Standard Summary Project Fiche

1. Basic Information

1.1 CRIS Number: 2003-004-995-03-10

1.2 Title: Tourism Development Grant Scheme

1.3 Sector: Economic and social cohesion

1.4 Location: Slovak Republic

2. Objectives

2.1 Overall Objective
Strengthening of central, regional and local capacities in the Slovak Republic for effective utilisation of Structural Funds in the field of tourism.

2.2 Project Purpose
To strengthen the Ministry of Economy's tourism sector operational and management capacities including the gradual delegation of appropriate functions to complimentary regional and local partner bodies to ensure the effective use of EU Structural Funds. The final purpose is reinforcing of competitiveness of Slovak tourism.

2.3 Accession Partnership and NPAA priority

2.3.1 Accession Partnership - Economic and social cohesion

- Define the bodies in charge of the implementation of Structural Funds and the Cohesion Fund; 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.

- 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.

- 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 for Structural and Cohesion Fund assistance (project pipeline).
NPAA

"Develop national economic and social cohesion policy; prepare implementation of Community regional development programmes and initiatives; improve administrative structures and clarify responsibilities for regional policy; create budgetary system in harmony with the standards of structural funds, including evaluation and assessment".

Also, in particular, it will support the medium-term priorities and measures relating to the improved performance and competitiveness of SME’s.

2.4 Contribution to National Development Plan

At the programming level it will contribute directly towards two NDP strategic priorities:

Priority 2: Increase of competitiveness of the industrial production and services and development of domestic growth potential

Priority 6: Mobilisation of and support to growth potential and innovations capacities of the regions.

With reference to the relevant Operational Programmes the contribution will address the following priorities:

"Priority: Development of tourism, entrepreneurship and services"

"Priority: Increase of attractiveness and competitiveness of the regions".

3. Description

3.1 Background and Justification

The project builds upon the experience gathered from previous programmes financed by Phare and the Slovak government in the same field (SPP Priority B PTDGS-Phare1998 project and 2002 Phare National Programme - ECOSOC component).

In Slovakia there is a large potential for tourism development and tourism is playing a more and more important role in the local economy, notably for some rural Slovak regions. The international tourism receipts reached in 2002 over 32 billions SKK according to preliminary data of Slovak National Bank, which represents 6.3% growth compared to previous year. In Slovakia, 17.976 entrepreneurs dealing with tourism related activities were registered in 2002, most of which are based in the Bratislava region. More than two-thirds of business entities provide restaurant catering, a little over 10 % accommodation and less than 10 % are represented by travel agencies and carrier companies.

During the operation of PTDGS 504 applications were received and 153 grants awarded. Investment projects (app. 30%) were mostly focused on the improvement of services in small tourism facilities, non-investment ones (app. 70%) on marketing, feasibility studies and promotion activities. The majority of grants was provided to the areas of the biggest tourism centres in compliance with the National Programme of Tourism Development (Government Decree 185/2001) and the substantial part of applicants were tourism associations.
According to Phare Ex-Post SPP Evaluation PTDGS was described by the twinning contractor as the most compliant with SF rules and the most successful. A fully transparent and equitable system of project evaluation and selection for the award of grants is established and operational through the activities of the Programme Appraisal Committee. As underlined by the contractor “the project to date represents a solid foundation on which to take the next steps along the path towards its development as a National Scheme. The grants provided through PTDGS, as reported by the interviewed beneficiaries, in a limited scale decreased unemployment rate, improved services (accommodation, catering, and leisure activities) for tourists which eventually led to higher number of tourists and brought finance for the region. This however, can not be demonstrated at this stage for all of projects as most of them dealt with preparation of future development strategies, marketing strategies, feasibility studies and promotion activities and their impact is expected in the future. In both cases we can talk in general about the improvement of the socio-economic situation in the regions.

Due to the success of PTDGS, MoE earmarked additional amount of 45 millions SKK from the State Budget to ensure the continuation of the project. At the end of the 1st quarter of 2002, a call for proposals was launched by the Ministry of Economy. About 250 applications were received and 70 applicants were awarded grants.

From the outputs of PTDGS results that the management capacity exists, the rules and procedures are established and there is an adequate absorption capacity in the sector.

The preliminary results of 2002 year in the tourism sector are promising. The Slovak government acknowledged the importance of this economic sector through the new "Strategy for Tourism Development" recently adopted by the Ministry of Economy and as well as the Marketing Analysis of Tourism Development drafted by Slovak Tourism Board.

