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Synthesis Report

Evaluation of the EIB Role in the
JASPERS initiative

EIB operations Evaluation

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EVALUATION REPORT

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Prepared by

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NOTICE

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GLOSSARY

TERMS AND ABBREVIATIONS

Absorption capacity	The ability to use approved funds in the timescale and manner envisaged
Acquis-communautaire	The total body of EU law
Assignment	A piece of advice provided by JASPERS and associated with a unique alphanumeric identifier.
Borrower	The legal persona with whom the Bank signs a Loan Agreement.
bp	basis points (one hundredth of one percent interest)
CA	EIB's Board (q.v.) The EIB Board of Directors, which has sole power to take decisions in respect of loans, guarantees and borrowings.
CD	EIB's Management Committee (q.v.)
CEE	Central and Eastern Europe
CF	Cohesion Fund
COP	Corporate Operational Plan
CPC	Candidate and Potential Candidate (countries for EU membership)
DAC	Development Assistance Committee (of the OECD)
DG REGIO	Directorate General for Regional Policy (European Commission)
EBRD	European Bank for Reconstruction and Development
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EIRR	Economic Internal Rate of Return
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
EV	EIB Operations Evaluation (Ex-Post)
FIRR	Financial Internal Rate of Return
FVA	Financial Value Added
GDP	Gross Domestic Product
GED	Gestion Électronique Documents (Electronic Documents and Records Management System)
ISPA	EU grant instrument (Instrument for Structural Policies for Pre-Accession)
JASPERS	Joint Assistance for Projects in European RegionS
KfW	Kreditanstalt für Wiederaufbau
Management Committee	Internal EIB committee, comprising the Bank's President and Vice-Presidents
NSRF	National Strategic Reference Framework
OECD	Organisation for Economic Co-operation and Development
PAF	Project Acceleration Facility (funding for TA)
PCR	Project Completion Report
PHARE	EU grant instrument (Poland and Hungary: Assistance for Restructuring their Economies)
PJ	EIB Projects Directorate.
PPP	Public Private Partnership
Project	A clearly defined investment, typically in physical assets, e.g. a specific section of road, a bridge, etc.
Project Pipeline	Projects at all stages of development before submission of grant application.
Promoter	Normally the persona responsible for identifying and developing a project. The promoter may also be responsible for operating and/or implementing the project.
RM	EIB Risk Management Directorate, responsible for credit appraisal and portfolio management
SME	Small or Medium sized Enterprise. A company with less than 250 employees.
TA	Technical Assistance
VA	Value Added

EXECUTIVE SUMMARY

This report presents the results of the evaluation of the role of the EIB in the JASPERS¹ initiative. It has been carried out by the independent evaluation service of the EIB Group² and it is addressed to the Bank. The evaluation aims to identify aspects which could improve operational performance, accountability and transparency with a view to providing assistance to the EIB management, to the EIB JASPERS team, and indirectly to the JASPERS steering committee in determining the future direction of the initiative. The evaluation represents an interim evaluation of the initiative, which is ongoing, and concentrates on the EIB role in contributing to and managing the JASPERS initiative. As such, the resulting recommendations are formulated to be both forward looking and strategic. This mid-term evaluation is based on the ex post findings of over 50 assignments (out of 240 completed between 2006 and 2009), interviews with different counterparts and the analysis of relevant documentation. The Bank manages the JASPERS initiative at the request and on behalf of the JASPERS steering committee comprising representatives of the four governing partners; the EIB, the European Commission (DG REGIO), the European Bank of Reconstruction and Development (EBRD) and (later) Kreditanstalt für Wiederaufbau (KfW). Both the steering committee and DG REGIO have been informed at different stages of the progress of this evaluation.

Background

During the planning phase prior to the start of the 2007-2013 programming period of the EC budget, it was believed that the scale of the effort required by the new member states to submit suitably-prepared projects for grant funding would present considerable challenges given their relative lack of experience and capacity. The Commission (DG REGIO) therefore called for more technical assistance to be provided to the national authorities in order to help them to access and absorb the available EU resources. Extensive discussions between the EC and the EIB were held in 2005, leading eventually to the establishment of the JASPERS initiative, which would have the task of *animation* (progress chasing) and expert advice in order to accompany the managing authorities in the member states, at their request, in the identification and preparation of good quality projects for support under the European Regional Development Fund and the Cohesion Fund. The initiative was to be financed by its partners (now also including EBRD and KfW) in cash or in kind (staff equivalent). The cash contribution would come from the Commission and be financed by the technical assistance allocation under the ERDF funds. The initiative would be managed by the EIB under a joint steering committee.

At the end of 2009 JASPERS had 77 staff at its disposal, the majority employed directly by the EIB either in Luxembourg or in one of the three regional offices (Bucharest, Warsaw or Vienna). For administrative purposes JASPERS staff are part of the Bank's Projects Directorate and are organised into six sectors (Roads, other Transport, Water and wastewater, Solid waste and energy, Urban development and Knowledge economy). EBRD provided 3 staff years equivalent and KfW provided 2.25. The remaining staff were directly employed by the Bank, with the Commission supporting the funding of 56 of these posts through a grant to the EIB under the ERDF, and the Bank providing 14.2 staff years of its own staff in addition to these.

Relevance of the Initiative

The evaluation found that the launching of the JASPERS initiative was fully justified both in terms of the established demand for its services, the reputation which it has established with counterparts and clients, and the economic benefits which it generates. Furthermore, the initiative was rapidly established and has been able to adapt to changing circumstances. All of the assignments examined addressed clear deficiencies in the projects or applications initially presented and any initial uncertainty about the need for the initiative have now been dispelled. If anything, the initiative might be described as relatively modest with respect to the scale of the problems faced.

Within this overwhelmingly positive assessment of the relevance of its objectives, there are inevitably issues to be addressed which would further improve the initiative as they have negatively impacted, notably, its effectiveness and efficiency.

Multiplicity of objectives / lack of priorities

The launch of the JASPERS initiative generated considerable and varied expectations. Based on an analysis of official documents and statements made at the time, its aims can be broadly grouped as

¹ Joint Assistance to Support Projects in European RegionS

² Operations Evaluation - EV

follows (with no implied order of importance): (i) building capacity of MS to prepare projects eligible for grant funding; (ii) increasing the absorption of structural funds (animation); (iii) increasing the quality of projects proposed; and, (iv) contributing to the submission of mature applications for grant funding. Whilst these aims may express the original intentions of the initiative, it is also clear that they engender potentially contradictory elements. For example, improving a project may induce further delay and therefore impact negatively on absorption.

During the early stages of the initiative, these contradictions were not explicitly resolved into operational priorities, and were dealt with on an assignment basis in different ways. This in turn hampered the effectiveness and efficiency of the overall initiative.

Form and design of the initiative (standing and governance)

The question of the standing of JASPERS (whose priorities are taken into account, and whose predominate) has taken some time to establish in practice. Was JASPERS working for the beneficiary, the Managing Authority, the Commission, or even the project? This was unclear for a long period and the concept of the beneficiary as JASPERS 'client' also led initially to a detrimental distancing of JASPERS from the country desks of DG REGIO. This resulted in a loss of efficiency when, in many of the assignments examined, considerable time and resources were expended in providing advice which turned out to be contrary to the requirements of the Commission.

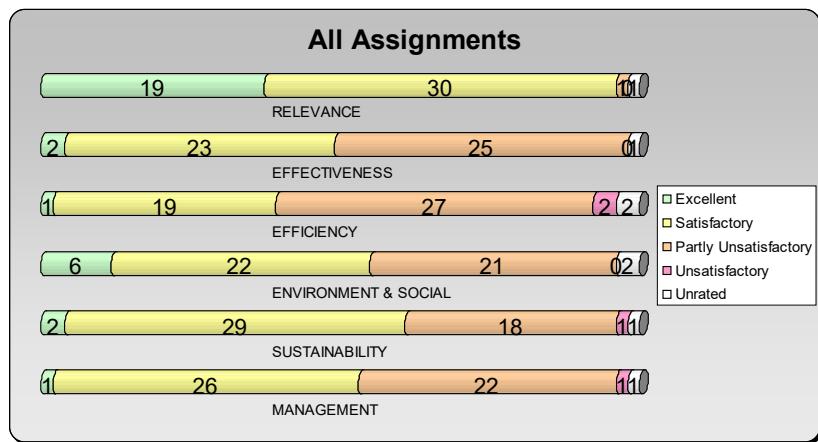
In practice JASPERS, through its own efforts, has now achieved a kind of 'independent' status, and the initiative has evolved into more of a tripartite partnership with JASPERS, the Commission and member states working together on the shared ownership of problems - although this has not been formalised. The formalisation of this working relationship is crucial to the effectiveness and efficiency of JASPERS. Further, JASPERS needs to put in place a mechanism which highlights issues on which there is no settled view from the Commission in order to both avoid providing contradictory advice and to stimulate the resolution of the issue.

The speed at which the initiative became operational was largely thanks to the willingness of the Bank to commit staff and resources in advance of formal agreements. Whilst this represented considerable added value for the initiative resulting from the Bank's involvement, it also facilitated the launch of a major initiative without a formal needs assessment, without clear priorities and with no real forecast of demand for its services. Given the operational experience gained over the first three years, JASPERS should now take the opportunity to formally assess the remaining needs of beneficiaries, clarify the aims and purpose of the initiative in relation to these, and to reassess its operational priorities to meet these challenges.

Performance of the initiative

JASPERS assistance concerns mainly three categories of actions: project preparation, project appraisal (review of project applications), and horizontal issues (relevant to more than one project or more than one country). Project preparation and project appraisal are assignments linked to a particular project, and are therefore defined as direct project assignments. No guidance is to be found in the founding documents as to the expected balance between direct project assignments and horizontal assignments, but between 2006 and 2009 horizontal assignments accounted for 14% of assignments submitted to JASPERS. The initiative can therefore be said to have a mainly project focus. Long term capacity building appeared to be seen as a beneficial spin off of project related activities rather than a focus in its own right, even if it was generally acknowledged amongst those consulted that capacity building was an important aspect of the JASPERS initiative.

The number of assignments submitted each year by managing authorities to JASPERS has increased constantly, and has almost multiplied by three since 2006 (99 projects submitted) to 2009 (291 projects submitted), with a total of 758 assignments submitted during the period of the evaluation. At the end of 2009, JASPERS had completed 240 assignments, including the review of the applications of 160 major projects and 23 non major projects, and issued a validated Completion Note for each assignment. A sample of 51 of these has been examined in depth.



Effectiveness

For individual assignments, effectiveness rates the quality of the advice given in terms of its content and delivery as well as the extent to which the objectives of the assignment have been achieved. Around one half of the assignments examined were considered less than satisfactory in this respect, with the largest contributory factor being disagreements with the Commission on various aspects of the applications. Horizontal assignments tended to perform better than average.

