

Title of the project

PROJECT PROMOTER

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Summary

Provide a few sentences about the background and the reason for the investment

1. Project promoter, project partner and relevant bodies/institutions

Project Promoter:

Project Partner (if applicable):

Relevant bodies/institutions (if applicable):

2. Subject of analysis

Provide a title and a short description of the project.

2.1. Title of the project

2.2. Short description

2.2.1. Sector

The project belongs to the primary education sector or? (state what is applicable)

2.2.2. Location

Indicate the location including land registry data.

A picture / excerpt of the location from the land register can also be inserted.

3. The objective of the Project Promoter

The general objective of the project is:

Specific objective(s) is/are:

The target groups of the project are

Final beneficiaries are

Expected results:

4. Brief description of the assessment report

In addition to a brief overview of the basics of the analysis, the chapter gives the main results of the financial analysis and risk analysis of the project.

4.1. Author of the study

Company / Consultant / responsible person

4.2. Method used

Example:

The standard methodology described in the Guide for Cost-benefit Analysis of Investment Projects - Guide to Cost-benefit Analysis of Investment Projects, Economic appraisal tool for Cohesion Policy 2014-2020, European Commission, Directorate-General for Regional and Urban Policy REGIO DG 02 - Communication, December 2014.

The characteristics of the project directed the analysis towards the structure for investment in educational infrastructure.

Financial analysis are based on cash flow analysis.

*The recommended financial discount rate (FDR) of **4.00%** per annum is used to calculate the FNPV.*

The project time horizon includes the implementation period and a minimum of five (5) years after the project is completed.

4.3. Main results of the analysis

The net present value of the investment (NPV), the internal rate of return (IRR) and the cost-benefit ratio (B / C) are calculated

4.3.1. Value of the investment

Indicate what expenditures the investment consists of (eg investment in construction works, equipment, investment in increasing teachers' competencies, investment in the development of educational programs, workshop content, and / or the like) as shown in the table below.

Separate investment in intangible and tangible assets.

Table 1: Recapitulation of investments in...

Recapitulation of investment	Amount in HRK
Total	

Source: eg Main project no. / cost estimate / estimate of the Project Promoter and / or similar.

Consider whether: The stated amounts are subject to assessment, whether they include VAT and what the final values may be and how this may affect the results of the analysis if the final values will be known after the completion of the public procurement procedure.

4.3.2. Financial analysis of investments

In the baseline scenario, with a discount rate of 4.00%, the results of the analysis are shown in Table 2.

Table 2: Financial indicators of investments in

Financial rate of return - FRR (C)	
Financial net present value - FNPV (C)	
Benefit over cost ratio (B/C)	

Source: Author's calculation or state what is applicable

Provide a brief explanation. E.g. The financial indicators in the previous table indicate that the investment cannot be realized without co-financing with public funds, which is common for this type of project. Further analysis showed that the project is financially viable as the cumulative cash inflows of all years are greater than or equal to the cash outflows.

4.4. Environmental impact

Explain briefly

1. Introduction

The financing of primary schools is regulated by the Primary and Secondary Education Act (OG 87/08, 86/09, 92/10, 105/10, 90/11, 16/12, 86/12, 126/12, 94 / 13, 152/14, 7/2017 and 68/2018).

Pursuant to Article 141, funds for financing public needs in primary and secondary education are provided by: the state budget, budgets of local and regional self-government units, funds of founders when the founder is another natural or legal person, revenues generated by performing their own activities and other earmarked income, parental payments for special school services and activities, donations and other sources in accordance with the law.

Equalization funds from the State Budget to local and regional self-government units are used to finance expenditures for capital projects within the established balance sheet rights of decentralized education functions.

After the decision of the Government of the Republic of Croatia on the criteria and measures for determining balance sheet rights for financing the minimum financial standard of public needs of primary education for the current year, local and regional self-government units prepare a Plan of expenditures for acquisition of fixed assets and additional investments in nonfinancial assets.

Local and regional self-government units start the acquisition of produced fixed assets and additional investments in non-financial assets after the preparation of the investment study.

Pursuant to Article 45 of the Budget Act (OG 87/08, 136/12, 15/15), budget users of the state budget may assume obligations under investment projects only after an expert evaluation and assessment of the justification and efficiency of the investment project. This Regulation shall apply mutatis mutandis to local and regional self-government units.

