Standard Summary Project Fiche

1 Basic Information

1.1 CRIS Number: 2003-004-995-03-08
1.2 Title: Support to Local and Regional Project Development Grant Scheme
1.3 Sector: Economic and Social Cohesion
1.4 Location: Slovak Republic

2 Objectives

2.1 Overall Objectives:
To develop regional absorption capacity for EU Structural & Cohesion Funds.

2.2 Project purpose:
To increase the capacity of local & regional actors to prepare and implement projects funded under EU programmes.

2.3 Accession Partnership and NPAA priority:
Regional policy and co-ordination of structural instruments
¬ To develop the technical preparation of projects eligible to Structural and Cohesion Funds assistance (project pipeline)
¬ To align with the specific financial management and control procedures for future Structural and Cohesion Funds under the relevant EC Regulations.
¬ 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.

NPAA
This project will contribute towards the achievement of priority 2 (for Regional Policy and Cohesion) in the National Programme for the Adoption of the Acquis (NPAA):

“creation of 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 priorities:
¬ Mobilisation & support of growth potential and innovation abilities of regions’
⇒ Development of transport & telecommunications infrastructure if regions’
⇒ Development of rural areas
⇒ Environmental quality improvement

3 Description

3.1 Background and justification:

The Slovak Republic is preparing for the accession to the European Union in May 2004. As of the date of the accession, the Slovak Republic must be able to manage assistance in the area of economic and social cohesion received through Structural Funds in line with the relevant EC Regulations especially 1260/99/EC. Nevertheless, the capacity to generate development projects has been identified as the weak point of preparation for Structural and Cohesion Funds. The project will therefore address this problem by supporting the technical preparation of projects eligible to Structural and Cohesion funds assistance. On the basis of this project successful project pipeline can be developed in the area of economic and social cohesion.

The rationale is given by:

- The emerging absorption problems;
- The reality of significantly increased resources for development on accession;
- The real need to invigorate local communities to participate in their own development and the need to reinforce co-operation and partnership among development agents, which leads to a sophisticated project pipeline needed for absorption of funding.

The Regional Development Grant Scheme (RDGS) was established by the Phare 2002 programme and is managed by MoCaRD. RDGS was designed with the following strands: (A) Strategies and Partnerships, (B) Local Development Organisations and (C) Project Development. It has two main aims: (a) to establish the institutions; planning procedures and local partnerships that will be needed to implement the ‘ROP-Slovakia’ and the ‘SPD 2-Bratislava’ and (b) to prepare specific projects identified as being of regional (rather than national) significance.

However, the amount of funding available under Phare 2002 was limited and whilst sufficient to achieve the first of these aims it will not be enough to achieve the second, i.e. to develop sufficient number of projects which have demonstrable regional or local impacts. This is because such projects normally involve infrastructure and the preparation of documentation for such projects is financially demanding. A preliminary list of such projects provides scope for actions in transport, environment and urban development. Clearly, any ‘project pipeline’ for the implementation of the Structural Funds in the regions will involve the preparation of substantial investments in infrastructure.
The proposed project continues and builds upon the existing local and regional development grant scheme 2002 in order to provide grants for local and regional developers to prepare a project ‘pipeline’ for future implementation under the Structural & Cohesion Funds. An important objective is to establish effective ERDF delivery mechanisms, and it therefore focuses on developing the capacity of regions to apply for EU funding, according to EC Regulations.

Strand C (Project Development) of this project will develop local capacity to prepare and implement infrastructure projects. It 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. 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.

The implementation of ‘hard’ projects (supplies and works) is the logical conclusion of the planning and preparatory work supported under grant schemes 2002 and 2003 Strands A-C. This grant scheme 2003 is expected to be implemented towards the second half of 2004 and by than locally significant infrastructure will be financed by Structural Funds. 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.

3.2 Linked activities:

  - part Twinning [France, Ireland] - Guaranteed results: Managing and paying authorities will develop the procedures needed to fulfil all the relevant provisions laid down in Council Regulation (EC) No. 1260/1999 on SF and other relevant EC Regulations;
  - part Technical assistance – Development and set-up of monitoring systems for ERDF and ESF, this part will provide support to analysis, design, development, testing, user and administrator training and roll out of the Subsystem for Programming of Structural Funds;
  - part Technical assistance - Capacity building for relevant partners involved in SF programming and implementation, this part will provide support to the
creation of functioning managing authorities, paying authority, and monitoring committees in order to make them capable to conduct all the tasks connected with the programming, implementation, management and monitoring/evaluation of the structural actions co-financed by the EU Structural Funds in line with the requirements of the Regulations 1260/99/EC, 438/2001/EC and all relevant decisions of the Slovak Government;

→ part Technical assistance – *Preparation of programmes and projects*, this part will be used for finalisation of the ex-antes and programme complements of the OPs, SPD2 and SPD3.