In terms of the initiative as a whole, the evaluation has focused on the four main objectives as presented above: capacity building, increased project quality, increased funds absorption and mature grant applications. (i) While at a project by project level, the initiative is undoubtedly building some capacity; those involved did not consider it an operational priority. The more recent shift in priority towards ready-to-go projects, intended to help absorption, has further distanced the initiative from a capacity building orientation. (ii) At the same time, it is clear that while the project approvals based emphasis of the initiative has the potential to help absorption, this has only recently been prioritised and many of the activities examined by the evaluation were either low priority or in some cases decreased absorption. (iii) Whilst the quality of some projects was improved by JASPERS, for the majority of assignments examined this was not the case. (iv) Whilst many grant applications were improved as a result of JASPERS involvement, there were often disagreements with the Commission on the content which resulted in repetition and delay.

Efficiency

JASPERS was intended to provide advice to beneficiaries without charging for its services. During the early stages of the initiative this may have generated the impression that JASPERS was a 'free' resource, and it took some time for JASPERS even to establish a system of time keeping. As a result many of the assignments examined could have been handled more efficiently and JASPERS needs to improve its overall resource planning and management. In fact the initiative is a scarce and valuable public resource and should be more strongly focused on the most efficient possible use of resources. In order to continue to justify its unique position, JASPERS must look for the maximum possible leverage for its advice, working at the highest possible strategic level, targeting the functioning of the system itself rather than the products of the system - educating the trainers, rather than the trainees. There were some examples of highly leveraged JASPERS activity but the evaluation found in general that these activities were in the minority. As the work of the initiative has gradually moved to the grant application end of the scale, the ability of senior expert staff to add value to the initiative has been further reduced. However, the cases where JASPERS was able to influence the form of the underlying project resulted in economic benefits which are likely to far outweigh the cost of the initiative itself.

Overall assessment

The initiative can therefore be said to be **economically justified, but at a less than optimal level**. As a result, the evaluation rates the overall performance of the initiative for both effectiveness and efficiency was *partly unsatisfactory*³.

If the initiative is not to become self-perpetuating then the only long-term solution is for countries to become self-sufficient in the project management of EU projects. For this reason, and because it is the kind of highly leveraged and resource efficient activity which is well suited to the existing profile of the initiative, JASPERS should increase its focus on capacity building activities.

³ Excellent, Satisfactory, Partly Unsatisfactory, Unsatisfactory

Position / role of the EIB

The Bank now needs to take stock of its involvement in the light of three years of operational experience and decide whether its involvement, and the extent of that involvement, is still justified. Such a review needs to consider all of the costs and benefits as well as the risks associated with participation. If the Bank is to continue its involvement it must ensure that the activities of JASPERS are consistent with the Bank's reputation. The high cost and high value of the Bank's input can only be justified if applied to high value added, high level or highly leveraged activities. The Bank should therefore seek to move the initiative away from activities which do not warrant the application of high level experience or which could be more efficiently undertaken by others.

The original concept that JASPERS would be available to assist beneficiaries at their request has been overtaken in practice by a more collaborative tripartite approach with Member States, the Commission and JASPERS working together with the shared ownership of problems. This approach needs to be formally institutionalised to place JASPERS on a more secure footing and to ensure that this best practice approach is implemented wherever JASPERS operates.

The Bank should also consider carefully the existing governance arrangements currently in place and decide whether the current balance of risk, resources and responsibilities is satisfactory and whether it has sufficient control over an initiative which represents a significant proportion of its staff costs and is now so closely bound to its own reputation.

Managing Risk

It is clear that the problems addressed by the JASPERS initiative are far from being solved, and the most likely scenario is that assistance will still be required during the next programming period. JASPERS future should therefore be assured and the Bank should insist on a longer term funding agreement with partners. In the absence of such an agreement, and as a contingency against lack of progress, the Bank needs urgently to prepare a comprehensive exit strategy for JASPERS which would be triggered in stages at key decision points, one of the first of which will be decisions on fixed duration staff contracts.

The Bank's reputation has become closely bound to that of JASPERS to the extent that many interlocutors did not make any distinction. There is therefore a risk to the Bank's reputation if the activities and priorities of the initiative do not closely reflect those of the Bank. In order to manage this risk the Bank should either seek more control of JASPERS priorities and budget, or scale down its involvement.

The possibility that new JASPERS partners might join the initiative has been discussed more recently. Whilst additional resources would always be welcome, the Bank needs to ensure that these are provided in a manner which can be effectively and efficiently managed under the control of JASPERS management. The Bank should not accept a proliferation of part-time inputs from multiple locations which would be difficult to manage and integrate, and should seek to regularise arrangements with existing partners before considering new ones.

Overall Conclusion

The overall conclusion of this evaluation is that the priorities of the initiative should be revisited in the light of a formal needs assessment and that the Bank should now take stock of its involvement based on the operational experience gained to date in order to decide whether and in what form to continue its involvement in a manner which safeguards its own reputation and makes best use of its scarce and valuable resources. What is clear from the evidence gathered is that the initiative is fully justified and potentially still has much to do.

TABLE OF RECOMMENDATIONS

	Overall Conclusions	Response of services
1.	<p>The JASPERS initiative was found to be fully justified both in terms of the established demand for its services, the reputation which it has established with counterparts and clients, and the economic benefits which it generates. The initiative was rapidly established and has been able to adapt to changing circumstances. All of the assignments examined addressed clear deficiencies in the projects or applications initially presented, and any initial uncertainty about the need for the initiative have now been dispelled. If anything, the initiative might be described as relatively modest with respect to the scale of the problems faced. (§ 6.0)</p>	<p>JASPERS Team JASPERS agrees with this overall conclusion. PJ JASPERS has been an extraordinary initiative of provision of TA put at the disposal of beneficiaries in EU 12 but was never intended to replace Managing Authorities in their roles or to cover all the needs the countries have or to intervene with the priorities agreed between them and the Commission. The claim that 'the initiative might be described as relatively modest with respect to the scale of the problems faced is considered inappropriate.</p>
2.	<p>Inevitably, the speed at which the initiative was established also had negative consequences, and many of the organisational aspects of the initiative had to be resolved 'on line'. Documentation and procedures were slow to develop and the initiative still does not have a system of resources planning commensurate with its importance. In this sense the initiative was set up as a kind of full scale pilot, where problems were dealt with as they arose. JASPERS also suffered in the early years from a lack of direction and purpose in relation to operational priorities and the rationing of JASPERS as a scarce resource, and the initiative became involved in many low priority activities simply because it was asked. (§ 5.2)</p>	<p>JASPERS Team There is an important trade-off between taking the time to carefully plan the deployment of a new initiative like JASPERS and the quick achievement of results by this new initiative. JASPERS recognises this point, but would also note that risk of insufficient planning was mitigated with sufficient flexibility to react during implementation, which was one of the key factors for the success of the initiative. Also:</p> <ul style="list-style-type: none"> • JASPERS rather quickly developed a set of performance indicators which have been refined over time. • Resource allocation was considered carefully, even in the early days of JASPERS, during the Action Plan process, and the early action plans were reviewed exhaustively between JASPERS, the member states and the DG REGIO desks. • JASPERS has developed its activities in the context of an evolving framework for EU funding in which many of the building blocks (e.g. EC CBA Guide, State Aid regulations) were themselves unclear at the start of the programme period. • JASPERS has now developed a full procedures manual to be released in 2011 Q1. • It is not clear on which basis this conclusion is drawn. The report does not show any evidence that high priority activities were delayed because resources were dedicated to lower priority activities. <p>PJ There is not sufficient evidence leading to this conclusion. The fact that Action Plans are proposed by the beneficiary countries and may be changed in the course of the year has not been sufficiently taken into account in the analysis. The need for adjustments in the profile of expertise and the development of an operations manual has been quickly recognised and remedied.</p>
3.	<p>Despite some uncertainties inherent in the design of the initiative, the management of JASPERS successfully expanded the activity of the initiative and gained the trust of the principal actors, establishing practical working relationships tailored to the working environment in each country and sector and slowly building the tripartite relationships necessary to make progress. This is a considerable achievement by those involved. (§ 5.2)</p>	<p>JASPERS Team JASPERS agrees with this overall conclusion. PJ No comment on the conclusion. However, the analysis does not stress sufficiently that the role the Bank has been entrusted with is its strong technico-economic expertise. It also fails to highlight the need for closer cooperation between JASPERS and the</p>

		other PJ departments in sector work for higher efficiency and better quality results.
	Recommendations for consideration by JASPERS Steering Committee	Response of services
4.	<p>Recommendation: Based on experience to date, the opportunity should now be taken for a comprehensive needs assessment for the JASPERS initiative from which will emerge a clearer picture of what the operational priorities of JASPERS should be for the remainder of the programming period and beyond. The needs of all stakeholders have to be considered in a collaborative and problem solving approach based on objective evidence. (§ 7.5)</p>	<p>JASPERS Team JASPERS considers this in two steps: (1) it has identified key needs during 2010 and prepared a strategy for action for the remainder of the present programming period (endorsed by the Management Committee and approved by the Steering Committee on 22 November); (2) as indicated in the strategy document, a fuller needs assessment and analysis will be needed during 2011 to develop a longer term strategy for JASPERS beyond 2013. PJ The need for prioritisation needs to be emphasised further. Staff and cost implications of further expansion should be considered in the context of the Bank's overall strategy and constraints, and conform with the TA guidelines approved by the Board of Governors.</p>
5.	<p>Observation: In practice JASPERS, through its own efforts, has now achieved a kind of 'independent' status, and the initiative has evolved into more of a tripartite partnership - although this has not been formalised. This working relationship is crucial to the effectiveness of JASPERS. By this process of closer cooperation JASPERS is able to contribute its independent technical view, animate a settled consensus acceptable to the Commission and avoid giving contradictory advice to beneficiaries. (§ 6.1)</p> <p>Recommendation: The original concept that JASPERS would be available to assist beneficiaries at their request has been overtaken in practice by a more collaborative tripartite approach with Member States, the Commission and JASPERS working together with the shared ownership of problems. This approach needs to be formally institutionalised to place JASPERS on a more secure footing and to ensure that this best practice approach is implemented wherever JASPERS operates. (§ 7.2)</p>	<p>JASPERS Team JASPERS confirms this observation. JASPERS will discuss with DG REGIO in the first instance if and how it may be possible to institutionalise the tripartite approach. We note however that in practical terms, the tripartite approach is already clear to the stakeholders, and consider that it may be more appropriate to review the governance and institutional arrangements as part of JASPERS long-term strategy, to be developed in 2011, and to apply beyond 2013, rather than for the present programming period. PJ The mention of 'through its own efforts' and 'independent status' may be misleading.</p>
6.	<p>Recommendation: If the initiative is not to become self-perpetuating then the only long-term solution is for countries to become self-sufficient in the project management of EU projects. For this reason, and because it is the kind of highly leveraged and resource efficient activity which is well suited to the existing profile of the initiative, JASPERS should increase its focus on capacity building activities. (§ 6.4)</p>	<p>JASPERS Team JASPERS experts are located in external offices in order to favour a close and continuous contact with project counterparts, which establishes the basis for capacity building. Moreover, JASPERS strategy for the coming 3 years explicitly reflects the need to focus on capacity building. At the same time, it is noted that parallel initiatives of the Bank in this area in Romania and Bulgaria, where the need for capacity building is greatest, need to be carefully coordinated with JASPERS activities to ensure complementarity and efficiency.</p>
	Recommendations for JASPERS management	Response of services
7.	<p>Topic - Efficient Use of Resources</p> <p>Observations and Conclusions: Beneficiaries appeared in general to be informed of, and to agree, these changes [in scope], but the lack of formal agreement on the scope and timescale of assignments</p>	<p>JASPERS Team We will discuss carefully the overall recommendation with a view to increase resource efficiency. The project fiche already serves a similar purpose to a consultant "terms of reference" for the</p>

