1. BASIC INFORMATION

1.1. Désirée number: MT-01-02
1.2. Twinning number: MT2001/IB/SPP-01
1.3. Title: Special Preparatory Programme to the Structural Funds
1.4. Sector: Regional Policy (Management of the Structural / Cohesion Funds)
1.5. Location: Malta

2. OBJECTIVES

2.1. Wider Objective

To assist the Maltese Government in strengthening the institutional framework and administrative capacity in order to effectively co-ordinate, manage and implement the Structural and Cohesion Funds, including the pre-accession funds which are currently available to Malta.

2.2. Immediate Objectives

- To enhance the knowledge of Maltese officials concerning the rules, procedures and practicalities of implementation in accordance with the relevant EU Regulations, in order to promote the required adjustments (in administrative capacity and procedures) which would guarantee an efficient management and utilisation of the structural instruments.
- To develop capacity in project design and capacity.
- To support the co-ordination structure at national level.
- To support the programming and management of pre-accession instruments.
- To assist in the finalisation of the National Development Plan.
- To assist in the drafting of an operational programme under objective 1 conditions (sector to be identified later on).
To improve the knowledge of the Maltese authorities with respect to the responsibilities concerning evaluation, monitoring and reporting and provide training accordingly on the procedures and techniques.

2.3. Accession Partnership and NPAA priority

2.3.1. Accession Partnership

- **Economic and Social Cohesion**: Develop a national policy for economic and social cohesion with a view to diminishing internal disparities and preparing for structural funds implementation including pluri-annual budgeting procedures and establishing structures for monitoring appraisal and evaluation.

2.3.2. NPAA (Regional Policy)

- Establish the necessary administrative infrastructure within Government that will ensure an effective implementation and absorption of the funds.
- Develop a national plan for economic and social cohesion that will include priority needs together with the strategy, the planned action priorities, their specific goals and related indicative financial resources.
- Continue the training of public officials
- Establish and implement appropriate systems in order to ensure accountability and transparency in the use of funds.

3. Description

3.1. Background and Justification:

The necessary institutional framework for the participation of Malta in the EU structural policy is being set up. The new set-up within the Office of the Prime Minister will ensure effective inter-ministerial co-ordination and sound management at the level of programming and implementation.

The last Regular Report published by the Commission states that “… urgent and substantial efforts are required … and … there is the need to start preparing appropriate arrangements for programming, monitoring and evaluation of the structural funds… Training for those officials responsible for implementing projects within the spending ministries is also needed.”

Technical assistance is required for the preparation of the country in order to achieve efficient management of the structural funds. Technical assistance will be required to meet institutional building and training needs.

Concerning the legislative aspect, there is nothing in Malta’s legal framework that hinders the implementation, however technical expertise is necessary in this
area in order to review and explore the possibility of consolidating relevant aspects of legislation, particularly those pertaining to budgetary and financial control.

### 3.2. Linked Activities

A training seminar for Nationals of Internal Financial Control Organisations in Cyprus and Malta, Brussels 5-6 March, 2001. The seminar is financed by the European Commission.

A *twinning light* project is envisaged for the formulation of the National Development Plan. Terms of Reference are being drawn up by the Ministry for Economic Services and funding is available under project MLT004/99 financed under the Fourth Financial Protocol with Malta.

Phase II is envisaged under pre-accession 2002. This component would be an investment project (sector to be identified) which would be implemented under the structural /cohesion fund (objective 1) conditions. Its objective will be for the Maltese Authorities to gain direct experience with the operational and implementation aspects of an objective 1 programme.

### 3.3 Results

- Trained officials with respect to the rules and procedures concerning the implementation and management of the structural / cohesion funds.

- The establishment of operational units within the relevant Ministries to deal with the obligations under the Regulations

- The relative legislative amendments (financial control / budgetary issues) drafted.

