issues encountered, follow-ups needed and the action required by the relevant stakeholders. This has allowed officers within the OP II unit to keep a close eye on the implementation of the project / scheme; to report regularly on progress and to bring promptly to the attention of senior staff any issues which might compromise implementation time-frames. In addition, day to day monitoring is also undertaken via the SFD 07-13 whereby officers are not only able to monitor the contracting and disbursement progress but also progress on indicators and Annex XXIII, as was explained above.

▪ Project Progress Reporting

On a more formal level, during 2010, Beneficiaries continued to formally submit a Project Progress Report (PPR) to the MA. The PPR is an essential monitoring tool designed with a specific template to ensure the continuous availability of reliable project data. This report, which is endorsed also by the relevant Line Ministry¹⁸⁵, is submitted by the Beneficiary every 4 months¹⁸⁶ and collates updated information and achievements with regard to: physical progress; implementation of project activities; contracting; disbursements; indicators; and publicity measures undertaken during the reporting period. In addition, the report highlights any risk factors and relevant mitigation measures undertaken / planned.

Throughout 2010, dates for the circulation and collection of PPRs were fixed and agreed upon by both Units (i.e. OP I and OP II) to ensure a common approach in the management of this exercise. As part of the continuous effort to enhance as well as simplify reporting procedures, MA desk officers were invited to provide their recommendations taking into account findings from previous PPRs as well as comments received from other stakeholders, which subsequently led to a revision of the PPR Template circulated to stakeholders in April 2010. Minor changes were made to the sections regarding Project Intervention Codes, Pending & Forecasted Invoices and Publicity.

Two training seminars were held during the year with the focus on the compilation of the PPR and which were of particular benefit to new Beneficiaries. A training session was held on 29 March, 2010, and was restricted to NGOs and Social Partners. The second session was held on 27 July addressing all stakeholders with the exception of NGOs and Social Partners, but including Local Councils. Representatives of Line Ministries were also invited (on the 12 April, 2010) by the MA for an informal briefing on the compilation of the PPR, following the revisions. During 2010, 125 project progress

¹⁸⁴ During 2010, the MA signed sixty-six (66) on the spot reports and ninety-eight (98) physical spot reports. The MA carried out one hundred sixty five (165) day-visits for documentary checks which required two thousand one hundred and thirteen (2113) working man hours in 2010.

¹⁸⁵ In the case of public sector projects.

¹⁸⁶ Reporting periods: January-April, May-August and September-December.

reports were received for review: thirty-nine (39) for the period January- April 2010; forty-three (43) for the period May-August 2010 and forty-three (43) for the period September-December 2010. It is worth noting that, during the year under review, the MA worked with the SFD team to seek to make most of the data related to this reporting, available using the electronic system.

- **Ministerial Project Steering Committee**

During 2010, the Ministerial Project Steering Committee (MPSC) within each Line Ministry continued to monitor projects under the respective portfolio. In this context, the MA encouraged Line Ministries to hold regular meetings in order to track project progress more closely and deal with arising issues that might be hindering project progress. This monitoring, in turn, also facilitates the programme management at the MA level as the monitoring process is owned by a broader spectrum of stakeholders. In 2010, two Committees¹⁸⁷ were set up, in addition to those already set up in 2009¹⁸⁸. There were twenty¹⁸⁹ sessions held in 2010. A number of emails were sent by the MA urging Line Ministries to hold more meetings. In February 2010, there was a change in ministry and consequently a new board was set up for both MEDC and MSOC MPSCs¹⁹⁰.

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

As already outlined in AIR 2009, according to article 11 par.2 of the Covenant signed with the MA, the IB responsible for the implementation and the monitoring of the scheme shall establish a Steering Committee.

The specific task of this Committee is to monitor the physical and financial progress of the scheme in question. Within this context, in 2010, ETC continued to perform the function of IB for both TAF and EAP, as described under section 2.1.1 of this report and consequently to coordinate the ESF IBSC meetings. During the year under review, two IBSC meetings were held, one on the 23 June and the other on the 21 December. Apart from the general update on implementation on both the EAP and TAF, participants discussed issues that were causing delays in the implementation and conducted brainstorming sessions with other stakeholders in an effort to find solutions. In 2010 the meetings were chaired by the new CEO of ETC and participants of the IBSC included project leaders of both schemes, the General Manager Operations, the Senior Manager Business Development, the representative of the Ministry for Education, Employment and the Family and the MA.

- **Intermediate Bodies Network**

During 2010, the IB network was transformed into a formal structure (from its previous informal and loose nature in 2008 and 2009). With implementation of aid schemes gathering momentum it was felt that a more formal forum was needed to discuss implementation issues and also seek to find common solutions. The network is chaired by the MA and is attended by all IBs under Cohesion Policy. During

¹⁸⁷ MHEC MPSC was constituted in 2010 following invitation on the 15th June 2010. OPM MPSC was constituted at end of 2010 by email dated 22 November 2010.

¹⁸⁸ MSOC, MEDC, MRRA, MGOZ, MITC and OPM (Tourism).

¹⁸⁹ For Projects under OPII, the MPSCs held were; 2 for MSOC, 3 for MEDC, 2 for MRRA, 3 for MGOZ, 3 for MITC, 3 for OPM (Tourism), 3 for MHEC and 1 for OPM. In 2010, there were no ESF projects under MFEI.

¹⁹⁰ The last meeting for either of these 2 MPSCs in 2010 held on the 20th December 2010 was a partial meeting. This is called a partial meeting as not all projects were covered but only those that had some kind of problem.

2010, two meetings were held, one in February and one in September. The IB network 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. MRRA, as the public authority responsible for the implementation of the programmes financed by the EAFRD and EFF, are also invited to these meetings. During these meetings common issues such as demarcation, processing of claims, verifications, on the spot checks and administrative issues, are discussed.

- **High Level Meetings**

During 2010, the PPS continued to chair the High Level Monitoring Meetings, which had been initiated in 2008 when delays in the implementation process became apparent. These meetings continued to prove to be effective in ensuring that causes of delay in the projects¹⁹¹ are brought to the forefront of discussion and recommendations on the way forward are made. The MA is responsible to set the agenda and present project issues. These issues are discussed at the meeting with relevant stakeholders who are invited to attend, depending on the nature of the issues being raised. During 2010, the meetings were held on a monthly basis¹⁹² in an effort to monitor projects more closely. During the year, twenty-six (26) ESF projects were reviewed in depth during the aforementioned meetings, with an average of five (5) projects being discussed in each meeting.

- **Cabinet**

As a means to further monitor the implementation of the OP at a more strategic level, during 2010, the Cabinet of Ministers continued to report on progress achieved on projects within their Ministry's remit. In this regard, meetings were held in February and May 2010.¹⁹³ The combination of the High Level meetings and the Cabinet reporting mechanism continues to ensure that any issues are brought to the attention of the relevant decision makers and decisions are taken in a timely manner.

2.7.2 Monitoring Committee

Meetings of the MC in 2010

In the course of 2010, the MC was convened twice: on the 27th May and 17th November. The items discussed during the May MC meeting included:

- AIR 2009¹⁹⁴;
- An overview of the progress achieved from end January 2010 to the meeting date;
- Changes in the Technical Assistance financial plan;
- An update on the implementation of the Communication Plan together with an overview of some publicity activities to be held in 2010. A number of proposals for the review of the Communication Plan were also introduced to the Members¹⁹⁵;

¹⁹¹ These causes are outlined under Section 2.3.

¹⁹² With the exception of January and August 2010.

¹⁹³ This practice has started in 2009.

¹⁹⁴ During the days following the May MC, the revised AIR (2009) was re-circulated to the members for approval.

- A presentation on the main features of the Mid-Term Evaluation together with a summary of what was planned to be achieved; as well as
- An overview of the Annual Control Report and the unqualified opinion approved by DG Regional Policy and DG Employment on the 22nd February 2010 and 9th March 2010 respectively. Within this context, MC Members were informed on the IAID conclusions included in the report according to which the management and control systems of the OPs function well and only minor improvements were needed.

The second meeting of the MC, which took place in November 2010 presented:

- An update on Physical and financial progress of the programme and on SFD functions;
- Changes to the criteria relating to TAF as well as the EAP¹⁹⁶.

As in the three previous years, the MC meetings were well attended in 2010 and they served as a good basis not only to discuss the formal business but also to provide participating organisations with further information relating to the implementation of the OP. All the presentations were made available on http://www.ppcd.gov.mt/monitoring_committees_all_funds.

2.7.3 Annual Review Meeting

In line with Article 68 of the General Regulation, the Annual Review meeting was held on the 26 May 2010 between the MA and the Commission. Given the update that was to be delivered during the MC meeting held the following day, the discussion focused primarily on the analysis of the level of commitment and payments, the progress registered under Annex XXIII and Indicators, the Structural Data Base improvements, as well as a brief summary on the Strategic Report.

An overview of the information, publicity and evaluation activities carried out in addition to those which were planned to be carried out were also provided. The MA also outlined the latest clarifications submitted to the Commission with regard to the application of the flat rate on indirect costs. The MA highlighted the need to conclude discussions on the latter, in order to provide clarity and legal certainty to Beneficiaries¹⁹⁷.

As part of the annual meeting project visit was also organised. A visit was carried out on ESF 3.61-*E4L: Embark for Life - Labour market integration of socially excluded youth*.

2.7.4 Evaluation

During the second quarter of 2010, the tender for the Mid-Term Evaluation (MTE) was awarded to KPMG. OP II MC members were provided with an overview of the overall approach, methodology and proposed work plan during the MC meeting held on 27th May 2010. Due to a number of reasons, not least the delays in agreeing on the Inception Report, the implementation of this contract went well into Q1 2011 and a presentation of the report is expected at the first MC in 2011. The bulk of the mid-term

¹⁹⁵ The MA informed MC Members that formal changes of the Communication Plan would be presented to EC following the outcome of the mid-term evaluation which would also assess the effectiveness of the Plan and make recommendations.

¹⁹⁶ Further information on the changes in criteria which took place will be provided under section 2.1.1 of the report.

¹⁹⁷ This was held on the 26 May 2010.

evaluation tasks during 2010 revolved around the collection of data via various research methods which included:

- A preparatory meeting in April between the MA and the participation of the contractor's key expert and project manager. The cut-off date (30th April 2010) for the purposes of the mid-tem evaluation was agreed at this meeting.
- The drawing up of the Inception Report by the evaluators and its acceptance by the MA.¹⁹⁸
- A kick-off workshop in May to inform the stakeholders about the intended methodology, approach and timeframes for the evaluation process.
- A number of consultations held during the year with the MA in order to agree on the data to be collected and compile data collection templates.
- A survey questionnaire, addressed to all Beneficiaries, with the aim of obtaining additional insight into various factors relevant to the evaluation criteria as set out in the ToRs. The survey was available online from 27th September to 15th October 2010.
- A total of 20 Beneficiaries co-financed through OP II were selected for consultation during the course of the MTE. Interviews were scheduled between 10th November up to 2nd December 2010.
- Other consultations carried out with a number of senior policy executives from across Line Ministries and senior executives of the Employment and Training Corporation, the Malta Council for Science & Technology for the purpose of addressing the evaluation criteria of relevance.
- Three consultation meetings, held during December 2010 and January 2011 with the Department of Contracts (DoC), the Malta Environment and Planning Authority (MEPA) and Treasury¹⁹⁹.
- Additional expenditure data as at the end of December 2010 was collected from the MA and reflected in the analysis.

Meanwhile, the MA participated in two other evaluations undertaken by DG Empl namely:

- Evaluation of the ESF's support to gender equality led by GHK and Fondazione G. Brodolini. A questionnaire was completed by the MA and sent to the evaluators in April, 2010, together with a list of projects under Priority axis 3; and
- Evaluation of the Contribution of ESF to EES. During January 2010, the MA participated in this study by completing a questionnaire sent by the evaluators in order to provide input for formulation of recommendations as to how the ESF and the EES can be better aligned to the benefit of the employment markets across Europe.

¹⁹⁸ Which in itself lasted from 12th April to 6th September 2010.

¹⁹⁹ An internal factors workshop, held on 14th January 2011 with a number of horizontal stakeholders such as Line Ministries, DoC, MEPA and Treasury etc in order to present the key findings of the MTE and elicit feedback thereon, with a view to explore potential solutions to the issues discussed.

In the course of 2010, a representative from the Evaluation Unit within the MA attended three Evaluation Partnership Meetings organised by DG EMPL. These meetings mainly consisted of discussion related to guidance on methodology, indicators, evaluation plans as well as progress in relation to evaluations being undertaken by Commission and other MS.

3. Implementation by Priority

3.1 Priority axis 1 - Improving Education and Skills

3.1.1 Achievement of targets and analysis of the progress

Priority axis (PA) 1 is the primary Axis within OPII which aims at more long-term, sustainable measures for the strengthening of Malta's human capital. This Axis seeks to increase the overall participation rates in (formal) education at all levels targeting both capacity building of educators, supporting parents (that are deemed to be critical in achieving reforms) and introducing new areas of studies (that are deemed to be important in terms of addressing current as well as forecasted skills mis-matches) as well as strengthening those sectors where current and short-to-medium term demand is and expected to remain high (such as IT). In this regard, Axis 1 is deemed to be the Axis that is focusing more on longer term objectives and the results (as well as impacts), albeit perhaps not so visible in the short-term, are expected to yield changes in current practices that will inevitably have an impact on generations yet to come.

As at end of 2010, there were thirteen projects under implementation²⁰⁰. A good number of projects are addressing various focus areas. Specifically, six projects are contributing towards the focus area *Investing in the education system*²⁰¹; five projects fall under the focus area *Addressing skills mismatches*²⁰²; three under *Research and Innovation*²⁰³ and five projects under *Information and Communication Technology*²⁰⁴. Most of the projects financed under this PA involve the provision of courses and scholarships (including capacity building), targeting: students, young people, and adults outside the formal education system, educators, professionals and administrators. The activities are primarily geared to address areas of study considered to be critical for increased employment and higher levels of education as well as future economic development²⁰⁵, thereby supporting the country's efforts in achieving a strategic shift from the traditional manufacturing sectors to higher value-added sectors. These operations were complemented by activities involving studies (research) and (awareness) campaigns in support of reforms in progress as well as harness ownership of the reforms by the relevant stakeholders.

²⁰⁰ Projects being implemented under PA 1 were all approved in the course of 2008 with implementation on the ground starting in earnest in the first two quarters of 2009.

²⁰¹ The following projects address *Investing in the education system*: ESF 1.25 'Strategic Educational Pathways Scholarship (STEPS)'; ESF 1.28 'Accrediting Quality Vocational Training (VQPACK)'; ESF 1.29 'Valuing all skills for the Labour Market'; ESF 1.31 'Wood CPR: Education and Training in Wood-Conservation-Restoration'; ESF 1.34 'Addressing Skills Mismatches in the Aviation Maintenance Industry'; ESF 1.36 'Professional Development Programmes for MCAST Staff & Student's Top-Up Degrees'.

²⁰² The following projects contribute towards "Addressing skills mismatches": ESF 1.23 'Higher Education Courses to Address Skills Mismatches in Gozo'; ESF 1.24 'Career Guidance Capacity Building'; ESF 1.25; ESF 1.31; ESF 1.34.

²⁰³ The following projects focus on *Research and Innovation*; ESF 1.25; ESF 1.31; ESF 1.40.

²⁰⁴ These projects focus on: *Information and Communication Technology*: ESF 1.25; ESF 1.33 *Increasing ICT Student Capacity in Malta*; ESF 1.19 *Online e-Learning Management System for Post-graduate Medical Training Activities*; ESF 1.21 *Parents and Teachers Fusion ICT Training Programme*; ESF 1.22 *Research Analysis and Training for Enhancing the University Library*.

²⁰⁵ The economic areas addressed in the training courses and scholarships being offered by the various projects are: financial services; tourism; ICT; Career Guidance; Pharmaceuticals; Aviation; Healthcare; Creative Industries; research in the fields Agriculture and Fisheries as well as the Environmental sector.

It is encouraging to note that in 2010, 3498²⁰⁶ participants were engaged in training activities or further/higher education under this Axis, out of which almost 40% pertained to science, technology and ICT²⁰⁷. 13% of the certifications awarded in 2010 were related to science, technology and ICT²⁰⁸. The participants ranged from students, educators as well as other young people and adults, such as administrators and parents. Of the total participants in activities in 2010, 28% were females. In addition to the 3,498 participants, it is worth noting that 2010 saw 1,235 parents participating in ECDL courses offered under ESF 1.21. Capacity building at this level is considered crucial in the e-learning reform.

As at the end of 2010, the amount committed under PA 1 was 72% of the Axis' allocation²⁰⁹ which is slightly lower (0.37%) than the amount reported in 2009²¹⁰. Five projects had their budget revised during 2010, due also to more detailed checks on the eligibility of VAT as well as savings registered following the conclusion of the procurement process²¹¹. The amount contracted as at end 2010 stood at €17,137,548.04, representing 63.5% of the committed amount and 46.8% of the overall PA allocation. The total payments on the Axis stood at €8,373,860.16, representing 48.8% of the contracted value and 22.3% of the overall allocation.

No additional projects were selected in 2010; however, a new call was issued in the third Quarter for the remaining balance (€10 million) under the Axis. Fifteen projects for a budget of almost €28M were received. As at end of year, the evaluation was still ongoing, however it is clear that there is a large demand for projects under the Axis, which may require a top-up of the budget (re-allocations between Axes) and another call may be necessary in 2011. This was an issue which was also pointed out by the MTE evaluators and which the MA is seriously considering.

3.1.2 Information on the physical and financial progress

Physical Progress

During the year under review, substantial progress was registered in terms of implementation on the ground. Whilst procurement continued to take up considerable capacity, it is clear from the achievements on a good part of the indicators that implementation (and therefore also payments) have gained momentum. In 2010, a total of fourteen (14) DoC tenders were contracted in 2010, of which eight had been launched and evaluated during the same year whilst six were launched in 2009. In 2010, five Departmental tenders were launched, out of which four (4) were evaluated and contracted. Furthermore, one Departmental tender launched and evaluated in 2009 was also contracted in 2010²¹². Apart from the activity under public procurement, nineteen (19) employment contracts were awarded. In

²⁰⁶ This figure refers to Annex XXIII data and it includes 1215 participants that started training in 2009 and continued in 2010 under this axis.

²⁰⁷ 2107 participants were engaged in operations pertaining to general fields of study (such as law, marketing; finance) whilst the remaining 1391 in science, technology and ICT. It should be also noted that out of the 1391 participants trained in the fields of science, technology and ICT, 40 were trained in S&T or ICT capacity building education & training.

²⁰⁸ 187 participants were certified in science, technology and ICT in 2010 of which 106 participants were certified in Foundation Certification; Diploma and Higher National Diploma through ESF 1.33; 18 participants through ESF 1.34; 63 participants were certified with a degree through ESF 1.36.

²⁰⁹ Level of commitment registered in 2009 was €27,089,316.50, whilst in 2010 was €26,987,782.14.

²¹⁰ This slight decrease was due to the fact that a number of projects had their budget revised during 2010.

²¹¹ Projects that suffered a budget decrease in 2010 are: ESF 1.19; ESF 1.22; ESF 1.23; ESF 1.28; ESF 1.40

²¹² ESF 1.21.

2010, there were three calls for scholarships under ESF 1.25 and ESF 1.36, resulting in 134 new contracts signed between the Beneficiary and the scholarship holders amounting to €1,637,563.46²¹³.

This Axis has a number of projects that are offering students, educators and other persons working in the education sector the possibility to read for tertiary level degrees as well as follow postgraduate studies in various related areas of specialisation.²¹⁴ The main contributor in this regard is undoubtedly ESF 1.25 (STEPS) which provides numerous scholarships in expanding economic sectors (such as health care, financial services, creative industries, pharmaceutical and ICT)²¹⁵. Other projects, such as ESF 1.31, ESF 1.33 and ESF 1.34 are offering training at a lower level (in terms of academic qualification), however are equally important in terms of filling the skills gaps that currently exist in the education system as well as in a number of other important sectors of the economy such as ICT and aviation maintenance. It is clear that the Axis includes a combination of investments aimed at addressing existing gaps and bottlenecks in the system, as well as parallel forward looking measures aimed at sustaining the short term results in the longer term, including support to policy reforms and a steady shift from the more traditional courses to those more in sync with forecasted demands of the labour market. In this regard during 2010, numerous training courses (at various levels) were initiated aiming to strengthen the *capacity* of educators, professionals and administrators currently working in the education field. These include IT courses for teachers (ESF 1.21); degree courses in career guidance (ESF 1.24); professional development for University of Malta's library staff (ESF 1.22)²¹⁶; while educators at Malta's vocational institute (MCAST) are reading for top-up degrees (ESF 1.36) to allow the Institute to increase and broaden the number of vocational degrees on offer to its students. Within this context, close to 1,500²¹⁷ education personnel have been receiving capacity building training during 2010. It is also worth noting that during the year under review, 1,235 parents benefitted from training in IT under ESF 1.21.

These reforms would not have the support of stakeholders if change is not complemented with sustained or even improved quality of the education experience. In this regard a number of projects are also being implemented on the quality assurance side. In 2010, different initiatives were underway through ESF 1.28 and ESF 1.29, including research on the quality of vocational education and training (VET) (in order to close existing gaps between theory and practice), knowledge, skills, formal education and employment; the provision of courses leading to formal certification (for those having primarily experience) as well as quality assurance within different key sectoral areas, such as mechanical engineering and tourism studies, having the aim of setting occupational standards of skills. As part of the overall objective of improving the education experience, ESF investments were complemented by ERDF components in a number of projects²¹⁸. This investment has not only enabled the more effective

²¹³ These projects involve the granting of post-graduate scholarships.

²¹⁴ Under ESF 1.25 there were two calls for scholarships closed in 2010 in Masters and PhD. As a result, 133 contracts were signed amounting to €1,619,675.46. Under ESF 1.36, one call closed in 2010 amounting to €17,888,00.

²¹⁵ Other projects offering tertiary level degrees are: ESF 1.23; ESF 1.24; ESF 1.31 (EQF level 7); ESF 1.36.

²¹⁶ ESF 1.22 offers both local and training abroad.

²¹⁷ 1,444 to be exact.

²¹⁸ The projects benefitting from ERDF expenditure are: ESF 1.19; ESF 1.31; ESF 1.34; ESF 1.36 and ESF 1.40 – Various equipment related to the courses offered were acquired.

delivery of the ESF projects themselves but has the potential of making the ESF investments more sustainable in the long-term and ensuring an integrated approach to Cohesion Policy implementation.

3.1.3 Qualitative Analysis

a) Analysis of indicators

Table 8 - Priority axis 1 Indicators (Output and Result Indicators)

Priority axis 1 – Improving education skills								
				2007	2008	2009	2010	Total
Output	A	Indicator 1: Number of persons participating in further or higher education & training programmes	Achievement	0	0	136 ²¹⁹	159	295
			Target	n/a	n/a	n/a	n/a	2,000
			Baseline	n/a	n/a	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	595	661	1,271
			Target	n/a	n/a	n/a	n/a	600
			Baseline	n/a	n/a	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	40	48
			Target	n/a	n/a	n/a	n/a	250
			Baseline	n/a	n/a	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	5	5	
		Target	n/a	n/a	n/a	n/a	10	
		Baseline	n/a	n/a	n/a	n/a	n/a	
	C	Indicator 5: Number of persons trained through capacity building courses	Achievement	0	0	110	1,286	1,396
			Target	n/a	n/a	n/a	n/a	750
			Baseline	n/a	n/a	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	140	545	
		Target	n/a	n/a	n/a	n/a	3,000	
		Baseline	n/a	n/a	n/a	n/a	n/a	
Indicator 7: Number of actions supporting educational quality, relevance, structures, systems, campaigns and research	Achievement	0	0	0	5	5		
	Target	n/a	n/a	n/a	n/a	20		
	Baseline	n/a	n/a	n/a	n/a	n/a		
Results	A	Indicator 1: % of participants gaining a further or higher education & training qualification	Achievement	0%	0%	0%	4%	4%
			Target	n/a	n/a	n/a	n/a	75%
			Baseline	n/a	n/a	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%	31%	31%
			Target	n/a	n/a	n/a	n/a	75%
			Baseline	n/a	n/a	n/a	n/a	n/a
		Indicator 3: % of participants gaining a qualification/certification in capacity building education/training	Achievement	0%	0%	3%	15%	18%
			Target	n/a	n/a	n/a	n/a	80%
			Baseline	n/a	n/a	n/a	n/a	n/a
	C	Indicator 4: % of	Achievement	0%	0%	0% ²²¹	14%	14%

²¹⁹ In Air 2009, the achievement under 'Number of persons participating in further or higher education & training programmes' was erroneously reported as 129 rather than 136. In 2009, under ESF 1.23, persons participating in further or higher education & training programmes were 29 and not 22.

	participants gaining a qualification/certification ²²⁰	Target	n/a	n/a	n/a	n/a	80%
		Baseline	n/a	n/a	n/a	n/a	n/a

The table above clearly shows that in 2010 all output and result indicators under PA 1 registered achievements, albeit to various degrees. In this regard, four output indicators continued to register significant progress, with two of them, namely '*Number of participants taking part in S&T or ICT in further or higher education & training programmes (2)*²²² and '*Number of persons trained through capacity building courses (5)*²²³', which have already reached and largely exceeded the OP target. In this context, it should be noted that MCAST, through the projects implemented under this Axis, is significantly contributing to achievements on these indicators. In particular, through ESF 1.33, contributing to *output indicator 2*, MCAST has already trained 786 persons who participated in ICT Diplomas through this initiative as at the end of 2010. This derives from the swift growing demand of ICT expertise in line with the national priority of promoting the participation within science and technology related education.

