

FINAL VERSION

1. Basic information

1.1 CRIS Number: 2009/021-665

1.2 Title: Project Preparation and Support Facility (PPF)

1.3 ELARG Statistical code: 4.40

1.4 Location: Skopje

Implementing arrangements:

1.5 Implementing Agency

The Central Finance and Contracting Department (CFCD) will be the contracting authority and will be responsible for all administrative and procedural aspects of the tendering process, contracting matters and financial management including payment of project activities, upon conferral of management. The Head of CFCD will act as the Programme Authorizing Officer (PAO) of the Project.

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1.6 Beneficiary (including details of SPO):

The Secretariat for European Affairs (SEA)

SPO:
Orhideja Kaljosevska, acting Head of Unit for EU Funds
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The actual beneficiaries are the line ministries or organisations receiving support from this project preparation Facility. The contact persons vary with each beneficiary and will be specified for each contract

Financing:

1.7 Overall cost (VAT excluded):¹ EUR 2 712 283

¹ The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated

1.8 EU contribution: EUR 2 712 283

1.9 Final date for contracting:

Two years from the date of the conclusion of the Financing Agreement.

1.10 Final date for execution of contracts:

Two years from the final date for contracting.

1.11 Final date for disbursements:

One year from the final date for execution of contracts.

2. Overall Objective and Project Purpose

2.1 Overall Objective:

The overall project objective is to increase the effectiveness and impact of projects financed through EC pre-accession under IPA through improved absorption of programmed EU funds combined with an increased efficiency during implementation.

2.2 Project purpose:

The Project Preparation and Support Facility (PPF) will support the preparation and implementation of activities already planned under IPA, as well as those approved in the near future and support the planning process for future programmes.

2.3 Link with AP/NPAA / EP/ SAA

n/a

2.4 Link with MIPD

The MIPD notes that for the preparation of projects and tenders a special facility shall ensure smooth programming and the maintenance of high quality in delivering IPA funds. This facility may also be used in urgent and unforeseen cases where EU assistance is required.

2.5 Link with National Development Plan

The NDP identifies limited programming capacities and capabilities as a weakness of the public administration, which could also hamper the effective implementation of the NDP. Furthermore, it outlines the importance of support to programming of projects.

2.6 Link with national/ sectoral investment plans

Amongst other activities the PPF can provide early preparation support to investments, if required. It links to the key strategies and action plans of the Government, including the Government's IPA Action Plan and the relevant Operational Programmes for all five IPA components and the Strategic Coherent Framework.

3. Description of project

3.1 Background and justification

The PPF is established to support the preparation and timely implementation of activities under the current Operational Programmes, and support the planning process for future Programmes for all IPA components where outside expertise is required to improve the quality of the planning or the implementation. This project will be a logical continuation of the PPF projects in IPA 2007 and 2008. Additionally, the funds may be used to cover additional programme related priorities and expenditures which are essential for quality programming, funds management and timely implementation.

The SEA, is at central level responsible for the overall internal coordination of the accession process. SEA performs the role of the Secretariat for National IPA Coordinator. SEA is carrying out the necessary programming and monitoring tasks to ensure a close link between the accession process and the use of EU funds. In this role, the SEA shares the responsibility of various projects with the Beneficiaries of these projects.

This facility focuses on providing assistance in the IPA programming and implementation to Line ministries the CFCD, the National Fund and governmental organizations (hereafter all referred to as ‘potential beneficiaries’ unless otherwise specified) for the identification and detailed design of projects (including the finalization of the documents required for their financing, such as Terms of Reference, Technical Specifications, feasibility studies, etc.). The availability of the PPF is an important tool to support potential beneficiaries in developing mature, accession oriented programmes to be submitted for EC financing which in turn contributes to accelerate the contracting and disbursement periods of programmes.

In the project planning and preparation phase support can be provided in cases where an initial proposal is considered to correspond to a priority for pre-accession financial assistance, (justified in terms of AP short or medium term priorities; needs identified through the Regular Reports; activities defined in the NPAA, Operational Programmes), but where further efforts are needed to design and appraise mature projects, ready for implementation under the upcoming pre-accession financial assistance programme.