- Trained officials on programming techniques, project development, contracting,

- An action plan on how best to carry out the monitoring and evaluation requirements as laid down in Articles 34 to 37 and 40 to 43 of Council Regulation 1260/99 in particular as far as ex-ante evaluation and the collection and processing of the relevant statistical information and indicators are concerned.

- The national development plan finalised.

- An objective 1 operational programme based on the national development plan.

- A functioning IT system – adapted to the structures of Malta and based on meeting the obligations under the Regulations.
Direct experience in the programming and development of an objective 1 programme on the basis of the National Development Plan. The structure of the programme will include an analysis of the needs and potential development of the zone/sector in which development measures will be undertaken, the identification of the appropriate instruments of intervention and the selection of projects for integrated development.

3.4 Activities

This project is based on receiving twinning assistance from an EU Member State. The twinning assistance will be instrumental in supporting the national co-ordination structure. The project is expected to deliver the following:

- A PAA to work closely with and advise the Regional Policy Directorate and other Line Ministries on issues pertaining to the strengthening of administrative capacity – on how to make the system Malta has adopted work efficiently and effectively. Preferably the PAA will have a sound background (experience) in programming and overall management of the structural/cohesion funds.

- Advise on the formulation of a regional policy for Malta.

- Advise on issues pertaining to rules, regulations and practicalities of the structural/cohesion funds regulations. This includes the provision of short-term training in Malta.

- Assistance in the drawing up of a focused training strategy. This includes assistance in identifying short-term placements for officials, social/economic partners and representatives of local government.

- Assistance in the finalisation of the national development plan.

- The co-ordination of short-term assistance which will be directed at building the administrative capacity of the line Ministries involved in the day-to-day management of the funds and the Paying Authority located at the Ministry of Finance.

- Assistance and general training for the Maltese national administration to improve the knowledge of structural and cohesion funds rules/procedures/practicalities.

- Specific training on programming techniques, implementation, monitoring, evaluation and control methods.

- Specific training in project development (also with respect to pre-accession funds).

- Assistance in the programming of pre-accession instruments including the drafting of an operational programme (under objective 1 conditions) which
will then be implemented through the pre-accession facility for Malta. This includes advice and assistance to the line Ministry (target sector still to be identified) concerning preparatory activities / feasibility studies) that will need to be in place prior to implementation.

- Assistance in developing appropriate evaluation methods.
- Advice on the establishment of a co-ordination structure at national level dealing with all aspects of structural fund operations, which is supposed to work in close co-operation with all Ministries and Partners involved.
- Assistance in the design of an appropriate IT system which would address inter-ministerial co-ordination, monitoring, reporting and evaluation.
- Advice on the drafting and finalising of an operational programme under objective 1 conditions based on the National Development Plan.
- Short-term activities with Member States’ experts with respect to the preparation of line Ministries (particularly the Ministry for Social Policy, the Ministry for Agriculture and Fisheries and the Ministry for Economic Services) for the day-to-day management of the different funds. Other key players such as the Ministry of Finance, the Internal Audit Directorate and the National Audit Office will also be included in such actions (which could include also study visits).
- General training (in terms of workshops and seminars) for the social and economic partners and representatives of local government.

4. **Institutional Framework**

Malta’s regional policy framework has been designed to consolidate and build on existing competencies. The structures respect the mandates of Ministries with regards to their explicit or implicit sectoral responsibility for regional policy.

The primary objective of this administrative infrastructure is to guarantee the success of Malta’s ability to use the structural instruments effectively and efficiently. The framework will strengthen Malta’s administrative capacity to fulfil the mandatory criteria of programming, inter-ministerial co-ordination, partnership, monitoring, evaluation, reporting, and information and publicity as defined by the regulations. The interaction between the different ministries and agencies is indicated in the organigram.

