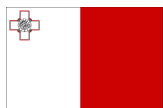


European Fisheries Fund Programme 2007-2013
Malta

Annual Implementation Report 2012

March 2013

Funds and Programmes Division



Fisheries Operational Programme 2007-2013
Co-financed by the European Union
European Fisheries Fund (EFF)
Co-financing rate: 75% EU Funds; 25% National Funds



Investing in sustainable fisheries

Table of Contents

List of Tables.....	3
List of Acronyms.....	4
1. Identification.....	6
2. Executive Summary.....	7
<i>Priority Axis 1</i>	9
<i>Priority Axis 2</i>	12
<i>Priority Axis 3</i>	12
<i>Priority Axis 5</i>	14
3. Overview of the Implementation of the Operational Programme by Priority Axis.....	16
3.1 <i>Information on the physical progress of the Priority Axes</i>	16
3.2 <i>Specific information for Priority Axes and Measures</i>	24
3.3 <i>Financial information</i>	25
3.4 <i>Qualitative Analysis</i>	26
3.5 <i>Monitoring Arrangements</i>	33
3.5.1 <i>Day to Day Management</i>	33
3.5.2 <i>Monitoring Committee</i>	34
3.5.3 <i>The Database</i>	35
3.5.4 <i>On-the-spot checks</i>	35
3.5.5 <i>Intermediate Body Network Meetings</i>	36
3.5.6 <i>Mid-Term Evaluation</i>	36
3.5.7 <i>Systems Audit Report</i>	36
3.5.8 <i>Systems Audit Report</i>	36
3.6 <i>Significant problems encountered and measures taken to overcome them</i>	37
3.7 <i>Recommendations from the Commission</i>	38
3.8 <i>Assistance re-paid or re-used</i>	38
3.9 <i>Substantial Modifications under Art. 56</i>	38
3.10 <i>Changes in context and general conditions to the implementation of the OP</i>	38
4. The use made of Technical Assistance.....	38
5. Information and Publicity.....	40
6. Information and Compliance with Community Law.....	40
7. Complimentarity with other instruments.....	40
7.1 <i>Consistency with other Funds and Programmes</i>	41
7.2 <i>EFF and the National Strategic Reference Framework 2007-2013</i>	41
7.3 <i>EFF and Operational Programme I Cohesion Policy 2007-2013</i>	41
7.4 <i>EFF and Operational Programme II Cohesion Policy 2007-2013</i>	42
7.5 <i>EFF and the Rural Development Plan 2007-2013</i>	44
7.6 <i>Concluding Remarks</i>	44

List of Tables

Table 1.....	8
Table 2.....	16
Table 3.....	23
Table 4.....	24
Table 5.....	36
Table 6.....	37

List of Acronyms

AIR	Annual Implementation Report
AA	Audit Authority
ASA	Alternative Site Assessment
BFT	Blue Fin Tuna
CA	Certifying Authority
DG	Director General
EAFRD	European Agricultural Fund for Rural Development
EC	European Commission
EFF	European Fisheries Fund
EU	European Union
EUD-MRRA	European Affairs Directorate – Ministry for Resources and Rural Affairs
FCD	Fisheries Control Directorate
FEAP	Fishing Effort Adjustment Plan
FPD	Funds and Programmes Division
GT	Gross Tonnage
kW	Kilowatts
IAID	Internal Audit and Investigation Department
IB	Intermediate Body
IMCC	Inter-Ministerial Coordination Committees
IR	Irregularity Report
MA	Managing Authority
MEPA	Malta Environment and Planning Authority
MC	Monitoring Committee
MCS	Management and Control Systems
MGOZ	Ministry for Gozo
MoP	Manual of Procedures
MRRA	Ministry for Resources and Rural Affairs
NSP	National Strategic Plan
NSRF	National Strategic Reference Framework

OP	Operational Programme
OPM	Office of the Prime Minister
OTS	On the Spot Check
PA	Priority Axis
PSC	Project Selection Criteria
SoE	Statement of Expenditure
TA	Technical Assistance
TEN-T	Trans-European Transport Network
VIG	Visual Identity Guidelines

1. Identification

Annual Report on Implementation of the Maltese Operational Programme as per Article 67 of Council Regulation 1198/2006 on the European Fisheries Fund

Member State: Malta

Operational programme	Programme number (CCI No):	2007MT14FP0001
Report on implementation	Reporting year:	2012
	Date of approval of the annual report by the monitoring committee	18 April 2013

2. Executive Summary

This Annual Implementation Report (AIR) is penned by the Funds and Programmes Division (FPD) as the Managing Authority (MA) of the European Fisheries Fund (EFF) in collaboration with the EU Affairs Directorate within the Ministry for Resources and Rural Affairs (MRRA) in its capacity of Intermediate Body (IB) of the said Programme.

In view of the change in the management structure of the Fund that took place in January 2012, which change was officially communicated to the European Commission through the Maltese Permanent Representative to the European Union on the 16 December 2011, the two offices embarked on the task of amending the programme documentation, also taking into consideration lessons learnt and the recommendations of the mid-term evaluation and the Systems Audit carried out by the Maltese Audit Authority (AA) in 2011. The Manual of Procedures (MoP), the Description of the Management and Control Systems (MCS), the Monitoring Committee (MC) Rules and the Projects Selection Criteria were amongst the documents that were amended in 2012. The revised MC Rules and the Project Selection Criteria were approved by the MC on the 18th April 2012.

During 2012 the Managing Authority (MA) launched four restricted calls under Priority Axis 3 (PA) and the IB issued four Aid Schemes under PA 1 (Measure 1.1) and PA2 (Measures 2.1, 2.2 and 2.3) This report contains all relevant details pertaining to these calls.

In 2012 the administrative capacity of the MA was strengthened further and the staff complement increased by another three officers. Officials were assigned specific tasks as per organisational chart of the MA and a Financial Control Unit was set up to ensure that management verifications and checks are carried out by a Unit which is totally autonomous to the Management functions of the MA.

The principle of Equal opportunities and environmental sustainability, which are horizontal objectives within the European Fisheries Fund Operational Programme (EFF OP) and feature as fundamentally important in the Maltese Government's Agenda, were stressed in all documentation and calls launched in 2012. Furthermore, the MA's commitment towards equal opportunities and environmental sustainability are reflected in the project selection process where marks are specifically allocated to proposed investments that promote these priorities.

In 2012 a total €1,334,289.64 EFF Funds was requested to the European Commission in two Statements of Expenditure. The first Statement of Expenditure (SoE) by Fund was sent to the Commission on the 22 November 2012 and the total EFF funds requested in this SoE amounted to €43,269.20. The second SoE by Fund is dated 14 December 2012 and the total

EFF funds requested in this SoE amounted to €1,291,020.44. As a result of these Statements of Expenditure, Malta reached the n+2 target for 2012, i.e. €1,250,716, hence no funds were de-committed.

The total budgetary allocation to Malta is broken down as per the table below:

Priority	Total Public	EFF Contribution	National Contribution	EFF co-financing rate
	a=(b+c)	(b)	(c)	(d)=(b)/(a)*100
	€	€	€	€
Priority Axis 1:	2,900,000	2,175,000	725,000	75
Priority Axis 2:	2,277,000	1,707,750	569,250	75
Priority Axis 3:	5,460,105	4,095,079	1,365,026	75
Priority Axis 5:	526,000	394,500	131,500	75
Total	11,163,105	8,372,329	2,790,776	

Table 1: Budgetary Allocation under the EFF per Priority Axis (PA)

Qualitative analysis

Priority Axis 1 – Measure for the adaptation of the Maltese fishing fleet

Measure 1.1 Public Aid for Permanent cessation of fishing activities

The actions undertaken under this measure have to be implemented within the framework of a Fishing Effort Adjustment Plan (FEAP) elaborated in line with Article 21 and 22 of the EFF General Regulation. The main objective of this measure is to reduce the fishing capacity of the Maltese registered fishing fleet through the permanent cessation of fishing activities.

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

The sum contracted was fully disbursed on the 14th December 2012 and the said amount was certified to the European Commission (EC) in the Statement of Expenditure (SoE) by Fund that was processed and sent by the Certifying Authority in December. Further information in relation to this call can be found on the MA's website (https://secure2.gov.mt/fpd/grant_schemes) and also on the web site of the IB (<http://vafd.gov.mt/proposals>).

