PART THREE (JUSTIFICATION)

**GUIDANCE FOR COMPLETION OF PART 3 OF
EAST OF SCOTLAND OBJECTIVE 2 PROGRAMME ERDF APPLICATION FORM**

This Guidance has been designed to help applicants with completion of Part 3 of the East of Scotland Objective 2 Programme's ERDF Application Form. Part 3, setting out the justification for project applications, has been re-designed to enable applicants to present proposals in a more comprehensive and coherent way, and one that shows directly how projects accord with the core criteria for project selection. This re-design is in part a result of feedback from project applicants at workshops held on the core criteria.

Background

During the 1997-1999 Eastern Scotland Objective 2 Programme, a wide ranging initiative was undertaken in consultation with the Partnership to develop ways of mainstreaming what are now the horizontal themes of sustainable development and equal opportunities. This was part of a pilot study by 12 European Regions, supported by the European Commission. The outcome of the ESEP approach has been commended by the Scottish Executive, and is now fully incorporated into the 2000-2006 Programme. At the core of the approach has been the adoption of 12 sustainable development core criteria for project selection. Because these criteria are designed to express the economic, social and environmental attributes of projects, they also serve to describe projects in the round. This process has now been implemented for more than 3 years, with an accompanying programme of awareness raising mainly through an on-going series of workshops with project applicants, the Programme Executive, and Advisory Groups.

The Current Guidance

The Guidance itself is not new, though it has been updated with, where appropriate, additional references to potential further sources of information. The guidance is taken directly from the draft issued in 1999/2000 as part of the outcome of work on mainstreaming sustainable development (Eastern Scotland European Partnership: The Sustainable Development Project Final Report, ESEP, December 1999). What is new is to try to make the guidance more accessible, in particular presenting it in a format that directly mirrors the application form.

It is intended to keep the usefulness of this guidance under review. Feedback from anyone consulting this guidance, particularly from project applicants and Advisory Groups members, will be welcomed and will be taken into account in any revisions.

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Project Reference:	This will be allocated by the PME.
Application ID Number (as shown on Part One on the application form)	This is found on every tab, in bold towards the top left of the screen.
Part One version number (insert the version number shown of Part One of the application form)	On ACTIONS tab. The second entry in the details section.

1	**PROGRAMME**	EAST OF SCOTLAND OBJECTIVE 2 PROGRAMME 2000-2006
2	**PRIORITY**	
3	**MEASURE**	
4	**PROJECT TITLE**	
5	**PROJECT APPLICANT**	
6	**PROJECT CONTACT (Name, telephone number and e-mail address)**	

Please ensure that Part Three (Justification) is submitted to the PME along with the appropriate Part One (Data Capture) and Part Two (Compliance).
Failure to do so may delay the processing of this application.

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7. PROJECT DESCRIPTION

Sections a-d give the opportunity to describe fully the project for which grant is being sought whilst addressing the specific points necessary for the project to be appraised.

7 (a) Describe in more detail the background and context of this project

> This should place the ERDF supported activity/works in the broader context of the project and integrated activities. It should also summarise how the project is part of the regeneration strategy for the organisation and area served. This section should draw on the detail provided in Section 8(b) Evidence of Demand and 8(k) Strategic Integration (Part 3) of the application form.

7 (b) Provide a full description of the activities to be undertaken by the project.

> This should be an expansion of the description provided in the Summary section (Part 1) of the application form to set the wider operating environment for the project including any directly related ineligible expenditure.

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7 (c) Describe the mechanism for implementing the project, including details of other funding partners involvement in the delivery of the project.

> This sub-section allows a description of how the project will be implemented; e.g. contract types, sub-contracted delivery, partnering and intermediate labour market initiatives. It should also highlight the degree of partnership involved in developing and implementing the project including reference to any in-kind support that may be included as part of the funding package. (For projects that involve a contribution from and/or partnership with the private sector please refer to specific private sector guidance, which is available from the PME.)

7 (d) How does the project meet the strategic objectives of the Programme and more specifically describe its fit with the Priorities/Measures. Describe any result which cannot be readily quantified but which provides added value to the Programme as a whole.