In both the project planning phase as well as in the implementation of a project the PPF can provide support when the technical or managerial complexity of a project clearly surpassed the experience which can be expected from the beneficiary staff.

In exceptional cases, funds may be used to prepare projects for funding by other IFIs where they contribute to the accession process. If relevant, pre-accession financial assistance projects must also meet EU legal requirements related to the assessment of their environmental impact. The “acquis” includes a directive concerning environmental impact assessment (EIA) and public participation. For certain large projects, full EIA and public participation is required. However, pre-accession financial assistance is likely to cover many smaller projects that fall under the general provision of the EU law in this area, requiring that the national authority ensures through a screening of such projects that there is no adverse environmental impact. Therefore, EIA studies may be needed during the project design and implementation phases.

The identification and design of mature projects is a critical step both in the “pre-accession strategy” and in general project management. Moreover, effectiveness very much depends on the quality of project design – in particular in seeing that the project has ownership and consensus within its beneficiary, that it is ‘technically sound’ that it can be absorbed and whether the project adheres to key Project Cycle Management concepts. Is the objective clear does it represent a ‘benefit’? Is the project purpose something which the project can achieve by the end of its duration? Are the results tangible and do they have indicators?

Complex investment and institution building projects require detailed and reliable data and background documentation to identify the best approach for achieving the expected objective(s), for defining the purpose and results. In-depth feasibility studies, systems design, EIA and other project preparatory activities are critical for a successful implementation of projects financed both through pre-accession assistance of the EU and other IFIs. Background studies provide, apart from the project identification, also an analysis of the current status of the relevant sector/area, an identification of possible alternative solutions including a testing of their financial, technical and administrative feasibility and recommendations for the economically most advantageous solutions.

Training of staff of DIS implementing structures to efficiently manage the IPA projects can also be supported through this facility.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact N/A

3.3 Results and measurable indicators

The results to be achieved under this component are twofold:

- Technical and management skills of the staff involved in the project preparation and implementation in the Beneficiary institutions are upgraded;
- The documents required for project financing and implementation are timely prepared by the beneficiaries in an adequate quality.

Indicators would be:

- Commitment of funds;
- Project Terms of Reference formulated;
- And programmes and projects disbursed and contracted.

3.4 Activities:

Due to the nature of this project the activities financed will be mostly demand driven. A substantial part of activities should however be identified during the early stage in the programming cycle, on the basis of initial requests received from potential beneficiaries. During project implementation, beneficiaries may also request to benefit from this facility with sound justification.

Support provided to beneficiaries under this fund is mainly, but not exclusively, focused on:

- *Short-term technical assistance*

Technical assistance including training, study-visits, management, organizational and other expert advice - to support beneficiary institutions in developing/upgrading necessary technical know-how and management skills in project preparation and implementation.

– *Feasibility studies*

The PPF can finance not only entire studies, but can also be applied to complete studies or tests to ensure that their recommendations are coherent and feasible. The most obvious studies in this field are cost-benefit and economic analyses of a recommended solution or sensitivity testing of various assumptions made in a feasibility study. In all cases required, environmental impact assessments will be carried out under this heading. Also Environmental Impact and other such specialized studies fall into this category.

– *Detailed designs of acquis related investment projects*

This includes the detailed technical preparation of a project following the completion of a feasibility study. It may involve developing detailed designs of geophysical and/or photogramatric studies, descriptions and technical specifications, bill of quantity for necessary inputs, completion schedules for works delivery and drafting of technical drawings including tender dossiers for works, supervision and supply contracts in accordance with the PRAG. In addition, the preparation of complex grant and aid schemes can also be envisaged.

– *Preparation of institution-building projects, training programmes and aid schemes*

The PPF can assist with the preparation of such institution building programmes, training programmes and aid schemes (especially focusing on grants).