	<p>is inconsistent with normal consultancy practice and hindered the effectiveness of the initiative. (§ 4.1.1)</p> <p>...with many assignments running over time (whether internally or externally set) or lacking concrete deliverables or agreed timescales. This makes it more difficult to plan resources, control quality and to disseminate self-learning. (§ 4.1.1)</p> <p>It is therefore JASPERS time which is significant as far as delay is concerned and the initiative needs to focus more strongly on the efficient use of its own resources and on the original idea of 'animation' of the approval process. (§ 4.2.1)</p> <p>However, the size of JASPERS effort varies significantly and this suggests that to improve the efficient use of its resources the initiative would need to refocus its efforts on controlling its costs and prioritising its activities to obtain the maximum leverage for its input. (§ 4.2.1)</p> <p>No charge is made directly to JASPERS beneficiaries for its services, and there was perhaps a tendency to consider that the initiative was therefore 'free'. This is illustrated by the lack of proper accounting for time until March 2008. (§ 4.2.2)</p> <p>The scope of the assignments almost inevitably grew following an initial review of documentation, but there seemed to be no formal management procedure for accepting revised scope and committing the additional resources it required. The system of resource planning in JASPERS has improved with time, but the current system still requires substantial review. (§ 5.1.2)</p> <p>This [Guidance Notes] is a welcome development towards a more consultancy based approach, where each task has a specific scope, a 'client', a specific deliverable, an agreed delivery timescale, and an estimate of resources. A task orientated approach should be the basis for all JASPERS work. (§ 5.1.2)</p> <p>As a result many of the assignments examined could have been handled more efficiently and JASPERS needs to improve its overall resource planning and management. (§ 6.2)</p> <p>Summary Recommendation: JASPERS should adopt a consultancy based approach to its work, where each task has a specific scope agreed with an identified 'client', a specific deliverable, an agreed delivery timescale, and an estimate of resources. A particular project and its associated grant application should be sub-divided into several individual tasks. The progress and resource usage of individual tasks should be monitored by JASPERS managers, and progress to the next task should not be automatic, but be informed by the outcome of previous tasks or the availability of information or decisions to allow the subsequent task to begin.</p>	<p>JASPERS assignment, but it is true that JASPERS has found it difficult to precise the resources part of the fiche given the wide diversity of assignments and the mix of task-based output and less tangible ad hoc advisory support characterising JASPERS activities; nonetheless, with experience in place JASPERS will consider ways to better plan and monitor resource allocation on assignments.</p> <p>We also note the following:</p> <ul style="list-style-type: none"> - JASPERS cannot fully control the timing of assignments, which often depends on the performance and response time of beneficiaries and their consultants. - Time spent in discussions with beneficiaries and consultants (in close relation to the capacity building concept) does not always result in specific matching deliverables to be used in the measurement of efficiency. - JASPERS has a detailed accounting system with a time recording system and a specific allocation of mission expenses by division, with the Heads of Division being responsible for the efficient use of these resources - Heads of Division have normally to justify the need for new staff on the basis of expertise required and workload. - JASPERS is task oriented, with the adoption of the project by the European Commission as the ultimate objective and the completion note as the key deliverable to facilitate the achievement of this objective as well as to justify the resources used for the assignment.
8.	<p>Topic - Outputs</p> <p>Observations and conclusions:</p> <p>Whilst JASPERS requires a vehicle for planning its workload and managing the expectations of beneficiaries, the Annual Action Plan process has become cumbersome and is in need of substantial reform. (§ 5.1.1)</p> <p>The status, purpose and content of the JASPERS</p>	<p>JASPERS Team</p> <p>JASPERS will consider this recommendation carefully. Guidance notes have already been successfully introduced. We consider that in particular, the period after a completion but before Commission approval is now becoming a critical stage where indeed further deliverables/management intervention may be warranted. In addition, as horizontal support for the</p>

	<p>Completion Note should be substantially reviewed. (§ 5.1.2)</p> <p>Beneficiaries were therefore (rightly) concerned that this was a document [completion note] directed principally at the Commission. (§ 4.1.1)</p> <p>Increasing use is now being made of Guidance Notes, and this more task-orientated approach not only improves both the timing and the focus of the advice, but also allows for more effective resources planning. Such a task based approach should be the basis of JASPERS future activities. (§ 6.3)</p> <p>JASPERS ought to be in a position to issue a formal interruption of their advice until the situation is resolved. (§ 4.1.1)</p> <p>JASPERS needs to put in place a mechanism which highlights issues on which there is no settled view from the Commission in order to both avoid providing contradictory advice and to stimulate the resolution of the issue. (§ 6.3)</p> <p>JASPERS is however, invited by one party or another to become involved during the process of 'interruption' of applications by the Commission. This has now become a significant part of JASPERS workload as well as providing valuable feedback on the requirements of the Commission and on the performance of JASPERS, and this phase of JASPERS work should now be more formally incorporated into JASPERS workload planning and self learning processes. (§ 5.1.4)</p> <p>The appropriate time for such a document [completion and self learning] to be produced would seem to be at the point of confirmation of funding by the Commission. (§ 5.1.2)</p> <p>Language and local representation are key issues for JASPERS which needs to be discussed openly in terms of the future of the initiative. (§ 7.3)</p>	<p>next programming period, capacity building, implementation are added to JASPERS activities per its new strategy, this will necessitate additional deliverables and management interventions.</p> <p>In addition we note:</p> <ul style="list-style-type: none"> - We consider that the status, purpose and content of the completion note are now clear, and that the lack of clarity likely stemmed from the early stage of some of the projects evaluated. - JASPERS has clarified the role of the Completion Note at several beneficiary meetings and stakeholder conferences. - We confirm that the use of Guidance Notes is now standard practice in JASPERS. - We would not support the notion of JASPERS issuing an interruption letter. In many cases, one single issue can be problematic while others can be resolved meantime, and so suspending JASPERS involvement completely is impractical. Where this is necessary, JASPERS already has the possibility to suspend assignments or cancel them altogether. The distinction should be recognised between "elapsed time" and "real time" – whilst elapsed time on stalled assignments may be lengthy, JASPERS is not wasting resources on these assignments but deploying its resources meantime on other assignments. - Language and local representation are encouraged but without neglecting the importance of international experience and independence of the advice given, which requires the right balance between local and international experts on each assignment.
	<p>Summary Recommendation: As part of its operational procedures, JASPERS should review its workflow from Annual Action Plan to Commission confirmation of funding (and now also to start of construction), splitting it into key stages and associated deliverables. Additional points of management intervention should be identified and the purpose, form and content of deliverables should be reviewed. Capacity building tasks should be approached in a similar way.</p>	
9.	<p>Topic – Commission relationship</p> <p>Observations and Conclusions:</p> <p>Assignments which were rated as partly unsatisfactory were so rated because the advice given was subsequently contradicted by the Commission during its appraisal of the project. (§ 4.1.1)</p> <p>A lack of early coordination with the Commission led in many cases to considerable waste of time and resources. (§ 4.1.1)</p> <p>In many cases this has undoubtedly made the appraisal of these applications by the Commission easier, but in</p>	<p>JASPERS Team</p> <p>JASPERS agrees that while maintaining its independent opinion, it is critical to consult early with the Commission on potential areas of uncertainty or controversy. In this context, JASPERS has sought during 2010 to increase the frequency of such early consultation, also in a tripartite manner, and notes the increased willingness of the Commission and member states for this type of activity.</p> <p>It should also be noted that sometimes the Commission has been reluctant to engage on policy aspects until specific projects are submitted, and also that issues sometimes only</p>

	<p>others there were disagreements which led to a waste of time and resources, as well as to undermining the confidence of Managing Authorities. (§ 4.1.2)</p> <p>Whilst JASPERS must strive to provide the highest quality advice, this is not always consistent with taking an independent or contrary view on technical issues to that of the Commission. (§ 6.3)</p> <p>This working relationship is crucial to the effectiveness of JASPERS. By this process of closer cooperation JASPERS is able to contribute its independent technical view, animate a settled consensus acceptable to the Commission and avoid giving contradictory advice to beneficiaries. (§ 6.1)</p> <p>Summary Recommendation: JASPERS needs to place more emphasis on its relationship with the Commission and to assist the Commission in coming to a settled consensus on topics within its remit as well as helping to ensure that this consensus is sufficiently disseminated and applied in practice.</p>	<p>come to light when they arise in the context of specific projects. Therefore, it will be critical to draw on the experience which JASPERS has accumulated in order to pre-empt such issues and achieve solutions before the next programming period is launched. For example, the Commission did not issue its own CBA guide until mid 2008, 1.5 years after the start of the last programming period.</p> <p>Finally, it has to be acknowledged that the Commission (DG REGIO) is not a uniform counterpart, but a collection of independent desks which often have alternative approaches to the same issues. JASPERS therefore often has to balance these approaches with the needs for consistent advice across countries.</p> <p>PJ It may be added that the views of other Commission services may have added to the problems observed.</p>
10.	<p>Topic – Quality</p> <p>Observations and Conclusions:</p> <p>In cases where JASPERS was in a position to influence the physical form of the project, the advice given was generally of the highest technical quality. (§ 4.1.1)</p> <p>This was the right decision [employment of senior expert staff] for the benefit of the initiative, which built a deserved reputation based on high quality advice and credible experts. (§ 7.3)</p> <p>The initiative was slow to recognise the need for its specialist environmental and social advice. (§ 4.3)</p> <p>In practice, the initiative was perhaps slow to react to the fact that the range of expertise required to respond to the needs of the beneficiaries was different to what had been assumed. (§ 5.2)</p> <p>In many cases the formal reported advice given was written in a passive, equivocal, diplomatic style providing more of a commentary than a recommendation, and often lacking in prioritisation. (§ 4.1.1)</p> <p>The language used in these documents is often vague and indirect, providing a commentary rather than a structured series of recommendations. (§ 5.1.2)</p> <p>Summary Recommendation: The quality of advice offered by JASPERS is central to the success of the initiative and JASPERS should ensure that only credible experts in their field are used. Expanding into new fields of activity needs to be particularly carefully handled and the temptation to adapt existing staff in order to respond more quickly should be resisted. The quality of advice offered has many aspects, and JASPERS needs to ensure that 'technical correctness' is not the only criteria prioritised.</p>	<p>JASPERS Team JASPERS agrees. JASPERS has sought to tighten the language of completion notes during 2010, to avoid over-diplomatic style, and has in fact discussed examples of good and bad practice with DG REGIO and among the sector teams.</p> <p>Similarly to PJ experts during the appraisal of a Bank operation, JASPERS is often not in a position to shape a project since the beginning, but to judge if the project is suitable for EU funding. However, differently to the usual PJ work, JASPERS is also in a position to facilitate adjustments to an existing project that can finally turn it acceptable. JASPERS does tend to become involved more upstream than PJ, and so has a better chance to impact physical aspects of projects, even though in some cases this is not possible and JASPERS role is focused more on the assessment of projects and grant applications.</p> <p>JASPERS has established new framework contracts with more specialised expertise in new or non-core areas of activity (e.g. education, health), which should enable stronger support in these areas. Also, now that JASPERS is larger, and has a higher critical mass of projects in non-core areas, it has recruited or trained up expertise in such areas in a way which was difficult when JASPERS was smaller.</p> <p>PJ Further expansion to non-core areas may inevitably lead to disproportionately higher needs – consultants also need supervision!</p>
11.	<p>Topic - Procedures</p> <p>Observations and Conclusions:</p>	<p>JASPERS Team JASPERS would like to discuss this further with the evaluation team. Assignment nomenclature is considered to be clear already, and</p>

