



ISPA - Lessons Learned

A comprehensive checklist for successful ISPA proposals

October 2001

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0 Zusammenfassung (deutsch)

I. Einleitung und Ziele von ISPA

ISPA ist eines der drei Strukturhilfeprogramme mit Hilfe derer die zehn Kandidaten Zentral- und Osteuropas¹ auf ihre Aufnahme zur Europäischen Union vorbereitet werden sollen. Im Rahmen des Programms, das im April 2001 ins Leben gerufen wurde, unterstützt die EU mit 1040 Millionen EURO jährlich bis 2006 Infrastrukturprojekte in den Bereichen Transport und Umwelt zu gleichen Teilen. Die minimale Größe eines ISPA Projektes wurde auf 5 Mio EURO festgesetzt. Der Höchstsatz der Finanzierung im Rahmen von ISPA beträgt 75% und in Ausnahmefällen 85% der Gesamtkosten eines Projekts. Die verbleibenden 25 bzw. 15% müssen entweder von dem Beitrittskandidaten selbst übernommen oder im Rahmen einer Co-Finanzierung bei der EBRD oder der EIB beantragt werden.

Im Bereich Umwelt hat ISPA das Ziel, die Beitrittsländer an die innerhalb der EU geltenden Umweltstandards heranzuführen. Folglich müssen alle für eine Finanzierung im Rahmen von ISPA beantragten Projekte mit den in der Union geltenden Umweltrichtlinien und -grundsätzen konform sein. Hierbei legt die Union besonderen Wert auf den Bezug zu Richtlinien, deren Umsetzung aufwendig und daher kostenintensiv ist, weil sie grundlegende Umweltprobleme, wie beispielsweise die Abwasser- und Klärschlamm Entsorgung, die Trinkwasserversorgung, die Entsorgung von Reststoffen und Sondermüll sowie die Luftverschmutzung, angehen und damit auch direkten Einfluss auf die Gesundheit und Lebensqualität der Bürger haben. Mit der einhergehenden Förderung der sozialen und ökonomischen Kohäsion sollen die Beitrittskandidaten gleichzeitig auf die Verfahren und Anforderungen des Kohäsionsfonds der Europäischen Gemeinschaft vorbereitet werden.

II. Projektvorbereitung und -management

Bis zu 5% eines jeden Länderanteils² des ISPA Gesamtbudgets kann für Machbarkeitsstudien zur Vorbereitung von Projektvorschlägen genutzt werden. Ein klarer Bezug der vorbereitenden Maßnahmen zu den späteren ISPA Projekten muss erkennbar sein. Die vorbereitenden Maßnahmen sollen ein hohes Maß an Qualität der Projekte garantieren helfen und den ausführenden Unternehmen die Chance eröffnen, das Projektmanagement vollständig zu übernehmen. Diese Aufgabe kann von Unternehmen der EU Mitgliedstaaten übernommen werden. Die Qualität der Projektvorbereitungen ist für den Erfolg der Bewerbung entscheidend.

III. Projektbewerbung

Die Europäische Kommission hat Broschüren und Infos über das gesamte ISPA Programm und seine Besonderheiten auf der zentralen ISPA Internetseite der Generaldirektion

¹ Bulgarien, Tschechische Republik, Estland, Ungarn, Lettland, Litauen, Polen, Rumänien, Slowakei, Slowenien.

² Die Gesamtsumme von ISPA ist nach den Kriterien Bevölkerung, BIP und Fläche unter den zehn Empfängerstaaten aufgeteilt.

Regionalpolitik der Europäischen Kommission veröffentlicht³ und eine Reihe von praktischen Hinweisen zum Bewerbungsablauf, den Antragsbedingungen und -voraussetzungen auf einem Link⁴ zugänglich gemacht. Eine besonders wichtige Rolle im Land des Beitrittskandidaten spielt der Nationale ISPA Koordinator (NIC), der für die gesamte nationale Koordination bezüglich der ISPA Projekte zuständig ist und die Abstimmung des eigenen Landes mit der Europäischen Union vor Ort sowie in Brüssel übernimmt. Eine ebenso entscheidende Rolle spielt die nationale ISPA Strategie, die vom Beitrittskandidaten auf der Grundlage der EU Umweltrichtlinien und Prioritäten für das eigene Land verfasst wird. Die nationale ISPA Strategie identifiziert die jeweils vordringlichsten Umweltprobleme und benennt den daraus resultierenden Investitionsbedarf, d.h. sie gibt den Bezugsrahmen für die einzelnen Projekte vor. In der Regel bereiten die federführenden Ministerien die Projektanträge samt Kosten-Nutzen-Analyse, Finanzierungsplan, Umweltfolgenabschätzung u.s.f. vor und reichen ihn beim NIC ein. Häufig wird an dieser Stelle internationale Unterstützung benötigt, weil es in den Beitrittsländern an technischer sowie ökonomischer Expertise fehlt.

Hat der NIC den Projektantrag geprüft und in Brüssel bei der Generaldirektion Regionalpolitik eingereicht, wird er von den befassen Generaldirektionen einer eingehenden Prüfung gegen alle in Frage kommenden EU-Richtlinien und entsprechenden Grundsätze unterzogen. Erfüllt der Antrag alle erforderlichen technischen Standards und Kosten-Nutzen-Vorgaben, wird er nach ca. 3-4 Monaten zur Finanzierung durch ISPA angenommen. Der ISPA Management Ausschuss, der sich aus Delegierten nationaler Ministerien zusammensetzt, entscheidet über die Finanzierung und verfasst ein dementsprechendes Memorandum als Voraussetzung zur Umsetzung jedes ISPA Projekts.

IV. Projektausführung und Ausschreibungen

Grundsätzliche Zielausrichtung der ISPA Finanzierung ist, dass möglichst viele Menschen langfristig von den mit der Umsetzung von ISPA Projekten angestrebten positiven Umweltentwicklungen profitieren. Grundsätzlich werden hierbei präventive Maßnahmen den erhaltenden vorgezogen. Wie bereits erwähnt, ist die minimale Größe eines im Rahmen von ISPA finanzierten Projektes auf 5 Mio. EURO gesetzt. Um diese Summe zu erreichen, können mehrere Projekte zusammengelegt werden. Sie müssen sich jedoch in geographischer Nähe befinden, unter einem Projektplan gebündelt sein sowie das Management von einem einzigen Unternehmen zentral übernommen werden.

Im Rahmen von ISPA gibt es drei verschiedene Vertragsformen: 1. den Dienstleistungsvertrag, worunter auch die vorbereitenden Arbeiten wie beispielsweise Machbarkeitsstudien fallen; 2. den Liefervertrag; und 3. den Bauleistungsvertrag. Auf die Vergabe der Verträge sind sechs verschiedene Ausschreibungsverfahren anwendbar: 1. das internationale offene Verfahren; 2. das internationale begrenzte Verfahren; 3. der Rahmenvertrag; 4. das lokale offene Verfahren; 5. das vereinfachte Verfahren; und 6. das

³ http://www.europa.eu.int/comm/regional_policy/funds/ispa/ispa_en.htm

⁴ http://www.europa.eu.int/comm/regional_policy/funds/ispa/docum_en.htm

einzelne Verfahren. Alle Ausschreibungen werden im Bulletin der EU sowie im Internet veröffentlicht.⁵ Dort können sogar Ankündigungen der möglichen zukünftigen Ausschreibungen eingesehen werden.

