



LARGE SCALE PROJECTS IN THE FRAMEWORK OF THE HUNGARY-SLOVAKIA-ROMANIA-UKRAINE ENPI CBC PROGRAMME

Current working paper is based on the EC Guidance on Large Scale Projects (hereinafter referred to as LSP) issued on 10 May 2009 and on the Joint Operational Programme of the HU-SK-RO-UA ENPI Programme.

I. DEFINITION and CRITERIA

According to the Commission Regulation (EC) No 951/2007, Article 2 (7) LSP's are projects comprising a set of works, activities or services intended to fulfil an indivisible function of a precise nature pursuing clearly identified objectives of common interest for the purposes of implementing cross-border investments. Article 4: "... the participating countries may also, in agreement with the European Commission, jointly identify large-scale cross-border investment projects which will not be selected through calls for proposals: these projects shall be specifically mentioned in the programme or selected at a later stage by the Joint Monitoring Committee, (...), provided that they are consistent with the programme's priorities and measures and that there is a budget specifically for this purpose."

A LSP shall fulfil the following criteria:

- Be directly related to the Programme and its priorities,
- Be crucial for the development of the part of the Programme area,
- Have a clear cross-border impact,
- Have an investment (infrastructure) character,
- Be coherent with national/regional development strategies and have support from the national/regional level authorities on both sides of the border
- Have outcomes of a sustainable character,
- Be compliant with the criteria defined by the programme / by the JMC / applicable rules and procedures (cross-border partnership, size of grant, eligibility of the applicant, eligibility of the action, eligibility of costs etc.)
- The beneficiary must be clearly identified as the only one being able to implement the LSPs.

The Joint Monitoring Committee (JMC) decided on its 2nd meeting 05 March 2009 that in case of Priority 3 of the Joint Operational Programme (JOP), direct award procedure will be applied for the identification and selection of Large Scale Projects.



II. The method of selecting Large Scale Projects

The following steps should be followed to identify and select the LSPs:

STEP No.	Description	Responsible body	Indicative deadline
1.	A Joint Task Force draws up a list of possible LSPs and recommends it to the JMC	Task Force / JMA	Task Force / JMA
2.	Elaboration of project summaries (Partnership statement Declaration by the Applicant)	Applicant and Partners with the help of the JTS	1/2 month after the TF decision
3.	JMC approves the list and sends a written recommendation to the EC	JMC	1 month after the submission of the final project summary to the JTS
4.	EC confirms the list	EC (AidCo)	1,5 months
5.	Elaboration of Feasibility Study + EIA; ownership or access to the land or buildings, technical documentation	Applicant	6 months
6.	Final decision of the JMC based on the Feasibility Study + EIA. JMC sends a written recommendation to the EC, together with the Feasibility Study + EIA.	JMC	1 month after the submission of the final Feasibility Study + EIA to the JMA
7.	Final confirmation of the EC	EC (AidCo)	1,5 months
8.	Submission of additional documents: - a detailed description of the Action - the final Budget -Partnership agreement - and any other required annexes	Applicant	1/2 month after EC confirmation
9.	Signature of the Grant Contract	JMA+Applicant	1 month after receiving it from the JMA
10.	Implementation of the Action	Beneficiary+Partners	All projects' activities must end on 31 December 2014.



STEP 1: A Joint Task Force draws up a list of possible LSPs and recommends it to the JMC

To identify large-scale projects a special Task Force will be set up. The TF will be established of all relevant stakeholders and institutions involved in border crossing development to see the justification of special management of border crossing infrastructure development and to identify most important projects worth to be financed from Priority 3. It will be composed of representatives of:

- Hungary:
 - o Hungarian Customs and Finance Guard
 - o Szabolcs-Szatmár-Bereg County
 - o National Police Headquarters Border Policing Department
 - o Police Headquarters of Szabolcs-Szatmár-Bereg County

- Ukraine:
 - o State Customs Service of Ukraine and its regional Customs in the Programme area
 - o Administration of the State Border Guard Service of Ukraine and its regional Division
 - o Ministry of Economy of Ukraine
 - o Transcarpathian Oblast State Administration

- Slovakia:
 - o Ministry of Interior
 - o Ministry of Transport Post and Telecommunication
 - o Customs Headquarters in Bratislava (Police Headquarters Border Policing Department)
 - o Košice Region and Prešov Region (both regions shall have 1 vote together) and the Ministry of Construction and Regional Development as observer

- Romania:
 - o Ministry of Regional Development and Housing
 - o Satu Mare County Council
 - o Romanian Border Police
 - o National Customs Authority

The TF will be chaired by the JMA. The JTS will be responsible for organising and acting as a secretariat for the TF meetings, including drawing-up the minutes.
The TF shall select the projects by consensus.

The TF makes a proposal on all projects to be financed from the programme till 2013. It may identify which projects shall be implemented in which years (e.g Project “A” shall start in 2010, Project “B” shall start in 2011, etc)



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STEP 2: Elaboration of project summaries

The potential beneficiary of the projects identified by the TF shall elaborate project summaries which should include the following elements:

- a brief project description
- an overall indicative budget
- identification of the beneficiary and partners
- justification of the choice of both beneficiary and partners, in line with section 6.3.2 of PraG¹
- justification that both beneficiary and partners possess sufficient operational and financial capacity to implement the project
- justification of how the project meets the criteria listed in Point 1 above (“Definition and criteria”)
- Partnership statement
- Declaration by the Applicant

The potential beneficiary may require assistance from the JTS in elaborating the project summaries.

