1. Basic Information

1.1. CRIS Number: 2002/000.610-15
1.2. Title: Human Resource Development Grant Scheme
1.3. Sector: Economic and Social Cohesion
1.4. Location: Slovak Republic

2. Objectives

2.1. Overall Objectives:
To prepare the Slovak administration for the effective use of European Social Funds (ESF), in combating and preventing unemployment, in developing human resources and in promoting social integration and labour market flexibility.

2.2. Project purpose:
To strengthen the administrative processes and the absorption capacity needed to implement the Sectoral Operational Programme for Human Resources Development (SOP-HRD) contained in the National Development Plan (NDP) at local and regional levels.

2.3. Accession Partnership (AP) and NPAA priority:
The Project will contribute towards the achievement of the priorities of the AP and NPAA in the following areas

AP priorities in Social Policy and Employment:
- Complete transposition and ensure implementation of the social acquis, in particular in the field of health and safety at work, as well as equal treatment of women and men. Strengthen the related administrative and enforcement structures, including the labour inspectorates. Adopt legislation against discrimination and develop a timetable for its implementation;
- Continue to support social partners' capacity building efforts, in particular with a view to their future role in the elaboration and implementation of EU employment and social policy, including the European Social Fund, notably through autonomous bipartite social dialogue;
- Prepare a national strategy, including data collection, with a view to future participation in the European strategy for social inclusion.

NPAA priorities in Employment, European Social Fund:
- Implement re-training programmes to ensure a link between the requirements of the labour market and the qualification structure of the registered unemployed and employees, including disabled unemployed persons;
- Prepare a Regional pilot re-training programme;
- Support the preparation and implementation of programmes for the development of regional and local employment;
- Prepare a Report - overview of the employment policy with view to the European employment strategy;
- Prepare an employment strategy and implement the National Employment Plan.

2.4. Contribution to National Development Plan:
The project will contribute in general towards the implementation of the National Development Plan in those measures intended to create employment, reduce
unemployment, improve labour market flexibility, increase social integration and promote equality.

In particular however, the project will focus directly on some of the priorities and measures identified in the SOP-HRD. These priorities and measures will serve as a basis for defining the activities that will be supported and will also provide a basis for determining the indicators that will be used to determine the success and effectiveness of the programme.

The current SOP-HRD identifies four priorities with supporting measures. The HRDGS will contribute to the achievement of the following priorities of the SOP-HRD –

**Priority 1 –**
Stabilisation of labour market and decrease of unemployment in regions whose development has lagged behind for many years

**Priority 2 –**
Increased flexibility of labour market in the regions

**Priority 3 –**
Support of marginalised groups

**Priority 4 –**
Support the development of the educational system

3. Description

3.1. Background and Justification:
The ‘National Plan of Regional Development of the Slovak Republic’ (NDP) is the basic medium-term programming document in Slovakia until 2006. It is also the basis for receiving funding from EU pre-accession funds and post-accession will be the basic programming document for Structural Funds. The NDP was approved by government on 15/3/01 (Government Decree No 240/2001) and published in June 2001.

Following discussions with the Commission, the Slovak authorities are currently reviewing the NDP. This review is expected to be completed by the end of 2002. It has also been decided that the NDP will consist of 1 ROP and 5 SOP.

The Slovak government has also designated the Ministry for Construction and Regional Development (MCRD) as Managing Authority for the CSF.

The Managing Authority for the SOP-HRD will be the Ministry for Labour, Social Affairs and Family.

In the run up to accession, additional assistance will be provided focused on institution building capacity for the management and implementation of Structural Fund Programmes.

Under this project, it will be established a Human Resources Development Grants Scheme. This grants scheme will make funds available for the implementation of the
SOP-HRD. During the period over which this grants scheme will operate (2003-5), it is likely that Slovakia will become a Member State of the EU and will therefore become eligible for Structural Funds.

As delivery mechanisms, grant schemes are suitable for strengthening regional and local capacity. It is possible, through a grant scheme to fund a large number of small projects that are distributed across a number of regions and which are within the financial means of local beneficiaries. The rules by which grant schemes operate ensure transparency, accountability and spread the responsibility for project selection over a wider range of people and institutions.

It is intended to use the Human Resources Development Grant Scheme (HRDGS) to strengthen, and test, the procedures and absorption capacity that will be required for the management and implementation of projects funded by ESF at regional and local level. The mechanisms put in place to administer the HRDGS will, in so far as it is possible under Phare rules and regulations, imitate those used to manage ESF, post-accession. Parallel grant schemes are also being prepared by the Ministry of Economy and the Ministry for Construction and Regional Development. Collectively these grant schemes will contribute towards the establishment of the structures needed to manage Structural Funds at a regional and local level.