Entscheidendes Kriterium für die Vergabe der Verträge ist die Wirtschaftlichkeit der Angebote. Bisher ist die EU Kommission noch stark in die Auswahl der Angebote involviert. Das soll sich aber mit wachsender Erfahrung der Beitrittskandidaten ändern.

Grundsätzlich gilt, dass alle Lieferungen sowie Equipment aus der EU oder dem Beitrittsland stammen müssen. Die Herkunft ist zu beweisen.

IV. Chancen für Baden-Württemberger Unternehmen

Für Unternehmen aus den EU-Mitgliedstaaten im allgemeinen und Baden-Württemberg im besonderen besteht bezüglich aller drei Vertragsformen die Möglichkeit zur Teilnahme an den Ausschreibungen. Grundsätzlich ist die Benutzung der standardisierten Formulare Voraussetzung. Diese sind im Internet unter folgender Adresse zu finden: http://www.europa.eu.int/comm/regional_policy/funds/ispa/howto_en.htm.

Expliziter Bedarf an internationalem know-how herrscht in den Beitrittsländern momentan bezüglich der technischen Vorbereitungsarbeiten sowie im Projektmanagement. Für beide Leistungen gelten **Dienstleistungsverträge über ≥ 200.000 EURO**, die zwar **international aber begrenzt** ausgeschrieben werden. Begrenzt insofern, als dass die EU Kommission aus den Unternehmensprofilen, die auf eine vorab veröffentlichte Anzeige hin eingereicht wurden, 4-8 Kandidaten auswählt, die daraufhin beauftragt werden, ein konkretes Angebot einzureichen.

Lieferverträge über ≥ 150.000 EURO werden **international und offen** ausgeschrieben. Gleiches gilt für die **Bauleistungsverträge über ≥ 5 Mio. EURO**. Dienstleistungsverträge über **< 200.000 EURO** werden als **Rahmenverträge** vergeben, innerhalb derer Experten für bis zu 12 Monate zur Verfügung stehen. Hierzu veröffentlicht die EU Kommission eine internationale begrenzte Ausschreibung. Unternehmen oder Beratungsfirmen, die konkrete Auswahlkriterien erfüllen, werden auf eine Liste gesetzt, von der je nach Bedarf ohne aufwändige Ausschreibung verschiedene eingeladen werden, ein Angebot für eine konkrete Leistung zu unterbreiten.

Die drei weiteren Ausschreibungen (die lokale offene, die vereinfachte sowie die einzelne) sind für **internationale Unternehmen nicht relevant**.

⁵ <http://europa.eu.int/comm/europeaid/cgi/frame12.pl>

1 Introduction and objectives

A partnership between Hungary and Baden-Württemberg was founded in the year 1991. The partnership's focus since 1998 has been on assisting Hungary in the process of legal harmonisation of the national environmental law with the requirements of the EU and the implementation and administrative enforcement thereof.

In June 2001 Hungary decided to apply for ISPA programme funding in the environment sector and asked the representatives of Baden-Württemberg to assist them in the application process. Both partners came to the conclusion that a review of previous ISPA programme applications from various Accession Countries and a lessons learned study would increase the likelihood of a successful ISPA application. This is the overriding goal of the study at hand.

1.1 General information regarding ISPA funding

The ISPA programme of the EU was established by the ISPA Regulation⁶ and came into force on 1 April 2000. The foremost aim of the programme is to prepare the Candidate Countries⁷ for accession to the EU by aiding with the implementation of Accession Partnerships objectives and community environmental law by financing investment in the areas of environment and transport. This study focuses on the environment sector of ISPA only.

Eligible for the ISPA programme are projects which implement EU environmental Directives and require a high level of investment in the fields of waste water treatment, sludge handling, drinking water supply, solid and hazardous waste management (integrated systems) and air pollution. The concerned "investment heavy" Directives⁸ are not only the most costly and difficult to implement. Moreover, they are closely related to the improvement of the health and quality of life of citizens and have a direct positive impact on the economic and social cohesion of the beneficiary countries. A secondary aim of the ISPA programme is therefore, to prepare the Accession Countries for the procedures and demands of the Cohesion Funds of the European Community.

The European Commission has designated 1040 million EURO a year to the ISPA programme until 2006. The minimum size of a project funded by ISPA is 5 million EURO. The rate of Community assistance granted under ISPA may be up to a maximum of 75% and in exceptional cases up to 85% of the total project costs. The left portion needs to be co-financed by national public or private sources or alternatively by International Financial

⁶ Council Regulation 99/1267/EC of 21 June 1999 establishing an Instrument for Structural Policies for Pre-accession.

⁷ Eligible for the ISPA programme are Bulgaria, Czech Republic, Estonia, Hungary, Lithuania, Poland, Romania, Slovakia, and Slovenia.

⁸ A survey of the most important "investment heavy" Directives is enclosed in the Application CHECKLIST under point 6 of this study. See also "Framework for funding investments in the field of environment with ISPA":

http://www.europa.eu.int/comm/regional_policy/funds/download/envi_en.pdf

Institutions (IFIs) such as the EIB and the EBRD. The sectors transport and environment are to receive equal support.⁹

During the initial year of the ISPA programme a total of 143 projects were submitted to the European Commission, of which 19 were rejected and the decision on 39 others was postponed to 2001. Of the finally 85 accepted ones in 2000, 41 projects in the environmental sectors were granted financial aid totalling to 459 million EURO.¹⁰ Although the total yearly amount allotted to environmental projects was nearly exhausted in the first year, many of the ISPA applications did not fulfil the ISPA application criteria to full satisfaction.¹¹ To ensure the success of future ISPA project proposals as the competition becomes tougher, the difficulties confronted during the first round of applications need to be identified and made readily available those actors in the Accession Countries involved in the application process.

1.2 Objectives of the study

The objectives of the analysis at hand are:

- to compile and present the experience gained by the European Commission and EC Delegations in the Accession Countries, the institutions who granted co-financing as well as the Accession Countries with proposals during the first year of the ISPA programme;
- to extract the extensive and complex documentation on ISPA into a practical summary;
- to prepare streamlined guidelines for successful ISPA programme applications from the collected experience and the practical summary including the most important aspects to be taken into account when applying for ISPA.

1.3 Methodology

The information sought for this study – practical experiences made and difficulties confronted with during the first year of ISPA – has only to a small degree been captured on paper. Therefore, in addition to a thorough evaluation of all available ISPA documents, extensive interviews were carried out with actors involved in the ISPA application and implementation process.

1.3.1 Document analysis

The main objective analysing the available documents was to compile the criteria on which success and failure of a proposal is decided. At the same time, the document analysis served as the basis for the preparation of the interviews.

