Standard Summary Project Fiche

1 Basic Information

1.1 CRIS Number: 2002/000.610-13

1.2 Title: Local and Regional Development Grant Scheme

1.3 Sector: Economic and Social Cohesion

1.4 Location: Slovak Republic

2 Objectives

2.1 Overall Objectives:

To create the conditions, at regional and local levels for the implementation of the Regional Operational Programme (ROP)

2.2 Project purpose:

To establish and test the administrative structures & procedures needed for the implementation of the ROP by supporting regional and local initiatives.

2.3 Accession Partnership and NPAA priority:

Regional policy and co-ordination of structural instruments

- To define the bodies in charge of the implementation of Structural Funds and the Cohesion Fund, in particular the Managing and Paying authorities; establish a clear division of responsibilities and improve the administrative capacity, in particular in terms of recruitment and training; ensure effective inter-ministerial co-ordination.

- Further develop a coherent development plan as required by the Structural Funds regulation; define the implementation structures of the final plan

- To set up the required monitoring and evaluation systems for Structural Funds, in particular for ex-ante evaluation and for the collection and processing of the relevant statistical information and indicators.

- To align with the specific financial management and control procedures for future Structural and Cohesion Funds under the relevant EC Regulations.

- Develop the technical preparation of projects eligible to Structural and Cohesion Funds assistance (project pipeline)

NPAA

This project will contribute towards the achievement of the medium-term priorities for Regional Policy and Cohesion given in the National Programme for the Adoption of the Acquis (NPAA) by preparing the Ministry of Construction and Regional Development (MoCaRD) to take on the tasks of the Managing Authority for the CSF (and the ROP and SPD) and will “create the conditions for programming and preparing successful projects in the area of economic and social cohesion” (NPAA priority 2c).
2.4 Contribution to National Development Plan:

The project addresses the NDP priority axis ‘Improvement of Regional Accessibility and Infrastructure Assets of Regions’ and will directly contribute towards the achievement of NDP global objective 3 ‘Development of technical and social infrastructure’. It will also contribute towards NDP global objectives 2 and 5 ‘Support to Sustainable Economic Growth’ and ‘Competitive Production Ensuring Protection and Improvement of the Environment’.

As noted below (3.1) the NDP is in the process of being profoundly revised. This revision will focus on the relationship between regional and sectoral operational programmes (ROP and SOPs) and will result in more clearly focused programmes, which clearly support each other.

The grant scheme proposed by this project will fund activities in all the 6 specific objectives given for NDP priority (IV) ‘Improving Regional Accessibility and Infrastructure’:

- Projects in these areas are all potentially fundable under the ERDF;
- Projects in these areas will very likely form the basis of the future ROP;
- Projects of regional and local significance are within the administrative responsibility of MoCaRD and/ or within the regions themselves;
- Projects in these areas are consistent with MoCaRD’s main sectoral input into the NDP i.e. that of supporting sustainable urban development as a contribution to achieving balanced regional development.

The grant scheme will support activities which have regional (rather than national) significance and which have demonstrable regional or local impacts. A good guide to which infrastructure is of regional, rather than national, significance is given by the legal competences in these areas, which have been transferred from the national government to the ‘Self-Governing Higher Territorial Units’ (Counties or NUTS III regions) by the recently adopted ‘Regional Development Support Law’ (416/2001).

Taking into account the above, a preliminary list of support measures for the ROP (and therefore for the grants to be made under this project) has been drawn up in Annex 6.4. This list spans over transport, environment and urban development measures and is based on the NDP and upon the regional competences under Law 416/2001. Clearly the implementation of the ROP will involve substantial investments in regional infrastructure and the design of the grant scheme has taken this into account (see 3.1 below). However, It should be noted that the RDGS will operate after a review of the existing NDP has been carried out, which means that future RDGS activities may need to be reviewed, once the objectives of the national ROP have been finally agreed.

3 Description

3.1 Background and justification:

The ‘National Plan of Regional Development of the Slovak Republic’ (NDP) is a mid-term planning document detailing Slovakia’s economic development policy until 2006. The elaboration of this document is a basic condition for receiving funding from EU pre-accession funds and, post-accession, will be the basic programming document for EU Structural Funds.
In response to suggestions and questions raised by its *ex-ante* evaluation\(^1\), and on the recommendation of the EC, the NDP is in the process of being deeply revised. Whilst the revised document will not be available until late 2002, a framework has already been decided. The Government decided for 5 SOPs and a single ROP covering the whole of Slovakia with the exception of Bratislava County\(^2\). After EU accession, the territory covered by this single ROP will be designated as Objective 1 under Structural Funds and will be the subject of a ‘Community Support Framework’ (CSF). Bratislava County, on the other hand, will have Objective 2 status and will be the subject of a separate ‘Single Programming Document’ (SPD). MoCARD is responsible for revising the NDP and has been designated as the future Managing Authority for the (single) ROP, the CSF and the SPD for Bratislava Objective 2 Region.

It is proposed, under this project, to establish a *Regional Development Grant Scheme* (RDGS) to be managed by MoCaRD. This grant scheme will establish and test the administrative procedures for the future implementation of the revised ROP and significant parts of the Bratislava County Development Plan (the basis for the future SPD). The amount of funding available for grants under the proposed scheme is insufficient to implement, even partially, the measures foreseen in these programming documents, since these will involve substantial investments in regional infrastructure (2.4 above). However, the proposed project aims at building administrative capacity and prepare project 'pipelines' at the local and regional levels and will therefore create the conditions for future implementation when sufficient regional funds become available (either through the Phare programme in 2003 or from Structural Funds, post-accession).

During the period over which the RDGS will operate (2003-5) Slovakia is expected to become Member State of the EU and will therefore be eligible for Structural Funds. For this reason, the mechanisms put in place to administer the RDGS will (as far as is possible under Phare procedures) simulate those to be used in the management of ERDF after EU accession. The intention being that MoCaRD will learn important lessons during this process and incorporate these into the design of effective ERDF management procedures in the future. Therefore it is important to develop the capacity of all regions to apply for, and manage, EU funding. It is particularly important to promote local, 'bottom-up', initiatives, which have been shown in many *ex-post* evaluations to be directly related to increased regional absorption capacity of Structural Funds (e.g. the Local Development Measure: Northern Ireland SPD 1994-9 and for rural development programmes supported under the various Leader Community Initiatives).

To date, such regional capacity as has been established by the ESC\(^3\) component of the Phare programme (2000-1) has been confined to the poorer, eastern regions of Slovakia under the (previous) policy of concentrating ESC investments into ‘priority’ regions. Whilst such projects may impact on the socio-economic problems in E. Slovakia, they will do little to develop significant local capacity either across the country or within the NUTS III regions comprising the old E. Slovakia ‘priority region’. There are 2 main reasons for this: (a) the minimum size for Phare investment project is 2 M€, which means that (within the limited budgets available for non-acquis related investments) only a few such projects can be supported and (b) these projects have a minimum co-financing requirement of 25% which effectively excludes many potential local beneficiaries from making applications. The proposed project will redress this balance by meeting the identified capacity needs at local (NUTS IV & V) and regional (NUTS III) levels.