	<p>The evaluation found that the categories of assignment were not particularly stable with time; advice beginning as a horizontal issue later became a number of projects, major projects later became non-major projects and vice versa, large projects were later sub-divided at a more detailed stage of preparation. The JASPERS database was not always up to date, and contained elements of double counting. (§ 2.4.1)</p> <p>The system was not particularly well adapted to dealing with situations where several assignments were possible on one project, or where a more general (often horizontal) assignment was subsequently split into more detailed assignments, or where the project itself was split into more than one part. (§ 5.1.2)</p> <p>Recommendation: JASPERS should review assignment nomenclature and database procedures as part of its ongoing production of a Procedures Manual.</p>	<p>developments of the database have focused on accommodating new activities such as work on projects for the next programming period or capacity building.</p> <p>Moreover, the split of one project into subprojects is often the result of the JASPERS advice when the starting point is a general idea that, after discussions with the beneficiary, turns into a number of independent applications.</p> <p>PJ The new procedures manual should remedy such problems.</p>
12.	<p>Topic – Design of Initiatives</p> <p>Observations and Conclusions:</p> <p>However, a more formal needs assessment, that would have more clearly identified countries and/or sectors for priority treatment and helped to focus the setting up of the initiative, does not appear to have been undertaken ex ante. (§ 3.1.1)</p> <p>The evaluation found no record of why these alternatives, or any others, were rejected. Indeed there does not appear to have been any formal options analysis in the strict sense of the term (the comparison of the costs and benefits of alternative ways of achieving the same objectives). (§ 3.1.3)</p> <p>The beneficiaries were therefore considered capable of determining their own priorities for assistance, but it would appear that the initiative itself was designed without significant input from the eventual beneficiaries. (§ 3.1.5)</p> <p>The form of the initiative was designed to provide strategic advice and to respond to the need to build capacity, but was set up too late to have a significant impact on many of the issues identified in its founding documents. The priorities of the initiative have now been changed, and it is trying to adapt its shape to respond, but this will now be more difficult than if this situation had been anticipated from the outset. (§ 3.1.7)</p> <p>The speed at which the initiative became operational was largely thanks to the willingness of the Bank to commit staff and resources in advance of formal agreements. Whilst this represented considerable added value for the initiative resulting from the Bank's involvement, it also facilitated the launch of a major initiative without a formal needs assessment, without clear priorities and with no real forecast of demand for its services. (§ 6.1)</p> <p>Summary Recommendation: The participation of the Bank in future initiatives should be based on a formal needs assessment, options analyses (comparison of costs, benefits and risks associated with alternative solutions), clear purpose and priorities, agreement of beneficiaries as well as donors, agreed indicators for success and a clear exit strategy. Where expediency or other considerations preclude proper planning, the</p>	<p>Response of services</p> <p>JASPERS Team The desirability of a needs assessment is fully confirmed. However, it should also be noted that:</p> <ul style="list-style-type: none"> Had a full needs assessment been made before the start of JASPERS, the start would have been delayed inevitably, exacerbating the issue identified elsewhere in the report that JASPERS was put in place too late to impact the physical design of some projects. The success of the initiative testifies to the foresight of the decision makers at EIB and the Commission who set up JASPERS based on their long experience and deep understanding of the needs. A needs assessment in 2005 would have become rapidly out of date, as JASPERS was created at a time in which the whole framework was in flux – with operational programmes under discussion, the EC regulations fresh and not understood, EC guidelines unwritten, rapid institutional change at the level of the member states to accommodate the new funds etc. The approach taken of developing JASPERS on a small scale and gradually growing it, while refining its objectives and structures on a “suck it and see” basis, has proven quite effective in such an environment. JASPERS vision and flexibility to adapt “on-line” to new requirements mitigated a great deal of the potential problems of not having a detailed plan in the first place.

	<p>initiative should only be commenced as a limited pilot that should be clearly signalled as such to partners and participants ex ante.</p>	
13.	<p>Topic – Justification</p> <p>Observations and Conclusions:</p> <p>The Bank's reputation has become closely bound to that of JASPERS to the extent that many interlocutors did not make any distinction. There is therefore a risk to the Bank's reputation if the activities and priorities of the initiative do not closely reflect those of the Bank. In order to manage this risk the Bank should either seek more control of JASPERS priorities and budget, or scale down its involvement. (§ 7.4)</p> <p>The Bank now needs to review its involvement in the light of three years of operational experience and decide whether its involvement, and the extent of that involvement, is still justified. (§ 7.1)</p> <p>There does not therefore appear to be a strong potential in terms of new clients and lending. JASPERS managers argued strongly that their work is already helping to bring forward disbursements and that in the longer term the Bank will benefit from an improved pipeline of projects. The business case for the initiative therefore appears mixed, but this was not in any case a strong justification for the Bank's original involvement, which continues to rest on more intangible policy benefits of cooperation and EU policy support.(§ 5.1.5)</p> <p>The Bank therefore needs to consider whether it is content to continue to take full reputational responsibility for an initiative into which it originally entered as a minority partner. (§ 7.1)</p> <p>Summary Recommendation: In the light of this needs assessment [recommended above], the Bank should now take stock of its involvement by carrying out a comprehensive mid-term review of its involvement in JASPERS with the purpose of re-shaping the initiative in line with the established needs and with EIB priorities. This review should be carried out by a cross directorate working group. (§ 7.5)</p>	<p>JASPERS Team</p> <p>JASPERS does not agree with the assertion that there is limited benefit for EIB business resulting from JASPERS activity. It is self-evident that marketing benefits are small, because the Bank's public sector clients (national ministries, major utilities, major cities etc) are stable. The benefit of JASPERS has rather been in the development of a pipeline of projects by these existing clients for the Bank to finance – i.e. an impact on commitments and ultimately on disbursement. Without JASPERS, the Bank would have retained its client contact list, but not had so many mature projects presented for financing.</p> <p>Also, the Bank Services could benefit from the JASPERS Completion Notes and the knowledge of the JASPERS teams involved in the project in order to streamline the appraisal of projects. This is currently not happening in a very effective manner, due to the need for "Chinese walls" emphasised by the Commission, which sometimes results in unnecessary duplication of efforts.</p> <p>JASPERS considers that this would become evident if a review of the type proposed is carried out.</p> <p>PJ</p> <ul style="list-style-type: none"> - It may be wrong to argue that the Bank has entered the initiative as a 'minority partner' where all reputational liability lies with the Bank. - The new Commission approach of relaxing existing 'Chinese Walls' will lead to significant gains of efficiency and consistency. - Perceived operational benefits for the Bank are more qualitative than quantitative at least in the short term. - Further expansion of JASPERS (in terms of sectors or otherwise) should be carefully considered with negotiation guidelines approved by the Management Committee <u>before</u> any discussion with the Commission and other
14.	<p>Topic – Governance</p> <p>Observations and Conclusions:</p> <p>The Bank should also consider carefully the existing governance arrangements currently in place and decide whether the Bank is satisfied that the current balance of risk, resources and responsibilities is satisfactory and whether it has sufficient control over an initiative which is now so closely bound to its own reputation. (§ 7.2)</p> <p>Whilst this ensures that the members [of the Steering Committee] appointed by the Bank must be content with the decisions made, it also means that all partners have equal authority, regardless of their contribution to the initiative or the extent to which the partner's reputation is bound up with the initiative. (§ A6.5)</p> <p>The Bank should consider whether it is acceptable that other partners do not fulfil their budgeted resource inputs</p>	<p>JASPERS Team</p> <p>JASPERS would support a review of the governance arrangements to update them. It is noted that although the other IFI partners have a disproportionate share of voting power in the Steering Committee compared to their contributions, in practice the IFI partners (EBRD, KfW) acknowledge that EIB is in the driving seat, and to date there have been no cases in which governance arrangements have resulted in disputes among the partners or negative impacts on the EIB. A formalisation of this practice will be welcomed even if so far all Steering Committee decisions have been taken unanimously, with the Commission and the EIB being the main contributors in all major policy areas.</p> <p>It may be most appropriate to carry out such review in the context of the future of JASPERS discussions for beyond 2013 – especially as it is</p>