It is important to point out that the project is not intended as a comprehensive institution building exercise for central management, administration and control at Ministry level. This will be one of the roles of the project entitled Development of the Institutional Framework and Administrative Capacity for Programming and Implementation of Structural Funds (SR0107.01). This Grant Scheme should be seen as complementary to such an exercise, with the emphasis on developing capacity at regional and local level and on creating the necessary platform at that level that will be necessary for the absorption of funds through the medium of projects and initiatives that will qualify for ESF funding. In addition of course, the project will also test the procedures and management controls necessary from within the Ministry itself for such a scheme and from within the Implementation Bodies involved.

For that reason, the project will aim to generate results that are based on coordination and cooperation between regional and local partners in developing and planning strategies aimed at implementing the SOP-HRD. It will also seek to ensure the sustainability of these relationships and ensure that they translate into projects that address the priorities and measures identified. Consequently, among the activities envisaged for the project, one will concentrate on the development of this capacity, through the development of strategic plans between regional and local partners that form the basis for any other activities supported by the project.

The latest trends in the labour market in Slovakia show a stabilised employment rate, but a growing number of young unemployed and long term unemployed. Increasing disparities in the rate of unemployment between regions can be observed and an increased mismatch between the skills of job seekers and the skills required on the labour market.

In June 2002 the rate of unemployment in Slovakia reached approx. 19%. A worrying trend underneath these figures is the growing number of young unemployed in the age group 15 to 24. This is due to the fact that young people, particularly school graduates from secondary vocational schools and apprentices leave school with qualifications and skills that are not adapted to the changing needs of the labour market.
The largest group among the unemployed is in the age group 25 to 29 years. The number of people unemployed in this grouping exceeded 64,000 – accounting for 12% of all registered unemployed. Young people in general (i.e. aged 15 to 29) account for almost half (45%) of the total number of unemployed.

There is also a worrying trend of increase in the rate of unemployment among the older age group – 45 to 59, and in particular women at this age. Labour market trends for 1999 – 2001 show that the majority of the total number of registered unemployed is made up of "unqualified labour force" – 225,000 in absolute figures, which represents 52,6% of the total unemployed (jobseekers without previous job experience; i.e. they had not worked for at least three years before registration at the labour office).

For these reasons, the project will indicatively target the following groups in the projects that are financed under the grant scheme –

- Young unemployed people aged 15 to 29
- Unemployed people in the age group 45 to 59
- Long term unemployed
- Registered unemployed with no qualifications
- Women
- People with disabilities
- Socially excluded minorities and marginalised groups.

3.2. **Linked Activities:**

A number of HRD projects are being implemented in Slovakia. In particular, two Human Resource Development Projects were included under the Phare 2000 and 2001 NPs.

*Human Resources Development through counseling and training at regional level* from Phare 2000 is delivering its activities in the priority regions for the period 2002 - 2006 - Southwest, Northwest, East - with focusing on diagnosis of the demand and the supply side of the labour market in the priority region of Slovakia East through counseling and training at regional and local level, predominantly focused on target groups the young and the disadvantaged.

*Human Resources Development through preventive and individual active measures for the unemployed* from Phare 2001 focused their activities at fostering the employability of vulnerable groups affected by unemployment by providing them with individual active measures tailored to their specific needs in order to facilitate their access to the local and regional labour market in two priority regions of Slovakia -Southwest and Northwest. Individual approach is used for unemployment target group before they become long term unemployed.

The special fund – **PALMIF** (Pro-Active Labour Market Intervention Fund) - focused on active labour market measures. It operated from 1991 to 1999 and was aimed at supporting the creation of new, complex and experimental approaches to active labour market interventions on regional and local level.

As part of Slovak – Dutch co-operation the **MATRA Project** is currently being implemented. The purpose of the project is to assist with the development and institutionalisation of an evaluation model and system of binding rules for all organisational levels of the parties involved in the development and implementation of employment policy. An additional target of the project is the establishment of an independent agency to control the compliance of all actors.
The 1998 *Special Preparatory Programme for Structural Funds (Priority B)* in the Slovak Republic was implemented during 2001. One of three pilot projects focused on the development of action plans for the development of employment at a regional and district level in the region of Banská Bystrica.

Experience with grant schemes is relatively limited in Slovakia. Pilot schemes are being developed. One of the most successful of these is the *Pilot Tourism Grant Scheme*, which is being implemented by the Ministry of Economy.

Finally, the project *SR0107.01 – Development of the Institutional Framework and Administrative Capacity for Programming and Implementation of Structural Funds*, will be an important linked activity. The HRDGS will complement the activities of that project in that it will provide a practical opportunity to strengthen and test the administrative capacity of the Institutions involved at national, regional and local level.