In accordance with the above, the purpose of the investment study is:

- *Investment analysis to determine its justification*
- *Estimation of investment value (investment expenses)*
- *Estimation of future operating income and expenses*
- *Estimation of required investment maintenance expenses*

The study includes: analysis of the situation, defining the goal, subject and schedule of investments, description of the project holder, demand analysis, personnel analysis, technical-technological analysis, location analysis, plan for the use of new spaces/premisses and equipment, outreach plan, financial analysis and project evaluation, analysis of funding sources and possibilities, risk analysis and final evaluation project.

2. The analysis of the situation

The analysis of the surrounding deals with the socio-economic and political-institutional context of the project.

2.1. Socio-economic context of the project

The socio-economic context of the project encompasses the territorial and environmental aspects, demography and the economy in the narrower and wider investment environment.

2.1.1. Territorial and surroundings aspects

Describe the area (county / city / municipality) where the project is implemented. Image insertion is also an option.

2.1.2. Demography

Give a brief overview of demographic trends

Table 3: Population trends

Population				
	1981	1991	2001	2011
Republic of Croatia	4.601.469	4.784.265	4.437.460	4.284.889
County				
City / Municipality				

Source: Central Bureau of Statistics (CBS), Censuses 1981-2011 or state the applicable; state what is applicable

Conduct an age structure analysis

Analyse the movement of the number of children (comparison of the Republic of Croatia / County / City / Municipality)

Population density

2.1.3. Economic aspects

Briefly describe the situation / trends, the most important branches, etc.

2.2. Political-institutional context of the project

The political-institutional context of the project includes an overview of general political and institutional aspects, the legal and strategic framework for project implementation, a description of the education system in the Republic of Croatia and sources of funding for primary schools.

2.2.1. An overview of general political and institutional aspects

It is necessary to show the institutional sustainability and the availability of staff for the implementation of the project

2.2.2. Legal and strategic framework of project implementation

State

2.2.3. Education in the county/city/municipality in question

Briefly describe: number of preschool institutions, primary schools, secondary schools; faculty; movement of the number of students and children in preschool institutions in the past 5 years)

Educational programs financed and organized by the County / City / Municipality:

2.2.3.1. Quality of education (SWOT analysis)

Briefly describe - further highlight the area of STEM

Student achievement; the share of primary school students who successfully complete secondary school; share of high school students continuing their education

2.2.3.2. Educational achievement

Reading literacy

Mathematical literacy

STEM

2.3. Conclusion of the analysis of the situation

3. Objective, subject and time schedule of the investment

The investment objective, indirect and network effects of the project, beneficiaries and target groups of the project, subject and time plan of the investment are discussed below.

3.1. Objective of the project

General objective:

Specific objective is/objectives are:

Project objectives with indicators:

No	Objective and indicator		
1			
2			

3.1.1. Indirect and network effects of the project

The impact of the project on the community

3.1.2. Who are the final beneficiaries and who is the target group?

The target groups of the project are (quantify)

Final beneficiaries are (quantify)

3.2. Subject of investment

Describe

3.3. Investment schedule

Implementation is planned within XX (in words) months from the approval / provision of the necessary funds.

Table 4: Investment implementation timeline

Activity No.									
	1 - 12	1 - 3	4 - 6	7 - 9	10 - 12	1 - 3	4 - 6	7 - 9	10 - 12
1									
2									
3									
3.1.									
3.2.									
3.3.									
4									
5									
6									

Table 5: The legend of the time plan

Activity No.	Activity name
1	
2	
3	
3.1	
3.2	
3.3	
4	
5	
6	

The timetable is indicative and subject to change. Any changes may also have an impact on the financial indicators of the investment.

4. Basic data and scope of work of the Project Promoter and Partners

Briefly describe for each subject separately (Project Promoter; Partner 1, Partner 2,...)

Indicate the experience in the implementation of projects with emphasis on those co-financed from international (EU and / or similar) sources

5. Demand analysis (current and planned)

Analyse the trends in the number of students in the last 5-10 years and give an estimate of future trends (5-10 years)

For future assessment take into account the number of children in pre-school institutions / trends in the number of children

6. Personnel analysis

The ability of the holder of individual activities is decisive for the successful implementation of the project.