	<p>to the initiative, or supply staff on a part time basis which is difficult to integrate and manage. (§ 7.3)</p> <p>The Bank should not accept a proliferation of part time inputs from multiple locations which would be difficult to manage and integrate, and should seek to regularise arrangements with existing partners before considering new ones. (§ 7.4)</p> <p>The EIB is therefore in the same position as any other grant recipient in having to account for and justify its expenditure under the grant, and where necessary, repay elements that might be considered ex post not to be eligible or reasonable. (§ A6.5)</p> <p>Summary Recommendation: The existing governance arrangements of the initiative should be reviewed by the Bank as part of the comprehensive stock taking exercise recommended above.</p>	<p>possible that the commitments of EBRD and KfW are only up to end 2012.</p> <p>We agree with the importance of the other partners to fulfil their contribution on a full time basis (with the part time option being an exception) in order to make it easier for JASPERS to integrate the staff involved as well as the management of resources in terms of their availability to provide prompt advice to the beneficiaries.</p> <p>PJ The review should <u>include a revisiting of JASPERS Governance</u> and <u>clarify</u> the role of the Steering Committee in the Bank's own decision making structures.</p>
15.	<p>Topic – Priorities</p> <p>Observations and Conclusions:</p> <p>The high cost and high value of the Bank's input can only be justified if applied to high value added, high level or highly leveraged activities. (§ 7.1)</p> <p>The importance of this distinction is that application due diligence, whilst important to DG REGIO for the swift determination of applications, is not particularly high level advice, or something that the Bank is uniquely qualified to do. (§ 3.3)</p> <p>JASPERS is therefore not only a scarce public resource, but potentially an expensive one if used as a substitute for the consultancy market. For this reason, JASPERS resources should be distributed on a rational and efficient basis, only engaging in activities where the Bank's experience is unique or for which there is no market equivalent. (§ 4.2.2)</p> <p>Summary Recommendation: The Bank should use its influence to move the initiative upstream toward more highly leveraged activities which justify its involvement and the involvement of senior staff.</p>	<p>JASPERS Team JASPERS advice mainly consists of providing support to the beneficiaries to supervise consultants and not to do the work of the consultants. This requires a particularly high level of expertise and it is similar to what the rest of PJ does. Therefore this explains the daily rates being on the high end of the scale.</p> <p>JASPERS considers that in comparing JASPERS costs to the rates of external consultants, the report is not comparing like with like. Specifically, much of the added value of JASPERS coming from the unique partnership arrangements result in higher overhead costs than would be the case for a consultancy, especially in terms of publicity, reporting, consultation, etc. A more suitable comparator would be the daily cost of PJ staff, with the equivalent portion of EIB overhead applied to JASPERS.</p> <p>In terms of efficiency, it would be appropriate to compare the cost of JASPERS per assignment as a fraction of total project cost and as a fraction of total project preparation cost – JASPERS analysis is that this is a very tiny share, and much lower than that of any other similar initiative. We note that the report also refers to several JASPERS assignments which, on their own, may well have saved more than the entire annual JASPERS budget from advice given on a single project.</p> <p>PJ Caution should be exercised on the way JASPERS could help on upstream work. Needs assessment and prioritisation of investments should remain under the ownership of beneficiaries. The encouragement of more recourse to the consultancy market, notably those with internal experience and local knowledge, is welcome.</p>
16.	<p>Topic – Exit strategy</p> <p>Observations and Conclusions:</p> <p>The Bank needs urgently to prepare a comprehensive exit strategy for JASPERS which would be triggered in</p>	<p>JASPERS Team Agreed.</p> <p>PJ A realistic 'exit strategy' should be developed in the context of the wider strategy review for the</p>

	<p>stages at key decision points, one of the first of which will be decisions on fixed duration contracts. (§ 7.4)</p> <p>The Bank now faces an immediate decision in terms of short-term contracts. (§ 7.3)</p> <p>JASPERS management therefore face the choice of either continuing with the current staff profile and working for the next programming period, or scaling down the number of senior staff for the remainder of the period (§ 7.3)</p> <p>Recommendation: As a matter of prudent planning, the Bank should put in place an exit strategy from JASPERS in the event that the initiative develops in ways with which the Bank no longer wishes to be so closely associated.</p>	<p>2013-20 period and concern the end of that period.</p>
17.	<p>Topic – Independence</p> <p>Observations and Conclusions:</p> <p>Most of those interviewed placed a high value on JASPERS independence, which was considered essential in maintaining the standing of the initiative in the eyes of its partners, and most considered that the independence of the initiative required enhancement. (§ 7.2)</p> <p>So far there does not appear to be much interaction between JASPERS and other PJ departments. (§ 7.2)</p> <p>The relationship can also be complicated if the Bank, JASPERS and the Commission take different views on a project, as happened in the Czech railway sector and the Romanian ports sector. It is understood that JASPERS is working to improve liaison with the Banks technical services, but the different objectives of the two sets of advisors is likely to continue to give rise to differences. (§ 5.1.5)</p> <p>Summary Recommendation: All aspects of the independence of JASPERS (amongst partners / within the tripartite working relationship / within the EIB) should be reviewed by the Bank as part of the comprehensive stock taking exercise recommended above.</p>	<p>JASPERS Team Agreed. PJ JASPERS is a joint initiative involving partners managed by the Bank (and thus engaging the responsibility of the Bank with both financial and reputational implications). The Bank's involvement stems from its very unique characteristics – notably its strong project/sector technico-economic expertise located in PJ. It is therefore fundamental that JASPERS remains anchored in PJ and reinforces its relationship with all relevant PJ sector divisions.</p>

1. INTRODUCTION

JASPERS⁴ is a joint initiative between the European Commission (DG REGIO), the EIB and other IFI partners, and its principal purpose is to provide technical assistance to the new Member States, covered by the Convergence objective, in the preparation of projects which are eligible for grant assistance under EU Cohesion policy. The programming period 2007-2013 is the first full financial perspective following the accession of the New Member States to the EU, and the volume of Structural and Cohesion Funds allocated to them is far greater than during the pre-accession phase in 2000-2006.

This evaluation is being undertaken following the latest update of the Operations Evaluation (EV) Strategy and the subsequent revision of the EV Programme for 2009. The evaluation concentrates on the EIB role in contributing to and managing the JASPERS initiative by examining the relevance and performance of the portfolio of JASPERS assignments from its inception in 2006 up to the end of 2009.

The evaluation has two primary functions. Firstly, to increase transparency to the EIB's governing bodies in relation to their investment in the JASPERS initiative and, secondly, as a self-learning exercise to provide assistance to the EIB management of JASPERS and to the JASPERS steering committee in determining the future direction of the initiative.

1.1 APPROACH AND METHODOLOGY

A detailed examination of over 50 individual JASPERS assignments is the main basis for the evaluation. This report is a synthesis of the findings of these individual evaluations, and was produced by internal EV staff. The evaluation is based on the ex post findings of completed assignments, but represents an interim evaluation of the initiative, which is ongoing. In accordance with the Bank's evaluation procedures, individual assignments were rated in four categories: "Excellent", "Satisfactory", "Partly Unsatisfactory" and "Unsatisfactory".

This evaluation assesses each of the advisory assignments in relation to the OECD/DAC evaluation criteria by examining the following aspects:

Relevance – the extent to which the initiative itself addresses its overall aims, the extent to which individual assignments meet the objectives of the initiative and the extent to which those objectives are consistent with the overall aims.

Effectiveness – the extent to which the advice given was timely, clear, accurate and consistent.

Efficiency – the extent to which the advice given contributed to the efficient use of project resources and the extent to which JASPERS resources were used efficiently in providing that advice.

Sustainability – the extent to which JASPERS knowledge was transferred to beneficiary countries and retained therein.

In addition, because of the Bank's focus on these issues, the **Environmental and social** aspects of the advice given were examined separately, and, given the EIB role in managing the initiative, the **EIB management** of the initiative is also assessed.

Sample Selection process:

- The portfolio consists of all assignments completed⁵ before the end of 2009.
- The portfolio was analysed in relation to its geographic and sector split, as well as by type of assignment⁶.
- Final selection was based on a reasonable representation of the portfolio in terms of:
 - sectors represented,
 - countries present in the selection,
 - type of assignment

⁴ Joint Assistance to Support Projects in European RegionS

⁵ For which a Completion Note had been prepared and recorded by JASPERS in its database.

⁶ Two assignment types are defined; direct project assignments and horizontal assignments. Direct assignments are further subdivided into major and non-major, depending on the size of the project.

Detailed analysis and field visits have been conducted for the selected assignments, including discussions with DG REGIO desks, country Managing Authorities and Beneficiaries as well as JASPERS staff.

For the purposes of reporting, assignments were collected into 13 groups, 11 with a common country and sector, and a further two grouped by horizontal theme. These in depth evaluation reports have been prepared and discussed with JASPERS staff associated with the assignment, and the main elements were provided to beneficiaries for their comments. As usual, the information contained in these reports is of a confidential nature and availability is restricted.

The following table summarises the main features of the selected assignments:

No.	Country	Sector	Number of Assignments
1	Bulgaria	Water & Wastewater	4
2	Czech Republic	Railways	5
3	Hungary	Solid Waste	3
4	Hungary	Urban Transport	3
5	Poland	Energy	4
6	Poland	Roads	3
7	Poland	RDI	4
8	Romania	Ports	4
9	Romania	Roads	3
10	Romania	Water	3
11	Slovenia	Water	4
12	Horizontal	Cost benefit analysis	6
13	Horizontal	Pipeline	5

2. BACKGROUND

During the planning phase prior to the start of the 2007-2013 programming period, it was believed that the scale of the effort required by the New Member States to submit suitably-prepared projects for grant funding would present considerable challenges given their relative lack of experience and capacity. The Commission (DG REGIO) therefore called for more technical assistance to be provided to the national authorities in order to help them to access and absorb the available EU resources.

During the previous programming period the Bank had agreed a Cooperation Framework with the Commission. Under this framework, the EIB had been actively participating for many years with the provision of occasional expert appraisal advice at the request of the Commission, and it was the desire of both parties to continue to strengthen that cooperation. Extensive discussions were held in 2005, leading eventually to the establishment of the JASPERS initiative, which would have the task of *animation* (progress chasing) and expert advice in order to accompany the authorities in the Member States, at their request, in the identification and preparation of good quality projects for support under the European Regional Development Fund (ERDF) and the Cohesion Fund (CF). The initiative was to be financed by its partners (now also including EBRD and KfW) in cash or in kind (staff equivalent). The cash contribution would come from the Commission and be financed by the technical assistance allocation under the ERDF funds. The initiative would be managed by the EIB under a joint steering committee.

2.1 STRUCTURAL FUNDS REGULATIONS 2007-2013

A General Regulation defines common principles, rules and standards for the implementation of the three cohesion instruments, the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund (CF). Based on the principle of shared management between the Union and the Member States and regions, this regulation sets out a renewed programming process, based on Community Strategic Guidelines for Cohesion and their follow-up, as well as common standards for financial management, control and evaluation. The reformed delivery system was intended to provide for a simpler, proportional and more decentralised management of the Structural Funds and the Cohesion Fund than in previous programming periods. Under the new shared management principle, the burden of justification for the use of funds shifted significantly from an *ex ante* to an *ex post* process. However, the process of confirmation of funding for major projects⁷ remained an *ex ante* case by case appraisal and the JASPERS initiative was intended to facilitate this process.

The total indicative amounts available to new Member States under ERDF and Cohesion Funds for 2007-2013 are summarised in tabular form below. According to the Regulation, the *annual* appropriations allocated to a Member State should be limited to a ceiling fixed with regard to its capacity for absorption.