Furthermore, MCAST was successful also within the context of ESF 1.36, which is contributing to *output indicator 5*, where the College registered 763 participants (in 2010 alone) bringing the total participants to 834, meaning two times as much as the project's target²²⁴. However it should be noted that these include participants that have benefitted from more than one courses of varying duration to enhance their pedagogic skills. In 2010, two output indicators registered their first achievements, namely *Number of S&T or ICT actions/studies/campaigns/research activities carried out (4)*²²⁵ and *Number of actions supporting educational quality, relevance, structures, systems, campaigns and research (7)*²²⁶, resulting from the completion of some projects' actions during the year under review.

The activities on the ground under this Axis gained momentum in 2010 and this is also reflected in the progress registered under the result indicators. A brief overview clearly demonstrates, in fact, that achievements have now been registered on all indicators and that there was a considerable increase in 2010 when compared to levels reached in 2009. Specifically, during the year under review, eighty-three (83) participants gained tertiary level certifications in general fields of studies²²⁷, whilst 188 were certified at post secondary level in science, technology and ICT²²⁸. The other two results indicators - *Participants gaining a qualification/certification in capacity building education/training(3)* and *Participants gaining a qualification/certification (4)* registered a major increase when compared to 2009: specifically thirty-seven professionals such as, teachers, educators and university staff gained qualifications in their

²²⁰ Including certificates of attendance.

²²¹ In Air 2009, for a miscalculation, the progress registered under '*% of participants gaining a qualification/certification*' were should read 0.37 rather than 1.9%. Percentage was calculated over 750 target *Number of persons trained through capacity building courses* rather than to the 3750 (indicators 5 and 6).

²²² Six projects contribute towards this indicator, namely: ESF 1.23, ESF 1.25, ESF 1.31, ESF 1.33; ESF 1.34, ESF 1.36

²²³ Five projects contribute to this indicator, namely: ESF 1.21, ESF 1.24, ESF 1.25, ESF 1.36; ESF 1.40.

²²⁴ Target of ESF 1.36 under this is indicator is 400 participants.

²²⁵ ESF 1.31 and ESF 1.40 registered achievements under this indicator in 2010.

²²⁶ ESF 1.21, ESF 1.22 and ESF 1.33 registered achievements under this indicator in 2010.

²²⁷ ESF 1.25, ESF 1.33, and 1.36 registered achievements under this indicator in 2010.

²²⁸ ESF 1.23, ESF 1.25, ESF 1.36 registered achievements under this indicator in 2010. 106 participants (56%) were certified under ESF 1.33 in 2010.

field of expertise so to ensure a better quality service in the education sector ²²⁹, whilst more than 400 participants gained qualifications to strengthen the capacity building ²³⁰. As at end 2010, over 3500²³¹ participants benefitted from training and/or further education under this Axis of which 23% were certified²³², 63% still undergoing training whilst the remaining (14%) were either unsuccessful or did not complete the course²³³.

b) Financial Analysis

Table 9 - Financial Progress Priority Axis 1

Priority axis	Total contribution	Financial progress			
		Commitments %	Payments	Commitments %	Payments %
	(a)	(b)	(c)	(b/a)	(c/a)
Priority axis 1 <i>Investing in the employability and adaptability of the workforce</i>	37,400,000.00	26,987,782.14	8,373,860.16	72%	22%

An overview of the financial progress of the Priority axis reveals a slight decrease in the financial commitments reported in 2009, due to the revisions in budgets of a number of projects in 2010. As at end 2010, the total amount committed under the Priority axis was of €26,987,782.14, representing 72% of the total PA allocation. 64%²³⁴ of this commitment was contracted²³⁵, resulting in over 43% increase when compared to the previous year.²³⁶ With regard to payments, although progress is not at the desirable rate, it is clear that ongoing efforts in this regard by all stakeholders have yielded substantial progress when compared to the status as at end 2009. In 2010, over €6,700,000²³⁷ were paid, resulting in 400% increase when compared to 2009 levels²³⁸ bringing the disbursements as at end of 2010 to €8,373,860.16, representing 31% of the committed amount and 22% of the total PA allocation. The PA is the one that has registered the highest level of payments across the OP as at end 2010.

The management verifications by the MA amounted to €4,524,506.92 of which €4,328,624.07 were certified to the EC in 2010, bringing the total amount of management checks on-the-spot by the MA (since the beginning of the programme) to €5,641,307.22 of which €4,684,837.54 were verified by the MA and eventually certified by the CA under this PA. This resulted in a total of 659 invoices checked by the MA of which 626 were raised on the related SOEs. Furthermore, in 2010 the MA checked an

²²⁹ ESF 1.22, ESF 1.34 and ESF 1.40 registered achievements under this indicator in 2010

²³⁰ ESF 1.21, ESF 1.25 and ESF 1.31 registered achievements under this indicator in 2010.

²³¹ This figure refers to total achievements under output indicators registered since 2008. Specifically, 228 in 2008, 1041 in 2009, 2286 in 2010.

²³² This figure refers to total achievements under result indicators registered since 2008. Certified in 2009 were 21 participants whilst 810 in 2010.

²³³ This refers to participants that failed during the exams or dropped out.

²³⁴ This includes the contracts signed between MEEF and students under STEPS.

²³⁵ Total Contracted Public Eligible amount as the end of 2010 was €17,137,548.04.

²³⁶ Contracted amount registered in 2009 was €11,911,028 whilst in 2010 it amounted to €5,226,520.04 (€17,137,548.04 - €11,911,028 = €5,226,520.04 / €11,911,028).

²³⁷ Exact amount paid in 2010 is €6,714,539.37.

²³⁸ Paid amount register in 2009 was €1,659,320.79.

additional one-hundred-sixty-four (164) invoices with a total value of €1,686,222.82 under PA 1 to be included in the SOE planned to be raised at the beginning of 2011. Only during 2010, the MA carried out sixty-one (61) day-visits for documentary checks which required 669 man hours. In addition the MA also carried out twenty-nine (29) physical spot checks. This gives an idea of the significant volume of checks and verifications the MA is carrying out which is extremely time consuming and which mobilizes substantial capacity. Although payments have increased considerably, the level of payments under the PA remain a concern for the Programme managers. The reasons for the relatively low disbursement level are not very different from those reported in 2009. The delays mentioned in AIR 2009 have also not been recovered. On a positive note, a number of projects are expected to conclude in 2011 which should see an increase in payments in the first quarters of 2011²³⁹. One should also note that Axis 1 is expected to be fully committed in terms of projects by end of the first half of 2011.

3.1.4 Significant problems encountered and measures taken to overcome them

It is clear from the descriptions above that considerable progress has been achieved in the implementation status of the projects co-funded under this Axis. Most of the tenders were eventually contracted in 2010, resulting in a significant increase in the contracted and disbursed amounts under the Axis. Nevertheless, despite the progress, the level of payments remains below that desired. The main reasons remain those highlighted in the 2009 report which obviously have spilled over into 2010. These include delays in the procurement process which continued to persist in 2010, also due to some changes in the procurement procedures²⁴⁰. Apart from the complexities inherent to any procurement procedure, the delays were also the result of a number of unsuccessful procedures launched and which therefore had to be re-launched - not only taking up capacity that is much needed elsewhere in the implementation process but also compounding existing delays. Specifically the main reasons for unsuccessful tendering procedures were: lack of sufficient bidders and administratively incompliant bids. The combination of both factors often resulted in no valid bids remaining in the competition which then had to be re-launched under some procedure or other. This issue is clearly linked to limited capacity, also in the private sector, to cope with complex procedures as well as the underlying inherent limitations characteristic of small markets. At the national level, a number of bottlenecks in key stakeholder organisations also contributed to the delays. In some cases the finalisation of contracts (from award to signature) took a number of weeks. On average the time taken from the launch of the tender to the contract's signature took twenty-five (25) weeks, of which sixteen (16) weeks to award the tender and nine (9) weeks to sign the contract. Remaining on the subject of procurement, four tenders, for a value of €638,167, representing a quarter of the large tenders, went into appeal, delaying the process by a further eight (8) weeks²⁴¹.

The paperwork related to the processing of payments as well as to the verification of the payments by the MA for ESF projects is a general difficulty that should not be under-estimated. Most projects are

²³⁹ ESF 1.21, ESF 1.40 and ESF 1.19 will be concluded in the first semester of 2011; ESF 1.31, ESF 1.22, ESF 1.28 and ESF 1.29 will be concluded in the second semester of 2011.

²⁴⁰ Contracts Circular N° 11/2010, dated May 2010, introduced revised standard templates to be used as a model for tender documents for the procurement of works, supplies and services and provides that *'In the last stage the Committee should recommend the cheapest administratively and technically compliant tender'*. This has superseded the previous award criteria *Most Economically Advantageous*.

²⁴¹ Tenders that suffered an appeal were under ESF 1.21; ESF 1.22; ESF 1.34; ESF 1.36.

very fragmented requiring very complex validations and cross-checks of various documents) and demanding substantial capacity from both the Beneficiary as well as the MA. The average documentary check under this Axis in 2010 consisted of two visits to the Beneficiary involving twenty-four (24) man hours – as most documents such as time-sheets, attendance records as well as procurement supporting documentation can only be checked comprehensively on site. The issue is currently being studied by the MA, however if the checks are to be comprehensive, there are very few concrete options at this stage that would speed up the process of verification whilst guaranteeing the same assurances to the stakeholders.

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 need for the labour force to acquire new skills and for companies to invest in human resources remains crucial for both the immediate re-structuring and also the long-term sustainability of the Maltese economy, an economy that can depend only on its human capital. In this context, it is important for the different players to sustain continuous education in training, in order to ensure that skills are in tune with demand and that the country's only resource, its people, are maximized. Priority axis 2 addresses these issues at various levels: at the individual level, at the company level as well as at organizational level. The objective is to increase the participation rate in lifelong learning and, therefore also enhance the chances of employability, as well as to support the adaptability of undertakings through workers' skills improvements and upgrading.

As at end 2010, there were nine *mainstream* projects and one Aid Scheme²⁴² under Article 107 of the Treaty²⁴³ that were being implemented under this Axis²⁴⁴. Following the call for projects which closed in 2009²⁴⁵, fourteen project proposals were submitted out of which six were approved in the first semester of 2010, with a total value of €1,487,203²⁴⁶, representing 7% of the total committed amount under this axis and almost 2% of total commitment under the OP. All projects under Axis 2 promote continuous training and education and support primarily those actively employed and various categories of the unemployed and the underactive / inactive. The majority of the *mainstream* projects focus on two crucial and expanding economic sectors, namely tourism and ICT. In this regard, 41% and 11% of the commitments under the Axis are targeting tourism²⁴⁷ and ICT²⁴⁸ respectively. The remaining 48% is focusing on a broad range of skills ranging from very basic literacy (Basic English; Maltese) skills; trades, engineering and management (the latter including audit and insurance)²⁴⁹.

Beneficiaries of the *mainstream* projects under this Axis vary in type and include the Island's only vocational education and training institute (MCAST), the Employment and Training Corporation (ETC), local government²⁵⁰ and civil society²⁵¹. The aid scheme, *Training Aid Framework* (TAF), is being implemented by the Employment and Training Corporation (ETC) and as at the end of 2010, over 2000 applications had been received and slightly more than 1,400 grant agreements were signed for a total

²⁴² Scheme is addressing training needs in the private sector.

²⁴³ All data in relation to the aid scheme has been collected and processed by the Employment and Training Corporation as the IB responsible for the implementation of the scheme.

²⁴⁴ Four projects were approved in 2008 and five projects were approved in 2010.

²⁴⁵ Call 5 was launched in 2008 and closed in January 2009.

²⁴⁶ Call 5 was launched in the last quarter of 2008 and closed in Q 1 of 2009. The projects' selection was completed in the first quarter of 2010. PSC approved six projects under this call; however, ESF 2.76 (MTA), of a value of €155,784, was withdrawn in August 2010.

²⁴⁷ Projects addressing tourism are: ESF 2.11, ESF 2.78; ESF 2.80; 2.7 with total amount of €4,811,480.00.

²⁴⁸ Projects addressing ICT are: ESF 2.12 and ESF 2.72 with total amount of €1,231,871.00.

²⁴⁹ Projects addressing other fields are: ESF 2.4, 2.84, 2.85; with a total amount of €5,615,746.00.

²⁵⁰ Hamrun Local Council implementing ESF 2. 84.

²⁵¹ MHRA is implementing ESF 2.80.

value of €3,018,360.39²⁵². The number of contracts signed till end of 2010 represents 66% of the total applications submitted²⁵³ and one-third of the overall financial allocation under the scheme. As at the end of 2010, close to 7,500 persons²⁵⁴ were involved in training activities funded by TAF, reaching twice the original target²⁵⁵.

The mix of training courses offered and operators (public and private entities, as well as civil society) involved under this Axis makes this Axis particularly effective especially in attracting a considerable and varied number of participants in both Malta and Gozo. As at the end of 2010, one *mainstream* project is being implemented in Gozo²⁵⁶ whilst another three projects²⁵⁷ have committed part of the project's value to Gozo's socio economic development. This results in 11% of the *mainstream* projects' value specifically committed for the territory of Gozo. In addition, it is worth noting that all the remaining projects are open to Gozitan participants, however the exact value actually committed will only be known once the project ends.

As at end 2010, there were 22,052²⁵⁸ participants involved in training under the *mainstream* projects²⁵⁹ and the scheme, out of which 7,883 (36% of total participants) were women, with the targeted groups being 12,450 (56% of total participants) already *employed persons*²⁶⁰; 7,718 *unemployed* (35% of total participants)²⁶¹; and 1,884 were *inactive* (over 8% of total participants)²⁶². It is worth noting that the majority of participants (specifically, 69% of total participants) benefitting from this activities under this Axis in 2010 were adult workers (aged between 25 and 54 years), whilst 8% were older workers and almost 23% were young people (aged between 15 and 24 years). Moreover, 62% of participants benefitting from this Axis have a primary or lower secondary level of education. In this regard, it should be noted that whilst the *mainstream* projects are mainly providing support to unemployed participants with a primary or lower secondary level of education in order to improve their employability, the scheme is exclusively addressing employed persons so as to improve and upgrade their skills.

The amount committed under PA 2 registered by the end of 2010 totals €20,510,717.48, representing 66.17% of the Priority axis. Notwithstanding that five new projects with a total budget of €1,331,419 were approved under this Axis in 2010, the level of commitment has only increased by 1.47% when compared to the commitment in 2009. This was due to the deduction (in levels of commitments) from

²⁵² Source of data: Employment and Training Corporation.

²⁵³ 2123 applications received by the end of 2010 under TAF.

²⁵⁴ 7,431 to be exact. This figure refers to annex XXIII data and includes 74 participants engaged in training activities in 2009 and continued in 2010. Source ETC

²⁵⁵ Around 3500 trainees were expected to benefit from training aid under TAF in the period between January 2009 and June 2013.

²⁵⁶ ESF 2.7 is being implemented by the Ministry of Gozo.

²⁵⁷ Projects that have a specific commitment for Gozo's socio economic development are: ESF 2.4, ESF 2.11 and 2.12.

²⁵⁸ This figure is as per Annex XXIII Participants' Data and includes 628 people engaged in training activities or education in 2009 which continued in 2010 and 7431 participants engaged in training activities under scheme (of which 74 started in 2009 and continued in 2010) .

²⁵⁹ 13,819 participants attended training under ESF 2.4 -*Employability Programme* and the rest were participants from the other projects.

²⁶⁰ Of which 476 were *self employed* – 4% of the total employed

²⁶¹ Of which 2,311 were *long term unemployed* – 30% of the total unemployed

²⁶² Of which only 19 were *inactive in education and training* – 1% of the total inactive

this Axis of the Scheme's administrative costs²⁶³. The amount contracted as at end 2010 stood at €9,584,370.45, representing close to half (47%) of the committed amount and around one-third (31%) of the overall allocation. The total payments made on the Axis stood at €2,088,406.33, which represent around a quarter (22%) of the contracted amount and 7% of the overall allocation. The MA issued another call under this axis in Q 4 of 2010. Twelve projects for a total budget of €12,400,000 were received. The evaluation of these projects will take place in 2011.

3.2.2 Information on the physical and financial progress

Physical Progress

The projects approved in 2009 started implementation in 2010 – not only through the launching of tenders but also in the delivery of activities - whilst those approved in 2010 were mainly involved in finalizing design and launching of tenders, with only two of them commenced the implementation of activities during the year under review²⁶⁴. Five contracts for DoC tenders were signed for a total value of €3,992,714, of which one was launched and evaluated during the same year²⁶⁵ whilst three were launched in 2009 and one was launched in 2008²⁶⁶. Apart from these five, a sixth tender was signed under Schedule 3²⁶⁷ of Public Contracts Regulations²⁶⁸. This brings the total value of the large tenders contracted in 2010 to €1,305,962. There were also forty-five (45) departmental tenders launched in 2010 of which 51% (23) were awarded in the same year for a value of €148,540 whilst the awarding process of the remaining tenders was still ongoing as at the end of 2010²⁶⁹. Four calls for employment were launched, three of which were successfully concluded by end of year and another four (4) employment contracts were signed to fill up posts under calls launched in the previous year. This brings the amount contracted in 2010 to €129,021. By the end of 2010, only three *mainstream* projects had registered disbursements under this Axis, reaching a total amount of €2,063,270.16²⁷⁰, representing 99% of the total amount disbursed under the Axis²⁷¹.

This activity is clearly demonstrative of that the *increasing* progress under this Axis, especially in the case of projects approved in 2009. In this context, significant progress was registered on ESF 2.4 – *Employability Programme*, being implemented by ETC, absorbing 45% of the *mainstream* projects' committed allocation²⁷². During the year under review, this project carried out different activities varying

²⁶³ Specifically, the allocation for management of the scheme for ESF 2.65, (€1,011,534) was removed from PA 2.

²⁶⁴ ESF 2.72 and ESF 2.85

²⁶⁵ This refers to the training packs tender under ESF 2.4.

²⁶⁶ This refers to the big tender under ESF 2.11 which encountered multiple appeals as well as a judicial protest. Total duration between launching of tender and signing of the contract was 65 weeks (14 months).

²⁶⁷ Schedule 3 of Public Contract Regulations refers to *List of Contracting Authorities who shall administer their own public procurement in accordance with the provisions of these Regulations*.

²⁶⁸ This refers to a tender launched in 2009 under ESF 2.12, implemented by MITA. The amount of the tender was €745,000

²⁶⁹ One departmental tender under 2.7 was cancelled due to no bids.

²⁷⁰ ESF 2.4, ESF 2.11 and 2.12.

²⁷¹ The other 1% (€25,136.17) was disbursed by the scheme.

²⁷² Total amount of ESF 2.4 is € 5,253,211.00 whilst the total budget committed in *mainstream* projects (included ESF 2.4) is €11,659,097.48

from training programme design to job assistance, work orientation and trade testing²⁷³ including both practical and theoretical training, ranging from basic skills courses to vocational training. In 2010, ESF 2.4 offered 111 different courses engaging 13,819²⁷⁴ participants in training activities out of which close to a third (32%) were women and 10% were older persons (aged between 55-64 years). Other projects making headway in terms of implementation include ESF 2.11²⁷⁵, which in 2010 started to offer training to persons employed or seeking employment in tourism related areas contributing directly or indirectly to tourism. A total of four-hundred-forty-four (440) persons were trained in 2010 of which 37% were women. To complement the training activities, two studies on the future employment opportunities and on the future training needs in tourism sector started under this project in 2010 and are expected to be completed in 2011. In 2010, under the *mainstream* projects a total of €14,584²⁷⁶ persons were engaged in training in 2010 representing 175% increase when compared to 2009²⁷⁷, with the target groups being mainly unemployed persons (4,470), representing 53% of total participants, of which two-thousand-ninety-nine (2,299) long term unemployed.

With respect to the *Training Aid Framework* aid scheme²⁷⁸, 1,174 grants for a total value of €2,616,997.39 were signed in 2010 bringing the total to 1,404 grants for a total value of €3,018,360.39 resulting in over a 600% increase when compared to 2009²⁷⁹. Training courses requested by enterprises under this scheme range from basic skills courses (like basic first aid, fire fighting, health and safety courses), vocational courses (like hairdressing, welding) to advanced and specialised courses in management, leadership, sales, and information technology. The IB also received a substantial number of applications for diplomas, undergraduate degrees and Masters degrees. In 2010, 7,431²⁸⁰ participants, obviously all *employed* of which thirty-seven (37) *self employed*, were engaged in training activities under this scheme, representing over 600% increase when compared to 2009²⁸¹. Almost half (42%) of the participants were women. By the end of 2010, the IB also managed to start the disbursement process²⁸². The learning curve in this regard – both in the case of the IB with regard to demands from the Treasury as well as on the side of enterprises with regard to demands from the IB – has been steep. In fact, a number of applications were rejected by the IB for various reasons, such as the lack of necessary documentation and failure to demonstrate some form of competition in terms of procurement. While it is clear that in 2010, the demand for funds has, to a considerably satisfactory degree, been addressed and backlogs with regard to signing of agreements been addressed, the payment process remains of concern. A number of meetings have already been held with the Treasury

²⁷³ This is a measure to give more value to vocational qualifications, and to give standardised and recognised qualifications to those who achieved their skills through non-formal and informal training paths.

²⁷⁴ This figure includes 554 participants that started training in 2009 and continued in 2010.

²⁷⁵ ESF 2.11 has a total budget of €4,120,396.00 and is implemented by the *Malta Tourism Authority*, which represents the second largest *mainstream* project under this Axis.

²⁷⁶ This figure refers to participants that were engaged in training activities in 2010 under the mainstream projects.

²⁷⁷ In 2009, 5331 participants started training under mainstream projects.

²⁷⁸ The data on the scheme is being reported separately to the *mainstream* projects due to the nature of the scheme. The source of the data is the Employment and training Corporation (ETC) as the IB implementing the scheme.

²⁷⁹ 230 grants were signed under the scheme in 2009 for a total amount of €401,363.84.

²⁸⁰ This figures refers to Annex XXIII data and it includes 74 participants carried over from 2009.

²⁸¹ In 2009, 979 participants started training under TAF

²⁸² Ten undertakings were reimbursed amounting to €25,136.

and an external review (of the process) has also been undertaken. Further simplifications (as well as a leveling out of the learning curve at least on the public side) expected in 2011 should lead to some progress also on this front.