**The Regional Policy Directorate** within the Office of the Prime Minister will be responsible for the overall management and co-ordination of regional policy. It will act as the overall managing authority in line with Article 9 (n) of Regulation 1260/99 and will have the overall responsibility for programming, project selection and negotiation of the Community Support Framework or Single Programming Document with the Commission.
The Regional Policy Directorate will service the Inter-Ministerial Committee on Regional Policy.

The Inter-Ministerial Committee will provide input to the Regional Policy Directorate and will be responsible for achieving the necessary inter-agency co-operation in programme development, monitoring and co-ordination. Its membership will be drawn from the Offices of Review in the various line Ministries. The Offices of Review are responsible for EU co-ordination and management of change, thus making the regional policy responsibilities complementary to their mandates.

The Economic Policy Division within the Ministry for Economic Services will be responsible for co-ordinating the day-to-day management of the ERDF.

The Ministry for Social Policy will be responsible for the management of the European Social Fund (ESF).

The Ministry for Agriculture and Fisheries will be responsible the day-to-day management of the EAGGF and the FIFG.

The Ministry for Transport and Communications will be responsible for all transport projects earmarked for funding under the cohesion fund.

The Ministry for the Environment will be responsible for all environment related programmes / projects.

The Ministry of Finance has been designated as the Paying Authority.

The Internal Audit Directorate within the Cabinet Secretariat of the Office of the Prime Minister will be responsible to carry out the necessary internal audit procedures in line with established EU criteria. Moreover, the IAD will also function as the National Certifying Agency for the management and control systems of IAOs, as well as the national interlocutor with DG OLAF and DG Budget regarding on-the-spot inspections, joint audits and the protection of the EU’s financial interests.

The National Audit Office will be responsible for the external audit function.
Management For Regional Policy (Management of Structural / Cohesion Funds)

Overall Management

Prioritie

Cabinet

Regional Policy Directorate @ OPM

Project Selection

Overall Responsibility

Inter-Ministerial Co-ordination

Inter-Ministerial

FIFG / ESF ERDF Cohesion Fund

Ministry of Agriculture Ministry for Social Ministry for Economic Ministry of Services

Implementing

Day-to-Day Management
5. **Budget**

5.1. **Budget Phase I**

<table>
<thead>
<tr>
<th>Type of activities</th>
<th>EU funding</th>
<th>Malta funding*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Institution Building</td>
<td>485,000</td>
<td>55,000</td>
<td>540,000</td>
</tr>
<tr>
<td>3. Equipment</td>
<td>15,000</td>
<td>23,000</td>
<td>38,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>500,000</strong></td>
<td><strong>78,000</strong></td>
<td><strong>578,000</strong></td>
</tr>
</tbody>
</table>

(*) These funds are foreseen under the 2001 budget. More funds may be committed for the project by the Maltese government in the coming years however this cannot be shown since the Maltese budgetary system commits and disburses in the same year.

6. **Implementation Arrangements**

6.1. **Implementing Agency**

The overall implementing /co-ordinating agency for the SPP will be the Regional Policy Directorate within the Office of the Prime Minister.

**Other arrangements**

The Economic Policy Division within the Ministry for Economic Services will be responsible for implementing any activities which deal with the finalisation of the National Development Plan and the day-to-day management of the ERDF.

The Ministry for Social Policy will be responsible for the implementation of any activities dealing with the ESF.

The Ministry for Agriculture and Fisheries will be responsible for the implementation of any activities dealing with the EAGGF and the FIFG.

The Ministry for Transport and Communication and the Ministry for the Environment will be responsible for any activities, which concern them (particularly those concerning the cohesion fund).

The Internal Audit Directorate (IAD) will be responsible for activities related to financial control. The IAD will be responsible for activities related to the a priori examination of financial and non-financial systems, controls and procedures and to ex-post performance auditing to the same activities.

The National Audit Office will be roped in for activities which concern external financial control.
The Ministry of Finance will be responsible for the implementation of those activities which concern the administrative capacity of the Paying Authority and budgetary capacity. The International Relations Directorate is the designated authority to act as National Fund.