Country/Heading	Cohesion Fund EURbn	ERDF Convergence EURbn	Total EURbn
Bulgaria	2.3	3.2	5.5
Cyprus	0.21	0	0.21
Czech Republic	8.8	13.4	22.2
Estonia	1.1	1.9	3.0
Hungary	8.6	11.2	19.8
Latvia	1.5	2.4	3.9
Lithuania	2.3	3.4	5.7
Malta	0.28	0.44	0.72
Poland	22	33	55
Romania	6.5	9	15.5
Slovakia	4	6	10
Slovenia	1.4	1.9	3.3
<i>Technical Assistance</i>		0.87	
TOTAL	58.99	86.70	145.69

⁷ Projects whose capital cost exceeded EUR 50m (or EUR 25m in the environment sector)

A ceiling of 85% for co-financing under the ERDF (Convergence) and the Cohesion Fund is applied to Member States whose average GDP per capita for the period 2001 to 2003 was below 85% of the EU-25 average for the same period. The ceiling is applied at the level of the operational programmes. New Member States therefore need to fund at least 15% of the cost of operational programmes from own or borrowed funds. In practice the actual rate of grant support is determined with reference to the revenue generating capacity of the projects financed, and can be considerably less than the maximum.

Expenditure paid between 2007 and 2015 (two years beyond the end of the programme period) is eligible for a contribution from the Funds. All expenditure must be incurred on operations decided on by a Managing Authority of an agreed national Operational Programme. Major projects must also be approved by the Commission before expenditure on them is eligible.

Budget commitments in respect of Operational Programmes are effected annually. Payments from the Funds are made as *pre-financing* (between 7 and 10.5% of the indicative budget), *interim payments* (paid annually in retrospect based on actual expenditure), *and payment of the final balance*. The process contains a mechanism for the re-payment of amounts which have been prepaid and not subsequently allocated or where the project has been substantially modified. Budget which has not been used can also be de-committed and payment can also be interrupted because of deficiencies in national control mechanisms. The Commission support for JASPERS is paid to the EIB as a grant from the ERDF and is subject to the same control mechanisms.

2.2 MAJOR PROJECTS

Major projects are defined by the Regulation as those with a total cost of at least EUR 50m. This applies also to environmental projects since 2009. Prior to this, a major environmental project had a total cost of at least EUR 25m. Major projects are expected to account for approximately one third of grant funding and for this reason and because of the complex and high profile nature of these projects, Member States or Managing Authorities are required to submit specific information to the Commission on major projects. The Commission then appraises the project and takes a decision no later than 3 months following the submission of the project. The Commission decision defines the physical project and the annual plan of financial contribution from the ERDF or Cohesion Fund. It is important to note that the Commission decision is a ‘confirmation of funding’, and there is nothing to prevent member States from commencing implementation – or even construction – prior to the commission’s decision. This also means that the Commission does not ‘reject’ projects *per se*, but simply does not confirm their eligibility.

The planning and preparation of major projects can take many years. The following diagram illustrates how the major project cycle relates to the structural fund programming periods. For a project to be completed by 2015 (the ‘n+2’ cut-off date for the current programming period), the planning process for even relatively modest projects would have to have begun at the very beginning of the programming period. For larger or more complex projects, the planning decisions are likely to have been taken at the beginning of the previous programming period.

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
TECHNICAL DEVELOPMENT																		
Small/Optimistic																		
Large/Pessimistic																		
Programme Development																		
Project priorities																		
Development Consent																		
Confirmation of Funding																		
Procurement																		
Contract Award																		
Construction and Commissioning																		
Opening																		
FUNDING																		
Operating Programme																		
Application Approval																		
Disbursement																		
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016

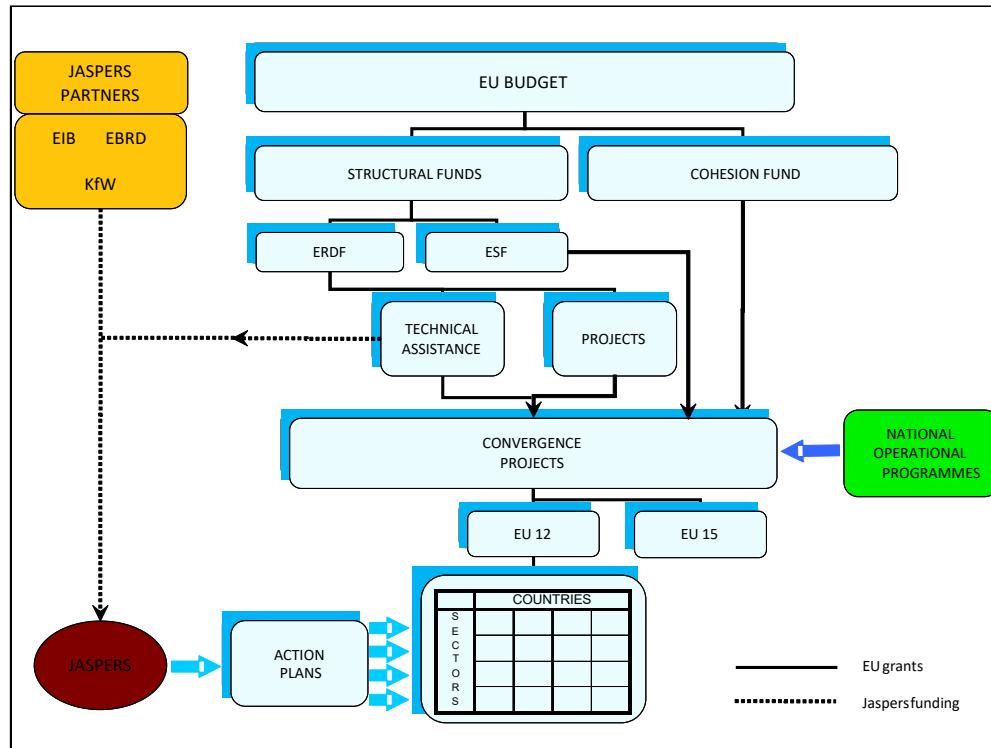
By their nature, major projects also tend to be highly politicised, and this problem is compounded by the fact that the length of the major project cycle often exceeds that of the corresponding political cycle. These projects are therefore potentially subject to continuous review and amendment.

Therefore, as well as the relative inexperience and lack of capacity of project promoters, from the outset, the JASPERS initiative faced three significant additional problems:

- The number of major projects, and therefore the size of the task, was largely unknown.
- The key decisions on many projects had already been taken many years previously
- In countries exhibiting a short political cycle, programmes, projects (and counterparts) were subject to continuous change

Further discussion of major projects is contained in Appendix 2.

2.3 JASPERS OVERVIEW



JASPERS was officially established on 30 May 2006, on the occasion of the signature of a Memorandum of Understanding (MoU) between the three original partners, the European Commission (EC), the European Investment Bank (EIB), and the European Bank for Reconstruction and Development (EBRD). A fourth partner, Kreditanstalt für Wiederaufbau (KfW), joined JASPERS as an associate following the signature of the restated and amended MoU in July 2008. JASPERS, which will remain in existence until the end of the current financial framework 2007-2013, is managed by EIB in accordance with the principles of the Memoranda of Understanding, and the terms and conditions set out in the annual Contribution Agreements drawn up between the EIB and the other partners. JASPERS technical assistance is provided, at no direct cost, following a request from a Member State.

According to the MoU, JASPERS is intended to support cohesion policy by increasing the resources available for project preparation and improving the quality of technical advice available to project promoters and will thereby enhance transition, environment, economic growth and job creation.

Human resources as at 31 December 2009

Staff	EC	EIB	EBRD	KfW	Total								
Professional staff	46	16	3	2	67								
Support (including temporary external staff)	10	0	0	0	10								
Total	56	16	3	2	77								
<i>of which to be allocated in</i>													
Warsaw	16	2	1	0	19								
Vienna	13	1	0	2	16								
Bucharest	16	1	1	0	18								
Luxembourg	11	12	1	0	24								
Total	56	16	3	2	77								
Professional staff													
Director	Sector managers	Other	Head of offices	Transport	Environment	Urban development	EIA* Special st	Fin admin	Total				
Warsaw	0	0	1	4	1	4	2	0	3	2	0	17	
Vienna	0	0	2	1	4	2	2	0	0	0	0	13	
Bucharest	0	0	0	1	3	1	5	5	1	0	1	0	17
Luxembourg	1	6	1	0	1	0	2	2	1	2	1	3	20
Total	1	6	3	3	12	4	13	11	2	5	4	3	67

* Environmental impact assessment

The JASPERS Unit was intended to work in close co-operation with the Commission and the national authorities to assist the latter in producing mature project proposals which meet EU requirements, as well as to identify potential projects for assistance.

The MoU represents the only formal statement of objectives and priorities for the initiative ex ante.

At the end of 2009 the initiative had 77 staff at its disposal, the majority of whom were employed directly by the EIB either in Luxembourg or in one of the three regional offices in Bucharest, Warsaw or Vienna. For administrative purposes JASPERS staff are part of the Bank's Projects Directorate and are organised into six sectors, each managed by a sector manager (Roads, other Transport, Water and

wastewater, Solid waste and energy, Urban development and Knowledge economy). EBRD provided 3 staff years equivalent and KfW provided 2.25⁸. This was below the contribution of 5 and 4 respectively anticipated in the 2009 contribution agreements. Part of these staff contributions were also on a part-time basis rather than staff fully seconded to the initiative. The remaining staff were directly employed by the Bank, with the Commission supporting the funding of 56 of these posts through a grant to the EIB under the ERDF, and the Bank providing 14.2 staff years of its own staff in addition to these.

The numbers of JASPERS personnel has increased strongly since 2006, and a further recruiting campaign was launched in 2008, the reasons evoked being the need for new staff to cope with the increased number of assignments submitted, but also the new focus of

the revision of all major projects before submission in certain countries, and the possible strategy to use JASPERS to provide technical assistance at implementation level.

⁸ JASPERS Annual Report 2009

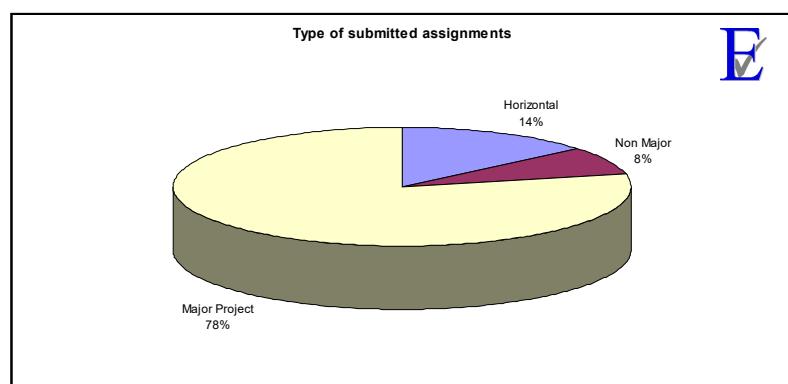
The cost of the initiative reached EUR 23.6 m in 2009 of which EUR 17.0 m was provided from the Technical Assistance budget of the ERDF via the Commission (DG REGIO). The remainder was provided by the other partners, with the majority coming from EIB.