### 3.3. Results:

The ‘Results’ of the HRDGS fulfil the same function as the ‘Priorities’ in the SOP HRD – they form the backbone of the strategy adopted to tackle the achievement of the objectives. In the same way, the ‘Activities’ (see 3.4 below) in the HRDGS fulfil the same function as the ‘Measures’ in the SOP-HRD – they represent the methods by which the Results / Priorities are to be achieved.

There are three key results to be achieved by the HRDGS –

1. **Strengthened coordination and cooperation between regional and local levels in the preparation and development of strategies for human resource development in line with the measures envisaged in the SOP-HRD** –

   There are over 3,000 registered training institutions in Slovakia. In a country of this size this creates a situation where there is a great deal of disaggregation and fragmentation in the interventions that are planned. In order to tackle this, the first result of the project will be the development of integrated strategic plans for each region, based on partnership dialogue between regional and local partners.

   This result will be verified by the development and approval of integrated human resource development strategies for each of the regions involved. These strategic plans will provide the essential first step towards the achievement of the objectives of the HRDGS and will provide the context in which other applications for grant approval should be made.

   The criteria to be applied for approval of these strategic plans will include the following –

   - They must be based on an analysis of the integrated needs (social, economic and environmental) of the area to which they refer
   - They must address local priorities and strategic needs
   - They must be supported by public, private and voluntary sectors
   - They must take into account the issues of the Roma Community
   - They must take account of the needs of any disadvantaged or marginalised group
   - They must include elements that promote equal opportunities
   - They must be realistic, achievable and affordable.

2. **Ensured the sustainability of local dynamics as a basis for effective use of ESF and creation of regional / local partnerships for the planning and implementation of ESF.**
Whereas result 1 concentrates on the development and articulation of coherent and integrated regional and local strategies for human resource development, this result will focus on the development and maintenance of the partnerships that will be required in order to ensure that these strategies can be implemented. This result will be verified by the ongoing existence of structures and processes for planning and cooperation at this level. It will require investment in training, development and technical assistance to generate the dynamics that will be necessary to sustain them.

3. Created better understanding and use of ESF on a local level through the generation and support of projects in areas of priority under the SOP Human Resources Development

The HRDGS will concentrate on two of the priorities identified by the SOP-HRD. These are –

- **Increased flexibility of the labour market** – in particular, measures to combat youth and long term unemployment by providing employability oriented measures based on a preventive and individualised approach in order to avoid marginalisation
- **Promote vocational training and further education** – in particular, measures to enhance labour force quality through education, training, retraining and in particular lifelong learning in order to strengthen the employability of individuals.

This result will be verified by the emergence of project proposals and grant applications under the terms of the project, which reflect these two priorities.

3.4. Activities:

In order to achieve the results outlined above, the activities to be carried out in the projects funded under the HRDGS will include the following -

1. **Human Resource Development Strategies and Plans at regional and local level and encouraging the development of ongoing partnership structures** -
   - Detailed preparation of regional and sub-regional and local human resource development strategies and associated action plans. These plans will be approved by MoLSAF, in partnership with the designated implementation agencies (National Labour Office and Ministry of Education – see below), according to criteria listed in 3.3 above and will provide the basis for the development of individual projects and applications for grants.
   - The preparation of these plans will require the analysis of key stakeholders through questionnaire surveys, structured interviews, social mapping and collection of local data. This analysis will provide the basis for a review of the roles of the stakeholders and their capacity to engage in the development process. It will also serve to identify key players from a geographic and sectoral competence perspective.
   - Workshops, meetings, training seminars and exchanges dealing with generic partnership building. These activities will help to determine the level of understanding and acceptance that exists of partnership as a way of working. They will also serve as a stimulus to the development of specific partnership initiatives, particularly project based partnerships, that will last beyond the time frame of the HRDGS.

2. **Projects aimed at increasing the flexibility of the labour market** -
Projects under this heading will be aimed at combating youth and long-term unemployment by providing employability oriented measures based on a preventive and individualised approach in order to avoid marginalisation. The measures and eligible activities under this heading can be divided into two groups -

(a) Promotion and implementation of preventive measures along with active labour market policies to combat youth and long-term unemployment and the development of customised services aimed at tackling the specific needs of individuals.

- Activities aimed at engaging systematically with people at an early stage of unemployment in order to provide them with sustainable support that will assist their reintegration into the labour market. Such activities will include delivery of courses on motivation, individual career guidance, psychological consultancy and aptitude testing, preparation of individual action plans, development of personal / interpersonal and social skills, acquisition of key qualification skills and job club activities, job seeking on the Internet.
- Activities aimed at supporting job-search initiatives for workers with disabilities in the open market ensuring correct assessment, professional counseling and integration into the labour market in line with their real capacities. Such activities will include mediation services, counseling, assessment, job placement, developing new methodologies, including the use of the Internet.
- Activities aimed at the provision of diagnostic methods of assessing the working capacity of the handicapped unemployed. Such activities will include delivery of assessment, job placement, accompanying measures and development of methodologies.
- Activities aimed at the provision of career counseling and guidance tools for different target groups. Such activities will include developing, updating and dissemination of information, printed, audio-visual and web-based information, computer programmes.
- Activities aimed at developing and delivering individual action plans for the young and long-term unemployed.