> To complete this sub-section applicants should refer closely to the strategic objectives and Priorities detailed in the East of Scotland Single Programme Document and Programme Complement and the Measure specific selection criteria which are available from the relevant PME. It is not sufficient just to say that the project fits, examples should be provided to demonstrate how the project fits.

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8   PROGRAMME CORE CRITERIA (Please refer to the Guidance SET OUT BELOW)

8 (a)   Net Additional Jobs

Please provide an indication of the extent to which the project will create net additional jobs including net additional jobs safeguarded

> **An assessment of the extent to which the project will create net additional jobs including net additional jobs safeguarded.**
>
> The main aim of a sustainable economic development programme is to promote economic wellbeing and to create jobs. This includes support for enterprises, especially SMEs, whether new starts, or existing organisations; and for people, providing advice and support for training infrastructure. All jobs created by assisted projects should be expressed as full-time equivalents (FTEs).
>
> In addition to jobs created in SMEs, capital projects will generate temporary jobs (and, potentially, training opportunities) during construction. Management of training facilities and community or environmental resources are likely to require permanent staff. These should be taken into account as well as down stream employment potential.
>
> Project proposals will be expected to answer the following questions:
> - How many, and what types, of jobs will be directly created by the project?
> - How many, and what types, of jobs will be safeguarded by the project? What would happen to these jobs if the project does not take place?
> - Is it expected that the project may create additional jobs as a multiplier effect? How many such jobs may be expected, and is there a reasoned and justified case for the multiplier used? Are some of jobs temporary (e.g. in construction)?
> - What displacement of existing jobs may be caused by the project? Does this displacement include a similar multiplier to that used for the jobs to be created?
>
> In the case of projects which support training infrastructure:
> - Can the project show how the training provided will bring people more effectively into the labour market, and meet established labour market needs?
> - How many jobs will be created in training provision, either directly or in support services?
>
> Projects which do not create, or support the creation of, jobs, or which can be shown to result in a net reduction in employment will not normally be supported.

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8 (b) Evidence of Demand
Please provide a brief summary of the key findings of market research and/or evidence of market failure provided as justification of intervention

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An assessment of the quality, validity and robustness of market research and/or evidence of market failure provided as justification for intervention.

Project proposals must include specific evidence of demand for the project and explain the market failure which the project is designed to overcome. Indicators of demand may come from an existing track record of sales, throughput or successful delivery, whether in the same enterprise, or related activity elsewhere. Conventional market research may be supplemented by techniques such as scenario planning or other foresight methods. Support for the business case may be found in strategic or policy frameworks, including identified growth sectors or clusters, or more specific impact and feasibility studies. This can include governmental or independent research showing the need for service provision, partly to create the market demand. Applications should be careful not to over-state benefits, especially of visitor numbers and expenditure multipliers.

The justification for project support may include adjusting to market deficiencies such as lagging responses to economic instruments, supply chain pressures, information deficiencies, and regulatory changes, any of which may indicate demand, now or forthcoming.

Project applications will be expected to show:
- What is the evidence of demand for the project? Is there market research and/or other independent research to support this evidence?
- If the project is for a new product or service, or extension of a product or service into new markets, what techniques have been used to justify that there will be a demand for it?
- Whether wider strategic plans for the area support the case for the projected demand?
- What is the nature of the market failure which the project is designed to overcome, and how will it be overcome?

Further Advice: The ESEP *Programme Complement* gives guidance on priorities for support for different types of activity especially, but not only, in regard to strategic locations and sectors. This sets the context within which demand for individual projects should be assessed. It can be found on the ESEP website: http://www.esep.co.uk/

Further guidance on strategic demand may be found on the priorities of partner agencies. Scottish Enterprise's Cluster approach is currently focusing formally on 7 clusters and they have developed action plans for Biotechnology, Creative Industries, Microelectronics, Optoelectronics, Food and Drink, Forest Industries and Tourism. Energy is also being tackled via a cluster methodology; Scottish Enterprise also aims to accelerate the competitive capabilities of companies in Scotland through the use of e-Business applications. SE's services to industries can be accessed from: http://www.scottish-enterprise.com/sedotcom_home/sig.htm

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8 (c)   Partnership and Leverage

Please provide a justification of why grant aid is essential for the implementation of the project. Please also detail project partners and their contributions of funds, expertise and other resources, including in-kind contributions.