2.4 PRESENTATION OF THE JASPERS PORTFOLIO

The number of assignments submitted each year by the Managing Authorities to JASPERS has increased constantly, and has almost multiplied by three since 2006 (99 projects submitted) to 2009 when 291 projects were submitted, with a total of 758 assignments submitted during the period of the evaluation.

At the end of 2009, JASPERS had completed 240 assignments, including the review of the applications of 160 major projects and 23 non major projects, and issued a validated Final Completion Note for each assignment.

Following issue of a Completion Note, JASPERS has no control over the subsequent submission of applications to the Commission by the Managing Authorities. Between 2007 and 2009, 136 applications for major projects were submitted by Managing Authorities to DG REGIO for confirmation of financing, with 99 of them previously assisted by

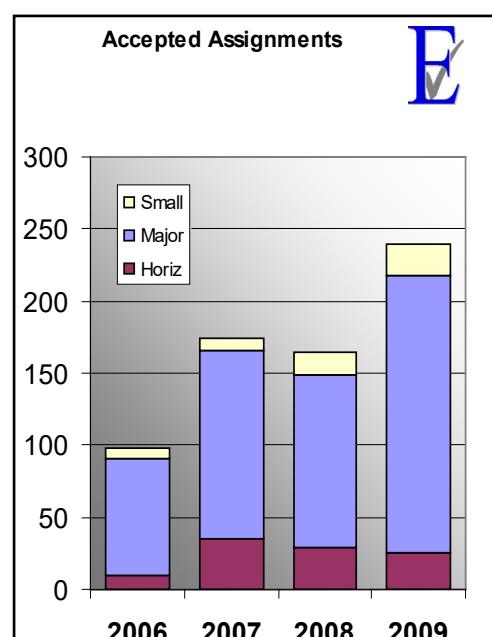


JASPERS. It could therefore be said that JASPERS had a significant influence on the projects submitted for funding, although the numbers submitted were well below the 150 per annum originally planned for. The shortfall is even more marked when considering that, by the end of 2009, only 54 of these projects had been confirmed for financing by the EC, representing a total EC contribution of more than EUR 4.7 bn.

2.4.1 JASPERS Assignment Categories

JASPERS assistance concerns three categories of actions: **project preparation**, **project appraisal** (review of project application), and **horizontal issues** (relevant to more than one project or more than one country). Other types of assistance can be provided on an exceptional basis.

Project preparation and project appraisal are JASPERS assignments that are linked to a particular project, and are therefore defined as **direct project assignments** in JASPERS terminology. Managing Authorities submit mainly major projects⁹ for technical assistance to JASPERS and indeed major projects in the new Members States are to be prioritised by JASPERS over other types of project assignments, although during the period of the evaluation (2006 to 2009) some 8% of direct project assignments were related to non-major projects. No guidance is to be found in the founding documents as to the expected balance between direct project assignments and the other main category of JASPERS assignment; **horizontal assignments**. Between 2006 and 2009 horizontal assignments accounted for 14% of assignments submitted to JASPERS.



⁹ Major projects are defined by the Regulation as those with a total cost of at least EUR 50m. This applies also to environmental projects since 2009. Prior to this, a major environmental project had a total cost of at least EUR 25m. Only major projects are approved by the EC, non-major projects are approved at country level.

JASPERS can provide substantive support to projects at any stage of their development, mainly through review of documentation and advice. Alternatively, JASPERS may simply review or screen grant applications immediately prior to submission to the EC. JASPERS may also produce substantive documentation for the projects, such as feasibility studies. In both cases, once JASPERS direct project assignments are completed, it is expected that the project will be submitted for funding to the DG REGIO. The distinction between project preparation and project appraisal is therefore blurred, and can not be differentiated in JASPERS database, as it does not define clearly the nature of the tasks in each assignment. Statistics relating to direct project assignments therefore include both project preparation and project appraisal.

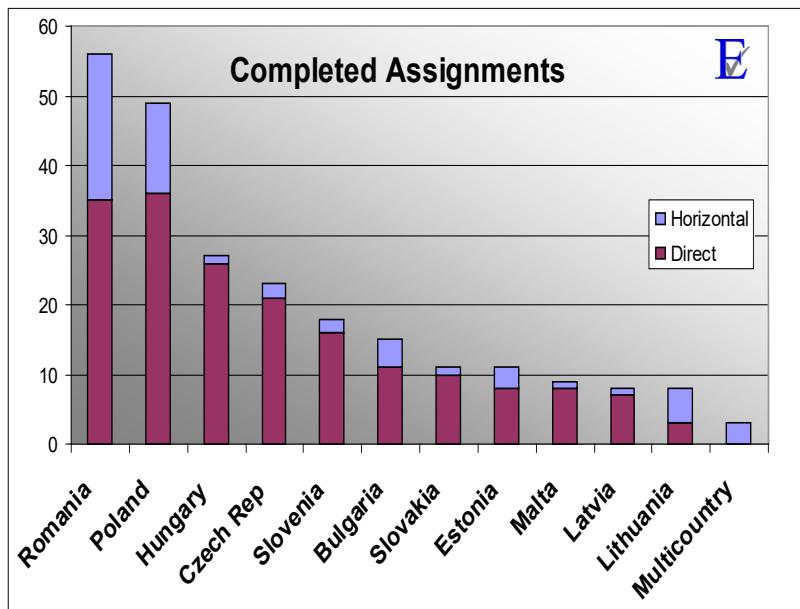
Horizontal issues are a type of assignment which are not relating specifically to a particular project application to be submitted for funding to the EC. They are relevant to more than one project or more than one country and are intended to further impact the preparation of projects in the relevant sector or the country concerned. These assignments can be considered as knowledge transfer actions.

The evaluation found that the categories of assignment were not particularly stable with time; advice beginning as a horizontal issue later became a number of projects, major projects later became non-major projects and vice versa, large projects were later sub-divided at a more detailed stage of preparation. The JASPERS database was not always up to date, and contained elements of double counting.

However, the majority of assignments¹⁰ represented JASPERS direct support to projects preparation and appraisal for both major and small projects. Horizontal assignments represent 14% of JASPERS portfolio but a quarter of the assignments completed. The average number of recorded hours for JASPERS staff per assignment was 205 hours, with the average for direct project assignment being 215 whereas that for horizontal assignments was 172. These figures are incomplete, since formal time recording only began in early 2008. However, they illustrate that the proportion of JASPERS resources allocated to horizontal tasks was probably less than represented by the number of assignments alone. The initiative can therefore be said to have a mainly project focus, even during the earlier years of the initiative, as shown on the accompanying figure.

2.4.2 JASPERS pipeline.

In total, 758 assignments were submitted to JASPERS between the start of the initiative in 2006 and the end of 2009. Every year, each national Managing Authority submits a draft annual Action Plan to JASPERS based on their Operational Programmes. These plans contain all the proposed assignments requiring JASPERS technical assistance in that particular country during the year. Once the Plan is received by JASPERS, each proposed assignment is introduced in the database. The status of each project in the database can vary within the pipeline¹¹.



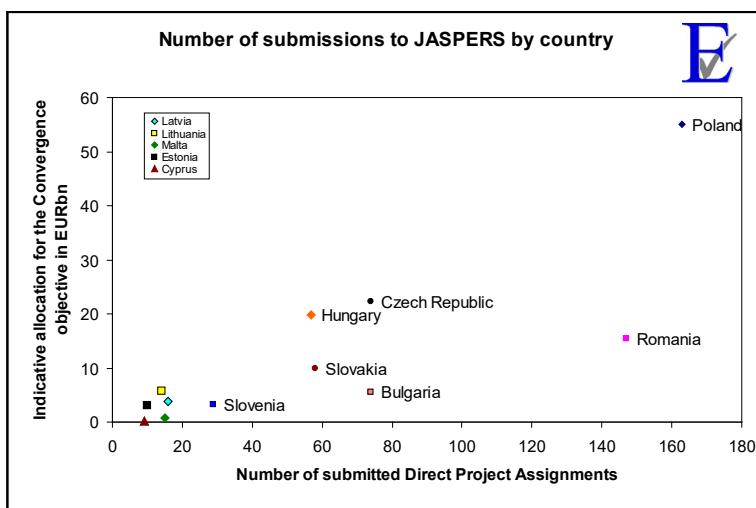
For each assignment accepted by JASPERS, a **Completion Note** is produced for the managing Authority. The Completion Note clarifies the actions undertaken by JASPERS to improve the project

¹⁰ 86% in terms of number of projects submitted and 75% in terms of number of projects completed to end 2009

¹¹ See Appendix 6 for the full classification of JASPERS actions

or the application form, but also describes the project and clarifies the main parts of the application form. It may also include recommendations for the Managing Authority and the promoter on actions pending that need to be finalised before submission of the application to the EC. Since 2009, Completion Notes must be attached by Managing Authorities to the grant application submitted to the Commission. The Completion Note therefore also serves as a check for the Commission when appraising the project application.

Almost one third of the total portfolio of JASPERS assignments had a Completion Note by the end of 2009, with the remainder still on-going. Of the completed assignments, the accompanying figure illustrates the breakdown by country and by type of assignment. This relative distribution of assignments is important when considering the allocation of JASPERS priorities.



size of the indicative allocation for each country, there is a broad trend of increasing assistance with size of allocation, although Poland and Hungary would appear to be under represented.

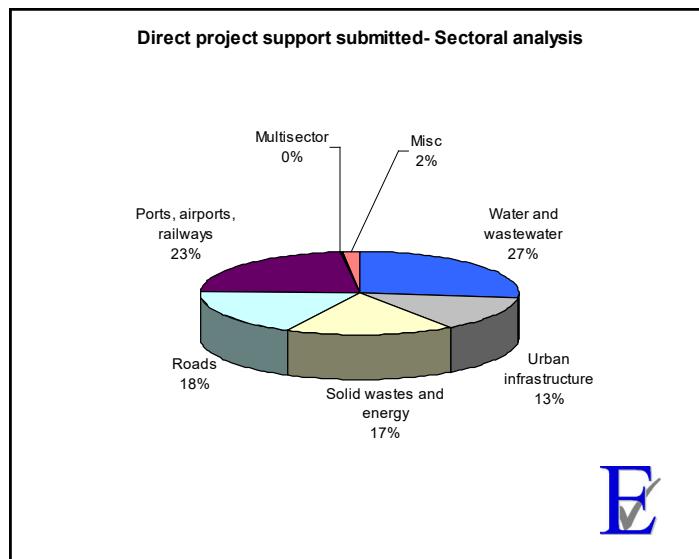
2.4.3 Direct Project Assignments

In total, 653 assignments concerning direct project support have been submitted to JASPERS, 594 concerned major projects and 59 concerned small projects. 42% of these were still ongoing at end 2009. Around 8% of projects were cancelled, and around 4-5% rejected.