The third Permanent Cessation Aid Scheme resulted in a further reduction of 955.11 kW and 123.65 GT from the Maltese Fishing Vessel Register and a decrease of five BFT licenses from the BFT register. When the achievements of the first call for permanent cessation (2010) and the second call for permanent cessation (2011) are added to those of the third call (2012), results translate into a reduction of 2984.23 kiloWatts (kW) and 361.85 gross tonnage (GT) from the Maltese Fishing Vessel Register.

It is pertinent to note that the IB has reached and surpassed the indicators set for the third permanent cessation scheme. These were listed in the application submitted by the IB with the MA prior to launching the said call (MA issued an acceptance letter and signed a Grant Agreement with the IB based on this application). The targets set and progress realised are being reproduced hereunder:

Priority Axis 1.1 – Third Permanent Cessation Aid Scheme Targets (as per the Application submitted to the MA)

	According to Application form – IB to MA	Achieved by means of the 3 rd call
Number of Blue Fin Tuna Long Liners to be scrapped Number of Swordfish Long Liners to be scrapped	3 -4 vessels	5 vessels
Capacity of Gross Tonnage to be scrapped	8GT	123.65 GT
Capacity of Kilo Watts to be scrapped	60 kW	955.11 kW (based on main engine only)

Measure 1.3 – Investments on board fishing vessels and selectivity

Measure is intended specifically to improve the existing fishing fleet through modernisation and is managed in such a way that the fishing capacity in no way exceeds the tonnage and power of the existing fishing fleet. Investments that could be financed under this measure could target safety on board, working conditions on board, enhance hygiene, improve product quality, improve energy efficiency and increase selectivity of fishing gear provided that these do not increase the ability of the vessel to catch fish.

A call under this measure was launched in March 2010 and 33 Grant Agreements were signed between the IB and Beneficiaries. When the FPD took over the role of MA of the EFF Programme thorough checks on all ongoing schemes and projects, including the Investments on Board Aid Scheme, were carried out. Following an MA on IB on the spot check focusing on the said scheme, the MA identified a number of irregularities, most of which were related to public procurement and the financing of ineligible equipment, halted all pending payments and instructed the IB to engage the services of a marine engineer to carry out technical checks on the equipment claimed under the scheme. Following the conclusions of the reports by the marine engineer, the MA issued 15 irregularity reports related to investments under this scheme in December 2012. In the meantime, the Audit Authority, the Internal Audit and Investigation Department (IAID) within the Office of the Prime Minister

(OPM), had carried out an audit on operations on two Beneficiaries of this scheme and identified a number of shortcomings which had also been flagged by the MA. The irregularity reports in connection with these two Beneficiaries were issued by the AA on the 31st January 2013. The total sum that has been unduly paid under this scheme totals € 77,289.96.

In 2012 the MA and the IB held meetings with the intention to launch a second Aid Scheme under this PA. The two Fisheries Cooperatives were invited to attend these meetings and the representatives of one of the Cooperatives accepted the invitation and took part in a meeting held on the 21st November 2012. In this meeting it was agreed that the Cooperatives are to play a vital role in the drafting of the Guidelines of the upcoming call, especially when drafting the list of equipment that would be eligible for financing. The MA and IB will take into consideration lessons learnt from the first call and will strive to facilitate the implementation of the call both for the IB and also for Beneficiaries within the national and Community legal parameters.

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

The objective of this measure is to support sustainable management of the fishing fleet through diversification of activities within the industry, upgrading the skills of the active fishers and by supporting the transfer of skills to occupations outside the fisheries industry.

In 2010 MRRA had contracted a service provider through an open tendering process to deliver training to Maltese registered fishers. Training started in December 2010 and continued during 2011. A total of 827 fishers were trained. This project was completed in 2011, with all payments being disbursed in 2011. In 2011 a total of € 112,547.40 was certified to the EC under this measure, and the corresponding EFF contribution, i.e. € 84,410.55, was received by Malta in 2011.

In 2012 the MA held a number of meetings with MRRA about a second training course targeting navigational skills. Discussions were still ongoing as of the end of 2012 and it is envisaged that the call will be launched in the first half of 2013.

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

Three Aid Schemes under PA2 were launched by the IB on 9th August 2012. One of the Aid Schemes focused on Productive investments in aquaculture, another targeted Aqua-environmental measures whilst the third scheme concerned investments in processing and marketing. The deadline for the submission of applications was originally the 10 September 2012, but this was later extended to the 28th September 2012 so as to grant applicants more time to write and submit their application..The budget made available under these Schemes totalled €1.5 million (€500,000 per Scheme which could be shifted from one Scheme to another depending on the applications received). Two applications were received under Measure 2.1 whilst an application under Measure 2.3 was received after the set deadline and was duly rejected. As of the end of 2012 the Evaluation Committee of the IB was still carrying out the evaluation of the two applications received.

Measure 2.3 – Investments in processing and marketing

A call under this Measure had been issued on 28th September 2010 and closed on 2nd November 2010. There were two eligible applications and subsequently two Grant Agreements were signed between the IB and Beneficiaries. The total public eligible budget of these two Grant Agreements, which were signed in 2011, amount to € 780,006. By the end of 2012 these two projects were being implemented.

The two ongoing projects consist of investment in fish processing including the modernisation of premises in production methods and the improvement of hygiene with a view to support enhancement of quality and adding value to the sector or product.

The total public eligible amount (40% of the total cost of operations) paid as at end 2012 amounts to € 366,715.60 and the total payments effected by Beneficiaries add up to € 550,073.44.

Priority Axis 3 – Measures of Common Interest

Measure 3.1 – Fishing Ports, landing sites and shelters

Fishing Ports

During 2011 a restricted call was issued under this Axis and the Wholesale Markets and Fishing Fleet Facilities Directorate responded with an application to install 12 service pillars in the Marsaxlokk fishing port for a total of €45,134.43 in public expenditure. These pillars are providing electricity and fresh water to be used for the maintenance and cleaning of fishing

vessels. In 2012 the MA carried out checks to ensure that the service pillars are still in proper working condition in line with article 56 of the EFF Regulation.

Fish-market

The Government of Malta had committed to invest in a new fish market to relocate and upgrade amenities of the current infrastructure as well as offer the possibility for new fisheries activities, related primarily to processing, within the newly designated area.

In 2011, the main activity centred around securing the relevant planning permits and drafting of the relevant tender specifications and dossiers. Discussions with Malta Environment and Planning Authority (MEPA) were held as part of the assessment process and a site in Marsa was identified. MEPA Board approved the application on the 15th September 2011. As at end 2011, the procurement process was still ongoing.

On the 26th July 2012, MRRA signed the contract for the demolition of the ex reverse osmosis plant and the construction and finishing works of the new fish market to be located in Marsa. The contractor commenced work on the project and by the end of the year excavation works were completed. The demolition and preliminary works included the demolition of the 3 previously standing buildings which formed the whole block, and the carting away of all the resulting materials and debris including disposal in an approved dump and licenced dump area.

In 2012 a total of € 1,036,677.70 was certified to the EC under this project, with the corresponding EFF contribution amount to € 777,508.28

Landing Sites Project

The MA issued a restricted call on the 25th June 2012 and MRRA submitted an application for the financing of four mobile offices to be used in landings sites in designated ports located in Malta and the upgrading of a building in Mgarr, Gozo, which is to be used as a landing site. On the 5th September 2012 the MA's Project Selection Committee had recommended the project for approval with a number of conditions and the MA issued a conditionality letter accordingly. It is envisaged that the Grant Agreement between the MA and the Fisheries Control Directorate (FCD) within MRRA (the applicant) will be signed in the first months of 2013.

Promotional Campaign

On the 8th November 2012 the MA launched an open call under Measure 3.2 of the Operational Programme; Measures of Common Interest (Measure 3.2 – Development of new markets and promotional campaigns). The call was publicised in the media and on the web site of the MA and an information session in connection with this call was held at the MA premises on the 20th November 2012. The MA received one application from MRRA within the deadline (which was the 14th December 2012) and as of the end of 2012 this application was being evaluated by the Project Selection Committee of the MA. The budget allocated to this project amounts to €1 million.

Priority Axis 5 – Technical Assistance

In 2012 Technical Assistance (TA) was used to enhance the administrative capacity of the public bodies entrusted with the implementation of the Programme, undertake studies in relation to the operation of the EFF, undertake capacity building measures and launch tenders in relation to the drafting of the EMFF Operational Programme and the EMFF Ex Ante evaluation and Strategic Environmental Assessment.

In 2012 the MC approved (by means of a written procedure) the TA Criteria, which complement the list of eligible actions stipulated by the OP in clarifying what actions are eligible under this PA.