– *Support to the tender process: Preparation of terms of reference, technical specifications, procurement plans, and tender dossiers, calls of proposals for grants, evaluations, and related activities.*

On complex projects, external technical support might be needed for the above mentioned activities, either

- because the beneficiary staff does not have the necessary know-how,
- the available time for the know-how increase is insufficient in view of the tendering schedule,
- the know-how is so specialised, that it will be required only once or twice by the beneficiary,
- the task is so complex requiring additional staffing and know-how for a short duration,
- or reasons of similar nature.

This may be the case not only on complex works/supplies contracts but also for the preparation of grant scheme calls for proposals. Project development to be supported may also include projects that are potential candidates for loans from IFI's, where such activities are linked to pre-accession and co-financing by the IFI's is considered as a possibility. This facility may also be used for recruitment of external assessors for the evaluation of tenders.

– *Outside evaluations required by IPA regulations*

3.5 Conditionality and sequencing

n/a

3.6 Linked activities

Information given under other project fiches applies.

The PPF is linked to the support of the IPA Training facility and the DIS support activities, in the sense that all three support the preparation and implementation of the IPA programme. Where in the IPA Training Facility and DIS Support actions, the clear focus is on capacity building of staff working in the different IPA related structures, the focus with the PPF is clearly on the delivery by consultants of tangible outputs (generally technical specifications, TORs, feasibility studies) in the preparation of projects and programmes. Through the IPA Training Facility and DIS projects medium to long term technical advisory support is provided to the national IPA related structures, while through the PPF typically short term consultants are engaged to perform a well-defined and limited task.

Special attention will be given during the implementation of the project that no duplication of interventions occur with the above mentioned programmes.

3.7 Lessons learned

The Project Preparation Facility has proved a good tool for supporting project development under component 1 and other horizontal components (in 2007 and 2008).

The experience shows that many of the unforeseen actions that require EU assistance can emerge towards the end of an implementation period. Therefore sensible and efficient use of these funds is required.

4. Indicative Budget (amounts in EUR)

			SOURCES OF FUNDING										
			TOTAL EXP.RE	TOTAL PUBLIC EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL PUBLIC CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(e)	EUR (b)=(c)+(d)	EUR (c)	% (2)	Total EUR (d)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (e)	% (3)
Activity 1													
various contracts	X	-	2 712 283	2 712 283	2 712 283	100	-	-	-	--	--	-	--
TOTAL IB			2 712 283	2 712 283	2 712 283	100	--	--	-	-	-	-	-
TOTAL INV			--	--	--	--	--	--	-	-	-	-	-
TOTAL PROJECT			2 712 283	2 712 283	2 712 283	100	-	-	-	-	-	-	-

NOTE: DO NOT MIX IB AND INV IN THE SAME ACTIVITY ROW. USE SEPARATE ROW

Amounts net of VAT

(1) In the Activity row use "X" to identify whether IB or INV

(2) Expressed in % of the **Public** Expenditure (column (b))

(3) Expressed in % of the **Total** Expenditure (column (a))

In case of local or foreign training the project will fund from incidentals – whenever necessary - the renting of training rooms and equipment, the printing of training material and accessories as well as per diems/allowances for participants in the way and to the level normally financed by the government, but never higher than the per diem rates published by the EU.

5. Indicative Implementation Schedule (periods broken down per quarter)

At this stage it is not possible to identify the implementing schedule of the individual contracts. But clearly the intention is to have contracted the total amount before the contracting deadline.

6. Cross cutting issues

The different cross-cutting are not directly applicable to this project fiche. As the PPF and the support to audit and evaluation is basically a supporting facility for the programming and implementation of the actions identified in the other project fiches.