The Malta Statistics Authority will be responsible for providing the necessary support in the area of statistics.

The Ministry for Gozo will be responsible for those activities concerning and/or taking place in Gozo.

The Department of Contracts and the Accountant General within the Ministry of Finance, acting as the CFCU, will be responsible for any tendering / contracting and payments respectively in accordance with the Commission procedures laid down in the Practical Guide to EC External Aid Contract.

The implementation of I.T. related projects will include MITTS, the Government in-house agency responsible for IT.

6.2 Twinning

A twinning arrangement will be sought for the majority of the activities. General technical assistance and training activities will be contracted through the relevant procedures.

The PAA will be located at the Regional Policy Directorate. The duration of the stay of the PAA will be from November 2001 till November 2002.

6.3 Non-standard aspects

The twinning covenant is the main focus of this project, which covers the costs of the PAA and the relevant short-term expertise.

One supply contract is envisaged with respect to the activities concerning the IT activities.

7. IMPLEMENTATION SCHEDULE

7.1 Start of Tendering Phase I

April 2001 (circulation of request for twinning arrangement).

7.2 Start of Project Activity

7.3 **Project completion**

November 2002.

8. **EQUAL OPPORTUNITY**

The Government of Malta is an equal opportunity employer.

9. **ENVIRONMENT**

Not applicable.

10. **RATES OF RETURN**

Not applicable.

11. **INVESTMENT CRITERIA**

11.1 **Catalytic Effect:** The EU pre-accession funds will help strengthen the administrative capacity of Malta in its preparation for the use of the structural / cohesion funds.

11.2 **Co-Financing:** National funds have been allocated for the year 2001. The funds to be used in 2002 will be committed at the end of 2001. Apart from the co-financing element mentioned under section 5, the national funds will cover the costs of maintaining the office of the PAA.

11.3 **Competition:** Services and equipment will be procured in line with the relevant regulations.

12. **CONDITIONALITY AND SEQUENCING**

The implementation follows a pre-defined sequence commencing with the setting up and the recruitment of the necessary staff for the Regional Policy Directorate.

The implementation of I.T. related activities will necessitate that the contractor to co-ordinate closely with MITTS. MITTS is the Government in-house agency responsible for the development and maintenance of the I.T. systems the entire public administration.

**Annexes**

I. Logframe planning matrix
II. Cost breakdown
III. Summary detailed time implementation chart for the project
IV. Cumulative contracting and disbursement schedule of EU funding
V. Reference to feasibility / pre-feasibility studies
### LOGFRAME PLANNING MATRIX

**Programme name:** Special Preparatory Programme – Regional Policy  
**Project Number:**  
**Date of drafting:** January / February 2001

<table>
<thead>
<tr>
<th><strong>Wider Objectives</strong></th>
<th><strong>Immediate Objectives</strong></th>
<th><strong>Indicators of Achievement</strong></th>
<th><strong>Source of Verification</strong></th>
<th><strong>Assumptions and Risks</strong></th>
</tr>
</thead>
</table>
| To assist the Maltese Government in strengthening the institutional framework and administrative capacity in order to effectively co-ordinate, manage and implement the structural and cohesion funds, including the pre-accession funds which are available to Malta. | To enhance the knowledge of Maltese officials concerning the rules, procedures and practicalities of implementation in accordance with the relevant EU regulations in order to promote the required adjustments (in administrative capacity and procedures) which would guarantee an efficient management and utilisation of the structural funds. | • Better understanding of the EU structural / cohesion policy.  
• Decisions on the setting up of the appropriate units in the relevant Ministries. | • Commission Regular Report October 2002.  
• Departmental annual report.  
• Commission evaluation reports | • Adequate resources (human and financial) available. |
| Contracting period expires: October 1, 2003 | To support the co-ordination structure at national level. | | | |
| Disbursement period expires: October 1, 2004 | To support the programming and management of pre-accession instruments. | | | |
| Total Budget: Euro 578,000 | To assist in the finalisation of the National Development Plan. | | | |
| EU contribution 2001-2002: Euro 500,000 | To assist in the drafting of an operational programme under objective 1 conditions (sector to be identified). | | | |
| | To improve the knowledge of the Maltese authorities with respect to the responsibilities concerning evaluation, monitoring and reporting and provide training accordingly on the procedures and techniques. | | | |