An assessment of the extent to which the project shows partnership between agencies reflected in their contributions of funds, expertise and other resources. Particular priority will be given to private sector contributions. Project applications must demonstrate that grant aid is essential for the implementation of the project.

Projects are expected to demonstrate a genuine partnership between agencies, with clear complementarity of roles and working arrangements in place to support all stages of the project. Some partners may have a particular role in initiating activity, or referring client businesses or entrrepreneurs to the project; others may contribute more to exit strategies or aftercare. Applications should state:

- What partners will be involved in the management of the project, and what roles will they undertake?
- Who will be responsible for the continuation of this activity after the project comes to an end?
- Overall, to what extent does the project bring together partner agencies, and other projects and activities, in order to bring about significant change and move towards regional transformation?

In assembling project funding, the ideal proposal requires a small, but essential, contribution from Structural Funds. In other words, address market failure, but contain and manage the risks. Proposals must demonstrate that grant aid is essential for project implementation, and show what additional impact would be enabled by Structural Funds assistance. Contributions in funding and in kind from the project delivery agency may be taken into account, but care should be taken that these do not jeopardise cash flow or financial robustness.

At the same time, projects must also show that funds have been committed or levered from other sources. The sources and scale of funding can be informative: support from other economic development agencies may corroborate assessment of demand. Weight is attached to private sector contributions which may give an additional signal of market viability or potential. Funding from a variety of sources, in particular leverage achieved from sources which are primarily environmental or social, is more likely with multi-faceted projects in line with sustainable development principles. Similarly a mix of private and public funding may enable commercial elements to cross-fund community and environmental elements, and may assist in ensuring that the added value will be retained within the project once it has been created, and spreads the burden of risk.

Project proposals must demonstrate why the project cannot proceed without Structural Funds assistance, and that funds have been committed or levered from other sources.

- What funding sources have been approached, and with what outcome?
- What conditions apply to funding commitments received?
- What funding is from the private sector?
- What contribution, whether of funds or in kind, is from the project delivery agency, and how does this affect the financial strength of that organisation?

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8 (d) Infrastructure Impact

Please describe in what ways the project will impact positively on the region's infrastructure

> **An assessment of the extent to which the project will impact positively on the region's infrastructure for example by:**
> - **Making use of serviced and/or brownfield sites;**
> - **Re-use of existing buildings;**
> - **Being in or adjacent to settlements and/or public transport;**
> - **Making use of, or developing, existing services.**
>
> By making use of existing infrastructure and minimising impact both on and off-site, sustainable development activity can reduce costs imposed on others. It may also reduce the costs of the development, though there can be additional costs for site treatment and adaptation to site constraints including avoiding impositions on neighbours. The costs which developments may impose on public agencies or other users must be fully considered. Well sited proposals, and the re-use of land and buildings in or adjoining settlements, can complement, rather than detract from, existing development by increasing the potential for inter-change between organisations, and demand for public transport and other facilities. Existing facilities can reduce their infrastructure load through management of transport demand.
>
> Project proposals should indicate how their infrastructure impact has been minimised:
> - Are the site and development located and designed to make use of existing services and buildings? What is the justification for any new build or use of a green field site? Does the proposal comply with the sequential test set out in SPPs and NPPGs?
> - Can the development's requirements be met by existing infrastructure, or is upgrading or extension necessary? This should include assessment of transport facilities, water supply, fuel and power supplies, waste generation and management, and sewerage. What costs will the development impose on public agencies or other users?
> - Has the development been sited to reduce the demand for transport and to enable the use of alternatives modes of travel? What are the transport demands generated by the development? Is there a green commuter or transport plan which shows how the transport needs of all those who use the development can be met without increasing dependency on private car use?
>
> Any potential for the development adding to the viability of existing services, including enhancing public transport provision, should be noted; similarly, will the infrastructure required for the project provide benefits to other businesses or communities? Adverse effects on existing services should also be reported.
>
> Further Advice: This guidance for ensuring positive infrastructure impact should accord with Scottish Planning policies and guidance (SPPs, NPPGs and PANs), and with local planning authority development plans. Early consultation with planning authorities is recommended; authorities may also hold information on under-used land or buildings.