---

\(^1\) The NDP was elaborated over the period 2000-1 and published in June 2001. An *ex-ante* evaluation was subsequently carried out under the Phare (1998) project ‘Special Preparatory Programme for Structural Funds (SPP)’ and published in October 2001 (see 4th Quarterly Report, SPP–programming group).

\(^2\) One of 8 self-governing counties (NUTS III regions) in Slovakia.

\(^3\) ESC = Economic and Social Cohesion
The purpose of this project is best served by a large number of small projects across Slovakia (rather than fewer large projects). As delivery mechanisms, grant schemes are more suitable than single investments for building significant regional and local capacity. It is possible, through a grant scheme; to fund a large number of small projects which are distributed across a number of regions and which are within the financial means of local beneficiaries. For these reasons a grant scheme (the RDGS) is the preferred means for implementing the proposed project. The main design features of the RDGS are briefly summarized below and explained in detail elsewhere in this Project Fiche.

**Geographic Coverage**

Under present EU rules the minimum size of grant is 50,000€, which means that there could be a maximum of just over 70 projects funded under the RDGS. Given the large number of potential beneficiaries it is quite possible, in an open competition, that some regions will receive no, or few, projects and many grants could end up in just a few of the more prosperous regions i.e. in those which have the best possibilities for co-funding (e.g. Bratislava and Trnava). Such an outcome would run counter to the project’s declared purpose, which is to build *national capacity to absorb future EU funds at local and regional levels*. For this reason a system of regional allocations has been introduced into the RDGS. Under this system it is proposed to make allocations to each of the 8 self-governing counties (NUTS III regions) on the basis of regional GDP and population statistics so as to ensure widespread (but not equal) distribution of grants across the country.

It is also proposed to support the local planning and partnership building activities (foreseen under Strands A & B of the grant scheme) with small grants of between 10-50,000€ and the case for going below the minimum threshold imposed by the PRAG is made later (section 6.3). Not only is it more appropriate for these locally-based ‘soft’ activities to be funded by small grants, the net effect will be to increase the number of projects and therefore potentially the geographic coverage for RDGS capacity-building projects.

**ROPs and Multi-Annual Funding**

This project will build capacity and test procedures by grant funding local development initiatives. The intention is to build on the work already undertaken in developing the existing OPs and, by doing so, prepare for the implementation of the national ROP. In order to do this, the RDGS will fund activities that focus on the NDP priority: ‘Improving Regional Accessibility and Provision of Social & Technical Infrastructure’. It should be noted that the RDGS will operate after a review of the existing NDP has been carried out, which means that future RDGS activities may need to be reviewed, once the objectives of the national ROP have been finally agreed.

However, the RDGS has been designed to support core, generic, capacities that will be needed at local and regional levels to develop strategically significant projects. It is unlikely that the need for this support will be affected by the NDP review. The RDGS will support 4 areas of activity (Strands A, B, C & D), which progressively address the logic of providing regional infrastructure. Strand A (Strategies & Partnerships) will support the elaboration of strategic plans which have local relevance and are consistent with higher planning documents; Strand B (Local Development Organisations) will fund a range of public sector bodies to stimulate local and

---

4 As stated in the PRAG ‘Practical Guide to Phare, Ispa & Sapard’.
5 Potential beneficiaries are public bodies in: 2,878 municipalities (NUTS V); 79 districts (NUTS IV); and over 300 registered micro-regions (associations of towns & villages).
6 Effectively the responsible administration at regional level following the adoption of the ‘Regional Development Law’ (416/2001) by the Slovakian Parliament in December, 2001.
regional initiatives; Strand C (Project Development) will develop local capacity to prepare and implement infrastructure projects.

Strand D (Locally Significant Infrastructure,-described in Annex 6.5) involves the implementation of ‘hard’ projects (supplies and works) and is the logical conclusion of the planning and preparatory work supported under Strands A-C. There is a need for hard projects to test any system that is being established to manage future ERDF grants. ERDF will support future productive investments and infrastructure projects across Slovakia, so it is vital that project management systems established now, have the capacity to deal with these kinds of projects. The necessary skills and procedures cannot be developed with soft projects alone. However, there is insufficient funding available under the Phare 2002 project to support activities in Strand D. This strand will, therefore, only be available on the condition that the grant scheme receives additional funding under the following Phare 2003 programme, this would ensure the continuation of the RDGS until the end of 2006. Such a programming decision would greatly reinforce the capacity building activities supported by the 2002 project and would be consistent with the EC’s stated intention of transforming Phare into a multi-annually funded programme.

3.2 Linked activities:

Parallel Grant Schemes

The following grant schemes are planned, in addition to the RDGS, for funding by the 2002 Phare programme:

<table>
<thead>
<tr>
<th>Industry Development Grant Scheme (IDGS)</th>
<th>Ministry of Economy (MoE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism Development Grant Scheme (TGS)</td>
<td>Ministry of Economy (MoE)</td>
</tr>
<tr>
<td>Human Resources Development Grant Scheme (HRDGS)</td>
<td>Ministry of Labour, Social Affairs &amp; Family (MoLSAF)</td>
</tr>
</tbody>
</table>

The aim of many activities that will be funded by the RDGS is to provide an attractive, local, investment environment for enterprises (particularly SMEs) to locate and become successful. However, by itself, the RDGS cannot achieve this objective and there is an obvious need for complimentary investments in the private sector (as provided under IDGS and TGS) and for the provision of appropriate labour market skills (by means of HRDGS). These parallel grant schemes, therefore, are complementary to the RDGS and would be considered as ‘complementary measures’ in Structural Funds terminology. Through the synergies they develop these schemes will contribute significantly to the achievement of the project’s objective (i.e. laying the basis for the future implementation of the ROP). Collectively the 4 proposed grant schemes will test potential Structural Funds delivery mechanisms.

2001 SPP - Institution Building support (IB-2001)

This project will develop the capacity of the central administration to carry out the responsibilities associated with establishing Managing Authorities and the Paying Authority for ERDF and ESF. Direct assistance will be provided to MoCaRD, MoLSAF, MoE and the various line ministries involved in managing SOPs.

This directly supports the proposed project by establishing the management and payment functions within MoCARD. The structures and procedures developed will be used to run the RDGS.

---

Training on Structural Funds programming and implementation will be provided for: central ministry staff involved in developing Managing & Paying Authority functions; staff in NUTS III administrations working on ROP and SPD preparation; members of NDP monitoring committees.

This directly assists the proposed project by developing the capacity of NUTS III administrations to carry out strategic development planning in their regions. This provides a framework for the activities supported by RDGS Strands A and B. The assistance and training provided will also help MoCARD and the NUTS III regions to establish effective County Development Agencies. This provides the basis for training and capacity building activities for the staff of the County Development Agencies, which are foreseen in the proposed project, under RDGS-TA (1).

The 2001 SPP-IB project will also provide technical assistance on the preparation of projects and programmes for central ministry staff involved in the management of ERDF and ESF.