3.2.3 Qualitative Analysis

a) Analysis of Indicators

Table 10 - Priority axis 2 Indicators (Output and Result Indicators)

Priority axis 2 – Broad target groups				2007	2008	2009	2010	Total
Output	A	Indicator 1: Number of persons trained/supported	Achievement	0	0	5,101	14,030	19,131
			Target	n/a	n/a	n/a	n/a	45000 ²⁸³
			Baseline	n/a	n/a	n/a	n/a	n/a
		Indicator 2: Number of actions supporting educational structures, systems, campaigns and research	Achievement	0	0	0	0	0
			Target	n/a	n/a	n/a	n/a	5
			Baseline	n/a	n/a	n/a	n/a	n/a
	B	Indicator 3: Number of undertakings supported	Achievement	0	0	230	1,174	1404
			Target	n/a	n/a	n/a	n/a	700
			Baseline	n/a	n/a	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%	16%	16%
			Target	n/a	n/a	n/a	n/a	20%
			Baseline	n/a	n/a	n/a	n/a	n/a
		Indicator 2: % of participants gaining a qualification/certification	Achievement	0%	0%	8%	26%	34%
			Target	n/a	n/a	n/a	n/a	60%
			Baseline	n/a	n/a	n/a	n/a	n/a
	B	Indicator 3: % of participants gaining a qualification/certification	Achievement	0%	0%	0%	29%	29%
			Target	n/a	n/a	n/a	n/a	60%
			Baseline	n/a	n/a	n/a	n/a	n/a

As can be seen from the Table above, there is clear progress with regard to most indicators. When compared to 2009 there is a significant increase (175%) in the *number of persons trained/supported*.²⁸⁴ The target of the *Training Aid Framework* was exceeded fourfold with 1,404 undertakings benefitting from this scheme as at end of year. The underlying reason is primarily the fact that targets were set on few enterprises with larger projects. While in principle this should be a good achievement as more enterprises than forecasted are participating in the scheme, the large numbers are of a slight concern in that the overall impact (in terms of change and diversification) may not be to the same degree as forecasted as a good part of the training is of short duration and only addressing immediate or short-term needs due to current market realities. Projects contributing to output indicator *Number of actions*

²⁸³ Including repeat participants

²⁸⁴ Four projects (ESF 2.4, ESF 2.7, ESF 2.11 and ESF 2.12) as well as the aid scheme are mainly contributing to this achievement.

supporting educational structures, systems, campaigns and research are expected to register achievements in 2011²⁸⁵.

It is worth noting that as a result of the activities carried out in 2010 by the mainstream projects, 11,625 participants gained certification or qualification and 7,273 were in employment or in further study 6 months after receiving assistance. These achievements are once again completely deriving from activities implemented under ESF 2.4 *Employability Programme* and the aid scheme²⁸⁶. The considerable progress registered with regard to all indicators between 2009 and 2010 shows a steady effort to reach the Programme's targets, particularly when the results from other projects also start to come in.

b) Financial Analysis

Table 11 - Financial Progress Priority axis 2

Priority axis	Total contribution	Financial progress			
		Commitments %	Payments	Commitments %	Payments %
	(a)	(b)	(c)	(b/a)	(c/a)
Priority axis 2 <i>Investing in the employability and adaptability of the workforce</i>	30,995,000.00	20,510,717.48	2,088,406.33	66.17%	6.74%

During 2010, the total amount committed under this Priority axis was of €20,510,717.48. This is translated in a financial commitment of 66.2% of the total PA allocation.²⁸⁷ Contracted amount²⁸⁸ as at the end of 2010 was €9,584,370.45. This represents over 400% increase when compared with 2009²⁸⁹. The amount disbursed reached €2,088,406.33, resulting in over 1000% increase when compared with 2009²⁹⁰. The Management verifications by the MA, which were also certified to the EC in 2010, amounted to €388,461.80, bringing the total amount of management checks on-the-spot by the MA (since the beginning of the programme) to €441,516.5 of which €432,689.06 were verified by the MA and eventually certified by the CA under this PA. This resulted in a total of 59 invoices verified by the MA of which 55 were raised on the related SOEs. Furthermore, in 2010 the MA checked an additional 494 invoices with a total value of €1,121,105.14 under PA 2 to be included in the SOE planned to be raised at the beginning of 2011. Only during 2010, the MA carried out 30 day-visits for documentary checks which required 546 man hours. It is clear that the verification process under this Axis is particularly onerous and time consuming given the level of fragmentation in the two larger operations – namely ESF 2.4 and the aid scheme, involving also checks at enterprise level. In addition, in 2010, the MA undertook thirty-two physical checks of which seven were part of the sample required on the

²⁸⁵ Projects that will contribute to this indicator are: ESF 2.12(1); ESF 2.72(3); ESF 2.78(3)

²⁸⁶ 1003 are coming from TAF as is reflected in indicator B in the table above.

²⁸⁷ The total allocation of PA 2 under the Operational Programme amounts to 30,995,000, reflecting the 23% of the total budget of Programme.

²⁸⁸ This refers to the sum total of public contracts and employment contracts signed as well as grant agreements signed between the IB and Beneficiaries at enterprise level.

²⁸⁹ The amount contracted in 2010 is €7,799,391 whilst €1,784,979 was contracted in 2009.

²⁹⁰ A total amount of €1,903,085.36 was disbursed in 2010 whilst €185,320.97 was disbursed in 2009.

scheme. The Article 13 checks are also challenging for the IB, however, in terms of monitoring, the IB conducted twenty-nine (29) desk-based documentary checks during 2010.

3.2.2 Significant problems encountered and measures taken to overcome them

The main problems causing delays in implementation and disbursement under this Axis are largely attributed to the very fragmented nature of the major *mainstream* projects as well as of the aid scheme. The MA has continued to assist Beneficiaries and the IB alike. This is by no means an easy task as the verification of time-sheets and attendance sheets for such a high volumes remains problematic. Moreover, in the case of the aid scheme a number of simplifications were introduced as explained below. Such simplification exercises have contributed to a gradual, albeit modest, increase in the processing of payments. It is clear that further efforts are required by all stakeholders in the process and perhaps some capacity increases are also necessary.

With regard to the problems of procurement reported upon in detail in previous AIRs, one can continue to say that procurement still represents a challenge to both Beneficiaries as well as contractors. Although the level of contracts signed has increased substantially when compared to 2009, the resources that this achievement is claiming on the ground should not be ignored with a good number of tenders having to be re-issued – either due to no bidders or lack of administratively compliant bidders. The filing of multiple appeals on a number of tenders²⁹¹ also represented one of the most important factors determining delays under this Axis. In general the lack of experience of some Beneficiaries in managing Cohesion Policy projects (and therefore also initiating relatively large tenders) should also not be ignored as this often causes delays at take-off of time which are then never recovered and are only compounded.

Under normal circumstances one would assume that aid schemes have the tendency to move faster and disburse quicker than the *mainstream* operations, however as reported in other parts of this report, this has not been the case for TAF and the problem is well acknowledged by all stakeholders. In 2009, given the demand driven approach, the IB was inundated with applications within the first few months of launching the scheme, resulting in an immediate backlog in the approval of operations. This phase of the cycle has improved in 2010, given that in 2010 full time evaluators were recruited by ETC in order to accelerate the evaluation process resulting in applications being processed more efficiently. The release of some of the backlog in the processing of applications has obviously resulted in major delays in payments. Disbursement as at end 2010 was practically insignificant. Whilst a total number of 1,404 grant agreements were signed with the undertakings amounting to €3,018,360.39. Payments made add up to €25,136.17. The fragmentation of the scheme is a problem in itself. 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 this context the MA continued to monitor closely the progress and solicited ETC to simplify the application and payment processes. Apart from the fragmentation, general teething problems with the quality of documentation (often incomplete)²⁹² submitted by the Beneficiaries at

²⁹¹ Appeals were filed under ESF 2.4, 2.11 and 2.12.

²⁹² By the end of 2010, 18 claims (amounting to €79,740) had been uploaded on SFD. Only ten of these claims passed all the checks at Treasury and received payment.

reimbursement stage has compounded delays and problems on the ground. This mainly derives from capacity limitations, including the lack of standardized procedures in the private sector, often requiring (by the employer) last minute changes in the operation proposed, in order to be able to handle training and ongoing operations within the firm. In order to facilitate matters and speed up the application process, a simplification exercise was initiated in 2010. This resulted in the adoption of concrete measures, such as some relaxation on the eligibility criteria²⁹³, a simplified application form for large enterprises, further clarity on quotations and the introduction of a capping for travel costs. Moreover, a set of guidance notes to support Beneficiaries in the reimbursement process was developed and with the introduction of the minimum eligible amount of €350 for a TAF application, the number of very small claims has been reduced. It is clear, however, that despite the efforts made in 2010, the simplification process must continue in order to reflect the flexibility needed by the Maltese private sector which itself is largely very fragmented and less standardized than most of its European counterparts.

As already reported under other sections, although payments under some operations have been slow, the general level of payments processed by the system for OPII has increased considerably when compared to 2009 (1,026%). This is partly due to the enhanced monitoring system that has already been detailed under chapter 2. However, one cannot but notice that despite this relative *success*, the increase in payments processed is not matched, to the same degree, with the payments verified and certified to the EC. Although this is a general comment and does not apply exclusively to payments made under Axis 2, because of the high concentration of fragmentation under this Axis, the issue of volume and magnitude²⁹⁴ as well as capacity to undertake verifications, both at MA as well as at IB levels becomes more acute. This case depicts clearly the magnitude of documentary checks that are necessary under this Axis in order for the MA to verify incurred payments to be included in SOE. In 2010 the MA and IB initiated a process for capacity building which is expected to be concluded in 2011 and will hopefully result in an increase in capacity at MA, IB and Line Ministry levels.

²⁹³ In the quarter 2 of 2010 the need for the train the trainers' certificate was removed and instead the trainer had to be either a graduate in the subject area or have an aggregate of at least 4 years work experience in the subject area and a threshold for eligible training cost was set at (€350) per application. Moreover, in quarter 4 of 2010 the eligibility criteria of the trainers was further revised and the trained had to be either a graduate in the subject area or at least have 2 years work experience in the subject area in which training is provided.

²⁹⁴ Under ESF 2.4, between September 2009 and December 2010, the MA checked 484 invoices amounting to €445,773.49. These checks required 20 day-visits and 368 man working hours.

3.3 Priority axis 3 – Promoting an Equal and Inclusive Labour Market

3.3.1 Achievement of targets and analysis of the progress

Priority axis 3 aims to encourage stable and quality employment of persons who find difficulties in participating in the labour market. Although the OP is geared towards more and better jobs, the Axis is unique as it seeks to focus on concrete actions that will support the objective increasing the female participation rate and the integration, retention and progression of disadvantaged groups in the labour market. This objective is not only important from a social cohesion point of view but also from a purely economic dimension as it supports the maximization of the only resource available in the country, namely the development of all people. In view of this objective, this Axis is funding a relatively broad array of activities, targeting a variety of groups, including, persons with disabilities, persons with mental health difficulties, the inactive, youth, persons with addictions, the long-term unemployed, parents and educators. In addition, given Malta's low female participation in the labour market, women have been identified as a distinctive target group within this Priority axis.

As at the end of 2010 there were fourteen projects and one Aid Scheme (under Article 107 of the Treaty on the Functioning of the European Union) under implementation, addressing more than one focus area of intervention of the Axis. Apart from the general participation of women under all operations financed under the OP, in 2010, there were five projects implemented under this Axis (by different types of Beneficiaries²⁹⁵) with the *specific objective* to increase and sustain the *female participation in the labour market*²⁹⁶ for a total cost of €2,648,046. The various activities included: training courses in key economic areas such as ICT and management²⁹⁷; and train the trainers' course targeting educators and professionals²⁹⁸; awareness campaigns, targeting employers, inactive women and the general public²⁹⁹; research activities³⁰⁰; as well as study visit³⁰¹.

As at end of 2010, there were a significant number of actions aimed at *promoting the employability and productivity of disadvantaged and vulnerable groups* (including youths) implemented through seven

²⁹⁵ Local and national administrations as well as civil society organisations.

²⁹⁶ Projects addressing focus area "*Female participation in the labour Market*" are: ESF 3.43 *Dignity for Domestic Violence Survivors*; ESF 3.47 *Unlocking the female potential*; ESF3.48 *Lifelong Learning for enhanced employability for parents*, ESF3.54 *REACH- Opportunities close to home*; ESF3.59 *Nista': The benefits of sharing life's responsibilities campaign*. Total amount €2,648,046.

²⁹⁷ Seven training actions were implemented in 2010: ESF 3.54 offered four training courses on: ECDL; Equalskills; City and Guilds and Sage; ESF 3.48 offered Parents' trainer courses and Parent leaders courses; ESF 3.47 provided training to employers on Equality Mark.

²⁹⁸ ESF 3.43 offered training courses to professionals on the impact of domestic violence on the national economy and on innovative methods for the victims' inclusion in the labour market.

²⁹⁹ Two awareness campaigns were launched in 2010. Under ESF 3.47 the awareness raising campaign targeted businesses and employers' and the general public whilst ESF 3.59, Phase 1 of the campaign was launched, targeting inactive young and older women and single mothers.

³⁰⁰ Three studies were launched: ESF 3.47 launched a research study, including also the identification and analysis of the reasons underlying the inactivity of the female segment in Malta and Gozo; ESF 3.59 carried out a qualitative and quantitative pre research exercise, preparatory to the awareness campaign; ESF 3.43 concluded a prevalence study to study the link between domestic violence and unemployment.

³⁰¹ Under ESF 3.62 a study visit took place in Bristol in whereby the project administrator, a support worker and a trainer participated in a familiarisation visit in order to gain experience, learn from the host organization and gather as much information as possible to share with local participants.

*mainstream*³⁰² projects and one aid scheme³⁰³ under this Axis for a total value of €11,912,056. During 2010, the activities implemented by the *mainstream* projects involved: training courses accompanied by relevant support services³⁰⁴; the development of teaching tools and tailor-made programmes specifically designed to facilitate access of disadvantaged groups in the labour-market³⁰⁵; studies³⁰⁶; capacity building actions targeting educators, trainers and personnel working with vulnerable groups³⁰⁷; as well as awareness campaigns³⁰⁸. Beneficiaries active under the Axis include Non-governmental organisation, the national employment services as well as other public organizations³⁰⁹.

Without doubt, a significant contribution towards the integration of disadvantaged and persons with disability derives from the EAP scheme. In 2010, the EAP saw a drastic increase in both the number of applications received and also in the subsequent placements. As at end 2010, 2,350 applications (458 from Gozo and 1892 from Malta) were received and 1,120 grant agreements were signed amounting to €4,779,240 representing 58% of the total allocation. Out of the 1,120 persons supported, 481 (representing nearly 43% of the grants committed) were women. In 2010, this scheme proved to be successful also in the retention rate of persons engaged on the EAP in 2009. In fact, as at end 2010, out of the 352 participants that finished their placement on the scheme, 94% were retained in employment (330), with two persons having also set up their own business as self-employed.

During 2010, there was a general significant increase in the number of participants in activities implemented under the Axis. As at the end of 2010, 5,249³¹⁰ persons were offered support and/or participated in training activities of which 2,625 were women (50% of the total participants), with the targeted groups being 471 *employed* (9% of all the participants)³¹¹, 895 *unemployed* (17% of the total)³¹². It is also worth noting that 3,833 participants (74% of the total number of participants) were

³⁰² Projects addressing focus area "Promoting an Inclusive society" are: ESF 3.42 'An Independent living training service for disabled people in Malta'; ESF 3.49 Training of Inclusion Coordinators for Secondary Education; ESF 3.52 Care creates changes in people's lives; ESF 3.60 Youth Employment Programme; ESF 3.61 E4L: Embark for Life - Labour market integration of socially excluded youth; ESF 3.62 ME2 Integration of Persons with a disability into the labour market; ESF 3.66 Ic-Cavetta - Maltese Literacy Toolkit for employment and education inclusion. Total amount €3,712,056.

³⁰³ The Employment Aid Programme (EAP) amounting to €8.2M.

³⁰⁴ ESF 3.52, following a specific assessment of potential participants, provided training on waste management. ESF 3.60 continued to offer Career Guidance, Psychological and Occupational Therapy Services for youths job seekers. ESF 3.61 provided daily living/relationship skills training, professional youth support service; outreach activities and one to one job seeking assistance ESF 3.62 provided training, support and personal assistance to people with severe disabilities; ESF 3.66 delivered training to persons facing social exclusion on basic literacy, work values and computer orientation.

³⁰⁵ Under ESF 3.66 a literacy toolkit has been developed, enhanced and published online in 2010.

³⁰⁶ Under ESF 3.71 and ESF 3.56 implemented by the Richmond Foundation and the OHSA respectively targeting the focus area addressing labour market distortion and ensuring that work pays.

³⁰⁷ ESF 3.42 launched three training courses for therapist and professionals working with persons with disability; ESF 3.49 continued to provide training for teachers to become inclusive coordinators in secondary schools through a three year a Master course; ESF 3.66 offered a train the trainer Course for educators and facilitators on literacy.

³⁰⁸ ESF 3.60 launched: the Youth Employment outreach TV programme; the Youth day and Youth Website for career guidance and other advisory services for youths.

³⁰⁹ the Foundation for social welfare services and the Foundation for Educational Services, the National Commission for Persons with Disabilities and the Commission on Domestic Violence and WasteServ Malta.

³¹⁰ This amount refers to data as per Annex XXIII and it includes 685 participants that received support and or started training activities in 2009 and continued in 2010.

³¹¹ Of which 40 *self employed*) – 8.5% of the total Employed.

³¹² Of which 379 *long term unemployed*. - 42.3% of the total Unemployed.

*inactive*³¹³; 4,057 participants (77%) were young people between 15 and 24 years; and 3,771 (72% of the total participants) had a primary or lower secondary level of education.

As at end 2010, the total amount committed under this Priority Axis was €16,355,965.18 representing 44.3% of the total PA allocation. This results in 14.5% decrease of the committed amount under this Axis when compared with 2009³¹⁴. This was due to the fact that during the year under review, three projects, with a total budget of €1,687,515 were withdrawn³¹⁵. Moreover, the administrative costs of the EAP scheme have been removed from this Axis³¹⁶. The amount contracted as at end 2010 stood at €10,266,663.51, representing 62.7% of the committed amount and 28% of the overall allocation. The total payments made on the Axis stood at €2,229,577.69, which represent 22% of the contracted amount and 6% of the overall allocation. The MA issued another call under this Axis in quarter 3 of 2010. Nineteen projects for a budget of over €22M were received. The evaluation of these projects is expected to be concluded in 2011.

3.3.2 Information on the physical and financial progress

Physical Progress

As was the case with other Axes, implementation of activities reached a significant momentum in 2010. There were another seven DoC contracts signed (of which five were launched in 2009 and two in 2010); thirty-nine³¹⁷ departmental tenders were contracted and six employment contracts were signed.

Although none of the approved operations was completed in 2010, significant progress on the activities was registered on all the *mainstream* projects. Specifically, in the context of *female participation in the labour market* four projects completed a number of the planned training activities, resulting in 128 professionals trained³¹⁸ on the links between domestic violence and the general economic and social well-being of the country (ESF 3.43); forty-seven (47) employers certified as *Equality Mark Employers*, confirming their awareness and willingness to adopt family friendly measures in their working environment (ESF 3.47); seventy-five (75) women were certified on *EqualSkills and Sage* (ESF 3.54)³¹⁹ and one-hundred-ten (110) women certified in parent trainers' courses and parent leaders' courses (ESF 3.48), with the aim of increasing the curricular resource within the school communities³²⁰. Furthermore, studies and awareness campaigns³²¹ were launched in 2010 with the specific aim of

³¹³ Of which 2682 *inactive in education and training* - 69% of the total inactive.

³¹⁴ Committed amount in 2009 was €19,130,337.18.

³¹⁵ Withdrawn projects in 2010 were: ESF 3.51, "*Creative Lives, Creative Schools*"; (€1,213,204); ESF 3.68, "*DAVID: Developing a Vocational Training Programme for Persons with Intellectual Disability*"; (€152,486); ESF 3.58 *SIPP* dropped on the 20 April 2010 (€321,825). These withdrawals were due to different reasons amongst which were lack of agreement between partners involved in the project, actions already being implemented by another project as well as lack of take-up by participants, despite repeated attempts.

³¹⁶ Specifically, the management costs of this scheme (€1,114,495) were de-committed under PA 3.

³¹⁷ Two of the tenders are calls for service launched by Voluntary Organisations and Social Partners. Since Voluntary Organisations and Social Partners do not carry out procurement through government processes, they were included in the total amount of departmental tenders launched according to their threshold.

³¹⁸ Of which 102 were women.

³¹⁹ ESF 3.54 started also to provide training courses on ECDL and City and Guilds which were still on going as at the end of 2010.

³²⁰ ESF 3.48 is also providing a Train the Trainers - LLP Facilitators course and a child minder course for parents which were still ongoing as at the end of 2010.

³²¹ ESF 3.47 and ESF 3.49.

identifying and understanding the reasons underlying the inactivity of women in Malta and Gozo; increasing sensitivity on gender issues and promoting the adoption of family friendly measures in work environment, as well as challenging the culture of (financial) dependence that often surrounds women, especially single mothers.

This Axis targets disadvantaged groups in general. With regard to the target group youth ETC organised the *Youth Days* both in Malta and in Gozo³²² with one-thousand-eight-hundred-seventeen (1817) youths in attendance – one-thousand-five-hundred-thirty-six (1,536) in Malta and two-hundred-eighty-one (281) in Gozo respectively. These events consisted of various activities dedicated to youth employment with the aim of helping youths in their search for employment and career development. Various workshops, games and activities aimed at getting young adults to think about different topics including choosing a career, applying for a job, among others, were held. As a result of all the activities carried out under this project, 247 youths were in employment or further study six (6) months after receiving assistance³²³. The Foundation for Social Welfare Services, through ESF 3.61, provided job seeking assistance and training to two-hundred-twelve (212) youths at risk of social exclusion to support the development of social independence, maintain stable employment and settling into an adequate living arrangement. Amongst the results of the activities, one-hundred-sixty-five (165) young people received assistance by a professional youth support worker out of which fifty-three (53) have since found a job.

Other success stories in 2010 under this Axis include the training of three-hundred-fifty-six (356) disabled persons (of which ten persons were placed and maintained in job training exposure³²⁴ as at the end of 2010) and thirty-five (35) teachers, educators and facilitators trained³²⁵ on innovative pedagogical approaches to literacy. The EAP also played an important role in integrating disadvantaged people into employment. During 2010, six-hundred-eighty-two (682) grant agreements were signed between the IB and the Beneficiary enterprises amounting to a total of €3,266,873.00³²⁶, resulting in over 200% increase when compared with 2009. In 2010 alone, 1,049³²⁷ participants were receiving support from EAP, representing 20% of all persons supported under this Axis. It should be noted that 74% of the total participants under EAP are inactive (and also not in education and/ or training) whilst 77% are young people (15-24 years). The scheme's contribution towards Gozo's socio economic development has been significant. In this regard, one-hundred-eighteen (118) Grants were signed in 2010 (amounting to €1,204,346) bringing the total number of Grants signed with Gozitan enterprises to three-hundred-thirty-one (331) for a total value of €1,891,889, representing almost 40% of the overall commitment of the scheme.

³²² ESF 3.60 - Youth Days Malta 19th October till 24th October with 1,536 attendees. Youth Day Gozo on 29th October with 281 attendees.

³²³ The 247 youths are divided into: 99 employed, 1 self-employed and 147 following a course. Prior to receiving assistance from ESF3.60, the status of these 247 youths was: 11 were in employment, 1 was self-employed, 36 were unemployed, 147 were following a course and 52 were not in employment, education or training.

³²⁴ ESF 3.62

³²⁵ *Paulo Freire Institute* is implementing ESF 3.66.

³²⁶ As at the end of 2009, the total number of grants signed under EAP was of 438 Grant Agreements amounting to a total of €1,512,367.00.

³²⁷ This figure refers to Annex XXIII data and includes 367 participants that the scheme started to support in 2009 and continued in 2010.

Two studies³²⁸ were undertaken to address labour market distortions, one of which was completed in 2010. One study³²⁹ conducted a specific research aimed at informing policy makers and other stakeholders, including employers, on the correlation of mental health and employment and the impact that this is having on the national economy with specific recommendations³³⁰ to include the developing and adoption of employee support programmes, the provision of career guidance, the rehabilitation of persons affected with mental health and awareness of legal provisions on the protection of persons with mental health problems. The other research carried out under ESF 3.56 looks into the prevailing levels of occupational health and safety (OHS) in Malta collecting statistics on occupational injuries; physical and psychological occupational as well as the cost on the country of poor OHS. This data will assist in identifying future national OHS strategies and policies.

3.3.3 Qualitative Analysis

a) Analysis of indicators

Table 12: Priority axis 3 Indicators (Output and Result Indicators)

Priority axis 3 – Promoting an equal and inclusive labour market								
				2007	2008	2009	2010	Total
Output	A	Indicator 1: Number of actions supporting a lifecycle approach to work	Achievement	0	0	0	0	0
			Target	n/a	n/a	n/a	n/a	10
			Baseline	n/a	n/a	n/a	n/a	n/a
		Indicator 2: Number of women trained/supported	Achievement	0	0	23	285	308 ³³¹
			Target	n/a	n/a	n/a	n/a	2,000 ³³²
			Baseline	n/a	n/a	n/a	n/a	n/a
		Indicator 3: Number of families benefiting from childcare	Achievement	0	0	0	0	0 ³³³
			Target	n/a	n/a	n/a	n/a	1,600
			Baseline	n/a	n/a	n/a	n/a	n/a
	B	Indicator 4: Number of vulnerable persons trained/supported	Achievement	0	0	656	4,500	5,156
			Target	n/a	n/a	n/a	n/a	6,500
			Baseline	n/a	n/a	n/a	n/a	n/a
		Indicator 5: Number of persons trained in capacity building courses	Achievement	0	0	24	252	276
			Target	n/a	0	n/a	n/a	600
			Baseline	n/a	0	n/a	n/a	n/a
		Indicator 6: Number of studies, actions, campaigns, research activities carried out	Achievement	0	0	0	4	4
			Target	n/a	n/a	n/a	n/a	10
			Baseline	n/a	n/a	n/a	n/a	n/a

³²⁸ ESF 3.71 and ESF 3.56

³²⁹ Impact Assessment of mental health on employment for policy development implemented by Richmond Foundation.

