

**Program of the Federal Ministry of Finance for supporting the identification and preparation of projects within the framework of the Austrian soft loan scheme**

**("Project Preparation Program Soft Loan")**

**Version: January 2019**

**1. Objectives of the Program**

1. The program aims primarily to support developing countries in identifying and preparing projects that serve the sustainable economic and social development in these countries. The program shall apply to those sectors in which projects may, in principle, be financed through Austrian soft loans. To this effect, the program offers financial support for project identification or preparatory services in conjunction with undertakings in eligible soft loan countries which are of special interest in terms of economic and developmental policy and qualify for tied/untied aid financing according to the OECD-DAC list.
2. The Republic of Austria (represented by the Federal Ministry of Finance - hereinafter referred to as „MoF“) provides grants based on the current version of the Export Financing Guarantees Act, that may qualify as Austrian Official Development Assistance depending upon the requirements of the program at hand and the availability of budgetary resources for the intended use set out in paragraph 1.
3. The program is handled within the framework of the existing Austrian soft loan scheme based upon an agreement with Oesterreichische Kontrollbank Aktiengesellschaft (hereinafter referred to as „OeKB“) as the clearing agent.
4. MoF decides within the framework of the Austrian soft loan scheme on the applications for grants prepared by OeKB. The applicant has no legal claim to the provision of a grant by MoF. If the requirements for a grant in conformity with paragraphs 1 and 2 are met, the applicant may enter into a contract relating to the grant in private law.

**2. Purpose of the Program**

1. Within the framework of the program, project identification or preparatory services in conjunction with project undertakings abroad – which may be financed through Austrian soft loans – can be supported by grants by MoF.

In particular, the following services and related costs may be supported:

- a. Identification, assessment/review/evaluation, development and preparation of project undertakings, including pilot project undertakings
- b. Pre-feasibility and feasibility studies
- c. Expert opinions related to specific issues, sector-specific technical solutions, other specific consulting services including contracting and procurement issues.

The grants by the Republic of Austria are given within the Austrian soft loan scheme and may be granted in conjunction with services provided by an Austrian company or untied.

2. In particular, the following services are excluded from support:
  - a. Services related to military, nuclear power and genetically modified organisms.
  - b. Services the rendering of which has already commenced upon application, and services that have already obtained support from other programs or third parties.
  - c. Services that have already been rendered in a comparable way, hence constituting no new services.

### **3. Clearing Agent**

OeKB acts as the clearing agent for this program. As stipulated in the corresponding agreement, OeKB's duties include, in particular, the following items:

- a. Servicing and handling the program, applying the care of a prudent businessman
- b. Acknowledging receipt and screening of expressions of interest and applications for grants for measures according to section 2 (Purpose of the Program)
- c. Reviewing the grant-eligibility requirements, preparing them for decision-making purposes on the part of MoF and handling these decisions
- d. Where required, conducting the business activity for and in the name of the organization executing the project.

### **4. Service-Recipients**

Service-recipients within the meaning and purview of this program are in principle the organizations executing the projects which are in charge of the preparation and commissioning of the project undertakings in the respective developing country. This also applies in the case of a competitive bidding procedure and a business activity conducted by OeKB for and in the name of the organization executing the projects.

### **5. Service-Providers**

1. Service-providers within the meaning of this program are in particular:
  - a. Suppliers of services, technical solutions and other forms of assistance
  - b. Consultants in a narrow sense
  - c. Other service-providers able to complete viable projects or contribute to these.
2. Service-providers in accordance with lit. a) through c) have to render their services independent of and detached from the conclusion of any contracts related to the relevant project.
3. Companies acting as general consultants for the service-recipient are excluded from providing services within the framework of the program.

### **6. Grant-eligibility Criteria**

1. The undertaking to conduct a project abroad has a reasonable chance of being subsequently realized.
2. Moreover, the undertaking to conduct a project abroad has to have a realistic chance of being subsequently financed by an Austrian soft loan.

3. The undertaking to conduct a project abroad shall contribute to the promotion of sustainable economic development in the recipient country as well as to the realization of economic policy goals. In this context, the potential for subsequent Austrian exports of goods and services has to be considered as well.
4. The costs of the program-related services have to be appropriate and reflect market prices and be in due proportion to the project intended.
5. The potential service-provider has to
  - be in the economic position to carry out the service successfully,
  - possess the required technical and engineering skills and
  - provide credible evidence through references of the above-mentioned skills and of its ability to conduct the commissioned work.
6. The service-provider may not start the commissioned service before the application for the grant is submitted. Any related preparatory work has to be made known upon application.
7. The potential service-provider has to disclose to OeKB all services commissioned and bids or applications for providing services, both current ones and those within the past five years, within the framework of the respective sector as well as with respect to the specific recipient country.
8. If the value of the contract with the potential service-provider exceeds € 40,000, at least three independent bids have to be solicited; the costs qualifying for support are in this case assessed, using the best bid as a benchmark. In case of follow-up contracts, deviations from the provisions may be applied

## **7. Type, Scope and Amount of Support**

1. As a rule, grants for costs in connection with the program-related services, in pursuance of section 2, are to be provided as non-repayable grants up to a maximum amount of € 100,000.– per individual undertaking. Costs may only be recognized in conjunction with pertinent program-related services in accordance with section 2, based upon an in-depth breakdown, a financing schedule as well as on detailed accounting upon completion of the services rendered.
2. A financial contribution on the part of the service-recipient (at least 20 % of the total costs of the services) will be determined on a case-by-case basis, taking account of the nature of the service. Any bank charges or fees are to be borne by the service-recipient.

