

ERDF PROJECT APPRAISAL

STANDARD CASE PAPER CONTENTS

APPLICANT

Name.

Type of organisation - see [Chapter 2](#); section 2.2 and application form.

If appropriate, comment on the suitability of the applicant for the project.

If sub-contracted, who is delivering the project and why

PROJECT

Description. See [Chapter 2](#); Sections 2.10 to 2.16 on eligible activities.

Start and end dates of projects.

Location. Confirm within Single Programme area.

Costs under broad headings and showing year of defrayal. Separate eligible costs if appropriate. See [Chapter 2](#); Section 2.17. Confirm costs are reasonable.

Any risks in undertaking the project. For viability, see [Chapter 2](#), Section 2.21.

GRANT PROPOSED

Percentage rate. See [Chapter 2](#); Section 2.8

Actual payments anticipated, by year.

Confirm payments within programme timetable.

Confirm that the amount is considered to be the minimum necessary and explain why. See [Chapter 2](#); Section 2.19

Confirm additionality and explain why. See [Chapter 2](#); Section 2.18.

Confirm PES coverage and Department involved. See [Chapter 2](#); Section 2.5.

FUNDING PACKAGE

Show non - ERDF funding and who is providing it, e.g. applicant, other public sources, private funding and other grant regimes. Note any important conditions.

Note whether project revenue is important for funding and whether any shortfall in this could provide difficulties. See [Chapter 2](#) paragraphs 2.19.1 and 2.21.3

PROJECT BENEFITS

Summarise benefits giving detailed output measures. Comment on demand for the project.

Will the project displace or substitute for economic benefits elsewhere?

If possible, provide an assessment of the value of project benefits in monetary terms or otherwise confirm value for money.

Explain how benefits relate to the Single Programme.

Will further benefits accrue after the period of grant support? How will the applicant achieve this?

Note any broader programme benefits e.g. private sector leverage, benefits across a range of priorities, linkage with other activities e.g. Business Links.

Note any support/ reservations of advisors e.g. PES Department.

Comment on any risks to achievement of the benefits.

If appropriate, give a recommendation, with reasons, for priority in allocation of grant.

STATE AID

See [Chapter 2](#); Section 2.20 & [Annex A](#)

Are there state aid issues involved?

Is notification needed. If not explain why.

If notification is needed, who must do this.

OTHER ISSUES

Details of any other important features such as planning permission, land purchase.

Will the applicant be able to monitor the project? See [Chapter 2](#); paragraph 2.20.2

OFFICERS INVOLVED

Details of officer recommending assistance.

Details of approval.

2.1 BUSINESS PROPOSAL CONTENT

1. Summary A short summary of the project, stating what it is and what it seeks to achieve.
2. Background An explanation of the need for the project, defining the problem to be addressed in qualitative and quantitative terms. Details of any market research or other preliminary work evidencing the need should be provided. A description of the sponsor's experience of running similar projects is required.
3. Aims and Objectives A clear statement of the project's overall aim, together with specific objectives and associated testable performance measures and targets.
4. Project Description A full description of the project, including how it will operate and be delivered. If the project involves selling a service, details of how this will be priced and marketed should be provided. The relationship between the project and any similar activities in the Programme area should be described. Any organisational structure should also be described.
5. Project Management How the project will be managed and monitored, and by whom.
6. Project Workplan Where appropriate, a clear description of what activities will happen and when. This should be provided as an event calendar.
7. Project Funding A full breakdown of all costs involved for each of the activities within the project. This should be linked to the project workplan. A description of how the project will be funded is required, together with cash flow forecasts. Assumptions used to forecast earned income should be described. If overheads are included, a description of how they are calculated is required.
8. Deliverables Details of all specific project outputs, explaining what they are, when they will be provided, their value, where possible and who will provide them.

2.2

PUBLIC PROCUREMENT

2.2.1 The Structural Funds regulations state that the Community rules on public procurement apply. Commission Notice C(88)2510, published in Official Journal C22 of 28 January 1989, sets out detailed implementation rules for the Structural Funds. It should be noted that the procurement rules have been amended and extended since the notice was issued. The presumption is that the requirements in the notice cover the full range of the current rules.

2.2.2 Contracts related to projects financed from the Structural Funds will have to be let in accordance with the EC public purchasing rules where relevant, and the manner in which the funds will be spent will be closely monitored by the Commission. Within the coverage set out in paragraph 2.2.8, contracts by public bodies above certain limits are required to be advertised in the Official Journal (OJ) of the European Communities, bids for the contracts must be assessed on an objective basis and contract awards should be published in the OJ. A contract which is part of a work or supply of goods which is above the limit is also included.

2.2.3 Notice C(88)2510 requires either completion of questionnaires (as set out in the notice) for contracts awarded for projects above Directive thresholds or, for lower level projects, a declaration of compliance with the rules. Specific requests for these are included in the application and final claim forms. The declaration will often be able to be produced when the application is made. The questionnaire may only be produced later when contracts are signed. It must be produced at the following time:

- a) when the application is submitted, if all the project's contracts have already been awarded.
- b) when a claim for payment is made, if all the contracts have been awarded since the application was made
- c) with the final claim, at the very latest.

2.2.4 The standard form of the declaration is:

In accordance with the European Commission decision on monitoring of compliance with public procurement rules, published in the Official Journal of the European Communities on the [insert date], I hereby declare that all contracts awarded in respect of this project were below the prescribed level required for advertising in the Official Journal and met the requirements of the Public Procurement Directives.