³³⁰ Published on 26/11/2010 and presented during the launch conference in January 2011.

³³¹ Projects contributing towards this indicator are ESF3.48 and ESF3.54.

³³² This target only covers actions specifically addressing women. Other targets included in this Priority axis and other Priority axis also include female participants.

³³³ The main project that was contributing towards this indicator, ESF3.51 – Creative Lives Creative Schools, was withdrawn.

Results		Indicator 7: Number of civil society projects	Achievement	0	0	2 ³³⁴	0	2
			Target	n/a	n/a	n/a	n/a	50
			Baseline	n/a	n/a	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%	0%
			Target	n/a	n/a	n/a	n/a	20%
			Baseline	n/a	n/a	n/a	n/a	n/a
		Indicator 2: % of participants gaining a qualification/certification	Achievement	0%	0%	0%	10%	10%
			Target	n/a	n/a	n/a	n/a	50%
			Baseline	n/a	n/a	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%	11%	11%
			Target	n/a	n/a	n/a	n/a	20%
			Baseline	n/a	n/a	n/a	n/a	n/a
		Indicator 4: % of participants in capacity building gaining a qualification/certification	Achievement	0%	0%	0%	30%	30%
			Target	n/a	n/a	n/a	n/a	80%
			Baseline	n/a	n/a	n/a	n/a	n/a

A glance at the achievements registered denotes significant progress on four output indicators. Specifically, the number of women trained/supported in 2010 shows a satisfactory increase of over 1000% when compared to the previous year. Although this target group is only specifically being targeted by 2 projects, it is important to note that all the other projects under this PA are open for both males and females, who are being targeted through the indicator *vulnerable persons trained/supported*. In fact, as previously mentioned, Annex XXIII clearly shows that 50% (2,625 out of 5,249) of the participants under this PA are women. Similar progress is also registered in the *number of persons trained in capacity building courses* (registering an increase of 1,300%). Nevertheless, whilst the former indicator still needs to be worked upon in order to reach the Programme's target, the latter output indicators can be said to have surpassed half their respective targets. Similar trends to what was reported last year have been sustained in 2010 with regard to the number of vulnerable persons trained or supported through ESF funded initiatives (over 500% increase when compared to 2009) which is recording by far the highest results, so much so, that it is almost reaching close to the target of the Programme.

Following the conclusions of some projects' activities, the number of studies, actions, campaigns and research activities carried out registered its first achievements in 2010. With reference to those output indicators that did not register any achievement as at the end of 2010, namely *Number of actions supporting a lifecycle approach to work* and *Number of families benefiting from childcare*, it should be noted that, in the first case, projects which are contributing to the first indicators will conclude the activities in 2011³³⁵ whilst the only significant project that would have contributed to the second indicator

³³⁴ Following the withdrawal of ESF 3.68, "DAVID: Developing a Vocational Training Programme for Persons with Intellectual Disability," dropped on the 25 February 2010, only two projects (ESF 3.66 and ESF 3.71) contribute towards this indicator. Consequently, the achievement registered under indicator in 2009 had to be reduced from three (3) to two (2).

³³⁵ ESF 3.47 and ESF 3.49

was withdrawn in 2010 due to lack of take-up of participants³³⁶. With regards to the low achievements registered under number of civil society projects, this is largely due to limited capacity and high fragmentation amongst civil society organizations in Malta, however a further eight (8) projects (including the scheme) had partners coming from the NGO sector. The authorities have been seeking to encourage NGOs and Partner organizations (also formally at MC meetings) to join up efforts and submit joint projects, however there has so far been limited take-up. The Managing Authority also seeks to provide more direct and one-to-one support and special attention to NGOs that are implementing projects in areas such as reporting (drafting of PPRs; compilation of Participants' data; Indicators; etc) as well as providing training and assistance in the use of the SFD. The competent Line Ministry OPM) also provides support in the processing of payments.

In 2010, almost all the results indicator registered achievements under this Axis, with one (*% of vulnerable persons in employment or further study 6 months after receiving assistance*) already exceeding half of the OP target. The contribution of the aid scheme's success in this regard (as has been described earlier under this section) has been crucial³³⁷. In 2010, first achievements were registered under four out of five results indicators. Specifically, two-hundred-sixty-six (266) female participants gained qualification/certification whilst two-hundred-thirty-one (231) participants gained a qualification/certification in capacity building. As at the end of 2010, no progress was registered under result indicator *% of participants in employment or further study 6 months after receiving assistance* since the achievement of such an indicator can only be registered at a later stage (i.e. 6 months after assistance)³³⁸.

b) Financial Analysis

Table 13 - Financial Progress Priority axis 3

Priority axis	Total contribution	Financial progress			
		Commitments %	Payments	Commitments %	Payments %
	(a)	(b)	(c)	(b/a)	(c/a)
Priority axis 3 <i>Investing in the employability and adaptability of the workforce</i>	36,900,000.00	16,355,965.18	2,229,557.67	44.33%	6.4%

An overview of the financial progress of the Priority axis reveals a decrease of the commitment amount under this Axis, from 51.84% in 2009 to 44.33% in 2010, due to the withdrawal of three projects and the reduction of the scheme's administrative costs. In 2010, 63% of the committed amount was contracted, representing an increase of over 200% when compared to 2009³³⁹. With regard to the level of disbursement, in 2010 almost €2,000,000 were paid³⁴⁰ (representing over 700% increase when

³³⁶ If none of the projects submitted in 2010 include relevant actions, this indicator may need to be changed in a future OP change.

³³⁷ Other projects which registered achievements under this indicator were ESF 3.52; ESF 3.60; ESF 3.61; ESF 3.62.

³³⁸ ESF 3.48 and ESF3.54 are the only two projects contributing directly towards this indicator.

³³⁹ Contracted in 2010 amounted to €6,897,570.53 whilst €3,369,092.98 in 2009.

³⁴⁰ Payments incurred in 2010 amounted to €1,933,817.73, whilst in 2009 €295,759.96.

compared to 2009) bringing the disbursements as at end of 2010 to €2,229,557.67, representing 15% of the committed amount and 7% of the total PA allocation. The management verifications by the MA amounted to €755,917.22 of which €671,163.25³⁴¹ were certified to the EC in 2010, bringing the total amount of management checks on-the-spot by the MA (since the beginning of the Programme) to €900,556,73 of which €814,826.98 were verified by the MA and eventually certified by the CA under this PA. This resulted in a total of 722 invoices checked by the MA of which 641 were certified on the related SOEs. Furthermore, in 2010 the MA checked an additional 118 invoices with a total value of €778,761.14 under PA 3 to be included in the SOE planned to be raised at the beginning of 2011. Only during 2010, the MA carried out 53 day-visits for documentary checks which required 723 man hours. The level of payments, albeit registering significant progress when compared to 2009, continues to remain low, although a good number of the projects under this Axis will be concluded towards the end of 2011 and therefore, it is expected that the bulk of the payments under this Axis will most likely be certified 2012.

3.3.4 Significant problems encountered and measures taken to overcome them

The main problems identified relate to delays in implementation and disbursement brought about through lengthy project evaluation/approval process as well as difficulties in contracting procedures, no different to what has already been reported under other Axes. Similar to Axis 2, given the high level of non-public sector Beneficiaries delays are expected in relation to the learning curve that both IB and the enterprises will have to go through before payments under the scheme start to be processed efficiently. Moreover, given the limitations on the disbursements of the aid scheme, a good number of payments will only materialize at the end of the support period. Furthermore, although this Axis boasts of a considerable number of projects, the total project costs are often less than €500,000 and delays in payments, verification and certification – simply due to the high level of fragmentation of payments - are inevitable.

It was noted that the majority of the problems effecting implementation mainly revolved around issues of the complex and bureaucratic procurement processes. PA 3 projects in particular, seem to have experienced more problems – largely arising from a lack of response from prospective bidders to the various tenders. In fact, seventeen (17) tenders had to be re-launched under this Priority axis. This seeming lack of interest from the market is attributed largely to the services requested which have traditionally been provided by individual service providers that are not used to responding to the more complex procedures, required in the case of tenders of a certain value. It was also noted that delays in the procurement process similar to those reported upon in 2009, continued in 2010 and were actually compounded when amendments to the process were introduced during the first half of the year. Department of Contracts tenders took, on average, 8 months from launch to contracting³⁴² with the longest period being 11 months. NGOs and Civil Society organizations seem, at least at this stage³⁴³, to

³⁴¹ Some payments needed to be further clarified following an OTS and hence the MA recommended CA not to raise them.

³⁴² This period would not include the design period at the beneficiary's end as well as the vetting of the tender dossier (prior to launch) by the DoC.

³⁴³ Actual efficiency can only be ascertained once the tendering procedures have been thoroughly checked and verified, although the MA is monitoring and supporting the process from a very close range.

have been more efficient in managing their procurement (although clearly a challenge for most of them), largely due to the flexibility of using their own existing structures.

The withdrawal of three (3) projects (for a total value of €1,687,515 in eligible cost) was one of the issues of concern in 2010 as this has had a considerable impact on the levels of commitments as well as potentially jeopardizing one or two of the important results expected under this Axis. Despite significant efforts from both the Managing Authority and the Beneficiaries involved, one of the NGO projects³⁴⁴ was withdrawn during the first quarter of 2010, largely due to the complexity of the project activities and diverging views of the partners involved. The withdrawal of another project³⁴⁵ occurred due to lack of response in terms of interest in the activities proposed, despite substantial publicity and awareness-raising by the Beneficiary. ESF 3.58 was withdrawn as the main activities could be merged within another project implemented by the same Beneficiary.

Apart from technical and administrative difficulties, project promoters and Beneficiaries under this Axis also have additional difficulties given the target groups and the often special approach required to reach out to them. Although many have been operating in this field for many years and therefore do have the necessary experience on the ground, the combination of this reality with the heavy administrative procedures has given rise to some very challenging experiences.

With regard to the aid scheme, although not faced with procurement issues, there were several obstacles which hindered the disbursement process from gaining momentum. 2010 was meant to be the year when most of the payments on Grants signed in 2009 should have been processed. However, due to the comparatively complex administrative dossiers (arising from non-standardized salary systems among the variety of employers benefitting from this scheme), this did not materialize. Although the IB had already prepared the necessary templates for the reimbursement process, the diversity in calculations of salary payments (including National Insurance, Government Bonuses etc) were not straightforward as one would have thought and largely inconsistent within the private sector, such that the templates needed drastic revisions (which had to be discussed by the stakeholders including the MA, IB, LM, Treasury and the Department of Industrial and Employment Relations (DIER). On the positive side, however, the IB has employed additional capacity to focus primarily on reimbursements in 2011.

³⁴⁴ ESF 3.68 - *"DAVID: Developing a Vocational Training Programme for Persons with Intellectual Disability"*.

³⁴⁵ ESF 3.51 - *"Creative Lives, Creative Schools"*.

3.4 Priority axis 4 – Promoting an Equal and Inclusive Labour Market

3.4.1 Achievement of targets and analysis of the progress

The public sector is one of Malta's major employers and as such it is important that investment is also directed to the human resource capacity in this sector. During 2010, there were six (6) projects under implementation³⁴⁶ addressing more than one focus areas of intervention. Specifically, four (4) projects are carrying out activities aimed at *Supporting Public Sector Reform*³⁴⁷; four (4) projects are investing in the *Lifelong learning for the Public Sector*³⁴⁸; and three (3) projects include activities that are addressing also the focus area *Promoting a more effective social and civil dialogue in Malta*³⁴⁹. So far, no projects which have been approved addressing the focus area of intervention *Strengthening the quality of employment services*.³⁵⁰ Close to 10 % of the activities approved contribute towards the development of effective partnerships in a wide range of policy areas. The projects under implementation aim to simplify regulation in Malta by the year 2012³⁵¹; training for professionals and human resource managers within the public service in employment support³⁵²; enhancing and expanding Government training programmes by promoting innovative approaches to learning including coaching, mentoring and e-learning³⁵³; providing specialised ICT training for Information Management Units and ICT officials in the public administration³⁵⁴; assisting Micro Business Employers in developing, amending and adapting legislations, policies and good employment practices³⁵⁵; and enhancing social and civil dialogue through the implementation of capacity building activities and the promotion of active participation of social and civil society partners³⁵⁶. According to forecasts 5,922 public employees and 423 of socio and civil partners³⁵⁷ are being targeted. During the year under review, efforts were mainly focused on the preparation, publishing and evaluation of tenders by Beneficiaries, with five projects also managing to implement on preliminary project's activities³⁵⁸.

³⁴⁶ All projects under this PA were approved in the latter half of 2009. ESF 4.93 "*Capacity Building in Equality and Diversity*" was withdrawn in 2010.

³⁴⁷ Projects addressing focus area *Supporting Public Sector Reform* are: ESF 4.87 '*Developing the Maltese Public Sector's Capacity to Implement Better Regulation*'; ESF 4.97 '*Employee Support Programme (ESP) for Public Employees*'; ESF 4.98 '*Strengthening IMUs and other related functions through Specialist Training Programmes*'; ESF 4.100 '*Developing Core Skills in the Public Service*'.

³⁴⁸ Projects addressing focus area *Lifelong learning for the Public Sector*; ESF 4.87; ESF 4.97; ESF 4.98; ESF4 100.

³⁴⁹ Projects addressing focus area *Promoting a more effective social and civil dialogue in Malta* are ESF 4.86 *CB4MicBEs Capacity Building for Equipping and Representing Micro Businesses Employers*; ESF 4.94 *Closer to Europe* and ESF 4.87, that will also promote social dialogue between government, social partners and civil society.

³⁵⁰ It should be noted that four of the projects submitted under Call seven in 2010 seek to address this focus area.

³⁵¹ ESF 4.87 "*Developing the Maltese Public Sector's Capacity to Implement Better Regulation*".

³⁵² ESF 4.97 "*Employee Support Programme for Public Employees*".

³⁵³ ESF 4.100 "*Developing Core Skills in the Public Service*". The horizontal areas identified are policy and governance; strategy development and strategic thinking; leadership; European Studies, policies and administration; public administration management including project management and evaluation and financial management; data analysis; sustainable development; equality; information management; human resources management; general management and training.

³⁵⁴ ESF4.98 "*Strengthening IMU's and other related functions through Specialist Training Programmes*".

³⁵⁵ ESF4.86 "*Capacity Building for Equipping and Representing Micro Business Employers*".

³⁵⁶ ESF 4.94 "*Closer to Europe*".

³⁵⁷ These figures refer to the total number of participants that projects under implementation are targeting to engage in different training activities in a year.

³⁵⁸ ESF4.97, ESF4.87, ESF4.100, ESF4.94, ESF4.84.

The total committed as at the end 2010 was €7,709,035 representing 36% of the Priority axis. Meanwhile, as pointed out in previous sections of this report, the MA issued the second call under this Axis, making available all the financial resources assigned. The call launched in Q4 2010 for a value of €13.5 million attracted sixteen projects with a total value of almost €7,000,000 which, as at 2010, were still under evaluation. Given that the value of the project proposals is not covering the amount of financial resources available under this Axis, the Managing Authority is planning to issue another call under this axis during 2011.

3.4.2 Information on the physical and financial progress

Physical Progress

The progress registered under this Axis in 2010 relates mainly to the tendering process. In this regard, six DoC tenders were published of which five were evaluated, four awarded and one had an appeal which is to be heard in the beginning of 2011³⁵⁹. Over half (55%) of the value of launched tenders was awarded in 2010³⁶⁰. Eleven departmental tenders were also issued during 2010 and eleven tenders were evaluated and contracted³⁶¹. Four of the departmental tenders were re-launched out of which three were successful whilst one had to change procurement procedure. The greater majority (88%) of the launched value of departmental tenders were awarded in 2010³⁶² as were the majority (also 88%) of employment contracts³⁶³.

As already pointed out, in 2010 Beneficiaries started to implement some preliminary project's activities. ESF 4.100 conducted a *Training Needs Analysis* across the public to identify those areas which are mainly affecting the efficiency and the effectiveness of public service in post accession times and where improvement is still necessary as well as to assess the skills proficiency levels of civil servants and skills gaps. Work also started on tenders for training courses and calls for scholarships in the identified areas. In 2010, MCESD started a similar analysis of the current needs of the social partners and the necessary actions needed to address them³⁶⁴. Training activities, both locally and abroad, started in the area of better regulation providing a platform for the sharing of experience with EU counterparts³⁶⁵. The sharing of good practices in the management and delivery of learning programmes for public servants and collaboration in the design and implementation of new programmes supporting good governance³⁶⁶ also

³⁵⁹ DoC tenders launched and awarded in 2010 are: two under ESF 4.87 '*Tender for BR Consultants*' and '*Tender for training*'. Only this latter awarded; one tender under ESF 4.94 '*Communication and Awareness Campaign*'. Awarded; one tender under ESF 4.97 '*Mapping Tender*'. Awarded; and two tenders under ESF 4.98 '*Provision of ICT Training Services*' and '*Service Tender for the Provision of Management Services related to ICT training*'. Total value of tenders launched €3,494,307. Total value of tenders awarded €1,930,323.62. In addition to that there are €335.590.38 savings i.e. 9.6%.

³⁶⁰ Only one tender was contracted in 2010 whilst the other three were contracted in 2011.

³⁶¹ One of the contracted departmental tenders was launched during 2009. Another tender was not evaluated as it was re-issued with no success.

³⁶² Total value of tenders launched €368,643.90. Total value of tenders awarded €322,631.85. In addition to that there are €37,713.75 i.e. 10% savings.

³⁶³ Five employment contracts signed in 2010.

³⁶⁴ ESF 4.94

³⁶⁵ Under ESF 4.87: Training seminars attended are "EIPA Seminar: Latest Developments in the Field of Better/Smart Regulation"; "DEBR – Meeting of Directors & Experts of Better Regulation" and "OECD – Regulatory Policy At The Crossroads Towards A New Policy Agenda".

³⁶⁶ Under ESF 4.100 "CAPAM Training".

started in 2010. A number of training sessions were also organized to strengthen the capacity building of micro-employers, focusing on the latest EU employment policies, legislations and good practices and encouraging the representation of micro business category in EU and national fora. A total of 16.7% of the participants have been awarded a certificate of participation and 187 outreach visits to micro-employers have been carried out in 2010 (of which 128 were completed). A significant increase of training activities under this axis is expected during 2011.

3.4.3 Qualitative Analysis

a) Analysis of Indicators

Table 14: Priority axis 4 Indicators (Output and Result Indicators)

Priority axis 4 – Strengthening of institutional and administrative capacity								
				2007	2008	2009	2010	Total
Output	A	Indicator 1: Number of persons participating in training in a year	Achievement	0	0	0	213	213
			Target	n/a	n/a	n/a	n/a	4000 ³⁶⁷
			Baseline	n/a	n/a	n/a	n/a	n/a
		Indicator 2: Number of studies/actions/campaigns/research activities carried out	Achievement	0	0	0	1	1
			Target	n/a	n/a	n/a	n/a	30
			Baseline	n/a	n/a	n/a	n/a	n/a
	B	Indicator 3: Number of projects supporting partnership	Achievement	0	0	2	0	2
			Target	n/a	n/a	n/a	n/a	7
			Baseline	n/a	n/a	n/a	n/a	n/a
Results	A	Indicator 1: % of participants gaining a qualification/certification	Achievement	0%	0%	0%	17%	17%
			Target	n/a	n/a	n/a	n/a	80%
			Baseline	n/a	n/a	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%	57%	57%
			Target	n/a	n/a	n/a	n/a	50% ³⁶⁸
			Baseline	n/a	n/a	n/a	n/a	n/a

As shown in the table above, the achievements registered under the different indicators, as at the end of the year, were still relatively low, due to the fact that most of the projects focused their efforts on the procurement process and only preliminary activities were implemented. Nonetheless, in 2010 some progress was still registered in almost all indicators. Specifically, the output indicator *Number of persons participating in training* registered an increase due to the commencement of the training activities under two projects.³⁶⁹ With reference to “*Number of studies/ actions/ campaigns/ research activities carried out*”³⁷⁰ the achievements are still far from the OP target and a further increase is

³⁶⁷ Including repeat participants.

³⁶⁸ Baseline as at 2006 is three full-time and one part-time.

³⁶⁹ ESF 4.100 and ESF 4.87 registered achievements in 2010.

³⁷⁰ ESF 4.100 registered achievements in 2010.

expected in 2011 once projects will conclude the activities contributing to this indicator³⁷¹. The result indicators also registered some progress in 2010. In particular, *% of participants gaining a qualification/certification* increased during the year under review, through ESF 4.86, which started in 2010 to certify employers of micro enterprises, following their participation in short training sessions. The level of progress reached is still low compared to the target, but it is expected to increase significantly in 2011. Two full time project coordinators have been employed on an indefinite term within MCESD in June 2010, to support the Council (and sub-committees) in reaching informed opinions in policy and these posts will be sustained thereby attaining the OP target in this regard.

b) Financial Analysis

Table 15 - Financial Progress Priority Axis 4

Priority axis	Total contribution	Financial progress			
		Commitments %	Payments	Commitments %	Payments %
	(a)	(b)	(c)	(b/a)	(c/a)
Priority axis 4 <i>Strengthening of Institutional and Administrative capacity.</i>	21,405,000.00	7,709,035.00	132,241.84	36%	1%

The financial commitment under this Axis suffered a slight decrease when compared to the commitment registered in the previous year, due to the withdrawal of one of the approved projects³⁷². During 2010, the level of commitment was 36% of the total PA allocation. 16% of these commitments were contracted by the end of 2010³⁷³.

During the last quarter of 2010, all projects under implementation started to register some disbursement, however the level of payments registered reached only 2% of the committed amount and 1% of the overall allocation). In 2010 the MA checked sixty-seven (67) invoices with a total value of €41,070.35 under PA 4 to be included in the SOE planned to be raised at the beginning of 2011. This resulted in five (5) visits for a total of fifty-nine (59) man hours. The low level of payments was largely due to the fact that the projects started the implementation during the second half of 2010, with most of the focus being on issuing, evaluating and awarding tenders. In addition, the lack of experience in EU project management of almost all project leaders under this Axis, especially when it comes to the processing of payments, has contributed to the low level of payments processed as at the end of 2010.

On a positive note, however, by end of year, the MA saw a drastic improvement in both the activities ready to be implemented on the ground and in the technical skills gained by the project leaders, the latter also as a result of training activities. This augurs well for the increase in payments expected in 2011 whilst the conclusion of the evaluation of the new round of projects is expected to also increase the level of commitments under the Axis.

³⁷¹ A total number of seven actions contributing to this indicator are expected to be implemented through the approved projects.

³⁷² ESF 4.93 "Capacity Building in Equality and Diversity" (€646,642) was withdrawn in 2010.

³⁷³ Total contracted (in public eligible cost) amounts to € 1,233,960.26

3.4.4 Significant problems encountered and measures taken to overcome them

Similar problems (to what was described under other Axes) were encountered during 2010 under this Axis with regard to procurement. These include the lack of bidders, multiple launches of the same tender, problems arising from contracting Foreign Service providers³⁷⁴, as well as administrative changes in the course of the procurement phase. The revision in the award criteria together with the revision of the standard templates to by the Department of Contracts³⁷⁵ has significantly contributed to compound the delay, as no transition periods were allowed for those dossiers that were close to finalisation at the time of change, leading to many DoC tenders under this Axis being launched during the second semester of 2010. In this regard the PPS bilateral meetings organised on a monthly basis and for which the DoC attends, proved to be useful in finding solutions to bottlenecks.

³⁷⁴ The UK partner in the Consortium failed to submit the compliance certificate (or an equivalent documentation) to the satisfaction of the DoC. the Contracting Authority's requirement.

³⁷⁵ Contracts Circular N° 11/2010, dated May 2010.