(b) Promote and improve policies focused on increasing labour supply and participation

- Activities aimed at developing new initiatives to promote employment and training opportunities for people with disabilities.
- Activities aimed at developing and delivering new instruments of labour market policy aimed at strengthening job-seeking activities linked with active measures involving the upgrading of skills, particularly through job experience initiatives.
- Activities aimed at delivering a new individual approach towards all young unemployed people and taking decisive steps towards the design and implementation of appropriate early-intervention systems and preventive measures for the unemployed adult.
- Activities aimed at designing and developing intervention programmes that take into consideration the individual characteristics of the unemployed.
Projects aimed at enhancing labour force quality through increased education, training, retraining and, in particular lifelong learning in order to strengthen the employability of individuals

Projects under this heading will include provision for both initial training and retraining and the design of training curricula and the development of new training courses. The eligible measures and activities can be divided into two headings -

(a) Promote and improve the delivery of skills training, tailored to the needs of the local market

- Activities aimed at implementing job training schemes with employers
- Activities aimed at providing individual training opportunities. Such activities will include skills training, in-company training, work experience, temporary job-placement for school leavers.
- Activities aimed at providing small scale training programmes for district and local programmes of employment development.
- Activities aimed at promoting training focused in particular on the long-term unemployed, with a special emphasis on IT literacy.
- Activities aimed at training unqualified early school leavers and promoting participation by them in 'second chance' educational initiatives and opportunities.
- Activities aimed at developing and delivering retraining programmes designed to match labour-market requirements and the skills and qualifications of the unemployed.
- Activities aimed at delivering vocational training programmes for the long-term unemployed.
- Activities aimed at upgrading the ICT skills of teachers and trainers.
- Activities aimed at providing skills training for unemployed people who were formerly self-employed.

(b) Pilot initiatives and operational developments in lifelong learning

- Activities aimed at supporting the structures or pilot projects which will help to underpin lifelong learning for different target groups. Such activities will include training for the disabled, training for disadvantaged groups (including older workers), training for civil servants.
- Activities aimed at promoting measures focused on adult learning as a means of addressing basic skills needs or with a view to promoting access to further learning.

3.5 Lessons Learned:
The M&A report on the PALMIF project highlights a number of lessons that have been learned and that could be of benefit to this project –

- The use of common templates in the submission of plans in order to provide a basis for comparison between different projects
- Ensure that the contract for the disbursement of the grant is so designed to ensure that appropriate relevant information is collated – such as number of jobs created, number of job placements, duration of the project etc.
- Provide training to those involved in generating projects in the areas of project planning, management and monitoring.
- Ensure assiduous monitoring of projects as they are being implemented in order to ensure that funds are being used correctly and that the targets for job placements are being met.
Identify model solutions to employment creation in the regions and to make information on them available widely.

Emphasise model solutions to the creation of employment for handicapped and disadvantaged groups.

4. Institutional Framework

The Institutional Framework for the HRDGS will, in so far as possible within the limits of the Phare regulations, be the same as that envisaged for the ESF after Slovakia becomes a Member State of the EU. The key elements of this framework therefore are Management, Monitoring, Payments and Implementation. There will also be a Technical Assistance Element for the implementation of the Grant Scheme. A Manual on the Management and Implementation of the HRDGS is being prepared, including all standard documentation required for the purpose. This manual will contain a detailed description of the roles and responsibilities of each of the institutions involved. The following is a summary of the key provisions under each of these headings.

4.1 Management

In line with its intended role as Managing Authority for the ESF, the Ministry for Labour, Social Affairs and the Family (MoLSAF) in partnership with the National Labour Office and the Ministry of Education will be the Implementing Authorities. The Implementing Agency will be the Implementing Agency for Regional Development established at the Ministry of Construction and Regional Development.

The role of the IA can be summarised as follows –

- To design and programme the Grant Scheme with clearly defined objectives
- To chair and provide a secretariat for the Monitoring Committee (see 4.2 below).
- To assemble statistical and financial information required for monitoring and evaluation of the Grant Scheme.
- To prepare documents and ongoing reports on the progress of the Grant Scheme for the Monitoring Committee.
- To organise evaluation of the progress of the Grant Scheme and, on completion, evaluation of the outcomes and value for money delivered by the Grant Scheme.
- To ensure that proper financial management and accounting systems are in place and that all expenditure (national and EU) is accounted for.
- To ensure that payment claims are submitted to the Payment Authority and that arrangements are in place for payments to final beneficiaries.
- To prepare reports for the NDP Monitoring Committee as required.