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8 (e) Resource Efficiency

Describe how the project in its direct use of resources positively addresses one or more of the following;
- The efficient procurement, and use of water, energy, raw materials and other inputs
- The minimisation and management of waste and
- The production of green products and services, the development of cleaner technologies/processes, recycling and re-use activities, environmental monitoring and pollution abatement**.**

An assessment of the extent to which the project in its direct use of resources positively addresses one or more of the topics listed above.

Enterprises, particularly SMEs, continue to under-appreciate the potential to make cost effective improvements in the reduction, and then efficient use, of basic resources. Structural Funds have a role in helping to remove these inefficiencies, not to subsidise them. Reductions in core and operating costs, with direct impact on the bottom line, may be worth far more than equivalent increases in turnover.

A number of factors are driving organisations towards the production of goods and services which are resource efficient in themselves, and produced by more efficient methods. These include economic instruments, such as the landfill tax and climate change levy; regulations, e.g. the Packaging Directive; supply chain pressures and consumer demands. In turn these factors are helping to spawn businesses in recycling and re-use, pollution abatement, and environmental controls and monitoring. There is further potential in 'waste' - products for which markets have yet to be identified.

Project proposals should address:
- In what ways will the design and construction of the project seek to reduce and make more efficient the use (and re-use) of construction materials and of energy?
- How will the development ensure the efficient use of energy, water and other raw materials when the project is in use? Appropriate use should be made of life-cycle analysis.
- In what ways will the products and/or services to be provided by the project reduce resource use?
- How will resource use be managed and monitored; and how will resource efficiency be maintained?
- What mechanisms will ensure that all users are aware of resource aspects of the project, and enable them to play their part in waste minimisation? Has consideration been given to the use of permeable surfaces and Sustainable Urban Drainage Systems (SUDS)?
- How the project will be consistent with the aims of the National Waste Strategy and Area Waste Plans?

Further advice: The Scottish Energy Efficiency Office, run by the Scottish Executive, can offer information, advice and assistance on energy efficiency and waste minimisation. They can be accessed at: http://www.energy-efficiency.org/.

Support and advice is also available from the Scottish Environment Protection Agency. Their waste minimisation programme is set out at: http://www.sepa.org.uk/wastemin/.

The Scottish Institute for Sustainable Technology (SISTech), a partnership between Scottish Enterprise and Heriot-Watt University, aims to "promote, through education, business development and research and development, the practical delivery of sustainability by business". Their website is: http://www.sistech.co.uk/

The Business Environmental Partnership, working through Midlothian Enterprise Trust has established expertise in working with SMEs on resource efficiency. Contact: MET or http://www.met.org.uk/

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8 (f) Environmental Impact

Please describe how the project contributes to the enhancement or protection of the environment, in which it is set, or seeks to minimise the negative impacts whether as an infrastructure development or a revenue activity