Following the initial ISPA Directive, various documents were issued by the European Commission providing guidance in the application process for project funds. The “ISPA Manual”, the “ISPA Report 2000” and the “Practical Guide to Phare, Ispa and Sapard contract procedures” warrant particular attention. In addition, a great number of forms and other technical documents were made available for (in some cases mandatory) use in the

⁹ For further information about the ISPA programme, please visit the ISPA internet site of DG Regio: http://www.europa.eu.int/comm/regional_policy/funds/ispa/ispa_en.htm

¹⁰ European Commission, 2001, ISPA Report, p.6.

¹¹ European Commission, 2001, ISPA Report, p.6.

application process. Moreover, each project accepted by the European Commission for ISPA financing is described in a two page summary available on the internet.

These documents were structured and summarised according to the chronology of the main steps of the application process. In this manner, it was attempted to identify already the main priorities of the European Commission at this stage.

1.3.2 Interviews with ISPA actors

The above mentioned documents for the application process were, for the most part, published at the outset of the ISPA programme and therefore do not – or only to a small degree – reflect any experience made or lessons learned with the execution of ISPA. Therefore, it was necessary to contact the involved actors of the European Commission, European financial institutions and Candidate Countries in order to obtain the relevant information as well as to verify the findings of the document analysis. As the European Commission was the main focus of the study, the interviews with the main Commission representatives involved were carried out in person in Brussels. Interviews with representatives of the Accession Countries, of the EC Delegations in the beneficiary countries and the European financial institutions were carried out by telephone.

Prior to the interviews in order to obtain the information desired, interview guidelines were prepared on the basis of the available ISPA documents. The general guidelines were on a case by case basis adjusted to the respective interlocutor and his/her function within the ISPA application and implementation process. The prepared guidelines can be found in Annex 1 of this study.

In total, 18 interviews were carried out with officials from the European Commission including its Delegations, European Financial Institutions, Accession Country Representatives and the NGO Bank Watch.

2 ISPA Programming

The application process for ISPA funds is a complex process involving various actors on the European as well as on the national level. The success of an ISPA Proposal is the result of an intensive co-operation among the key actors.

2.1 Key actors

The key actors involved in the application process for ISPA project funding are:

- National ISPA Co-ordinator (NIC) of the Candidate Country
- The task managers of the EC Delegations in the Candidate Country
- The “country desk officers” in DG Regional Policy and in DG Environment of the European Commission in Brussels
- ISPA Management Committee of the European Commission

2.2 The application process

The application process itself is designed as follows:

The project proposal is initially drafted against the **National ISPA Strategy** and the concerned **EU-Legislation** by the respective municipal authorities. After producing the project proposal including the required information, such as the cost-benefit analysis, financial analysis, environmental impact assessment and financing plan, in the most Accession Countries the municipality transfers the proposal to the **National ISPA Co-ordinator’s office (NIC)**. The NIC passes it on to the concerned line ministries, in general the Ministry of Environment, Transport, Regional Development (where existing) and the Ministry of Finance. In others the proposal is developed directly in close co-operation between the municipalities and the line ministry. At the same time close co-ordination between the NIC and the **European Commission country desk officer** in the ISPA Directorate F of DG Regio and the other involved DGs (DG Environment) as well as the **Delegation task manager** on spot takes place. The national ministries check the proposal against their sector requirements formulated in the **national list of priorities** derived from the **National ISPA Strategy** as well as the EU technical standards and directives. By the time the National ISPA Co-ordinator’s office receives the elaborated proposal back, it is generally of such a quality – provided close co-ordination with the EC representatives was maintained during the entire preparatory phase - that it can be successfully submitted to the European Commission for the **project appraisal** (ISPA Directorate F of DG Regio).

After a formal screening of the application form and the project is considered “acceptable” a Commission internal procedure of inter-service consultations starts. In general, applications are accepted (for further appraisal) if the project is coherent with the priorities of the Accession Partnership and the National ISPA Environmental Strategy and the information is complete.¹² The Commission has criticised that applications of the first round often lacked the necessary studies regarding finances and economic matters or contained outdated suggestions for technical solutions. In future applications, these matters need to be given

¹² For further details see European Commission, 2001, ISPA Manual, pp. 22.

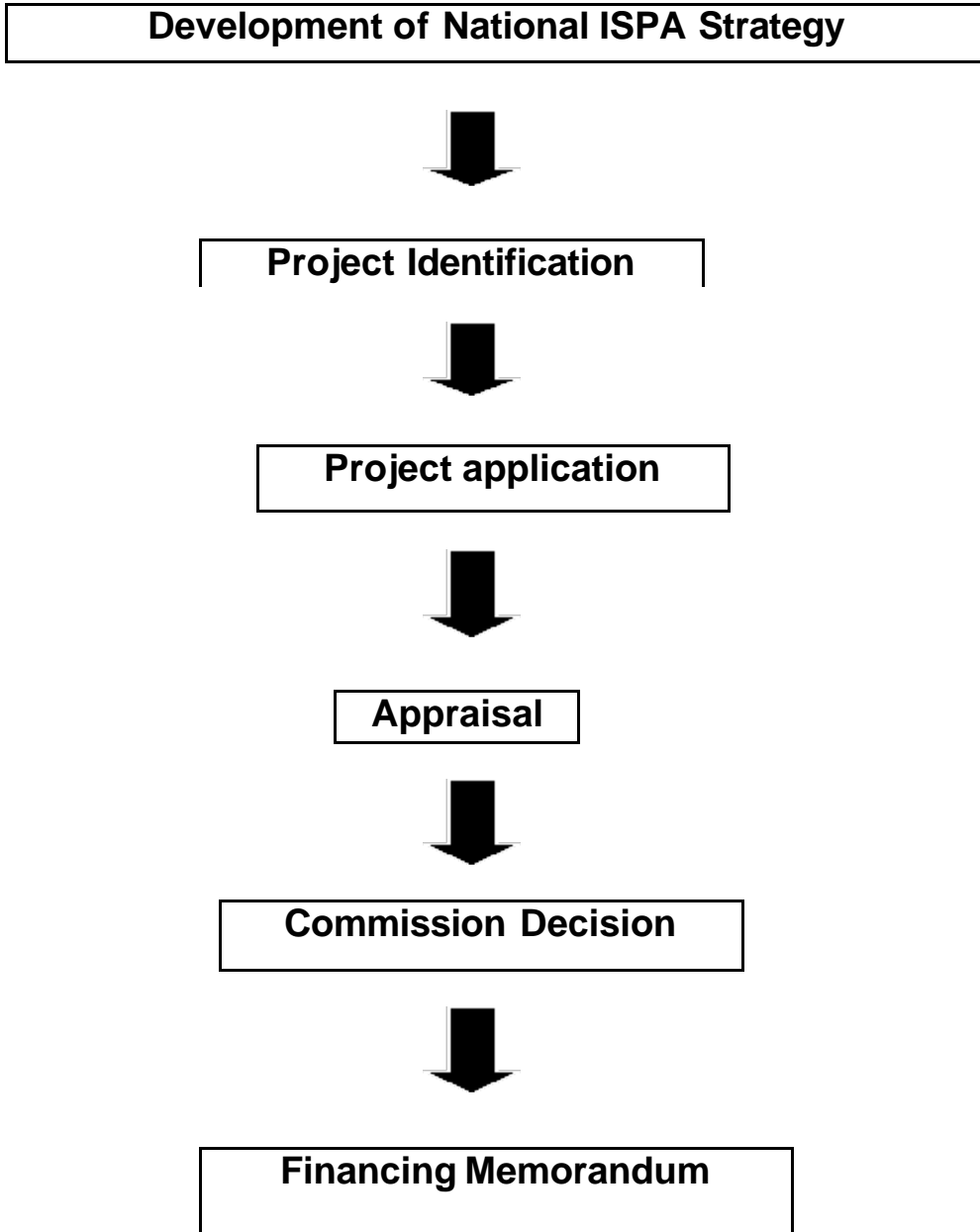
more attention.¹³ Application documents for water services projects were under revision for clarification of priorities and required references to EU Directives. For further information please visit the ISPA internet site.¹⁴ The inter-service consultation in general leads to further discussion with the authorities in the beneficiary country (**review process**). The inter-service consultation is aimed to ensure the agreement of all Commission services concerned.

