



Investing in Human Capital to Create More Opportunities and Promote the Wellbeing of Society - Operational Programme II

2014-2020

Ex-Ante Evaluation

30 June 2014

	<p>Operational Programmes I and II – Cohesion Policy 2007-2013</p> <p><i>Investing in Competitiveness for a Better Quality of Life</i></p> <p><i>Empowering People for More Jobs and a Better Quality of life</i></p> <p>Tender part-financed by European Union</p> <p>European Regional Development Fund (ERDF), Cohesion Funds and European Social Fund (ESF)</p> <p>Co-financing rate: 85% EU funds (70% ERDF, 30% ESF); 15% National Funds</p> <p><i>Investing in your future</i></p>	
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1. *Executive Summary*

Introduction

In preparation for the upcoming 2014-2020 programming period, Article 55(1) of the Common Provision (CPR)¹ obliges each Member State to undertake an ex-ante evaluation of the various operational programmes defined within the Partnership Agreement that covers all the support that will be provided through the European Structural and Investment (ESI) funds. On 31 March 2014, Malta submitted its final draft of the Partnership Agreement to the EU Commission.

This ex-ante evaluation report is being undertaken in respect of Malta's Operational Programme II (OPII) *Investing in Human Capital to Create More Opportunities and Promote the Wellbeing of Society - 2014-2020* that will be fully funded through the European Social Fund.

This ex-ante evaluation has been undertaken in parallel with the formulation of OPII. This report, therefore, is based primarily on an assessment of the draft OP provided to the evaluators by the EU Programming Unit within the Ministry for European Affairs and the Implementation of the Electoral Manifesto (MEAIM) in April 2014. In the intervening weeks leading to the finalisation of this report, MEAIM officials have provided the evaluators with revised and additional sections of the OP.

Given the strict timescales imposed for undertaking this study, the evaluators have in agreement with MEAIM limited themselves to discussions with public sector officials who were directly responsible for drafting the Partnership Agreement and the OP.

Programme Strategy

The appraisal indicates that there is a strong internal coherence within the OP. Besides having strong coherence between the specific objectives within the same priority axis, there are also a number of interdependencies across the priority axes.

In considering the relationship of the programme with other relevant instruments, the ESF OP has strong convergence points with four of the EU 2020 flagship initiatives. Furthermore, whilst there is a similar convergence with the EURES instrument, the OP could include more direct reference to the Erasmus.

The OP programme priorities and corresponding objectives are in line with the Partnership Agreement and aim to address Malta's needs and challenges. The proposed interventions are viewed on the whole to be conducive to the expected results.

Where equal opportunities are concerned, the appraisal shows that the OP includes planned measures to promote gender equality, accessibility and to prevent discrimination. More information could be included within the OP for any initiatives aimed at mainstreaming equal opportunities during the project selection and implementation.

It is proposed that the OP should include a section articulating the efforts and initiatives for sustainable development in the preparation, implementation and monitoring of the Operational Programme. In this regard the Managing Authority could incorporate the concept of sustainable

¹ REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Council Regulation (EC) No 1083/2006

development further by integrating topics such as climate change and environmental protection within different education and training programmes for persons of all ages.

Indicators, Monitoring and Evaluation

The appraisal considered the relevance and clarity of the proposed programme indicators, the appropriateness of the indicator values as well as the suitability of the performance framework milestones.

Most of the output indicators are relevant and coherent with the actions to be supported by the ESF programme over the period 2014-2020. However, there are ten output indicators that are not well defined in terms of the thematic area or intended target group, and which can give rise to ambiguity. In this regard alternative wording has been proposed. Furthermore, whilst all output indicators are closely aligned to the investment priorities and specific objectives, there are three output indicators that are not necessarily aligned with the result indicators and for this reason may not necessarily contribute towards a change in the result indicator.

All output indicator target values related to capacity building and training have broadly been established on the basis of the funds allocation being made to the investment priority coupled with the average costs resulting from the 2007-2013 programme. Target values for supporting actions have in the main been established on the basis of specific actions being identified. But there are a few indicators for which the rationale needs to be specified.

Result indicators were assessed for their relevance, clarity and measurability. The entire ESF programme is built around 4 specific result indicators that have been applied across the different investment priorities and priority axes. From a programme monitoring perspective one would need to ensure data integrity as a result of the common use of programme-specific result indicators across the priority axes. Some other minor changes to the definitions of the result indicators have also been proposed in order to ensure consistency across the programme.

