GUIDE TO THE COHESION FUND
2000-2006

Version 1.0  February 2000
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1. **INTRODUCTION**

This document is intended to guide the Member States and all project promoters in their work during the period 2000-06.

Regulation (EC) No 1164/94 of 26 May 1994 establishing a Cohesion Fund was amended by the following Council Regulations:

- (EC) No 1264/99 of 21 June 1999;
- (EC) No 1265/99 of 21 June 1999 amending Annex II.

These two Regulations will come into force on 1 January 2000, but arrangements for implementing projects under the Cohesion Fund as amended should be laid down now.

Although the basic principles of Regulation (EC) No 1164/94 were not altered, some provisions were adjusted to take account of the experience gained from management during the period 1993-99, the new macro-economic situation (introduction of the euro and increased convergence), the desire to improve management and control systems and the need to simplify financial management, rationalise the presentation of projects and adopt a more strategic approach to them than in the past.

In 2000-06 the Cohesion Fund will, in general terms, continue to operate in accordance with the basic model but it should also develop in the main fields listed below.

It is therefore important for all the parties, the Commission and the Member States, to work towards the future on the basis of accepted guidelines.

2. **GUIDELINES ADVOCATED BY THE COMMISSION FOR THE PERIOD 2000-06**

Three general principles will guide the Commission’s future approach in preparing and managing the new Cohesion Fund:

- a more strategic approach;
- greater rationalisation in the size of projects and groups of projects;
- increased coordination with the other Community instruments, in particular the ERDF.

2.1 *A more strategic approach*

Although the Cohesion Fund will still continue to operate by financing projects, as required by both the Treaty and the Regulation, the forthcoming period will be prepared and based on the following principles:

- better definition of the strategy and priorities for assistance for each sector;
- application of the ‘polluter-pays’ principle;
- greater attention to the mixed financing of projects.
2.1.1 **Strategy and priorities for assistance**

Although the Cohesion Fund will remain an instrument for financing individual projects, it is clear that a more effective allocation of funds will require the introduction of a strategy, the definition of priorities for assistance and the identification of the resources for achieving them.

As far as the Commission is concerned, the experience gained and the guidelines laid down in the past may now be given formal shape and provide a basis for future assistance.

These principles are developed in operational terms in the attached documents on the strategy of the Cohesion Fund in the areas of the environment and transport (Annexes A and B respectively).

2.1.1.1 **Environment**

As in the past, the Cohesion Fund will continue to concentrate its financial support on three priority sectors:

- the supply of drinking water;
- sewerage and water treatment;
- the management of urban, industrial and dangerous solid waste.

These sectors are not exclusive but they do constitute priorities. The Commission’s main aim is to complete the cycle of assistance and provide what is missing in existing systems, and to finance integrated working systems.

In applying these guidelines, the Commission will base its assistance on sectoral plans where these are required.

2.1.1.2 **Trans-European transport networks**

Since the Cohesion Fund was established, its assistance to transport has concentrated on the establishment of the trans-European transport networks. These have now been defined and are well-known. However, there appears to be a need to lay down priorities for assistance from the Cohesion Fund and to specify the projects of common interest which merit support.

Over the forthcoming period, the Fund will seek to concentrate its assistance on the following main topics:

- completing the missing links in the priority corridors as identified at the Essen European Council;
- promoting rail and combined transport;
- developing multi-modal platforms;
- improving traffic management.
2.1.1.3 A Reference Framework

The new Article B(2) of the amended Annex to the Regulation emphasises the need for projects to be consistent with a general environmental or transport strategy at administrative unit or sector level.

In the Commission’s view, this strategy should be defined and set down formally in a set of guidelines which will provide the “reference framework” for assistance from the Fund.

This Reference Framework, to be defined at the most appropriate level, should include:

- a definition of the long term objectives;
- a list of individual projects;
- the interim objectives to be achieved by 2006;
- the projects to be carried out to achieve those objectives;
- for each project, an initial indication of the investment costs and an indicative plan of sources of finance.

This document will not be formally approved by the Commission and can under no circumstances be regarded as an application for assistance with consequences in terms of the eligibility of expenditure.

The document shall be drawn up by the Member State at the most appropriate level.

2.1.2 Greater attention to the ‘polluter-pays’ principle and the prudent use of resources


In its statement annexed to the minutes of the Council meeting adopting Regulation (EC) No 1264/99, the Commission set out the basic rules to be used to apply this principle, which are the same for the Cohesion Fund and the Structural Funds and will also be applied to implementation of the ISPA.

The Commission's aim is to encourage systems where the environmental costs of pollution and preventative measures will be borne by those who cause pollution. The Commission, in pursuing this aim, must respect the objectives of cohesion, while such systems will be developed progressively and in cooperation with the Member States concerned.

As the Commission has promised, the strategy of the Cohesion Fund in relation to the ‘polluter-pays’ principle is set out in Annex C.

2.1.3 Taking better account of private sources of finance

In its communication on Agenda 2000, the Commission stated that it wished to maximise the multiplier effect of Community finance in order to increase the amount of infrastructure financed at a time of increased constraints on national public expenditure.
Article 7 of Regulation (EC) No 1164/94 as amended by Regulation (EC) No 1264/99 clearly states that the Commission will support the efforts of the Member States in this direction.

Experience of the management of the Cohesion Fund and the progress of national policies on public-private finance demonstrate that specific measures may be developed with the private sector.

Naturally, prime responsibility for seeking out private sources of finance lies with the Member State.

The support which the Commission provides to the eligible countries will be based on the method outlined in *Annex D* to this document.

### 2.2 Rationalised management of the Cohesion Fund

The Cohesion Fund was established to finance individual projects having a significant impact. Regulation (EC) No 1164/94 laid down that, as a rule, projects should cost EUR 10 million.

The Commission has made no proposal to increase this threshold but has proposed greater rationalisation in the presentation of projects so that, as far as possible, Cohesion Fund financing may again concentrate on projects of a certain size.

Three major changes were introduced and approved by the Council.


It has been clear that the presentation and management of groups of projects can be simplified. The management of such groups of projects had, in the past, resulted in an excessive number of amendments to the decisions granting assistance.

The Commission therefore proposes to enter into discussions with each Member States concerned on how this method of working can be better used. The concept of a group of projects should be a tool for establishing a more direct link between Cohesion Fund activities and the plans defined on a appropriate territorial basis in the area of environment.

### 2.3 Coordination with other Community instruments, in particular the ERDF

The legal arrangements governing the Cohesion Fund do not constitute an obstacle to greater coordination with the other Community instruments, and in particularly the ERDF.

For its part, the Commission has already tabled guidelines for programming assistance from the Structural Funds and their coordination with the Cohesion Fund during the period 2000-06.\(^1\)

Complementarity with the assistance to TENs, which is principally targeted at the feasibility and encouragement of projects of common interest, should also be verified.

One of the sources of coordination will be the programming documents drawn up by the Member States, including the Regional Development Plan, and, in the case of the Cohesion Fund, the Reference Framework.

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\(^1\) COM(1999)344 of 1/07/1999
The Commission will also make use of the guidelines it has drawn up as part of its communications on cohesion and the environment\(^2\) and cohesion and Transport\(^3\).

3. **PROJECT SUBMISSION BY THE MEMBER STATES**

In line with the principles set out in 2 above, the selection, preparation and submission of projects by the Member States must be more ordered and systematic than in the past; experience of management has suggested many improvements which could be made to projects as regards these points and in terms of their quality.

The efforts already made by both parties should be stepped up in three areas:

- better organisation of projects;
- higher-quality applications for assistance;
- new arrangements for financial management

### 3.1 Better organisation

This will be based on the following:

- the preparation of overall strategies for measures to be financed by the Cohesion Fund as identified mainly by the Regional Development Plan and the Reference Framework for the Cohesion Fund (based on the amended Article B of Annex II to the Regulation);
- the identification of sets of projects to be financed through planning documents and submitted to the Commission (e.g. plans for waste or water catchment areas);
- the calendar and arrangements for implementing the ‘polluter-pays’ principle;
- the efforts of the Member State to develop public-private partnerships.

In relation to this last point, the Member State will explain how it intends to make certain efforts to implement this type of partnership.

### 3.2 The quality of applications for assistance and their submission

#### 3.2.1 The new form for applying for assistance

A new form will be used to apply for assistance for projects to be financed from 1 January 2000 (Annex E). Under Article 2 of Regulation (EC) No 1264/99, applications for assistance already submitted to the Commission will remain valid provided that they are supplemented to comply with the new rules.

The new form includes the new requirements of the amended Regulation and has one part that applies to all projects and a second that is specific to environmental or transport projects.

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\(^3\) COM(1998) 806 of 14/01/1999.
In the past the Court of Auditors was critical when not all parts of the form were completed. In future, even if detailed information is provided in the documents annexed to the form, all appropriate sections will have to be completed, even if only briefly.

3.2.2 Eligibility


Such rules were laid down in the past. Some changes will be made to the existing Annex to the grant Decision dealing with eligibility. The existing rules will be adapted to take account of the general principles applicable to eligibility under the Structural funds.

3.2.3 Public contracts

The revised application for assistance incorporates a check-list (Annex II) to allow the Commission to verify that the competent authorities of the Member State have ensured compliance with the relevant Community legislation.

In accordance with the Commission’s new policy in this area, particular attention will be paid to this examination.

3.2.4 Project submission

The Regulation lays down no rules on the timing of the submission of projects. In order to retain flexibility, the Commission has proposed no change to this situation.

However, experience shows that projects were often submitted late in the year and that the number of applications for assistance submitted meant that the Commission had no “stock” of projects.

The Commission would like to have such a stock throughout the forthcoming period so that it can undertake selection and evaluation in a way which will ensure a flow of decisions to grant assistance which is more evenly spread over the year.

In any event, the Member State will have to engage in anticipatory management since Article C of Annex II to Regulation (EC) No 1164/94, as amended by Regulation (EC) No 1265/99, requires subsequent commitments to be made at the beginning of each budget year and as a general rule by 30 April.

This new provision should result in changes to past practices.

3.3 New financial management arrangements

The new regulation maintains, with certain adjustments, a system of financial management based on commitments by instalments and single commitments. However, substantial changes are introduced in the management of payment credits. For these an advance of 20% will be granted under certain conditions, followed by intermediate payments and the payment of the balance.

The new financial provisions that come into force from 1 January, 2000 are in Annex F1 and F2 to this document (the new annex III to the decision to grant assistance for single commitment and commitments by instalments respectively ).
1. **Legal background**

   - Article 2 of the Treaty establishing the European Community, as amended by the Treaty of Amsterdam, states that the Community’s task is to promote harmonious, balanced and sustainable development of economic activities and a high level of protection and improvement of the quality of the environment. Article 6 requires environmental protection requirements to be integrated into other Community policies with a view to promoting sustainable development. Article 130r has been replaced by Article 174 under which projects financed by the Cohesion Fund help achieve the environmental objectives laid down in accordance with the goals of the Fifth Community programme on policy and action on the environment and sustainable development.

   - Objectives laid down by Article 3 of the Cohesion Fund Regulation as amended.

2. **Commission guidelines for future programming**

   During the period 2000-06, the Cohesion Fund must frame its assistance in the context of a programming covering the whole of the period in order to give greater emphasis to the Community dimension while also reflecting the main points of and securing greater financial impact for environmental policy.

   The future strategy of the Cohesion Fund has been defined with regard to the following points:

   - the presentation of projects using a sectoral and territorial approach to the environment, by catchment area in the case of water supply projects and by region in the case of waste-water and waste-management projects;

   - attention to the ‘polluter-pays’ principle;

   - the rate of finance to be decided while taking account of the conformity of charging systems with this principle, particularly from the point of view that environmental costs should be borne by those who cause pollution;

   - an improved partnership between the public and private sectors and a systematic attempt to secure the greatest possible multiplier effect for Community assistance: encouraging participation by concession-holders and other forms of participation;

   - acceptance that the grouping of projects by the Cohesion Fund should comply with the criteria for grouping laid down in the new Annex II to the Cohesion Fund Regulation.

3. **Priorities for the Cohesion Fund**

   Justification of the priorities adopted for 1994-99 is confirmed by the need to complete the assistance begun during that period and to consolidate what has been achieved in the field of the environment, particularly in the most densely populated areas. Emphasis will be placed on financing major projects.

   This strategy should result in general objectives which can be quantified for each Member State according to the following sectoral priorities:
- The provision of drinking water: priority will be given to compliance with the framework directive on water. Assistance will go to ensuring adequate supplies of drinking water in large, densely-populated towns and to improving the quality of water supplied to consumers.

All the investments in water supply should be accompanied by a concrete action plan to limit water losses from the distribution system to an optimal percentage for the efficiency of the system.

The Cohesion Fund will prioritise that part of such systems concerned with infrastructure.

- Sewerage and water treatment: priority will given to compliance with the directive on waste-water treatment (91/271/EC) covering the collection, treatment and disposal of urban waste water as follows:

  - priority for 1998: sensitive areas;
  - priority for 2000: large urban areas with populations exceeding 15,000;
  - priority for 2005: small urban areas with populations of between 2,000 and 10,000.

These infrastructures should be accompanied by a management plan clearly indicating the financial means available to ensure the functioning and the maintenance of the investments realised.