A **Financing Memorandum** is drafted and discussed with the **ISPA Management Committee**. The ISPA Management Committee of the European Commission, which decides upon the application, is composed of experts from the concerned ministries in the EU Member States and assembles four times a year. Projects for acceptance have to be submitted two months before the Committee's next meeting. Project presentation in front of the ISPA Management Committee is done by the country desk officer of DG Regio. Therefore, close co-ordination of National ISPA Co-ordinator's office with DG Regio is mandatory for a successful application.

¹³ European Commission, 2000, ISPA Report 2000, pp.6, 10.

¹⁴ http://www.europa.eu.int/comm/regional_policy/funds/ispa/ispa_en.htm

ISPA Programming



After acceptance and signing of the Financing Memorandum by the European Commission and the beneficiary country, the Candidate Country's Ministry of Finance takes over the financial control of the ISPA project. Thus, along the tough guidelines of the European Commission and with support from the EC Delegation. This is meant as preparation for the procedures and standards of the Structure and Cohesion funds.

Within the national allocation of total ISPA resources each year, up to 5% can be used¹⁵ for preparatory studies and technical assistance.¹⁶ In some cases, that portion of ISPA funds is used for an analysis with the aim to better identify national priorities for potential investment with ISPA contribution. The result of such an analysis shall create the foundation for future ISPA project proposals in that area. A clear link must be shown between the preparatory measures and the investments later to be funded by ISPA. Some EU Member States also fund project preparation on a bilateral basis.

To support the Candidate Countries in preparing and carrying out their plans for implementing the investment-heavy EU environmental legislation a three-year PEPA Programme was introduced by DG Environment. The executive PEPA Team comprises the relevant EC officials plus a group of international consultants. So far the PEPA Team has helped Accession Countries with the preparation and analysis of background material on investment planning. However, it assessed investment barriers and organised PEPA meetings for representatives of Candidate Countries. Since 2001, the PEPA Team undertakes training missions to Candidate Countries with the aim to address specific issues identified by the countries themselves as problematic in investment planning. Moreover, PEPA assists in pipeline development, e.g. helps develop more comprehensive projects that provide the relevant information for effective prioritisation.¹⁷

For the time being the majority of the Candidate Countries commissions international consultants with the design of the ISPA application and the feasibility study including the financial analysis and environmental impact assessment.

2.3 Purpose of the National ISPA Strategy

The National ISPA Strategy is comprised of two parts: the National ISPA Environmental Strategy and the National ISPA Transport Strategy, of which we disregard the latter as this study focuses on environment projects. The strategy is to be based on the objectives of the Accession Partnerships and provides the framework for the project identification. Therefore, it plays a central and guiding role throughout the entire ISPA programme period. It is mainly drafted by the concerned ministerial departments of the Candidate Country themselves with some guidance of the EU Commission and shall reflect the main problems in the respective ISPA field. On the basis of this catalogue a national list of priorities is compiled specifying priority objectives (e.g. by sector and geographical area) in order to outline the future long-term investment efforts which may best bring the Accession Country closer to EU environmental standards. In other words, the main purpose of the National ISPA Strategy is

¹⁵ Provided that it was formally applied for technical assistance and a completed application form was submitted. Preliminary studies and technical support can be 100% financed.

¹⁶ These activities should aim at building up the project pipeline through strategy studies, project preparation, assistance for implementing agencies, information and publicity measures etc.

¹⁷ The PEPA Programme: An Introduction (2001), p.2.

to ensure that the total available ISPA funding is used efficiently and systematically to reach a maximum number of people with the greatest possible positive environmental impact along EU legislation (acquis communautaire).¹⁸

Whereas the strategy is drafted by the national ministries and commented and endorsed by the Commission, this does not guarantee the approval of the therein proposed projects. Each project must be applied for individually. However, it is possible to amend the strategy as needed.

To date, in some cases, the strategies lack a long-term perspective.¹⁹ In others, the Candidate Countries have even failed to complete their National ISPA Environment Strategy.

¹⁸ European Commission, 2001, ISPA Manual, p.21.

¹⁹ European Commission, 2000, ISPA Report 2000, p.6.

3 ISPA proposal requirements

Potential projects for an ISPA proposal are identified in a joint process between the Candidate Country and the European Commission on the basis of the National ISPA Environment Strategy. Whereas the Commission usually relies on the project choice of the national authorities in the Candidate Country, it can also make specific suggestions if certain important potential projects have not been considered.²⁰

Projects eligible include **single projects**, **stages of projects** and **group of projects**. Single projects are defined as an economically indivisible series of works for a precise technical function. However, a technically and financially independent stage project shall be a stage which can be identified as operational in its own right. Projects may be **grouped** if they meet the following three conditions:

- they must be located in the same area or situated along the same transport corridor.
- they must be carried out under an overall plan, and
- the responsibility for co-ordination and monitoring shall lie in a single supervisory body's hands.

The minimum ISPA project size is set at **5 million EURO**²¹ and it shall be designed not to replace funds but to attract additional national investments (catalyst effect). Furthermore, it shall be complementary to other European accession programmes such as PHARE and SAPARD (leverage effect).

3.1 Technical requirements

The information provided in the application form and its annexes and other supporting documents must cover all relevant administrative, technical, economic and financial aspects of the project. The technical and economical information which is essential is as follows:

- **Cost-benefit analysis** – resulting in an economic rate of return²²
- **Financial analysis** – assessment of the financial viability of the project, its revenue generating capacity and the need for grant assistance²³
- **Environmental impact assessment** – when falling under scope of EU Environmental Impact Assessment Directive (85/337/EEC as amended by 97/11/EC), see Annex I and Annex II of ISPA Manual
- **Financial plan** – presents the total financing of the measure over its period of implementation according to the source of funds, meaning the information on the anticipated supply of ISPA funds, the national counterpart funds, as well as the amount co-financing is sought from IFIs or private sources

²⁰ European Commission, 2000, ISPA Manual 2000, p.22.