Describe the staff available to the Project Promoter and the Partner/Partners (where applicable) and the division of activities between the Project Promoter and the Partner/Partners (if applicable)

7. Technical-technological analysis

Technical-technological analysis deals with the characteristics of existing buildings and land, describes the technical-technological structure of the planned investment, describes the scope of the project, analyses the consumption of energy resources and increase energy efficiency (if applicable), and the impact of investment on the environment.

Information is taken from the project documentation (main / detailed design and / or similar)

7.1. Characteristics of (existing) buildings and land

Describe, include and review areas

7.2. Description of technical-technological structure of investment

Describe, include and review areas

The following is an elaboration of the scope of the project, which includes material inputs and the estimated service life.

7.2.1. Material inputs

7.2.2. Estimated service life

7.3. Analysis of energy resources consumption and increase of energy efficiency (if applicable)

7.4. Impact of investment on the environment

8. Location Analysis

Location analysis looks at macro-location, micro-location and property-legal relations.

8.1. Macro-location

8.2. Micro-location

8.3. Property-legal relations

An excerpt from the land books can be inserted

9. Plan for the use of new spaces/premisses and equipment

Who is responsible for / taking over management

Describe which activities will be carried out in the new space

Who will be their beneficiaries

State the planned dynamics of the event/events

Take into account the observed time horizon

10. Outreach plan

Please indicate and explain the activities you plan to implement and the dynamics of implementation in order to reach the final beneficiaries

11. Financial analysis

A significant element of any investment project is its financial analysis on the basis of which a decision is made on the profitability of investing in that project. Like any other, this project generates certain investment and later regular operating costs.

The financial analysis checks the financial returns of the project from the position of the entities responsible for construction and operations.

11.1. Assumptions of financial analysis

Financial analysis is performed by estimating cash flows and calculating net return indicators. The focus is on financial net present value (FNPV) and financial internal rate of return (FRR) indicators, which are conducted by analysing the return on investment cost.

The analysis is performed using the discontinuous cash flow (DCF) method.

This methodologically means:

- that the analysis does not include depreciation, reserves or other accounting items that do not correspond to the actual cash flows of the period;*
- cash flow determination is carried out according to the incremental approach, ie on the basis of scenarios without and with investment;*
- The analysis uses a single financial discount rate to calculate the present values of future cash flows.*

11.1.1. Currency - the prices used in the analysis

The applied currency is HRK (in the text HRK), and the prices are, for example, in accordance with the cost estimate / and estimates of the Project Holder and / or the author of the study for those investment items that are not estimated in the Main Project / cost estimate.

11.1.2. Financial analysis period

*The project time horizon includes the implementation period and a **minimum of five (5) years** after project completion. - PRECISE*

11.1.3. Estimation of income and expenses

When planning revenues and expenditures, it starts from the assumption that the financing of primary schools is regulated by the Act on Education in Primary and Secondary Schools (OG 87/08, 86/09, 92/10, 105/10, 90/11, 16/12). , 86/12, 126/12, 94/13, 152/14, 7/2017 and 68/2018).

Pursuant to Article 141, funds for financing public needs in primary and secondary education are provided by: the state budget, budgets of local and regional self-government units, funds of founders when the founder is another natural or legal person, revenues generated by performing their own activities and other earmarked income, parental payments for special school services and activities, donations and other sources in accordance with the law.

Article 142 of the Act, paragraph 1, states that the state budget provides funds for the financing of school institutions founded by the Republic of Croatia or a unit of local and regional self-government, for:

1. salaries and wage compensations with contributions to salaries,
2. other material rights of workers contracted by collective agreements, namely: benefits, severance pay, jubilee awards, holiday pay, annual holiday bonus and gift on the occasion of St. Nikole,
3. Expenditures for the completion of capital projects for the construction, extension and reconstruction of school space and its equipping, the completion of which was assumed by the Republic of Croatia on 1 July 2001 until their commissioning,
4. expenditures for construction, extension and reconstruction of school premises of school institutions for children with difficulties and school institutions in the language and script of national minorities,
5. fees for transport to and from work for primary school workers,
6. professional training and advanced training,
7. national programs adopted by the Croatian Parliament,
8. education of children of citizens of the Republic of Croatia abroad,
9. preparatory and supplementary classes for children of citizens of the Republic of Croatia returning from abroad,
10. preparatory and supplementary classes for children who are family members of nationals of Member States European Union,
11. support for the teaching of the mother tongue and culture of the country of origin to students who are family members citizens of the European Union,
12. support for the preparation of teachers who will teach mother tongue and culture countries of origin of students who are family members of citizens of EU member states,
13. preparatory and supplementary classes for children of asylum seekers and other persons referred to in Article 46 of this Law,
14. external evaluation and implementation of the state graduation,
15. licensing of teachers, professional associates and principals,
16. increased transport costs, special teaching aids and food financing costs, as well as the cost of food and accommodation in the student dormitory for the education of students with disabilities,

17. the cost of professional teams that provide assistance to the school to work with students with disabilities.