3.5 Priority axis 5 – Technical Assistance

3.5.1 Achievement of targets and analysis of the progress

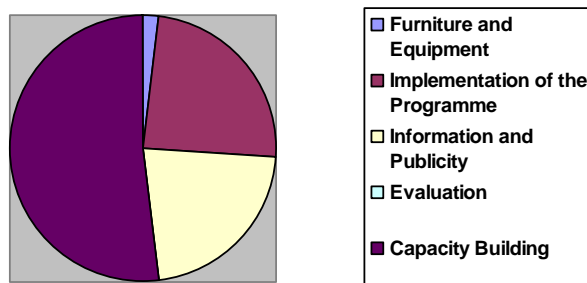
Throughout 2010, Technical Assistance (TA) continued to provide the necessary support to the overall implementation of the Programme. Various initiatives were undertaken and financed through this Axis. A change in the budget breakdown was adopted during the MC held in May 2010, in order to allow for the increase in expenditure under the implementation component. By the end of 2010, the MA had approved actions under the TA amounting to a total value of € 1, 851,071.34³⁷⁶.

3.5.2 Information on physical and financial progress

Physical progress

During the year under review, activities under Technical Assistance continued to be implemented in all budget components. In fact, fifty (50)³⁷⁷ requests were approved in 2010 for the total amount of € 180,628.39. Figure 1 below shows the percentage of requests received and approved per component in 2010.

Figure 2 - Percentage of Requests Per Component



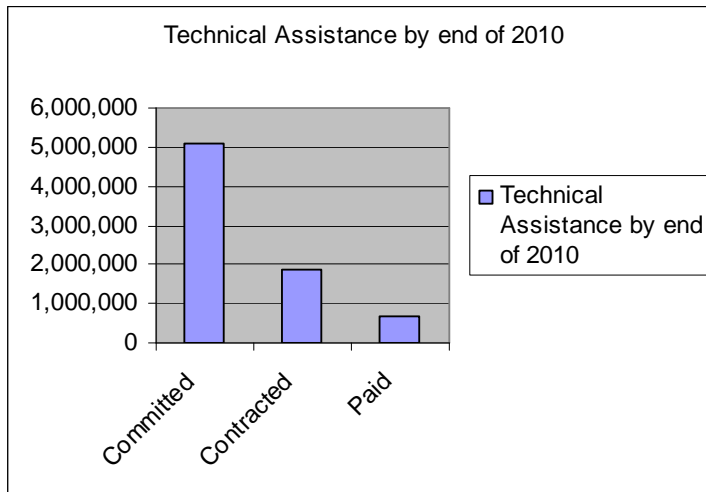
Apart from numerous requests for quotations, during 2010 three (3) tenders were launched and awarded under TA³⁷⁸. A total of 667,336.38 were paid by the end 2010 of which €339,856.72 (or 51%) of payments made were verified by the MA and 339,030.22 certified by the CA by the end of 2010.

³⁷⁶ 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.

³⁷⁷ Technical Assistance is demand-driven. Eligible Applicants for TA are those stakeholders involved in the management, implementation and control of the relevant OP/Cohesion Policy. These include the MA, CA, AA, Treasury Department, DoC, IBs and LMs

³⁷⁸ Out of the three (3) tenders awarded during 2010, one was launched during 2009

Figure 3 – Committed, Contracted and Paid



Given the progress registered in the Programme's implementation in general, TA also experienced a relative increase in both the contracted (refer to figure above) and paid amounts. The bulk of the payments related to expenditure of personnel working on the Programme in the different horizontal stakeholder organisations as well as the pre-financing of the Mid-term Evaluation. However, modest expenditure was also approved and paid under capacity building³⁷⁹ (which largely consists of overseas travel in order to attend meetings, workshops or training seminars, as well as the organisation of training in Malta) implementation (including the organisation of MC meetings, costs related to the Structural Funds Database and stationery) as well as negligible amount for furniture and equipment³⁸⁰.

As expected, a large number of actions approved were related to *Information and Publicity*, mainly with regard to the Calls for Project Proposals (publicity of these calls), as well as activities relating to the Annual Event. The amount of requests approved in 2010 under this component was eleven (11) amounting to € 26,192.34³⁸¹, and these were also largely paid in the same year. Furthermore, under the *Evaluation* component, TA supported the Mid Term Evaluation which started in 2010 and registered also payment .

As highlighted in previous sections of this report, the budget breakdown within the TA Plan was slightly amended in 2010, comprising shifting funds to accommodate the needs on the ground, which clearly call for increased capacity in a number of organisations including the IB. A detailed analysis of the activities carried out under TA in 2010 is also provided in Chapter 5 of this report.

³⁷⁹ Twenty six (26), requests amounting to € 22,941.44 in total of which €7,897.86 still forecasted as per Form A, whilst €15,043.58 is actual amount.

³⁸⁰ One (1) request amounting to € 95.06.

³⁸¹ € 542.00 still forecasted as per Form A, whilst 25,650.34 is actual amount. One should note that several of these actions are financed under the 70/30 arrangement under the OPs.

3.5.3 Qualitative Analysis

a) Analysis of Indicators

Table 16: Priority Axis 5 Indicators (Output and Result Indicators)

Priority axis 5 - Technical Assistance								
				2007	2008	2009	2010	Total
Output	A	Indicator 1: Number of Persons Trained	Achievement ³⁸²	3	230	127	76	436
			Target	n/a	n/a	n/a	n/a	350 ³⁸³
			Baseline	n/a	n/a	n/a	n/a	n/a
		Indicator 2: Number of evaluations carried out	Achievement	0	0	0	0	0
			Target	n/a	n/a	n/a	n/a	4
			Baseline	n/a	n/a	n/a	n/a	n/a
		Indicator 3: Number of Publicity measures undertaken	Achievement	4	11	7	7 ³⁸⁴	29
			Target	n/a	n/a	n/a	n/a	15
			Baseline	n/a	n/a	n/a	n/a	n/a
		Indicator 4: Number of studies/research activities carried out	Achievement	0	0	1 ³⁸⁵	0	1
			Target	n/a	n/a	n/a	n/a	5
			Baseline	n/a	n/a	n/a	n/a	n/a
Result	A	Indicator 1: Reaching N+3/N+2 targets	Achievement	0%	0%	0%	0%	0%
			Target	n/a	n/a	n/a	n/a	80%
			Baseline	n/a	n/a	n/a	n/a	n/a

During the year under review, output indicators have witnessed an increase in the achievements. The number of persons trained both through national capacity initiatives increased by 21% when compared to participants as at end 2009. 2010 also saw an increase in the number of publicity measures undertaken, which included, a number of publicity activities such as the statutory Annual Event as well as the advertising of the various calls for projects issued. Although the Mid-Term Evaluation was well underway in 2010, the progress will be registered in 2011, when the evaluations expected to be completed. In this context, the results achieved as outlined above can be considered satisfactory. It is too early at this stage for the indicator reaching the N+3/N+2. This will be assessed for the first time in 2011.

³⁸² Achievements registered in 2007, 2008, 2009 and 2010 include repeated participants.

³⁸³ This figure includes repeated trainees.

³⁸⁴ Achievements between 2007 and 2010, were reported as per Communication Plan. These include: (1) Annual Event in Malta and Gozo; two (2) information sessions; adverts for Pre-Announcement (1 for Call 7) and Call for Projects (2 for Call 6 and 7) and promotional items..

³⁸⁵ This refers to 'PPCD Implementation of ESF Flat Rate Rule'. This study was issued by PriceWaterHouseCoopers on 13th February, 2009.

b) Financial progress**Table 17 - Financial Progress Priority axis 5**

Priority axis	Total contribution	Financial progress			
		Commitments %	Payments	Commitments %	Payments %
	(a)	(b)	(c)	(b/a)	(c/a)
Priority axis 5 <i>Investing in the employability and adaptability of the workforce</i>	5,064,705.00	5,064,705.00	667,336.83	100.00%	13.18%

In the course of 2010, 73% (€ 131,399.55) of the expenditure undertaken related to the *implementation component*, including the strengthening and development of the Structural Funds Database (2007-13) as well as the requests to fund activities related to Aid Schemes. However, as pointed out above, eleven (11) requests for payment amounting to €26,192.34 (14.50%) were made also under *Information and Publicity* and twenty-six (26) requests amounting to € 22,941.44 (12.70 %) under *Capacity Building*. There was only one (1) request amounting to € 95.06 (0.05%) under Furniture and Equipment and no requests under Evaluation³⁸⁶. When compared to 2009, there was a significant increase (over 100%) in payments processed under this Axis³⁸⁷.

3.5.4 Significant problems encountered and measures taken to overcome them

During 2010, the main issue which continued to cause delays in the processing of payments concerned the reimbursement requests related to salaries. In this regard, a series of meetings with the relevant stakeholders were held during 2010 in order to establish a standardized approach for the compilation of reimbursement requests. A common database, created by the Treasury Department within the Ministry of Finance, the Economy and Investment, was utilised. The Treasury Department also carried out a series of meetings in order to train other stakeholders. Following these clarifications, the processing of these reimbursements progressed more efficiently and notable improvements were evident.

³⁸⁶ Request to finance the Mid term Evaluation through TA funds came in 2009 whilst the pre-financing payment was in 2010.

³⁸⁷ Refers to percentage increase in amount paid through TA during 2010. Figure in 2009 amounted to €170,739.04; figure in 2010 amounted to €416,342.24. Out of €416,342.24 of expenditure paid in 2010, 21% was incurred before 2010 whilst 89% was incurred during 2010 and paid in 2010⁹.

4 – ESF programmes: Coherence and Concentration

In accordance with Article 4(1) of Regulation (EC) No 1081/2006 actions supported by the ESF shall be consistent with and contribute to actions undertaken in pursuance of the European Employment Strategy (EES). Malta's 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 - 2010³⁸⁸ and the Community Strategic Guidelines/Integrated Employment Guidelines 2007-2013, essential components of the European Employment Strategy (EES) as explained in the same Operational Programme³⁸⁹.

In the first instance, project proponents are required to specify which of the Community Strategic Guidelines/Integrated Employment Guidelines will be addressed through the project and also provide details of how the project will contribute towards the relevant priorities as identified in the National Reform Programme. The projects approved in 2010 under Call 5, support actions contributing towards the NRP priority themes of *competitiveness, education and training* as well as *employment*. These projects are linked mostly to the CSGs/IEGs increasing *investment in human capital through better education and skills; improving adaptability of workers and enterprises* and the flexibility of the labour market as well as partially *attracting and retaining more people in employment, and modernizing social protection systems*.

4.1 Links with the NRP

NRP 2005 – 2008 and NRP 2008 - 2010

The *NRP 2005-2008* is divided into five Strategic Themes: (i) *Sustainability of Public Finances*, (ii) *Competitiveness*, (iii) *Employment*, (iv) *Education and Training* and (v) *Environment*, whereas the NRP 2008-2010 is based on 4 Strategic Themes which include, (i) *Unlocking Business Potential*, (ii) *Investing in Knowledge and Innovation*, (iii) *Energy and Climate Change* and/or (iv) *Investing in People and Modernizing Labour Markets*.

With regards to *Education and Training*, the NRP seeks to keep investing in human capital and adapting the entire educational system to fit emerging requirements. The Government's intention to sustain the pace of reform in education in order to further increase existing participation rates in further and higher education, is also a horizontal priority. In particular, the NRP identifies as Government priorities the development of policies to secure more inclusive education to include adult learners; disadvantaged groups whilst at the same time reduce the number of early school leavers.

Under the *Employment* Strategic Theme, the NRP is clear on the need to increase employment rates by adopting a lifecycle approach to work, not only to secure broader social cohesion and quality of life, but

³⁸⁸ Updated for calls 6 and 7.

³⁸⁹ OP II Chapter 3 "*Strategic Direction*".

also maximise on the nation's only resource. Specific focus is placed on the need to encourage flexibility in the labour market so as to sustain adjustments and changes in occupational statuses between training, self-employment and business creation. Particular emphasis is placed on increasing the female employment rate, reducing youth unemployment as well as integrating and strengthening the role of older workers in the labour market.

The closure report of the NRP 2005-2008 lists several examples of ESF operations that have directly supported the successful implementation of a number of NRP measures under the relevant Strategic Themes. These include capacity building in better regulation³⁹⁰; measures aimed at increasing youth employment³⁹¹; as well as actions strengthening basic skills and literacy³⁹². The National Reform Programme (NRP) 2008-2010 builds on the accomplishments achieved on the NRP 2005-2008 and the strategic thrust of the first NRP continues to be valid. The 2008-2010 NRP focuses on the priorities highlighted by the European Commission in its country specific and general recommendations whilst also addressing national competitiveness and quality of life issues. The combination of a pillar dedicated to knowledge and innovation with Malta's Vision 2015 of "*a dynamic, high-value added economy founded on competence, skills and excellence and capable of sustaining a high standard of living for its entire people*" are also core underlying objectives of OP II. The policy mix of sectors identified to achieve this Vision are the creative industry, ICT, financial services, tourism, high value-added manufacturing and services; international educational and health services. The NRP's priority of *Investing in people and the modernisation of labour* markets is clearly the most relevant with respect to OP II, however the different operations being implemented are also targeting other priority areas of the same NRP.

▪ Education and Training

The OP is currently funding thirty-five (35) projects and one (1) aid scheme, amounting to 80% of all projects under implementation, which can be said to be in perfect alignment with this Strategic Theme³⁹³. This theme is present in all the Priority axes of the OP; however, the largest contribution to this theme is coming from PA 1, since this Axis is targeting the formal educational system. In fact, 37% of the projects aligned to this theme are within PA 1, while 23% are from PA 2, 29% are from PA 3, and 11% are from PA 4.

Formal education is addressed through ESF particularly by strengthening capacity in the educational system through the consolidation and upgrading of existing resources in the various institutions; including the University and MCAST, providing (post-graduate) scholarships³⁹⁴, as well as introducing new qualification levels at MCAST³⁹⁵. The OP is providing for a comprehensive approach to education

³⁹⁰ ESF4.87 "*Developing the Maltese Public Sector's Capacity to Implement Better Regulation*".

³⁹¹ ESF3.60 "*Youth Employment Programme*".

³⁹² ESF2.4 "*Employability Programme*". This project, however, does not only target literacy.

³⁹³ 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; ESF2.72; ESF2.80; ESF2.84; ESF2.85; 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; ESF4.87; ESF 4.98; ESF 4.100; ESF 4.86; ESF 4.94. It should be noted that these projects are also targeting other Strategic Themes.

³⁹⁴ Also for the public administration under PA 4.

³⁹⁵ The Vocational Training Institute is providing qualifications in the areas of: (i) Electrical and Electronics Engineering, (ii) Art and Design, (iii) Information and Communication Technology and (iv) Business and Commerce.

reform by ensuring that all stakeholders involved in the delivery of formal education, including parents, are supported.

Life-long learning is also one of the main priorities of Government's policy with regards to education and training. OPII (particularly Axis 2) is currently funding nine (9) projects directly supporting life-long learning at different levels of governance and the economy, including support to individuals (who merely want to improve their skills to enhance adaptability and employability), employees and enterprises as well as at local community level. ICT is also a priority for Malta's NRP³⁹⁶. As at end of 2010, OPII was funding twelve (12) projects³⁹⁷ addressing this particular sector with a total amount of €16,164,788. Target groups include educators, parents, employees (including public administration officials), the unemployed, disabled and vulnerable persons, students, young people, professionals, women who want to return to the workplace, as well as adults who are outside the formal educational system. The level of training offered varies and ranges from basic IT skills to tertiary and post graduate levels. The contribution of the OP to the strategic theme continued in 2010 with four (4) new projects (approved in 2010) under PA 2. These projects will seek to provide high quality ICT training programmes in order to respond to new occupational needs³⁹⁸; provide training to school drop-outs³⁹⁹; train front-liners in the tourism industry⁴⁰⁰ and train voluntary organizations in administrative and governance skills⁴⁰¹.

Axis 3 of the OP targets the integration of disadvantaged groups into the labour market. Several groups are being targeted including women; the inactive; persons with disabilities; victims of domestic violence; ex-convicts; substance abusers; persons with mental health difficulties; asylum seekers; persons dependent on social benefits; young people (including youth coming from children's homes, mental health institutions, correctional facilities, rehabilitation, residential programmes and homeless); early school leavers as well as capacity building for parents; educators and social workers, the latter category considered important for the sustainability of ongoing operations. In all there are 14 projects and 1 aid scheme that are directly aimed at addressing the social inclusion objective. By far, the greater majority (over 80%) of the projects under PA 4 also target this Strategic Theme. These projects provide capacity building to the public sector and to social partners through education and training. The objective will be largely achieved through formal learning, particularly through seminars, workshops as well as scholarships.

- **Employment**

The NRP highlights the need to increase employment opportunities and facilitate the return of older workers and women to employment by providing a framework that facilitates the work life balance, including family friendly measures. This is done through the provision of the necessary support for

³⁹⁶ 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.*

³⁹⁷ 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; ESF 2.72; ESF4.98.

³⁹⁸ ESF2.72 *"EPITOME - Empowerment Programme for IT use: Outreach for Micro Entrepreneurship"*.

³⁹⁹ ESF2.85 *"Linking Industrial Needs and VET to Optimise Human Capital"*.

⁴⁰⁰ ESF2.80 *"Cultural Heritage Awareness for Front-Liners (CHAF project)"*.

⁴⁰¹ ESF2.84 *"Promoting Life-Long Learning amongst Civil Society Organizations' Voluntary Staff"*.

transition in occupational statuses between training, self-employment and business creation. It should be noted that the overall objective of OP II is to invest in human capital in order to raise the employment rate. This objective fits perfectly with the policy responses identified in the NRP under the Employment Strategic Theme. In this context, the OP contributes towards the strengthening of guidance and counselling services⁴⁰², support for more self employment and business creation; the provision of personalized pathways combined with family friendly measures as well as improve the quality of employment services.

As at the end of 2010, thirty (30) projects and two (2) aid schemes are implementing actions which focus on the *Employment* strategic theme⁴⁰³. That is 72% out of all of the projects which are currently under implementation align themselves with this theme. It should be noted that almost all projects under PAs 1,2 and 3⁴⁰⁴ address this Priority. The greatest contribution comes from PA3, which represents 44% of total contribution towards this theme. It is also worth noting that as at end of 2010, there were over two-thousand (2000) inactive women mobilised on these projects.

In 2010, the OP continued to contribute further to the achievements of the objectives of this strategic theme with three (3) new⁴⁰⁵ projects. The actions include further opportunities for training (particularly women and older workers) in skills which are currently in demand by the economy (addressing skills mismatches), support for transition in occupational status⁴⁰⁶ as well as tools focusing on issues of work-life balance, equality actions, affirmative action measures, review of shifts, awareness raising initiatives within organisations and a review of performance appraisals⁴⁰⁷.

▪ **Competitiveness**

Under the *Competitiveness* Strategic Theme of the NRP, the Government committed itself to provide incentives and support to enterprises to meet their current and future needs. Proposed measures include additional measures in the areas of better regulation and education; the latter to include actions aimed at higher attainment as well as reduction of early school leaving rate. OP II addresses these policy areas through all its Axes, however the former more directly through PA 4. Priority axis 2 provides direct assistance to enterprises in terms of training to assist them in adapting to the immediate needs as well as future needs.

There are currently twenty-one (21) projects and one (1) aid scheme that will be addressing this theme directly⁴⁰⁸, with the different Axes making contributions to varying degrees. This means that 50%⁴⁰⁹ of all

⁴⁰² ESF1.24 "Career Guidance Capacity Building", ESF1.25 "Strategic Educational Pathways Scholarships – STEPS".

⁴⁰³ 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; ESF2.72; ESF2.78; ESF2.85; ESF 3.42; ESF 3.43; ESF 3.47; ESF 3.48; ESF 3.52; ESF 3.54; ESF 3.56; ESF 3.59; ESF3.60; ESF 3.61; ESF 3.62; ESF 3.64; ESF 3.66; ESF 3.71; ESF 4.86. It should be noted that these projects are targeting also other Strategic Themes.

⁴⁰⁴ Such as ESF3.60 "Youth Employment Programme", ESF3.61 "E4L: Embark for Life- Labour market integration of socially excluded youth", ESF3.64 "Employment Aid Programme".

⁴⁰⁵ ESF2.72 "EPITOME - Empowerment Programme for IT use: Outreach for Micro Entrepreneurship and ESF2.85 Linking Industrial Needs and VET to Optimise Human Capital", ESF2.78 "Retaining and Attracting People within Tourism through Diversity Management", ESF2.85 "Linking Industrial Needs and VET to Optimise Human Capital".

⁴⁰⁶ ESF2.72.

⁴⁰⁷ ESF2.78.

⁴⁰⁸ 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; ESF2.72; ESF2.78; ESF2.80; ESF2.84; ESF2.85; ESF 3.56; ESF 4.87; ESF 4.100;. It should be noted that these projects are targeting also other Strategic Themes.

projects which are currently under implementation target this theme. It should be noted that almost all projects under PA 2, focus on the theme representing 40% of all projects aligning with *Competitiveness*. In 2010, a further three (3) projects were selected and are contributing to the objectives of this strategic theme. The actions approved in 2010 include the identification of potential skills gaps while re-training and re-skilling the workforce in order to meet new market demands⁴¹⁰; upskilling of human resources in civil society (including in the area of ICT)⁴¹¹ as well as the encouragements of an entrepreneurial culture through the uptake and proactive use of ICT⁴¹². Two (2) of the projects approved in 2010 are addressing the tourism sector, supporting the improvement of quality of service⁴¹³, in this key economic sector.

4.2 Links with the CSGs and IEGs

The CSGs 4.3.1, 4.3.2, 4.3.3 and 4.3.4, that is, '*Attract and retain more people in employment and modernise social protection systems; 'Improve adaptability of workers and enterprises and the flexibility of the labour Market' 'Increase investment in human capital through better education and skills' and 'Administrative Capacity'*⁴¹⁴ call upon Member States to match skills with labour needs as well as to promote a lifecycle approach to work. All projects under OP II, including projects approved in 2010, address these objectives. The resources mobilized under OP II are playing a major role in raising the employment rate, particularly by ensuring that the workforce remains flexible and easily adaptable to change and new demands of the economy as well as by ensuring that all the available resources are put to use in the economy and maximised. The OP is not only ensuring that the existing skills gaps are addressed but also that the education system is geared to provide also future needs of the labour market.

PA 4 targets the improvement of the public administration through capacity building activities which include training, the provision of scholarships as well as professional programmes in employee support. In 2008 the Government established The Centre for Development, Research and Training⁴¹⁵ in order to be able to meet the new demands of a new level of public service required to meet the demands of the 21st century. The Centre is a Beneficiary of two(2) projects under Axis 4. A Training Needs Analysis for the public administration was undertaken in 2010 in order to identify skills gaps. The same project will follow up the analysis with the relevant training. The CDRT is also implementing a second project in the ICT sector which aims to give a boost in the skills of those public officers working directly in information management as well as those that can increase efficiency by improving their IT skills. The Employee Support Unit was set up in the Office of the Prime Minister in 2010. The unit will be implementing a

⁴⁰⁹ Over 90% of projects under PA 2, another 45% under PA1 and 33% of projects under PA 4 target this theme.

⁴¹⁰ ESF2.85.

⁴¹¹ ESF2.84.

⁴¹² ESF2.72.

⁴¹³ ESF 2.78 "*Retaining and Attracting People within Tourism through Diversity Management*" and ESF2.80 "*Cultural Heritage Awareness for Front-Liners (CHAF project)*".

⁴¹⁴ "*Community Strategic Guidelines*" 2007-2013 European Commission, pgs. 24-27, 5th July 2005.

⁴¹⁵ Incorporating also the Staff Development Organisation. CDRT was established with OPM Circular No.22/2008.

series of employee support activities in conjunction with a number of NGOs to address needs for increased occupational health for public service employees.

As far as the newly approved projects in 2010, three (3) projects are geared primarily towards the CSG "Increase investment in human capital through better education and skills", three (3) projects towards the CSG "Improve adaptability of workers and enterprises", and two (2) projects towards the CSG "Attract and retain more people in employment, increase labour supply and modernize social protection system". It is clear that given the structure of Malta's OP and the importance of human resource development for economic development, the projects financed under OP II will always have a high degree of alignment with the CSGs which are equally reflected in other national and sectoral strategies.

4.3. Links with the European Employment Strategy

The European Employment Strategy (EES) priorities have been geared towards policies which contribute towards increasing human capital and quality of work particularly through education and training especially for young people. In line with this strategy, OP II seeks to create more and better jobs in Malta. The measures which are encouraged through the EES, namely that of increasing employment, reducing school-drop outs and reducing the number of people at risk of poverty and social exclusion are also being addressed through OP II. Moreover, Malta's OP is very much in line with the three (3) flagship initiatives of the Europe 2020 strategy that fall under the areas of employment, social affairs and inclusion, that is, *Youth on the move*, *An agenda for new skills and jobs* and a *European Platform against poverty and social exclusion*. This is seen across all of the Priority axes of the OP with each one focusing on diverse yet intertwined areas.