### 3.2 Linked Activities

There will be, of course, a direct inter-relationship between this project with the Tourism Development Grant Scheme project financed in the frame of the Phare 2002 National Programme.

Other important 'linked activities' will include:

- MCRD’s Development of the Institutional Framework and Administration Capacity for Programming and Implementation of Structural Funds (SRO107.01);
- SPP 1 (SR9808.04)

Another financial tool for support of SME’s in tourism field will be Programme of Tourism development - Support No.6 managed by the SZRB.

### 3.3 Results

It is envisaged that approximately 100 projects both investment and non-investment are supported by this grant scheme. As a derived results of provided grants the improved offer of tourism facilities, more effective marketing, more systematic and harmonise tourism development within regions and better functioning of tourism local and regional association as co-ordinator and key player of tourism development in regions.
Benchmark indicators are verified. All business plans as part of the applications for investment projects will be appraised by experts and feed back for applicants in this respect is prepared.

3.4 Activities

Grant Scheme Activities

Direct support of SME’s in tourism sector

To improve tourism product – from quantitative and mainly qualitative point of view. Improvement of standard of facilities providing services for tourists on commercial basis.

- new accommodation facilities (except B&B) which meet the request of valid standardisation/categorisation
- reconstruction and enhancement of existing accommodation facilities with improvement of their standard (necessary to meet standardisation requests)
- construction or reconstruction of restaurants and similar facilities provided service mainly for tourists (not fast food)
- leisure activities services mainly for tourists (e.g. sport, recreation, relax, culture, etc.)
- development of tourist attractions and visitor development plans, in particular those having a cultural-heritage value,
- development of spa centres and using of natural thermal springs for touristic purposes.

Eligible applicants – SME’s in tourism sector.

Investment projects – the grant will support up to 50% of eligible costs, i.e. a minimum 50% of co-financing by the applicant will be required. Maximum amount of the grant will be 100,000 EUR; the minimum amount, defined on the basis of benchmarking analysis of PTDGS and actual needs in tourism sector, will be 35,000 EUR.

Indirect support of SMEs

To create favourable environment for SMEs in tourism by preparing transparent market, well promoted tourism resorts and regions, providing necessary information services and first of all ensure conceptual, goal-seeking, harmonised and co-ordinated tourism development within locations, sub/regions and regions. It means following activities will be supported:

- information leaflets and brochures
- information campaign
- marketing analysis and strategies/marketing plans
- organising of workshops
- participation on tourism fairs
- promotional brochures, CD-ROM’s, in media promotion
- specific development programme for tourism sector in locations and regions - new one, revitalisation.

Eligible bodies – local and regional tourism associations, non-profit organisations which play some co-ordinating role in tourism

Non-investment projects – the grant will support up to 75% of the total eligible costs, i.e. a minimum contribution 25% of co-financing by the applicant is required. The maximum amount for a grant will be 50,000 EUR; the minimum amount will be 10,000 EUR.

The Grant Scheme will be administered in line with PRAG rules applicable for grants as well as with Guidelines for Applicants.

**Technical Assistance Activities**

To enhance and improve ability and skills of grant scheme management at national and partly at regional levels and provide some services which needed specific experience. Technical Assistance will consist of :

- technical and financial appraisal of applications elaborated by applicants for investment and non-investment projects;
- benchmarking and market research;
- preparation of information materials including leaflets and publicity campaign for launching the Scheme;
- assistance with publicity campaign for the Scheme;
- familiarisation/training of regional partners in project appraisal and monitoring;
- back-up advice to the Accountable Body in specific grant award cases revealing particular problems.

**3.5 Lessons Learned**

The Ministry of Economy as the responsible authority for managing PTDGS has identified a number of lessons it has learnt from the “pilot project” experience, which could be summarised such as:

- with respect to a huge potential of tourism development there is the need to sustain the continuity of the grant scheme process,
- explanation of the meaning and benefit of partnership need reinforcing at all levels,
- better promotion the importance of people-based development and partnership and regions applicant initiatives are necessary,
- action focused on expanding activities in the regions with the aim of gradually decentralising the operations of the Scheme.

Lessons learnt from the experience gained from PTDGS were already considered and incorporated when designing the Phare 2002 TDGS.
4. Institutional Framework

The Ministry of Economy will ensure the overall supervision of the project.

The Steering Committee, including representatives of the Ministry of Economy, Ministry of Construction and Regional Development, NADSME and the Office of the Government, will provide overall guidance all along the duration of the project and monitor its implementation.

The National Agency for the Development of SMEs is the designated Implementing Agency, responsible for technical and financial implementation of the scheme.