²¹ European Commission, 2000, ISPA Report 2000, p.10.

²² A guide to cost-benefit analysis can be found in Annex B6 of the ISPA Manual. See http://www.europa.eu.int/comm/regional_policy/funds/ispa/docum_en.htm

²³ The financial assessment leads to a net present value and an internal financial rate of return. The appraisal of the financial viability of a measure takes also the information into account provided on arrangements for ensuring efficient use and maintenance.

- **Timetable for the implementation**
- **Procurement plan** - overview of contracts to be tendered for implementation after acceptance of the project

3.2 General requirements

Apart from coherence with the National ISPA Strategy and “investment heavy” EU Directives, the provisions for technical and financial information, the project application needs to meet several general requirements.

To ensure approval by the European Commission and the ISPA Management Committee, the project shall:

- develop a long-term perspective,
- be preventive instead of curative,
- follow an integrated approach in compliance with relevant city or district Master Plan for investment in the sector,
- reach a maximum number of people (priority is given to largest population centres),
- comply with EU technical norms and quality standards,
- operate within an adequate legal and administrative framework according to EU law,
- be a catalyst for additional activities related to accession or help accelerate these activities.

3.3 Financial requirements

Within the technical requirements such as the cost-benefit analysis, the financial analysis or the financial plan particular importance is granted to the fact the project:

- ensures additional financial contribution (co-financing),
- attracts other sources of finance, do not displace them, especially from the private sector or International Financial Institutions (IFI). (leverage effect),
- is financially sustainable to cover future operating and maintenance costs.

3.4 Environmental requirements

The project proposed for ISPA funding must comply with the relevant European legislation in the field of the environment. In particular projects shall:

- have a “significant effect” upon the environment,
- respect environmental policy objectives: be protecting, preserving and improving environmental quality, protect human health and rational utilisation of natural resources,
- follow environmental principles: be precautionary, preventive, damage rectified at source, polluter should pay,²⁴

²⁴ The details for the application of the polluter pays principle are set out in Annex B4 of the ISPA Manual.

- be coherent with the relevant European Directives.

3.5 Special criteria in relation with the Urban Waste Water Directive

In accordance with the Urban Waste Water Directive, priority is given to project proposals, that:

- provide waste water treatment to large agglomerations,
- provide drinking water to and water treatment for regions with water-based health problems (e.g. endemic hepatitis, cholera),
- reduce the phosphorous and nitrogen load where waste waters discharges into „sensitive“ areas (liable to eutrophication),
- are located in regions with scarce water resources (dry climates, over-exploitation of aquifers),
- are located in regions with important quality problems (surface water pollution, aquifer salinisation),
- are in areas of protected bio-diversity,
- have substantial economic effect (e.g. tourism),
- provide for integrated solutions such as complete water supply systems including reservoirs, treatment plants and distribution pipelines,
- achieve treatment standards laid down in the Directive as well as adequate monitoring systems to guarantee standards,
- ensure institutional and legal provisions at municipal level for the pre-treatment of industrial waste water before it discharges to the municipality sewage network,
- provide for sludge treatment and final destination according to Community legislation,
- observe the polluter pays principle so that operational and maintenance costs and provisions for equipment replacement are covered by tariffs paid by users.

4 Lessons learned – Interview results

The following section summarises the information gained through interviews, feedback of written questionnaires²⁵ and an analysis of a selection of information sheets on project proposals of Latvia, the Czech Republic, Hungary, Slovenia and Poland. The structure of the information given corresponds to the structure of the interview guidelines (See Annex I).

4.1 General Information

The average application process from the preparatory stage to the approval for ISPA funding takes approximately 2 years of which the included appraisal procedure within the European Commission takes approximately 2-4 months. The duration of the review process during which open questions concerning the project proposal are clarified is very much depending on the proposal's quality, in particular on the preparatory studies undertaken. In several cases the missing inter linkage between the project and European environmental legislation has been criticised.

The projects approved so far, were all in the field of waste water treatment, sewage systems or solid waste systems. The European Commission stated that it will in the future encourage applications in the field of air quality improvement.

Smaller Projects are not prioritised for ISPA funding. This stems partly from the fact that the minimum size of ISPA projects has been set to EURO 5 million. Other reasons are requirements laid down in the investment heavy directives such as the Urban Waste Water Treatment Directive focusing on large agglomerations. The interview partners in the European Commission highlighted that small projects or a group of projects in rural areas is eligible only in exceptional cases. For example waste water treatment projects in rural areas are only accepted when large agglomerations are already covered. This is particularly important for smaller countries or countries with a strong decentralised structure and large rural areas as there will be an increased need of financing smaller projects. It was mentioned that examples of applications in rural areas show relatively high costs. Projects integrating for example several municipalities require besides one designated implementing authority a high level of co-ordination among the project partners.

If a **group of projects** is identified for application for ISPA funds the correspondence with the new **Water Framework Directive** is of particular importance. The single parts of the project for example different municipalities which shall be connected to a sewage system, must be located within one river basin. The requirements of the Water Framework Directive have to be thoroughly taken into account.

4.2 Project Selection and Application Process

The main project selection process is located within the beneficiary country itself. With increasing knowledge of the National ISPA Co-ordinators less projects are rejected by the European Commission due to higher quality. Once a project has been selected and well prepared on the national level the chance that it will be approved on the European level is

²⁵ Questionnaires were returned from the Czech Republic, Lithuania, Estonia and the Slovak Republic.

high. This requires close co-operation between the National ISPA – Co-ordinator and the respective desk officer in the European Commission - who presents the proposal to the ISPA Management Committee - and the EC Delegation

The role of the **EC Delegations** during the application process differs from country to country. Whereas for example in Lithuania the Delegation is not directly involved in the application process but in the ex-ante control and monitoring of the implementation process, in other countries such as the Slovak Republic frequent consultation takes place through monthly meetings, informal communication and joint missions to pre-projects.

The costs for an ISPA **project preparation** varies dependent on the complexity of the respective project. In most cases national or international consultants are involved in the cost-benefit analysis, the financial analysis, the environmental impact assessment or in the overall project development. The figures mentioned in that context vary from 50.000 to 500.000 EURO. In most cases the costs are funded by the European Union up to 75% as “Technical Assistance Projects”. The rest is generally financed by the National Fund. In other cases the preparatory works are sponsored by Member States like the Danes through its Danish Environmental Agency with a “Project of assistance to the Slovak Republic in preparation of integrated strategy for accession to the European Union in the sector of environment”.

As mentioned above, the quality of the preparatory studies has not only a strong influence on the duration of the appraisal procedure but also on its result.

4.3 Application Appraisal

The main requirement of the appraisal is obviously the project's compliance with European legislation. Another focus lies on the fulfilment of an integrated approach. The European Commission analyses whether the proposed project corresponds with the respective National ISPA Strategy. In most countries the ISPA Strategy is completed by a priority list of concrete environmental investment needs. Whereas in Slovenia the projects until 2006 are already agreed, in other countries the projects for 2002 are currently under discussion. As the ISPA Strategies are developed under consultation of the European Commission compliance with European environmental legislation is guaranteed. Other references like the Accession Partnership, the National Plan for the Adoption of the Acquis Communautaire (NPAA), the National Environmental Action Plan, sector and county specific plans have to be considered in the project proposal. Project proposals based on long term perspectives are favoured.