Information and Publicity

All open calls launched in 2012 were widely publicised. An information session was always held by the IB or the MA (in case of Aid Schemes and Projects respectively).

Over and above the above mentioned exposure to calls, the MA promoted the achievements of the Fund in two promotional events; the Lampuki Fest organised by MRRA on 28th September 2012 and the Festa Hut organised by the Zurrieq Local Council on the 30th September 2012. The MA procured an information leaflet containing information about the Fisheries OP for Malta, which was distributed to the public by MA officials in these two events.



Figure 1. Lampuki Fest and Festa Hut held in September 2012

European Fisheries Fund

2007 - 2013 Programme

Main Objective
 The European Fisheries Fund (EFF) shall contribute to realising the Common Fisheries Policy objectives, which specifically consist of ensuring the conservation and sustainable use of marine resources.

Priority Axes and Measures
 The EFF Operational Programme for Malta is divided into the following Priority Axes and Measures:

Priority Axis 1 - Adaptation of the Community fishing fleet;
 Measure 1.1: Public aid for permanent cessation of fishing activities.
 Measure 1.3: Investments on board fishing vessels and selectivity.
 Measure 1.4: Socio-economic compensation for the management of the Community fishing fleet.

Priority Axis 2 - Aquaculture, processing and marketing of fishery and aquaculture products;
 Measure 2.1: Productive investments in aquaculture.
 Measure 2.2: Aqua-environmental measures.
 Measure 2.3: Investments in processing and marketing.

Priority Axis 3 - Measures of common interest;
 Measure 3.1: Fishing ports, landing sites and shelters.
 Measure 3.2: Development of new markets and promotional campaigns.

Technical Assistance.
 Programme Structures and Budgetary Allocation

The EFF Managing Authority is the Funds and Programmes Division within the Office of the Prime Minister whilst the Intermediate Body of the Programme is the EU Affairs Directorate within the Ministry for Resources and Rural Affairs.

The total eligible public expenditure of the Programme amounts to €11,163,105, with European Union assistance from EFF amounting to €8,372,329.

Contact
 Further information about the EFF can be obtained by contacting the Managing Authority on telephone number 22001866 or the Intermediate Body helpdesk on 22927844.

Fisheries Operational Programme 2007-2013
 Project part-financed by the European Union
 European Fisheries Fund (EFF)
 Co-financing rate: 75% EU Funds; 25% National Funds

Investing in sustainable fisheries

Figure 2. EFF Information Leaflet

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

3.1 Information on the physical progress of the priority axes¹ (Table 2: Information on the physical progress of the PA),

Priority Axis 1: Measure for the Adaptation of the Fishing Fleet			2010	2011	2012	Total
Results	<p><i>Indicator 1:</i> Number of Long Liners to be scrapped by end 2015 under this operational programme: Blue fin tuna (BFT) – 5</p> <p>Swordfish - 15 which represent the scrapping of boats adding up to a capacity of 200 GT and 1,252 Kw.</p>	Achieved	1,040.67 kW & 133.65 GT resulting in a 8.99% reduction in BFT licences according to the OP data (base year 2006) and a 3.50% reduction in swordfish licences according to the OP data (base year 2006)	988.45 kW & 104.55 GT resulting in a 6.74% reduction in BFT licences according to the OP data (base year 2006) and a 2.33% reduction in swordfish licences according to the OP data (base year 2006)	955.11 kW & 123.65 GT resulting in a 5.62 % reduction in BFT licences according to the OP data (base year 2006) and a 1.95% reduction in swordfish licences according to the OP data (base year 2006)	2,984.23 kW & 361.85 GT. A 21.35% reduction was achieved for BFT Licences, and a 7.78% reduction was achieved for swordfish licences.
		Output Target: Number of schemes launched to aid the cessation of fishing activities by Long Liners licensed to fish for Blue Fin Tuna and Swordfish - 2	1	1	1	3
		Baseline: Number of Long Liners which in 2006 were licensed to fish for BFT	N/A	N/A	N/A	N/A

¹ Data has been provided by the EU Affairs Directorate within MRRA.

		(89) and Swordfish (257). These formed part of the Maltese Fishing register of 1,404 fishing vessels - 98,529 kW; 15,166 GT				
<i>Indicator 2:</i> Number of vessels to be modernised by end 2015 under this Operational Programme – 15 vessels.	Achieved		N/A	33 Grant Contracts under the investment on board fishing vessels & selectivity were signed	N/A	33 Grant Contracts under the investment on board fishing vessels & selectivity were signed
	Output Target: Number of Schemes launched to modernise fishing vessels - 1		1	N/A	N/A	1
	Baseline: Number of vessels in the Fishing Vessel Register in 2006 which had already undertaken modernisation during the period 2004-2006 - 7		N/A	N/A	N/A	N/A
<i>Indicator 3:</i> Number of vessels with engines replaced by end 2015 under this Operational Programme – 2	Achieved		N/A	N/A	N/A	N/A
	Output Target: Number of Schemes launched to modernise fishing vessels - 1		1	N/A	N/A	1

		Baseline: Total engine power of all vessels in the Fishing Vessel Register in 2006 - 98,529 kW	N/A	N/A	N/A	N/A
	<i>Indicator 4:</i> Number of fishers having received training during the period 2007-2013 under this operational programme – 800	Achieved	N/A	827 fishers received training.	N/A	827 fishers received training
		Output Target: Number of projects for the training of fishers by end 2015 under this Operational Programme	1/2	1/2 ²	N/A	1
		Baseline: Number of fishers which had received training on professional and for occupations outside sea fishing skills during the period 2004-2006 - Nil	N/A	N/A	N/A	N/A

Priority Axis 2: Aquaculture, Processing and Marketing of Fishery and Aquaculture Products			2010	2011	2012	Total
Results	<i>Indicator 5:</i> Number of new	Achieved	N/A	N/A	N/A	N/A

² A number of modules were given in 2010 whilst the rest were given in 2011.

	species cultivated by end of 2015 - 1	Output Target: Number of projects supporting the diversification of cultivated species under this operational programme -1	N/A	N/A	N/A	N/A
		Baseline: Number of different species currently being cultivated in 2006 - 3	N/A	N/A	N/A	N/A
	<i>Indicator 6:</i> Number of fish farms having been assisted under this operational programme to export closed-cycle species by 2015 - 2	Achieved	N/A	N/A	N/A	N/A
		Output Target: Number of projects by different fish farms aimed at increasing the export of closed-cycle species under this operational programme - 2	N/A	N/A	N/A	N/A
		Baseline: Number of fish farms exporting closed-cycle species in 2006 - 2	N/A	N/A	N/A	N/A
	<i>Indicator 7:</i> Number of fish farms that undertake	Achieved	N/A	N/A	N/A	N/A
		Output Target:	N/A	N/A	N/A	N/A

	environmentally friendly initiatives by 2015 under this operational programme - 1	Number of projects undertaken by fish farms under this operational programme that have an element of environmental protection				
		Baseline: Number of environment protection projects undertaken by 2006 - 1	N/A	N/A	N/A	N/A
	<i>Indicator 8:</i> Number of existing processing and packaging facilities, modernised under this operational programme by end 2015 – 2	Achieved	2 ongoing projects	0	0	2
		Output Target: Number of schemes launched to enhance processing and packaging facilities of the aquaculture and fisheries industries under this operational programme by end 2015 -2	1	N/A	1	2
		Baseline: Number of processing and packaging facilities in place in 2006 - 5	N/A	N/A	N/A	N/A

Priority Axis 3: Measures of Common Interest			2010	2011	2012	Total
Results	<i>Indicator 9:</i> Number of ports having the necessary facilities for the landing and storage of fish – 4.	Achieved	N/A	N/A	N/A	N/A
		Output Target: Number of upgrading projects on infrastructural facilities undertaken by end 2015 under this Operational Programme - 4	N/A	N/A	N/A	N/A
		Baseline Number of ports having necessary landing and storage facilities in 2006 - 1	N/A	N/A	N/A	N/A
	<i>Indicator 10:</i> The relocation of the fish market by 2015	Achieved	N/A	N/A	1 ongoing project	1
		Output Target Number of projects addressing the relocation of fish market facilities by end 2015 - 1	N/A	N/A	1	1