This directly supports the proposed project by establishing a ‘project pipeline’ at central government level, which can meet the ‘bottom-up’ project pipelines established locally, in the regions by activities funded under Strand C of the RDGS.

**Special Preparatory Programme for Structural Funds (SPP) Phare 1998**

The SPP was an institution-building programme designed to develop national capacity to manage the Structural Funds after Slovakian EU accession.

One of the regular reports produced by the SPP identified the need for a project promoting local development dynamics and is the basis of the present project proposal.

In addition, 3 pilot grant schemes were carried under the framework of the SPP, these covered: Rural Development; SME Support; Tourism Development and were successful in terms of demand for grants and the numbers of grants awarded.

These pilot schemes showed the value of a grant scheme approach and their success contributed to the identification of the proposed project.

### 3.3 Results

The RDGS funded under Phare 2002 will be composed of 3 linked but separate areas (or ‘Strands’) of activities: Strand (A) ‘Strategies and Partnerships’; Strand (B) ‘Local Development Organisations’ and Strand (C) ‘Project Development’. These activities will be supported by Technical Assistance Measures (1) & (2).

Strand (D) ‘Locally Significant Infrastructure’ will only be available if additional funding is received under Phare 2003 and is described in Annex 6.5.

**Result (1)**

Increased capacity of public authorities in the regions to elaborate realistic development strategies, which are based on the principle of partnership (i.e. produced in an inclusive and participatory manner).

This result will be supported by activities carried out under Strands (A) and (B) of the RDGS.

---

Result (2)

Increased regional capacity to absorb (pre- and post- accession) EU funds by the preparation of strategically important projects and the increased capacity of Local Development Organisations to identify project opportunities.

This result will be supported by activities carried out under under Strands (B) and (C) of the RDGS.

Result (3)

Increased capacities at local level to implement ‘hard’ projects; to use EU procurement procedures; and to manage supply and works contracts.

This result will be supported by activities under Strand (D) of the RDGS in the case of additional funding by the Phare 2003 programme.

Result (4)

Better coordination between central, regional and local government levels and the development of potential ‘Implementing Bodies’ for the delivery of ERDF programmes.

This result will be supported by activities carried out under under TA Measure (1) and TA Measure (2) of the RDGS.

3.4 Activities

Grant Scheme Strand (A): Strategies and Partnerships

Rationale

At present the relationships between local development plans; NUTS III development strategies; existing ROPs; and the NDP are unclear and must be further consolidated. It is important that local and regional strategies are clearly focused on real needs and opportunities and are in keeping with the NDP. Particular attention will be focused on the sub-NUTS III level (NUTS IV, NUTS V and rural micro-regions)\(^9\) so as to strengthen the capacity of local organizations to articulate their needs and to bid for resources from current and future regional development programmes (specifically those that will be supported by Structural Funds after accession).

The present Slovakian ROPs are ambitious and collectively contain 25 specific objectives distributed across 4 development priorities. As the ex-ante evaluation of the NDP points out, they show relatively little strategic focus and contain inconsistencies, for example the ROP for NW Slovakia has no objectives for developing SMEs, whilst that for the Bratislava region makes no provision for human resource development. It is difficult, in many cases, to see how the SOP and ROP objectives relate each other.

Strand (A) will address the issues outlined above. The activities foreseen will specifically focus on improving the quality and coherence of local and regional strategic planning.

---

\(^9\) At present there are 79 NUTS IV districts; 2,878 NUTS V municipalities (towns and villages) and over 300 micro-regions (voluntary associations of municipalities).
**Objective:**

To provide the basis for future *programming* approaches within, and by, the regions thus allowing for the *concentration* of available resources on a *limited number of objectives* which have been agreed by local and regional *partnerships*.

**Description of Types of Activity**

A1 Elaboration of regional and sub-regional strategies: local development plans; local action plans; small-scale urban and rural spatial development plans. The planning outputs from this activity (strategies and plans) will be evaluated by MoCaRD according to the criteria listed below (see Project Selection Criteria).

A2 Creation of networks by which information, experience and best practice can be exchanged between public bodies engaged in strategic planning.

A3 Development of investment policies by local authorities and public utilities based on capital inventories leading to the identification and prioritisation of investments in public infrastructure.

A4 Review and analysis of data available at local, sub-regional and regional levels across all socio-economic topic areas in order to: (a) inform the definition of local problems and opportunities; (b) feed into regional analysis; (c) identify information gaps and (d) define key indicators of performance and impact.

A5 Carrying out detailed stakeholder analysis through questionnaire surveys, structured interviews, social mapping, and collection of local data. Collectively, these, and other methods will lead to reviews of the roles and capacities of stakeholders to engage in the development process and will identify ‘key players’ on a geographic basis as well as those who are central to particular topic and sectoral issues.

A6 Workshops, meetings, training seminars, and exchanges dealing with generic partnership building in order to assess the current state, level of understanding and acceptance of partnership as a way of working and thereby suggest and promote ways of developing partnerships, particularly project based partnerships.

Regional and local strategies resulting from Strand (A) of the RDGS must be assessed and evaluated by MoCaRD before project preparation under Strand (C) or investments under Strand (D) can be supported.

**Basis for Future Project Selection Criteria**

Projects must demonstrate that they contribute to the elaboration of planning outputs, which meet the following criteria listed below.

Local /regional development plans and strategies should show:

- An integrated approach to physical, economic and social development, which is consistent with that taken by the appropriate NUTS III development strategy and by the NDP.

- That they are based soundly on the demonstrable needs and opportunities of defined territorial areas.

- That they address local priorities and strategic needs.

- That they are supported by the public, private and voluntary /community sectors.
That they are realistic, achievable and affordable.

That they are environmentally, economically and socially sustainable.

**Grant Scheme Strand (B): Local Development Organisations (LDOs)**

**Rationale**

Increasing the numbers and capacities of area-based, local development organisations (LDOs), which can take on the role of ‘development agents’ or project promoters is an essential part of the development process. There is no fixed model in the EU or in Slovakia for such organisations, they may vary in their resources, in their scale of operation, and in the extent of local authority involvement. Examples from EU Member States include: ‘Regional Development Agencies’; ‘Urban Development Corporations’; ‘Enterprise Boards’, ‘Urban Regeneration Agencies’ and ‘Rural Development Task Forces’. Typically LDOs work in the following fields:

- rural development,
- urban regeneration,
- RTDI,
- inward investment,
- SMEs,
- tourism

LDO functions include the promotion of regions for inward investment; establishing links with private sector developers; looking for funding to support local initiatives and developing public-private partnerships in Business Parks, Science/Technology Parks, Industrial Parks, and Enterprise Zones.

Strand (B) will promote the development of LDOs with strong networking, regional promotion and project development skills. Developing an ‘active layer’ of such bodies within each NUTS III region will be a major contribution towards creating the ‘local dynamics’ which are fundamental to ensuring absorption of pre-Structural Funds assistance as well as capacity to absorb the Structural Funds on accession to the EU.