> **An assessment of the extent to which the project contributes to the enhancement or protection of the environment in which it is set, or seeks to minimise the negative impacts, whether as an infrastructure development or a revenue activity.**
>
> Projects, of necessity, must comply with environmental law, secure necessary planning permissions and other consents aiming to ensure that there is no demonstrable harm to interests of acknowledged importance (including designated sites and buildings). Where an environmental assessment forms part of this consent process, it should be submitted with the application for Structural Funding assistance. Project selection will also have regard for measures proposed in the application to reduce, off-set, or compensate for, any environmental damage arising from the proposal.
>
> Protection of the environment should include measures to protect:
> * Designated sites, including European (e.g. SPAs and SACs), national (e.g. SSSIs; Listed Buildings and Ancient Monuments) or local designations (e.g. Conservation Areas, Listed Wildlife Sites, Sites of Importance for Nature Conservation, Urban Wildlife Sites);
> * Existing semi-natural habitats, such as water courses, hedgerows, woodland and scrub; and
> * Species, including nationally protected and vulnerable species such as badgers, bats, great crested newts, as well as locally vulnerable species such as water voles.
>
> However, environmental impact is not only about seeking to avoid, minimise and to remedy environmental damage. Many projects also provide opportunities for environmental enhancement, ranging from:
> * Restoration of existing buildings and their surroundings;
> * Species identified in the Local Biodiversity Action Plan as targeted for enhancement;
> * Extending areas of existing habitat, for example improving a river corridor with appropriate woodland planting;
> * Creating areas of new habitat, including woodlands, ponds and wetlands;
> * Creating ecological corridors, linking new and existing habitats;
> * Habitat management plans; and
> * Environmental interpretation, awareness raising and education.
>
> Environmental resources, like human resources, are invaluable assets which can be conserved and enhanced by intelligent and sensitive development, which in turn can enhance business, job and training opportunities.
>
> Project proposals should identify in an assessment of the environmental impact of the project:
> * What impacts, positive and negative, will the project have on the external environment? What steps are proposed to mitigate or off-set any negative impacts, including measures for reducing and managing proximity, pollution and risk?
> * If the project involves construction, what steps will be taken to ensure that adverse environmental impact is minimised?
> * Does the project provide opportunity for environmental improvement, or for the delivery of environmental goods and services? How will it contribute towards raising environmental awareness, and encouraging a positive value of – and attitude towards - the environment?
> * Does any environmental management or improvement give rise to further opportunities for employment or training? Does it provide any other economic or social benefits?
> * How will the environmental performance of the project be managed, monitored and maintained?
>
> Further advice: The key sources of advice are Scotland's two national environmental agencies: Scottish Natural Heritage: http:///www.snh.org.uk/ and
> Scottish Environment Protection Agency: http://www.sepa.org.uk/.

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8 (g) Access and Equal Opportunity

Please describe in what ways the full and equal participation of individuals and social groups in the local economy will be achieved. This may be achieved for example by;

- Ensuring that there are no physical constraints (eg lack of transport) preventing individuals accessing employment and personal development opportunities
- Creating the right conditions in the labour market through active labour market policies
- Positively tackling the more subtle forms of discrimination and exclusion and
- Providing a supportive learning and working environment including adequate provision and/or assistance for child/dependent care

> **An assessment of the extent to which the project actively promotes the full and equal participation of individuals and social groups in the local economy. Examples of how this may be achieved are set out above.**
>
> One of the most significant under-used resources is people. The Programme is based on Equal Opportunities, and will require that projects, as a minimum, do not give rise to barriers because of sex, race, age, or disability. Positive measures to enhance access and opportunities to enable people to fulfil their potential will be encouraged. These include:
> - Physical access, ranging from provision of ramps and doorways, through to arrangements for, or information about, public transport provision;
> - Care for dependants, and integration of such care with other support services;
> - Training to raise awareness of barriers, and redress the lost opportunities arising from them. This includes bridging gaps or perceived gaps between labour market requirements and available human resources.
>
> Particular benefit can arise through linking training and job opportunities to support for the long term unemployed or excluded groups, including those returning to the labour market. This is equally true whether the jobs arise through inward investment, new business starts or existing local companies.
>
> Under this criterion, applicants should not only consider what Equal Opportunities policies, procedures and resources will be in place, but also explain how these will make a positive difference to the project.
>
> To ensure that projects do not give rise to barriers to access and equal opportunities, and promote opportunities, applicants will be expected to indicate:
> - What, if any, limitations does the project impose on equal access for all regardless of sex, race, age, or disability? Are there physical barriers inherent in the project and, if so, how will these be addressed?
> - What arrangements does the project make to ensure that those who have responsibilities for dependants, and those who do not have access to private cars, are able to take up the opportunities which the project will provide?
> - How can the project address the special needs of those from disadvantaged communities, or those new, or returning after long absence, to the labour market? Has consideration been given to making specific provision for those with special needs?
> - What provision is made in the project for dialogue with those who may present barriers to opportunities, to establish a learning process taking account of where problems arise and what solutions work?
>
> The ESEP website, http://www.esep.co.uk/, provides links to the main agencies offering advice on avoiding discrimination and on good practice guidance on issues relevant to disability, race equality, gender, work/life balance, and age.