- CRIS Number 2002/000.610-11 Consolidating the Institutional Framework and Enhancing Administrative Capacity for Programming, Implementation and Monitoring of Structural Funds [duration: 2.Q/2003 – 2.Q/2005]; the project should deliver the following results: (i) Managing authorities for the Sectoral Operational Programmes, the Single Programming Documents for objective 2 and 3, Interreg III and other Community Initiatives and for the Cohesion Fund programmes have developed adequate capacity to deliver the tasks defined in Council Regulations 1260/1999; (ii) Monitoring system established and operational.

- The following grant schemes are included in the 2002 National Programme - Economic and Social Cohesion:

<table>
<thead>
<tr>
<th>CRIS Number: 2002/000.610-13</th>
<th>Ministry of Construction and Regional Development (MCRD)</th>
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<tbody>
<tr>
<td>Local and Regional Development Grant Scheme (RDGS) [duration: 2.Q/2003 – 3.Q/2005]</td>
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<tr>
<th>CRIS Number: 2002/000.610-12</th>
<th>Ministry of Economy (MoE)</th>
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<tr>
<td>Industry Development Grant Scheme (IDGS) [duration: 03/2003 – 06/2005]</td>
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<tr>
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<th>Ministry of Economy (MoE)</th>
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<tr>
<th>CRIS Number: 2002/000.610-15</th>
<th>Ministry of Labour, Social Affairs &amp; Family (MLSAF)</th>
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<tr>
<td>Human Resources Development Grant Scheme (HRDGS) [duration: 03/2003 – 09/2005]</td>
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RDGS should assist in the development of the local development agents in the regions (NUTS III to V) and to prepare a project pipeline of projects at the NUTS IV and V levels. IDGS’ main objective will be to increase the competitiveness of the Slovak industry on the international markets; TGS will concentrate on increasing the competitiveness of the tourism sector. RDGS is to provide an attractive, local, investment environment for enterprises (particularly SMEs) to locate and become successful. IDGS and TGS will provide complimentary investments in the private
sector and HRDGS will support the provision of appropriate labour market skills. These parallel grant schemes are considered as ‘complementary measures’ in Structural Funds terminology. Collectively the 4 proposed grant schemes will test potential Structural Funds delivery mechanisms.

- The following grant schemes are planned, in addition to the Support to Local and Regional Project Development (RDGS), for funding by the 2003 Phare programme:

<table>
<thead>
<tr>
<th>Grant Scheme</th>
<th>Funding Authority</th>
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<tr>
<td>Innovation Support Grant Scheme</td>
<td>Ministry of Economy (MoE)</td>
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<tr>
<td>Tourism Development Grant Scheme</td>
<td>Ministry of Economy (MoE)</td>
</tr>
<tr>
<td>Grant Scheme on Equal Opportunities and Social Inclusion Support</td>
<td>Ministry of Labour, Social Affairs &amp; Family (MoLSAF)</td>
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- Establishing regional and local capacities for managing and implementing Structural Funds (proposed for IB- 2003); The purpose of the proposed project is to ensure the effective management of & also the capacity to absorb EC funds in area of economic and social cohesion. It will expand the process of preparing relevant institutions/actors on the regional and local level (including MCRD as a leading partner in the project), so a clearly distinguishable “development community” is functioning nation-wide by end 2006.

3.3 Results

Result (1)

Increased regional capacity to absorb (pre and post accession) EU funds by the preparation of strategically important projects to provide a project pipeline at the regional level

Result (2)

Improved management of grant scheme by the introduction of electronic application and monitoring systems

3.4 Activities

Grant Scheme Strand (C): Project Development

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.

Technical Assistance (TA) Measure (1): Development of an on-line ‘project information system

Administrative support to MoCaRD for the running of the RDGS in each NUTS III region is provided by 8 County Development Agencies (1 per region). These agencies act as a first point of contact for grant applicants and provide advice and support throughout the application process. The County Development Agencies (CDAs) are also receptions point for the submission of applications and support the Managing Authority (MoCaRD) in the administration of the project selection process. In accordance with the rules set out for grant schemes by the PRAG, the CDAs, in conjunction with the Managing Authority, are responsible for:

⇒ Receipt & registration of applications
⇒ Opening of applications; sending of acknowledgement letters; completion of ‘Proposal Opening Reports’
⇒ Screening of proposals for administrative compliance and eligibility
⇒ Provision of missing information/documentation
⇒ Sending letters to applicants with non-compliant and/or ineligible proposals
⇒ Assessment of technical & financial quality
⇒ Ranking of compliant & eligible proposals according to average scores
⇒ Sending of letters to successful & unsuccessful applicants
⇒ Keeping records of grant award procedures for 5 years after end of RDGS
Under the 1st & 2nd Call for proposals to be launched in 2003-04 (Strands AB & C of the RDGS) the CDAs will be processing a large number of applications. It is, of course, difficult to predict the number of applications. The only previous experience in Slovakia with a similar grant scheme is that of the pilot-tourism grant scheme, which showed that there were 5 applications for every grant awarded. On this basis the CDAs might be expected to process 165-940 applications for funding under the Phare 2002 RDGS. This project will add an estimated 500-5000 applications (based on an estimated number of between 100-1000 grants, see 6.4 Contracts). Clearly the administration and record keeping associated with this number of applications will be time-consuming and may impose impossible administrative burdens on the newly created CDAs.

TA proposed under this project will develop an on-line, electronic application procedure and a 'project information system, which can be used for programme management purposes. The intention is to use an e-application form, which the applicants receive, either on disc or via the RDGS web site. Applications are automatically registered and the details of both applicant and proposed project are entered into defined data fields. The application form will be MS-Access based and can be used by the CDAs /Managing Authority for recording administrative compliance data; assessor’s comments; completed evaluation grids; and final selection decision.

It is envisaged that the database will be expanded for successful applicants so that it includes contract management information and monitoring data supplied by grant recipients. Effectively this project information system will track the progress of each grant awarded from preparation to implementation. Information on grant selection can be made available, via the web site, to applicants thereby increasing the transparency of RDGS procedures. At the same time data held on the whole information system can be used by the Managing Authority for producing regular implementation reports and as a basis for programme evaluation.

The use of such information systems is standard procedure in the EU Member States and the development of a computerised monitoring system is a requirement under current Structural Funds Regulations. In order to maximize its value, the proposed project information system should be compatible with the national monitoring system being developed under Phare IB 2001. One of the most important tasks for the TA element will be to ensure that the system developed for the RDGS is fully integrated into the national monitoring system.

**Technical Assistance (TA) Measure (2): Strengthening of County Development Agencies**

One of the main aims of the RDGS is to build local capacity for preparing of a large number of 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. This will inevitably require awareness raising, information dissemination and day-to-day administrative management at the regional level.

TA Measure (1) will develop project information system 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’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 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.

**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).

**Description of Types of Activity**

The County Development Agencies will undertake the following tasks:

- **TA1.1** Regional workshops and seminars in priority regions to inform potential applicants and participants of grant procedures, eligibility criteria, objectives, terms and rules.

- **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;

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1 The remaining 10 will be eligible for funding as LDOs under Strand (B).
managing a ‘notice board’ for local authorities where questions can be asked and answered.

TA1.3 Providing local and regional authorities with a regular, relevant newsletter service and providing an updated list of Frequently Asked Questions and their answers.

TA1.4 Managing databases of potential partners and facilitating partnership searches.

TA1.5 Managing a project database (including projects under preparation).

TA1.6 Providing technical support for project preparation and running PCM training courses and project development ‘clinics’.

TA1.7 Providing technical support on project management.

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.

3.5 Means

Strands (C): Grant Scheme

Total budget for grant scheme = 5 M€ (Phare funding)

TA Measure 1: Service Contract - Budget foreseen: 0.5 M€ (Phare funding)

TA Measure 2: Service Contract - Budget foreseen: 0.5 M€ (Phare funding)

3.6 Lessons learned:

Pilot Grant Schemes: ‘Special Preparatory Programme for Structural Funds’ (SPP)

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, 5 times as many applications for tourism grants as could be supported. It was for this reason that MoCaRD established CDAs to provide support for running the RDGS.

4 Institutional Framework

MoCaRD is the Managing Authority for the RDGS. Administrative support for the running of the RDGS in each NUTS III region is provided by 8 County Development Agencies (1 per region). These agencies are responsible to the Managing Authority (in MoCaRD) and act as the initial contact points for general enquiries about the grant scheme and for specific enquiries relating to calls for proposals. They provide technical support on project selection, preparation and management and are responsible for collecting monitoring data.

The County Development Agencies are responsible for the following tasks:

- Regional workshops and seminars in priority regions to inform potential applicants and participants of grant procedures, eligibility criteria, objectives, terms and rules.
- 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.
- 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 aides (‘toolboxes’ of techniques, guidelines and tips on identification and preparation).
- Monitoring of project implementation cycle. Collecting monitoring data and providing progress reports for on-going projects.
- Providing technical support to Managing Authority in MoCaRD for the project selection process in the RDGS (with the assistance of independent technical assessors).