**Objective**

To increase regional absorption capacity of (pre- and post- accession) EU funds by supporting the activities of local development organisations.

**Description of Types of Activity**

**B1** Support for the internal management aspects of LDOs, including financial planning & control, development of business plans, establishing and supporting Management Boards which represent key local/regional (private and public) stakeholders. Training courses on business planning and associated management skills.

**B2** Creation of LDO networks by which information, experience and best practise can be exchanged between organisations actively engaged in local economic development.

**B3** Supporting networks as the basis of regional partnerships. Creation of new networks between municipalities, associations of entrepreneurs, trade unions, local development...
associations, financing institutions, decentralized bodies of central public administration. Developing links between existing networks of public bodies, local governments and regional businesses: (e.g. Tourism Information Centers, Business Innovation Centres, Regional Business Information Centres, National Training Offices, Associations of Majors, Associations of Towns & Cities, Associations of Chambers of Commerce). Dissemination of general information and awareness-raising via workshops, articles, presentations.

B4 Training courses and workshops on programme and project preparation in relation to available funding sources (particularly Phare grant schemes, namely CBC-Small Project Fund, Industry, Tourism, Human Resource Development and Regional Development Grant Schemes).

B5 Developing marketing strategies for regional and local partnerships aimed at both indigenous markets (within the geographic areas covered by local/regional partnerships) and external markets (for inward investment). Activities include carrying out marketing audits in the region; formulation of marketing objectives and action plans; targeted marketing at identified companies with investment plans; developing a 'regional identity' and an enhanced regional image and marketing through promotional events; publications and dedicated websites.

Basis for Future Project Selection Criteria

In order to receive support projects proposed by LDOs must demonstrate that they will:

- Play a significant role in either assisting public authorities in the development and implementation of locally-based strategies and actions.
- Have an important role in enhancing the image of their local areas.
- Facilitate a local dynamic which strengthens the capacity to attract investment and to stimulate enterprise

Grant Scheme Strand (C): Project Development

Rationale

The NUTS III regional authorities are, at present, actively engaged in the elaboration of economic development strategies. This is taking place at the same time as the new national ROP is being formulated and clearly there will be a need to co-ordinate these processes to avoid potential conflict and to ensure coherence and synergy. The process will inevitably take time and programming outputs are not expected before the end of 2002. By the beginning of 2003 it will be possible to identify individual projects, particularly those large infrastructure projects which are expected to have significant regional impacts.

Strand (C) will support the preparation of large, complex infrastructure and productive investment projects, which are identified as being significant in the implementation of local and regional strategies. The financial means to implement most of these will not be available in the pre-accession period and certainly not within the framework of the RDGS. However, past experience with building infrastructure (e.g. in the Phare CBC programme) has shown that such projects are technically demanding (involving feasibility studies, engineering designs, the use of FIDIC contract conditions), time-consuming, and expensive to prepare.

The total Phare budget for 2003 for all 4 grant schemes, including the RDGS, is predicted to be 22 M€.
Nor is it clear that all regions have sufficient capacity to undertake the preparation of such projects (in terms of development agencies and consultancies with an understanding of programme requirements and appropriate project preparation skills). It is therefore vital to begin the preparation of such projects and to build regional capacity to do so as soon as possible. This will ensure that Slovakia can make full use of the ERDF soon after accession. Not to do so is to risk serious absorption problems and to delay the implementation socio-economic programmes in the regions.

**Objective**

To increase regional *absorption capacity* of (pre- and post- accession) EU funds by supporting the preparation of strategically important projects, which are ready for implementation, once funding becomes available on accession to the EU.

**Description of Types of Activity**

- **C1** Preparing feasibility and pre-feasibility studies for strategically important infrastructure together with the accompanying technical documentation required under Slovak Regulations (e.g. building permits, land use certificates, Environmental Impact Statements).
- **C2** Carrying out Environmental Impact Analysis and/or environmental audits and/or investigating existing environmental liabilities prior to proposed investments.
- **C3** Preparing business plans and audits plus associated technical documentation for proposed productive investment (audited cash flow statements, business licenses, business registration documents, tax returns).
- **C4** Preparing tender documentation for procurements of equipment or public works, according to the regulations and procedures of appropriate funders including IFIs, EU (pre-accession funds and Structural Funds) and other multilateral donors.

**Basis for Future Project Selection Criteria**

To be eligible under the RDGS, proposals to prepare projects must be restricted to those projects which can be clearly related to approved local/regional development strategies and municipality investment policies (such as those prepared under Strand A). Projects identified in the NUTS III economic development strategies or in the national ROP or in the SPD for Bratislava may also be considered for funding.

An indicative listing of potentially eligible projects is given in Annex.

**Technical Assistance (TA) Measure (1): Support to County Development Agencies**

**Rationale**

One of the main aims of the RDGS is to build local capacity and to test procedures by implementing a large number of small projects. The intention is to spread the geographic coverage of the scheme as widely as possible to cover all 8 NUTS III regions by means of a system of regional allocations (see 3.1 & 6.3). This will inevitably require awareness raising, information dissemination and day-to-day administrative management at the regional level.

TA Measure (1) will provide administrative support for the running of the RGGS in each NUTS III region. 8 County Development Agencies (1 per region) will be selected from the existing 18
RDA\textsuperscript{11}s to carry out this function. The selected agencies will be responsible to the Managing Authority in MoCaRD and will directly support the Managing Authority by being the initial contact points for general enquiries about the grant scheme and for specific enquiries relating to calls for proposals. They will provide technical support on project selection, preparation and management. They will be charged with the task of collecting monitoring data and will be responsible for raising awareness about all grant schemes (including CBC-Small Projects Fund; IGS; TGS; and HRDGS) in the regions.

In order to carry out these tasks the 8 County Development Agencies will receive core funding from MoCaRD and will not be beneficiaries of the RDGS. They will work in close cooperation with the NUTS III administrations and in due course it is foreseen that they will also be funded by these administrations to take on more tasks of direct regional significance. At first, however, most funding will be provided by MoCaRD, this \textit{may be} gradually reduced in the future and replaced by support from the NUTS III regions as these agencies take on more regional work.

Whilst ‘institutional thickness’ is rightly seen as a prerequisite to regional development, an explosive growth in bottom-up initiatives may give rise to problems such as the overlapping of functions, lack of coordination of measures, competition and conflict among organizations and confusion among private sector clients. It is therefore important for the County Agencies on behalf of the Regional Development Departments (within the NUTS III administrations) to take on the task of coordinating and managing the work done by LDOs in each region.

\textbf{Objective}

To develop a network of County Development Agencies which will support MoCaRD, in its management of the RDGS. These agencies will help to identify, select and monitor projects within each NUTS III region and will coordinate with the NUTS III regions to ensure that projects funded under this scheme are complimentary to those funded by the regions themselves or by other donors (other Phare grant schemes, IFIs, bilateral donors).