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8 **(h) Local Added Value**

Please describe the manner in which the project has the ability to generate local added value through for example;
- productive linkages between local employers and training providers or SMEs and centres of R&D
- support for local sourcing initiatives and/or activities aimed at diversification within the local economy
- assistance for activities which promote local support eg extending the tourism season and
- the active support and participation of the local community in project design and implementation

> **An assessment of the extent to which the project has the ability to generate local added value. Examples of how this may be achieved are set out above.**
>
> The corollary of making best use of existing infrastructure, is that projects can secure mutual benefit if they add value to, as well as derive strength from, local community assets. Local sourcing of labour, trainees, and goods and services can all strengthen the market in which a project is established. Going beyond consultation to public involvement in proposals can win community support for projects. Where benefits from projects are seen to accrue locally, it is more likely that there will be continuing support for enterprises and for their future aspirations, and thus for their durability and adaptability. Links between training providers and local employers, including for modern apprenticeships and workplace training placements, can better connect local training opportunities to the needs of the local labour market.
>
> Project proposals should not reduce local autonomy or result in a net loss of resources from the locality. Some projects may be designed specifically to recruit or retain skilled people in a locality.
>
> Project proposals should show in what ways they are able to:
> - Diversify the local economy
> - Counter seasonality of business activity
> - Use or make connections between local resources, including:
>   - Local sourcing of materials (including traditional materials)
>   - Local sourcing of goods and services, and using local contractors
>   - Local sourcing of professional services
>   - Using local labour
>   - Providing local training
>   - Adding to, or retaining, local expenditure
>   - Adding value locally when primary materials or produce are used
>   - Enhancing the quality of the local environment through, for example, diversifying the local ecology
> - Facilitate community involvement in project design, implementation or management.

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8 (i) Capacity Building

Please describe how the project addresses identified deficiencies in the local economic and social infrastructure, local organisational competencies or skills and competencies of the workforce and which act as a constraint on growth and development

> **An assessment of the extent to which the project addresses identified deficiencies in the local economic and social infrastructure, local organisational competencies or skills and competencies of the workforce, and which act as a constraint on growth and development.**
>
> Building capacity means enabling and equipping people to be able to help themselves. This may involve identifying what may be crucial for a community or a local economy to thrive, or even to survive. This could be provision or retention of local shops; a health centre or recreation facility; transport links or training provision. The limitation on capacity may be money: this might require innovation in providing access to funding, whether through mainstream providers, through access to risk capital, or through credit unions or LETS projects. While not all of these examples are eligible for Structural Funds support directly, community based organisations and local authorities are often well placed to identify how best to build capacity locally. Funding support for community based organisations can help to tackle some of the key underlying constraints. These may be a lack of expertise, or skills; or a lack of confidence or the ability to take and manage risk.
>
> Similar considerations apply to building up the SME base, and entrepreneurship, in an area. Part of the process is to build on existing capacity to support indigenous enterprises through the next stage of growth. This could be straightforward business expansion into a different scale or type of operation, or a diversification of product or market. Important gaps in infrastructure in support of training provision remain to be filled, in particular an expansion of modern apprenticeships as an alternative to the HE/FE options. There are also opportunities for activities to move from the informal to formal sectors: for example, to assist local voluntary groups becoming social economy organisations, providing services on behalf of statutory agencies.
>
> Project proposals will be expected to show in what ways they support capacity building:
> - Does the project tackle an identified deficiency in provision and/or does it build on established strengths?
> - In what ways will the project enhance the capacity of the community development agencies and people in receipt of assistance?
> - How will this enhancement contribute to the wider transformation of the area or community concerned, and to developing the skills and capacities to deliver more sustainable development?