- Management of solid urban, industrial and dangerous waste and hospital waste: priority will be given to solid urban waste projects which form part of waste plans for the whole national territory in accordance with the framework directive on waste, dangerous waste, etc.

Finance for projects in this sector will encourage waste reduction, recovery, exploitation and final elimination, as defined in the Directives.

The selection of projects to be financed will be based on the following guidelines:

- completing the cycle of assistance and measures missing from existing systems required to comply with the Directives;

- projects or groups of projects submitted to the Cohesion Fund will form part of integrated operational systems;

- the viability of the investment must be ensured; in particular operating costs must be covered by charges;

- water-management projects must relate to plans for water catchment areas and take quantitative and qualitative aspects into consideration, in particular the water balance in the areas and water supply questions;
- as regards water management in international catchment areas of the Iberian Peninsula, priority will be given to projects whose trans-national impact corresponds to Community priorities. Goals should be established for each catchment area. The possibility offered by the Cohesion Fund Regulation of undertaking studies and technical assistance should be used to a greater extent than in the past.

4. **Sectoral plans**

The Member States should draw up regional and national Plans in the various sectors of assistance for the environment, including a Reference Framework for projects submitted under the Cohesion Fund.

In the three priority sectors, coordination with the ERDF will take place in the context of implementation of these plans and the multi-annual programming of the ERDF.

The Member States will identify needs, determine the investment required and identify the investment likely to benefit from assistance from the Cohesion Fund and/or the ERDF.

The projects should be submitted as integrated systems that are consistent with the assistance proposed under the CSF, OP and SPD of the ERDF.

5. **Complementarity with the ERDF**

Greater coherence between Funds will be achieved by the following:

- The strategy and guidelines of the Cohesion Fund will be prepared in coordination with the ERDF and the sectoral DGs (DGs Environment and Transport), to improve coordination of sectoral policies (transport and the environment) at national level in support of regional development.

- The introduction of more explicit coordination mechanisms for checking projects and groups of projects financed by each Fund, as well as for the division of tasks.

- The definition of objectives and uniform indicators for all the Funds to facilitate monitoring and *ex post* evaluation

- The operation of the Monitoring Committees will be improved by establishing meetings to consider the most qualitative aspects in terms of the national and territorial sectoral objectives. Participation by the bodies responsible for implementation will be further encouraged.
ANNEX B

STRATEGY FOR COHESION FUND ASSISTANCE IN
THE TRANSPORT SECTOR: 2000-2006

1. LEGAL BACKGROUND

Article 2 of the Treaty establishing the European Community, as amended by the Treaty of Amsterdam, states that the Community’s task includes promoting harmonious and balanced development, economic and social cohesion and solidarity among the Member States.

Article 3, as amended, lists a common policy on transport, the strengthening of economic and social cohesion and encouragement for the establishment and development of trans-European networks among ways of undertaking the tasks listed in Article 2.

Article 155 of the Treaty establishing the Community provides for the identification of projects of common interest in the sphere of trans-European networks on the basis of the objectives, priorities and broad lines of measures for that purpose and also specifies that, in the area of these networks, specific transport infrastructure projects may be supported by the Cohesion Fund, with due regard to their potential economic viability.

2. COMMISSION GUIDELINES FOR 2000-06

The strategy of the Cohesion Fund for the new period should be to implement the Community guidelines for development of the trans-European transport networks, with particular regard to corridors and key points in the networks.

The priorities for assistance will seek to:

- make the various transport systems more effective by integrating the different modes (road, rail, sea and air);
- balance assistance among the various modes of transport by promoting the development of combined transport through interconnection centres and intermodal platforms;
- solve problems of access while looking at needs for communications between regions or Member States;
- encourage more sustainable and less polluting forms of transport to reduce emissions of greenhouse gases. This will concern road and air traffic.
3. **Strategic Approach**

The Cohesion Fund will continue to play a key role in implementing the trans-European networks, particularly with regard to the corridors and key points in the networks and measures concerning the missing links in priority routes defined at Essen. To this end, each Member State will draw up a Reference Framework setting out the strategic objectives for assistance, which can be achieved by 2006 and precisely identifying the projects which will enable those objectives to be achieved. That Reference Framework will include an initial indication of the costs of the investments required, a provisional timetable for implementation and an indicative plan of the sources of finance. This document should demonstrate its coherence with the Regional Development Plan.

In implementing the main projects, the Cohesion Fund will seek greater efficiency by encouraging the use of different forms of finance and greater use of private finance. More specifically, use of methods of implementation based on partnership between the public and private sectors (PPP) should be extended.

3.1 **Development of the TENs**

The concept of the trans-European transport network has developed since the entry into force of Decision No 1692/96, to which the new Cohesion Fund Regulation refers. It is important therefore to identify its content clearly while bearing in mind that the development of TENs will continue. It is essential to take account of the Community guidelines with which the Cohesion Fund’s priorities for assistance must comply in the forthcoming period.

The TENs comprise not only transport infrastructure but also traffic management systems and systems for determining position and navigation. The need is not just to construct new infrastructure but also to make better use of what already exists.

The priorities for the establishment and development of links, key points and interconnections to eliminate bottlenecks, improve access to the network from peripheral and island regions and fill in the missing links on major routes must be retained.

However, fresh approaches appear necessary in the following areas:

- Promoting the interoperability of networks.

- Making greater use of combined transport by establishing interchange centres and intermodal platforms, mainly for goods transport, so that intermodality can operate effectively.

- Seeking coherence and complementarity in terms of both space and time in carrying out projects located in the priority corridors (the Essen list).

- Internalising environmental costs through stricter application of the ‘polluter-pays’ principle and seeking alternative solutions for the most polluting modes of transport, having regard to the Kyoto commitments on air quality.
• Establishment of trans-European corridors for rail freight transport and identification of transhipment areas coordinated with freight corridors.

• Higher-quality service by providing better, safer and more comfortable traffic management and reducing obstacles.

3.2 PRIORITIES FOR THE SECTOR

In the broad context of the concept of trans-European network, it seems useful to establish, in the light of country specific features, the priorities for Cohesion Fund assistance and specify the projects of common interest which should be part-financed, having regard to the fact that needs for finance far outstrip the funds available. To compensate for this shortfall, the participation of the private sector and use of the multiplier effect of public and Community finance in arrangements of the PPP type will be encouraged.

The Cohesion Fund will part-finance projects with the following objectives (in order of priority):

• Completion of the missing links in the main routes identified by the Essen European Council (9 and 10 December 1994).

Continuing part-finance in this area is justified by the need to complete assistance to these priority routes begun during the previous period.

• Encouraging rail and combined transport

The aim is to consolidate the trend for rail to replace road transport.

• The development of intermodal platforms

Intermodal platforms are a vital feature of the rational utilisation of existing infrastructure and better connections between sea and land transport. They will receive enhanced Community co-financing in 2000-06, especially in areas and regions where access is difficult or which are under-developed.

• Improved traffic management

The application of new technologies - the European system to manage road and rail traffic ERTMS, for example - and the application of pilot measures under the satellite positioning and navigation systems should result, in the long term, in more efficient traffic management on all existing infrastructure.

3.3 PRIORITIES BY MODE OF TRANSPORT

Within each mode of transport, the projects which will receive priority are those whose aims include:

Road transport
• Completion of projects part-financed during the previous period and the improvement of the existing network.

• Continuing improvements in access by people and goods to centres of economic activity, particularly in areas whose road networks are still not up to standard. Priority will be given to links between the road network and other modes of transport, particularly where there are no alternative means of transport.

**Rail**

• Completion of corridors part-financed during the previous period and the improvement of the existing network.

• Continuing extension of the high-speed network.

• Improving intermodal traffic and rail access to loading points, particularly ports.

**Sea transport**

• Encouraging measures to improve the integration of port and town and respect for the environment.

• Finding an appropriate solution to land access to ports, mainly where there are no alternatives to sea transport.

• Improve those port infrastructures that could facilitate and promote the development of cabotage, especially in proximity to those ports which are part of trans-European networks.

**Combined transport**

• Further development of centres for modal exchange.

• Greater expansion of international combined transport through projects which promote technical harmonisation with the rest of the Community.

**Air transport**

• Participating with the private sector in establishing and developing international connection points.

• Helping eliminate bottlenecks at airports, when they result from shortcomings in infrastructure and/or air navigation systems.

• Improving conditions for better coordination with other means of transport.

4. **COMPLEMENTARITY WITH THE ERDF**

Greater coherence between Funds will be achieved by the following:
• The strategy and guidelines of the Cohesion Fund will be prepared in coordination with the ERDF and the sectoral DGs (DGs Environment and Transport), to improve coordination of sectoral transport policies at national level in support of regional development.

• The introduction of more explicit coordination mechanisms for checking projects and groups of projects financed by each Fund, as well as for the division of tasks.

• The definition of objectives and uniform indicators for all the Funds to facilitate monitoring and ex post evaluation.
ANNEX C

The New Programming period 2000-2006:

Application of the Polluter Pays Principle
Differentiating the rates of Community assistance for Structural Funds, Cohesion Fund and ISPA infrastructure operations
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1.1.1. I. INTRODUCTION: THE GENERAL FRAMEWORK

The new General Regulation of the Structural Funds, the revised Cohesion Fund Regulation and the new pre-accession instrument ISPA include provisions to apply the Polluter Pays Principle to the operations of the Funds. In particular, the new Regulations for the Funds make provision for differentiating the rates of contribution by reference to the Polluter Pays Principle\(^4\).

The Polluter Pays Principle implies that those who cause environmental damage should bear the costs of avoiding it or compensating for it. Therefore public financing of environmental policy is in most cases to be avoided, as it should be financed by the polluters themselves as far as they can be identified. However in its earliest policy statement on the Polluter Pays Principle (Council Recommendation (75/436/Euratom, ECSC, EEC and the attached Communication) the Commission set out a number of exceptions to the Polluter Pays Principle, which are also provided for under Article 175(5) of the Treaty\(^5\).

Currently application of the Principle varies considerably between the Member States. Without a coherent and homogeneous Community wide framework there is a danger of unequal treatment between Member States in the implementation of Community funding especially in the decisions on rates of assistance.

The Commission’s recent communication on guidance for programmes in the period 2000-06 (COM(1999)344) set out the basic elements of a framework for the application of the Principle:

- a system should be promoted through the differentiation of rates of assistance, whereby the environmental costs related to the treatment of pollution and/or preventive actions are borne by those who cause the pollution;
- the application of the polluter-pays principle must be compatible with the goals of economic and social cohesion;
- its development should be progressive and concern the range of infrastructure sectors covered by Community funding;
- it should take into account the social acceptance of charging;
- it should take into account Treaty provisions related to the careful and rational use of resources, especially water and energy

This paper sets out proposals for practical modalities to be applied to the co-financing of infrastructure operations under the Cohesion Fund, the Structural Funds and ISPA, as set out

\(^4\) Art.29(1) c of Council Regulation (EC)1260/1999 laying down general provisions on the Structural Funds, Article 7(1) of Council Regulation (EC) 1264/1999 amending Regulation (EC) No 1164/94 establishing a Cohesion Fund, Art 6 (2) c of the Council Regulation establishing an Instrument for Structural Policies for Pre-Accession 1267/1999. In addition article 26 of the Regulation laying down general provisions on the Structural Funds, requires for the approval of large projects, information to be provided to allow an evaluation to be made on the implementation of the Principle.

\(^5\) The exceptions include heavy short-term costs; regional and other aids - provided State aid rules are respected. In addition a number of forms of financial assistance are stated not to be contrary to the Principle: contributions to local authorities to construct or operate environmental infrastructure, the cost of which could not be wholly covered in the short term from the charges paid by polluters using them; compensation for particularly heavy costs for exceptional degree of environmental cleanliness.
in Section III, in accordance with the above elements. The key aim is to encourage a greater application of the Principle through differentiation of rates of assistance and thereby contribute both to a more effective use of public finance and the conservation of natural resources. At the same time it is important to ensure that there is no discrimination by setting lower rates of assistance for Member States who integrate the Polluter Pays Principle into co-financed operations than for Member States who do not.
1.1.2. II. INFRASTRUCTURE OPERATIONS ADDRESSED IN THESE MODALITIES

Environment, transport and energy infrastructure operations account for over 90% of the Community’s support for infrastructure through the Cohesion and Structural Funds in the current programming period. In view of the impact of such operations on the environment the application of the Polluter Pays Principle is most relevant in these infrastructure sectors.

In order to apply the principle to these infrastructure sectors charging systems need to be in place. These systems should aim to charge for the use of the infrastructure and for the pollution caused by the infrastructure. The users of infrastructure should therefore contribute both to the costs of pollution abatement as well the costs of operating, maintaining and replacing infrastructure. Such charges provide a certain revenue and therefore have a bearing on the rate of Community assistance. Rate differentiation as provided for in the draft Regulations is linked to a range of possible factors, including for example the ability of an operation to generate revenues. It is therefore important not to see application of the Polluter Pays Principle in isolation.

The legislative frameworks at Community level providing for the charging in these sectors are at different stages of development (see Annex 3 for details). In the area of waste management, legislation requiring charges for waste disposal has been in place for a number of years. In relation to water, the proposed Water Policy Framework Directive on which the Council reached a common position (9085/3/99 Rev 3 22.10.1999) will create a legal basis for charges.