Assisting youth to become more employable can almost be termed to be a horizontal priority of the OP; however it is more focused in projects under PA 3 whilst PA 1 and PA 2 focus on assisting people to gain the right skills for future jobs and creating new jobs. Again, the entire OP is in line with the third pillar which aims at bolstering work at all levels. Social exclusion and helping vulnerable people gain access to or remain in the labour market is also one of the main objectives of PA 3. In line with the EES, Member States have to produce a National Reform Programme to respond to guidelines presented in the Strategy.

Malta's NRP supports the objectives of the *National Action Plan for Employment (NAPemp)*. The *NAPemp* was one of the contributors towards the EES and has outlined the national employment strategy for the period 2005-2010 together with measures to be implemented within the labour market sector in order to effectively reach the Lisbon Agenda goals. It can be stated that the *Training Aid Framework (TAF)* which is being implemented under Article 107 of the Treaty on the Foundation of the European Union, focuses directly on the priorities of the EES, which is, increasing the adaptability of workers and enterprises, as well as investing more and more effectively in human capital and lifelong learning. This scheme is being managed by the national Employment Services and in 2010, 1174 enterprises and 7,357 employees were engaged in operations funded under this scheme. It can be stated that TAF helps to contribute in shielding Malta's economy also from external shocks since enterprises may be encouraged to enter into new markets and/or increase market share. Training

opportunities for the workforce through this scheme are enabling enterprises to modernize as well as become more productive and competitive through the development of skills, qualifications and knowledge. Moreover, these training activities are assisting individuals in consolidating their career or even providing a means to progress further. Apart from this scheme, seven (7)⁴¹⁶ projects addressing one of the main pillars of the Maltese economy, namely the tourism sector, are also being implemented. These projects are expected to have a significant impact on both employees as well as on enterprises in the sector.

As already stated within this chapter, attracting more people to the labour market is a cross-cutting objective of the OP; however it is being tackled even more directly under Axes 2 and 3. ESF measures are supporting the improvement of skills of jobseekers. Under PA 2, this is done through the provision of opportunities for an assessment and trade testing for jobseekers, opportunities for skills upgrading as well as through the provision of on-the-job and off-the-job training in occupational areas which are in demand, thereby increasing one's employment potential. This is further manifested through the newly approved projects under PA 2 which are up-skilling individuals working in important areas of the Maltese economy, such as in the tourism sector⁴¹⁷, ICT sector⁴¹⁸ and other various areas in the industry such as Pharmaceuticals and chemicals, financial services and infrastructure⁴¹⁹. Support in these sectors has the potential of making a significant direct and indirect contribution to economic activity in Malta.

On the other hand, Axis 3 helps those which face obstacles into entering the labour market. ESF is not only supporting activities which assist in job-seeking or up-skilling, but also through the provision of financial incentives to encourage enterprises to give disadvantaged persons a chance at employment. In fact, the *Employment Aid Programme (EAP)* is playing a major role in reaching this objective. NGOs are also involved in a number of measures being implemented with regard to inclusive employment, and highlighting the multi-governance approach of ESF.

As in any other Member State, the ICT sector in Malta is crucial to the country's *Competitiveness*. Due to its size and also insularity, the sector is an even more critical sector for the Maltese economy as its growth and expansion does not depend either on physical size of the territory or particular location. ICT is also important for other sectors as it soothes some of the barriers brought about by permanent peripherality. Malta's national ICT strategy⁴²⁰ confirms Government's continued commitment to the sector. ESF supports the implementation of the strategy. In fact, and the ICT sector is prevalent in all Axes of the OP and is being addressed to all kinds of target groups – young employees, older workers, specialized workers, public and private sector employees as well as women, disabled and parents to ensure that the current momentum is sustained in the years ahead. The Government believes that Malta's competitiveness partly depends on how much the country manages to harness hitherto unutilised human resource capacity. In this regard investments made under PAs 1, 2 and 4 (which in

⁴¹⁶ ESF 2.11; ESF 2.7; ESF 1.29. ESF 2.78, ESF2.80 Besides these, under ESF 1.21 and ESF 1.23 tourism is one of the focal sectors of research.

⁴¹⁷ ESF2.80 and partially ESF2.78 since they will be training workers within the sector on the development and implementation of a diversity management policy within the sector.

⁴¹⁸ ESF2.72 and partially ESF2.85 since they will address ICT as one of the targeted industry sectors.

⁴¹⁹ ESF2.85.

⁴²⁰ Smart Island National ICT strategy 2008-2010, published on 22 December 2007.

their own specific ways are all supporting the development of existing human capital in the labour market) are complemented with investments in those resources that not only risk being lost to the economy (as they remain unproductive or under productive) but will increase the burden on the economy because of the high risk of remaining dependent on social benefits.

ESF is not only providing support (through public agencies and NGOs) to these groups by developing new training methods and providing individualised training opportunities together with a vast array of support services, but it is also supporting a work exposure experience of a period of up to three-hundred twenty (320) hours (stretching on an 8 by 40 hour week or 16 by 20 hour weeks) of these *disadvantaged* persons. Employers are encouraged to engage people who, for various reasons, are prone to exclusion from the labour market. Out of the three-hundred fifty two (352) persons who completed their placement on this scheme, 94% (330) have been retained by the employer following the termination of the public grant in 2010. Although it is too early to determine exactly how many of these persons will remain in employment over the next months and years, it is clear that there is a change in mentality in employers who are acknowledging the potential that these persons have to offer. Some typically persistent characteristics of the Maltese labour market, such as the female employment rate and also early school leavers are deemed to be a function of certain prevailing cultural traditions. In this regard, OP II is also supporting a number of activities that seek to inform the general public on post-compulsory education opportunities, employment prospects and job opportunities as well as the promotion of financial independence for women and the greater involvement of men in the sharing of non-remunerated family work. The campaigns also target employers by highlighting the benefits that increased work-life reconciliation measures at work can have for both employers and their employees⁴²¹. Promotion of childcare facilities has recently come to the forefront of government policy. ESF also provides childcare services as a supporting measure under a number of projects which are currently under implementation⁴²².

As has been described in great detail already in several sections of this report, life-long learning is one of the four (4) main axes of the OP and can be said to be addressed by almost all interventions, either directly or indirectly. The various projects are providing for a very diverse menu of education and training opportunities, ranging from short courses and courses at the lower end of the NQF level ladder to post-graduate academic studies⁴²³, with particular emphasis on certain areas of study that are linked to the immediate or medium term needs of the economy as well as those with the potential of more long-term such as science and R+D in general.

⁴²¹ ESF 3.49: "*Nista: The benefits of sharing life's responsibilities campaign*".

⁴²² Such as ESF1.21, ESF2.11, ESF3.47, ESF3.48, ESF3.62.

⁴²³ ESF 1.25 - *Strategic Educational Pathway Scholarships (STEPS)*; ESF1.36-*Professional Development programmes for MCAST staff and student's top-up degrees*, ESF4.100 *Developing Core Skills in the Public Service*.

5 - Technical Assistance

During the fourth year of implementation of the Programme, Technical Assistance (TA) related expenditure increased by 144% when compared to 2009⁴²⁴. In 2010, the Managing Authority succeeded to not only clear any remaining backlogs but also to process payments for the majority of commitments made in the same year, leading towards better quality and increased efficiency in terms of response time to requests as well as processing of payments. This rise in expenditure on the Programme overall, has generated additional requests under TA for the provision of adequate support in implementing the Programme with a view to ensuring that the implementation of the Programme is undertaken in the most efficient and effective manner. In ensuring that these objectives are achieved, during 2010, TA has financed costs relating to expenditure required to facilitate the overall implementation of the Programme, evaluation, information and publicity and capacity building. The most cost consuming activities were personnel costs.

Following the clarifications received in 2009 regarding IB management costs⁴²⁵, it was agreed that all costs related to the IB expenditure in their function as grantors of State Aid under article 107 of the Treaty on the functioning of the EU, would be financed under TA. The OP has one Intermediate Body, managing two aid schemes under Axes 2 and 3. These costs include human resources required to manage and monitor the schemes as well as undertake necessary checks and controls.

As already explained in previous sections of this report, the overall implementation of the Programme increased in momentum during 2010. Several contracting procedures were concluded, leading to an acceleration of payments. This, in turn, has given rise to a considerable increase in demand in the first level of control function, at both MA and IB level, which has generated a demand for additional capacity. This demand to increase capacity in a number of horizontal stakeholders, coupled with the re-allocation of IB management costs to the TA Axis, was one of the reasons underpinning the change in the indicative budgetary allocations within the TA Axis which was endorsed by the Monitoring Committee in May 2010⁴²⁶. Other issues underpinning the change in budgetary allocations include a parallel analysis of the expected costs under other items of TA expenditure which by end 2009 had mostly been validated through more actual market prices (as various tenders had been contracted under almost all line items) as well as revisions arising from the joint co-financing arrangement between ESF and ERDF in case of common activities. This review also coincided with the outcome of the review of the Communications Plan. The outcome of all these factors coming together has resulted in a change in budgetary allocation under all components with various items (including Furniture and Equipment, Information and Publicity, Capacity building as well as Evaluation) decreasing in commitments whilst more funds were allocated, as expected, under the Implementation component.

⁴²⁴ Refers to percentage increase in amount paid through TA during 2010. Figure in 2009 amounted to €170,739.04 ; figure in 2010 amounted to 416,342.24. Out of 416,342.24 of expenditure paid in 2010, 21% was incurred before 2010 whilst 89% was incurred during 2010 and paid in 2010".

⁴²⁵ This decision was undertaken based on clarifications provided by CION and communicated in its Letter 24374, dated 15 December 2009.

⁴²⁶ The original indicative financial plan was endorsed during the Monitoring Committee held on 5th December 2007.

During 2010, all requests for the utilisation of TA funds received by the Managing Authority (MA) were processed (approved or otherwise) in that same year. During 2010, fifty (50)⁴²⁷ applications for TA were received, largely from the different units within the Managing Authority, but also from horizontal stakeholders, including the Certifying Authority, the Department of Contracts, Treasury Department and IBs. The bulk of the requests were for actions worth less than €2000 in the area of Capacity Building (mainly overseas travel). This inevitably results in a fragmentation of implementation which has its own administrative burden on a number of organisations, not least the Managing Authority itself as well as the Directorate for Corporate Service within OPM and the Treasury.

With respect to implementation on the ground, TA has continued to provide important support to the overall management and implementation of the Programme. In 2010, the bulk of the expenditure was, as expected, costs related to capacity activities, including personnel and training, in the various horizontal stakeholders' organisations as well as Beneficiary organisations⁴²⁸. In 2010, four (4) training sessions were held, including a session on *start-up* training for new Beneficiaries; training on PPR for NGOs and Social Partners of both OPs; training for existing Beneficiaries on Payment Procedures & Guidelines to VAT, as well as training on Monitoring of Horizontal Policies: environment, gender and non-discrimination rules. Moreover, given the limited capacity nationally, a number of officers, within the different stakeholder organisations utilised TA to attend training seminars and conferences abroad, covering various topics, such as financial management, management of Technical Assistance and the train the trainers seminars organised by the European Commission for Managing and Certifying Authorities on Simplified Costs and Management Verifications.

During 2010, there were a number of new developments with regard to the Structural Funds Database 2007-2013 (SFD07-13). Following the Audit Authority's Systems Audit Report in April 2010, the SFD Unit within the Managing Authority, together with MITA, as the contractors on the system, implemented a number of changes that have enhanced substantially the support provided by the electronic management system. During the same year a number of updates on previously released modules as well as minor enhancements on the system were carried out, based on feedback by users. As at end of 2010, the system had four-hundred-twenty-five (425) user accounts registered.

Technical Assistance is also an important source of funding for information and communication related activities at Programme level. In this regard, one should also keep in mind that a number of information and publicity actions are also being undertaken by Beneficiaries and Intermediate Bodies in relation to the actions and operations being funded under the different Axes of the Programme. These actions, some of which are funded nationally, have increased in line with the accelerated rate of implementation. As explained in the Monitoring Committee of May 2010, it was in this light that the MA has decided to reduce its planned activities for 2010, in order to avoid information overkill and potentially ending up with undesirable effects. The mid-term evaluation has also looked into this matter and the relevant recommendations (expected in 2011) are planned to feed into the revised Communications Plan, which the MA is expected to submit to the EC in 2011.

⁴²⁷ This refers to received TA-Forms A

⁴²⁸ In the case of Beneficiary organisations, it is mostly training.

During 2010, the bulk of the expenditure in this regard concerned the organisation of the Annual Event. The mE&U Fest was the main activity held in 2010 aimed at increasing awareness and providing information on Cohesion Policy 2007-2013 programming period. Two separate events, one in Malta and one in Gozo, were held. The mE&U Fest in Gozo was held on 5 September 2010 whereas, the Malta event was held on 8 September 2010. The main target groups of this event were families with children and the event was geared to provide information, whilst at the same time portray examples of projects that are currently being implemented through the Structural Funds 2007-2013. To complement the event, a tender was launched for the supply of promotional items, including, water calculators, shower (water) timers (energy efficiency), high visibility bands (health and alternative transport), calico bags (waste management), pen drives, sticky notes, biros and pencils, pad folios (training and education), and stress balls (occupational health). The items chosen had links with the objectives of Malta's two Operational Programmes. As in previous years, TA was also used to support the publication of calls for project proposals as well as related information sessions targeting prospective Applicants.

There was an increased intensity in evaluation activities in 2010. The contract for the Mid-Term Evaluation was signed in June 2010 and following the approval of the inception report by the MA in September 2010, the first payment in relation to the Pre-Financing of the same Tender was also paid. The Mid-Term Evaluation mobilised a considerable number of stakeholders, including various units within the Managing Authority; horizontal stakeholders (including Intermediate Bodies) as well as Beneficiaries and their staff. As at end 2010, the exercise was still ongoing, although most of the fieldwork and gathering of data had been largely concluded. The exercise is expected to be concluded in Q1 2011 when the remaining expenditure is also expected to be effected.

The expenditure paid during 2010 amounts to €416,342.24 (public eligible amount). This is equivalent to 8.22 % of the amount allocated for Axis 5. As at end 2010, there was €1,851,071.34 contracted⁴²⁹ (or 36.55% of the Axis allocation) and € 667,336.38⁴³⁰ (or 13.18 % of the allocation and 36.05 % of the contracted) disbursed (public eligible) within this Axis. During 2010 two on-the-spot checks were carried out by the Financial Control Unit on the TA Axis⁴³¹.

Overall, one can say that the TA implementation system is now well established and the learning curve amongst the various stakeholders within the MA, the Line Ministry and other stakeholders is levelling out, resulting in a more efficient processing of requests and payments.

⁴²⁹ This includes multi-annual commitments (as per contract) related to employment contracts, but does not take into account possible extensions of such contracts till end of the programming period.

⁴³⁰ This figure refers to all expenditure paid under TA since the beginning of the programme.

⁴³¹ During these spot checks a total of 58 invoices amounting to €206,874.79 were checked.

6 – Information and Publicity

6.1 Measures taken to provide information and publicity on the Operational Programmes

In line with the obligations emanating from the Implementing Commission Regulation (EC) No. 1828/2006, the objectives of the information and publicity activities are to increase visibility and awareness of both Operational Programmes. This approach ascertains that expenditure undertaken is in line with the principle of transparency whilst ensuring an increase in the awareness of EU Funds amongst the general public, potential Beneficiaries and stakeholders. Information and Publicity actions are specifically governed by Regulation (EC) No. 1828/2006, Section 1. Article 4 (2) thereof stipulates that:

The annual implementation report for the year 2010 and the final implementation report shall contain a chapter assessing the results of the information and publicity measures in terms of visibility and awareness of operational programmes and of the role played by the Community, as provided for in point (e) of Article 2 (2)⁴³².

This chapter of this Annual Implementation Report addresses this requirement.

In line with the obligations of the Commission Regulation (1828/2006), during 2010 the MA has continued with the implementation of the Communication Plan following its official approval by the EC on 21st January 2008. The Plan largely comprises information and promotional measures using a number of tools, which will be financed either entirely under OP II or under the 70/30 (i.e. together with ERDF) arrangement in case of common activities. During 2010, the MA continued to monitor closely the implementation of the Plan whilst also gathering data on the activities carried out with a view to undertake an internal review of the Plan as well as amend the Plan following recommendations made also by the mid-term Evaluation.

6.1.1 Analysis of Activities carried out in 2010

Annual Information Event:

The highlight of 2010 was the Annual Event which consisted of two Information Festivals entitled ***mE&U fest*** held in Gozo and Malta on the 5th and 8th September respectively. The total cost of the event, including its promotion was just over 31% of total budget allocated for the year. The Information Festivals consisted of a family-oriented activity where citizens visiting the events received information, by visiting the relevant stands, purposely set up to show-case projects implemented in Malta and Gozo through Cohesion Policy 2007-2013. Participants were able to see examples of projects that are currently being implemented, all set against a back-ground of local talent. The themes chosen for this year's event were *Employment Opportunities; Education and Health; Science and Technology*, and the *Natural and Built Environment*. These themes are overarching on both Operational Programmes and

⁴³² Article 2 (2) (e) of Regulation (EC) No. 1828/2006 requires "an indication of how the information and publicity measures are to be evaluated in terms of visibility and awareness of operational programmes and of the role played by the Community."

therefore their presentation further promoted the complementarities of the OPs and the integrated approach of the way Cohesion Policy is implemented in Malta. To further enhance the appreciation and comprehension of the themes, as well as a promotional tool for the events themselves, an information leaflet was produced and distributed to all households a week prior to the event. The leaflet provided information about the different projects contributing towards each theme. The leaflet also featured a children's painting competition in which participants had to complete a drawing to represent one of the themes covered in the leaflet. The winners of the four best drawings, selected by a judging panel, were each presented with a book token prize and a gift pack of promotional items. The Parliamentary Secretary for Consumer Affairs, Fair Competition, Local Councils and Public Dialogue within the Office of the Prime Minister visited both festivals. Both events were given coverage by the media and a press call was also organised prior to the Malta event. Image 1 below highlights some elements from *mE&U fest*.

Image 1 Collage of photos from *mE&U fest*



Other Publicity Measures undertaken in 2010:

Other information and publicity measures to promote OP II carried out during 2010 were:

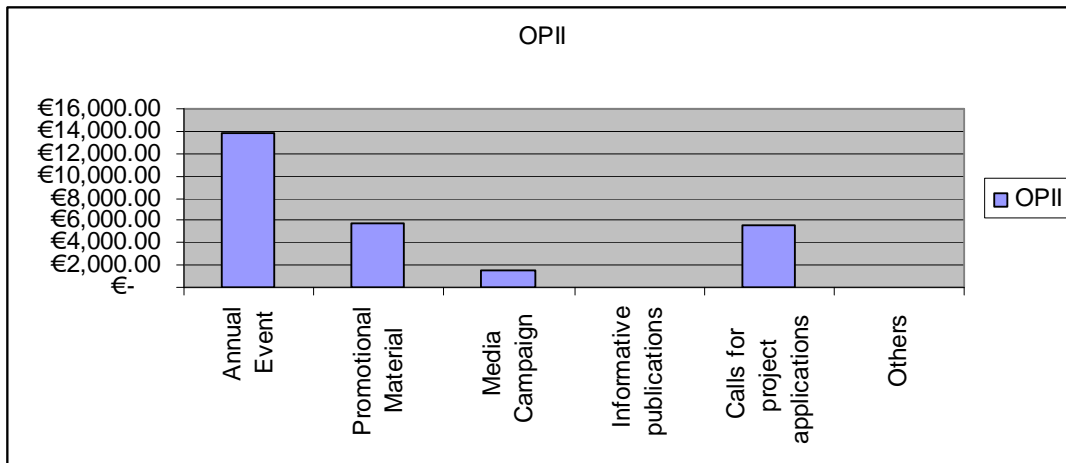
- Participation of OP II staff from the MA on local TV and radio shows to provide information about the OP to the general public;
- Participation in the INIO network of DG EMPL for Information Officers in Managing Authorities;
- Launching of Calls for Project Proposals through adverts and press releases in the national newspapers, Department of Information website and PPCD website;
- Continuous updating of PPCD website with news, calls for projects, approved project lists and events;
- Creation of a page on a popular social networking site to further supplement the website;
- Procurement of various promotional items as giveaways to be distributed during events, meetings and information sessions;
- Flying of the EU flag outside the MA's premises during the week of the 9 May 2010
- Processing around 84 queries⁴³³ through the Email Helpdesk (info.ppcd@gov.mt) during 2010; and
- Distribution of various publications relating to EU funds during the Annual Event;
- Six information sessions were held during 2010 in relation to two calls for project proposals under Priority Axes 1 and 3 and Priority axes 2 and 4 of OP II. A total of 178 persons attended these sessions. Adverts for the information sessions were published in all newspapers of the day and also on the PPCD website.

6.1.2 Expenditure during 2010

In 2010, around €26,000 was spent with the bulk of the expenditure consisting of: 72% dedicated to information events consisting of information sessions (21%) and the annual information event entitled **mE&U fest** (52%). This was followed by branded promotional items, which accounted for 12% of total Publicity Expenditure incurred in 2010. The promotional items included the purchase of executive people-shaped usb drives, pens and pencils, amongst others. About 6% of the Publicity Expenditure was aimed at media advertising and was dedicated mostly to adverts announcing calls for project proposals. This activity does not include the many articles in national newspapers and media slots on TV and radio undertaken by the Beneficiaries on numerous projects as well as the IB, at times at a charge to the Programme under the relevant Axis, but also free of charge or not charged to the Programme.

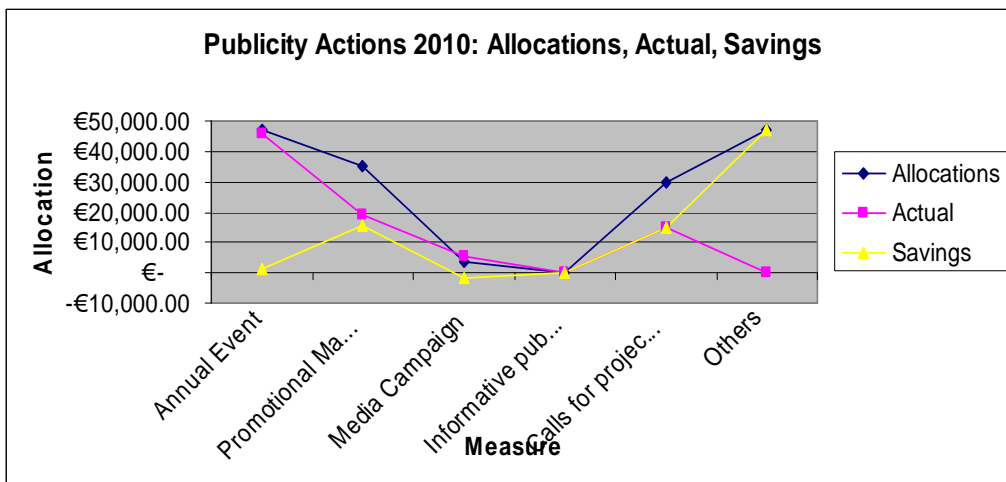
⁴³³ This is the number of emails received on info.ppcd@gov.mt. There are many other, additional queries, which come to officers' personal accounts.

Figure 4: Publicity Expenditure 2010



When analysing the actual expenditure made during the year⁴³⁴ against the amounts allocated per measure, one notices that, following contracting of the various components, there were substantial savings (compared to commitments) in a number of categories as can be seen in Figure below.

Figure 5: Publicity Actions 2010 by MA: Comparison of Allocations, Actual and Savings



⁴³⁴ The actual expenditure reported here takes into consideration both OPI and OPII since most activities carried out in 2010 were jointly co-financed.

The most substantial cost savings which had a bearing on the OPII allocations were made in two particular measures:

- Promotional items: savings of 47% of earmarked funds were left uncommitted were recorded since some of the lots failed to attract bidders or the bids received were not compliant and therefore could not be contracted.
- Others: This includes adverts issued through the Government Gazette, which are at a minimal charge as well as an amount which is retained and carried forward from one year to the next for 'ad hoc' publicity purposes which are not pre-planned. An example of such would be participation in the Open Days organised by DG REGIO for which participation depends on invitations received and accepted by the MA. During 2010, there were no such instances and therefore savings from that allocation were carried forward.