ANNEXES

- 1- Log frame in Standard Format
- 2- Amounts contracted and Disbursed per Quarter over the full duration of Programme
- 3- Description of Institutional Framework
- 4 - Reference to laws, regulations and strategic documents:
 - Reference list of relevant laws and regulations
 - Reference to AP /NPAA / EP / SAA
 - Reference to MIPD
 - Reference to National Development Plan
 - Reference to national / sector investment plans
- 5- Details per EU funded contract (*) where applicable:
 - For *TA contracts*: account of tasks expected from the contractor
 - For *twinning covenants*: account of tasks expected from the team leader, resident twinning advisor and short term experts
 - For *grants schemes*: account of components of the schemes
 - For *investment contracts*: reference list of feasibility study as well as technical specifications and cost price schedule + section to be filled in on investment criteria (**)
 - For *works contracts*: reference list of feasibility study for the *constructing works* part of the contract as well as a section on investment criteria (**); account of services to be carried out for the *service part* of the contract

(*) non standard aspects (in case of derogation to PRAG) also to be specified

(**) section on investment criteria (applicable to all infrastructure contracts and constructing works):

- Rate of return
- Co financing
- compliance with state aids provisions
- Ownership of assets (current and after project completion)

ANNEX 1 - Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR THE PROJECT FICHE: Project preparation and support facility		Programme name and number: National Programme for the former Yugoslav Republic of Macedonia under the IPA Transition Assistance and Institution Building Component for 2009 CRIS number: 2009/021-665		
		Contracting period expires two years after the date of the signature of the Financing Agreement	Execution period expires two years from the final date for contracting	Disbursement period expires one year from the final date for execution of contracts
		Total budget : EUR 2 712 283		IPA budget: EUR 2 712 283
Overall objective The overall project objective is to increase the effectiveness and impact of projects financed through EC pre-accession under IPA through improved absorption of programmed EU funds combined with an increased efficiency during implementation.	Objectively verifiable indicators	Sources of Verification		
Project purpose The Project Preparation and Support Facility (PPF) will support the preparation and implementation of activities already planned under IPA, as well as those approved in the near future and support the planning process for future programmes.	Objectively verifiable indicators Timely preparation of tender dossiers	Sources of Verification Procurement records		Assumptions Market continues to respond to tender openings
Results The results to be achieved under this component are twofold: <ul style="list-style-type: none"> • Technical and management skills of the staff involved in the project preparation and implementation in the Beneficiary institutions are upgraded. • The documents required for project financing and implementation are timely 	Objectively verifiable indicators <ul style="list-style-type: none"> • Commitment of funds • Project Terms of Reference formulated • And programmes and projects disbursed and contracted 	Sources of Verification Commitment records		Assumptions Government preparedness and absorption capacities do not dramatically reduce.

<p>prepared by the beneficiaries in an adequate quality and pipelines of projects in the field of ESC (e.g. health, energy, education) ready for financing under EC requirements are created.</p>			
<p>Activities</p> <ul style="list-style-type: none"> • Short-term technical assistance • Feasibility studies • Detailed designs of acquis related investment projects • Preparation of technical specifications, procurement plans and tender dossiers • Preparation of institution-building projects, training programmes and aid schemes 	<p>Means</p> <p>Contracts - It is expected to finance approximately 25 close to 30 individual activities from the facility, with an average contract value of 150 000 Euro</p>	<p>Costs</p> <p>Total budget EUR 2 712 283 IPA budget EUR 2 712 283</p>	<p>Assumptions</p> <p>No specific assumptions.</p>

Pre conditions

There are no specific preconditions

ANNEX 2 - Amounts (in €) contracted and disbursed by quarter over the full duration of the project (IPA funds only)

	2010				2011				2012				2013			
Contracted	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Contracts 1 to 30		339 073	339 030	339 030	339 030	339 030	339 030	339 030	339 030							
Cumulated		339 073	678 103	1 017 133	1 356 163	1 695 193	2 034 223	2 373 253	2 712 283							
Payments																
Contracts 1 to 30		184 694	184 668	307 780	307 780	307 780	307 780	307 780	307 780	248 129	248 112					
Cumulated		184 694	369 362	677 142	984 922	1 292 702	1 600 482	1 908 262	2 216 042	2 464 171	2 712 283					