4.2 Monitoring

A HRDGS Monitoring Committee will be established. The role of this Monitoring Committee can be summarised as follows –

- To recommend to the IA adjustments as appropriate of the key management parameters of the Grant Scheme, including project selection criteria, physical and financial indicators
- To review the progress being made towards achieving objectives and targets
- To examine the results of implementation, particularly the achievement of targets set for the different measures, and the mid term evaluation
To approve regular and final implementation reports

4.3 Implementation

At national level there will be two principal Implementing Bodies – The National Labour Office (NLO) and the Ministry for Education (MoEd). Each of these will take responsibility for implementation of the Grant Scheme in the areas under their own particular sphere of influence.

The activities to be carried out by the Implementing Bodies (NLO, MoED) will include the following -

- Publication of the call for proposals
- Project selection (with the support of the regional implementing bodies)
- Contracting
- Managing cash flows to projects
- Submission of claims for payment to the Payment Authority

At regional and local level, projects will be submitted for approval from a range of eligible partnerships, bodies and institutions. These will include –

- The Regional Offices of the NLO
- The Ministry of Education through its partnership bodies in the fields of Vocational Training and Education
- The VUC – to include The Minorities Department and other relevant Departments
- The Ministry of Justice through its partnership bodies in the fields of retraining for prisoners
- Other partnerships and individual organisations as appropriate

It is through the medium of partnerships with local and district stakeholders in line with the planned results and activities of the HRDGS that the absorption capacity for ESF will be developed.

There will be a Technical Assistance element for the HRDGS, which, while not directly involved in the day to day implementation of the programme, will assist in developing the competence and capacity required to ensure its successful implementation of the programme.

The technical assistance will be aimed at ensuring that the implementing bodies (NLO and Ministry of Education) possess the required skills and competencies, and it will also be aimed at assisting the final users (i.e. Regional Offices of NLO and Regional Agents of Ministries of Education, Justice and other institutions and bodies) to fulfil certain strategic functions in the development of partnerships and projects. These functions include -

- Development and updating web pages on the MoLSAF, NLO and MoEd web sites providing information to help partnership searches, upcoming events such as workshops or planning meetings; calls for projects; managing a ‘notice board’ for local authorities where questions can be asked and answered.
- Providing local and regional authorities with a regular, relevant newsletter service and providing an updated list of frequently asked questions and their answers.
- Managing databases of potential partners and facilitating partnership searches.
Managing a project database (including projects under preparation).
Providing technical support for project preparation and running PCM training courses and project development clinics.
Providing technical support on project management.
Preparing project development aids (‘toolboxes’ of techniques, guidelines and tips on identification and preparation).
Providing progress reports and monitoring data for on going projects.
Providing technical support for the project selection process in the HRDGS.

5. Detailed Budget (in MEUR)

<table>
<thead>
<tr>
<th>Activities</th>
<th>Phare support</th>
<th>Total Phare (I+1B)</th>
<th>National Co-financing</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment</td>
<td>Institution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>-</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Grant scheme</td>
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<td></td>
</tr>
<tr>
<td>1. Strategic Plans and</td>
<td>0.5</td>
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<td>1.1</td>
<td>1.1</td>
</tr>
<tr>
<td>partnerships</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Flexibility of labour</td>
<td>1.4</td>
<td>1.4</td>
<td></td>
<td>1.4</td>
</tr>
<tr>
<td>market</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Quality of labour</td>
<td>1.4</td>
<td>1.4</td>
<td></td>
<td>1.4</td>
</tr>
<tr>
<td>market</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3.3</td>
<td>0.2</td>
<td>3.5</td>
<td>1.1</td>
</tr>
</tbody>
</table>

(*) The Phare allocation will be increased by a contribution of 1.1 MEUR from the Slovak government. This amount does not include the financial contribution to be provided by the final beneficiary.

6. Implementation Arrangements

6.1 Phare Implementation Agency

Implementing Agency for Regional Development
Ministry of Construction and Regional Development of SR
Špitálska 8
816 44 Bratislava
PAO: Contact: Mr. Július Slovák
Tel: 00 421 2 5975 3819
Fax: 00 421 2 5975 3833

6.2 Twinning: not applicable

6.3 Non-standard Aspects

The Grant Scheme will need to have the flexibility to award Grants for a lower amount than the recommended minimum of Euro 50,000. The background and justification for this can be explained as follows –

By their nature projects in this area are likely to be predominantly small. We have already referred to the largely disaggregated nature of the employment support services and training industry in Slovakia (see 3.3 above).
The cost of training and counselling for unemployed in Slovakia varies from Euro 300 to Euro 400 per person\(^1\). Courses lasting from 2 to six weeks, providing training and counselling services, organised by private consultants, attract a rate per person for the duration of the course of Euro 300 per person. Courses aimed at encouraging individuals to start their own businesses, lasting up to 12 weeks and organised by private consultants attract a rate of Euro 400 per participant for the duration of the course. Both of these types of projects usually cater for 15 participants per course.