St.2. Article 142 states that, exceptionally from the provision of paragraph 1 of this Article, the state budget does not provide funds for financing the obligations of school institutions imposed by final court decisions regarding the payment of salaries and allowances if litigation occurred through the fault of the school. In such cases, the necessary funds are provided by the institution itself.

St. 3. Article 142 states that the state budget also provides funds for co-financing:

1. program of work with gifted students,
2. education of students in the language and script of national minorities,
3. equipping schools with classroom, didactic and IT equipment, which includes computer programs and contents
4. equipping school libraries with compulsory reading,
5. programs of common interest for educational activities (information system, professional pedagogical journals, professional books, programs of institutions and professional associations, anniversaries and events, programs of extracurricular activities), as well as other programs in accordance with decisions of the Croatian Parliament and the Government of the Republic of Croatia,
6. schools founded by a natural or other legal person referred to in Article 90 of this Act in accordance with criteria prescribed by the Minister, based on the evaluation results,

St. 1 of Article 143 of the Act states that the budget of a unit of local and regional self-government shall provide funds for financing schools founded by the Republic of Croatia or a unit of local and regional self-government, and for:

1. transportation of primary school students,
2. fees for transport to and from work to employees of secondary schools,
3. other material rights agreed by the collective agreement except the material rights listed in Article 142, paragraph 1, item 2 of this Act,
4. material and financial expenses of schools, which also include expenses for materials, parts and services current and investment maintenance,
5. expenditures for construction, extension and reconstruction of school space and equipping of school institutions according to the standards and norms prescribed by the Minister, and in accordance with the state pedagogical standards.

St. 5. Article 143 states that the budget of a unit of local and regional self-government may also provide funds for co-financing:

1. program of work with gifted students,
2. education of students in the language and script of national minorities,
3. equipping schools with cabinet, didactic and IT equipment,
4. equipping schools with computer programs,

5. equipping school libraries with compulsory reading,
6. programs of common interest for the activity of education (information system, professional-pedagogical journals, professional books, programs of institutions and professional associations, anniversaries and events, programs extracurricular activities) and
7. schools founded by another natural or other legal person in accordance with the criteria it adopts local and regional self-government.

St. 6. Article 143 states that a unit of local and regional self-government may also determine wider public needs in education for which it provides funds with its budget, for:

1. salaries and wage compensations with contributions to the salaries of workers working in extended or full-time work
2. salaries and wage compensations with contributions to the salaries of workers working in programs implemented in non-teaching days,
3. other expenses for workers working in the extended or full-time stay of primary school who are agreed by collective agreements,
4. other expenses for workers working in programs conducted on non-teaching days that are agreed by collective agreements,
5. transportation fees to and from work to workers working in programs implemented in non-teaching days,
6. costs of professional teams that provide assistance to the school for working with students with disabilities,
7. costs of school insurance premiums for liability to third parties.

Table 6: Overview of inflows and outflows in ____ upon completion of the project (example)

No	Description	Amount in HRK
	REGULAR OUTFLOWS	
1	Work	
2	Education	
3	Travel expenses	
4	Material costs	
5	External services	
6	Utilities	
7	Maintenance	
8	The rest	
9	Insurance	
10	Equipment costs	
	Total regular outflows	
	REGULAR INFLOWS	
1	Own income of the school	
2	Revenues for special purposes - budget users	

No	Description	Amount in HRK
3	Help	
4	Arrival - decentralized functions of education	
5	Revenue - programs above the legal standard	
6	Extraordinary income	
7	Revenues of the Ministry	
8	Revenues of the City / Municipality	
	Total regular inflows	

Source:

11.1.4. Discount rate

The applied discount rate, according to the EC recommendations for the period 2014-2020, is 4.00%.

In case you are using the different one please state and explain the reasoning.