\textbf{Description of Types of Activity}

The County Development Agencies will undertake the following tasks:

\begin{itemize}
  \item **TA1.1** Regional workshops and seminars in priority regions to inform potential applicants and participants of grant procedures, eligibility criteria, objectives, terms and rules.
  \item **TA1.2** Development and updating of regional development web pages on the MoCaRD web site 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.
  \item **TA1.3** Providing local and regional authorities with a regular, relevant newsletter service and providing an updated list of \textit{Frequently Asked Questions} and their answers.
  \item **TA1.4** Managing databases of potential partners and facilitating partnership searches.
  \item **TA1.5** Managing a project database (including projects under preparation).
  \item **TA1.6** Providing technical support for project preparation and running PCM training courses and project development ‘clinics’.
  \item **TA1.7** Providing technical support on project management.
\end{itemize}

\textsuperscript{11} The remaining 10 will be eligible for funding as LDOs under Strand (B).
TA1.8 Preparing project development aides (‘toolboxes’ of techniques, guidelines and tips on identification and preparation).

TA1.9 Monitoring of project implementation cycle. Collecting monitoring data and providing progress reports for on-going projects.

TA1.10 Providing technical support to Managing Authority in MoCaRD for the project selection process in the RDGS (with the assistance of independent technical assessors).

*Basis for Selection of County Development Agencies*

MoCaRD and the NUTS III regions will select the 8 County Agencies from the existing network of 18 Regional Development Agencies on the basis of transparent criteria, which are being developed.

**Technical Assistance (TA) Measure (2): Start-up Assistance and Training for County Development Agencies and MoCaRD**

*Rationale*

TA Measure (2) will provide assistance for the start-up phase of the RDGS. ‘On the job’ assistance will be provided for the Managing Authority and Implementing Agency at the beginning of the grant scheme. In addition, this measure will provide formal and informal training; and will elaborate a series of operational guidelines, procedures and best practice manuals. The main focus will be on capacity building within MoCaRD and the County Agencies and the transfer of best practice from similar agencies in other candidate countries and the EU Member States. The TA provided will help MoCaRD to develop a transparent project selection process and appropriate monitoring and evaluation systems for individual projects and for the grant scheme as a whole. It is important to note that TA provided will not be used to run the grant scheme but rather to develop the skills needed to do this in MoCaRD and Agency staff.

*Objective*

To provide technical support and training for staff in the County Development Agencies and MoCaRD as they carry out their responsibilities for managing the RDGS during the start-up phase.

*Description of Types of Activity*

德育 Training Needs Analysis (TNA) for: staff; MoCaRD-Managing Authority, MoCaRD-Implementing Agency and of County Development Agencies.

德育 Training workshops and seminars based on results of TNAs. Training will be based on purpose written materials, which address the current situation in Slovakia. Also included is the development of training manuals based on Slovakian case studies and appropriate case studies in Candidate Countries and the EU Member States.

德育 ‘Training of trainers’ programme for County Development Agencies. This programme will specifically address the needs of Slovakian Local Development Organisations (LDOs).

德育 Development of a ‘Good Practice Manual’ covering:

德育 developing appropriate business plans,

德育 marketing strategies,

德育 networking with LDOs,
working in partnership with the public and private sectors, government organisations, the EU and other international organisations,

role of LDOs as representatives of local communities

Glossary of EU terminology (both general and specific to those sectors which are of most relevance to local economic development, viz. rural development, urban regeneration, RTDI, inward investment, SMEs, tourism)

‘On the job’ advice and support on operating calls for proposals, project appraisal and selection, project/programme monitoring and evaluation.

Updating of the RDGS Procedures Manual12.

3.5 Means

Measures (A-C): Grant Scheme

Total budget for grant scheme = 3.3 M€ (Phare funding)

TA Measure (1): National Co-funding

TA Measure (2): Service Contract (Framework Contract) (Budget foreseen: 0.2 M€ (Phare funding)

3.6 Lessons learned:

Pilot Grant Schemes

One of the important lessons learned from the pilot grant schemes implemented under the Phare 1998 SPP project was that whilst applicants often had good project ideas, they had poor understanding of how to respond to Calls for Proposals, in addition, they had difficulties in finding suitable partners and were often unclear about what was expected in terms of project preparation. The combination of these factors proved to be a major constraint in turning good ideas into good project proposals during the early stages of the pilot schemes. There was also considerable workload associated with dealing with enquiries and questions from potential applicants and overall, there was heavy over subscription for available funding, with for example, five times as many applications for tourism grants as could be supported. A similar situation is expected for the start-up and running of the RDGS and it is for this reason that MoCARD will support the development of County Agencies to deal with an interactive way with potential beneficiaries.

Another lesson learned specifically from the pilot Tourism Grant Scheme is the importance of publicizing and promoting the scheme in its entirety so as to achieve a balance of grant funded activities. The tourism scheme registered over 2,000 expressions of interest in its first Call for Proposals, which translated into 153 projects. However, the distribution of grants amongst available measures is unequal, with only 5 of the 153 being made for ‘People based development’ projects and the great majority (111) being for projects in the area of ‘Partnership & regions.’ More direct promotion of the measure ‘People based development’ may have redressed the balance of projects, alternatively the measure may have been genuinely unpopular and this finding should be an important consideration in the design of similar schemes for the future.

12 Developed in 2002 and funded under Phare 1999 Programme: Project Preparation Facility.
This is another reason for the establishment of County Development Agencies, which are expected to take a leading role in promoting the RDGS and in monitoring the balance of activities funded by it. They will feedback information which will be useful in making an evaluation of the RDGS as a whole and its future design.

4 Institutional Framework

The institutional framework for the RDGS will, as far as possible, be the same as that foreseen for ERDF, after accession. The key functions to be established within this framework are those of management, monitoring and payments. These are described below.

4.1 Management

As the intended Managing Authority for CSF, MoCaRD will take on the role of coordinating all the grant schemes proposed under Phare 2002. It will exercise this role principally through the ROP Monitoring Committee, which will also act as the Monitoring Committee for the RDGS.

MoCaRD will be the "Managing Authority" for the RDGS. In this role it will carry out the following functions:

⇒ Provide a secretariat and all administrative support necessary to run the RDGS

⇒ Chair and provide a secretariat for the ROP Monitoring Committee and a technical secretariat for the RDGS

⇒ Ensure that the availability of grants is publicized widely and in an easily accessible way

⇒ Manage the project selection process and to ensure that there is transparency and impartiality in the award of grants. This means that:

⇒ Proposals are selected on the basis of published evaluation criteria

⇒ Proposals are selected by an Evaluation Committee

⇒ The Evaluation Committee has access to independent assessors for the technical evaluation of proposals

⇒ The Evaluation Committee has access to assessments of proposals already made within each County

⇒ The Evaluation Committee submits its recommendations in an Evaluation Report which is also available to the ROP Monitoring Committee

⇒ Make decisions on grant awards taking into account the opinions of the ROP Monitoring Committee.

⇒ Ensure that the management of the RDGS is carried out using the standard procedures and documentation provided for by the current Slovak and EU regulations governing grant schemes. This means that:

⇒ Confidential written records of the entire awards procedure are kept for a period of up to 5 years after completion of the project, including originals of all proposals submitted, together with the corresponding Call for Proposals.