In the area of transport infrastructure the Commission’s White Paper ‘Fair Payment for Infrastructure Use’ (COM(1998) 466) aims to set an overall framework for transport infrastructure charging to include pollution and other social costs. Draft legislation to implement the framework has been proposed for all modes of infrastructure.

As regards energy infrastructure, the Commission in its 1998 communication ‘Strengthening environmental integration within Community Energy Policy’ (COM (1998) 571) sets out its policy that the external costs of energy production and consumption should be internalised through appropriate combinations of taxes and charges.
1.1.3. III. MODALITIES FOR THE APPLICATION OF THE PRINCIPLE TO OPERATIONS CO-FINANCED BY THE STRUCTURAL FUNDS, COHESION FUND AND ISPA

Methods of Differentiation: The Approach for Different Infrastructure Sectors Depending on the EC Legislative Framework

Section II above and the details in Annex 3 show that the EC legislative frameworks for charging for pollution are at different stages of development for the various infrastructure sectors. In view of this the Commission in this paper proposes a distinction in the way the Polluter Pays Principle is applied in

i) sectors covered by a legislative framework and in

ii) sectors where currently there is no such legislative framework

As far as the detailed modalities on differentiation of rates of assistance are concerned:

i) Where the Community legislative framework for charging is fully in place, (currently for waste management) the rates of Community assistance should vary depending on the degree to which the charging system encourages an efficient use of and maintenance of infrastructure and consumption of resources in line with the Community legislation. The detailed modalities are set out in III 1.

ii) For the infrastructure sectors, where the legislative framework for charging for pollution is still being developed (currently water, transport and energy), the Commission proposes that differentiation of the rates of assistance be used as an incentive to develop such charging systems. This would start the process of progressive extension of the application of the Polluter Pays Principle to all the infrastructure operations co-financed by the Community.

As a first step it is proposed that such differentiation should apply to a limited number of types of infrastructure investments in these three sectors namely, on the one hand, in the transport and energy sectors those which satisfy the definition of trans-European Networks and the Directive on large combustion plants and the Directive on large combustion plants, and on the other hand, in the water sector those which are defined in the Directive on environmental impact assessment and the draft water Framework Directive. The detailed modalities are set out in point 2. Once a legislative framework is in place for these sectors the modalities set out in point 1 would apply.

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1.1.3.1. Infrastructure operations with an EC legislative framework on polluter pays principle charging

a) Charges based on the consumption of resources
Where the financing of an infrastructure project includes a charging system based on the real consumption of resources and through which maintenance and operational costs are covered and depreciation costs are largely covered, the ‘normal’ rate of assistance should apply, taking into account the other criteria for differentiation of the rates of assistance that are provided for in the different Fund regulations.

b) Insufficient charges
Where the financing of a project includes a system of charges (such as low flat rate charges), which are not based on the actual consumption of resources and do not provide the necessary financial means to properly maintain the infrastructure nor to cover the operational costs and a large part of the depreciation costs, then the rate of assistance should be reduced. In these cases the maximum rate of assistance should normally be that set out in the first column of the table in annex 1. (These are the same as the rates laid down for the different types of region in Article 29.4 (a) of the General Regulation).

In cases, where such charges do not cover at least the maintenance and operational costs of the infrastructure, the project should not normally be co-financed by the Community.

c) No charging system in place
Where the financing of a project does not include any charges related to the application of the Polluter Pays Principle, such an operation should not normally be co-financed by the Community. Such a decision should of course also take into account the conditions set out in section I of this paper and in COM (1999)344.

d) Particular cases, where a certain flexibility is necessary
• Projects with insufficient charges or no system of charges (i.e. cases falling under b) and c) above), but where there is a firm commitment based on a timetable on the part of the responsible authority to apply a system of charges based on the consumption of resources (as outlined under a)) and which can be verified, should not require any reduction in the rate of assistance.

---

9 Polluter pays principle charges are understood to mean financial impositions on service beneficiaries that are

(i) dedicated to meeting the cost of providing those services and

(ii) directly and proportionately linked to the level of real consumption

10 Here depreciation costs mean that the charges should be high enough to generate sufficient funds to pay for the replacement of the infrastructure at the end of its normal working life

11 This includes a situation where an entire category of major service beneficiary is exempted from charges.
In the case of an infrastructure project with mixed use for example by businesses and households, the charges applied to the businesses should cover the costs related to the treatment of any pollution produced by these businesses.

1.1.3.2. Infrastructure operations where an EC legislative framework on pollution charging is being developed

a) Types of infrastructure projects

The infrastructure projects to which differentiation of the rates of assistance to reflect the polluter pays principle should be applied in the first instance are the following:

**Water Infrastructure**

Water supply services, waste water treatment plants, works for the transfer of water resources between river basins, groundwater abstraction schemes, dams and other installations for holding back or storing water.

**Transport Infrastructure**

Motorways and other roads (construction and widening), railway lines, intermodal transhipment facilities and intermodal terminals, airports and airfields, port infrastructures;

**Energy production Infrastructure**

Thermal power stations and other combustion installations, pipelines for the transport of gas and oil, overhead electrical power lines.

b) Differentiation of the rates of assistance

In cases where such infrastructure projects are co-financed by the Community the rate of assistance should be adjusted to encourage the introduction of charging systems. These charging systems should be either proportional to the social marginal production costs, including costs for the environment and those linked to the scarcity of the resources in the rare of water, or calculated in such a way as to influence the choice of use of the different modes of operation (for example in the case of transport, a charging system which favours less-polluting methods). The functional

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12 As defined in detail in the annexes to Directive 85/337 (except water services, which are defined in the proposed Water Policy Framework Directive)


link with budgetary expenditure in favour of the environment could also be
appraised. Charges will provide a certain revenue and therefore normally imply a
lower rate of Community assistance than the maximum ceilings set out in the
Structural Fund, Cohesion Fund and ISPA regulations. At the same time due account
should be taken of the underlying conditions for polluter pays charging systems set
out in I and in COM (1999)344, when setting the rate of assistance. In addition the
modalities proposed here for differentiation only concern the Polluter Pays factor.
The Fund Regulations provide for a number of other criteria to be also taken into
account in the setting of rates of assistance including in particular the ability of an
operation to generate revenues other than those linked to the cost of remedying
pollution damage.

Modalities for the Structural Funds

In the cases of Structural Fund operations for water, transport and energy
investments listed above the starting point for the setting of rates of Community
assistance should be the ceilings laid down for infrastructure investments in Article
29.4 (a) of the Structural Funds General Regulation (i.e. the ceilings for investments
with substantial revenue). Therefore normally rates of assistance should not exceed
these ceilings (see the first column in the table in Annex 1).

However where charging systems are in place and where it can be shown
authoritatively (and in conformity with the criteria set out in point I of this
document) that these do not provide revenue over and above that required to cover
operation, maintenance costs and depreciation costs, the rates of assistance could be
increased within the overall limits for infrastructure laid down in Article 29 of the
General Regulation (see the second column in the table in Annex 1).

Modalities for the Cohesion Fund and ISPA

In the case of Cohesion Fund and ISPA projects, the application of the polluter pays
principle will be decided in close cooperation with the Member State/Applicant
Country. It would also be appropriate for the Commission and Member
State/Applicant Country to take as a starting point the limits applied to operations
with substantial revenue. In this case the limit set for Objective 1 Cohesion Fund
regions in Article 29.4 (a) of the Structural Funds General Regulation would apply
(see the first column in the table in Annex 1).

Where charging systems are in place and where it can be shown that these do not
provide revenue over and above that required to cover operation, maintenance costs
and depreciation costs, the rates of assistance could be increased within the overall
limits laid down in Article 7 of the Cohesion Fund regulation and Article 6 of the
ISPA regulation (see the second column in the table in Annex 1).
1.1.4. IV. IMPLEMENTATION

The Commission wishes to hold detailed discussions with Member States in the framework of the partnership on the ways in which these modalities for the application of the Polluter Pays Principle can be implemented. For the next programming period 2000-06, and especially as regards the preparation of the new CSFs, the Member States should provide the Commission with an analysis of the current situation on the application of the polluter-pays principle, and on the basis of this analysis, commit themselves to a strengthened application of this principle, fixing meaningful to be achieved during the first part of the programming period (3-4 years). For the sectors presently covered by Community legislation, a minimum commitment should include the removal of the cases mentioned at point I under b) and c) of part III (page 9). At the end of this first period, a specific mid-term evaluation will permit results to be assessed, and the bases for a wider and more complete application of the principle to be established. In any cases, from the Commission's standpoint and in respect of all of the instruments, it is vital that this implementation ensures equal treatment between Member States in the setting of rates of assistance, in particular in light of the different decision making procedures for determining the rates of assistance for the different financial instruments outlined in Annex 2.

Progressive implementation of these modalities over the forthcoming programming period 2000-06 in close cooperation between the Commission and the Member States will help to bring about a wider and better application of this Treaty principle. It is also part of the process of integrating environmental protection and improvement into Cohesion Policy. This proposal for the application of the Polluter Pays Principle sets out a step by step approach that will ensure that this implementation is fully consistent with the goals of economic and social cohesion.
Structural Funds, Cohesion Fund and ISPA

Proposed Differentiation of Rates of Assistance for Application of the Polluter Pays Principle to Water, Transport and Energy Infrastructure Operations

for 2000-06

A. Structural Funds

<table>
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## B. Cohesion Fund and ISPA

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<tr>
<td>Applicant Country</td>
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<td>75</td>
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<tr>
<td></td>
<td>85 in exceptional cases</td>
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</table>
Decisions on Rates of Assistance

The different Community Funds will have different decision making procedures for the fixing of rates of assistance during the 2000-06 programming period:

a) In the case of Structural Fund operational programmes, the responsible authorities in the Member States will decide on the rates of assistance to be applied.

Where a large project with an eligible cost of at least EUR 50 million is to be supported, the Commission will also be involved in the decision on the rate of assistance. According to Article 26 (3) of the General Regulation, the Commission will be able to amend the level of Community assistance proposed by the Member State.

b) In the case of the Cohesion Fund, the Commission adopts the projects and the rate of assistance in cooperation with the Member State.

c) In the case of the pre-accession instrument ISPA, the Commission will adopt the projects and the rate of assistance following an opinion of the management committee.
ANNEX 3
The Community Legislative Framework for the Polluter Pays Principle

1. General Framework

The Polluter Pays Principle is one of the basic principles of Community environmental policy and applies across the board through the European territory. It figured in the first Community environmental action programme (1973), was the subject of a 1975 Council Recommendation, was developed in the context of state-aids from the late 1970s on, and first appeared in the Treaty in 1987 with the adoption of the Single European Act. Article 174 paragraph 2 of the EC Treaty now provides that Community policy on the environment shall be based on …the principles… that the polluter should pay.

The Council Recommendation 75/436/Euratom, ECSC, EEC regarding cost allocation and action by public authorities on environmental matters was a starting point for the creation of a legal basis for the Polluter Pays Principle. It recommends that Member States conform to principles and rules contained in an accompanying Commission communication.

Key elements of the 1975 communication

- The definition of "polluter" refers to those causing direct or indirect environmental damage. This indicates that the concept requires more than the discharge or emission of pollutants.

- Standards and charges or a combination of these are identified as the major instruments of action.

- Charges are stated to have two functions (incentive and redistribution), and it is stated that polluters will be obliged to bear "the charges".

- A number of exceptions to the Polluter Pays Principle are set out (heavy short-term costs; regional and other aids - provided State aid rules are respected).

- A number of forms of financial assistance are stated not to be contrary to the Principle (contributions to local authorities to construct or operate environmental infrastructure, the cost of which could not be wholly covered in the short term from the charges paid by polluters using them; compensation for particularly heavy costs for exceptional degree of environmental cleanliness).

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15 The Single European Act refers to the Polluter Pays Principle as one of the principles on which environmental policy is based. The Maastricht Treaty introduced a further reference to the Principle in Article 175.5 which relates to the possibility of the Cohesion Fund financing Community environmental policy measures under the Cohesion Fund. This possibility is said to be without prejudice to the principle that the polluter should pay.
2. **Specific Provisions**

Since the 1975 Council Recommendation the development of a Community legislative framework for application of the principle has been limited. However the Commission has put forward a number of policy documents related to the application of the Principle and there are currently several Commission legislative proposals especially in the areas of environment and transport that if adopted would widen the scope.

a) **Environment**

Article 15 of Directive 75/442/EEC (as amended) on waste management requires Member States to have in place a system of charges for waste disposal:

‘In accordance with the polluter pays principle, the cost of disposing of waste must be borne by:

- the holder who has waste handled by a waste collector or by an undertaking as referred to in Article 9 and/or

- the previous holders or the producer of the product from which the waste came’

In relation to water, the proposed Water Policy Framework Directive on which the Council reached a common position (9085/99-30.07.1999), makes reference to water charges and should, once fully implemented in the Member States, create a legal basis for charges covering pollution costs. Article 9(1) of the common position states:

‘Member States shall take account of the principle of recovery of the costs of water services, including environmental and resource costs, having regard to the economic analysis conducted according to Annex IIIa, an in accordance in particular with the polluter pays principle. Member States may in doing so have regard to the social, environmental and economic effects of recovery as well as the geographic and climatic conditions of the region or regions affected’

[For several years the Commission has been considering an EC framework to address the problem of Environmental Liability and will shortly be presenting a White Paper on the subject. Environmental liability is the way and the means of making major polluters repair the damage that they have caused, or to pay for those repairs].

b) **Transport**

The Commission recently presented a White Paper (COM(1998) 466) entitled ‘Fair Payment for Infrastructure Use’ as one of the follow ups to the 1995 Green Paper “Towards fair and efficient pricing in transport”. It aims to set an overall framework for transport infrastructure charging and a timetable for action. The underlying principles for the Community approach are that the user should pay for use of infrastructure and that charges should be related to marginal social costs. These are variable costs that reflect the cost of an extra vehicle using the infrastructure including ‘external costs’ such as congestion, pollution and accidents. The White Paper proposes a phased approach for the establishment of a framework for charging over 1998-2004.

