INTRODUCTION

JASPERS is the acronym for a new joint initiative between the European Commission (EC), the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD), offering technical assistance designed to improve the preparation of projects proposed for financing by EU Funds. It stands for “Joint Assistance to Support Projects in European Regions”. The author has been involved with the development of this initiative from the early stages and is currently Transport Sector Manager responsible for the technical management of all JASPERS interventions in the road, rail, urban transport, air, river, ports and intermodal sectors. (JASPERS also covers the water, wastewater, solid waste, energy, telecommunications and other sectors eligible for EU grants)

After a brief explanation of the main players and the background to the initiative this paper will seek to explain why JASPERS is necessary, what it will do and how it will operate and will consider the likely future of such operations as a part of EU funding.

BACKGROUND

The enlargement of the European Union has added ten New Member States (NMS) to the Union. Virtually all regions in these countries are covered by the top priority Convergence Objective for aid provided under the EU Structural Funds. Two other countries, Bulgaria and Romania, will join the EU in the near future. As a result the scale of grant financing to be disbursed in the next financial perspective (covering 2007 to 2013) the number of projects to be developed under the “Operational Programmes” (which describe in general terms the investments to be made and how they meet EU objectives) and the level of work required to prepare those projects adequately to draw down these funds, are all an order of magnitude greater than either the EC or the NMS have had to deal with before. Within the EC the General Directorate for Regional Development (DGREGIO) is responsible for the disbursement of the majority of the funds and saw the need to supplement the implementation capacity of the NMS over this period of hectic activity.

Up to the point of accession to the EU the EC has a delegation posted in country to review and approve documentation in support of grant applications. After accession much of this work is delegated to a local Managing Authority (MA) but for each country DGREGIO has dedicated country desk officers based in
Brussels who approve strategy and programming documents and applications for major projects (above 50 MEUR in the case of transport sectors). Both the EC delegation and the desk officers try to help the MA, the line ministries and the final beneficiaries (usually the road, rail or other local administrations implementing the projects) to prepare projects in a way which will ensure smooth approvals but, given their role as approvers and the procedural workload involved in both approving documents and monitoring implementation, the amount of time they can dedicate to such help is limited. The EC decided to seek partners to help in this process and the logical choices were the EIB and EBRD.

The EIB is the European Union’s long-term financing institution, and has been financing economically viable investment projects that contribute to the integration, balanced development and economic and social cohesion of the EU Member States since 1958, through the vehicle of long-term, low cost loans. Implementing the Union’s regional policies by financing investments, particularly in less developed regions, is one of the EIB’s lending priorities.

The EBRD, established in 1991, has worked closely with the EIB and the EC on many projects. The EBRD’s mandate is to foster the transition from centrally planned to market economies in former communist countries by mobilising investment and promoting the necessary legislative and administrative framework.

Both the EIB and the EBRD, in support of their lending activities, are engaged, as the EC has been, in helping beneficiaries to prepare projects in such a way that loan applications are approved as smoothly as possible – with many of the issues key to approval of a loan mirroring those relevant to a grant application. The EIB supports this exercise by having a relatively large in house team of engineers and economists with specific sector expertise and regularly supplements this with technical assistance contracts. The EBRD maintains a smaller in house team of technical specialists but has extensive experience of selecting and managing consultants to help clients with project preparation. Both organizations therefore had the right set of skills to help the EC and the NMS in preparing for the work ahead. Like the EC however the everyday burden of processing applications and monitoring projects allowed only limited time to work alongside clients and help them with their problems.

Hence the decision to create JASPERS – which will be a group of resources provided (free of charge) from EIB and EBRD (approximately 24 sector experts) and dedicated 100% to project preparation, supported by 30 newly recruited experts funded by the EC and based in regional offices close to the beneficiaries. In a remarkably short space of time, given the size of the organisations involved the legal basis for this unit, which will be a separate unit within and managed by the EIB, has been resolved, the EIB and EBRD resources have been freed from their normal duties, recruitment is well underway and arrangements for a framework contract to provide consultant support are in place. From the
beginning of 2007 JASPERS will be fully operational and project work has been underway since Summer 2006.