ANNEX 3 - Description of Institutional Framework

The Secretariat for European Affairs (SEA) was established as a separate expert service of the Government of the Republic of Macedonia, governed by the Deputy Prime Minister of the Government in charge of the European Affairs having rights and obligations of a function holder responsible for a state administrative authority in 2005 through transformation of the previous Sector for European Integration within the General Secretariat of the Government. The SEA operation is regulated by the Law on the Government of the Republic of Macedonia. The Secretariat establishment was a response to the increased needs arising from the intensified integration process of the Republic of Macedonia in EU, for the purpose of the strategic objective for EU membership of the Republic of Macedonia.

The SEA mission is to provide professional support and coordination in the work of state administration authorities and of other bodies and institutions in the light of preparing the country for EU membership.

SEA has a horizontal coordinative function relating to the issues associated with the preparation process of the country for EU membership, accomplishes intensive cooperation with the state administrative authorities as well as with other bodies and institutions, accomplishes obligation monitoring function, thus the Secretariat does not hold an administrative function.

The Secretariat for European Affairs specific activities are as follows:

- Coordination and conformance of the work of the state administration authorities and of other bodies and institutions relating to preparation of the Republic of former Yugoslav for the European Union membership;
- Monitoring of implementation of the Stabilisation and Association Agreement concluded between the Republic of Macedonia and the European Communities and their Member States and of other Agreements concluded between the Republic of Macedonia and the European Union;
- Participation and monitoring of the working bodies established within the Stabilisation and Association Agreement and other Agreements with the European Union;
- Coordination and monitoring of the realisation of the European Partnership;
- Coordination and monitoring of the realisation of the National Programme for Adoption of the Acquis Communautaire;
- Preparation of the Macedonian version of the acquis communautaire and translation of Macedonian legislation;
- Strengthening the institutional capacity for conducting the European integration process;
- Preparation for negotiations of the Republic of Macedonia for European Union membership and taking part in formulation further negotiation positions;
- Coordination of the foreign assistance provided by the European Union and its Member States and of other foreign assistance intended for the reforms complementary to the integration process of the Republic of Macedonia in the European Union;
- Public communication and information dissemination for the activities associated with the European integration process and European affairs;
- Operation conformance of the state administration authorities of the Republic of Macedonia as a European Union Member State;