Short term priorities of the White Paper concern the development of methodologies (together with Member States) for the measurement of marginal costs and swift adoption of the existing Commission proposals on charging. These include the revision of the
‘Eurovignette’ Directive 93/89 (COM(1996)331) on charging for the use of road infrastructure on which the Council has just reached a common position and which introduces the concept that road charges may be differentiated according to environmental criteria. Proposals for other modes include the railway infrastructure charging proposal (COM(1998)480) and the airports charging proposal (COM(1997)154) and a proposed Directive on port reception facilities for ship-generated waste and cargo residues (COM(1998)452), which requires ports to provide facilities for ships to deliver their wastes and residues. The proposal requires the implementation of a fee system, which will recover from ships calling at ports a substantial contribution towards the operation of the facilities and disposal of the wastes and residues.

Other plans include the revision of Regulation 1107/70 on the granting of aid to transport. It is planned to allow aid to compensate for unpaid external environmental costs in other competing modes, in the absence of transport sector-wide charges to internalise external costs, in line with the principles in the White Paper. Second, the Trans-European Network-Transport guidelines are to be revised, and the use of Strategic Environmental Assessment (SEA) is likely to be a key feature. Finally, in the medium term, a directive on port infrastructure charging is also planned, making charges related to both infrastructure and external costs.

c) Energy

An overall legal framework for the Polluter Pays Principle in energy policy does not exist at the EC level, although in the recent decision on the revision of 5th Environmental Action Programme the Community is committed to encouraging the internalisation of external costs of energy production and consumption (Article 2 (3) a of Decision 2179/98/EC). Recent Commission Communications on ‘Strengthening environmental integration within Community Energy Policy’ (COM(1998)571) and ‘Energy Efficiency in the European Community – towards a strategy for the rational use of energy’ (COM(1998)246) advocate that infrastructure charges should normally reflect marginal costs at the point of use and that the external costs of energy production and consumption should be internalised through appropriate combinations of taxes and charges.
1. **Public expenditure or expenditure treated as such**

Assistance from the Cohesion Fund is determined as a percentage of public expenditure or expenditure treated as public expenditure.

‘Expenditure treated as public expenditure” includes expenditure borne by bodies operating within an administrative and legal framework which ranks them as public bodies.

*Expenditure by private bodies*

When an investment by a non-public body is submitted to the Cohesion Fund, the Member State must show that the expenditure is eligible. It must, in particular, specify the administrative and legal framework in which this body operates and provide any other useful information demonstrating that the expenditure submitted may be treated as public expenditure.

A concession covering the construction and the operation of infrastructure eligible for assistance from the Cohesion Fund in general constitutes a legal and administrative framework, which enables expenditure incurred by the concession-holder to be regarded as expenditure to be treated as public expenditure.

Specifically, this legal framework must include rules on the fixing of tariffs and provide for authorities and methods to control tariffs. The same provisions apply when the concession-holder is a company whose capital is held completely or primarily by the public sector and which is likely to be privatised.

A system of control and certification by the public authorities of expenditure carried out by the concession-holder will also be required.

2. **Rate of assistance.**

The rate of assistance shall be 80% to 85% of eligible expenditure.

However this rate may be reduced to take account of:

- the estimated amount of revenue generated by the project

- the application of the polluter-pays principle.

To this end the Commission supports the efforts of the Member States to maximise the multiplier effect of the resources of the Fund by promoting increased recourse to private sources of financing.
2.1 Taking revenue into account

The rate of assistance from the Fund is determined by taking account of revenue where this revenue results in net profits to users. The methodology used is as follows:

(i) Lifetime of investment

The lifetime varies according to the nature of the investment: it is longer for civil engineering works (30-40 years) than for technical installations (10-15 years). In the case of a mixed investment comprising civil engineering works and installations, the lifetime of the investment may be fixed on the basis of the lifetime of the principal infrastructure (in this case investment in the renewal of infrastructure with a shorter lifetime must be included in the analysis).

The lifetime may also be determined by considerations of a legal or administrative nature: for example the duration of the concession where a concession has been granted.

(ii) Residual value of investment

If it is considered that an investment has a residual value at the end of the selected period, this value must be taken into account, provided that it represents revenue for the owner (from the sale of the asset or its use during a period following the period used for the financial analysis).

(iii) Determination of net revenue

The revenue to be taken into account is the net revenue before financing costs and tax.

This is the revenue generated by use of the infrastructure minus running costs, maintenance costs, the costs of renewing installations having a lifetime shorter than that of the investment and the reserve necessary for the renewal of the installation at the end of its useful life.

Depreciation need not be taken into account.

(iv) Determining the cost of the investment

The cost of the investment to be taken into account includes all costs necessary to carry out the project, except the financing costs of loans during construction.

(v) Updating net revenue and investment

In order to determine the current value of the flow of net revenue and investment costs, a discount rate equal to the opportunity cost of the capital must be applied. In practice and under the current conditions, this rate ranges from 6% to 8% at real prices. If the flow is expressed in nominal prices, these rates have to be increased to take account of likely currency depreciation. The investments required to renew certain installations and the possible residual value of investment have to be included in the calculation.
2.2 Setting the assistance rate

A comparison between the current value of the net revenue and the current value of the investment determines the percentage of the investment that can be supported by revenue. Budgetary resources (equity gap) must cover the remainder of the investment. The ratio between the equity gap and net investment constitutes the ceiling on the assistance that may be granted to the project.

The rate of assistance from the Cohesion Fund to the project will not exceed the ratio between the equity gap and the investment or the rate laid down in the Regulation, whichever is the lowest.

The rate will be fixed in the light of the characteristics of the project and with particular attention to the results of the economic analysis, the need to maximise the multiplier effect and the application of the polluter-pays principle.

The rate will be fixed so as to maximise the multiplier effect of the resources of the Fund; that means that the contribution of the Cohesion Fund has to be the minimum needed to make the investment materialise. There must be a systematic search for complementarity between budgetary resources and resources from loans and risk capital contributions. In terms of complementarity with loans, the Cohesion Fund grant will in theory make it possible for an investment to be eligible for a bank loan, because its profitability with the grant would generate sufficient cash-flow for it to be able to service the debt.

The rate may be reduced to take account of the application of the polluter-pays principle as outlined in Annex C.

2.3 Where net revenue exceeds that initially envisaged

The assistance is determined on the basis of forecasts of future revenue and investment costs. If actual revenue differs from the forecasts, the investment could prove more profitable to the investor than initially expected.

This could constitute a problem, especially if the owner is not a public body but a private firm or one likely to be privatised.

The granting of assistance will be accompanied by a clause stating that if revenue exceeds the amount initially foreseen, the additional revenue must be reinvested in investments for the same purpose or the assistance must be reduced.

3. Cofinancing with other sources of Community finance

(i) Assistance from the ERDF and the TENs instrument

The Regulation excludes combining assistance from the ERDF and the Cohesion Fund for the same expenditure.

Involvement of the ERDF and the Cohesion Fund on the same project should also normally be avoided.
Assistance from two instruments towards the same system can be envisaged provided that advance planning allocates a separate role to each.

Coordination with the financial instrument of the trans-European networks should be sought systematically as this instrument normally contributes to feasibility studies and the establishment of management and supervision systems.

(ii) EIB loans

Synergy between assistance from the Cohesion Fund and EIB funding must be sought wherever possible. Joint analysis of the projects carried out by the two institutions should be used to determine the best financial package for each project.
EUROPEAN COMMISSION

ANNEX E

REF N°: ............................

PROJECT TITLE: ........................................................................................................

THE COHESION FUND - 2000-2006

APPLICATION FOR ASSISTANCE

COUNCIL REGULATION (EC) N° 1164/94 of 16 May 1994
COUNCIL REGULATION (EC) N° 1264/99 of 21 June 1999
COUNCIL REGULATION (EC) N° 1265/99 of 21 June 1999

ENVIRONMENT AND TRANSPORT
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THE COHESION FUND

IMPORTANT NOTICE
APPLICATION FOR ASSISTANCE

Use this application form in the case of:

- a single project;
- a stage of a project which is technically and financially independent;
- a group of projects linked to a visible strategy and forming a coherent set.

The application form and Annexes I, II and III (Part A or B) must be completed in all cases. Annex I a) should be completed when required.

One original and nine copies\(^1\) of the form should be submitted to:

European Commission
Directorate General REGIO
Directorate E
Rue de la Loi, 200 - B 1049 Brussels.

All financial information must be given in Euro.

The application must be accompanied by a full report describing the project and its anticipated effects, and any other information relevant to its assessment, including:

- feasibility or preparatory studies;
- maps showing the location of the project(s);
- cost-benefit and financial analysis;
- environmental impact documentation (see Annex I);
- public procurement documentation.

In order to facilitate the assessment of projects, summaries of technical documentation may be provided.

An electronic version of this application form is available in [www.inforegio.cec.eu.int].

\(^1\) It is also possible to deliver one certified original and one diskette, CD-Rom or to transmit the document by E-mail in a compatible format (Rich Text Format or equivalent). Any non-digitalised material (maps, copies of documents, etc) should be transmitted with nine copies.
THE COHESION FUND:
APPLICATION FOR ASSISTANCE

1. TITLE OF PROJECT, ORGANISATIONS & REFERENCES

1.1 Title of the project/group of projects/stage of a project

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1.2 For groups of projects, list of individual projects

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1.3. Authority responsible for the application

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<td>4. Tel.</td>
<td>5. Fax</td>
<td>6. E-mail</td>
</tr>
</tbody>
</table>

1.4. Organisation responsible for implementation

<table>
<thead>
<tr>
<th>Project Number</th>
<th>1. Name</th>
<th>2. Address</th>
<th>3. Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>4. Tel.</td>
<td>5. Fax</td>
<td>6. E-mail</td>
</tr>
<tr>
<td>2</td>
<td>4. Tel.</td>
<td>5. Fax</td>
<td>6. E-mail</td>
</tr>
<tr>
<td>...</td>
<td>1. Name</td>
<td>2. Address</td>
<td>3. Contact</td>
</tr>
</tbody>
</table>

Add rows if necessary
(*) Please answer Yes or No.

1.5. Authority to which payments are to be made

<table>
<thead>
<tr>
<th>1. Name</th>
<th>2. Address:</th>
<th>3. Contact:</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Tel.</td>
<td>5. Fax</td>
<td>6. E-mail</td>
</tr>
</tbody>
</table>

1.5.7. Bank Account:
## 2. PROJECT TYPE AND LOCATION

### 2.1 Sector

- 61 - Environment
- 65 - Transport

### 2.1.1 Environmental domain

- Water treatment and supply
- Waste water treatment
- Waste management
- Other (please specify)

### 2.1.2 Transport domain

- Road
- Rail
- Port
- Airport
- Others (please specify)

### 2.2 Project Type

- Single project
- Stage of a project
- Group of projects
- Other (specify)

### 2.3 Location of project(s)

<table>
<thead>
<tr>
<th>Project number</th>
<th>Member State (NUTS I)</th>
<th>Region (NUTS II)</th>
<th>County (NUTS III)</th>
<th>Municipality</th>
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</thead>
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</tbody>
</table>

*Add rows if necessary*
3. PROJECT OBJECTIVES

3.1 Explain the objectives of the project / stage of project / group of projects (see also Annexes III Part A or B)

3.1.1 Describe the relevant overall strategy and explain how the project(s) will contribute to its implementation.

………………………………………………………………………………………………
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Use more space if necessary

3.1.2 Explain the main problems detected and to which extent the project, the stage of project or the group of projects contributes to their resolution

………………………………………………………………………………………………
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Use more space if necessary

3.1.3 Fully describe objectives and targets
(e.g. in the case of transport projects specify bottlenecks to be tackled, planned increase in capacity, improvement in traffic speed or service levels, national and international traffic growth or other problems to be resolved; in the case of environmental projects specify the problems to be solved, population served, quality improvements, reductions of pollution, etc.)

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Use more space if necessary

3.1.4 Outline the coherence of the project with other’s interventions

………………………………………………………………………………………………
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Use more space if necessary

3.2 Explain briefly the possible alternatives considered for the solution of the main problems detected, which are intended to be solved by the project(s), and give the reasons for not pursuing these alternatives.