Given the levels of funding envisaged for the HRDGS it is possible therefore to estimate the total number of individuals who will receive training or counselling under the Grant Scheme. The following table looks at the two types of projects and assumes that 40% of funding will go to project type 1, and 60% to project type 2 –

<table>
<thead>
<tr>
<th>Estimated Numbers Trained</th>
<th>Project Type 1</th>
<th>Project Type 2</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Cost per participant (Euro)</td>
<td>300</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td>Expected share of total projects</td>
<td>40%</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>Investment in Projects on Flexible Labour Market</td>
<td>480,000</td>
<td>720,000</td>
<td>1,200,000</td>
</tr>
<tr>
<td>Investment in Projects to Improve Quality of Labour Market</td>
<td>480,000</td>
<td>720,000</td>
<td>1,200,000</td>
</tr>
<tr>
<td>Total Investment in Training and Counselling</td>
<td>960,000</td>
<td>1,440,000</td>
<td>2,400,000</td>
</tr>
<tr>
<td>Total Numbers Trained</td>
<td>3,200</td>
<td>3,600</td>
<td>6,800</td>
</tr>
</tbody>
</table>

The Phare investment of Euro 2.8 million in the training and counselling therefore will provide training and counselling for 6,800 individuals.

With these considerations in mind, it is important that the levels of Grants envisaged are within the scope of the existing absorption capacity of the sector. The problem of disaggregation and low costs per person trained can be addressed through the formation of strategic partnerships that should achieve some scale. However, it is likely that the Grant Scheme will have to contend with a large number of small-scale projects.

With this in mind, it is planned to fund projects as follows –

**Small Projects**
Projects in this category will be funded for values of a minimum of Euro 10,000 and a maximum of Euro 20,000

**Large Projects**
Projects will be funded for values of a minimum of Euro 40,000 and a maximum of Euro 80,000

**Beneficiaries**
To be eligible for a grant applicants must be non-profit making. The target group for grants includes the following:

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\(^1\) Figures from the National Labour Office
Regional and Local Authorities
- Municipalities
- Local and Regional Public Organisations
- Chambers of Commerce
- Associations, Foundations, Unions …
- Associations of Towns & Villages
- Non Government Organisations

Regional Distribution of Funding

Because of the disparities between the 8 regions involved, it may be advisable to devise a formula to determine a system of weighting for each of the regions. The standard formula used by the Commission for such weighting is based on population, average GDP per capita over the previous three years, and purchasing power parity GDP per capita over the past three years. Based on these considerations, Bratislava would emerge as a Region that would not qualify for Objective 1 Status, it would in fact be treated as an Objective 2 Region, with a subvention rate of 50% for projects. The remaining regions would be treated as Objective 1 Regions, with a weighting attached to the disbursement of funds based on the formula applied. The following table summarises the likely disbursement of funds by region, if such a weighting system is to be used –

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bratislavský</td>
<td>8%</td>
<td>33,600</td>
<td>96,000</td>
<td>96,000</td>
<td>225,600</td>
</tr>
<tr>
<td>Trnavský</td>
<td>10%</td>
<td>42,000</td>
<td>120,000</td>
<td>120,000</td>
<td>282,000</td>
</tr>
<tr>
<td>Trenciansky</td>
<td>11%</td>
<td>46,200</td>
<td>132,000</td>
<td>132,000</td>
<td>310,200</td>
</tr>
<tr>
<td>Nitriansky</td>
<td>14%</td>
<td>58,800</td>
<td>168,000</td>
<td>168,000</td>
<td>394,800</td>
</tr>
<tr>
<td>Zlínský</td>
<td>14%</td>
<td>58,800</td>
<td>168,000</td>
<td>168,000</td>
<td>394,800</td>
</tr>
<tr>
<td>Banskobystrický</td>
<td>12%</td>
<td>50,400</td>
<td>144,000</td>
<td>144,000</td>
<td>338,400</td>
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<tr>
<td>Prešovský</td>
<td>17%</td>
<td>71,400</td>
<td>204,000</td>
<td>204,000</td>
<td>479,400</td>
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<tr>
<td>Košický</td>
<td>14%</td>
<td>58,800</td>
<td>168,000</td>
<td>168,000</td>
<td>394,800</td>
</tr>
<tr>
<td>SR TOTAL</td>
<td>100%</td>
<td>420,000</td>
<td>1,200,000</td>
<td>1,200,000</td>
<td>2,820,000</td>
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</table>

The advantage of a system of distribution such as is that the poorer regions are positively discriminated in terms of the allocation of resources. The disadvantage is that opportunities for active labour market measures in areas where they can have most impact may not be funded if the formula is adhered to too rigidly. The formula and the approach is submitted for discussion purposes only, to be considered in more detail in the light of the actual implementation conditions for the HRDGS.