Savings incurred in one year are may be carried forward to the following year⁴³⁵, depending on the activity plan for that particular year.

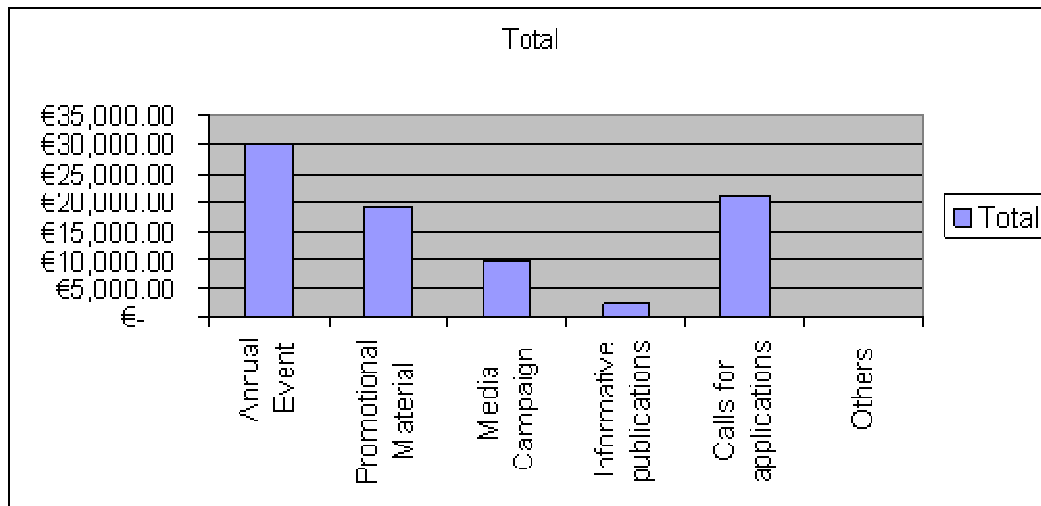
6.2 Expenditure to Date

As expected, when bearing in mind the yearly obligation that the MA has to carry out "at least one major information activity per year, as set out in the Communication Plan, presenting the achievements of the Operational Programme(s)⁴³⁶, the largest share of expenditure to date has been on information events. One should note that in Malta where the Annual Event is virtually held twice – (once in Gozo and once in Malta), the real costs of such events have so far been rather modest, given the size of the country and the extent of outreach to be achieved. This is evident in the figures below, which illustrate the expenditure on publicity measures to date and the expenditure against the budget allocations per measure (Figure below).

⁴³⁵ This is the case, for example of funds earmarked for the publication of a call for projects (which generally would be needed if postponed from one year to another) but would not be the case in instances where the activity is carried out but savings are registered on contracting.

⁴³⁶ EC1828/2006, Section 1 Information and Publicity, Article 7 (2) (b)

Figure 6 - Publicity Expenditure per Measure to date



The expenditure on audio-visual material and publications has so far been limited, given that due to the cost of production together with limited available information⁴³⁷ to present, it was not deemed (financially) feasible to resort to such actions until there are sufficient examples of tangible results across the implementation of the Programme. Thus, expenditure on these items has been put on hold until more *demonstrative* phases of the Programme are forthcoming and when more polished productions can be made since there would be more to showcase in terms of *completed* projects.

6.3 Information and Publicity by Intermediate Bodies in 2010

The Intermediate Body has complemented the actions⁴³⁸ carried out by the MA through a series of activities to promote and further disseminate information on the Aid Schemes it manages. These measures included publicity in the media, websites⁴³⁹ as well as marketing and information measures with potential Beneficiaries. The Employment and Training Corporation (ETC) is the only IB of OP II and it manages two Aid Schemes that namely the *Training Aid Framework* (TAF)⁴⁴⁰ and the *Employment Aid Programme* (EAP)⁴⁴¹. Both schemes are demand driven so no calls for projects are published, however both schemes are receiving extensive publicity and there are various information events that are being held, involving also the business community.

⁴³⁷ So far this was largely limited to information on the tendering stage of the various projects and schemes and although implementation has picked up this was not deemed to be sufficient in the course of 2010 to warrant (in time) expenditure in this regard

⁴³⁸ It should be noted that funds for IB publicity are provided by the IBs concerned.

⁴³⁹ Websites providing information in relation to schemes: TAF <http://www.etc.gov.mt/site/page.aspx?pageid=2280> and EAP <http://www.etc.gov.mt/site/page.aspx?pageid=2304>

⁴⁴⁰ Numbered 2.65

⁴⁴¹ Numbered 3.64

Training Aid Framework (TAF)

For the TAF, no calls were published since TAF is a demand-driven scheme. There were, however, eight (8) Public Information events in 2010. These were held between January and November⁴⁴² and addressed participants ranging in number from six (6) to sixty (60)⁴⁴³. Funds on publicity are not disbursed by the TAF Unit.

Further publicity actions were undertaken by the TAF unit in 2010. A certificate was issued to each eligible undertaking whilst asking the latter to affix the certificate in a prominent place; it monitored the training courses and carried out 100% desk-based checks, including whether Beneficiaries were adhering to publicity obligations. Trainees were issued with either a certificate with an ESF logo or a letter informing that the training was part-financed by ESF. ETC also regularly updated the list of Beneficiaries that is available on its website, in line with article 7 (2) (d) of EC Regulation 1828/2006.

Employment Aid Programme (EAP)

EAP is also a demand-driven scheme and therefore no calls are published. The scheme was launched on the 20th February 2010 and it has since featured in a number of seminars, conferences and workshops⁴⁴⁴. The net advertising costs in 2010 amounted to €31,773.49. ETC has also contracted a publicity and marketing agency to support and promote EAP with employers. The publicity of the EAP is carried out through a series of adverts in the printed media⁴⁴⁵, on television⁴⁴⁶, on radio⁴⁴⁷, and on the ETC website⁴⁴⁸. New media in the shape of a social networking site is also being utilised whereby on the 7th May 2010 a Facebook message was sent to all members of the Ministry for the Employment,

⁴⁴² 15th January, 19th May, 15th July, 29th July, 5th September, 29th September, 7th October and 30th November 2010

⁴⁴³ 15/1 60 participants; 19/5 30 participants; 15/7 20 participants ; 29/7 6 participants; 5/9 20 participants; 29/9 30 participants; 7/10 50 participants; 30/11 15 participants.

⁴⁴⁴ 6th January 2010 – Information session organised by the Chamber of Commerce – more than 50 employers attended this seminar. This was then advertised in the Chamber Link 2/8th January 2010. 15th January 2010 – Information session for Employers in the Hospitality Industry held at Le Meridien in St. Julians – more than 40 employers attended. 8th February 2010 – Information session for social workers from Appogg – more than 25 social workers attended the seminar. 25th February 2010 – Information session organised at ETC Hal Far for Registered Unemployed. 40-50 persons attended this seminar. 10th March 2010 – Information session for Tumas Group attended by directors and a number of managers within the group of companies. More than 25 persons participated. 8th April, 15th 2010 and 22nd April 2010 – Information seminar organised by Valletta Access for Optional and Compulsory registrants. More than 40 persons attended each session. 3rd June 2010 - Information session on EAP with particular attention on the reimbursement requests held at the ETC– more than 40 employers were present. 8th June 2010 - Information session for Home Start volunteers held at Birgu Access – around 15 volunteers were present. 16 -18 June 2010 – Workshop on Gender Equality 18th June 2010 – Information session about the EAP held as part of a three-day seminar organised at the Imperial Hotel. Participation included more than 20 project administrators and HR managers from across Europe. 23rd June 2010 – EAP presentation given as part of an information seminar and job fair organised for accounts and ACCA students. Session organised by BBP – more than 20 persons attended. 7th July 2010 – EAP presentation and discussion as part of the three-day information seminar (aka inserv course) for PSD teachers. 29th July 2010 – Information seminar held for the Cottonera Area – around 15 participants were present. 30th July 2010 – One Stop Shop seminar held at the Malta Enterprise for their employees and ETC employees. 6th September 2010 - Information session on EAP with particular attention on the reimbursement requests held at the Malta Chamber of Commerce – more than 11 employers were present. Report including picture were published on the Chamber Link Issue 35/10th September 2010. 29th September 2010 – EAP presentation as part of an information seminar organised by Wasteserv.

⁴⁴⁵ There were 32 insertions in 2011: 8 on the Sunday Times, 3 on the Sunday Independent, 6 on Il-Mument and on It-Torċa, 3 on Kulhadd, 4 on Malta Today and 2 on Illum. On the 25th February 2010, EAP featured in an interview held with the Chairperson published on the Economic Update. On the 14th August 2010, on MEUSAC News Issue 42 there was an article title "ESF creates 800 new jobs".

⁴⁴⁶ There were 33 spots on PBS in 2011.

⁴⁴⁷ There was a total of 443 radio spots in 2011 on the following radio stations: Radio 101, XFM Radio, Magic Radio, Bay Radio and One Radio. EAP also featured in radio interviews. These included Radju Marija and Radju Hompesch.

⁴⁴⁸ Information and documentation were uploaded on the website. There was a total of 708,889 visits in 2010.

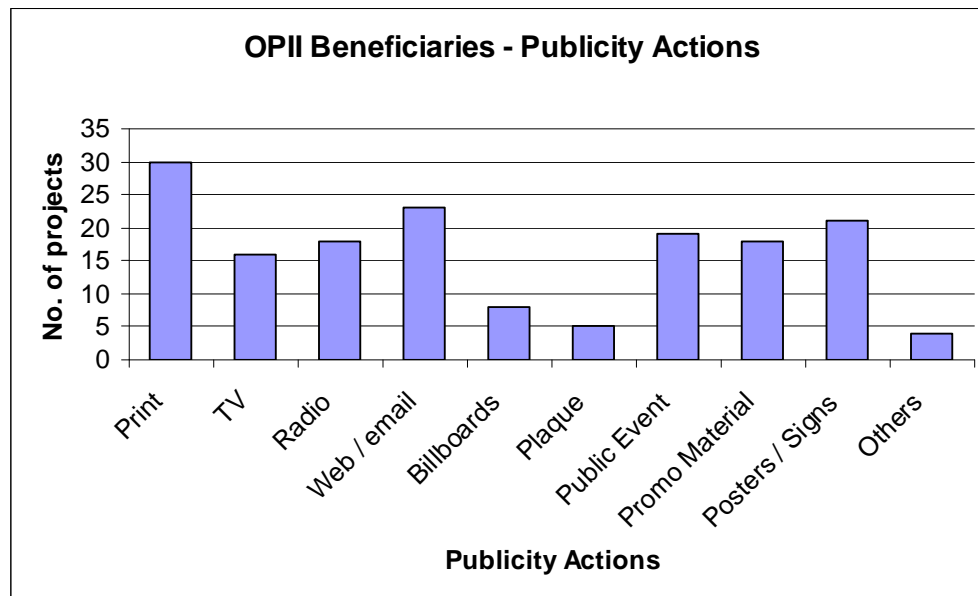
Education, and the Family (MEEF) group with the subject “547 *Persuna Sabu Impjieg Permezz tal-Employment Aid Programme tal-ETC*”, thus publicising the scheme’s achievements so far.

Moreover, around 1,000 leaflets and brochures were distributed in 2010. The EAP project leader has also promoted the EAP during interviews on the audio-visual mass media. The EAP unit has given information and a presentation to the Malta Employers’ Association on the 20th April 2010 which was to be included in a handbook that they were preparing for Micro businesses. The scheme also participated featured in the *mE&U* (Annual Event) fest organised by the MA, in Munxar, Gozo on the 5th September 2010 and on 8th September at the Kennedy Grove in Malta. The first phase of the publicity campaign targeted both employers and jobseeker. As at end 2010, 330 job seekers found employment through EAP.

6.3.1 Information and Publicity by Beneficiaries

During 2010, a considerable number of publicity actions was also implemented by the Beneficiaries. Beneficiaries of OP II have been carrying out a good mix of publicity actions in order to promote their respective projects as well as attracting prospective bidders to tender. Figure 4 below gives an overview of the publicity measures implemented during the year⁴⁴⁹.

Figure 7: Publicity Actions carried out by OPII Beneficiaries



From the data gathered, it is clear that publicity actions are selected in accordance with the nature of the project and the type of audience/participants that need to be attracted. For example, one particular project⁴⁵⁰ reported that stakeholder meetings were an effective way of reaching out to its target audience/participants, which were new businesses; whilst another⁴⁵¹ reported that brochures were the most effective method since they were posted to all households in a specific area. In order to aid

⁴⁴⁹ It is important to note that projects exercise more than one publicity measure.

⁴⁵⁰ Project numbered 3.52

⁴⁵¹ Project numbered 2.70

monitoring of such activities, the MA has issued an annex to the December Project Progress Report whereby Project Leaders are requested to aggregate activities carried out by cut-off date and assess, from their experience, the three most effective publicity measures which they have implemented, as indicated in the figure below.

Figure 8 – Most effective Publicity Actions: Projects

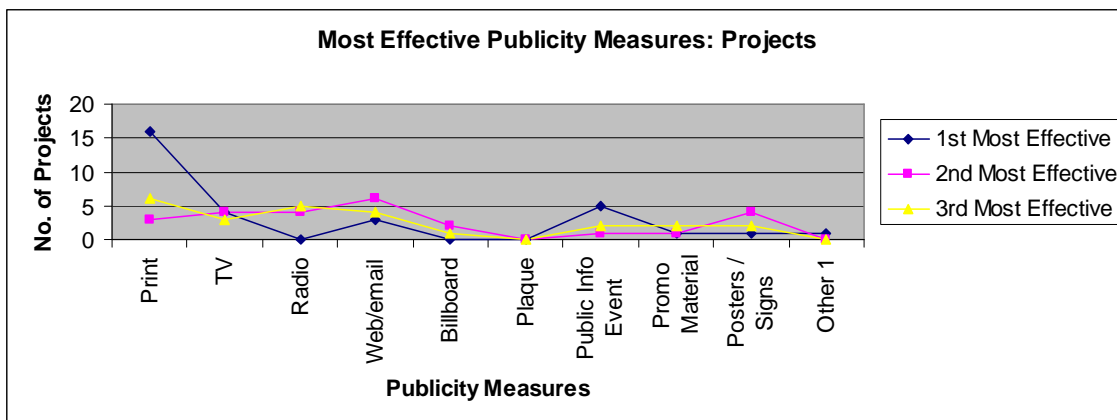
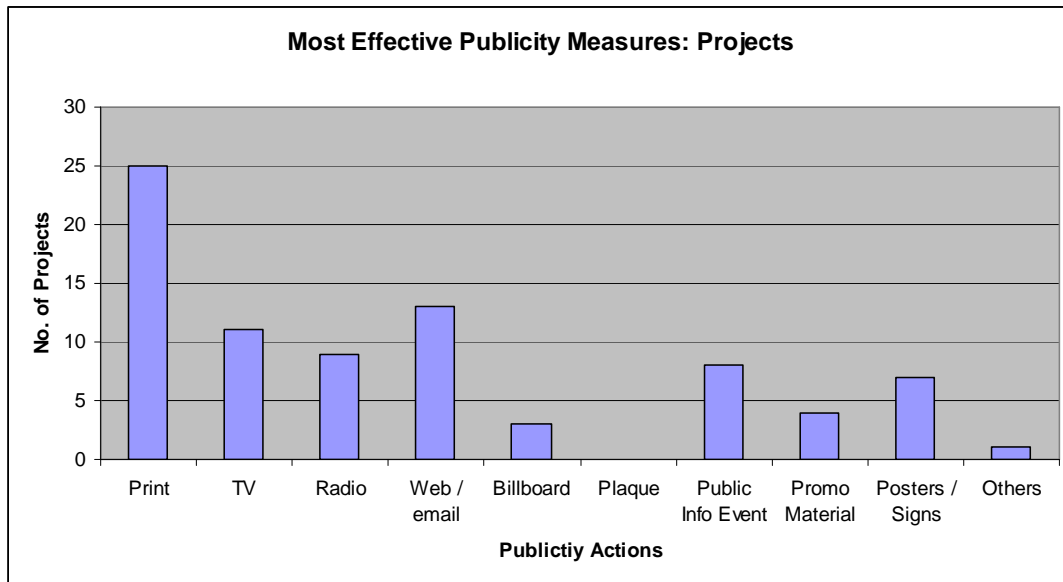


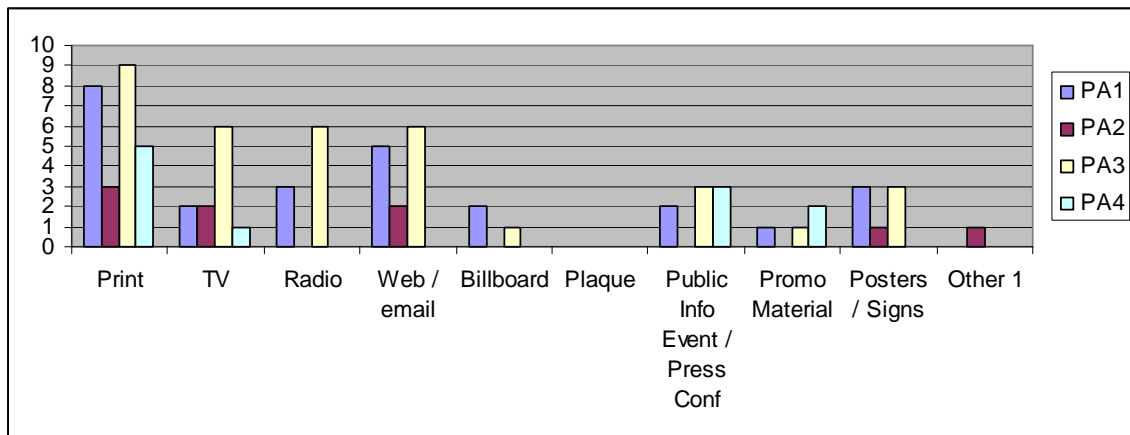
Figure 9 - Publicity actions deemed most effective by PLs, as per PPR

The most popular publicity measures undertaken and rated as most effective overall by the Project Leaders were newspaper adverts, with sixteen (16) out of a total of forty-two (42) i.e. 38% of the total OPII projects⁴⁵² reporting that this was the most effective measure; Web/email followed as the second most effective measure; TV and radio came next. Taken cumulatively, across Priority Axes, it is evident that Print (excluding posters) is considered as a very effective measure since it implies certain longevity in the item produced. Print items have been commended across all Axes with only a handful not ranking such measures among the top three most effective measures. Audio-visual and new media were also reported as effective across the PAs, understandably due to their wide outreach. The bar chart below (figure 10) shows that in most cases PA1 and PA3 have reported higher effectiveness rates, which is

⁴⁵² Projects numbered 1.22, 1.25, 1.31, 1.33, 1.40, 2.12, 2.72, 3.47, 3.48, 3.54, 3.56, 3.61, 3.62, 3.66, 4.94 and 4.98.

understandable considering that the pool of projects analysed consisted of thirteen (13) from PA1, nine (9) from PA2, fourteen (14) from PA3 and only six (6) from PA4⁴⁵³.

Figure 10 – Cumulative analysis across PAs



The statistics for a total of forty-two (42) OPII projects were as follows: there were thirty (30) projects which resorted to print⁴⁵⁴ and these had a distribution of 13,697 in the form of newspapers adverts and articles; sixteen (16) projects used television⁴⁵⁵ with a total of three-hundred-sixty-seven (367) airings; eighteen (18) projects adopted the radio⁴⁵⁶ as a publicity measure totalling 3,832 airings; twenty-three (23) projects had a website or link; eight (8) out of forty-two (42) projects had billboards and these totalled thirty-one (31) signs; five (5) projects had plaques which appeared in forty-nine (49) places; nineteen (19) projects had public information events having a total of 6,092 participants; there were eighteen (18) projects using promotional material and twenty-one (21) projects had posters/signs in nine-hundred-twenty (920) occasions; finally four (4) out of forty-two (42) projects resorted to other publicity measures.

26% of the projects reported an increase in awareness of the project aims and objectives; another benefit was an increase in participants within the project itself, as a result of their publicity actions. Publicity played a part in the number of applications received because the increase was so much higher than the previous year. A slight increase would have been possible without publicity but not to the extent witnessed – increase was much higher than expected. Among these were increased applications for courses, increased student intake, as well as increased awareness of specific areas such as the equality mark and waste management. Media surveys on TV programme viewership were used to gauge the outreach which participation in programmes generated. Similarly, website hits, registrations

⁴⁵³ These figures reflect the number of projects, which were requested to compile a PPR in December 2010.

⁴⁵⁴ Newspapers and magazines used were the following: Government Gazette (600 copies per issue), L-Orizzont, In-Nazzjon, The Times of Malta (average circulation of 22,000), Il-Mument, It-Torċa, Sunday Times (average circulation of 40,000), The Malta Independent, Malta Today, Kulhadd, Illum. Together with magazines: Meusac Newsletter, Sunday Circle, MCAST Prospectus, Pink, Child, Flimkien, Gwida, L-Antenna; Local Council publishings like the Żebbuġ Local Council Magazine, Mosta Local Council Magazine and Xagħra Local Council Bulletin; and business journals like Malta Business Weekly, The Executive, Economic Update and The Commercial Courier.

⁴⁵⁵ Television Channels resorted to were TVM, Super One, Net TV, Smash, Education 22 and Family TV.

⁴⁵⁶ Radio stations airing OPII projects publicity were: PBS, One Radio, Radio 101, Radju Malta, Calyspo Radio, RTK, Bay Radio, Smash Radio, Radju Marija, Vibe FM, Magic and XFM. And also the smaller community radio stations: Radju Lehen il-Qala, Radju Lehen il-Belt Victoria and Radju Perkersur.

for special certifications such as the equality mark, and course application forms were all used to calculate increase in awareness.

6.4 Communications 2010: Operational Programme II - Indicators as per Communication Plan⁴⁵⁷

Table 18- Achievements on Indicators as per Communication Plan

Communications Measures	Output Indicators						Result Indicators					
	Target until 2015	Achieved 2007	Achieved 2008	Achieved 2009	Achieved 2010	Total Achieved 2007-2010	Targeted until 2015	Achieved 2007	Achieved 2008	Achieved 2009	Achieved 2010	Total Achieved 2007-2010
Media Advertising												
Total no. of TV and radio spots created:	21	0	1	0	2	3	Coverage ratio: 25% of the population***	0%	28.1%	0%	5.5%	8%
Total no. of spots aired on TV channels/radio stations:	375	0	0	0	40	40						
Total no. of adverts designed:	20	1	4	1	8	14	Coverage ratio: 45% of newspapers/magazines readers targeted***	30%	28.4%	34.25%	51%	35%
Total no. of adverts published on newspapers and magazines:	681	20	55	7	32	114						
Posters and Outdoor Advertising												
Total no. of posters and outdoor adverts designed [including marquees, banners, billboards, bus-stop advertising, bus-wraps]:	42	1	12	0	6	19	Coverage ratio: 30% of localities [Malta and Gozo] targeted with outdoor adverts (#) ****	0%	+1.47%	0%	N/A	1.47%
Total no. of posters/backdrops produced:	5,000	1	261	0	1	263						
Branded Promotional Material												
Total no. of items created [including pens, folders, caps,	30	1	5	1	8	15	Distribution ratio: 10% ⁴⁵⁸ of the population ****	0.125%	1.06%	N/A	0.22%	1%

⁴⁵⁷ The figures in the 2007, 2008 and 2009 columns are as reported in previous AIRs

Communications Measures	Output Indicators						Result Indicators					
	Target until 2015	Achieved 2007	Achieved 2008	Achieved 2009	Achieved 2010	Total Achieved 2007-2010	Targeted until 2015	Achieved 2007	Achieved 2008	Achieved 2009	Achieved 2010	Total Achieved 2007-2010
<i>mouse-mats, mugs and other branded items</i>												
Total no. of items produced:	70,000	500	4,000	300	6,250	11,050						
Informative Publications and Collateral Materials												
Total no. of informative material / publications created [<i>including flyers, leaflets, postcards, booklets, presentations, key documents and reports</i>];	30	2	6	7	1	16	No. of informative publications downloaded: 25,000 (#)****	N/A	N/A	10	1,134	1,144
Total no. of items printed:	210,000	610	0	0	164,000	164,610						
No. of informative material/publications uploaded:	30	1	6	10	10	27						
Audio-Visual Products												
No. of documentaries produced:	5	2	0	0	0	2	No. of featuring times: 35 ⁴⁵⁹	2	0	0	0	2
No of documentaries (on DVD) distributed:	250	2	0	0	0	2						
Media Relations												
Total no. of press releases issued:	28	1	4	1	8	14	Total no. of press releases published: 84 ⁴⁶⁰	1	4	1	8	14
							Coverage ratio: 15%	0.63%	2.50%	0.62%	9.9%	13%

⁴⁵⁸ Communication Plan reads 20% not 30%. The figure has been amended to cover OPII only.