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8 (j) Social Inclusion

Please describe the means by which the project will achieve the integration of disadvantaged communities into mainstream activities. Projects which enhance access by these communities to opportunities and benefits available elsewhere in the Programme Area will be given priority

> **An assessment of the extent to which the project is directed at integrating disadvantaged communities into mainstream activities. In particular, projects which enhance access by these communities to opportunities and benefits available elsewhere in the Programme Area will be given priority.**
>
> This criterion does not apply just to those projects targeted at areas of disadvantage. Potentially all projects can make a contribution to social inclusion, irrespective of whether tackling inclusion is their main objective. This can be direct, through providing jobs and training opportunities in or close to disadvantaged communities; or indirect, through ensuring that affordable and accessible transport links exist or will be provided to job and training opportunities. Irrespective of where a project is sited, there can be a specific policy of recruiting and training long term unemployed. Projects may also make explicit provision for other excluded groups.
>
> Tackling social inclusion is also both an attitude and a matter of justice. It is about ensuring that the long term unemployed and disadvantaged communities have access to resources of all kinds. This includes fast track routes into self-employment or high technology jobs, and not just onto the lowest rung of an imposed ladder of social progress. People with a range of current and potential skills need access to a choice of jobs and training opportunities. Some of the most promising initiatives are those in which agencies establish firm links between the employment service, support for participation and inclusion, and business start-ups.
>
> In what ways does the project potentially contribute to integrating disadvantaged people:
> - Does the project intend to locate in or near communities experiencing disadvantage?
> - In what ways does the project make provision for the employment and training of disadvantaged people?
> - How does the project ensure that disadvantaged people will be able to take up the opportunities of jobs, training or other service provision through, for example:
>   - Provision of public transport?
>   - Provision of training?
>   - Recruitment policies and programmes?
> - Does the project make any indirect contributions, e.g. improving accessibility for disadvantaged communities to other services, through supporting public transport provision?

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8 (k) Strategic Integration

Please describe how the project can demonstrate direct linkages and coherence with other related activities and strategies (local, national and European) including development plans, structure plans, ESF Objective 3, RDR and relevant CIs

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An assessment of the extent to which the project can demonstrate direct linkages and coherence with other related activities and strategies – local, national and European – including Development Plans.

Structural Funds have evolved from funding of specific projects towards support for coherent strategies to transform the economy of regions. The contribution of individual projects can be greatly enhanced where they fit with other physically related or functionally complementary activities. This approach is now reflected in the Strategic Locations and Sectors Priority. This mutual enhancement can arise through complementarity, bringing together economic, social and environmental objectives, to secure the efficient and effective use of public and community funds. This may be achieved by conformity with public policy strategies (through which, over time, other actions should reinforce the project; and in turn, the implementation of projects strengthens the strategy), or by direct relationships to other projects. Priority will be given to projects which demonstrate integration with, or adding value to, other ERDF and/or ESF assisted projects.

A particular opportunity for strategic integration is through ensuring that Structural Funds Programmes and project funding are well matched to the statutory Development Plans prepared by local authorities, which are major instruments in regulating project approval. There should be increasing opportunity for strategic integration as work progresses on Community Plans and Local Economic Fora.

Project proposals should explain:
- In what ways do they conform to local, national and European strategies?
  - Have the relevant partner bodies been consulted, and what has been their response?
- Which other publicly assisted projects does the proposal relate to?
  - How does the proposed project integrate with, or complement, those other projects?
  - In what ways is the proposal additional to, and different from, existing provision, or earlier phases?
- Overall, what added value is foreseen, arising from the relationship between the project and relevant strategies, both for the Programme and for the Partners' strategies?

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8 (I) Durability and Feasibility

Please describe the means and intended actions which have or will be undertaken in order that the project will become self-sustaining over time.   Where appropriate please attach a business plan.