7. Implementation Schedule

It is anticipated that the project will be implemented over the period 2003 to 2005. A more detailed implementation schedule is provided in Annex 2 to this Project Fiche.

- 7.1. Start of tendering activity 1st quarter 2003
- 7.2. Start of project activity 2nd quarter 2003
- 7.3. Project completion 2nd quarter 2005

8. Equal Opportunity

Women represent a large percentage of the workforce in the Slovak Republic 1,250,900 in absolute figures. However one of the problems that has been identified is return to

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2 The formula used is - Grant budget per region = total budget for grant scheme x % population in region x (100/ GDP per capita as % of national GDP)
work after interruption (e.g. for maternity leave). This project will target women unemployed and in particular the return to work of those women who have left the workforce and are registered as unemployed - 235,922 – in absolute figures of the registered unemployed women which represents 18,8%. Equal opportunity principles and practises ensuring equal participation will be guaranteed.

9. Environment

The criteria for the selection of projects will take account of any potential environmental impact. This may be particularly relevant, for example, in Community based employment schemes, involving the development of socially purposeful and useful employment schemes.

10. Rates of Return

While it is not possible to calculate an internal rate of return for a project of this nature it is possible to control and monitor the value for money (VFM) delivered by the project. The project will be monitored for VFM by a close monitoring of the following indicators –

- **Economy** – This will involve a close monitoring and measurement of the relationship between the following –
  - Planned Inputs – i.e. costs to be incurred, resources to be utilised, planned level of grants
  - Actual Inputs – i.e. a comparison of planned vs. actual levels of resource utilisation

- **Efficiency** – This will involve a close monitoring and measurement of the relationship between the following –
  - Planned Efficiency – i.e. the relationship between planned inputs (resources and costs) and planned outputs (i.e. levels of activity, numbers of grants approved, numbers of individuals trained, numbers of programmes implemented)
  - Actual efficiency – i.e. the relationship between actual inputs and actual outputs.

- **Effectiveness** – This will involve a close monitoring and measurement of the relationship between the following –
  - Planned Outcomes – i.e. numbers of people removed from the unemployment register, numbers of new cooperative ventures created, numbers of individuals now involved in self employment
  - Actual Outcomes – i.e. the actual numbers achieved under this category.

Calculation of performance under these headings will make it possible to provide a VFM index for the project.

11. Investment Criteria

11.1. Catalytic Effect:

The project will act as a catalyst to leverage investment in projects aimed at creating employment opportunities for the targeted groups and in reducing the numbers of registered unemployed. The Phare funding fulfils an essential function in building absorption capacity and implementation competence at regional and local levels, thus ensuring that the SOP-HRD will have the desired impact. Thus the HRDGS will also ensure that additional funding for active labour market measures planned under the
State Budget will have a higher impact, given the fact that a clearer strategic plan for each region will exist and stronger local and regional partnerships will emerge. Such a concentrated developmental impact would not be achieved without the support of Phare funding for this project.

11.2. Co-financing:

The National Labour Office - public legal institution, responsible for labour market policy implementation will provide financial contribution to measures in accordance with the Employment Act. The Ministry for Education is preparing submissions for the State Budget estimates that take account of possible commitments under their cofinancing responsibilities for the HRDGS. The NLO and the state budget will contribute at least 25% of the cost of the selected programmes. It is possible that some projects will qualify for a higher level of cofinancing from the NLO, in accordance with their own practices.

Of the 8 regions in Slovakia that will be covered by the ROP in the revised version of the NDP in preparation, 7 of them qualify for Objective 1 Status and will thus be funded at the top rate of subvention – 75%. One, Bratislava, will be an Objective 2 Region and will thus be given 50% subvention.

11.3. Additionality:

No other financiers will be displaced by the Phare intervention. There are no displacement effects involved in this project. This project proposal will complement the implementation of the National Action Employment Plan measures.

11.4. Project Readiness and Size

The Manual for the Grant Scheme and the Standard Documentation required are being prepared.

Detailed discussions have been held with all the agencies and institutions involved in the Management, Monitoring and Implementation of the Grant Scheme and they are aware of their obligations under the HRDGS. They have confirmed their readiness and willingness to play their respective roles in the project.