⇒ Procurement of all services, supplies or works within a grant project adhere to the procedures set out in the PRAG
Collect and analyse monitoring data and prepare progress reports on the RDGS for the Monitoring Committee.

Prepare implementation reports for the Monitoring Committee.

Organise the mid-term and ex-post evaluations of the RDGS and make a full report of these to the Monitoring Committee.

Prepare reports for the CSF Monitoring Committee as required.

The County Development Agencies (as described in 3.4) will support the Managing Authority in some of these functions by: publicizing the RDGS widely; preparing their regions for Calls for Proposals; preparing regional assessments of proposals and in collecting monitoring and evaluation data.

4.2 Monitoring

Monitoring and management information will be made available to the ROP Monitoring Committee by means of regular reports from the Managing Authority and this committee will monitor the implementation of the whole grant scheme. The role of the ROP Monitoring Committee in relation to the RDGS is outlined below:

- To confirm or adjust the key management features of the scheme including project selection criteria, physical and financial indicators
- To review the project selection process undertaken by the Managing Authority and make recommendations in the light of this.
- To review progress being made towards achieving objectives and targets
- To examine the results of implementation, particularly the targets set for different Strands
- To approve the regular and final implementation reports.

4.3 Payments

Payments for the RDGS will be made by the Implementing Agency for Regional Development (IARD) in MoCaRD.

With respect to the RDGS the role of the IARD include the following:

- To submit payment application forecasts to the National Fund to meet current and forecast expenditure.
- To release of funds to grant projects on approval of invoices by beneficiaries
- Keep records of all payments made to all grant projects
- Prepare reports containing summary statistics on payments made and those still outstanding.
- Prepare commitment and disbursement reports
- Draw up and submit certified payment applications to the National Fund on the basis of expenditure actually incurred by the final beneficiaries.
5 Detailed Budget (in M€)

<table>
<thead>
<tr>
<th>Activities (contracts)</th>
<th>Phare Support</th>
<th>National Co-financing(*)</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment Support (I)</td>
<td>Institution Building (IB)</td>
<td>Total Phare (I+IB)</td>
</tr>
<tr>
<td>Strategies and Partnerships</td>
<td>1.0</td>
<td>1.0</td>
<td>0.385</td>
</tr>
<tr>
<td>Local Development Organisations (LDOs)</td>
<td>0.8</td>
<td>0.8</td>
<td>0.308</td>
</tr>
<tr>
<td>Project Development</td>
<td>1.5</td>
<td>1.5</td>
<td>0.385</td>
</tr>
<tr>
<td>Locally Significant Infrastructure</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Support to County Development Agencies</td>
<td>-</td>
<td>-</td>
<td>0.2</td>
</tr>
<tr>
<td>TA to the MoCRD</td>
<td>-</td>
<td>-</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3.3</strong></td>
<td><strong>0.2</strong></td>
<td><strong>3.5</strong></td>
</tr>
</tbody>
</table>

(*) The Phare grant scheme allocation (3.3 MEUR) will be increased by a contribution of at least 1.1 MEUR from the Slovak government. This amount does not include the financial contribution (co-financing) to be provided by the final beneficiary.

6 Implementation Arrangements

6.1 Implementation Agency:
Implementing Agency for Regional Development
Ministry of Construction and Regional Development
Špitálska 8
816 Bratislava
PAO: Július Slovák
Tel: +421 7 5975 3819
Fax: +421 7 5975 3833

6.2 Twinning
Not applicable

6.3 Non-standard aspects
It is proposed to support the local planning and partnership building activities (foreseen under Strands A & B of the grant scheme) with small grants of between 10-50,000€. This is below the minimum grant threshold of 50,000€ set by the Phare Programming Guidelines, there are 3 good reasons for the introduction of smaller grants.

Firstly these grants are aimed at small to medium sized municipalities, some of which will find it hard to co-finance grants of 50,000€ and more. Secondly activities within Strands A & B are generally not expensive and good quality outputs can be produced at considerably less than 50,000€. Thirdly this increases the total number of projects, which can be funded, and increases the potential coverage (and therefore capacity building effect) achieved by the RDGS.

Projects funded under Strands C & D (where impacts at local and regional scales are expected) the minimum size of project will remain 50,000€.
6.4 Contracts

The number of contracts depends upon the size of grants awarded in the grant scheme. It is proposed that 2 categories of grant funding be considered in the RDGS:

<table>
<thead>
<tr>
<th>Project Category</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strand A</td>
<td>10,000</td>
<td>50,000(€)</td>
</tr>
<tr>
<td>Strand B</td>
<td>10,000</td>
<td>50,000(€)</td>
</tr>
<tr>
<td>Large Projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strand C</td>
<td>50,000</td>
<td>100,000(€)</td>
</tr>
<tr>
<td>Strand D*</td>
<td>50,000</td>
<td>300,000(€)</td>
</tr>
</tbody>
</table>

*Only in case the 2003 Phare NP will make funding available

On the basis of these grant ranges and given the budgetary allocation per Strand (see Section 5), it is possible to predict that the RDGS will fund somewhere between 33 and 188 projects (Table 2). These calculations include co-financing and are based on regional allocations, calculated from regional GDPs and population sizes (this calculation is explained in Table 2).

At the upper end, 188 projects are more than sufficient to test regional delivery mechanisms and to build local capacity. At the lower end, 33 projects might be sufficient to test the system but too few to achieve widespread, local capacity building. It is difficult to estimate an optimal number for achieving both objectives but it is suggested that this number should be at minimum 100 spread across Slovakia.

The distribution of projects between regions is indicative only, since, during the course of the RDGS, if allocated funds cannot be absorbed by any of the regions they may be re-allocated to other, more successful regions.
Table 2 Predicted Numbers of Projects funded per RDGS Strand per County

<table>
<thead>
<tr>
<th>Counties</th>
<th>% Allocation of grant funds</th>
<th>No. (min-max) of projects per RDGS Strand&lt;sup&gt;14&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Strand A</td>
</tr>
<tr>
<td>Bratislavský VÚC</td>
<td>8</td>
<td>1-7</td>
</tr>
<tr>
<td>Trnavský VÚC</td>
<td>10</td>
<td>1-9</td>
</tr>
<tr>
<td>Trenčiansky VÚC</td>
<td>11</td>
<td>2-11</td>
</tr>
<tr>
<td>Nitriansky VÚC</td>
<td>14</td>
<td>2-14</td>
</tr>
<tr>
<td>Žilinský VÚC</td>
<td>14</td>
<td>2-13</td>
</tr>
<tr>
<td>Banskobyst. VÚC</td>
<td>12</td>
<td>2-12</td>
</tr>
<tr>
<td>Prešovský VÚC</td>
<td>17</td>
<td>3-17</td>
</tr>
<tr>
<td>Košický VÚC</td>
<td>14</td>
<td>2-14</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>100</strong></td>
<td><strong>15-97</strong></td>
</tr>
</tbody>
</table>

**Beneficiaries**

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

- Regional and Local Authorities
- Municipalities
- Micro-regions
- Local and regional public organizations
- Chambers of Commerce
- Professional Organisations
- Associations of towns & cities
- Non Government Organisations
- Local Development Organisations (including those existing RDAs which are not designated as County Development Agencies)

**7. Implementation Schedule**

**7.1 Start of tendering /call for proposals**

1<sup>st</sup> call for proposals 2nd quarter 2003

2<sup>nd</sup> call for proposals 2nd quarter 2004

---

<sup>13</sup> Based on the formula \( W = \frac{N}{(100/M)^{0.5}} \) where \( N \)=population share, \( M \)= average GDP, and \( W \) = a weighting factor which when adjusted to total 100 and expressed as a percentage gives the % allocation of grant funds per region.