2.2.5 The procurement rules apply even without the Structural Funds requirements. It is therefore the responsibility of the applicant to ensure that they are complied with. However, it is for the government office to check this and to ensure, as appropriate, that OJ advertisements have been made and questionnaires are filled in or that an appropriate declaration is provided. See

paragraphs 2.2.3 and 2.2.4. To give as strong a reassurance as possible that this is being done, a copy of the OJ advert should normally be requested in the first instance. If applicants do not provide this, they should explain why the project is not caught by the requirements or explain why they are not, as an organisation, covered by the rules. There would not normally be any need to question their reasons for failing to advertise, unless it is considered that there are strong reasons why they should. Particular care should be taken, however, where contracts are expected to be only slightly below advertising thresholds. Costs often increase and the threshold might eventually be breached. Under Notice C(88)2510, the Commission will verify the tender notices and make sample checks to ensure that the rules are being complied with.

2.2.6 For most capital projects, the Works Directive will apply. Given the nature of a works project, the applicant should be able to provide clear evidence of adherence to the rules. Where the Supplies or Services Directives apply, which will particularly be the case for revenue projects, it may not be possible for the applicant to show that the individual supplies or services are covered by particular adverts. Purchases may come, for instance, within a general pool of resources already contracted for by the body. More general assurances from applicants may therefore be necessary.

2.2.7 Most organisations applying for Structural Funds support are likely to be covered by the public procurement rules. The Works Directive gives a definition of bodies covered by these. There are some organisations who are not financed or supervised by public bodies (as set out in paragraph 2.2.8a)) who do not have to comply. Such organisations are likely to include independent charities and non-profit making companies. Notice C(88)2510 does not provide guidance on exempt organisations other than the Utilities (subsequently covered by the rules), who were encouraged to comply voluntarily. The formal procurement rules were not extended to them. It is assumed that similar rules apply to other organisations which are not covered.

2.2.8 The public procurement rules are complex and the following provides a very brief description. Projects must not be split into different sections to avoid the rules. The sterling and Special Drawing Rights (SDR) exchange rates are calculated by the Commission and published in the Official Journal and are updated every 2 years. The Directives are:

a) The Works Directive - Directive 93/37, (as amended by Directive 97/52/EC & 2001/78/EC), implemented in the UK by Statutory Instrument (SI) 2680 of 1991 as amended by SI 2009 of 2000 & SI 46 of 2003. The organisations covered are Government Departments, local authorities and a wide range of public bodies not of an industrial or commercial nature. Included are organisations established for the specific purpose of meeting needs in the general interest that are financed for the most part by other public bodies, subject to management supervision by them or having an administrative, managerial or supervisory body more than half of whose members are appointed by them. The

rules apply to contracts for building or civil engineering works, the award of works concession contracts and works contracts funded by contracting authorities. Works concession contracts are those where the contractor has the right to exploit the works (e.g. to levy road tolls), although they may be paid as well. The threshold for non-GPA sector contracts is €5,923,624. (This refers specifically to gas and heat, extraction of oil and gas, extraction of solid fuels, transport by railway but excluding urban railways and telecommunications sectors). For GPA* sector, (i.e. water, electricity, urban transport, ports and airports), the amount is 5m SDR. For the period 1/1/04 to 31/12/05, this amounts to €5,923,624.

b) The Supplies Directive - Directive 77/62/EEC (as amended by Directives 93/36/EEC, 97/52/EC & 2001/78/EC). Implemented in the UK by SI 201 of 1995 as amended by SI 2009 of 2000 & SI 46 of 2003. This covers the purchase or hire of goods. The thresholds are €200,000 for telecommunications sector, €236,945 for non GPA sectors and for GPA sector contracts 130,000 SDR, (which equates to €154,014).

c) The Services Directive - Directive 92/50/EEC, (as amended by Directive 97/52/EC & 2001/78/EC), implemented in the UK by SI 3228 of 1993 as amended by SI 2009 of 2000 & SI 46 of 2003. This effectively extends the rules to all areas of procurement. The threshold is €200,000 for telecommunications sectors and €236,945 for non-GPA sector contracts. The thresholds for GPA sector contracts is 130,000 SDR, (€154,014).

d) The "Utilities" Directive - Directive 93/38 (as amended by Directives 98/4/EC & 2001/78/EC), services to operators in the energy, water, transport and, for supplies, telecommunications sectors. Implemented in the UK by SI 2911 of 1996 as amended by SI 2009 of 2000 & SI 46 of 2003. Operators include public bodies and undertakings and private companies acting on the basis of special or exclusive rights. The thresholds for the utilities sector are more complex than the public sector. Full details are available on the Office of Government Commerce website.

e) There is also a Compliance Directive 89/665/EEC, (amended by 92/50/EEC) for the general public sector and a similar Directive 92/13/EEC for the utilities. These deal with remedial action for breaches of the rules. They are implemented in the UK via the main SIs.

2.2.9 The Office of Government Commerce can provide more information on the issue of public procurement. Their website is <http://www.ogc.gov.uk/index.asp>

2.2.10 *GPA means the Agreement on Government Procurement between certain parties to the World Trade Organisation Agreement signed in Marrakech on 15 April 1994.