		Baseline Number of fish market areas in 2006 - 1	N/A	N/A	N/A	N/A
	<i>Indicator 11:</i> A nominal increase in the national per capita consumption of fish from 2006 to 2015.	Achieved	N/A	N/A	N/A	N/A
		Output Target Number of marketing and promotional campaigns organised during the period 2007- 2015	N/A	N/A	N/A	N/A
		Baseline Average national per capita consumption of fish (kg/year) during period 2000-2006 – 6.58 Kg	N/A	N/A	N/A	N/A

Priority Axis 5: Technical Assistance for the administration and implementation of the OP			2010	2011	2012	Total
Results	<i>Indicator 12:</i> To facilitate the overall implementation of the Programme	Achieved	n+2 target reached	n+2 target reached	n+2 target reached	n+2 target reached
		Output Target: Number of studies / (ex-ante and interim)	N/A	3	N/A	3

	in order to optimise the programme's quality and efficiency, whilst ensuring effective application of Regulations and procedures.	evaluations / research undertaken (aquaculture strategy) - 3				
		Output Target: Number of FTEs working on the implementation of the OP- 5	N/A	N/A	5.5 ³	5.5
		Output Target: Number of Publicity measures undertaken by 2015 – 1	N/A	N/A	2	2
		Baseline	N/A	N/A	N/A	N/A

³ Only officials who's salary was co-financed under TA were taken into consideration

3.2 Specific Information for priority axes and measures

The Fishing Effort Adjustment Plan for Blue Fin Tuna

A Fishing Effort Adjustment Plan (FEAP) was prepared in line with Article 22 of Regulation 1198/2006 and approved in October 2010. This FEAP was updated in October 2012, before the third permanent cessation call was issued. The revisions entailed a clarification of the link between the FEAP and the EU's BFT recovery plan, updated targets and editorial changes mainly linked to the change in the management structures of the EFF Programme.

The table below is an analysis of the results in implementing the fishing effort adjustment plan using the indicators defined in the EFF OP (Version 3)⁴:

Objective	Baseline	Target by 2015	Achieved during 2012
Public aid for permanent cessation of fishing activities.	Number of Long Liners which in 2006 were licensed to fish for Blue fin tuna (89) and Swordfish (257). These formed part of the Maltese fishing register of 1,404 fishing vessels (GT 15,166; Kw 98,529).	Number of Long Liners to be scrapped: Blue fin tuna – 5 Swordfish – 15, which represent the scrapping of boats adding up to a capacity of 200 GT and 1,252 Kw.	GT scrapped - 123.65. Kw reduced from Fishing Vessel Register (FVR) - 955.11.

Table 3: Analysis of results

Through the 3rd Permanent Cessation call that was launched October 2012 and taking into consideration 2010 and 2011 figures, 2984.23 Kw and 361.85 GT of scrapping was attained. To date, a 21.35% reduction was achieved for BFT licences, and a 7.78% reduction was achieved for swordfish licences.

The Fishing Effort Adjustment Plan for Small Scale Fishing

The FEAP for Small Scale Fishing (for fishing vessels smaller than 12 metres) was also adopted in 2010. The said Plan has been implemented and a total of three small scale fishing vessels have been demolished through the first permanent cessation call.

⁴ Fisheries Operational Programme – Version 3 – November 2011

3.3. Financial information (all financial data shall be expressed in Euro)

Regions eligible under the convergence objective

Table 4: Financial Information under each Priority Axis

	Expenditure paid by the beneficiaries included in payment claims sent to the MA ⁵ €	Corresponding public contribution €	Corresponding EFF contribution €	Expenditure paid out by the body responsible for making payments to the beneficiaries ⁶ €	EFF committed by the MA ⁷ €	Total payment requested from the Commission Specify the basis for calculating the Community contribution ⁸ €	Total payments received from the Commission ⁹ €
PA1	2,584,133.69	2,474,852.75	1,856,139.62	2,653,715.77	2,068,913.74	1,856,139.57	1,856,139.57
PA2	574,822.36	197,787.73	148,340.83	366,715.60	585,004.28	126,606.03	126,606.03
PA3	1,276,538.31	1,081,812.13	811,359.10	1,140,195.18	2,235,758.57	811,359.09	811,359.09
PA4	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PA5	259,691.61	253,812.91	190,359.75	252,371.12	394,500.00 ¹⁰	187,220.58	187,220.58
TOTAL	4,695,185.97	4,008,265.52	3,006,199.3	4,412,997.67	5,284,176.59	2,981,325.27	2,981,325.27

⁵ Figures under this column include taxes.

⁶ This column includes the public contribution only.

⁷ This column includes the EFF share of the Grant Agreements with Beneficiaries under every Priority Axis, with the exception of Technical Assistance.

⁸ Article 76 (1) or 76 (2) of Council Regulation (EC) No 1198/2006

⁹ A first advance payment to the amount of EUR 586,063.03 was executed on 23rd December 2008, (bank value date). A second advanced payment to the amount of EUR 586,063.03 was requested on 17th June 2009 and was executed on 14th September 2009 (bank value date). Funds were all received by the first quarter of 2013.

¹⁰ This includes all the projections of the MA as indicated in the Database.

3.4 Qualitative Analysis

Priority Axis 1

Measure 1.1

A total of three Permanent Cessation Schemes were launched since 2010. The first call was launched in 2010, followed by another one in 2011 and the last call was launched in October 2012. Through first two schemes 15 fishers benefiting from EFF funds whilst another 5 Beneficiaries have benefitted from the third permanent cessation scheme launched on the 30th October 2013.

The five Grant Agreements signed under the third permanent cessation scheme contracted a total of € 607,170.00 in public funds (€ 455,377.50 representing the EFF contribution). By the end of December 2012, five fishing vessels and their owners' Blue Fin Tuna licenses had been permanently deleted from the Maltese Fishing Vessel Register and the BFT register respectively. The said five vessels were hoisted ashore and transported to the hard standing facility in Marsaxlokk, where they will be kept until the Superintendent of Cultural Heritage determines whether one or more of these vessels is to be retained by the state on the basis of historical and/or cultural value. The vessels that will not be retained will be demolished by the Government in line with national and EU regulations.

The Permanent Cessation Aid Scheme launched in 2012 resulted in a further reduction of 955.11 kW and 123.65 GT from the Maltese Fishing Vessel Register, and translate into a 5.6% reduction in BFT licences, when compared to the OP data (base year 2006).

When the results obtained by all three permanent cessation schemes (2010-2011-2012) are analysed collectively, it transpires that the Maltese Fishing Vessel Register has been reduced by 2984.23 kW and 361.85 GT. Furthermore, BFT and swordfish licenses have been reduced by 21.35 % and 7.78% respectively. This denotes that the targets set in the OP have been exceeded since the relevant OP indicator refers to 5 BFT and 15 swordfish long liners with a total Gross Tonnage of 200 and total engine power amounting to 1,252 Kw.

Measure 1.3

The Aid Scheme under Measure 1.3 of the OP, targeting investments on board fishing vessels and selectivity, was launched in March 2010. The measure was intended specifically to improve the existing fishing fleet through modernisation actions such as improvements of safety on board, improvements of the working conditions on board, the enhancement of hygiene, the improvement of product quality, the improvement of energy efficiency and an

increase in the selectivity of fishing gear provided that these do not increase the ability of the vessel to catch fish. A total of 33 Grant Agreements were signed in 2010, when as per the relevant OP indicator the number of vessels to be modernised by end of 2015 is 15.

As stated in the Executive Summary of this report, following a number of checks carried out by the MA all payments in relation to this scheme were suspended in 2012 and subsequently 17 irregularity reports were issued by the MA and the AA. The IB was instructed not to process any pending payments related to investments that are not deemed eligible by the MA.

In 2012 the MA and the IB had also temporarily put on hold payments related to investments in engines and gearboxes following official communication by the EC. In an exchange of letters between the MA and the Commission, the MA clarified that a number of safeguards are in place to ensure that investments co-financed by the EFF do not increase the ability of a vessel to catch more fish. The MA had also explained that the IB had engaged the services of a marine engineer to assist it in its technical checks aimed at ensuring that investments co-financed under this scheme are totally in line with Article 25 (2) of the EFF Regulation.

Measure 1.4

In 2010, a service provider was commissioned to provide training courses to fishers. The main objective of this training was to provide fishers with better knowledge of health and safety measures at sea as well as diversification of activities. Over 800 persons attended the training which started in December 2010 and continued until March 2011. A total of 827 persons were certified. The relevant OP indicator was exceeded since according to the result indicator 800 fishers had to receive training during the period 2007 – 2013 under this OP.