<sup>14</sup> The number of project is calculated from total PHARE + national co financing sum
7.2 Start of project activity

3rd quarter 2003

7.3 Project completion

3rd quarter 2005

8. Equal opportunity

This project will under no circumstances discriminate against grant applicants on the basis of gender. Appropriate gender-sensitive indicators will be employed to monitor individual projects and ensure that overall the RDGS gives equal funding opportunities to both men and women and produces benefits equally for men and women.

9. Environment

The criteria for project selection in all RDGS strands include those, which deal with actual or probable environmental impact of projects. Proposals for projects, which have potentially negative impacts, will routinely be identified and removed from the project selection process. Such projects will only be considered again once they have been modified to reduce associated environmental problems to acceptable levels.

All projects, regardless of size, can have negative environmental impacts. For example, all the following projects have potentially negative impacts:

- Strand A and B projects which attract inward investments from large enterprises,
- Strand C projects which prepare feasibility studies for major road schemes
- Strand D projects which involve construction and civil works.

For this reason all projects proposals will be examined for potential environmental impacts as a normal part of eligibility screening. In addition, proposals for Strand (D) should follow Slovakian law on environmental impact assessment and should be accompanied by the appropriate environmental impact statements, as required by law. Certain projects will be monitored using environmental indicators to ensure that unforeseen problems are quickly identified and dealt with.

10. Rates of return

Projects funded under Strands (A-C) of the RDGS will not generate revenues and it is not possible to calculate internal rates of return, neither economic nor financial. However, it will be possible to introduce some form of preliminary economic appraisal in the evaluation of proposals for Strand C (‘Project Development’). Strand C deals with the preparation of large infrastructure projects and typical outputs will be feasibility studies, engineering designs and EIAs. It can be noted that the minimum size of grant available under Strand C is 50,000€ and that project preparation costs rarely exceed 5% of the total project budget (more typically 3%), which means that Strand C will be preparing projects of a minimum total value of 1 M€ and most of the projects (judged by the list given in Annex 6.4) are expected to be larger than this. These projects, when they come to be built, are expected to have economic impacts and for some of them it will eventually be possible to calculate both financial as well as economic internal rates of
return (EIRRs and FIRRs). In preparing applications for Strand C, applicants will be expected to estimate the likely economic and financial effects of the projects to be prepared.

Using the normally accepted benchmark figures for public infrastructure it will be possible to screen out unsuitable projects at an early stage of preparation. Predicted economic/financial benefit will be one of the selection criteria for Strand C projects and projects with potentially high rates of economic return will be given preference. Benchmark indicators used in the RDGS are: minimum EIRR of 5%; FIRRs in the range 8-20% and positive net present values (NPVs) at ‘social’ (i.e. non-commercial) discount rates.

The same benchmark figures will be used to evaluate proposals for Strand D projects (‘Locally Significant Infrastructure’). These projects, will by definition, be small and are unlikely to have high FIRRs or NPVs. Project selection for Strand D projects will focus mostly on economic returns and to be funded, projects will be expected to have significant social and economic benefits.

11. Investment criteria

11.1 Catalytic effect

This project will act as a catalyst for the economic development of the regions and will increase absorption capacity for regional funding. In this sense the project will be a catalyst for the implementation of the ROP. Grants made to stimulate local initiatives, promote regional image and develop public-private partnerships are intended to have leverage effects on private sector development either through inward investments or by encouraging the creation of new businesses. Without the local capacity building funded by Phare it is unlikely that any such regional investments would take place.

11.2 Co financing

The RDGS will make use of 3 sources of co-financing: (a) national state budget; (b) regional budgets of the NUTS III, self-governing counties; and (c) beneficiaries own sources. All the co-financing of Strand C and (eventually) Strand D projects will be provided by the beneficiaries themselves whilst the ‘softer’ Strands A and B will be totally co-financed by public funds, either from the national budget (Strand A) or from the budgets of the self-governing regions (Strand B). This co-financing plan is summarised below in Table 3, whilst the extent to which individual regions and beneficiaries will need to co-finance the RDGS is examined in Annex 4 of this Project Fiche.

*The proposed co-financing arrangements will allow MoCaRD to assess the capacity of the regions, and of local beneficiaries, to absorb future Structural Funds.*

**Table 3: Co-financing Plan for the RDGS**
<table>
<thead>
<tr>
<th>RDGS Component</th>
<th>Source of Co-financing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Phare</td>
</tr>
<tr>
<td>Strand A</td>
<td>75%</td>
</tr>
<tr>
<td>Strand B</td>
<td>75%</td>
</tr>
<tr>
<td>Strand C</td>
<td>75%</td>
</tr>
<tr>
<td>Strand D*</td>
<td>75%</td>
</tr>
<tr>
<td>TA Measure 1</td>
<td>0</td>
</tr>
<tr>
<td>TA Measure 2</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Note* Proposed for funding under the Phare 2003 Programme.

### 11.3 Additionality

No other source of funding will be displaced by the Phare intervention. This project conforms fully with government policy on regional development and is consistent with the NDP and government decisions on the operation of Structural Funds in Slovakia post-accession.

### 11.4 Project readiness and size

Manuals of RDGS procedures and the standard documentation required to operate the scheme will be ready by the end of May 2002. By that date, TA available to MoCaRD will support the ministry’s preparations for the RDGS by:

- Preparing all standard grant scheme documentation, following EU guidelines, including standard application forms, ‘Guidelines for Applicants’, Call for Proposals, draft scoring grids, draft administrative & eligibility grids, draft contracts).
- Defining the roles and responsibilities of the RDGS secretariat
- Draft terms of reference for the function of the existing network of Regional Development Agencies (RDAs) within the RDGS
- Preparing a manual of grant scheme operational procedures
- Preparing a manual for *ex-ante* evaluation procedures for the RDGS

---

*MoCaRD has established 18 Regional Development Agencies (RDAs) in response to the Government’s decision of 20/9/00 to develop an “integrated network” of RDAs (government decision 738/2000). Some of these are expected to become ‘County Development Agencies’ (as explained in section 3.4.1), others will be classed as ‘Local Development Organisations’ and therefore eligible for grants under Strand B of the RDGS.*
Provide on-the-job training for staff preparing the RDGS in MoCaRD and County Development Agencies.