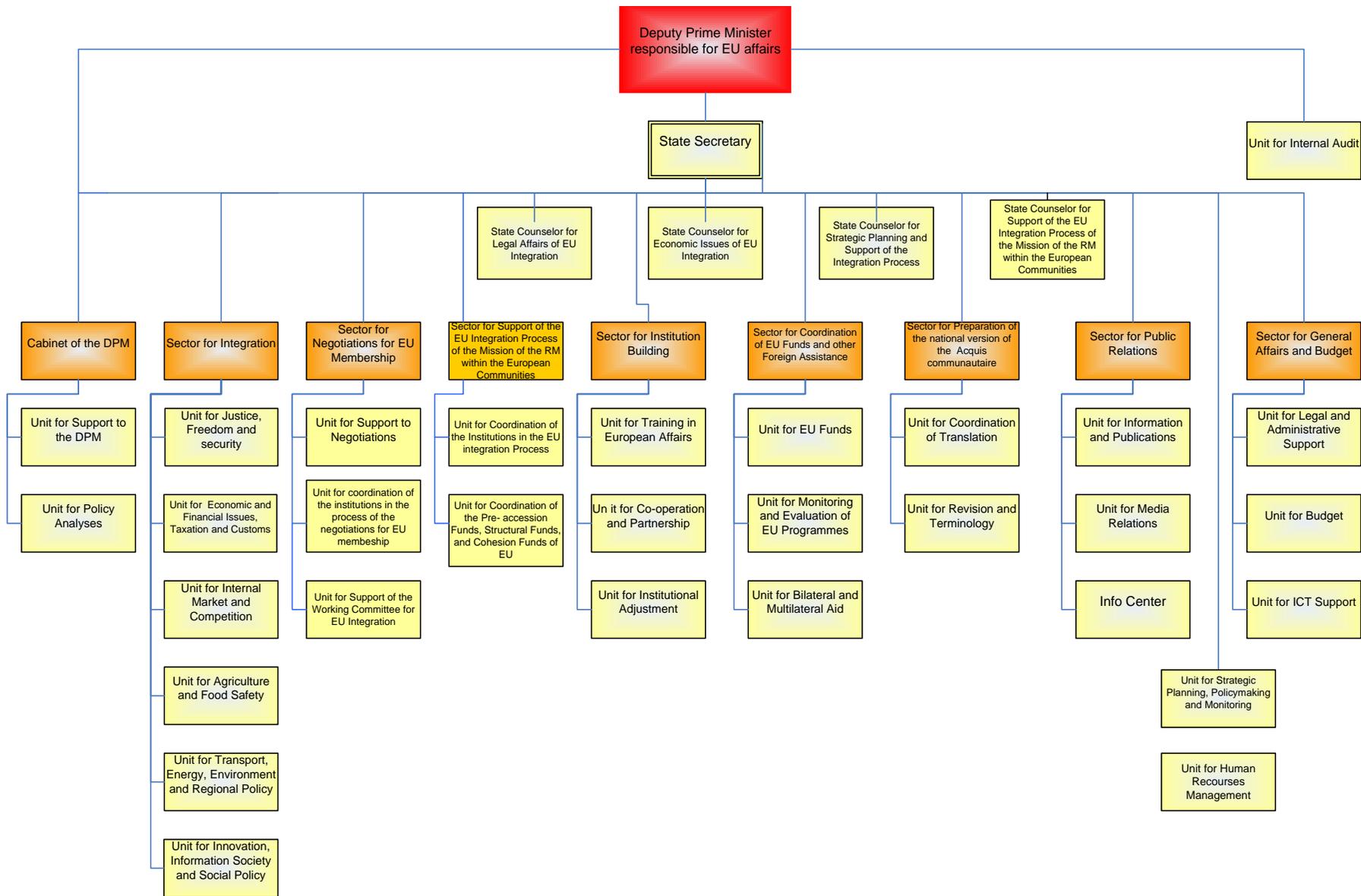
The Secretariat for European Affairs currently has in total 54 full time employees and 25 persons are engaged through an agency for temporary employments (based on service contracts).

Several project units support the SEA work:

- (GOFRE) Building Administrative Capacity for European Integration, Global Opportunities Fund;
- [\(NORMAK\)](#) Programme for Norwegian Bilateral Project Assistance between the Republic of Macedonia and the Kingdom of Norway in the field of European Integration and Reform of Public Administration;
- [\(UNDP\)](#) United Nations Development Programme.

According to the national Budget for 2008, the total amount designated to the Secretariat for European Affairs is 168.000.000,00 denars.

Please find below the organisational structure of the Secretariat for European Affairs:



ANNEX 4 - Reference to laws, regulations and strategic documents

Reference list of relevant laws and regulations

n/a

Reference to AP/NPAA / EP/ SAA

n/a

Reference to MIPD

The MIPD notes that for the preparation of projects and tenders a special facility shall ensure smooth programming and the maintenance of high quality in delivering IPA funds. This facility may also be used in urgent and unforeseen cases where EU assistance is required.

Reference to National Development Plan

The NDP identifies limited programming capacities and capabilities as a weakness of the public administration, which could also hamper the effective implementation of the NDP. Furthermore, it outlines the importance of support to programming of projects.

Reference to national/ sectoral investment plans

Among other activities the PPF can provide early preparation support to investments, if required. It links to the key strategies and action plans of the Government, including the Government's IPA Action Plan and the relevant Operational Programmes for all five IPA components and the Strategic Coherent Framework.

ANNEX 5 - Details per EU funded contract

It is expected that the large majority of contracts will be framework contracts, but depending on the nature and scope of the demands, service contracts may be concluded in addition to this.