………………………………………………………………………………………………
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Use more space if necessary

3.3.1 Principal quantified objectives

Fill the table when possible

<table>
<thead>
<tr>
<th>Project number</th>
<th>Objective 1:</th>
<th>Objective 2:</th>
<th>Objective 3:</th>
<th>Objective 4:</th>
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<tbody>
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<td>Total</td>
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</tbody>
</table>
### 3.3.2 Secondary quantified objectives

*Fill the table when possible*

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<th>Objective 1:</th>
<th>Objective 2:</th>
<th>Objective 3:</th>
<th>Objective 4:</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>
4. PROJECT DESCRIPTION

4.1 Please give a description of the overall project / stage of project / group of projects (see also Annexes III Part A or B)

- In the case of a stage of project describe the main project to which it relates, describe the stage or section concerned, how it relates to the complete project and why it can be considered technically and financially independent in its own right.
- In the case of a group of projects describe the overall characteristics of the group and give a full description of each project included in the group.
- Use quantified indicators (e.g. capacity of water supply/treatment plants, population served, level of treatment proposed, kms road/rail to be constructed/upgraded, structures - bridges, interchanges, tunnels, viaducts – to be constructed, equipment/supplies required, etc) by filling the box 4.3.1 and 4.3.2
- Use annexes and plans if necessary.

Use more space if necessary

4.2 If the project is likely to have an important cross-border impact by virtue of its size and/or location tick the yes box and explain the reasons.

Yes ☐ No ☐

Use more space if necessary

4.3.1 Quantitative description: principal indicators

<table>
<thead>
<tr>
<th>Project number</th>
<th>Indicator 1:</th>
<th>Indicator 2:</th>
<th>Indicator 3:</th>
<th>Indicator 4:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

Add rows and columns if necessary

Total

*Use more indicators if necessary

4.3.2 Quantitative description: secondary indicators

<table>
<thead>
<tr>
<th>Project number</th>
<th>Indicator 1:</th>
<th>Indicator 2:</th>
<th>Indicator 3:</th>
<th>Indicator 4:</th>
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<tbody>
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</tbody>
</table>

Add rows and columns if necessary

Total

*Use more indicators if necessary
### 5. TIMETABLE

#### 5.1 Timetable foreseen

<table>
<thead>
<tr>
<th>Project number</th>
<th>Previous stages and studies(*)</th>
<th>Market procurement</th>
<th>Land acquisition</th>
<th>Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Start date</td>
<td>End date</td>
<td>Start date</td>
<td>End date</td>
</tr>
<tr>
<td>1</td>
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<td>.../.../...</td>
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</tr>
<tr>
<td></td>
<td>Operational phase starts: .../.../...</td>
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<td></td>
</tr>
<tr>
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<td>.../.../...</td>
<td>.../.../...</td>
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<td>.../.../...</td>
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<tr>
<td></td>
<td>Operational phase starts: .../.../...</td>
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<td>.../.../...</td>
<td>.../.../...</td>
<td>.../.../...</td>
<td>.../.../...</td>
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<tr>
<td></td>
<td>Operational phase starts: .../.../...</td>
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<tr>
<td>Total group</td>
<td>.../.../...</td>
<td>.../.../...</td>
<td>.../.../...</td>
<td>.../.../...</td>
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<tr>
<td></td>
<td>Operational phase starts: .../.../...</td>
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</tbody>
</table>

(*) This phase includes: feasibility studies, cost/benefit analysis, financial analysis and environmental impact analysis.

#### 5.2 Briefly explain the earlier phases of the project / stage of project/ group of projects already undertaken.

<table>
<thead>
<tr>
<th>Project number</th>
<th>Phases description</th>
<th>Start date</th>
<th>End date</th>
</tr>
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<tr>
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<td>.../.../...</td>
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<td>Phase 3</td>
<td>.../.../...</td>
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<tr>
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<td>Phase 3</td>
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<tr>
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<td>Add rows if necessary</td>
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<td></td>
</tr>
</tbody>
</table>

#### 5.3 In the case of a stage of a project, give the anticipated construction timetable and a description of other related stages.

<table>
<thead>
<tr>
<th>Project number</th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>Stage 4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Start date</td>
<td>End date</td>
<td>Start date</td>
<td>End date</td>
</tr>
<tr>
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<td>Description</td>
</tr>
<tr>
<td></td>
<td>Add rows and columns if necessary</td>
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<td></td>
</tr>
</tbody>
</table>
## 6. COSTS OF PROJECT

### 6.1 Eligible Costs

<table>
<thead>
<tr>
<th>Project number</th>
<th>Planning</th>
<th>Land acquisit.</th>
<th>Site prepar.</th>
<th>Building &amp; Const.</th>
<th>Equipment</th>
<th>Technical Assist.</th>
<th>Publicity</th>
<th>Contingency</th>
<th>VAT or equivalent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

*Add rows if necessary*

### 6.2 Expenditure before the application date* and/or identified as non eligible*

<table>
<thead>
<tr>
<th>Project number</th>
<th>Planning</th>
<th>Land acquisit.</th>
<th>Site prepar.</th>
<th>Building &amp; Const.</th>
<th>Equipment</th>
<th>Technical Assist.</th>
<th>Publicity</th>
<th>Contingency</th>
<th>VAT or equivalent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
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</table>

*Refer to expenditure eligibility rules issued by the Commission (see Vademecum)*

### 6.3 Total cost

<table>
<thead>
<tr>
<th>Project number</th>
<th>Planning</th>
<th>Land acquisit.</th>
<th>Site prepar.</th>
<th>Building &amp; Const.</th>
<th>Equipment</th>
<th>Technical Assist.</th>
<th>Publicity</th>
<th>Contingency</th>
<th>VAT or equivalent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

*Add rows if necessary*

### 6.4 Value Added Tax

If the organisation responsible for implementation is not subject to VAT (you filled in “NO” in §1.4.7) please give the legal basis for the exemption.

Use more space if necessary

If the organisation responsible for implementation is subject to VAT and it can not recover totally or partially the amount of the VAT paid, please explain the situation and give the legal basis applied to each particular case. Give the VAT percentage not recovered.

Use more space if necessary

### 6.5 Eligible cost by year

<table>
<thead>
<tr>
<th>Project Number</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
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</tbody>
</table>

### 6.6 Financial Plan (see next page)
(based on the foreseen expenditure to be incurred by the organisation responsible for implementation)
## FINANCING PLAN

**Project:**

**No:**

### Public Expenditure or equivalent that meets the eligibility criteria for the Cohesion Fund

<table>
<thead>
<tr>
<th>Year</th>
<th>TOTAL</th>
<th>Cohesion Fund</th>
<th>National Authorities</th>
<th>Other</th>
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</tbody>
</table>

### Community Loans

(For information purposes only)

1. Total Investment

2. % Eligible Cost/Total Investment

3. Expenditures made before the application date
   \[ [10] \]

4. Non-eligible costs
   \[ [11] \]
6.7 Estimate the proportion of total cost attributable to measures taken to reduce and/or compensate negative environmental impacts and describe the measures taken

<table>
<thead>
<tr>
<th>Project number</th>
<th>% of project cost</th>
<th>Measures taken</th>
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</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6.8 If the total eligible cost of the project or group of projects is less than 10 million Euro, tick the "yes" box and justify why the project should be considered for assistance

Yes [ ] No [ ]

Use more space if necessary
7. **FINANCIAL & ECONOMIC ANALYSIS**

**FINANCIAL ANALYSIS**

All applications must be accompanied by a financial analysis, attached in annex, indicating:
- description of methodology (with particular mention to the assumptions made);
- economic life of project;
- capital costs;
- the revenues generated (if any);
- the operating and maintenance costs over its lifetime;
- revenues generated over its lifetime;
- discounted cash flow (DCF) analysis;
- sensitivity analysis;

7.1 **Anticipated operational costs and incomes in the year after the project has become substantially operational.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Estimated incomes (1)</th>
<th>Estimated operational costs (2)</th>
<th>% (2)/(1)</th>
<th>Net incomes (3) = (1) - (2)</th>
<th>Amortisation costs (4)</th>
<th>% (3)/(4)</th>
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</thead>
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Add rows if necessary

Total

7.2 **Summary of the financial analysis made and calculation of the maximum rate of co-financing**

<table>
<thead>
<tr>
<th>Project number</th>
<th>Project life (years)</th>
<th>Financial rate of return WITH the Cohesion Fund Assistance (1)</th>
<th>Financial rate of return WITHOUT the Cohesion Fund Assistance (2)</th>
<th>Net Present Value of Investment (3)</th>
<th>Net Present Value of Net Revenues (4)</th>
<th>% (4)/(3)</th>
<th>% 1 - (4)/(3)</th>
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</thead>
<tbody>
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Total

Please comment:

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Use more space if necessary

**In no case should this percentage be higher than 85% of the eligible public expenditure.**
7.3.a Describe the income foreseen in the financial analysis distinguishing between what is generated through tariffs or levies from what is generated by sale of products or other. Explain the method used in this calculation

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7.3.b If income is generated through tariffs or levies, explain if they differ between various users.

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7.3.c If income is generated through tariffs or levies explain if they are proportional to the depreciation of the project / real consumption and / or to the pollution generated by users.

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7.4 Describe the costs foreseen in the financial analysis and explain the method used in their calculation.

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7.5 If the project is not generating income, explain what provisions have been made to cover operating and maintenance cost to ensure the viability of the project

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7.6 ECONOMIC ANALYSIS

All applications must be accompanied by a cost-benefit analysis, or other quantified economic analysis, such as cost effectiveness analysis or multi-criteria analysis. In the case of cost-benefit analysis, it should include the following:
- description of methodology;
- alternative options considered;
- direct and indirect costs and benefits in construction stage;
- direct and indirect costs and benefits in operational stage;
- key assumptions made in valuing costs and benefits;
- assessment of costs and benefits which cannot be fully quantified or valued;
- main beneficiaries of the project(s) and anticipated rate of utilisation;
- results of analysis expressed in terms of Internal Rate of Return, Net Present Value or benefit-cost ratios;
- assessment of risk and uncertainties (estimated effect of changes in main parameters);
- conclusions.

7.6.1 Main costs identified in the Cost-Benefits Analysis (CBA)

<table>
<thead>
<tr>
<th>Project number</th>
<th>Cost 1: …………….</th>
<th>Cost 2: …………….</th>
<th>Cost : …………….</th>
<th>TOTAL</th>
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<tbody>
<tr>
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<td>Present Value</td>
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<td>Present Value</td>
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7.6.2 Main benefits identified in the CBA

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<th>Project number</th>
<th>Benefit 1: …………….</th>
<th>Benefit 2: …………….</th>
<th>Benefit ……….</th>
<th>TOTAL</th>
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7.7 Main results of the CBA

<table>
<thead>
<tr>
<th>Project number</th>
<th>Economic Life</th>
<th>Net Present Value of Costs</th>
<th>Net Present Value of Benefits</th>
<th>Net Present Value</th>
<th>Internal Rate of Return</th>
<th>Benefit/Cost Ratio</th>
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Briefly comment the main conclusions of the CBA

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7.8 Give details of the main non-quantifiable / non valuable benefits and costs identified in the analysis

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use more space if necessary

7.9 If CBA has not been used, give reasons, describe the method of analysis used as well as the main conclusions of the analysis

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RISK AND SENSITIVITY ANALYSIS

7.10 Describe the main assumptions of the analysis and indicate the main results to changes in Internal Rate of Return (IRR) and in Net Present Values (NPV)

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<tr>
<th>Parameter</th>
<th>Type of modification</th>
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(*) Add more relevant parameters if necessary

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8. FINANCIAL ASSISTANCE

8.1 Amount and rate of financial assistance requested

<table>
<thead>
<tr>
<th>Project number</th>
<th>Eligible Cost (in Euro)</th>
<th>Amount of financial Assistance (in Euro)</th>
<th>Rate of Assistance Requested (%)</th>
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</table>

8.2 If the project duration is less than 2 years or the amount of the assistance does not exceed 50 millions Euro, is the grant requested as a single commitment?

Yes [ ] No [ ]
## 9. IMPACT ON EMPLOYMENT

### 9.1 Number of jobs created*

<table>
<thead>
<tr>
<th>Project number</th>
<th>Construction Phase</th>
<th>Operational Phase</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Direct jobs</td>
<td>Indirect jobs</td>
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*In annual full-time equivalents
## 10. COMPATIBILITY WITH COMMUNITY POLICIES

### 10.1 Public procurement

<table>
<thead>
<tr>
<th>Project Number</th>
<th>Type of Contract</th>
<th>Brief description</th>
<th>Estimated Costs</th>
<th>Number of Contracts foreseen</th>
<th>Cost of contracts already awarded*</th>
<th>Number of Contracts awarded*</th>
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<tbody>
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<td>1</td>
<td>Studies</td>
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*Add rows if necessary

(*) Details for contracts already awarded, please fill the Annex II

### 10.2 Concessions

Please attach a copy of the contract and give details of their essential elements (name of the contractor, legal status, duration of the contract, subject, etc.)