4.3.1 Environmental Criteria

The ISPA Report 2000 states that many of the project proposals were not up to par with the technical standards of the EU.²⁶ The interviews showed that several project proposals did not correspond to actual European environmental legislation. Instead the proposals cited national standards. Nevertheless, reference to specific relevant directives is a key to a successful ISPA proposal. Under the PEPA Programme, sector and directive specific checklists were developed as a support.

²⁶ European Commission, ISPA Report 2000, p.10.

Several interview partners stated that in the past **environmental impact assessments** were insufficient and substantial improvement during the review procedure was necessary. Experience from Member States would help to improve the situation.

According to the ISPA application form the project must have “**a significant effect on the environment**”. Interviews showed that such an effect on the environment can only be reached if an integrated approach is applied. This means that all possible impacts on the environment must be taken into account. This includes for example that for a waste water treatment plant the problem of sewage sludge disposal is to be solved. Or that a solution needs to be found for dangerous waste which may potentially end up on a landfill not designed for dangerous substances. Impacts of the proposed projects on other directives such as the Fauna, Flora and Habitat Directive, the Drinking Water Directive or the Nitrate Directive have to be discussed.

In addition, it was mentioned that plants for waste water treatment have to be designed in a way that they can comply with future standards resulting from already existing European legislation (respect for example the higher requirements for waste water treatment plants in sensitive areas).

The analysis showed that successful proposals managed to stress the urgency for action in the specific geographic area where the project is located. The status of the environment and the potential remedial effects on the status as well as geographical aspects are important.

4.3.2 Cost Benefit Analysis

According to the European Commission representatives the cost-benefit-analysis were identified as weak points of the proposals. Concerning the cost-benefit-analyses major improvement is needed. A transfer of knowledge from Member States or the help of consultants could help here.

The information sheets accessible on the internet summarise briefly the economic and social cost-benefit analysis of particular projects. The summary shows that in several cases an internal rate of return was not calculated. In most of the sheets the economic and social benefits were mentioned such as:

- Improvement of operation efficiency and reduction of specific operation costs
- Improvement of sanitation situation leading to an increase of land value
- Improvement of revenues due to an increased service level
- Increased number of people employed
- Public health benefits
- Tourism and recreational benefits
- General improvement of life quality
- Improvement of municipal infrastructure
- Positive trans-border implications

In the field of environmental non-quantifiable benefits included:

- Improved water quality (reduction of pollution)
- Avoidance of greenhouse gas
- Reduction of landfill areas, which includes conservation areas
- Removal of risks and nuisances including odours, methane and bacteriological contamination
- Improvement of connection rates (drinking water and sewerage network)

4.3.3 Financial Analysis

Only a few of the information sheets published on the internet mention aspects concerning the financial analysis. Main elements of the financial analysis were presented in the Polish information sheets. The rationale of the projects described is based on the polluter pays principle, user charges acceptability and affordability and the need to ensure financial sustainability of the city's water company. Several project descriptions stressed that the level of ISPA grant has been calculated on the basis of increasing tariffs during the implementation phase to enable full recovery of operating and maintenance costs. Additional capital expenditure was needed to ensure that the project can be implemented in a sustainable way.²⁷ The ISPA grant is set at a level which will ensure that tariffs, while enabling recovery of costs, will remain within a maximum affordability limit of 1,5²⁸ to 3,5%²⁹ of household income.³⁰

The criteria of “**catalyst effect**” and “**leverage effect**” for a successful ISPA proposal are not mentioned in the summaries. However the interlocutors stated that both effects are considered to be fulfilled if the EC funds generate other national or international financial sources.

4.3.4 Other Criteria

The **Co-financing rate** ranges from project to project. Among the proposals analysed the lowest rate granted was 44%,³¹ whereas the average rate (of the 24 projects analysed) was 63,5 %. Only in six cases the highest possible rate of 75 % was granted to the beneficiary countries by the European Commission. It was also mentioned in the interviews that efforts to limit the co-financing rate were supported by the European Commission. In none of the analysed proposals a private sector contribution was granted.

The **co-financing source** does not play any importance during the application appraisal process, therefore the beneficiaries are free to select any IFI. However many of the interlocutors stated that the co-financing from the EIB is attractive since the procurement procedures are fully compatible with the ones of the EU and the additional check of the economic viability of the projects seems to be valuable. In the Czech Republic so far none of

²⁷ Water and sewage management in Torun, No 2000/PL/16/P/PE/010.

²⁸ Solid waste treatment, stage I, No 2000/PL/16/P/PE/005.

²⁹ Krakow Plaszow II, Sewage treatment plant, No 2000/PL/16/P/PE/012.

³⁰ Also compare Development of water services in Jelgava, No 2000/LV/16/P/PE/002

³¹ Sewage system and central sewage treatment plant in Lendava in the Republic of Slovenia, NO 2000/SI/16/P/PE/002.

the projects has been co-financed by International Financing Institutions. The national contribution generally comes from national funds.

Many of our interlocutors in the National Co-ordinator's offices and the EC Delegations stated that the transfer of expertise is specifically needed in the spheres of environment technologies, cost-benefit analysis and environment impact assessments. In the long run they would like to see costly service of the international consultants be replaced by local capacities. Especially the municipalities which generally draft the initial application are lacking the human resources which are familiar with EU technical specifications and quality standards. The international consultant's work mostly consists of identifying the projects' relevant requirements and standards of European legislation. Most applicants need more information about ISPA to be aware of the important aspects in the application screening process. In several cases it was particularly underlined that the knowledge of western partners in European legislation would be of great value.

5 Public Procurement under ISPA

5.1 Contract types

The following table gives an overview of the contract types: service, supply and works contracts, and the procedures under ISPA which apply for contracts of various size ranges. The grey areas mark the contracts which are of particular interest for business and industry within the EU.

Table 1 Overview of contract types and procedures under ISPA

Services	\approx 200,000 EURO International restricted tender procedure	< 200,000 EURO but > 5,000 EURO		\leq 5,000 EURO Single Tender
		1 Framework Contract 2 Simplified procedure		
Supplies	\approx 150,000 EURO International open tender procedure	< 150,000 EURO but \geq 30,000 EURO Local open tender procedure	< 30,000 EURO but > 5,000 EURO Simplified procedure	\leq 5,000 EURO Single Tender
Works	\approx 5,000,000 EURO 1 International open tender procedure 2 International restricted tender procedure (in exceptional cases)	< 5,000,000 EURO but \geq 300,000 EURO Local open tender procedure	< 300,000 EURO but > 5,000 EURO Simplified procedure	\leq 5,000 EURO Single Tender

Thresholds given are the maximum budgeting for a specific contract *including* co-financing.

An explanation of the table will follow in the next paragraphs.

Services contracts

With service contracts know-how is bound for studies and technical assistance. Services contracts may include studies for the identification and preparation of projects, feasibility studies, economic and market studies, technical studies, evaluations and audits. Technical assistance is usually provided by an advisory, management or supervision capacity.