NADSME will be responsible *inter alia* for the
- contacts with public – potential applicants
- announcement of call for proposals
- information and public awareness campaign
- distribution of application forms and guideline for applicants
- receiving of applications
- checking of eligibility of applicants and accordance of application with rules and conditions of grant scheme, formal checking – ensuring quality control in all applications
- providing feedback to applicants both successful and unsuccessful
- monitoring of grant scheme progress
- checking of fulfilment of awarded applications
- checking of accuracy of invoices of applicants’ suppliers.

In line with the PRAG rules, independent assessors will be appointed to carry out the technical assessment of the proposals received.

An Evaluation Committee will be set up and chaired by the NADSME (non-voting chairman). A Memorandum of Understanding between the Ministry of Economy and NADSME will detail the tasks and duties of the parties involved.

5. Detailed Budget (MEUR)

<table>
<thead>
<tr>
<th>Activities</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>A. Grant Scheme</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. SME’s direct investment support</td>
<td>3.3</td>
<td>3.3</td>
<td>1.2 (*)</td>
</tr>
<tr>
<td>2. SME’s indirect non-investment support</td>
<td></td>
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<td></td>
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<tr>
<td>B. Capacity Building</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Framework Contract</td>
<td>0.2</td>
<td>0.2</td>
<td></td>
</tr>
<tr>
<td>1. Benchmarking &amp; Market Research</td>
<td></td>
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<tr>
<td>2. Technical and Financial Appraisal of Projects</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3.3</td>
<td>0.2</td>
<td>3.5</td>
</tr>
</tbody>
</table>
*) In line with the Slovak Government’s decision dated 9 February 2000, all Phare funded projects including an investment component must be co-financed from the State Budget. The co-financing will be ensured through the 2004 State budget.

*) The amount of 1.2 MEUR covers both components of the Grant Scheme

6. Implementation Arrangements

6.1 Implementation agency
PAO: Mr. Juraj Majtan - Director-General
National Agency for the Development of SMEs (NADSME)
Prievozská 30
821 05 Bratislava 2
Phone: +421 2 5341 7328
Fax: +421 2 5341 7339

6.2 Twinning: N/A

6.3 Non-standard aspects: DIS or PRAG manual will be strictly followed

6.4 Contracts
Grant Scheme MoU: Phare 3.3 MEUR – Ministry of Economy 1.2 MEUR.

Technical Assistance – Phare 0.2 MEUR, Framework Contract for Benchmarking and Market Research and for Technical and Financial Appraisal of Applications for investment projects and their business plans and non-investment projects and other activities listed in 3.4.

7. Implementation Schedule

7.1 Start of Tendering
1st Quarter of 2004

7.2 Start of project activity
2nd Quarter of 2004

7.3 Project completion
Second half of 2006.

8. Equal Opportunity
Equal opportunity principles and practices in ensuring equitable gender participation in the project will be guaranteed.

9 Environment
Environmental aspect will be incorporated as a one of important criterion into evaluation matrix of Programme Appraisal Committee.
10. Rates of return: N/A

11. Investment Criteria

11.1 Catalytic effect
There will be substantial synergy effects between the linked activities and the subsequent cross-cutting sector effects that will generate substantial catalytic development in support of the achievement of SOP, ROP and NDP priorities.

11.2 Co-financing
The national co-financing is 25%. The national co-financing will be financed from the 2004 State budget.
Final beneficiaries will be required to co-finance their projects at the rate of a:
- minimum of 50% in case of investment-based project support.
- minimum of 25% in case of non-investment based activities.

11.3 Additionality
The national co-financing commitments guarantee that the EU principles of additionality are fully incorporated.

11.4 Project readiness and size
Success of Tourism Development Grant Scheme as a part of SPP and experience of Tourism Development Grant Scheme under PHARE 2002 will create sound foundation for starting of this project.

11.5 Sustainability
The positive economic returns on public sector investment through the Grant Scheme concept have been positively demonstrated to be worthwhile through the experience of the EU SPP Priority B 'Pilot' TDGS.
Long-term effects of project is one of the criterion for PAC.

11.6 Compliance with state aid provisions
All procedures are in accordance with Act about State Aid.

11.7 Contribution to National Development Plan
By establishing clear horizontal integration and co-operation responsibilities with between the MoE and other line ministries, all initiatives undertaken will be de-facto in compliance with the NDP, consolidated ROP (s).
The process will be ensured through regular reporting to the NDP monitoring committees (National Monitoring Committee to NDP/CSF, Regional Monitoring Committees for ROPs and Sector Joint Monitoring Committees for SOP Economy.
12. **Conditionality and sequencing**

NADSME operational and adequately staffed to be ready to start with implementation of Grant Scheme immediately after the signing of the FM.