11.5. Sustainability

Relevant government policies ensure sustainability of the outcomes of this project. The required allocation of resources from the budget of the National Labour Office and the State budget will provide a guarantee for the operation of all activities within the project. Quantifiable results of the project are foreseen in terms of increasing the employability of the target groups and maintaining the jobs created. There will, in addition, be an increase in the number of self-employed persons. In the long run additional resources for the creation of new jobs and subsidised employment will be provided by the relevant Ministries, regional State administration from the State budget, and by the National Labour Office from within its own budget, as well as NADSME.

11.6. Compliance with State Aid provisions

The Grant Scheme will be designed in accordance with the regulations and guidelines provided for such schemes from the Commission. A detailed manual and guide will be provided.
11.7. Contribution to National Development Plan

Section 2 above provided detailed description of the sections of the National Development Plan to which this project will contribute. It is an integral part of the SOP-HRD and provides a basis for the development of systems and structures at regional and local level for the implementation of the SOP.

12. Conditionality and Sequencing

Financial contribution by the Slovak Government of 1.1 MEUR.
LOGICAL FRAMEWORK PLANNING MATRIX FOR:

**Programme number:**
2002/000.610-15

**Sheet no.**
17

**HUMAN RESOURCES DEVELOPMENT GRANT SCHEME**

<table>
<thead>
<tr>
<th>Contracting period expires:</th>
<th>Disbursement period expires:</th>
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<td>30.11.2004</td>
<td>30.11.2005</td>
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<table>
<thead>
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<th>Total budget (MEUR):</th>
<th>PHARE budget (MEUR):</th>
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<tbody>
<tr>
<td>4.6</td>
<td>3.5</td>
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### Overall objective:
To prepare for the effective use of European Social Funds (ESF) and National Funds in Slovakia after accession to the EU, in combating and preventing unemployment, in developing human resources and in promoting social integration and labour market flexibility.

**Objectively verifiable indicators**
- Rate of Absorption of ESF

**Sources of Verification**
- Government Reports from the Managing and Paying Authority

### Project purpose:
To strengthen the administrative processes needed to implement the Sectoral Operational Programme for Human Resources Development (SOP-HRD) contained in the National Development Plan (NDP) at local and regional levels.

**Objectively verifiable indicators**
- Rate of absorption of the Grant Scheme
- Successful testing of all procedures of the programme cycle

**Sources of Verification**
- Grant Scheme reports
- Monitoring and evaluation reports

**Assumptions**
- Accession of SR to EU
- Setting up of all required institutions to manage and absorb structural funds
- Effective system of human resource planning and development at regional level

### Results:
1. Coordination and cooperation between regional and local levels in the preparation and development of strategies for HRD in line with the measures envisaged in the SOP HRD.
2. Ensure the sustainability of local dynamics as a basis for effective use of ESF and creation of regional / local partnerships for the planning and implementation of ESF.
3. Create better understanding and use of ESF on a local level through the generation of projects in areas of priority under the SOP HRD.

**Objectively verifiable indicators**
- Approved human resource development strategies and operational programmes of selected NUTS IV regions or towns
- Number of projects generated in the area of increased flexibility of the workforce
- Number of projects generated for improved training and education activities
- Number of individuals receiving training and counselling as a result of the projects – 6.800

**Sources of Verification**
- NLO Annual Report (Implementation Agency)
- Report of Implementing Bodies
- Reports of Managing Authority for SOP HRD
- Project report
- National Employment Plan reports

**Assumptions**
- Effective coordination and cooperation with other parallel grant schemes of Regional Development, Industry and Tourism
- Effective integration of strategic planning across all funds and ROPs / SOPs
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<th>Activities:</th>
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<th>Total</th>
<th>Assumptions</th>
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<tr>
<td>1. Human Resource Development Strategies and Plans at regional and local level</td>
<td>• Grant scheme&lt;br&gt;• Technical assistance contract</td>
<td>• 3.3 MEUR&lt;br&gt;• 0.2 MEUR</td>
<td>• Sufficient number of project proposals&lt;br&gt;• Effective network of Implementing Bodies established (NLO Regional offices and others)&lt;br&gt;• Sufficiently trained staff</td>
</tr>
<tr>
<td>2. Projects aimed at increasing the flexibility of the labour market</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Projects aimed at enhancing labour force quality through increased education, training, retraining and, in particular lifelong learning in order to strengthen the employability of individuals.</td>
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**Preconditions**

- Financial contribution of the Slovak Government of 1.1 MEUR
- Functioning implementing agency
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<th>Sub-Programme</th>
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**TIME IMPLEMENTATION CHART FOR PROJECT**

**HR Development Grant Scheme**

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### HR Development Grant Scheme

#### Cumulative contracting and disbursement schedule in quarters

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<th>30/06/04</th>
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<th>30/09/05</th>
<th>30/11/05</th>
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<td><strong>Contracted</strong></td>
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