STEP 3: JMC approves the list and sends a written recommendation to the EC

Based on the project summaries, the JMC approves the list and sends a written recommendation to the EC, reflecting how each proposal complies with the minimum criteria.

At this stage, the draft shortlist accompanied by the project summaries and the JMC's recommendation, should be submitted to the EC (DG EuropeAid).

STEP 4: EC confirms the list

DG EuropeAid shall check the relevance of the projects, if necessary in cooperation with other relevant DGs. Projects accepted by the EC shall form the final shortlist.

STEP 5: Elaboration of Feasibility Study, Environmental Impact Assessment and project technical documentation

Once the shortlist has been confirmed by the EC, the Applicant shall submit

- a Feasibility Study, and
- an Environmental Impact Assessment (EIA).

According to the second paragraph of point 6.2.8 of PraG, the costs of these studies are eligible costs of the action, when these studies are not already available. However, only applicants with whom a grant contract would eventually be signed, would be able to claim the reimbursement. Costs are eligible after the date of confirmation of the project list by the EC (Step 4). If the Applicant is from Ukraine, then costs incurred before the signature of the Financing Agreement are ineligible.²

¹ PraG: Practical Guide to to contract procedures for EC external actions

http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm

² As – according to national state budget rules – Applicants from Ukraine are not able to request reimbursement, it is advised for the Partner from the Member State to carry out the studies.



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If the studies are carried out by external experts, the service contracts for these studies shall be awarded according to Annex IV of the model grant contract of PraG.) The JMA has the right to monitor the award procedure, and to send a non-voting observer to the selection.

Content of the Feasibility Study and the Environmental Impact Assessment (EIA):

- Feasibility study :
 - if according to the national legislation it is required for the obtaining the building permission, then in the set format), or
 - if there is no requirement by the national legislation, then it shall contain at least the following elements: executive summary, project background, definition of demand/ development needs and goals, implementation part (containing Project management, detailed technical content, project schedule, information and publicity), cost-benefit analyses, risk analysis and risk management strategy).
- Environmental impact assessment (if the national legislation requires) signed by relevant authority or the certification issued by the relevant regional or national authority proving that the project has no negative environmental impacts.

The final format of the Feasibility Study and the Environmental Impact Assessment will be established after consultation with the European Commission.

In addition to the Feasibility Study and the Environmental Impact Assessment, the JMC will request the beneficiary to provide evidence of ownership or access to the land or buildings. Further, for the sake of a well funded decision of the JMC, the applicant is required to submit the project technical documentation (ordinary copy), depending on the type of the Action it could be: construction plan submitted for the building permit or, in case the works activity is not subject to permission, the technical description; diagrammatical plan and/or the general plan of the building site,

STEP 6: Final decision of the JMC

Based on the documents mentioned in Step 5, the JMC shall draw up the draft final list of projects to be financed.

JMC sends a written recommendation to the EC, submitting the Feasibility Study and the Environmental Impact Assessment as well.

STEP 7: Final confirmation of the EC

DG EuropeAid shall check the admissibility of the projects with respect to their feasibility, environmental impact and their viability in terms of land ownership, if necessary in cooperation with other relevant DGs. Projects accepted by the EC shall form the final list of projects to be financed.



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STEP 8: Submission of additional documents

After the final confirmation of the EC the applicant is required to submit additional documents, which are necessary for signing the Grant Contract:

- a detailed description of the Action
- the final Budget
- Building permission
- Partnership agreement
- and any other required annexes³

If the applicant fails to submit the above mentioned documents (including all necessary annexes) within 1 month after the final confirmation of the EC, the project may lose the status of LSP and the financial means allocated to it will be subject to open call for proposals. Upon request of the applicant, the deadline might be extended by the JMA.

STEP 9: Signature of the Grant Contract

The grant contract should be the standard grant contract from the PraG. According to Point 6.4.10.2 of PraG, minor corrections may be brought to the Description of the action or to the budget in so far as they would not call into question the grant award decision or be contrary to the equal treatment of applicants and:

- Relate to aspects clearly identified by the Evaluation Committee; or
- Aim at taking into consideration the changes which have occurred since the date of receipt of the proposal, especially changes resulting from the building permission.

Those modifications may in any case not lead to an increase of the amount of the grant nor of the percentage of the co-financing fixed by the Evaluation Committee.

STEP 10: Implementation of the Action

Please note that according to Commission Regulation (EC) No 951/2007, Article 43 (2) point b) all projects' activities must end on 31 December 2014 at the latest.

LSPs are monitored through progress reports, handed in every 6 months. However, they will be implemented in closer cooperation with the JTS and JMC than regular projects. A person from the JTS will be appointed as a contact person to a LSP. As far as possible s/he would take part in main events of the project. LSPs and their progress will be presented regularly at the JMC meetings.

³ As these documents have to be submitted only at a later stage, in 2010, the content and form of these will be a subject of a next JMC decision.



III. Budget and Duration

According to the Joint Operational Programme the overall budget in Priority 3 is € 20.591.000 community contribution for the overall programming period. This is 30% of all available funds. The minimum amount of community contribution for a LSP is **€2 million**, the maximum is **€7 million**.

It is intended that as a rule the maximum duration of the LSP should not exceed 24/36 months. In exceptional cases, after the positive decision of the JMC, this time period may be longer, but project must be fully implemented during the Programme implementation period, i.e. till 31st of December 2014 (according to Article 43 (2b) of the Implementing Rules).