## **8. Procedure**

1. An expression of interest and an application for the execution of and for the grant support for the services as set out in section 2 may be filed by project-executing organizations („applicants“), designated in section 4, in writing to OeKB as the clearing agent with a copy to MoF (for contacts, refer to attachment 1), enclosing the following data:
  - a. Type, size, purpose, financing requirements, sponsor, operator of the intended project to which the service arising from the program is related
  - b. Type, scope, objective, costs of the service applied for under the program
  - c. Presentation of the organization executing the project itself (technical competence, size, track record, financial adequacy, financial standing)
  - d. Potential service-providers or service-providers involved so far

- e. Acknowledgement in writing by the public authorities of the developing country dealing with the approval of soft loan projects (e.g. local Ministry of Finance) regarding the service applied for.
- f. Identification of the Applicant

Upon request of either OeKB or MoF, further documentation may have to be submitted, if need be.

Based upon the documentation supplied, OeKB assesses the grant-eligibility criteria and subsequently makes a positive or negative recommendation to MoF.

2. The decision whether to provide the grant is taken by MoF. OeKB shall inform the applicant of the decision in writing.

If the application is rejected, be it in part or in its entirety, OeKB has to provide the applicant (project-executing organization), in writing, with the main reasons for this decision.

In case where the application has been approved by MoF the program-related service has to be carried out within a given period of time and a cut-off date for completion may be set.

3. Reporting requirements

The recipient of the grant as well as the service-provider are obliged to immediately report to MoF, via OeKB the following circumstances:

- a. the application for/provision of additional grants for the same undertaking
- b. the modification, discontinuation or impossibility of achieving the intended purpose of the grant
- c. opening of insolvency proceedings involving assets of the service-provider or the service-recipient.

## **9. Payment**

1. The service-recipient pursuant to section 4 of this document shall be the beneficiary.
2. The payment of the grant will be effected directly by MoF via OeKB to the service-provider, in tranches to be stipulated in individual agreements (e.g. down payment (30%), a maximum of 2 interim tranches, and a last payment after final account). As a rule, payment is made based on the extent to which completion of services can be proven, or upon interim reporting and on the condition that the underlying criteria and general conditions for the grant commitment have not materially changed.

The service-provider may be requested to furnish securities for his rendering of services (e.g. bank guarantee in the amount of the down-payment).

## **10. Evidence of Proper Use**

1. The proper use of grants has to be substantiated to the satisfaction of OeKB within one month of completing the supported services, at the very latest, in the form of a written declaration, by presenting receipts/documents as well as tangible results. OeKB is obliged to scrutinize the correctness of the accounting for the resources granted.
2. The results of the program-related services rendered (studies, concepts, in-depth analyses etc.) remain in the ownership of the recipient of the services; however, they will be supplied to MoF. MoF may assert an unrestricted, free-of-charge right to use the results.

3. The results of the program-related services will be made available by OeKB upon request.

## **11. Termination and Reclaiming of the Grant**

The termination of the right to disbursement of already approved grants, as well as the reclaiming of grants already paid out are envisaged in particular in the cases stated below:

- a. default on the part of the project-executing organization with respect to its pro-rata share
- b. failure to submit or late supplying of requested reports, evidence, and information
- c. failure to report promptly incidents and material changes that may considerably delay or render impossible the execution of the service supported
- d. opening of insolvency proceedings involving the assets of the service-provider prior to proper completion of the service supported
- e. entire or partial misuse or delayed use of grants
- f. unjust enrichment, obtaining the grant via inaccurate or incomplete information
- g. corruption or warranted suspicion of corruption

## **12. Further Development and Review of the Soft Loan Scheme**

As part of the Soft Loan Scheme the program is reviewed in regular intervals.

For review as well as for further development of the soft loan scheme, the MoF can request participation of OeKB as well as contract studies under the program. The conditions of the program apply accordingly.

## **13. Entering into Force and Duration of the Program**

This program will be published on the OeKB website<sup>1</sup> and shall enter in force on January 1, 2019, remaining in force until December 31, 2020. Decisions about the provision of grants within the program may be taken until this date. A prolongation of the program may be considered depending upon the availability of budgetary resources.

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<sup>1</sup> [www.oekb.at](http://www.oekb.at) -> Export Services -> Financing -> Soft Loans -> Project Preparation Program



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