Result indicator target values have been established based on the results achieved for the 2007-2013 programme. This rationale is valid. But during the programme implementation, it is recommended that the indicators are assessed to consider whether the targets set should be adjusted to reflect the success of the programme.

Five output indicators have been defined for the performance framework. Their 2018 targets have been established based on the ESF certified amounts up until 2011 incurred in the 2007-2013 programme. These target values for output indicators may not necessarily reflect the pace necessary to achieve the intended overall programme outputs.

As regards financial indicators are concerned, the OP is targeting to have €28.7m decommitted by 2018 based on the estimated ESF funds to be certified in 2014 and 2015. At an individual priority axis level, one notes that the milestones have been computed on the basis of the % allocation of the overall funds available. This approach is valid on the assumption that programme planning and execution in 2014 and 2015 will be relatively balanced across the different priority axes.

Consistency of Financial Allocations

Malta's key challenges include its low labour market participation, a very high early school leaving rate, and low tertiary education levels. These need to be urgently addressed, particularly since they are also key drivers for Malta to achieve its RTDI objectives and further diversify the economy. Like the rest of the EU, Malta also has social inclusion issues to address, particularly since the level of vulnerable persons falling within the poverty trap is on the rise. The appraisal indicates that the amount of allocations for each specific objective and investment priority is consistent and addresses these national priorities.

One notes that at this preliminary stage there are no financial instruments being considered for OPII and any interventions will be supported entirely through grants. This approach appears robust. However this position should be reassessed during the course of the programme implementation.

The financial plan for the ESF OP is regulated by Article 4 of the ESF Regulation relating to the thematic concentration. One notes that 30.2% of ESF funds have been allocated towards thematic objective 9 - *Promoting social inclusion, combating poverty and any discrimination*. This allocation is in line with Article 4(2) of the relevant ESF Council regulations that imposes a minimum allocation of 20%. Furthermore 71.8% of the ESF funds are concentrated across five of the investment priorities set out in Article 3(1).² On this basis the ESF thematic concentration regulations have been applied.

Contribution to Europe 2020 Strategy

The evaluation further appraised the contribution of the OP to the Europe 2020 Strategy of achieving smart, sustainable and inclusive growth, having regard to the selected thematic objectives and priorities, taking into account national and regional needs.

For this purpose, the four Priority Axes identified under OP were assessed for their contribution towards the three overriding Europe 2020 priorities of smart, sustainable and inclusive growth. The results of this analysis concluded that all these overriding priorities are being addressed through the Priority Axes.

This assessment also involved appraising to what extent OP II is working towards the achievement of the Europe 2020 targets for employment, education, climate change, social inclusion and R&D within the local context. Results concluded that the targets for employment, education and social inclusion will directly be addressed by all four Priority Axes of this OP, whilst targets for research and development and climate change and energy are also expected to be addressed indirectly through this OP. Hence, overall Prior Axes identified under this OP are expected to contribute towards the Europe 2020 Strategy.

Programme Implementation Measures

The OP recognises the need for the effective management, control and implementation of EU funds and commits to the strengthening and consolidation of expertise within the relevant entities. By building on the structures in place for the 2007-2013 programme, the adequacy of human resources and administrative capacity would appear suitable. However, the OP lacks further details to allow a proper appraisal of human resource adequacy.

Whilst the OP identifies the key Government bodies involved in the preparation of the programme, it is proposed , to also include the process adopted in this regard.

The monitoring and evaluation framework to be adopted is expected to be modelled along the same lines as that currently in place for the 2007-2013 programme. The plans to provide training and the adoption of guidelines are good practices that will undoubtedly contribute towards ensuring the quality and consistency of data across the programme.

The planned measures to reduce administrative burden appear to be mainly related to the application, selection, procurement and payment stages. There is limited reference being made to measures aimed at reducing burden during the monitoring, reporting, and evaluation stages as required by Article 4(5) of the CPR. It is recommended that the Managing Authority adopts an appropriate mechanism to be able to monitor measures undertaken to alleviate the administrative burden on beneficiaries.

² Article 4(3) of ESF Regulation - Regulation of the European Parliament and of the Council on the European Social Fund and repealing Council Regulation (EC) No 1081/2006 – 9 December 2013