- Increase of knowledge concerning rules, procedures and practicalities with respect to the management of the funds.
- Increased inter-ministerial co-ordination.
- Improvement in the programming phase with respect to pre-accession funds.
- New approach to national development planning.
- Experience in the drafting of an operational programme.
- Knowledge on the responsibilities of the national authorities with respect to evaluation, monitoring and reporting.

### Annex I
<table>
<thead>
<tr>
<th>outputs</th>
<th>Indicators of achievement</th>
<th>Source of verification</th>
<th>Assumptions and risks</th>
</tr>
</thead>
</table>
| • Better prepared officials with respect to the rules and procedures concerning the implementation and management of the structural / cohesion funds. | • Trained officials.  
• National structures in place and operational.  
• The development plan in place.  
• Operational programme in place with all the preparatory documented. | • Commission evaluation reports.  
• Pre-Accession programmes 2002 /2003  
• The Development Plan | • Adequate human resources in the different Ministries.  
• Commitment to cooperation and an integrated approach to development within the administration.  
• Provision of adequate Government funding under the 2002 budget. |
| • Enhanced capacity at the national level (regional policy directorate and other core line Ministries) with respect to the management of funds. |  |  |  |
| • Enhanced capacity within the structures responsible for the programming and management of the pre-accession funds, particularly with respect to the implementation of EDB. |  |  |  |
| • The finalisation of the national development plan. |  |  |  |
| • Direct experience in the programming and development of an objective 1 programme on the basis of the national development plan. |  |  |  |
| • A clear picture of the responsibilities of the various national authorities with respect to evaluation, monitoring and adequately trained officials. |  |  |  |

<table>
<thead>
<tr>
<th>Inputs</th>
<th>budget</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
</table>
| • Twinning assistance. | From pre-accession funds  
Euro 485,000 for Institutional building  
Euro 15,000 for equipment | • Approval of EU funding..  
• Submissions by Member States of a twinning proposal to suit Malta’s needs. |  |
### SUMMARY DETAILED TIME IMPLEMENTATION CHART FOR THE PROJECT

**Title:** Special preparatory Programme – Regional Policy

<table>
<thead>
<tr>
<th>COMPONENT</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Components</td>
<td>D D D D D D C C C C I I I I I I I I I I I X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **D** = Design
- **C** = Contracting
- **I** = Implementation
- **X** = Closure
### CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE OF EU FUNDING

**Title:** Special Preparatory Programme – Regional Policy

All figures in million Euro

<table>
<thead>
<tr>
<th>Date</th>
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<th>Disbursed</th>
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<tbody>
<tr>
<td>01/06/2001</td>
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<td></td>
</tr>
<tr>
<td>01/09/2001</td>
<td>0.200</td>
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</tr>
<tr>
<td>01/12/2001</td>
<td>0.400</td>
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</tr>
<tr>
<td>01/03/2002</td>
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<td>01/09/2002</td>
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<td>0.500</td>
</tr>
<tr>
<td>31/12/2002</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annex IV

RERERENCE TO
FEASIBILITY / PRE-FEASIBILITY
STUDIES

* A study on the setting up of a regional policy framework for Malta commissioned by the Office of the Prime Minister and the Ministry for Gozo, April 2000

* A proposal on an administrative infrastructure for Malta commissioned by the Office of the Prime Minister, August 2000.