National co-financing available.
ANNEXES TO PROJECT FICHE

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

**Tourism development Grant Scheme**

<table>
<thead>
<tr>
<th>Overall Objectives</th>
<th>Objectively Verifiable Indicators</th>
<th>Source of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>• To contribute to ensuring that central, regional and local capacities are established in Slovakia for the effective use of Structural Funds in the field of tourism.</td>
<td>• Incremental convergence of pre-accession Phare procedures with the practices and norms of EU SF</td>
<td>• EU performance and audit appraisal of the MoE as the Managing and Implementing Unit for Tourism Development.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Progress Reports for Steering Committee</td>
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<td>• MoE’s Monitoring reports</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Purpose</th>
<th>Objectively Verifiable Indicators</th>
<th>Source of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>• To strengthen the Ministry of Economy’s tourism sector operational and management capacities including the gradual delegation of appropriate functions to complimentary regional and local partner bodies to ensure the effective use of EU Structural Funds. The final purpose is reinforcing of competitiveness of Slovak tourism.</td>
<td>• Performance of grant scheme (from quantitative and qualitative point of view) disbursement compared to PTDGS of SPP and TGS under Phare 2002</td>
<td>• Managing Authority’s monitoring and appraisal of project pipeline implementation, outputs and audits</td>
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<td></td>
<td></td>
<td>• Actual investment multiplier effects generated from beneficiary co-financing.</td>
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<td></td>
<td>• Favourable political climate, successful integration process into the EU</td>
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<td>• Close and coordinated cooperation and support of national authorities and regional level</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively Verifiable Indicators</th>
<th>Source of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Improvement of offer of tourism facilities</td>
<td>• MoE’s surveys regarding satisfaction of tourists are carried out</td>
<td>• Results of MoE’s surveys related to foreign visitors and domestic population</td>
</tr>
<tr>
<td></td>
<td>• More efficient marketing</td>
<td>• Statistical data of SO of the SR</td>
</tr>
<tr>
<td></td>
<td>• Tourism development based on programme approach and goal-seeking</td>
<td>• Joint Monitoring Committee (JMC) regular Progress Reports.</td>
</tr>
<tr>
<td></td>
<td>• Co-ordination of tourism within regions and locations by tourism association</td>
<td>• PAC reports</td>
</tr>
<tr>
<td></td>
<td>• Approximately 100 projects (investment and non-investment) are supported by grant.</td>
<td>• Beneficiary business plans, market research studies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• TA’s Benchmarking and Market research are carried out</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• TA’s appraisal of business plans for investment projects are carried out</td>
</tr>
<tr>
<td>Activities</td>
<td>Means</td>
<td>Costs</td>
</tr>
<tr>
<td>------------</td>
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</tr>
</tbody>
</table>
| **Grant Scheme** | • Support of productive investment (accommodation, catering and mainly leisure time facilities)  
• Support of activities of local and regional tourism association | • Eligibility criteria for award of grants are focused to follow the priority of tourism development within Slovakia and particular regions  
• PAC through criteria for award grants prefer projects based on wider co-operation and partnership compare to independent project initiative  
• Framework contract to speed up the process | • 3.3 MEUR  
• 0.2 MEUR |

<table>
<thead>
<tr>
<th>Technical assistance</th>
<th></th>
<th></th>
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</table>
| • Technical and financial appraisal of investment and non-investment projects  
• Benchmarking and Market research  
• Preparation of information materials including leaflets and publicity campaign for launching the Scheme  
• Assistance with publicity campaign for the Scheme  
• Familiarisation/training of regional partners in project appraisal and monitoring | | | |

<table>
<thead>
<tr>
<th>Preconditions</th>
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</table>
| • NADSME operational and adequately staffed  
• National co-financing timely available | | | |
## DETAILED IMPLEMENTATION CHART

<table>
<thead>
<tr>
<th>Project Component</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1st Q</td>
<td>2nd Q</td>
<td>3rd Q</td>
</tr>
<tr>
<td>Grant Scheme</td>
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<td>√</td>
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<tr>
<td>Technical Assistance</td>
<td>√</td>
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</table>
**ANNEX 3**

CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE (MEUR)

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q</td>
<td>2Q</td>
<td>3Q</td>
</tr>
<tr>
<td>Contracted</td>
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<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Disbursed</td>
<td>0.1</td>
<td>0.5</td>
<td>1.5</td>
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