Financial update of Priority Axis 1

As of the end of 2012 the total amount paid under this Axis amounts to € 2,653,715.77 of which € 1,990,286.00 represents the EFF contribution. The total amount received from the EC for payments certified in 2012 was € 468,786.69¹¹.

Equal Opportunities under Priority Axis 1

The Project Selection Criteria award extra points to female employees, female owners of fishing vessels or female members of the crew in line with Article 11 of the EFF Regulation.

¹¹ This figure denotes the total amounts received by the CA for PAI.

Priority Axis 2

An Aid Scheme was launched in 2010 under Measure 2.3 (Investments in processing and marketing) to support processing facilities within the fisheries sector. Implementation for this aid scheme mainly took place during 2011. The two ongoing projects consisted of fish processing and packaging plants. As far as the aquaculture industry is concerned the issue which took most time to accomplish was finding an appropriate site for an aquaculture hatchery. An alternative site assessment for an aquaculture hatchery and spawning facility was carried out (under the EFF TA). The report served as a basis for discussion with MEPA, however the latter objected to the site identified in this study. A total public eligible cost of € 780,006 (which represents 40% of the total eligible cost of the projects), of which € 585,004.50 were the EFF contribution was contracted. The total Public Eligible amount (40% of the total cost of operations) paid as at end of 2012 amounts to € 366,715.60.

On the 9th August 2012, three Aid Schemes targeting the 3 measures under PA2 namely Measure 2.1 – Productive Investments in Aquaculture; Measure 2.2 – Aqua-Environmental Measures and Measure 2.3 – Investments in Processing and Marketing, were launched. A total of € 1.5 million was allocated to these schemes, a figure that was equally divided among the 3 schemes. Two applications were received within the deadlines and as of the end of 2012 these were being evaluated by the evaluation committee of the IB. A further application was received by the IB but this was rejected because it was received after the stipulated deadline.

The targets in relation to the indicator focusing on the number of existing processing and packaging facilities modernised under this Operational Programme ought to be reached by the end of 2013 since two facilities are currently being modernised (OP target is two). No achievement related to the other PA 2 indicators has been registered as of the end of 2012, but three Aid Schemes that cover all measures of the said Axis were launched (see above).

Financial update of Priority Axis 2

In 2012, a total of € 190, 137.26 was paid via Treasury under this Axis. This leaves the total amount paid so far under this Axis to € 366,715.26 of which € 275,036.45 represents the EFF contribution. The total of amounts verified by the MA as at end of 2012 is € 168,808.04 (€ 126,606.03 representing the EFF contribution). No amounts were requested by the CA under this Axis in 2012. The total amount received from the EC for payments requested in 2011 was € 126,606.03.

Equal Opportunities under Priority Axis 2

The Aid Scheme launched under this Measure was in line with Article 11 of the EFF Regulation (described under PA2). In fact, extra points were awarded for initiatives promoting gender equality in the fisheries industry as per the revised Project Selection Criteria.

Priority Axis 3

In 2012 the MA launched four calls under Priority Axis 3 and committed most of the budget allocated to this PA in the EFF OP.

The first restricted call for applications was launched on the 25th May 2012, and it targeted the development of new infrastructure for the proper landing and storage of fish within designated ports under Measure 3.1. This call, as all other restricted calls was launched in line with Section 2.2.3 of the Description of the MCS, which states that for projects under Measure 3.1 the MA could opt for a restricted call and invite the relevant public body to submit an application for a specific project with the MA. The MA received an application from the Fisheries Control Directorate (FCD) within MRRA, but this application was rejected. On the 20 June 2012 the Applicant was informed that the application was rejected and the reasons why it was rejected were clearly listed in the letter sent by the MA. The applicant was also informed that it could appeal the rejection by sending a request to the Project Selection Appeals Board within ten working days from the date of notification. On the 21 June 2012 the Applicant informed the Head of the MA via e-mail that MRRA would not be appealing this decision.

The MA re-issued the restricted call for the development of new infrastructure for the proper landing and storage of fish within designated ports on the 25th June 2012 and the FCD lodged an application within the deadline. The Project Selection Committee evaluated the application and the conditionality letter was issued by the MA on the 5th September 2012. The Grant Agreement will be signed in the beginning of 2013. This project relates to the indicator focusing on the upgrading of fisheries infrastructure at designated ports. According to this indicator a total of four infrastructural projects in landing sites have to be undertaken by the end of 2015. Physical achievement in respect of this target is expected as from 2013.

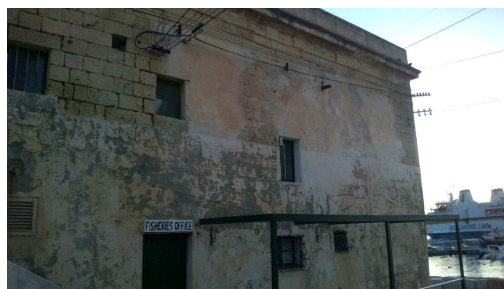


Figure 3: Landing site in Mgarr – Gozo

A restricted call for the building of a fish market and the infrastructure of a marketing and processing plant was issued by the MA on the 16th July 2012. FCD submitted an application with the MA. The application's scope included the relocation of the auction sale activity to a more modern structure that is fully compliant with the current health and safety rules. The facilities at the new fish market are designed to improve the quality of fresh fish products at point of sale by including a wholesale fish market and fish processing plant under one roof. The site chosen for the new fish market is in Marsa. The MA's Project Selection Committee awarded the project a positive score and the MA issued a conditionality letter.



Figure 4: Demolition and Construction of the New Fish Market

When FCD satisfied all conditions set by the Project Selection Committee in the Conditionality letter, the MA proceeded to the Grant Agreement stage and a Grant Agreement between the MA and the Beneficiary was signed on the 30th November 2012. The total eligible cost for the project was tagged at € 3,113, 125.00 and the total project costs valued at € 3,893,487.50 (€780,362.50 total non-eligible costs including non eligible VAT, studies and surveys and project management). As of the end of 2012 works were well under way; works completed include the demolition of the three buildings forming the whole block and carting away of all the resulting materials and debris including disposal in an approved dump and licences dump area. Excavation works have also been carried out on site. The project is planned to be concluded towards the end of 2013 and the first quarter of 2014.

As a result of the fish market project the indicator revolving around the relocation of fish markets ought to be achieved by the end of 2015. In fact, the respective result indicator reads: “the relocation of the fish market by 2015” and the output indicator states: “number of projects addressing the relocation of the fish market facilities by the end of 2015 – 1.”

On the 08 November the MA launched the call for the Promotional Campaign under Measure 3.2, thus targeting another OP indicator under PA3. This call is of fundamental importance to the Maltese fishing sector, especially because awareness of the benefits of consuming fresh fish is generally low amongst the Maltese population whilst consumption itself is largely restricted to three or four main species; BFT, Dolphin fish and Swordfish. There exists a

pressing need for the promotion of the health benefits of eating fish and even more of eating fresh fish. There is also a need to expand the consumption of some ‘underutilised’ fish species as this will, amongst other things, help ease the pressure on the main species consumed so far and decrease discards. This is especially relevant for Swordfish and Tuna, both of which are under considerable pressure in terms of fish stock.

	Total	18 - 24 yrs	25 - 34 yrs	35 - 44 yrs	45 - 54 yrs	55 - 65 yrs	65 & over
Total	400	52	72	65	65	72	74
Daily	13 3.3%	1 1.9%	3 4.2%	1 1.5%	3 4.6%	3 4.2%	2 2.7%
Between 4 to 6 times a week	20 5.0%	3 5.8%	3 4.2%	2 3.1%	2 3.1%	4 5.6%	6 8.1%
Between 1 - 3 times a week	177 44.3%	25 48.1%	29 40.3%	26 40.0%	28 43.1%	36 50.0%	33 44.6%
Around once a week	94 23.5%	9 17.3%	21 29.2%	17 26.2%	14 21.5%	15 20.8%	18 24.3%
Around once every two weeks	49 12.3%	9 17.3%	8 11.1%	10 15.4%	8 12.3%	4 5.6%	10 13.5%
Around once every three to four weeks	47 11.8%	5 9.6%	8 11.1%	9 13.8%	10 15.4%	10 13.9%	5 6.8%

Figure5: Table screen shot taken from MRRA Fish Directorate Research Report indicating the frequency of consumption in terms of age.

The MA held an Information Session in connection with this call on 20th November 2012. One application was lodged with the MA and the applicant is the MRRA. As at end of 2012, the said application was being evaluated by the Project Selection Committee of the MA.