In carrying out this last responsibility the CDAs work directly in conjunction with the Implementing Agency for Regional Development (MoCaRD), which is responsible for managing the whole selection process. The selection procedures are set out in the PRAG under ‘the evaluation of applications’ and ‘award of contracts’, which additionally
provides the various standard documents to be used in the form of electronic templates. The full selection process can be considered as 19 sequential steps, these, together with their associated PRAG documents, are summarized below:

**Step**
1. Receipt & registration of applications
2. Establishing the Evaluation Committees
3. Approval of Evaluation Committees
4. Opening of applications; sending of acknowledgement letters; completion of ‘Proposal Opening Reports’
5. Screening of proposals for administrative compliance and eligibility
6. Provision of missing information/documentation
7. Sending letters to applicants with non-compliant and/ or ineligible proposals
8. Assessment of technical & financial quality
9. Ranking of compliant & eligible proposals according to average scores
10. Selection of projects
12. Approval of Evaluation Report
13. Preparation of draft contracts & explanatory dossiers
14. Approval & endorsement of proposed grants
15. Sending of letters to successful & unsuccessful applicants
16. Signing of contract
17. Publicising grant awards
18. Updating PERSEUS
19. Keeping records of grant award procedures for 5 years after end of RDGS

**PRAG Documents & Associated Steps (as above).**

(Step 4) PRAG Annexes: E04 Receipt for hand-delivered proposals; E05 Proposal opening report; E06 Acknowledgement letter.

(Step 5) PRAG Annex: E07 Administrative compliance & eligibility grid

(Step 6) PRAG Annex: E08 Request for missing documents

(Step 7) PRAG Annex: E09 Rejection letter for ineligible applicants

(Step 10) PRAG Annex: E10 Evaluation grid

(Step 11) PRAG Annex: E10 Evaluation report
5 Detailed Budget (in M€)

<table>
<thead>
<tr>
<th>Activities</th>
<th>Phare Support</th>
<th></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></td>
<td>Support (I)</td>
<td>Building (IB)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Development</td>
<td>5.0</td>
<td>5.0</td>
<td>1.7</td>
<td>6.7</td>
</tr>
<tr>
<td>TA to the MoCRD</td>
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<td>0.5</td>
<td>-</td>
<td>0.5</td>
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<td>TA to the CDAs</td>
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<td>-</td>
<td>0.5</td>
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<tr>
<td>Total</td>
<td>5.0</td>
<td>1.0</td>
<td>6.0</td>
<td>7.7</td>
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</table>

*) In line with the Slovak Government’s decision dated 9 February 2000, all Phare funded projects including an investment component will be co-financed from the State Budget. The co-financing of the investment component will be ensured with a minimum contribution of 25 percent. National co-financing of the Investment component (equipment) will be included into the 2004 state budget.

6 Implementation Arrangements

6.1 Implementation Agency:
Implementing Agency for Regional Development
Ministry of Construction and Regional Development
Špitálska 8
816 44 Bratislava 1
PAO: Július Slovák
Tel: +421 2 5975 3414
Fax: +421 2 5975 3438

6.2 Twinning
Not applicable.

6.3 Non-standard aspects
It is proposed to support the project preparation activities (foreseen under Strands C of this grant scheme) with grants between 10-100,000€. 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 Strand C can be less costly than 50,000€, for instance in the case of business planning and auditing, 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...
6.4 Contracts
The number of contracts depends upon the size of grants awarded in the grant scheme. The funding ranges for the RDGS Strand C are given below:

<table>
<thead>
<tr>
<th></th>
<th>minimum</th>
<th>maximum</th>
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<tbody>
<tr>
<td>Strand C</td>
<td>10,000</td>
<td>100,000(€)</td>
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</table>

On the basis of these grant ranges see it is possible to predict that the 2003-RDGS will fund somewhere between 100 and 1000 projects.

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
- HTU - Higher Territorial Units
- 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 AUTONUM

7 Implementation Schedule

7.1 Start of tendering /call for proposals
1st call for proposals 2nd quarter 2004
2nd call for proposals 1st quarter 2005

7.2 Start of project activity
3rd quarter 2004
7.3 Project completion
3rd quarter 2006

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 C projects which prepare feasibility studies for major road schemes

For this reason all projects proposals will be examined for potential environmental impacts as a normal part of eligibility screening.

