



# FI funded by ESF – Further Studies Made Affordable (FSMA)

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 #ficompass



# Operational Programme II



- The FSMA financial instrument is being implemented within the context of Operational Programme II
- The overall objective of Operational Programme II is to invest in human capital to create more opportunities and promote the wellbeing of society
- This is being achieved with initiatives funded under 4 different Priority Axes:
  - PA I – Investing in the employability and adaptability of human capital
  - PA II – Towards a more inclusive society
  - PA III – Investing in people through Education, Training and Lifelong Learning
  - PA IV – Building the Institutional Administrative Capacity

To achieve this objective Malta was granted **EUR 132m**



# Operational Programme II



- The main goal of Priority Axis 3 (PA 3) is to *improve the educational experience and its relevance to the labour market with the aim to limit the number of young people that leave education too early.*
- Initiatives implemented under PA 3 seek to *empower the future workforce by adapting to new conditions, reduce unemployment and raise productivity through an improved educational experience, by providing opportunities to further and higher education.* Thus, contributing towards the Flag Ship Initiative of *An Agenda for new skills and jobs* and towards the Europe 2020 employment target.
- The PA is directly contributing towards:
  - The reduction of school drop-out rates to levels below 10% and,
  - At least 40% of 30-34-years olds completing third level education



# Operational Programme II cont.



- Notwithstanding that as at 2018, the rate of the population aged 30-34 years old having completed tertiary education has reached 34%, continuous effort is still needed to reach the EU target of 40% whereas the rate of early school leavers in Malta is still quite high at 17%
- In this regard, various tools have been adopted such as:
  - Free education at various levels
  - Provision of stipends at post-secondary and tertiary levels
  - Job Placement Schemes
  - Funding to assist Maltese students to further their studies abroad or through distance learning
- Through out the years the number of scholarships awarded in Malta has increased drastically as a result of the availability of EU Funding assistance. However, a proportion of those who apply do not have access to these sources of finance and thus need to be supported through other measures. In this regard, an ex-ante assessment was carried out.



# Ex-ante assessment



- An ex-ante assessment was carried out to identify the main causes and extent of the market failure in vocational and professional areas as well as calculating the current financing gap between the existent scholarships/financial support at tertiary level or equivalent
- The ex-ante assessment confirmed an existing market gap with respect to access to finance for students in Malta, in fact the study shows that:
  - Non-repayable grants do not meet the current and estimated demand, resulting in several applicants not receiving a grant to continue to study
  - Alternative forms of assistance, through private sources, are insufficient
  - Current available financial products are not sufficiently attractive
  - Progress is still required for Malta to reach the EU2020 educational targets



# Ex-ante assessment



- The study also led to the identification of different types of measures and FIs which could target the identified market gap.
- The study has reinforced popular perceptions that students in Malta remain greatly dependent on non-repayable assistance. Students indicated direct grants and scholarships as their most preferred finance options, followed by tax credits, with finance (solely) through bank loans being the least popular.
- Generally, the Maltese residents are more cautious with regards to student loan take-up, notwithstanding the existence of various products offered through commercial banks.
- The study also showed that the assistance provided through scholarships and grants does not always cover all the study related expenditure, especially for certain types of courses.



# Ex-ante assessment



Conclusions and recommendations of the study:

- Since, experience in the utilisation of FIs that are financed by ESF and applied, to financially assist students to continue study was very limited and that it was expected that students in Malta will continue to prefer non-repayable grants over repayable loan products, a ***pilot project*** was considered to be the most advantageous.
- The FSMA (*Further Studies Made Affordable*) Financial Instrument is being funded under Priority Axis 3 – “*Investing in People through Education, Training and Lifelong Learning*” with an allocation of €2 million.



# FI – FSMA



- The Financial Instrument under ESF was established to support students in pursuing their studies for accredited courses in MQF levels 5, 6, 7 and 8 as well as other internationally-recognised certificates.
- The instrument is being implemented in collaboration between the Managing Authority (MA) and the Malta Development Bank (MDB).
- The FSMA was launched in October 2019.
- The financial instrument together with the scholarships which are being offered under this PA will encourage further uptake in tertiary education and beyond in different areas of study with the aim to have better equipped individuals who can compete at an international level.





# FI – FSMA



- These measures provide an opportunity to persons who are already in employment but consider to participate in tertiary education programmes. In this regard, students opting for one of these measures have the opportunity to study through distance learning and/ on-line learning.
- Through the Financial Instrument, disadvantaged groups are given the possibility, in view of the wide eligibility and scope thereof, to potentially widen their opportunities and acquire new knowledge which can support them in moving forward in their career choices.
- The designated body implementing the FI in Malta is the Malta Development Bank (MDB) who has been engaged to carry out functions on behalf of the Managing Authority. This is in line with Article 38(4)(b) of Regulation 1303/2013.