This project is intended to achieve the OP indicator pertaining to Measure 3.2. The output indicator of this measure is the implementation of a promotional campaign organised during the period 2007 – 2015 whilst the result indicator is an increase in the national per capita consumption of fish from 2006 to 2015.

Equal opportunities under Priority Axis 3

So as to ensure that equal opportunities are well integrated in projects selected under this Priority Axis a representative of NCPE sits on the MA's Project Selection Committee. This ensures that projects selected are aligned with national policies and priorities in the field of equal opportunities.

Financial update of Priority Axis 3

In 2012, a total of € 1,095,060.76 in public funds were paid via Treasury under this Axis, of which € 821,295.57 represented the EFF contribution. This brings the total amount paid so far under this Axis to €1,140,195.18 of which € 855,146.39 represents the EFF contribution. In 2012, the amount of (public) funds verified (by the MA) to the CA under this Axis was € 1,036,677.70 (of which € 777,508.28 is the EFF contribution) bringing the total of amounts verified by the MA as at end of 2012 to € 1,081,812.13 (€ 811,359.10 representing the EFF contribution). The amount certified by the CA under this Axis in 2012 was € 1,081,812.13 (of which € 811,359.09 is the EFF contribution). The total amount received in 2012 by the CA from the EC was € 33,850.82.

Priority Axis 5

During 2012 TA was used to successfully implement the EFF OP and to make the necessary preparations for the European Maritime and Fisheries Fund (EMFF). Technical Assistance was used amongst other things to strengthen the administrative capacity of both the MA and the IB, to make the necessary amendments to the EFF Database as per the instructions of the AA and the European Commission (please refer to section 3.5.3 below), to organise the Monitoring Committee and to publicise calls launched under the Programme and the Programme in general.

For a list of all the expenditure that has been paid under this Priority Axis throughout 2012 please refer to Section 4 below.

Furthermore, the MA committed a total of € 80,000 for the drafting of the EMFF Operational Programme and the SEA and Ex ante Evaluation of the EMFF. The tender in relation to the drafting of the OP was launched by the MA on the 30th November 2012 whilst the tender in connection with the Ex Ante Evaluation and SEA of the EMFF was issued on 18th December 2012.

Equal opportunities under Priority Axis 5

In the tender documents for the EMFF Operational Programme and the SEA and Ex ante Evaluation of the EMFF the MA asked the bidders to include a description of specific actions to take into account the promotion of equal opportunities and equality in their bid.

Furthermore, in its request for quotations for the rental of venue in connection with the Monitoring Committee the MA specified that the venue should have full accessibility and facilities to persons with a disability in line with the Guidelines set by the National Commission Persons with a Disability.

Financial update of Priority Axis 5

In 2012, a total of € 135,856.06 in public funds was paid via Treasury under this Axis, of which € 101,892.10 represented the EFF contribution. This brings the total amount paid so far under this Axis to € 252,371.12 of which € 189,278.41 represents the EFF contribution. In 2012, the amount of (public) funds verified (by the MA) to the CA under this Axis was € 137,297.85 (of which € 102,973.44 is the EFF contribution) bringing the total of amounts verified by the MA as at end of 2012 to € 249,627.45 (€ 187,220.65 representing the EFF contribution). The amount certified by the CA under this Axis in 2012 was € 249,627.87 (of which € 187,220.58 is the EFF contribution) and the amounts received in 2011 from the EC amount to € 63,854.43.

3.5 Monitoring Arrangements

The setting up of an effective and efficient monitoring system ensures the adequate implementation of the OP. In accordance with Article 66 of Council Regulation (EC) 1198/2006, the MA had set up a monitoring system that permits the supervision of implementation as well as monitors the achievement of the physical and financial indicators of the Programme. In 2012 the MA also drew up and signed a Covenant with the following entities: the Department of Contracts, the Malta Environment and Planning Authority, the State Aid Monitoring Board and the National Commission for the Promotion of Equality. The scope of a Covenant with these horizontal stakeholders is the clear definition of the roles of these entities in matters pertaining to the EFF Programme. The MA also signed a Covenant with the IB so as to have the respective roles and responsibilities clearly defined and listed in one document. Same as in previous years, the MA continued to carry out its monitoring activity of the Programme, making full use of a number of tools at its disposal, in particular:

3.5.1 Day-to-Day Management

Building further on the work carried out during 2011, 2012 saw an increase in the number of on-the-spot checks carried out. Thorough checks 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 regular meetings with MA, the IB and Beneficiaries. This has allowed officers within the EFF MA to monitor closely the implementation of the operations co-financed by EFF. The MA has also started to hold internal staff meetings in order to better monitor and delegate tasks. In addition, day to day monitoring is also possible via the Database (see section 3.5.3) whereby officers are able to monitor the contracting and disbursement progress of EFF projects and Aid Schemes.

3.5.2 Monitoring Committee

According to Article 63 of Council Regulation (EC) 1198/2006, the Member State shall set up a MC for the OP. Such MC shall draw up its rules of procedure within the institutional, legal and financial framework of the Member State concerned and adopt them in agreement with the MA in order to exercise its missions in accordance with this Regulation. One MC meeting was held; on the 18th April 2012. This was the first MC steered by the FPD within the OPM as the EFF MA. The following topics were on the agenda:

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

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

3.5.3 The Database

The main and most important element of the Database is its ability to track and monitor the financial management of funds from programme to invoice level. It is a platform of information sharing between the MA, the CA, Treasury, AA, the Line Ministry and the IB.

In 2012, updates were affected to the system to reflect certain modifications being implemented for other Programmes. Furthermore, the MA engaged the services of the Government IT agency (MITA) to carry out modifications to the system as recommended by the AA in its Systems Audit for 2011. The debtors' ledger was incorporated into the system and the necessary changes that permit the Database to generate Annex III of the EFF Implementing Regulation automatically were carried out. Moreover, the Database was modified again so as to include the private share to the total eligible amount indicated in the SoE by Fund certificate issued by the System, as communicated by the EC in its correspondence addressed to the Head of the Certifying Authority dated 20th August 2012.

3.5.4 On-the-Spot (OTS) Checks

According to Article 59 of the EFF Regulation 1198/2006, the MA of an OP shall be responsible for managing and implementing the OP in accordance with the principle of sound financial management and, in particular, for verifying that the co-financed products and

services are delivered and that the expenditure declared by the beneficiaries has actually been incurred and complies with relevant Community and national rules. With regards to verification of operations, the MA carries out OTS checks on the IB, whereas the latter is bound to carry out verification checks on all beneficiaries of the Aid Schemes (Article 13 (1) of the Covenant between the IB and the MA states: “ The IB shall fulfil the obligations under paragraph 1 above by: (a) carrying out 100% administrative (ex-ante) checks in respect of each application for reimbursement by Beneficiaries; (b) carrying out on-the-spot checks (at least one physical and documentary on-the-spot check on every Beneficiary per scheme) on individual operations”).

Throughout 2012, a series of OTS checks were carried by the MA on the IB and also on final beneficiaries. Using revised templates for both on the spot checks on the IB and on the spot check on final beneficiaries, the MA carried out the following checks:

[a] On the 31 January 2012 the new MA carried out an on the spot check on the Intermediate Body, focusing on the Modernisation Aid Scheme. Following the first check M.A. officials carried out a check on the files of all Final Beneficiaries at the premises of the I.B.

[b] On the 27 July 2012 carried out an on the spot check on one of the Beneficiaries of the ongoing scheme under Priority Axis 2 [Pisciculture Marine de Malte].

[c] On the 8 August 2012 carried out an on the spot check on M.F.F. Ltd., one of the two Beneficiaries under the ongoing Marketing and Processing Aid Scheme [Measure 2.3].

[d] On the 14 and the 20 September 2012 carried out checks on the procurement of the works tender of the relocation of the fish market project at the Department of Contracts.

[e] On the 22 November 2012 carried out an on the spot check on the IB, focusing exclusively on the first permanent cessation call.

3.5.5 Intermediate Bodies Network

An IB network was established (in 2010) by the MA for Structural Funds to discuss implementation issues and also to ensure complementarity between the Funds. This forum gave entities implementing Aid Schemes the opportunity to come together to share experiences, enhance coordination as well as ensure a degree of consistency in the

implementation of measures. FPD, in its capacity of EFF MA, attended the meetings held on 2nd April and on the 30th October 2012. During these meetings, issues of common concern, such as demarcation between different Programmes, on the spot checks and findings arising from audits were among the issues discussed.