10. Rates of return
Projects funded under Strand 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 10,000€ 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 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.
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 Slovak government will provide a financial contribution of at least 1.7 MEUR, i.e. 25% of the overall allocation envisaged for this grant scheme.

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 were prepared in June 2002. MoCaRD documentation contains 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. In addition, MoCaRd has prepared a manual of grant scheme operational procedures.

MoCaRD staff will draft terms of reference (ToR) for the service contract. These ToR will be finalized and approved during the course of 2003. 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 2004).

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.
11.6 Compliance with state aids provisions
The co-financing arrangements contained in the RDGS 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 and the SOPs for Environment and Transport.

12. Conditionality and sequencing
All the necessary government decisions in relation to responsibility for pre-cursor Structural Funds programmes such as the RDGS have been taken and are reflected in this fiche.
Pre-condition: Accredited Implementing Agency for Regional Development at the Ministry of Construction and Regional Development.
ANNEXES TO PROJECT FICHE

Annex 1 – Logical framework planning matrix
Annex 2 – Detailed implementation chart
Annex 3 – Cumulative contracting and disbursement schedule
# LOGICAL FRAMEWORK PLANNING MATRIX FOR:

**Support to Local and Regional Project Development**

<table>
<thead>
<tr>
<th>Programme number: 2003-004-995-03-08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracting period expires: 30.11.2005</td>
</tr>
<tr>
<td>Disbursement period expires: 30.11.2006</td>
</tr>
<tr>
<td>Total budget (MEUR): 7.7</td>
</tr>
<tr>
<td>PHARE budget (MEUR): 6.0</td>
</tr>
</tbody>
</table>

### Overall objective:

To develop regional absorption capacity for EU Structural & Cohesion Funds.

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects &amp; programmes which successfully address regional development priorities of Slovakia</td>
<td>Commission reports, Government statistics, Reports from the managing and payment authorities.</td>
</tr>
<tr>
<td>Rate of absorption of ERDF</td>
<td></td>
</tr>
</tbody>
</table>

### Project purpose:

To increase the capacity of local & regional actors to prepare and implement projects funded under EU programmes.

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of successful applicants</td>
<td>RDA /secretariat reports, Monitoring Reports by Implementing Agency, Assessment Reports, Monitoring Committee reports</td>
<td>Accession of the Slovak Republic in the EU, Established &amp; stable institutional/political system for regional development policies in Slovak republic, Constancy of programming documents</td>
</tr>
<tr>
<td>Rate of absorption on the grant scheme</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Results:

1. Increased regional capacity to absorb (pre- and post-accession) EU funds by the preparation of strategically important projects to provide a project pipeline at the regional level
2. Improved management of grant scheme by the introduction of electronic application and monitoring systems

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of feasibility studies and tender dossiers for projects which will be supported in future from pre-accession or structural funds</td>
<td>Monitoring reports of IARD (Implementing Agency of Regional Development), RDA reports, ROP Monitoring Committee reports</td>
<td>IB 2003 project on training of regional and local authorities has been implemented successfully, Effective coordination and cooperation with other parallel grant schemes</td>
</tr>
<tr>
<td>No of land use decisions / permission for building granted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No of grant applications submitted electronically</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Activities:

Implementation of projects supported by Strands C of RDGS. Development of Microsoft access based application and follow-up monitoring system for use by regions and Managing Authority Technical assistance in grant scheme administration Activities of IA: contracts & their management; Activities of Managing Authority: establishing transparent project selection process using independent assessors RDGS information activities (conferences, workshops, study tours)

<table>
<thead>
<tr>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant scheme in operation</td>
<td>Sufficient number of eligible and well prepared project proposals MoCaRD and CDA staff receive training, Coordination with IB 2003</td>
</tr>
<tr>
<td>2 Technical assistance contracts</td>
<td>Beneficiaries understand the EC procurement procedures</td>
</tr>
</tbody>
</table>

### Preconditions

Funding allocated under Phare 2002 Local and Regional Development Grant Scheme Strand (A) and (B) has been successfully carried out. Accredited Implementing Agency for Regional Development at the Ministry of Construction and Regional Development.
## ANNEX 2 - DETAILED IMPLEMENTATION CHART

<table>
<thead>
<tr>
<th>Project Component</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1st Q</td>
<td>2nd Q</td>
<td>3rd Q</td>
</tr>
<tr>
<td>Project development</td>
<td>√</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Technical Assistance</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>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracted</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.Q</td>
<td>4.0</td>
<td>4.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Disbursed</td>
<td>0.5</td>
<td>1.5</td>
<td>2.5</td>
</tr>
<tr>
<td>1.Q</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.Q</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.Q</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>