An international restricted tender is required for contracts above 200,000 EURO. Below this threshold, framework contracts or simplified procedures may be applied.

Supplies contracts

Supply contracts concern the design, manufacture, delivery, assembly, and commissioning of goods together with any other tasks specified in the contract, for example maintenance, repairs, installation, training and after-sales services.

Open international tender is required for contracts above 150,000 EURO. Open local tenders apply between 30,000 EURO and 150,000 EURO, with simplified procedures for lower amounts.

Works contracts

Works contracts are issued for the execution of engineering works or the building of structures.

Contracts above 5,000,000 EURO require either an open or a restricted international procedure. The most suitable procedure should be followed in each case. Contracts between 300,000 EURO and 5,000,000 EURO are subject to open local tender. Simplified procedures may be followed for contracts under 300,000 EURO.

In general, contracts are considered to take effect from the date of signature of the last signatory. **No contracts can be awarded retroactively.** That means that no disbursements can be effected and no goods and services provided prior to the signature of the contract.

In order to achieve economies of scale, to ensure maximum co-ordination between related activities and to keep programme administration as simple as possible, care must be taken to design projects to allow for maximum contract size and consequently to avoid the unnecessary fragmentation of programmes into a series of small contracts. Therefore, procurement of services for contracts between 5,000 EURO and 200,000 EURO the framework contract shall be used. **Artificially splitting of related activities to elude procurement thresholds is prohibited.**³² Technical assistance and related activities shall be grouped where appropriate – in large tenders and contracts.

In case tenderers for contracts over 200,000 EURO intend to sub-contract tasks, a statement regarding the content and extent of sub-contracting envisaged - which must be within the limit stated in the tender dossier - and the identity of the subcontractor has to be included in the tender documents.³³

5.2 Tender types

For the three types of contracts six different tender procedures are applicable. In the following paragraph all are described including general as well as their specific requisites.

Before initiating any tender procedure, the service, supply or works to be contracted must have been approved in the Financing Memorandum and the funds must be available.

The Commission insists that tender documents are drafted in a way that technical specifications are expressed using European standards in order that all eligible applicants

³² European Commission, 2000, Practical Guide to Phare, Ispa and Sapard. Contract procedures, p.17.

³³ For more detailed info on that subject see pp.41 in the Practical Guide.

can participate on equal footing. **Tender documents**³⁴ provided on the internet are mandatory. All other relevant stipulations for tenderers can be found in the framework documents.³⁵

The following different tender procedures are existing within ISPA financing:

- **International open tender**
- **International restricted tender**
- **Framework contract tender**
- **Local open tender**
- **Simplified tender**
- **Single tender**

International open tender

The open procedure involves an open invitation to take part in tendering. Following the international publishing of a procurement notice³⁶ the tender dossier is sent to the tenderer upon request (possibly for a fee). The completed tender documents received by the Contracting Authority undergo first a selection (ie, verification of the eligibility and of the financial, economic, technical and professional standing of the tenderer) and second an award procedure (ie, comparison of the tenderer) resulting in the choice for the most appropriate tender.

International restricted tender

Only a limited number of candidates is invited to participate in the restricted tender. Before launching a tender procedure, the Contracting Authority of the beneficiary country draws up a shortlist of candidates selected by eligibility and qualification examined from their response to a procurement notice. The entire procedure is as follows:

1. A procurement notice is published (for further info about procurement notice see section 5.3.1).
2. Candidates apply with a standardised application form (see footnote 30) and are summarised in a long list.
3. Candidates are then excluded from this list if they are not eligible (for eligibility see section 5.3.2).
4. Eligible candidates meeting the selection criteria stated in the procurement notice are identified. For this purpose, the candidates' financial situation and technical and professional capabilities are reviewed.

³⁴ They are available at following internet address:

http://www.europa.eu.int/comm/regional_policy/funds/ispa/howto_en.htm

and contain all procedures to follow, the documents to provide, cases of non-compliance, award criteria and their weightings as well as stipulations regarding subcontracting.

³⁵ Disposable at: http://www.europa.eu.int/comm/regional_policy/funds/ispa/working_en.htm.

³⁶ For further information about publicity requisites see section 5.3.1.

5. A short-list is drawn up with more than 4 and less than 8 candidates.³⁷ If there are more than 8 eligible candidates meeting the selection criteria, the relative strengths and weaknesses of the applications of these candidates must be re-examined. Factors to be taken into account are performance in previous EC contracts, previous involvement in international projects relevant to this tender, and co-operation within a consortium for the purpose of this tender.
6. These short-list candidates then receive a tender dossier and may submit applications for final selection.³⁸

Framework contract tender

For the framework contracts, the European Commission has launched an **international restricted tender** procedure. As a result it has selected candidates and drawn up a **list of framework contractors**³⁹ on whom it can call to provide experts with specific assignments in different areas of technical specialisation put out to tender. For each individual assignment, the Contracting Authority invites contractors drawn from the framework list (eligibility and qualification already examined) to submit an offer. It then selects the most economically convincing offer. From the list of the framework contracts, short-term experts with a performance period of 12 months or less can be recruited in a shorter period than with the simplified tender which is the only alternative for the framework contract procedure applicable for services contracts between 5,000 and 200,000 EURO.

Local open tender

Apart from the local publishing of a procurement notice and the limitation of the tender to local tenderers, the entire procedure including the selection and award criteria is the same as with the international open tender. (see above)

Simplified tender

If the framework contract can not be used or its use is unsuccessful, e.g. the required technical expertise is not available from the framework contractors list, the Contracting Authority invites the minimum of 3 tender candidates of its choice, whereas the experts database of the Commission may be consulted. No publication is required. If the Contracting Authority receives fewer than three compliant tenders, the procedure must be cancelled and started again. In general, the simplified procedure requires more time than the initiation of an assignment under the framework contract.

Single tender

The Contracting Authority awards a contract on the basis of a single tender.

³⁷ The short-listing of candidates is carried out by an impartial and confidential Shortlist Panel appointed by the Contracting Authority.

³⁸ Short-listed service providers or consortia are not allowed to form alliances with any other firms or to subcontract to each other for the contract in question. For further info see p.29 of the Practical Guide.

³⁹ The details of the sectors to which framework contract applies, including the contact information of the framework contractors on the list are given at the following Internet address: <http://europa.eu.int/comm/europeaid/cgi/frame12.pl>.

5.3 Tender requirements

5.3.1 Publicity

For **international open and restricted tenders**, contract forecasts and procurement notices are published in the Official Journal of the European Communities, on the Internet⁴⁰ and in other appropriate media as well as the local press in the beneficiary country. They can also be obtained from the relevant ministries of the beneficiary country.