11.2. Formation of total income

Explain the sources before implementing the project

Table 7: Revenue structure before (example)

	Regular inflows	
1	Own income of the school	
2	Revenues for special purposes - budget users	
3	Help	
4	Revenue - decentralized functions of education	
5	Revenue - programs above the legal standard	
6	Extraordinary income	
7	Revenues of the Ministry	
8	Revenues from the City / Municipality	
	Total regular inflows	

Source:

And after the implementation of the project

Table 8: Revenue structure after the implementation of the project (example)

	Regular inflows	
1	Own income of the school	
2	Revenues for special purposes - budget users	
3	Help	
4	Revenue - decentralized functions of education	
5	Revenue - programs above the legal standard	
6	Extraordinary income	
7	Revenues of the Ministry	
8	Revenues from the City / Municipality	
	Total regular inflows	

Source:

11.3. Investments in fixed assets

Eg. state: The total value of investments is based on verified project and other investment documentation. It should be noted that this is an assessment of the value of the investment and that the final value will be known only after the completion of public procurement procedures.

All amounts include VAT, as the VAT is / is not refundable to the investor.

Total investments are estimated at _____ HRK.

11.3.1. Material costs

The amount of investment in tangible fixed assets is shown in the table below:

Table 9: Material costs (example)

Type of investment	Purchase value
Construction / craft works	
School equipment	
Urban equipment and horticulture	
Vertical transport	
Electrical installations (strong and weak current) and fire alarm	
Thermomechanical installations	
Waterproofing	
Fire alarm system	
Cost of professional supervision and services of coordinator II of safety at work and design supervision	
IN TOTAL	

Source:

11.3.2. Non-material expenses

Indicate what they are and how much they are.

11.4. Operating expenses

Cost estimation after project completion

Table 10: Operating expenses before and after the investment (example)

The residual value of the investment is estimated at ____ kn.

11.6. Sources of financing and calculation of financial liabilities

The Project itself is planned to be realized with the funds XXXX, and the financing plan is shown in the table below:

Table 12: Sources of financing

Source of financing	Year			Total
	n	N+1	N+2	

Source:

A change in the planned method of financing may occur if... .. explain

Provide some evidence of commitment to finance in case the estimated value of the project is exceeded

Operating costs and investment maintenance costs are borne by _____

The table below provides an overview of the estimated additional funds that the Project Proponent and / or partners need to provide for regular operations.

Table 13: Overview of required additional funds required for regular operations for the observed investment period (ADJUST THE NUMBER OF YEARS)

Source of financing	Year									
	N+2	N+3	N+4	N+5	N+6					
Total										

Provide some evidence of commitment to funding

11.7. Financial flow of the project

Provide calculation

12. Financial evaluation

12.1. Economic flow of the project

Provide calculation

Table 14: Financial investment indicators

Financial rate of return - FRR (C)	
Financial net present value - FNPV (C)	
Benefit over cost ratio (B/C)	

Source:

12.2. Financial sustainability assessment

The financial sustainability of a project is achieved by the fact that the project achieves inflows greater than or equal to outflows. Determine for a specific project.

Add a calculation from which this is evident

13. Analysis of funding sources and possibilities

Explain / justify the financing of the operational phase of the project (a minimum of five years after implementation / project completion)

14. Risk Assessment

Risk analysis starts from the identification of critical variables by applying sensitivity analysis, continues with risk assessment and makes recommendations for risk management and mitigation.

14.1. Defining critical variables using sensitivity analysis

The sensitivity analysis is performed by changing the discount rate of +/- 1% in the three scenarios shown in the table below.

Table 15: Input variable changes

Parameter	Scenario	Change
Expenses	A	0,00%
	B	+20,00%
	C	+20,00%
Investment value	A	+20,00%
	B	0,00%
	C	+20,00%

Source:

Table 16: Results of sensitivity analysis

Scenario	Discount rate	FIRR	FNPV		
			3,00%	4,00%	5,00%
-	Original project data				
A	Investment growth 20%				
B	Costs growth 20%				
C	Combined growth of investment 20% and costs growth 20%				

Source:

14.2. Monte Carlo Analysis

14.3. Risk evaluation

Make an assessment and clarify the outcomes

14.4. Risk management and reduction

Describe and clarify

15. Final evaluation of the project

Provide a brief conclusion of the conducted analyses on the justification and sustainability of the investment.

15.1. Social benefits

15.2. Other indirect effects

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Author	
Responsible person	