WHY IS JASPERS NEEDED?

Even though accession to the EU has been foreseen for some time, and various preparatory aid programmes such as PHARE\(^1\) and ISPA\(^2\) have operated pre-accession, the NMS will still have difficulty to absorb funds at the rate needed for 2007-2013. This is not necessarily a result of any failures of the preparatory programmes or of the beneficiaries to learn from them. It is more the harsh reality of developing countries coming out of periods of underinvestment. The JASPERS beneficiary countries have always had good technical staff capable of preparing investment projects to a high technical standard. The ministries and MA have learned from the preparatory phases how to prepare documentation in the form needed by the EU and merely have to adapt to the new regulations. But the process of gearing up from a very low level of investment to a high level takes time and ideally needs a gradual increase in the volume of work so that the main implementing agencies can build up their resource and expertise levels. They also need sufficient resource to develop a “pipeline” of future projects in parallel with implementing the current ones. It is this process which is far from complete, and the sequence of relatively short windows of opportunity to apply for grants, and the need to spend them quickly before this window closes, has lead to a rather hurried processing of the projects which were as close to being prepared as possible. This has not usually left much time for preparing the next phase of the programme. Coupled with the typically low public sector salaries in the implementing agencies and the difficulty they have in keeping or attracting staff, there are simply not enough experienced project managers to cope with the backlog of projects needing preparation.

The traditional solution to this is to provide consultants, and there is a sizable provision for technical assistance in this form in the 2007 to 2013 programme. However without adequate experienced personnel in the organisations for which these consultants work this has proven to provide poor quality of outputs even from the most well respected of international consultants. JASPERS cannot take over management of this technical assistance on the scale required, nor would this help the development of the in-house skills needed, but by providing experienced staff, who have done it all before in both the current NMS and the more established states, to sit alongside the beneficiaries and to develop model projects which can be used as the basis for others, it hopes to achieve the maximum “multiplier” effect with the resources it has. And given the slightly longer timeframe of the next financial perspective it is hoped that a permanent improvement in the capabilities of the implementing agencies will result.

This could have proven to be a great theory, hatched in Brussels and Luxembourg, which bore no relation to the real needs, but the overwhelming demand from the NMS, Bulgaria and Romania for JASPERS support in the first 9
months of operation suggests otherwise. The challenge now is to deliver what was promised and to make a genuine impact on the absorption capacity of these countries, whose needs are so great in comparison with their own resources.

WHAT WILL JASPERS DO?

So strictly speaking JASPERS is neither a source of funding nor a technical assistance facility in the traditional sense of providing money to hire consultants. Rather it is a pool of expert resource whose sole aim is to increase the chances of using the grant financing which is already available. The following summarizes the main priorities and areas of activity foreseen.

- JASPERS is a facility which will be placed at the disposal of the beneficiary Member States at no cost to them. The main objective of JASPERS is to assist the Member States in the complex task of preparing quality projects so that they can be approved more quickly for EU support.
- The assistance will be offered from the early stages of project development. JASPERS will provide comprehensive assistance for all stages of the project cycle from the initial identification of a project through to the Commission decision to grant assistance.
- There will be no obligation on the Member States to make use of assistance from JASPERS nor will there be an obligation for a Member State which makes use of assistance from JASPERS to borrow from the EIB or the EBRD. There will be no obligation on the EIB or the EBRD to lend nor exclusion of EIB or the EBRD lending to projects benefiting from JASPERS.
- For administrative reasons, JASPERS will be a unit within EIB but there will be an organisational separation between JASPERS and the EIB operational staff. The EBRD will contribute to JASPERS largely from its extensive network of existing offices in Central and Eastern Europe.
- The legal responsibility for the decision to grant assistance from the EU funds will remain with the European Commission.
- The countries will request assistance directly to JASPERS management in Luxembourg or to the new regional offices.
- In order to obtain the maximum impact within the resource constraints of 54 professional staff spread over a number of countries and sectors of investment, there is a need for concentration and specialisation. It is envisaged, therefore, that JASPERS would concentrate its efforts on the new Member States (the ten new countries plus Romania and Bulgaria) and on large projects supported by the EU funds (costing more than 25 million EUR for environment projects and more than 50 million EUR in transport and other fields). In the smaller countries where there will not be many projects of this size, JASPERS will concentrate on the largest projects.
The type of work actually performed by a combination of JASPERS experts, framework consultants and occasional one-off commissions for bigger studies could include:

- advice on the conceptual development and structuring of projects;
- advice on specific aspects of project preparation, such as financial analysis, economic analysis, environmental assessment, procurement planning, technical assessment, etc.
- review of documentation such as feasibility studies, EIAs, technical designs, tender documents etc.
- advice on compliance with EU law, environmental legislation, competition rules and other EU regulatory matters, and conformity with EU policy and technical and legislative standards;
- advice on utility management and corporate development
- assistance in the review, preparation or completion of applications for funding under the Cohesion Fund or the ERDF;

Work is underway and the first few activities have typically been reviewing draft applications which are already prepared and reviewing Terms of Reference for consultants to prepare project documentation. In a number of cases the main input from JASPERS has been as a mediator between those who understand the objectives of the strategy or programme but not the technical aspects and those who understand the technical needs of their projects but not how they fit into the context of the programme and EU objectives. Once consensus is reached the drafting of suitable documents to fit the needs of both sides is relatively straightforward for the experienced JASPERS staff.

Though it is much too early to gauge the likely success of the initiative in drawing down grant funding there is little doubt that a contribution to improving the quality of the early, project planning stages can be made in this way.

**HOW WILL JASPERS OPERATE?**

Every year an Action Plan will be prepared by the JASPERS team listing all the projects in which JASPERS will be involved and explaining what they will do. This plan is drawn up in consultation with the local beneficiaries and DGREGIO, is approved by a Steering Committee with representatives from EIB, EC and EBRD, and is issued as the basis for interventions in that year. As priorities can change there is the facility to modify the plan during the year.

For each project the JASPERS management appoints a task manager who agrees with the beneficiary the basic details of the project, the intervention, key milestones and outputs and records them on a simple Project Fiche. From 2007 onwards the Task Manager would normally be one of the experts based in one of three regional offices: Warsaw (covering Poland and the Baltics) Bucharest (covering Romania and Bulgaria) and Vienna (covering Czech Republic,
Slovakia, Hungary and Slovenia). So called “horizontal” tasks which cover a number of sectors and countries and interventions in Malta, Cyprus or other countries deemed eligible for JASPERS will be handled from the Head Office in Luxembourg.

The Managing Authorities for the Structural and Cohesion Funds operating in the beneficiary States act as central coordinators for each country. They can request assistance directly from JASPERS headquarters in Luxembourg and will be able to approach JASPERS’ regional offices once they are operational. Any potential beneficiary seeking JASPERS help must apply to the MA to request inclusion of their projects in the Action Plan, a precondition being that it is also included in the appropriate Operational Programme for the sector or measure involved (in other words is eligible for a grant).

Where use of the framework contract or a one-off consultancy is required this will be contracted through the EIB, using their procedures and funded from the JASPERS budget, which will be reviewed annually with the EC.

As stated above the use of JASPERS to help prepare a project cannot guarantee approval of the application for funds as the responsibility for such approval still rests with the EC and all the individual directorates involved in their inter-service consultation. Nevertheless JASPERS has the benefit of close ties to the EC through the partnership arrangement, and access to the directorates for clarification of policy issues, which will allow much greater certainty over the completeness, correctness and likelihood of approval of the applications. Whilst JASPERS does not as yet have a mandate to get involved, downstream of the application approval, in implementing the project, it will focus heavily during the project preparation on realistic costing and programming to maximise the chances of successful implementation.