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### 10.3 Competition

<table>
<thead>
<tr>
<th>Project Number</th>
<th>Does the project involve a State Aid?</th>
<th>If YES, give details (e.g. if registered in a state aid scheme or in an ad hoc case, number of notification, reference of the letter of approval by the Commission, etc)</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Yes</td>
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10.4. Environment

10.4.1 Explain how the project contributes to the objectives of sustainable development

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10.4.2 Explain how the project respects the polluter pay principle

If the project does not respect this principle, explain the reasons

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10.4.3 Consultation of the environmental authorities

<table>
<thead>
<tr>
<th>Project Number</th>
<th>Have the environmental authorities concerned by the project been consulted?</th>
<th>If YES, give name and address of the authority and the result of the consultation.</th>
<th>If NO, give the reasons</th>
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<tr>
<td>Yes</td>
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10.4.4 Environmental Impact Assessment

Please complete for each project Annex I to this application form on Environmental Impact Assessment

10.4.5 If the project(s) envisage(s), apart from an Environmental Impact Assessment, any additional environmental integration measures (e.g. environmental audit, environmental management, specific environmental monitoring), tick the “Yes” box and specify the measure.

<table>
<thead>
<tr>
<th>Project Number</th>
<th>If YES specify the measure(s).</th>
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<tbody>
<tr>
<td>Yes</td>
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10.5 Others

10.5.1 Please refer to any other Community policy of relevance to the project (e.g. agriculture, energy, etc) and explain the connection:

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Use more space if necessary
11. CONSISTENCY WITH OTHER MEASURES FINANCED BY THE COMMUNITY

11.1 Is this project complementary to any programme, project, or other form of intervention financed or to be financed by the Structural Funds?

Yes ☐  No ☐

If yes, give details:
(In the case of projects previously financed by the structural funds indicate the independence of this project)

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11.2 Has an application been made for financial assistance from any other Community source, including the EIB, for this project?

Yes ☐  No ☐

If yes, please give details:
Financial instruments concerned, reference No°, dates, amounts requested, amounts granted, etc.

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12. MONITORING

12.1 Specify the indicators to be used for monitoring and assessing the physical progress of the project:

(a) *Identify key indicators (e.g. earth works, material used, main structures, equipment, pipelines, etc.)*

(b) *Give estimated volume of work required to complete project.*

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<tr>
<th>Indicator</th>
<th>Project Number</th>
<th>Units used</th>
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</table>

(*) *Add more relevant indicators if necessary*
13. ARRANGEMENTS FOR MANAGEMENT, MONITORING, CONTROL AND EVALUATION

13.1 Briefly explain the arrangements in place for the monitoring, financial control and evaluation of the project

........................................................................................................................................
........................................................................................................................................
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........................................................................................................................................

Use more space if necessary

13.2 Specify if there are any special arrangements that apply to this project

(eg. project management, specific monitoring committee)
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................

Use more space if necessary
### 14. PUBLICITY MEASURES

#### 14.1 Give details of publicity foreseen for the project

*Refer to guidelines on information and publicity (to be issued by the Commission)*

<table>
<thead>
<tr>
<th>Project Number</th>
<th>Type of Publicity and brief description</th>
<th>Expected duration (in months)</th>
<th>Estimated Costs of the campaign</th>
<th>Estimated date of start</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>On site notice(s)</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Newspaper</td>
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<td>TV …</td>
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<td>2</td>
<td>On site notice(s)</td>
<td></td>
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<tr>
<td></td>
<td>Newspaper</td>
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<tr>
<td></td>
<td>TV …</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>On site notice(s)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Newspaper</td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td>TV …</td>
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<tr>
<td>……</td>
<td>Add rows if necessary</td>
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<tr>
<td>…….</td>
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</tr>
</tbody>
</table>

Comments if necessary

Use more space if necessary
15.A ENVIRONMENT PROJECTS

The following questions are intended to determine the general eligibility of environment projects for assistance from the Cohesion Fund. (See also Annex III Part A)

15.A.1 Explain to which of the environmental objectives of Art. 174 of the Treaty of the European Community and objectives or themes of the 5th Environmental Action Programme the project relates.

<table>
<thead>
<tr>
<th>Objectives / Themes</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preserving, protecting and improving the quality of the environment</td>
<td></td>
</tr>
<tr>
<td>Protecting human health</td>
<td></td>
</tr>
<tr>
<td>Prudent and rational utilisation of natural resources</td>
<td></td>
</tr>
<tr>
<td>Promoting measures at international level to deal with regional or world-wide environmental problems</td>
<td></td>
</tr>
<tr>
<td>Sustainable management of natural resources</td>
<td></td>
</tr>
<tr>
<td>Integrated pollution control and prevention of waste</td>
<td></td>
</tr>
<tr>
<td>Reduction in consumption of non-renewable energy</td>
<td></td>
</tr>
<tr>
<td>Improved mobility management</td>
<td></td>
</tr>
<tr>
<td>Improvement of environmental quality in urban areas</td>
<td></td>
</tr>
<tr>
<td>Improvement of public health and safety</td>
<td></td>
</tr>
<tr>
<td>Climate change</td>
<td></td>
</tr>
<tr>
<td>Air quality</td>
<td></td>
</tr>
<tr>
<td>Nature and biodiversity</td>
<td></td>
</tr>
<tr>
<td>Urban environmental</td>
<td></td>
</tr>
<tr>
<td>Waste management</td>
<td></td>
</tr>
<tr>
<td>Coastal zones</td>
<td></td>
</tr>
<tr>
<td>Water resources management</td>
<td></td>
</tr>
</tbody>
</table>
15.A.2 Explain if the project is of a preventive or of a curative nature?

Preventive [ ]  Curative [ ]

Explain briefly:

----------------------------------------------------------------------------------------------------------------------
----------------------------------------------------------------------------------------------------------------------
----------------------------------------------------------------------------------------------------------------------
----------------------------------------------------------------------------------------------------------------------

Use more space if necessary

15.A.3 Explain how the project is linked to the implementation of Community environmental legislation, referring to the specific Community Directive(s) or Regulation(s) involved

<table>
<thead>
<tr>
<th>Directive/Regulation</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>75/440/EEC (surface water quality)</td>
<td></td>
</tr>
<tr>
<td>75/442/EEC, amended by 91/156/EEC (waste)</td>
<td></td>
</tr>
<tr>
<td>91/676/EEC (nitrates)</td>
<td></td>
</tr>
<tr>
<td>91/689/EEC (dangerous waste)</td>
<td></td>
</tr>
<tr>
<td>91/271/EEC (urban waste water treatment)</td>
<td></td>
</tr>
<tr>
<td>94/62/EEC (packaging waste)</td>
<td></td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>Add rows if necessary</td>
</tr>
</tbody>
</table>

15.A.4 Explain whether the project is consistent with a sectoral/integrated plan and programme associated with the implementation of Community policy or legislation mentioned in the previous point

----------------------------------------------------------------------------------------------------------------------
----------------------------------------------------------------------------------------------------------------------
----------------------------------------------------------------------------------------------------------------------

Use more space if necessary
15.B TRANSPORT PROJECTS

The following questions are intended to determine the general eligibility of transport projects for assistance from the Cohesion Fund. (Annex III Part B should also be completed as appropriate according to the different modes of transport: roads or railways.)

15.B.1 Is the project included in the Trans-European transport network guidelines adopted by the Council and the European Parliament (Decision n° 1692/96/EC)?

Yes [ ] No [ ]

- If yes, specify which network guidelines:
  ………………………………………………………………………………………………………
  ………………………………………………………………………………………………………
  ………………………………………………………………………………………………………
  ………………………………………………………………………………………………………

Use more space if necessary

- If no, explain why the project should be considered for assistance:
  ………………………………………………………………………………………………………
  ………………………………………………………………………………………………………
  ………………………………………………………………………………………………………
  ………………………………………………………………………………………………………

Use more space if necessary

15.B.2 Describe the specific contribution that the project is expected to make to the network guidelines in question

(Explain in particular the contribution to a corridor or a system)

……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………

Use more space if necessary

15.B.3 Which other projects of common interest are located on the same transport corridor?

<table>
<thead>
<tr>
<th>Title of the project</th>
<th>Estimated starting date</th>
<th>Estimated ending date</th>
<th>Estimated cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>…</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Add more rows if necessary

Total

28
15.B.4 What is the role of the project in the country's national transport policy?
(Refer to National Planning document (if appropriate) and specify priority assigned to project)

……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
Use more space if necessary

15.B.5 Data on current and estimated future traffic flows by user category
(Please fill in the following table for both the two scenarios (with/without project); adapt if appropriate)

**Roads projects:**

<table>
<thead>
<tr>
<th>Year</th>
<th>AADT*</th>
<th>% Intern. Traffic</th>
<th>CATEGORY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Light vehicles</td>
</tr>
<tr>
<td>Existing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completion</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compl. + 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compl. + 10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compl. + 15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compl. + 20</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* AADT - Annual average daily traffic

**Rail projects**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>CATEGORY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Passenger Man km</td>
</tr>
<tr>
<td></td>
<td>Total</td>
</tr>
<tr>
<td>Existing</td>
<td></td>
</tr>
<tr>
<td>Completion</td>
<td></td>
</tr>
<tr>
<td>Compl. + 5</td>
<td></td>
</tr>
<tr>
<td>Compl. + 10</td>
<td></td>
</tr>
<tr>
<td>Compl. + 15</td>
<td></td>
</tr>
<tr>
<td>Compl. + 20</td>
<td></td>
</tr>
</tbody>
</table>

Please comment on the main effects on present and potential future flows of international traffic, both within the Community and with third countries (e.g. Traffic volume variations, peak hour volumes, congestion periods, etc., existing and foreseen, with and without the project)

……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
Use more space if necessary
ANNEX I  ENVIRONMENTAL IMPACT ASSESSMENT  
(All parts to be completed for all projects)  

1. Development consent 

Has development consent\(^3\) already been given to this project?  
\begin{tabular}{ccc}  
Yes & & No \end{tabular}  

If yes, on which date [___] [___] [___]  

If no, when was the formal request for the development consent introduced [___] [___] [___]  
and by which date is the final decision expected? [___] [___] [___]  

Specify the competent authority or authorities, which has given or will give the development consent  
\begin{tabular}{c}  
……………………………………………………………………………………………………..……  
……………………………………………………………………………………… \end{tabular}  


2.1. Is the project a class of development covered by:  
- Annex I of Directive 85/337/EEC, as amended by Directive 91/11/EC \(\square\) (go to question 2.2)  
- Annex II of Directive 85/337/EEC, as amended by Directive 91/11/EC \(\square\) (go to question 2.3)  
- Not covered by Directive 85/337/EEC, as amended by Directive 91/11/EC \(\square\) (go to question 3)  

2.2. When covered by Annex I of the EIA Directive include the necessary documents\(^5\).  

---  

\(^3\) i.e. decision of the competent authority or authorities which entitle the developer to proceed with the project  


\(^5\) Necessary documents are:  
- a) the non-technical summary of the Environmental Impact Study carried out for the project;  
- b) the results of consultations of the competent environmental authorities;  
- c) the results of consultations with the public concerned.  
- d) in the case of projects where the formal request for the development consent (point 1.1 above) was introduced after 14 March 1999: the information referred to in article 9.1 of the Directive 85/337/EEC as amended by article 11 of Directive 97/11/EC.  

Note: In relation to b) and c) these may be represented in the form of a statement, conclusion or certification by the competent environmental authorities, indicating in what way the concerns of the designated consultees and concerned public have been taken into account.
2.3. When covered by Annex II of the EIA Directive has an Environmental Impact Assessment been carried out for this project?

Yes [ ]  No [ ]

– If yes include the necessary documents (see footnote 4).

– If no explain the reasons and give the thresholds, criteria or case by case examination carried out to reach the conclusion that the project has no significant environmental effects:
  ………………………………………………………………………………………………………
  ………………………………………………………………………………………………………
  ………………………………………………………………………………………………………
  ………………………………………………………………………………………………………

Use more space if necessary

3. ASSESSMENT OF EFFECTS ON NATURA 2000 SITES

Will the project have significant negative effects on sites included or intended to be included in the Natura 2000 network6?

Yes [ ]  No [ ]

- If yes, please attach a copy of the completed form including information on projects significantly affecting Natura 2000 sites7, as notified to the Commission (DG Environment) under Directive 92/43/EEC

- If no, please complete declaration in Annex I(a)

---

6. These sites comprise:
   a) Special Protection Areas classified or requiring classification under the "Birds" Directive (79/409/EEC, OJ L103 of 25.4.79) and
   b) Sites proposed or requiring proposal by Member states under Article 4(1) of the "Habitats" Directive (92/43/EEC, OJ L206 of 22.7.92).

7. Document no. 99/7-rev2 adopted by the Habitats Committee (Member States' representatives established under Directive 92/43/EEC) at its meeting of 4 October 1999
ANNEX I (a) DECLARATION BY THE AUTHORITY RESPONSIBLE FOR MONITORING NATURA 2000 SITES

Responsible Authority..............................................................................................................................

Having examined\(^8\) the project application .........................................................................................

(title).................................................................................................................................................

which is to be located at .........................................................................................................................

we declare that (tick the appropriate box):

- The project is not likely to have significant effects on a Natura 2000 site on the following grounds:
  ............................................................................................................................................................

  ............................................................................................................................................................

Therefore an appropriate assessment required by Article 6 (3) was not deemed necessary.