Discussions have been held with representatives from existing RDAs and with relevant departments in MoCaRD on the division of roles and responsibilities during the implementation of the RDGS. They are aware of their obligations under the scheme and have confirmed their readiness to play their respective roles.

MoCaRD staff will draft terms of reference (ToR) for the framework service contract that will provide TA to support the start-up phase of the RDGS in early 2003. These ToR will be finalized and approved during the course of 2002. Tendering is expected to take place immediately after the signing of the FM. TA should be in place by the time of the 1st Call for Proposals (April 2003).

11.5 Sustainability

The local dynamics developed by this project will stimulate local development initiatives, which in turn will attract public and private investment into the regions. There are many sources for these investments, in addition to Phare, for example projects prepared under Strand C of the RDGS might, in the end, be funded from domestic sources or by an IFI municipality loan.

This project will increase the capacity of local and regional public bodies to become actively involved in economic development planning. This planning process will result in the development and preparation of strategies and projects which will be fundable from many sources (including Structural Funds) in the future. In this sense the project will be sustainable beyond the Phare intervention.

11.6 Compliance with state aids provisions

The co-financing arrangements contained in the RDGS (11.2 above) are fully compliant with Slovakian state aid rules. The whole grant scheme has been designed according to the regulations and guidelines for such schemes from the Commission. A detailed explanation of state aid rules will be given in the Guidelines to Applicants.

However, it can be noted that the target beneficiaries of the RDGS are public, non-profit making bodies and the issue of state aid is not expected to be significant for the projects funded under the scheme.

11.7 Contribution to National Development Plan

This project will contribute to the NDP by creating the conditions for the implementation of the national ROP and the SPD (Objective 2) for Bratislava. This is described in detail in Sections 2.4 and 3.1 of this fiche.

12. Conditionality and sequencing

The project is ready for an immediate start after the signature of the FM. All the necessary government decisions in relation to Managing and Paying Authorities have been taken. There are 3 main conditions for the successful implementation of this project, these are: (1) the NDP review and the consolidation of the existing ROPs into a single national ROP takes place; (2) the County administrations become involved in the implementation of the RDGS; (3) the accreditation of the Implementing Agency for Regional Development proceeds according to schedule.
All 3 conditions are currently being addressed by MoCaRD and will be met by the start of this project in 2003.
**LOGICAL FRAMEWORK PLANNING MATRIX FOR:**

Programme number 2002/000.610-13

<table>
<thead>
<tr>
<th>Contracting period expires: 30.11.2004</th>
<th>Disbursement period expires: 30.11.2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local and Regional Development Grant Scheme</td>
<td>Total budget (MEUR): 4.6</td>
</tr>
<tr>
<td>PHARE budget (MEUR): 3.5</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Overall objective:</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>To create the conditions, at local &amp; regional levels, for the implementation of the ROP contained in the NDP.</td>
<td>Projects &amp; programmes which successfully address regional development priorities of Slovakia</td>
<td>Commission reports</td>
</tr>
<tr>
<td></td>
<td>Reduced internal differentials in regional GDPs</td>
<td>Government statistics</td>
</tr>
<tr>
<td></td>
<td>Rate of absorption of ERDF</td>
<td>Reports from the managing and payment authorities.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project purpose:</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>To establish and test the administrative structures &amp; procedures needed for the implementation of the ROP by supporting regional and local initiatives.</td>
<td>Successful testing of management systems for EU funding. Procedures established at each stage of the program cycle.</td>
<td>RDA /secretariat reports</td>
</tr>
<tr>
<td></td>
<td>Rate of absorption on the grant scheme</td>
<td>Monitoring Reports by Implementing Agency</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Assessment Reports</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Monitoring Committee reports</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Results:</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased capacity of public authorities in the regions to elaborate</td>
<td>No of approved regional development strategies and development plans of selected NUTS4 &amp; 5 regions or towns</td>
<td>Monitoring reports of IARD (Implementing Agency of Regional Development)</td>
</tr>
<tr>
<td></td>
<td>No. of feasibility studies and tender dossiers for projects which will be supported in future from pre-accession or structural funds</td>
<td>RDA reports</td>
</tr>
<tr>
<td></td>
<td>No. of small infrastructure and SME oriented investments (Strand D)</td>
<td>ROP Monitoring Committee reports</td>
</tr>
<tr>
<td></td>
<td>No of land use decisions / permission for building granted</td>
<td>Effective coordination and cooperation with other parallel grant schemes of Human resource development Tourism and Industry</td>
</tr>
<tr>
<td></td>
<td>No of development information centres (web pages) and associations</td>
<td>Effective coordination and cooperation with other EU programmes (Sapard /Ispa) and other domestic activities in SR</td>
</tr>
<tr>
<td></td>
<td>No of trained local officials</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No of regional and local partnerships</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No of local producer groups</td>
<td></td>
</tr>
<tr>
<td>Activities</td>
<td>Means</td>
<td>Assumptions</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>--------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Implementation of projects supported by Strands A, B &amp; C of RDGS. Activities of CDAs providing: information to applicants; technical assistance on project preparation; advice on implementation; monitoring reports. Activities of IA: contracts &amp; their management; Activities of Managing Authority: establishing transparent project selection process using independent assessors Technical assistance in grant scheme administration RDGS information activities (conferences, workshops, study tours)</td>
<td>Grant scheme in operation Technical assistance contract Purchase of equipment for CDAs CDA operations</td>
<td>Sufficient number of eligible and well prepared project proposals Project selection is objective independent and transparent Effective network of CDAs established and sufficiently resourced Management committee secretariat becomes established MoRD and CDA staff receive training Accredited Implementing Agency for Regional Development at the Ministry of Construction Cooperation with IB 2001 Activities of Monitoring Committees &amp; their secretariats: Monitoring Evaluation reports</td>
</tr>
<tr>
<td>Preconditions</td>
<td></td>
<td>County Development Agencies selected in partnership with NUT regions and staff trained Identification of other regional &amp; local organisations which will be responsible for management of parallel grant schemes.</td>
</tr>
</tbody>
</table>
## Detailed Implementation Chart

<table>
<thead>
<tr>
<th>Project Component</th>
<th>2003</th>
<th></th>
<th></th>
<th>2004</th>
<th></th>
<th></th>
<th>2005</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1st Q</td>
<td>2nd Q</td>
<td>3rd Q</td>
<td>4th Q</td>
<td>1st Q</td>
<td>2nd Q</td>
<td>3rd Q</td>
<td>4th Q</td>
<td></td>
</tr>
<tr>
<td>Strategies &amp; partnerships</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Local Development organisations</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Project development</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Support to County Development Agencies</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>T.A. to the MoCRD</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
ANNEX 3

CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE (in MEUR)

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th></th>
<th>2004</th>
<th></th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracted</td>
<td>0.2</td>
<td>0.2</td>
<td>1.2</td>
<td>1.5</td>
<td>2.0</td>
</tr>
<tr>
<td>Disbursed</td>
<td>0.05</td>
<td>0.4</td>
<td>0.8</td>
<td>1.2</td>
<td>1.8</td>
</tr>
</tbody>
</table>