Examples of projects already underway as part of the 2006 Action Plan are:

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<tr>
<th>COUNTRY</th>
<th>PROJECT</th>
<th>JASPERS ACTION</th>
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<tbody>
<tr>
<td>Poland</td>
<td>Warsaw Ring Road</td>
<td>Review of Feasibility Study and preparation of CF Application</td>
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<td></td>
<td>Modernisation of main rail corridors</td>
<td>Review of interoperability issues and EIA compliance</td>
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<tr>
<td>Romania</td>
<td>Regional airports and intermodal terminals</td>
<td>Review of existing studies and advice on private sector participation</td>
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<td>Roads and Motorways</td>
<td>Review and improvement of TORs for ISPA funded technical assistance</td>
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<tr>
<td>Cyprus</td>
<td>Nicosia Public Transport</td>
<td>Advice on selection of project components and CF application</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>Modernisation of main rail corridors</td>
<td>Improvement of Corridor Feasibility Study supporting individual applications</td>
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OUTLOOK FOR THE FUTURE

So will JASPERS and initiatives like it be a feature of EU funding in the future? In the opinion of the author the answer is yes, for a number of reasons.

Cleary JASPERS will need to be seen as a success in order for it to survive or for others to emulate it. But all early indications suggest that it will thrive and that demand for its services will increase. Even before work has truly got underway other countries, both future members and states from previous smaller enlargements, have sought support and other International Funding Institutions have expressed a desire to join the initiative. It is clear that all the players in the infrastructure investment sector see a need to enlarge and to improve the quality of the project pipeline and see JASPERS as a vehicle for doing so.

EU enlargement is not over and further expansion to the east will pick up more states in the Balkans and beyond which face the same problems as the NMS. The expertise soon to be concentrated in JASPERS and focussed specifically on solving these problems will be a natural choice to help the EU in developing the economies of these new members.

The organisations involved have made significant contributions to building the JASPERS team because they see it both as the best way of extracting maximum value from the particular expertise they have built up through their normal business and as a way of benefiting their normal business through improved quality and quantity of projects. Once established, and given that demand is unlikely to recede, they will not want to waste this resource.

JASPERS is not, as some have mistakenly perceived it to be, a competitor to the consultancy market. It is both a potential client in its own right, through its need for framework contracts and other support, and a way of improving the quality of the clients that the consultants deal with. Consultants are much maligned for producing poor quality work and poor value for money as they take advantage of the large volume of EU grants, the demand for paper to support applications and the inexperience of the beneficiaries in assessing the quality of their work. But anyone who has worked as a consultant will tell you that if your commission has been poorly described, has been procured on a basis where cost considerations are the main criteria, and by a client who seems unable to give the guidance needed at key stages of project development or, in extreme cases, is unwilling even to read the outputs, then the ability and incentive to produce high quality work is diminished. JASPERS will help to reduce both the impediments to good work and the excuses for not doing it.

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So even though we will no doubt have to identify some new and sexy acronyms to label our new initiatives there is likely to be a JASPERS or something very like it for many years to come.

CONCLUSION

JASPERS is a new initiative; a new formalisation of the informal cooperation between the EC, EIB and EBRD which has existed for some time; a way of maximising the benefit gained from the experience which these organisations have amassed over decades of working on projects; and hopefully a way of ensuring that the considerable sums of EU funds available over the next 7 years are fully utilised. Like all new initiatives it has taken some time to put into place and will take more time to become fully effective, but the early signs are very positive and the reaction from the market suggests it is well designed to match the needs of those it is designed to help.

Those who are interested in learning more are referred to the contact details below.

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1PHARE, the main pre-accession assistance programme, concentrates on the preparation of candidate countries for membership. It focuses on key priorities identified in the Accession Partnerships. Phare helps candidate countries to align themselves with the European acquis and to prepare for structural funds. It has two priorities: institution building and investing in the acquis. Phare funds are allocated to projects that correspond to Phare types of programmes: national, multi-beneficiary, regional and horizontal programmes, cross-border co-operation and other specific programmes.

2ISPA - The Instrument for Structural Policies for Pre-Accession has provided additional financial support for the accession process of the candidate countries since 1999 in the areas of transport and the environment. Its aim is to enhance economic and social cohesion. This pre-accession assistance is the responsibility of the Directorate-General for Regional Policy for the period 2000-2006 and is due to be replaced by the Instrument for Pre-accession Assistance (IPA) in 2007.