3.5.6 Mid-Term evaluation

N/A

3.5.7 Systems Audit Report

Following the Systems Audit Report issued on the 3rd November 2011 by the IAID, further improvements to the system were made by the MA during 2012. The IAID had established that the management and control systems in place at the MA are satisfactory and effective and only minor improvements are needed. The issues highlighted in the report were tackled by the MA during 2012, the main one being the generation of information (from the database) on the list of data on operations as per Annex III of Article 40 of Commission Regulation (EC) 498/2007. The Annex III report can now be successfully generated through the EFF Database by a simple click.

The Annual Control Report of 2012 is dated 28 December 2012 and this is based on the Systems Audit and the Audit on Operations carried out on the former IB. The new MA has taken action on all the issues identified by the AA in the Annual Control Report.

3.5.8 Meeting with the European Desk Officer for Malta

On the 17 April 2012 the Managing Authority and the Intermediate Body held a technical meeting with the European Commission desk officer for Malta. The EC desk officer was briefed about the Terms of Reference for the EFF Monitoring Committee, the Annual Implementation Report and the Project Selection Criteria. These documents were presented and discussed in the Monitoring Committee held on the 18 April 2012.

On the 13 November 2012 the Managing Authority and the Intermediate Body held an informal meeting with the European Commission desk officer for Malta. The MA delivered a presentation about the state of play of the Programme and presented the Managing Authority's plan of action for the months following the meeting. The MA also briefed the EC desk officer about developments in connection with Malta's preparation for the EMFF, including the EMFF OP tender and the Ex Ante/SEA tender. A representative of the Ministry for Tourism, Culture and the Environment also participated in the meeting and shared a number of project ideas that could be financed under the EMFF.

3.6 Significant problems encountered and measures to overcome them

- Capacity

In 2011, the FPD was designated to take over the role of MA as of January 2012 (as part of the consolidation process launched by the Government of Malta for the structures managing EU Funds which created the Permanent Secretariat for EU Funds within the Office of the Prime Minister). As of January 2012, the EFF Unit within FPD only had two officers working full time on the Programme.

In 2012 another three officers were recruited to work within the MA, thus increased the MA's staff complement by more than 50% from the end of 2011. As a result of this increase, by the end of 2012 five officials were working full time on the EFF within the MA.

Furthermore, in 2012 it was ensured that the IB had the required administrative capacity to implement Aid Schemes under PA1 and 2 of the EFF OP in line with the Covenant signed with the MA. By the end of 2012 four officers within the MRRA's EU Affairs Directorate were working on matters pertaining to the EFF IB.

- Technical capability

During 2012, the MA together with the IB carried out a number of on the spot checks on the beneficiaries of the Investments on Board scheme. However, due to the technical nature of the scheme, the MA and the IB did not possess the required technical expertise to carry out these checks. In view of this, it was deemed necessary to engage the services of a marine engineer to assist in these checks.

Technical expertise was also required when carrying out on the spot verifications on vessels scrapped under the third permanent cessation scheme in December 2012. A technician employed by MRRA assisted in these checks and drew up a report about every vessel verified. These technical checks complimented on the spot check reports by IB officials.

- Enhancement of the Database

As explained in section 3.5.3 of this report, the European Commission and IAID recommended to the MA to carry out a number of amendments to the Database. The MA and the IB held a number of meetings with MITA (the Government's IT agency) to ensure that all recommendations are addressed.

Over and above the above mentioned recommendations, other enhancements and updates were applied to the database throughout the year according to necessities in order to facilitate smoother operation and monitoring tasks.

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

No official recommendations were issued, as no annual examination of the Operational Programme was carried out.

3.8 Assistance Re-paid or Re-issued

N/A

3.9 Substantial modification within the meaning of Article 56 of Regulation (EC) No. 1198/2006

There were no substantial modifications within the meaning of Article 56 of Regulation (EC) No. 1198/2006.

3.10 Changes in the context and general conditions to the implementation of the Operational Programme

As stated in the Annual Implementation Report of 2011 and the introductory section of this report, as of the 01st January 2012 the Funds and Programmes Division within OPM took over the role and responsibilities as the MA whilst the EU Affairs Directorate within MRRA was assigned the duties of IB. These changes led to revisions in the Description of the Management and Control System (DMCS), which were carried out in collaboration with the new IB, the AA and the CA, and also to amendments to the Manual of Procedures. Version 2 of the Manual of Procedures can be found on the web site of the MA and also on the IB's web site.

As a result of the above mentioned changes, the PSC and the MC Rules were also revised. Both these documents were approved by the MC on the 18th April 2012.

4. The use made of Technical Assistance

Support from the EFF under the TA axis is provided for a number of measures, such as to support the effective and efficient implementation of the Programme in line with Regulations, undertake studies in relation to the operation of the EFF, capacity building measures, and carrying out studies to facilitate and support the management of the OP. The TA budget is

managed by the MA on a demand driven basis. The percentage of total TA expenditure in relation to the OP budget as at the end of 2012 amounts to 2.26 %¹². The following table lists all items paid under this PA during 2012:

Description of item:	Net Amount	VAT ¹³	Total
Hiring of Venue Monitoring Committees	€ 1430.42	€ 251.90	€ 1682.32
Government Gazette Advert for the Hiring of Venue for the 7 th Monitoring Committee	€ 15.72	€ 2.83	€ 18.55
Salaries	€ 126,662.09	€ 0.00	€ 126,669.09
Procurement of 50 reams of A4 80 GSM White Copy Paper	€ 114.00	€ 20.52	€ 134.52
EFF Database Enhancements	€ 6563.92	€ 1,181.50	€ 7,745.42
GRAND TOTAL	€ 134,786.15	€ 1,456.75	€ 136,249.90

Table 6: items paid under PA5 for 2012

The following table lists the TA funds that were contracted but that had not been paid by the end 2012:

TA used for:	Net Amount	VAT	Total
Adverts – Call for Proposals for Publicity Campaign	€ 335.07	€ 60.32	€ 395.39
Procurement of Publicity Stickers	€ 37.50	€ 6.75	€ 44.25
Advert - Malta Government Gazette – Call for Proposals for the Fisheries Operational Programme	€ 15.72	€ 2.83	€ 18.55
European Fisheries Fund Database Enhancements Agreement	€ 2, 823.32	€ 508.20	€ 3,331.52
GRAND TOTAL	€ 3,211.61	€ 578.10	€ 3,789.71

¹² The EFF's contribution allocated to the OP spent and certified under TA amounts to € 189,278.41

¹³ VAT is not eligible for EFF funding as per Article 55 (a) of the EFF Regulation.

Table 7: items not yet paid under PA5 for 2012

5. Information and Publicity

In accordance with Article 51 of the EFF Regulation, Malta shall provide information on and publicise the OP and operations and the Community contribution. The information shall be addressed to the general public and it shall aim to highlight the role of the EU and ensure the transparency of assistance from the EFF.

All calls for proposals launched during 2012, including the Guidance Notes for applicants, application forms and results were published in line with Programme documentation. During 2012, the MA worked on the setting up of a dedicated website for the EFF, which is now online and includes information ranging from regulations, publications, calls for proposals and other useful documents (https://secure2.gov.mt/fpd/links_downloads).

A list of beneficiaries and the names of the operations can be found in the following links: http://vafd.gov.mt/eur_traninit and https://secure2.gov.mt/fpd/links_downloads.

During 2012 the MA also issued the EFF Visual Identity Guidelines (VIG); a document aimed at facilitating the adherence to publicity and information obligations of Beneficiaries and other stakeholders. The VIG clearly defines the parameters and necessary requirements as requested by the EFF regulations, such as the strategic objectives of the publicity and information, the role of the MA, the beneficiaries' responsibility, co-financing and fund artwork. A link to the VIG could be found on the MA's website (https://secure2.gov.mt/fpd/links_downloads).

The MA also promoted the achievements of the Fisheries OP for Malta in line with Article 28 of the EFF Implementing Regulation in the LampukiFest organised by MRRA on the 28th September 2012 in St. Julians and also in *Festa tal-Ħut* which was held in Zurrieq on the 30th September 2012. During both events the MA handed out A5 flyers containing general information about the EFF in order to help increase the general public's knowledge about the EFF Programme (please refer to illustration above) and MA officials explained the achievements of the Fisheries OP for Malta to the general public. The overall feedback was very positive with people stopping by the MA's stand asking for more information.