⁴⁵⁹ The figure featuring in AIR 2007 covered both OPI and OPII. Thus this has been amended to cover OPII only.

⁴⁶⁰ The figure featuring in AIR 2007 covered both OPI and OPII. Thus this has been amended to cover OPII only.

Communications Measures	Output Indicators						Result Indicators					
	Target until 2015	Achieved 2007	Achieved 2008	Achieved 2009	Achieved 2010	Total Achieved 2007-2010	Targeted until 2015	Achieved 2007	Achieved 2008	Achieved 2009	Achieved 2010	Total Achieved 2007-2010
							per press release					
Total no. of press conferences organised:	10	1	2	0	1	4	Total no. of newsrooms covering each event: 5	8	3	0	5	16
							Total no. of media mentions: 50 ⁴⁶¹	12	6	8	8	34
							Coverage ratio: 25% of population ***	80%	40%	0%	11.7%	32%
Total no. of media interviews/features:	17	3	3	8	8	22	No. of viewers/readers: 25% of population ***	23%	29%	31.5%	18.6%	25%
No. of articles and advertorials issued:	17	0	1	0	0	1	No. of viewers/readers: 25% of population ****	0%	3.13%	0%	0%	3.13%
No. of media queries answered:	17	1	8	9	2	20	Coverage ratio: 25% of population ***	17.6%	35.6%	40.05%	6.9%	24%
Information Events												
No. of information sessions [including information sessions, conferences, seminars] organised:	21	3	5	0	6	14	No. of participants: 1,400 ⁴⁶² participants	119	199	0	178	496 ⁴⁶³
No. of days duration*: [*half day sessions are taken as 0.5 of a day]	21	1.5	2.5	0	3	7	Satisfaction rate of participants: 60%	N/A	N/A	0	N/A	0
MA participation in events organised by others:	17	2	1	1	0	4						
Networks and Exchange of Experience												
Participation at EU level Network Meetings:	2	3	3	4	2	12	No. of participants at EU level network meetings: 2 ***	1	1	1	1	1

⁴⁶¹ The figure in AIR 2007 covered both OPI and OPII. Thus this has been amended to cover OPII only.

⁴⁶² The figure in AIR 2007 covered both OPI and OPII. Thus this has been amended to cover OPII only.

⁴⁶³ This figure takes into consideration activities implemented by the MA.

Communications Measures	Output Indicators						Result Indicators					
	Target until 2015	Achieved 2007	Achieved 2008	Achieved 2009	Achieved 2010	Total Achieved 2007-2010	Targeted until 2015	Achieved 2007	Achieved 2008	Achieved 2009	Achieved 2010	Total Achieved 2007-2010
No. of Communications network meetings at project level:	3	0	0	0	0	0	No. of participants at local network meetings: 50 per session	0	0	0	0	0
OP Launch Event												
No. of newsrooms covering the launch:	10 (#)	5	0	0	0	5	No. of media publicizing event: 10	10	0	0	0	10
							No. of participants at launch: 250	250	0	0	0	250
No. of info seminars organized:	6 (#)	6	0	0	0	6	No. of participants at the info seminars: 300	300	0	0	0	300
Website and Helpdesk												
No. of website pages:	20 EN	8 EN	8 EN	8 EN	8 EN	8 EN	No. of page views: 1,500 per day	N/A	2,100	2,819	5,910	10,829
							No. of visitors' sessions: 100 per day	N/A	182	261	411	854
	20 MT ⁴⁶⁴	N/A	4 MT	4 MT	4 MT	4 MT	No. of queries: 150 per year	66	135	90	84	309
List of Projects and Beneficiaries:	1 ⁴⁶⁵	1	0	1	1	1						

*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.

Malta population taken as 363,275 (aged 12 and over as per Broadcasting Authority surveys)

⁴⁶⁴ This figure takes into consideration only the MA website.

⁴⁶⁵ The List of Projects and Beneficiaries is updated regularly every year on the same template used through the 7-year period.

6.5 Communication Plan review

The implementation of the Communication Plan continued throughout 2010 (as has been described above), however given that the overall Programme implementation was deemed to be moving slower than originally forecasted and the data coming in from Beneficiaries and Intermediate Bodies (with regard to publicity being undertaken by the different projects), as well as information from the market in terms of more accurate pricing (following contracting of a number of tenders), the Managing Authority decided, at the end of 2009, to undertake an internal review of the Communication Plan. This internal review exercise was carried out in order to come up with a way forward for a revised Communication Plan that would reflect better the current pace and future expectations of Programme implementation. The revised Plan would eventually also take into consideration any recommendations that would come out of the mid-term evaluation.

The proposed changes to the Communication Plan arising from the MA's internal review were notified to and discussed by the Monitoring Committee in May 2010. The Managing Authority also informed the MC that the proposed changes would be finalised following the input of the mid-term evaluation so that a comprehensive revision of the Plan would be proposed to EC.

The analysis and justifications of the MA's internal review (as presented to the Monitoring Committee in May 2010) were as follows:

- *The pace of project implementation:* the extent of the publicity actions/activities has been re-dimensioned in order to take into account the level of demonstrable results;
- *Publicity at IB and Beneficiary level:* activities/actions taken by such entities to advertise and market the different aid schemes under implementation in both Programmes. The Beneficiaries and IB's are implementing a good number of publicity actions which in turn complement the activities undertaken by the MA as indicated in the relevant section further down this chapter. Thus it is considered that a fair share of targeted visibility is already being achieved;
- *Overexposure and repetition of publicity actions:* The MA feels that in the context of the Maltese scenario – with approximately 400,000 inhabitants, nine television stations and thirteen nationwide radio stations⁴⁶⁶, as well as the geographical size of the country itself – intense publicity on variations of essentially the same subject, albeit through different media, could lead to overkill and be counter productive. Information and Publicity campaigns by the Beneficiaries and IB's that are underway tend to run concurrently, thus heightening the risk of over exposure and repetition which can cause monotony and turn interest into disaffection among the target audience;
- *Limiting print publications:* making greater use of electronic dissemination of information in preference to printed material, where possible to adopt a more environmentally friendly approach. Publications to be printed will focus on being more informative rather than promotional and will be utilised for reference;

⁴⁶⁶ Source: <http://www.ba-malta.org/stations>

- *Use of in-house resources* for certain activities such as the design of publicity material, translation, etc has resulted in a real reduction in costs; and
- *More accurate budgeting.* A number of activities which were listed in the Plan have already been implemented. These activities were mostly one-time events (e.g. the OP launches and accompanying activities) that could be accounted for (in the review) in terms of actual costs. Activities of a repetitive nature could also be accounted for more accurately in estimating the cost of similar future actions. Thus, this data was used to forecast the cost of potentially similar activities over the next five years.

6.5.1 Proposals for modifications to the Communication Plan

The proposed main modifications to the Communication Plan may be summarised as follows.

In terms of future actions, the bulk of activities in the Plan, as well as the expected commitment of funds, will remain allocated towards the Annual Events, however one of the outcomes of this review has been the re-phasing of the relatively *larger-scale* activities so that they coincide with years when more tangible results would be visible from the projects being implemented under the OPs. In this regard two 'key' years targeting larger-scale Annual Events have been identified, while the other years will have comparatively smaller events in line with the progress of the Programmes. The 'key' years identified are:

- a. 2012, representing the interim period since the majority of projects (that started in 2008/2009) would have registered good progress and considerable results are expected to already be visible and therefore, enabling the possibility of having expansive audio-visual coverage; and
- b. 2014 or 2015, marking the effective final stages of implementation of the Programmes when operations selected in 2011 and 2012 would also be in the concluding phase and the public would have already started feeling the tangible benefits of the Programme as a whole.

The graph and comparative timeline below denotes this 'peaking' in budgetary allocations to provide for enhanced Information and Publicity activities during the identified 'key' years. While provisionally the bulk of funds have been earmarked for 2015 around closure, it is to be noted that should implementation of the Programmes accelerate and reach closure in 2014, activities and related financial allocations would be brought forward to that year. This is in line with Section 2.9 'Timing' in the proposed revisions to the Communication Plan which allows flexibility in conducting such activities either in 2014 or 2015.

Figure 11: Proposed Yearly projections 2010-2015

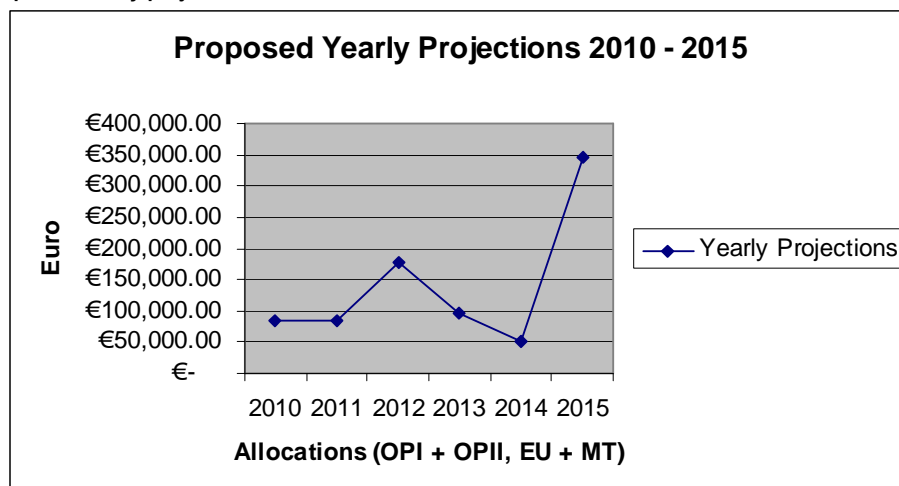


Table 19 – Comparative timeline Original vs. Proposed Revised Communication Plans

Timeline Comparison		2007	2008	2009	2010	2011	2012	2013	2014	2015
Development of a Visual Identity	Original CP									
	Proposed revised CP									
Advertising	Original CP									
	Proposed revised CP									
Promotional Material	Original CP									
	Proposed revised CP									
Informative Publications	Original CP									
	Proposed revised CP									
Media Relations	Original CP									
	Proposed revised CP									
Informative Public Events	Original CP									
	Proposed revised CP									
Launching of Ops	Original CP									
	Proposed revised CP									
Audio-Visual Products	Original CP									
	Proposed revised CP									
Website	Original CP									
	Proposed revised CP									
Helpdesk	Original CP									
	Proposed revised CP									
Mail-shots	Original CP									
	Proposed revised CP									

Colour Code: *Light Blue*: actions already carried out from 2007 to 2010 which are actual and bordered in colour red. *Dark Blue*: proposed future actions

The proposed revised Communication Plan timeline takes account of actions as they were actually executed during the period 2007-2010; hence it is noticeable that already in 2008 there had been a shift from the Original Plan with regard to the production of Audio-Visual material given that the first projects were approved for funding only in 2008.

The proposed changes to the Communication Plan are envisaged to have impact mostly on the following publicity measures/actions:

1. In the case of Annual Events, large scale events will be held in the 'key' years as indicated above while more targeted, smaller scale events will be held in the other years;

2. Given that promotional items are procured in quantity, there is a tendency for items to be left over from one year to the next. Hence the procurement of such items may not be necessary every year;
3. The production of audio-visual material such as documentaries or adverts would be limited to the years when the larger scale Annual Events are to take place since such promotion would be more in proportion to such events than the smaller-scale ones;
4. Inclusion (in some way) of information and publicity actions undertaken by Beneficiaries and IBs;
and
5. Limiting of print publications as stated above.

6.5.2 Indicators

From the internal review carried out by the MA, it has transpired that the majority of the indicators were defined on the assumption that the implementation of the Programmes would reach a certain degree of intensity during 2010 which would be accompanied by the corresponding level of intensive publicity actions. Hence, given the actual implementation on the ground as at end 2009, it became evident that the figures were over-inflated. Thus, the MA will be proposing changes to the indicators that will consolidate the number of indicators as well as render the monitoring and estimation of achievement of the indicators more user-friendly. The revision in this area will also evidence the proposed adoption of a more targeted approach on activities that will focus on key implementation years as described above.

The MA had informed the MC during its meeting in May 2010 that its proposals would be assessed by the evaluators as part of the mid-term evaluation. Hence the revisions to the Communications Plan including modifications to the indicators, would be finalised after receipt and acceptance of the mid-term evaluation final report and, in this way, the modified Plan would also take into account any recommendations emerging from the evaluation.

6.6 Evaluation of the Communication Plan

The Communication Plan were evaluated as part of the Mid-Term Evaluation on Operational Programmes I and II – Cohesion Policy 2007-2013 which at the cut-off date of this report was still underway but which has now been concluded. The Mid-Term Evaluation includes also a high level review of the publicity actions implemented by the Managing Authority (MA), stakeholders and Beneficiaries and an analysis of the appropriateness of the indicators as defined in the Plan. In addition, the evaluators of the Communication Plan for Malta's Operational Programmes 2007-2013 performed a qualitative and quantitative assessment of the effectiveness of the measures implemented by the MA and an assessment of one communication measure in further detail. The Annual Event 2010 was identified for this purpose (see section 6.6.1 below).

Given that the MA had already undertaken its own internal review of the Plan, this was also presented and discussed with the evaluators who also undertook an assessment of the revisions that were presented to and discussed by the Monitoring Committee in May of 2010. The salient points of all these

reviews and analysis will be the underlying basis for the revised Communications Plan which the MA intends to submit to the EC by the end of the first half of 2011.

6.6.1 Annual Events - Evaluators' Observations

The Evaluators observed and acknowledged that both events were well organised and successful in providing a pleasant atmosphere. Overall attendance to the event in Gozo was better than the one in Malta mainly due to the choice of location in Gozo. The fact that the event was held in the newly inaugurated village recreation area also contributed towards attracting both persons from within the locality and also visitors. The Malta event attracted less visitors possibly due to the fact that the event was located outside the village core and that the date of the event coincided with a popular religious feast and cultural events associated with it⁴⁶⁷.

Various suggestions were put forward by the evaluators from their analysis of the event. These include:

- The provision of headphones at stands showing documentaries given that the high volume emanating from the entertainment area could create disturbance to those persons visiting the stands;
- Encourage project representatives at their respective stands to take a more proactive approach with visitors and provide information in a more interactive manner;
- The inclusion of more educational activities relating to Cohesion Policy for both adults and children alike during events by having children's entertainment (such as plays and games) revolve around the themes of Cohesion Policy; an onsite campaign on the main facts of Cohesion Policy; and by organising a Cohesion Policy themed quiz/competition for adults or families⁴⁶⁸;
- Recommendations by the Evaluators for future events include:
 - The adoption of a stronger 'Pull-marketing' strategy to attract more people to the information events which includes more aggressive marketing (leaflets, TV spots, radio, billboards) which must be delivered in a timely manner;
 - The choice of date and place of events needs to be assessed properly during the planning stages in order to attract as many attendees as possible and avoid clashing with other events of national importance;
 - Maintaining the standard of a well organised high quality event throughout, in order to encourage higher levels of attendance, or re-attendance; and
 - Adopting a 'Push-marketing' tactic whereby attendees, once present, are approached by 'guides' to either direct them towards booths or give them information on the spot in the form of leaflets should be encouraged.

⁴⁶⁷ It was conceived to hold the event on a public holiday to seek to attract more visitors.

⁴⁶⁸ It is pertinent to note that the element of competition had already featured a few years earlier during the ESF 50th Anniversary Celebrations (2007) where the general public was invited to participate in a crossword competition. During 2010, this practice was included once again in the form of a children's drawing competition whereby children were invited to draw the themes which featured in the Annual Event. The practice is not adopted on a yearly basis since the nature of the event, which differs from year to year, does not always allow for such an approach.

6.6.2 Budgetary Review by the Evaluators

In terms of the budgetary review the evaluators recommended that:

1. The budget should reflect the monitoring needs so that the quantities and costs that need to be monitored are adequately planned for by the MA. Monitoring data needs should be anticipated during the budgeting stage, so that any information that needs to be monitored in line with the Communication Plan is available. In addition, future procurement of any goods and services relating to the Communication Plan (output indicators) should request an itemised cost breakdown and/or any other information that may be needed for cost monitoring purposes;
2. Consistency in the categorisation of each cost item by measure should be maintained and ensured throughout the implementation period in order to avoid issues of different classification and allocation of costs as well as any monitoring issues; and
3. A formal methodology or model for the communication budget should be introduced in order to add value to the Communication Plan. A working model with clearly documented underlying assumptions that would also help the communications team make adjustments and identify areas of improvement during revisions should also be introduced.

6.6.3 Analysis of Indicators

From the Mid-Term Evaluation carried out, a number of indicators resulted in negative percentages in terms of achievement (planned vs. actual) due to the fact that apart from the original Communication Plan being over-ambitious (as indicated above), the majority of publicity activities are not implemented in a linear manner, on a yearly basis. The evaluators observed that the context and scope of implementation has changed considerably since the drafting of the Communication Plan. Furthermore, the evaluators noted that the MA has already embarked on the initiative to revise the output and result indicators in order to align them with the proposed revised strategy.

The evaluators suggested that a better system should be implemented to monitor the indicators more effectively. The evaluators recommended that the Communications Plan budget should reflect monitoring needs and a separate budget line should be introduced for this activity if human resources do not permit it to be carried out in-house. They also proposed that the MA should consider introducing a formalised, centralised project-level monitoring system or regular communication between the Communications Team and the OP Units on publicity measures carried out. Finally, they also recommended that consistency in the categorisation of cost items by measure or output indicators should be ensured.

The MA already has its own system of monitoring indicators; however these suggestions will be taken into consideration and an appropriate methodology to render such monitoring more effective will be explored.

7. Concluding Remarks

The clear and unequivocal message of the report is that implementation is now well underway. Bottlenecks and delays continue, however the system is still managing to register considerable success and this increase in activity is not only showing in terms of contracts signed and payments effected, but also in terms of results and tangible outcomes on the ground.

A total of forty-three(43)⁴⁶⁹ projects and two(2) aid schemes were under implementation during 2010 bringing the Programme's overall commitment rate as at end 2010 to around 58%. One-hundred-fifty-eight (158) public procedures were launched in 2010 leading to a substantial increase not only in the contracted amount (81% increase over 2009⁴⁷⁰) but also in the payments which totalled €13,491,422.85 as at end of year, 468% increase over 2009⁴⁷¹. Out of these payments, €5,595,039.43 of eligible public expenditure have been certified by the CA. Two thousand five hundred sixty six (2566)⁴⁷² Beneficiaries were participating directly in the Programme – of which there is a mix of public sector organisations, Local Councils, NGOs and private enterprises. Over thirty-two thousands (32,000) persons and 1,846⁴⁷³ enterprises benefitted from ESF in Malta and Gozo in 2010.

The MA would like to hereby thank all those directly (or indirectly) involved in the implementation and that have in some way contributed to the various success stories of 2010. The challenge for the years ahead will be to sustain and consolidate efforts so that the Programme can continue to register more positive results in the months and years to come. The main challenges for the next year will be to commit the Programme (possibly entirely) as well as sustain the flow of tenders, contracts and payments to ensure not just financial absorption which is an important objective in itself, but primarily the delivery of outcomes and results which will impact the lives of citizens and companies for years to come.

⁴⁶⁹ Including Technical Assistance.

⁴⁷⁰ €22,129,805 were contracted amount as at the end of 2009.

⁴⁷¹ €2,374,783.05 were paid ast the end of 2009.

⁴⁷² Forty-two (42) Public Entities/NGOs/Local Councils (including TA's stakeholders) and 2524 Enterprises benefitting through Aid Schemes (1120 under EAP and 1404 under TAF). MA has been counted as TA Beneficiary.

⁴⁷³ This figure refers to the enterprises which benefitted from the two aid schemes.

Annex 1 – Cumulative Expenditure Table⁴⁷⁴

Priority axes	Total contribution	Financial progress			
		Commitments	Payments	Commitments %	Payments %
	(a)	(b)	(c)	(b/a)	(c/a)
Priority axis 1 (ESF) <i>Improving education and skills</i>	37,400,000.00	26,987,782.14	8,373,860.16	72%	22%
Priority axis 2 (ESF) <i>Investing in the employability and adaptability of the workforce</i>	30,995,000.00	20,510,717.48	2,088,406.33	66%	7%
Priority axis 3 (ESF) <i>Promoting an equal and inclusive labour market</i>	36,900,000.00	16,355,965.18	2,229,577.69	44%	6%
Priority axis 4 (ESF) <i>Strengthening of Institutional and Administrative Capacity</i>	21,405,000.00	7,709,035.00	132,241.84	36%	1%
Priority axis 5 (ESF) <i>Technical Assistance</i>	5,064,705.00	5,064,705.00	667,336.83	100%	13%
Grand Total	131,764,705.00	76,628,204.80	13,491,422.85	58%	10%

⁴⁷⁴ Figures quoted represent progress as at end 2010 and are expressed in total public eligible cost.

Annex 2 – List of Projects & Aid Schemes as at end December 2010

Projects

- 1) Online e-Learning Management System for Post-graduate Medical Training Activities (ESF 1.19)
- 2) Parents and Teachers Fusion ICT Training Programme (ESF1.21)
- 3) Research Analysis and Training for Enhancing the University Library (ESF1.22)
- 4) Higher education courses to address skills mismatches in Gozo (ESF1.23)
- 5) Career Guidance Capacity Building (ESF1.24)
- 6) Strategic Educational Pathway Scholarships - STEPS (ESF 1.25)
- 7) Accrediting Quality Vocational Training (VQPACK) (ESF1.28)
- 8) Valuing all Skills for the Labour Market (SKILLSPLUS) (ESF1.29)
- 9) Wood CPR: Education & Training in Wood Conservation Restoration (ICMCH) (ESF1.31)
- 10) Increasing ICT Student Capacity in Malta (ESF1.33)
- 11) Addressing skills mismatches in the aviation maintenance industry (ESF1.34)
- 12) Professional development programmes for MCAST staff & student's top-up degrees (ESF1.36)
- 13) Science Popularisation Campaign (ESF1.40)
- 14) Developing Leaders for Change and Innovation in Tourism (ESF2.11)
- 15) Second Step (ESF2.12)
- 16) Employability Programme (ESF2.4)
- 17) Training Courses to enhance Employability and Adaptability of the Workforce (ESF2.7)
- 18) EPITOME - Empowerment Programme for IT use: Outreach for Micro Entrepreneurship (ESF2.72)
- 19) Retaining and Attracting People within Tourism through Diversity Management (ESF2.78)
- 20) Cultural Heritage Awareness for Front-Liners (CHAF project) (ESF2.80)
- 21) Promoting Life-Long Learning amongst Civil Society Organizations' Voluntary Staff (ESF2.84)

- 22) Linking Industrial Needs and VET to Optimise Human Capital (ESF2.85)
- 23) An Independent living training service for disabled people in Malta (ESF3.42)
- 24) Dignity for Domestic Violence Survivors (ESF3.43)
- 25) Unlocking the female potential (ESF3.47)
- 26) Lifelong Learning for enhanced employability for parents (LLEEP) (ESF3.48)
- 27) Training of Inclusion Coordinators for Secondary Education (ESF3.49)
- 28) Care creates changes in people's lives (ESF3.52)
- 29) REACH- Opportunities close to home (ESF3.54)
- 30) Specialised research on OHS and the development of OHS accreditation (ESF3.56)
- 31) Nista!: The benefits of sharing life's responsibilities campaign (ESF3.59)
- 32) Youth Employment Programme (ESF3.60)
- 33) E4L: Embark for Life - Labour market integration of socially excluded youth ESF3.61
- 34) ME2 (ESF3.62)
- 35) Ic-Cavetta - Maltese Literacy Toolkit for employment and education inclusion (ESF3.66)
- 36) Impact Assessment of Mental Health on Employment for Policy Development (ESF3.71)
- 37) Capacity Building for Equipping and Representing Micro Businesses Employers (ESF4.86)
- 38) Developing the Maltese Public Sector's Capacity to Implement Better Regulation (ESF4.87)
- 39) Closer to Europe ESF(4.94)
- 40) Employee Support Programme (ESP) for Public Employees (ESF4.97)
- 41) Strengthening IMU's and other related functions through Specialist Training Programmes (ESF4.98)
- 42) Developing Core Skills in the Public Service (ESF4.100)

Aid Schemes

43) Training Aid Framework (TAF) (ESF2.65)

44) Employment Aid Programme (EAP) (ESF3.64)