- Following an appropriate assessment, according to Art. 6(3) of Directive 92/43/EEC, the project will not have significant negative effects on a Natura 2000 site.

A map at scale of 1:100.000 (or the nearest possible scale) is attached, indicating the location of the project as well as the Natura 2000 sites concerned, if any.

Signed: .................................................. (Authority responsible for monitoring Natura 2000 sites)

Official Seal:

---

\(^8\) taking into account the requirements of Art. 6(3) of Directive 92/43/EEC
This annex must be sent together with the application for assistance.
During the execution phase of the project it should be periodically up-dated and transmitted to the Commission.

Available information date (DD/MM/YY)

<table>
<thead>
<tr>
<th>Project Number</th>
<th>Type of Contract</th>
<th>Brief description</th>
<th>Amount of the contract</th>
<th>Attribution procedure used (1)</th>
<th>Date of publication of market notice (2)</th>
<th>Date of the signature of the contract (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Works</td>
<td>Contract 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Contract 2</td>
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<td></td>
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<td>Contract ...</td>
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<tr>
<td></td>
<td>Supplies</td>
<td>Contract 1</td>
<td></td>
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<td></td>
<td></td>
<td>Contract 2</td>
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<tr>
<td></td>
<td></td>
<td>Contract ...</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Services (including studies)</td>
<td>Contract 1</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td>Contract 2</td>
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<td>Contract ...</td>
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</tbody>
</table>

Add as many rows as necessary

(1) For procedures "by mutual agreement" or "restricted" tender attach a justification for the choice of this procedure.
(2) Send a copy of the publication in the OJ and a copy of the pre-information notice if published.
(3) Send a copy of the attribution report and a copy of the post-information notice, if any.
ANNEX III

SPECIFIC INFORMATION TO BE PROVIDED ACCORDING TO THE NATURE OF THE PROJECT

Some of the information listed below is automatically covered by the headings of the questionnaire. Where the relevant information is not provided in the main questionnaire, please give further details to allow the Commission to determine the eligibility of the project for assistance from the Cohesion Fund.

Member States are free to add any complementary information in the most appropriate format.

ANNEX III Part A: ENVIRONMENTAL PROJECTS IN THE FIELD OF WATER MANAGEMENT (WATER SUPPLY AND/OR WASTEWATER TREATMENT) AND SOLID WASTE

I. General information

In order to determine the context in which the projects are proposed it is necessary to have the following information:
- Programme/plan to which the project or group of projects is linked (national, regional, local, catchment area) and where applicable the reference to the relevant environmental legislation;
- Details of the situation and localisation: project plan and schemes, map (1:100,000), sensitive areas, points of discharge;
- Summary containing current data (infrastructure/inventory of the overall water quality aspects in the area/region concerned), problems and the solution(s)/effects aimed at by the project;
- Indication of needs for vocational training if necessary;
- Feasibility studies and other aspects taken into account (hydrological, health etc.).

II. Specific technical information

A. Water supply

- Assessment of the situation;
- Quantification of water through the system;
- Quality of water at source and at delivery;
- Technical description (technology applied);
- Description of the existing networks, including % of leakage;
- Connection rate to the system (population);
- Water quality monitoring system;
- Management (planning/availability of (technical) personnel);
- The opinion of the other member states concerned in the case of major projects related to an international river.

B. Waste water treatment

1) Collection

- Technical description of the collecting system (design capacity in population equivalents and hydraulic terms, separate or combined system, stormwater overflows);
- Description of existing installations and their integration into the future system; population and/or industrial waste water already connected to collecting systems;
- Prevention of leakage;
2) Treatment
- Waste water characteristics (urban, industrial, etc.);
- Design capacity in terms of pollution load (BOD5\textsuperscript{10} in accordance with Directive 91/271/EC) and in terms of hydraulic capacity
- Technical description of the treatment technology (primary, secondary or tertiary);
- Description of existing installations for waste water disposal and their integration into the future system;
- Monitoring system.

3) Receiving Water affected
- Description of receiving water, its characteristics and the quality objective to be achieved or maintained

4) Sludge
- Sludge handling treatment
- Sludge disposal

5) Management
- Planning/availability of (technical) personnel.

C. Waste management

1) General aspects
- Quantities and characteristics of the waste to be treated.
- Technical description of the technology applied.
- National or Regional Plan to which the facilities might be affected
- Description of existing installations and their integration into the future system;
- Management (planning/availability of (technical) personnel);
- Statement of the competent authorities on the conformity of the project in relation to the national and Community strategies as regards solid waste.
- Location of the project and maps to make possible a judgement on the location of the various facilities or components of the proposed waste management system.

2) Landfills
- Size of the landfill: surface and volume available.
- Indicate the technical characteristics of the landfill including, amongst other features, a description of the types and quantities of waste to be disposed, the possibilities of extension, expected life-time, the treatment of the methane emission (and its possible use) and the treatment of the leachates.
- Provide a description of the site, including its hydrological and geological characteristics as well as of the information allowing a judgement on the potential environmental impact.
- Information on the methods envisaged for the operation, monitoring and control of the landfill.
- Information on the methods envisaged for the closure of the landfill and of its control and maintenance after closure.

\textsuperscript{10} - use parameters in existing Community Directives
3) **Composting facilities**

- Description of the measures to be taken upstream in the collection system, in order to ensure a compost of acceptable quality by the market. Description of the processes of separate collection and treatment.
- Description of the composting method used, including characteristics of the output, as well as the final destination of the different types of waste (garden waste, organic, domestic, sludge from water waste treatment plant, livestock waste, etc.)

4) **Transfer stations**

- Number and location of the transfer stations according to the studies of optimisation carried out taking into account the distances to be covered as well as the roads to be used, the number and types of trucks, etc., (with a view to minimise the environmental and economic impact). The measures envisaged to avoid environmental contamination and to preserve the health and security of the workers.

5) **Sorting centres**

- Description of the various components of the transfer units, according to the waste channels envisaged; the type of sorting system (by hand, mechanical, chemical, mixed, etc.); the output of the proposed system in order to achieve the quantitative objectives of the existing waste management plan.

6) **Closure of uncontrolled landfills**

- Plan of closure of the existing uncontrolled landfills, with particular mention of the measures to control and monitor methane emissions, leachates, infiltration towards aquifers, rivers, etc.
- Final use of the site once it has been closed.

7) **Incinerators**

- Types of waste to be incinerated.
- Measures to be taken upstream in the collection system to improve the incineration and to avoid the presence of undesirable wastes.
- Description of the method and technology used, location, energy production and the quality control measures.
- Characteristics and disposal methods for the slags and ashes.
### ROAD PROJECTS

1. **Project description and location**

   Type of project:

<table>
<thead>
<tr>
<th>New</th>
<th>Upgrading</th>
<th>Mixed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

   Length: ...................................................................................................................... .................

   Number of lanes per direction: ............................................................................................... ...

   Number of junctions (per type): .............................................................................................. ..

   Bridges (length/width): ....................................................................................................... .......

   Tunnels (length/width): ....................................................................................................... .......

   Number of other major technical works: ....................................................................................

2. **Location**

   General map (locating project on corridor)

   Detailed map (indicating the position of start and end (km), major technical works (km), adjacent villages/towns, etc.)

### RAIL PROJECTS

1. **Project description and location**

   Type of project:

<table>
<thead>
<tr>
<th>New</th>
<th>Upgrading</th>
<th>Mixed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

   For upgrading specify: For new lines, specify:

   | Electrification: | Length: |
   | Track doubling or improvement: | Max. Speed: |
   | Signalling modernisation: | Track/loading gauge: |
   | Track gauge/loading gauge adaptation: | Type of signalling system: |
   | Elimination of level crossings: | Electrification system: |
   |                           | Number of bridges: |
   |                           | Number of tracks: |
   |                           | Bridges (length/width): |
   |                           | Tunnels (length/width): |
   |                           | Number of other major technical works: |

2. **Location**

   General map (locating project on corridor). Detailed map (indicating the position of start and end (km), major technical works (km), adjacent villages/towns, etc.).
FINANCIAL IMPLEMENTING PROVISIONS


Community assistance

2. Community assistance shall be expressed as a percentage of eligible expenditure. If the eligible expenditure actually incurred differs from the expenditure initially planned, the Community assistance granted shall be varied to take account of this but may not exceed the maximum amount stated in the decision. A change in the rate of Community assistance or in the maximum amount of the grant will require a modification of the decision in accordance with the procedures described in paragraph 13.

Commitment and payments

3. The Member State shall undertake to ensure that, for the project to which this decision relates, all public or private bodies involved in the management and implementation of these operations maintain either a separate accounting system or proper coding in the accounts of all relevant transactions in order to facilitate the verification of expenditure by the European Union's control services and the national control authorities and ensure that it is charged to the correct project.

4. An initial commitment of 80% of the maximum assistance provided for in Article ... shall be made when this decision is adopted.

   The balance shall be committed later according to the progress of the project.

5. Provided sufficient budget funds are available, payments shall be made as set out below.

   (a) A payment on account of 20% of the assistance as initially decided when the decision is adopted.

   This payment shall be made after signature of the first contracts relating to public procurement covering a significant proportion of the project.

   By way of exception, a part of the payment on account, corresponding to the part of the assistance covering operations not
covered by a public procurement contract or covered by a public contract of insignificant value, may be paid when this decision is adopted. This relates in particular to expenditure on compulsory land purchases and preparatory studies.

(b) Interim payments may be made provided that the project is progressing satisfactorily towards completion. They shall take the form of reimbursements of expenditure certified and actually paid.

Where the works involve granting a concession or other equivalent legal arrangements, the authority responsible shall certify the authenticity of the expenditure incurred by the holder of the concession or equivalent contractor.

Applications for payment shall be submitted to the Commission as a general rule three times a year, by 1 March, 1 July and 1 November at the latest.

Under Article D(2) of Annex II, as amended by Regulation (EC) No 1265/1999, interim payments shall be subject to the following conditions:

− the Member State must submit an application describing the progress of the project in terms of its physical and financial indicators and its conformity with the decision to grant assistance, including where appropriate any specific conditions attached to the assistance;

− any observations and recommendations of the national and/or Community inspection authorities have been acted on, in particular as regards the correction of any observed or presumed irregularities;

− the main technical, financial and legal problems that have arisen and the measures taken to correct them must be indicated;

− any departures from the original financing plans must be analysed;

− the steps taken to publicise the project must be described.

Payments shall also be subject to the specific conditions provided for in Annex [...] to this decision.

(c) The total amount of the payments made under subparagraphs (a) and (b) may not exceed 80% of the total assistance granted.

(d) The balance of assistance, calculated on the basis of the expenditure certified and actually paid, shall be paid when:
the project, stage of project, or group of projects has been carried out according to its objectives,

the designated authority or body referred to in Article D(1) of Annex II to Regulation (EC) No 1164/94 submits an application for payment to the Commission within six months of the deadline laid down in the decision granting assistance for completing the work and expenditure on the project, stage of project or group of projects;

the final report referred to in Article F(4) of Annex II to Regulation (EC) No 1164/94 has been submitted to the Commission;

the Member State certifies to the Commission that the information given in the application for payment and in the above report is correct;

the Member State has sent the Commission the declaration referred to in Article 12(1)(f) of Regulation (EC) 1164/94 as amended by Regulation (EC) No 1264/1999;

all the information and publicity measures drawn up by the Commission under Article 14(3) have been implemented.

Moreover, the balance shall not be paid unless the specific conditions provided for in Annex [...] to this decision have been fulfilled.

Without prejudice to the other provisions, the payment of the balance shall be subject to notification by the Member State of all the information needed to assess compliance with Community provisions relating to the procedures for the award of public contracts laid down in Directives 93/37/EEC, 93/36/EEC and 92/50/EEC, and in particular publication references in the Official Journal of the European Communities for public invitations to tender, or the reasons for not publishing such invitations, and records of tender procedures.

6. All payments of assistance granted by the Commission under this decision shall be made to the authority designated by the Member State, which shall also be responsible for refunding any overpaid amounts to the Commission. Payments shall be made to a single bank account designated by the Member State. As a general rule, the Commission shall make payments no later than two months after receipt of a complete and valid application.

7. Applications for payment shall be accompanied by information on the progress of the project, on expenditure made, broken down by categories of work and by contract, and on the physical progress of the work.

If, when the financing plan for a project is amended, the Community commitments and/or payments already made exceed the amounts entered in the amended financing plan, the Commission shall, when authorising the first financial operation (commitment or payment) after that amendment, make an adjustment to take account of the amount over-committed or over-paid.
8. In accordance with Article E of Annex II to Regulation (EC) No 1164/94, all commitments and payments shall be made in euro.

9. Statements of expenditure in support of applications for payment shall be denominated in euro.

10. Member States other than those participating in the single currency shall convert the amounts of expenditure incurred in national currency into euro using the rate for the month during which the expenditure is registered in the accounts of the authorities responsible for the financial management of the projects. This conversion rate shall be determined in accordance with the rule laid down in the second paragraph of Article 1 of Commission Regulation ( Euratom, ECSC, EC) No 3418/93 laying down detailed rules for the implementation of certain provisions of the Financial Regulation of 21 December 1977. This is the rate published in the Official Journal of the European Communities on the penultimate working day for the Commission of the month preceding the date of reception of the payment application. The Commission shall inform the Member States of the rate applicable.