6. Information about compliance with Community Law

The MA and the IB ensured that organisations that fall within the scope of the Public Procurement Regulations were in line with the relevant National Legislation in force in 2011,

i.e. Legal Notice 296/2010. Entities and natural persons that do not fall within the remit of the Public Procurement Regulations were still required to follow the spirit of the Regulations when implementing projects under the EFF Programme and Beneficiaries benefiting from Aid Schemes were still required to provide quotations so as to ensure value for money for the measures financed under the Programme. In fact, the European Court of Justice (ECJ) has confirmed in its case law that the Internal Market rules of the EC Treaty apply also to (publicly financed) contracts agreed to by Beneficiaries outside the scope of the Public Procurement Directives. The ECJ stated explicitly that although certain contracts are excluded from the scope of the Community directives in the field of public procurement, the organizations which conclude them are nevertheless bound to comply with the fundamental rules of the Treaty, including adequate advertising especially in cases of relevance to the internal market.

7. Complimentarity with other instruments

EU regulations governing the EFF 2007 – 2013 Programme, EAFRD and the Structural Funds specify that the respective strategies and Operational Programmes must set out how the different funding streams will complement each other. In Malta the MA for Structural Funds is the PPCD within the OPM, the MA for the EAFRD is the Rural Development Unit, MRRA whilst the MA for the EFF 2007 – 2013 Programme is the FPD. All these Managing Authorities come together in the Inter-Ministerial Coordination Committees (IMCCs) to ensure complimentarity between the different Programmes, to share best practises and also to ensure that there is no overlaps and cases of double funding. There are two different IMCCs: the one focusing on EU Infrastructure and Productive Funding and dealing with the EU Human Capital Investment Funding Programmes. These are chaired by the Head of the ERDF Units and the Head of the ESF Units respectively.

The EFF MA has attended both IMCCs held in 2012: on the 2nd April and 30th October. In the meetings held on the 2nd April (meetings are held back to back on the same day) a representative of the EFF MA delivered a detailed presentation about the EFF Programme.

Over and above its participation in IMCC meetings, during 2012 the EFF MA carried out a check on the list of all projects being financed under different EU Funds so as to ensure that there are no cases of double funding. No cases of double funding were identified.

The Terms of Reference of the IMCC have been amended to include the EFF IB in the list of members. The MA had informed the Secretaries of the boards accordingly on the 20 June 2012. On the 06 August 2012 the Permanent Secretary (MRRA) was asked to nominate a member and a substitute member to represent the EFF IB on these Committees and on the

07 August Dr Ing. Ciantar nominated Mr Stefan Cachia, Director EU Affairs as member and Ms Gabriella Briffa Darmanin as substitute for both committees.

7.1 Consistency with other Funds and Programmes

The above mentioned IMCC meetings are a crucial tool to avoid any double-funding instances with other funds as well as a useful forum to discuss common issues and share best practices. In some instances these EFF initiatives and other funding programmes address similar or complementary types of activities and therefore it is important that there is no overlap between actions that will be funded. In order to avoid this, the OP has taken into account the priorities and measures of the different funding programmes and has sought to address those areas exclusively eligible for funding from the EFF.

7.2 EFF and the National Strategic Reference Framework 2007-2013 (NSRF)

The link between the NSRF Strategic Objectives and the EFF focuses on two main areas namely; the issue of competitiveness of the fisheries sector and sustainable environmental development. Under the EFF OP, the importance of having a competitive sector will be actively pursued. Similarly, the importance of the physical and natural environment is underlined through the specific objectives highlighted in the National Strategic Plan (NSP) and the EFF OP. As a result, NSRF Strategic Objective 1 *Sustaining a growing knowledge-based competitive economy* and NSRF Strategic Objective 2 *Improving Malta's attractiveness and the quality of life* are consistent with the EFF OP. NSRF objective 3 *Investing in human capital* will contribute to the upgrading of human resources in the sector, particularly at the vocational level in order to make the sector a more viable career choice.

7.3 EFF and Operational Programme I Cohesion Policy 2007-2013

Operational Programme I, *'Investing in Competitiveness for a Better Quality of Life'* has two objectives: (1) Sustaining a growing, knowledge-based, competitive economy and (2) Improving Malta's attractiveness and quality of life. The central themes of the EFF OP are to improve the competitiveness of the fishing industry in a sustainable manner as well as improving the quality of life via the protection of the natural environment and the enhancement of the working environment of people in the industry.

Objective 1 of OP I is supported by Priority Axis 1 *'Enhancing knowledge and innovation'* and Priority Axis 2 *'Promoting sustainable tourism'*. The EFF OP also envisages training to fishers

under Measure 1.4¹⁴ and the development of environmentally friendly tourism activities¹⁵ as part of its thrust.

Objective 2 of the OP I is sustained through Priority Axis 3 '*Developing the TEN-T*', Priority Axis 4 '*Mitigation and Adaptation to Climate Change*' and Priority Axis 5 '*Safeguarding the environment*' and Priority Axis 6 '*Urban regeneration and improving the quality of life*'. In terms of the EFF OP there are no parallel actions taking place in terms of investment in TEN-T and mitigation and adaptation to climate change. In terms of actions to safeguard the environment, OP I is mainly focused on the development of physical infrastructure aimed at managing solid and liquid waste and storm water. With regards to the EFF OP, actions to safeguard the environment are aimed at changing behaviours and practices rather than at the development of physical infrastructure. Measures for safeguarding the environment fall within the remit of Priority Axis 2 of the EFF OP

7.4 EFF and Operational Programme II Cohesion Policy 2007-2013

Operational Programme II '*Empowering people for more jobs and a better quality of life*' has as an overall objective of raising the overall employment rate. This target will be achieved through the attainment of two operational objectives; (1) Investing in human capital and (2) strengthening the labour market structures. Investment in human capital aims at improving the quality of education and skills level of the labour force to achieve the necessary flexibility in the labour market for it to be in a better position to respond to the needs of Malta's economic growth and development. This objective includes support to enterprises to help them face the ever changing challenges of the market and sustaining a growing competitive economy. In this sense the EFF OP provides complementary supporting actions to the private sector under Priority Axis 2 '*Aquaculture, processing and marketing of fishery and aquaculture products*'.

The operational objective of strengthening labour market structures aims to increase the employment rate by ensuring that those facing difficulties or barriers to enter work or to retain employment are given the necessary support. The EFF OP aims at safeguarding jobs in the fishing industry and at increasing adaptability of the persons employed in the sector, although it has to be noted that the actions / measures proposed are not specifically designed as support to people facing difficulties to enter the work force and are thus somewhat distinct. IMCC meeting mentioned earlier also regularly monitor that no overlap or double funding takes place.

¹⁴ Measure 1.4 – Socio-economic compensation for the management of the community fishing fleet.

¹⁵ One of the Eligible Actions listed under Measure 1.4 is 'the provision of training to fishers for occupations outside sea fishing.'

7.5 EFF and the Rural Development Plan 2007-2013

The EFF and EAFRD have little in common since both objectives and target groups differ significantly. The possible exception is aquaculture in land based systems where a combination of agriculture and aquaculture development is pursued in particular for leisure/recreational purposes. However, such initiatives will not be funded through the EAFRD programme.

7.6 Concluding remarks

This report clearly denotes that 2012 was an extremely busy and productive year for the EFF and its programme bodies in Malta. Despite the change in the management structures of the Programme, the new MA and the new IB hit the ground running. Work was carried out on the Manual of Procedures, on the Description of the Management and Control Systems (which was uploaded on the SFC on February 2012) , new on the spot check templates, statement of expenditure check lists, desk based checklists, inventory template, debtors ledger, Annex III report and on the Terms of Reference for the Monitoring Committee. New projects Selection Committee and Appeals Committee members were also appointed. Moreover, since the EU Affairs Directorate within MRRA was assigned the role of Intermediate Body (IB) as from the 01 January 2012, the Covenant between the MA and the IB had to be revised accordingly and work in relation to this revision was also carried out in 2011. The new covenant was signed on 02 January 2012. Furthermore, the n+2 target for 2012 was reached and exceeded and most of the remaining budget of the Programme was committed.

The MA looks forward to building on what has been achieved throughout 2012 in the years to come and aims at Programming the whole budgetary allocation by the end of 2013. The MA will roll out calls for which there is a demand in the fisheries and aquaculture sectors so as to spend EFF funds in the most effective manner possible. In view of this objective, the MA and the IB will continue to work closely with all stakeholders to achieve the success of the Programme.