> **An assessment of the extent to which the project can demonstrate the ability to become self-sustaining over time. This is coupled with an assessment of the feasibility and risks of the project; its design and forecast targets and the capacity and track record of the delivery agent(s) to implement and sustain the project.**
>
> Project support under Structural Funds is not intended to secure only short term benefits with no lasting value. The programme seeks to support projects which will happen, will last, will deliver the planned outcomes, and will do so in many cases with increasing self-sufficiency. With no certainty that the region will be in receipt of ERDF beyond 2006, it is vital that there are clear exit strategies, wherever possible demonstrating a capability for activities (or their benefits) to continue beyond the end of the plan period.
>
> These requirements need long term planning, realistic design and forecasting, and the capacity and commitment to deliver. The Partnership will wish to take stock of projects in the round, and will have regard to the track record of the delivery agent(s).
>
> However, while track record will be important, the Partnership also wishes to promote innovation. The Partnership recognises this will involve risks, but this should be based on an awareness and understanding of what is involved. Shared appreciation of what is at stake between the project team and funding partners better enables all involved to mitigate and manage risks. Clearly, ambitious projects which depart from established practice, are likely to require additional work to establish their feasibility.
>
> Project proposals need to assess:
> * To what extent has project design and financing taken into consideration the need for longer term self-sufficiency?
>   * Is financial assistance pump-priming a new kind of activity, or does it contribute to enhancing or augmenting already established activity?
>   * What would be the effect on the project of progressively reducing levels of grant aid?
>   * What financial control mechanisms and risk management or contingency planning will be in place?
>   * What exit strategies have been identified?
>   * In what ways will responsibility be taken on by others to maintain the project or consolidate its benefits; and how will expertise and understanding be transferred to project managers?
> * The delivery of outcomes:
>   * What assessment has been made of how realistic and achievable are the forecast project outcomes?
>   * What flexibility has been built in to adjust to changing market circumstances and technological developments?
>   * At what stage is it likely that outcomes will be delivered (including whether jobs created are short or long term)?
>   * What mechanisms will be in place to monitor the delivery of outcomes, including their quality and effectiveness?

PART THREE (JUSTIFICATION)

9.   MONITORING AND EVALUATION

Please describe the system of monitoring and evaluation, the frequency of monitoring and any reporting arrangements which will be applied to this project.

Scottish Executive guidance (see references below) makes clear that monitoring is a fundamental part of project management and programme evaluation. Projects are monitored for two main purposes: first to ensure financial probity, and second to ensure that projects achieve (and may be helped to achieve) what they set out to do as described in the application forms. The first of these includes the arrangements for financial management and control, audit trails, and procedures for the completion and submission of claims forms. Separate guidance is issued on these aspects, and information on these aspects is required in Parts 1 and 2 of the application form.

This section of the application form should describe how the project will be monitored and evaluated to assess its performance against what is set out in the application form. This includes the procedures which will be in place to assess progress against the project's features, objectives and targets which form part of the application. If, for example, the application states intentions to achieve a specified number of additional jobs, a female participation rate, and delivery of specific environmental benefits, then this section should set out the process by which the achievement of these will be measured and monitored. The description should also set out how the project partnership will operate to support this process: how frequently will progress be reported, how, and to whom?

Major projects in particular may involve specialist interim evaluations, including seeking information on outcomes from final recipients. Any such evaluations should contribute to the monitoring process. So too may published materials from projects, which not only give evidence of publicity, but also give supporting information about project activities planned or underway.

It is also recognised that projects may, for a variety of reasons, evolve over time. Early objectives may prove inappropriate, and be replaced or supplemented by other objectives. Monitoring and reporting arrangements should be designed so that any such changes are recorded, justified and agreed with the Programme Executive through the monitoring process.

Further Reference: Scottish Executive 2000 "Measuring Progress: A Handbook for Monitoring European Structural Fund Projects" Accessible at: www.scotland.gov.uk/esf/mon_hand-00.asp

Scottish Executive Monitoring and Evaluation Group 2001 "European Structural Funds Project Monitoring Visits: Guidance for Scottish Executive, Programme Management Executive and Project Applicant Staff."

It should be noted that in parallel with the re-design of Part 3 of the application forms, procedures for project monitoring by the Programme Executive will be based on information requirements matching those of the application forms. A pilot evaluation of monitoring methodology carried out in 2002 noted that when projects were visited, the project application forms provided a central reference point for those taking part in the monitoring visits. It is intended to build on this process, and use the re-designed application forms as the basis for dialogue in project monitoring visits by the Programme Executive.