Final report under Article F(4)

11. This report shall include:

(a) a description of the work carried out, accompanied by the physical indicators, the expenditure by category of work and any measures taken under specific clauses in the decision granting assistance;

(b) information on all publicity measures;

(c) certification that the work conforms to the decision granting assistance;

(d) an initial assessment as to whether the anticipated results as indicated in Article 13(4) are likely to be achieved, including in particular:

– the actual starting date of the project;

– the way in which it will be managed once finished;

– confirmation, if appropriate, of the financial forecasts, especially as regards the operating costs and expected revenue;

– confirmation of the socio-economic forecasts, in particular the expected costs and benefits;

– an indication of the environmental protection measures taken, and their cost, including compliance with the polluter-pays principle.

Recovery of undue payments
12. Any sum wrongly paid shall be repaid to the Commission by the authority
designated under paragraph 6. If this authority does not repay the amount due to
the Community, the Member State shall refund this amount to the Commission.
Interest on account of late payments shall be charged on sums not repaid in
accordance with Article H(3) of Annex II of Regulation (EC) No 1164/94 and the
rules in Article 94 of Commission Regulation (Euratom, ECSC, EC) No 3418/93
of 9 December 1993 laying down detailed rules for the implementation of certain

Procedure for amending the project decision

13. Any amendments to the decision shall be made in accordance with the following
procedures:

(a) Amendments which entail a substantial change in the objectives or
characteristics of the project, an increase or reduction in the rate of
financing applied or in the maximum amount of assistance (or a
substantial change in the financing plan or in the date for completion of the work) shall be made by means of a Commission decision taken in
response to a request from the Member State or on the initiative of the
Commission after consulting the Member State.

(b) In the case of other amendments, the Member State shall send the
Commission a proposal for amendment. As a general rule, the
Commission shall make its comments or signify its agreement within
twenty working days of receipt of the proposal. The amendments shall be
adopted when the Commission has given its agreement.

14. Changes in annual expenditure of less than 25% of the total eligible expenditure
planned for the project, and/or changes in the date of completion of the works
of less than 24 months, shall not be regarded as substantial changes of the
financing plan and the schedule of expenditure.

Procedure for winding up a project

15. The time limit for complying with the legal obligations contracted under this
decision, carrying out the works described in Annex I and making all payments,
shall be as indicated in Article 2(3) of the decision. This time limit may be
amended by the Commission, in response to a request from the Member State to
the Monitoring Committee or in writing to the Commission, provided that the
extension is requested before the date stated in Article 2(3).

16. If the time limit is not extended, any expenditure incurred after the date indicated
in Article 2(3) of the decision shall not be eligible for assistance from the
Cohesion Fund.

Cancellation of assistance and repayment of payment on account

17. Under Article C of Annex II, as amended by Regulation (EC) No
1265/1999, the assistance granted to a project, group of projects or project
stage on which work has not begun within two years from the date of its
expected start as indicated in the decision granting assistance, or the date of its approval if later, shall be cancelled except in duly justified cases.

The Commission shall inform the Member States and the designated authority in good time whenever there is a risk of cancellation.

18. Under Article D of Annex II, as amended by Regulation (EC) No 1265/1999, if the final report referred to in Article F(4) of Annex II to Regulation (EC) No 1164/94 is not sent to the Commission within eighteen months of the final date for completion of the works and expenditure as set out in the decision granting assistance, that part of the assistance representing the remaining balance for the project shall be cancelled.

19. Under the second subparagraph of Article D(2)(a) of Annex II to Regulation (EC) No 1164/94, all or part of a payment on account shall be repaid if no payment application is sent to the Commission within twelve months from the date on which the payment on account is paid. The Commission shall determine the amount concerned in the light of the eligible expenditure incurred and actually paid under the project. Repayment of the payment on account shall not mean that an equivalent amount of the assistance is cancelled.
REVISED ANNEX III TO THE DECISION TO GRANT ASSISTANCE
- COMMITMENTS IN ANNUAL INSTALMENTS

FINANCIAL IMPLEMENTING PROVISIONS


Community assistance

2. Community assistance shall be expressed as a percentage of eligible expenditure. If the eligible expenditure actually incurred differs from the expenditure initially planned, the Community assistance granted shall be varied to take account of this but may not exceed the maximum amount stated in the decision. A change in the rate of Community assistance or in the maximum amount of the grant will require a modification of the decision in accordance with the procedures described in paragraph 13.

Commitment and payments

3. The Member State shall undertake to ensure that, for the project to which this decision relates, all public or private bodies involved in the management and implementation of these operations maintain either a separate accounting system or proper coding in the accounts of all relevant transactions in order to facilitate the verification of expenditure by the European Union's control services and the national control authorities and ensure that it is charged to the correct project.

4. Budgetary commitments shall be made in annual instalments.

The first instalment in the financing plan shall include the payment on account referred to in paragraph 5 below, and that part of the assistance linked to the expenditure planned for the first year of implementation of the project. Commitments in respect of the first annual instalment shall be made when this decision is adopted.

Provided budget funds are available, commitments in respect of subsequent annual instalments shall be based on the initial or revised financing plan for the project. They shall be made when the forecast expenditure relating to the project for that year justify payment and normally effected at the beginning of each budget year and as a general rule by 30 April each year.

The Commission shall inform the Member State of each commitment made.

5. Provided sufficient budget funds are available, payments shall be made as set out below.
(a) A payment on account of 20% of the assistance as initially decided when the decision is adopted.

This payment shall be made after signature of the first contracts relating to public procurement covering a significant proportion of the project.

By way of exception, a part of the payment on account, corresponding to the part of the assistance covering operations not covered by a public procurement contract or covered by a public contract of insignificant value, may be paid when this decision is adopted. This relates in particular to expenditure on compulsory land purchases and preparatory studies.

(b) Interim payments may be made provided that the project is progressing satisfactorily towards completion. They shall take the form of reimbursements of expenditure certified and actually paid.

Where the works involve granting a concession or other equivalent legal arrangements, the authority responsible shall certify the authenticity of the expenditure incurred by the holder of the concession or equivalent contractor.

Applications for payment shall be submitted to the Commission as a general rule three times a year, by 1 March, 1 July and 1 November at the latest.

Under Article D(2) of Annex II, as amended by Regulation (EC) No 1265/1999, interim payments shall be subject to the following conditions:

- the Member State must submit an application describing the progress of the project in terms of its physical and financial indicators and its conformity with the decision to grant assistance, including where appropriate any specific conditions attached to the assistance;

- any observations and recommendations of the national and/or Community inspection authorities have been acted on, in particular as regards the correction of any observed or presumed irregularities;

- the main technical, financial and legal problems that have arisen and the measures taken to correct them must be indicated;

- any departures from the original financing plans must be analysed;

- the steps taken to publicise the project must be described.

Payments shall also be subject to the specific conditions provided for in Annex [...] to this decision.
(c) The total amount of the payments made for all instalments under subparagraphs (a) and (b) may not exceed 80% or 90% of the total assistance granted.

(d) The balance of assistance, calculated on the basis of the expenditure certified and actually paid, shall be paid when:

- the project, stage of project, or group of projects has been carried out according to its objectives,
- the designated authority or body referred to in Article D(1) of Annex II to Regulation (EC) No 1164/94 submits an application for payment to the Commission within six months of the deadline laid down in the decision granting assistance for completing the work and expenditure on the project, stage of project or group of projects;
- the final report referred to in Article F(4) of Annex II to Regulation (EC) No 1164/94 has been submitted to the Commission;
- the Member State certifies to the Commission that the information given in the application for payment and in the above report is correct;
- the Member State has sent the Commission the declaration referred to in Article 12(1)(f) of Regulation (EC) 1164/94 as amended by Regulation (EC) No 1264/1999;
- all the information and publicity measures drawn up by the Commission under Article 14(3) have been implemented.

Moreover, the balance shall not be paid unless the specific conditions provided for in Annex [...] to this decision have been fulfilled.

Without prejudice to the other provisions, the payment of the balance shall be subject to notification by the Member State of all the information needed to assess compliance with Community provisions relating to the procedures for the award of public contracts laid down in Directives 93/37/EEC, 93/36/EEC and 92/50/EEC, and in particular publication references in the Official Journal of the European Communities for public invitations to tender, or the reasons for not publishing such invitations, and records of tender procedures.

6. All payments of assistance granted by the Commission under this decision shall be made to the authority designated by the Member State, which shall also be responsible for refunding any overpaid amounts to the Commission. Payments shall be made to a single bank account designated by the Member State. As a general rule, the Commission shall make payments no later than two months after receipt of a complete and valid application.

7. Applications for payment shall be accompanied by information on the progress of the project, on expenditure made, broken down by categories of work and by contract, and on the physical progress of the work.
If, when the financing plan for a project is amended, the Community commitments and/or payments already made exceed the amounts entered in the amended financing plan, the Commission shall, when authorising the first financial operation (commitment or payment) after that amendment, make an adjustment to take account of the amount over-committed or over-paid.

8. In accordance with Article E of Annex II to Regulation (EC) No 1164/94, all commitments and payments shall be made in euro.

9. Statements of expenditure in support of applications for payment shall be denominated in euro.

10. **Member States other than those participating in the single currency shall convert** the amounts of expenditure incurred in national currency into euro using the rate for the month during which the expenditure is registered in the accounts of the authorities responsible for the financial management of the projects. **This conversion rate shall be determined in accordance with the rule laid down in the second paragraph of Article 1 of Commission Regulation (Euratom, ECSC, EC) No 3418/93 laying down detailed rules for the implementation of certain provisions of the Financial Regulation of 21 December 1977. This is the rate published in the Official Journal of the European Communities on the penultimate working day for the Commission of the month preceding the date of reception of the payment application. The Commission shall inform the Member States of the rate applicable.**

**Final report under Article F(4)**

11. This report shall include:

   (a) **a description of the work carried out, accompanied by the physical indicators, the expenditure by category of work and any measures taken under specific clauses in the decision granting assistance;**

   (b) **information on all publicity measures;**

   (c) **certification that the work conforms to the decision granting assistance;**

   (d) **an initial assessment as to whether the anticipated results as indicated in Article 13(4) are likely to be achieved, including in particular:**

      - **the actual starting date of the project;**

      - **the way in which it will be managed once finished;**

      - **confirmation, if appropriate, of the financial forecasts, especially as regards the operating costs and expected revenue;**

      - **confirmation of the socio-economic forecasts, in particular the expected costs and benefits;**
— an indication of the environmental protection measures taken, and their cost, including compliance with the polluter-pays principle.

Recovery of undue payments

12. Any sum wrongly paid shall be repaid to the Commission by the authority designated under paragraph 6. If this authority does not repay the amount due to the Community, the Member State shall refund this amount to the Commission. Interest on account of late payments shall be charged on sums not repaid in accordance with Article H(3) of Annex II of Regulation (EC) No 1164/94 and the rules in Article 94 of Commission Regulation (Euratom, ECSC, EC) No 3418/93 of 9 December 1993 laying down detailed rules for the implementation of certain provisions of the Financial Regulation of 21 December 1977.

Procedure for amending the project decision

13. Any amendments to the decision shall be made in accordance with the following procedures:

(a) Amendments which entail a substantial change in the objectives or characteristics of the project, an increase or reduction in the rate of financing applied, in the maximum amount of assistance (or a substantial change in the financing plan or in the date for completion of the work) or in the schedule of expenditure, shall be made by means of a Commission decision taken in response to a request from the Member State or on the initiative of the Commission after consulting the Member State.

(b) In the case of other amendments, the Member State shall send the Commission a proposal for amendment. As a general rule, the Commission shall make its comments or signify its agreement within twenty working days of receipt of the proposal. The amendments shall be adopted when the Commission has given its agreement.

14. Changes in annual expenditure of less than 25% of the total eligible expenditure planned for the project, and/or changes in the date of completion of the works of less than 24 months, shall not be regarded as substantial changes of the financing plan and the schedule of expenditure.

Procedure for winding up a project

15. The time limit for complying with the legal obligations contracted under this decision, carrying out the works described in Annex I and making all payments shall be as indicated in Article 2(3) of the decision. The Commission, in response to a request from the Member State to the Monitoring Committee or in writing to the Commission, may amend this time limit provided that the extension is requested before the date stated in Article 2(3).
16. If the time limit is not extended, any expenditure incurred after the date indicated in Article 2(3) of the decision shall not be eligible for assistance from the Cohesion Fund.

Cancellation of assistance and repayment of payment on account

17. Under Article C of Annex II, as amended by Regulation (EC) No 1265/1999, the assistance granted to a project, group of projects or project stage on which work has not begun within two years from the date of its expected start as indicated in the decision granting assistance, or the date of its approval if later, shall be cancelled except in duly justified cases.

The Commission shall inform the Member States and the designated authority in good time whenever there is a risk of cancellation.

18. Under Article D of Annex II, as amended by Regulation (EC) No 1265/1999, if the final report referred to in Article F(4) of Annex II to Regulation (EC) No 1164/94 is not sent to the Commission within eighteen months of the final date for completion of the works and expenditure as set out in the decision granting assistance, that part of the assistance representing the remaining balance for the project shall be cancelled.

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