Contract forecasts for open and restricted international tenders are made public by the Contracting Authority of the beneficiary country once a year and an amendment on a quarterly basis.⁴¹ They give a brief survey of the subject, content and value of envisaged contracts, however, the forecasts do not bind the Contracting Authority to tender the proposals. Applications are not expected at this stage.⁴²

The **Procurement notice** states what the subject of the contract and who the Contracting Authority is. It specifies the budget available for the intended operation and the forecast timetable of activities.⁴³ The notice must be published at a minimum of 30 days before application deadline for international restricted tender and of 60 days for international open tender. Locally and internationally published notices must be identical and be published simultaneously.⁴⁴

For **local open tenders**, the contract forecast and procurement notice are published by the Contract Authority only in the beneficiary country. However, the European Commission publishes the references of such tender procedures on the internet providing the address from where further information can be obtained.

5.3.2 Eligibility

Following the criteria of eligibility are explained.

Nationality

All natural and legal persons of the EU Member States and the countries and territories of the regions covered and/or allowed by the Regulation or other instruments governing the aid programme under which a given contract is being financed.⁴⁵

In the case of works contracts, the main contractor must fully meet the nationality criteria.⁴⁶

⁴⁰ <http://Europa.eu.int/comm/Europeaid/cgi/frame12.pl>.

⁴¹ At least 30 days before the corresponding procurement notice.

⁴² For further information see pp.24/67/101 of the Practical Guide to Phare, Ispa and Sapard.

⁴³ In other words, would-be service providers can obtain the information they need to determine their capacity to fulfil the contract in question. (See template in Annex B2 of the Practical Guide)

⁴⁴ European Commission, 2000, Practical Guide to Phare, Ispa and Sapard. Contract procedures, p.68.

⁴⁵ European Commission, 2000, Practical Guide to Phare, Ispa and Sapard. Contract procedures, p.5.

⁴⁶ The same applies to joint venture partner, members of consortia participating in tenders or other principal actors. The position of sub-contractors is assessed on a case by case basis.

Origin

All supplies and equipment purchased under a supply contract must originate in the EU or in an eligible country. In its tender, a tenderer must state the origin of supplies. Contractors must present a certificate of origin to the Contracting Authority when bringing supplies into the beneficiary country.

5.4 Selection and award criteria

The selection and award criteria applies to open and restricted procedures.

The selection procedure is based on criteria formulated in the procurement notice and entails verifying the

1. eligibility,
2. financial and economic standing, and
3. technical and professional capacities⁴⁷

of the candidates or tenderers.⁴⁸

The criteria for the award of the contract serve to identify the most economically advantageous offer. During the evaluation all tenders stand in competition based on a score system⁴⁹ to ensure transparency and to obtain the desired quality of services, supplies and works at the best possible price.⁵⁰

In the case of mixed contracts covering a combination of works, supplies and services, the Contracting Authority determines the award procedure to be used dependent on which of the components predominates. The assessment must be made on the basis of the value and strategic importance of each component relative to the contract as a whole.

In the restricted procedure, the selection procedure takes place following the procurement notice before candidates are invited to tender. The award process then takes place following the receipt of the limited number of tenders. In the open procedure, both the selection and the award process take place follow the receipt of all tenders.

To avoid any conflict of interest, any firm or expert participating in the preparation of a project must be excluded from participating in tenders based on this preparatory work.

⁴⁷ There are two main types of technical criteria: methodology and the curriculum vitae (CV). Those may be divided in sub-criteria such as the appropriateness of the resources to the task or the professional experience. Each criterion is allotted a number of points out of 100 distributed between the different sub-criteria. For further info see p.33 in the Practical Guide.

⁴⁸ European Commission, 2000, Practical Guide to Phare, Ispa and Sapard. Contract procedures, p.12.

⁴⁹ Within the score system a maximum of 100 points is granted for each criterion. The resulting weighted technical and financial scores are added together and the contract is awarded to the tender achieving the highest overall score. For more detailed info see pp.42-48 in the Practical Guide.

⁵⁰ European Commission, 2000, Practical Guide to Phare, Ispa and Sapard. Contract procedures, p.9.

6 Application Checklist

The following checklist comprises the information contained in the documentation on ISPA as well as findings of the interviews with the relevant key actors.

Legal and document reference to be provided for:

- ⇒ Coherence with National Plan for the Adoption of the Acquis Communautaire (NPAA).
- ⇒ Coherence with Accession Partnership.
- ⇒ Coherence with National Environmental Programme.
- ⇒ Compliance with National ISPA Strategy.
- ⇒ Compliance with national list of investment priorities which is developed on the basis of the National ISPA Strategy.
- ⇒ Compliance with national Sector Strategies.
- ⇒ Compliance with relevant city or district Master Plan for investment in the sector if existing.
- ⇒ Coherence with relevant Community environmental legislation: Drinking Water Directive 98/63/EC; Urban Waste Water Directive 91/271/EEC; Municipal Waste Incineration Directive (1989); Hazardous Waste Directive 91/689/EEC; Framework Air Directive (1966 and new related D's for specific pollutants); Large Combustion Plant Directive (1988); Integrated Pollution Prevention and Control Directive (1996); Waste Framework Directive 75/442/EEC (amended by 91/156/EEC); Landfill of Waste Directive (1999/31EC of 26/04/1999) as well as proposed Water Framework Directive; and other plans linked to the coherent implementation of Community environmental legislation and policy.

Technical and financial information to be collected:

- ⇒ Cost-benefit analysis
- ⇒ Financial analysis
- ⇒ Environmental impact assessment
- ⇒ Financial plan
- ⇒ Timetable for the implementation
- ⇒ Procurement plan

Questions concerning general principles:

- Is a long-term perspective envisaged ?
- Is an integrated approach followed ?
- Are largest population centres targeted (Projects in rural areas are only considered when large agglomerations are already covered) ?

- Is there a single implementing agency if measure is designed for a number of municipalities (group project) ?
- Is leverage effect for other European assistance programmes such as PHARE and SAPARD considered ?
- Are EU technical norms and quality standards fulfilled ?
- Is the relevant information contained in the main text (not in the Annexes) ?
- Is the information provided “easy readable” ?

Questions concerning financial aspects:

- Is co-financing secured (National funds or IFI assistance is mandatory for the percentage that is not going to be covered by ISPA grants) ?
- Are operational and maintenance costs and for equipment replacement by adequate charges paid by users guaranteed (polluter-pays principle) ?
- Is a catalyst effect for additional national investments generated?
- Are efforts undertaken to limit the percentage of ISPA financing ?

Questions concerning environmental aspects:

- Is environmental effectiveness highlighted ?
- Is an Environmental Impact Assessment (EIA) been undertaken ?
- Is there a non-technical summary of the EIA in the application form ?
- Are EU environmental policy objectives, such as protecting, preserving and improving environmental quality, protection human health and rational utilisation of natural resources respected ?
- Are EU environmental principles, such as precautionary, preventive action and damage rectified at source, followed ?
- Are the guidelines concerning the polluter pays principle followed ?
- Are the envisaged activities of the project linked to the objectives of the concerned directives ?
- Are the actual European environmental standards referred to ?
- Does the Water Framework Directive receive particular importance (particularly relevant for water projects) ?
-

Check during application process:

- Is compliance of preparatory works with EU requirements ensured? (The better quality the preparatory works the higher the approval chances and the shorter the application procedure)
- Is close co-ordination among the key actors ensured ?

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