As might be expected, smaller countries exhibit a lower level of activity in general, but clearly some countries have requested proportionately more advice than others (see accompanying figure). Whilst Romania has requested the most advice, in relation to the size of its indicative funds allocation it is overrepresented compared with Poland. The type of advice also varies, with some related largely to individual projects and some more knowledge transfer related.

JASPERS provides direct project advice to projects classified in five main sectors, with water & wastewater being the most important individual sector¹². Although a small proportion of submitted

On the one hand, the 'on demand' nature of JASPERS intervention implies that JASPERS itself does not set its own priorities. However, on the other hand, the process of negotiating Action Plans with beneficiary countries implies a distribution of JASPERS resources through the acceptance or otherwise of proposed assignments. The concept of 'fairness' is often mentioned in JASPERS documents when referring to the distribution of its resources, but the meaning of this has not been formalised. If the number of JASPERS assignments is compared with the

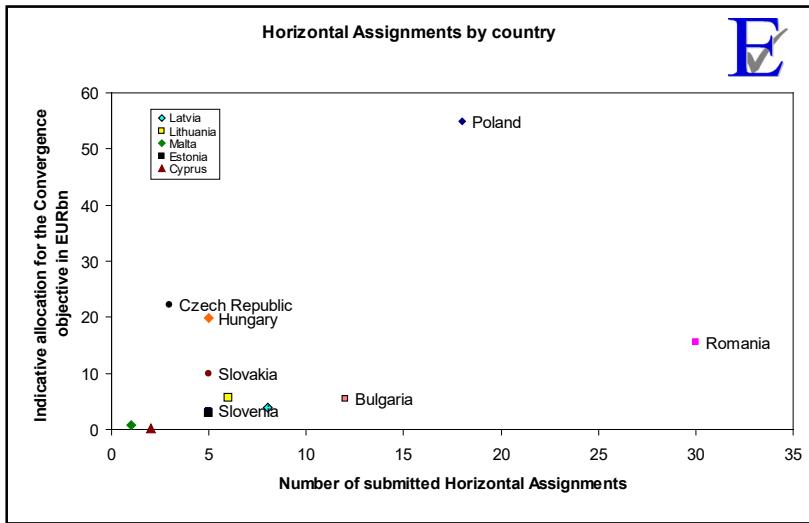


¹² A sixth sector, Knowledge Economy, was under development during the evaluation.

assignments are rejected, the proportions of accepted assignments do not significantly vary from the pattern of submitted assignments illustrated here.

2.4.4 Horizontal Assignments

Of the 758 assignments submitted to JASPERS by the end of 2009, 14% (105) are classified "horizontal assignments" and of these, 57 had been completed.

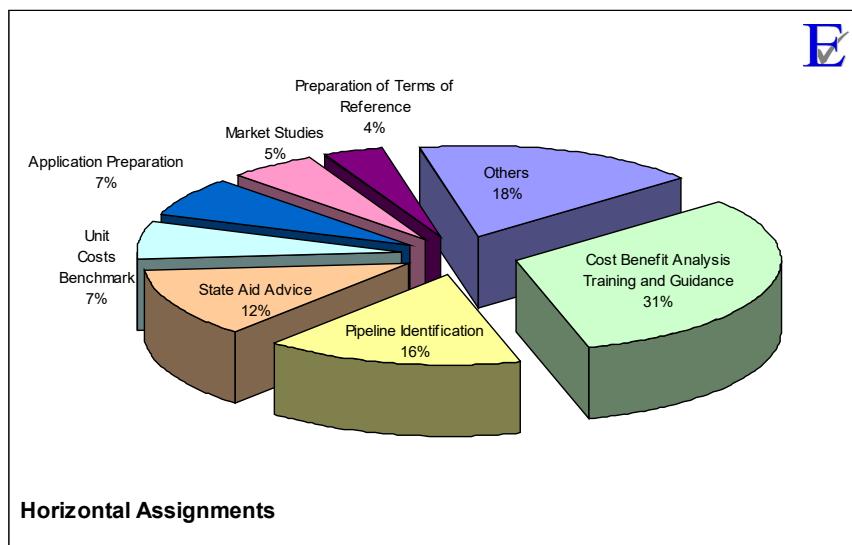


The trend of horizontal assignments accepted by JASPERS is illustrated in section 2.4.1. The relatively small number of assignments accepted in 2006 is most likely a reflection of the start up phase of the initiative when resources were limited. Having peaked in 2007, the number has gradually declined in each successive year, despite an increasing trend in available resources.

Romania and Poland have benefited the most from the horizontal assignments

undertaken by JASPERS. However, if we consider the amount of the indicative allocation from the structural funds, it can be seen that Poland is probably under represented in terms of horizontal assignments and Romania over.

The two largest categories by subject were those relating to cost benefit analysis and project pipeline preparation and these two categories were therefore chosen for in depth evaluation.



2.3 TECHNICAL ASSISTANCE BENCHMARKS

The assistance provided by JASPERS for the preparation of major projects is one part of a much wider effort required to bring major projects to fruition. The total cost of this preparatory effort is often hidden because much of it is borne by public authorities and is not identified separately. However, these costs are part of the true economic resource cost of realising major projects. The UK Department for Transport estimates that preparation costs for transport projects account for 12% of the total cost of

construction (including land and property costs)¹³. Given that the indicative allocation of EUR 146 bn to new member states from EU funds for the 2007-13 programming period could support projects to the value of around twice this amount, the total JASPERS budget for the period is likely to be around 0.5% of the total preparatory effort required to bring about the planned programmes and less than 0.1% of the cost of projects supported.

Although other sources of TA funds have distinct characteristics, they can be compared in broad terms as a ratio of the TA budget to the estimated amount of project costs they support (further details are contained in Appendix 5).

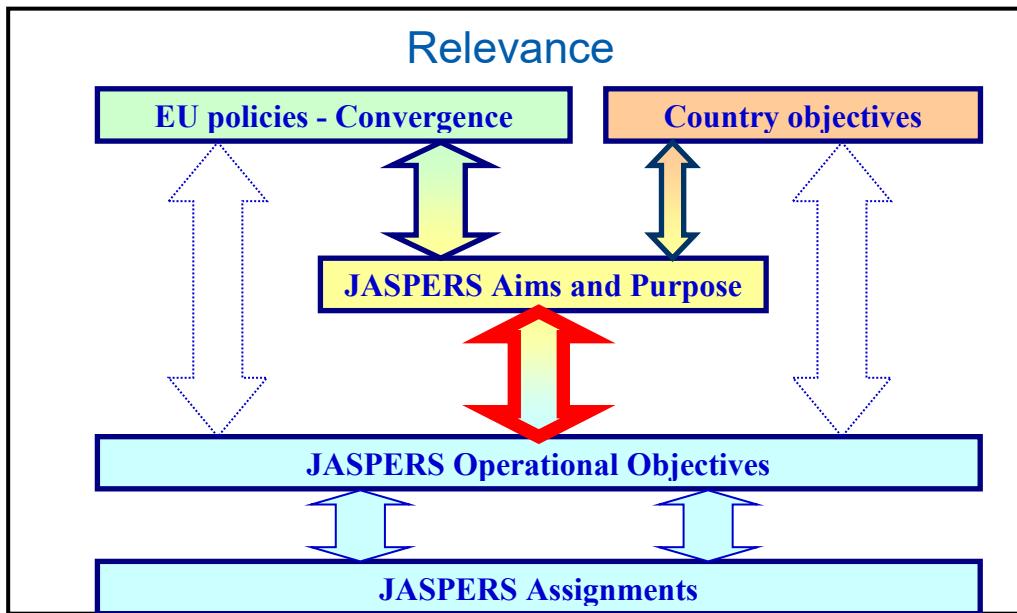
TA	Budget (EURm)	% of Project Cost	Notes
JASPERS	205	0.07	Av. grant assumed as 50% of overall project cost.
ISPA 2000-2003 (All countries)	208,139	2.4	Eligible costs assumed to be 80% of overall project costs
ISPA 2000-2005 (BUL/ROM/CRO)	4,328	4.4	Ditto
Cohesion Fund 2004-2006	1,501	1.8	Ditto
FEMIP Support Fund 2003-2006	105	1.0	EIB estimates
Overall Project Preparation	-	12%	UK Department for Transport

JASPERS does not of course support all aspects of the Operational Programmes, but none the less, in this context, the JASPERS initiative could be seen as relatively modest effort, and even more so when considering that the EU taxpayer (as represented by the Commission contribution) does not support the full cost of the initiative.

¹³ Design Manual for Roads and Bridges, Volume 13, Part 2, The COBA Manual, Section 7.3, The Preparation of Cost Data, UK DfT, revised June 2006.

3. POLICIES & STRATEGIES – RELEVANCE

Relevance is the extent to which the initiative itself addresses its overall aims, the extent to which individual assignments meet the objectives of the initiative and the extent to which those objectives are consistent with the overall aims and are consistent with EU policies, EIB objectives and the decisions of the EIB Governors, as well as the country policies. This chapter examines the key elements of these before outlining the performance of the chosen sample of assignments.



The JASPERS initiative was set up under the Convergence objective of the revised EU Cohesion policy, and is majority funded through the technical assistance budget of the ERDF. In the broadest sense, the initiative is therefore relevant to overall EU Cohesion policy, and it is not the purpose of this evaluation to examine Cohesion policy *per se*. The relevance ‘tree’ for the initiative is illustrated in the accompanying figure, and many of the linkages can be taken as either self evident or outside the scope of the evaluation. However, the services of the EIB were instrumental in negotiating the founding documents of JASPERS, which set out the operational objectives of the initiative, and in setting up (designing) the operational shape of the initiative. It is therefore within the scope of this evaluation to examine the extent to which the design of the initiative reflected the identified needs and the extent to which those needs have evolved. The evaluation will therefore consider what the high level aims and objectives of the JASPERS initiative itself are and whether the operational objectives of the initiative reflect the overall aims and purpose of the initiative.

Case Study – Horizontal assignments concerning cost benefit analysis

As one of the most common topics for horizontal assignments, the evaluation examined a group of six assignments aimed at disseminating information on cost benefit analysis. As an important part of the appraisal of project applications for the Commission, beneficiaries recognised the importance of institutionalising good practice. By their nature, the assignments involved capacity building and knowledge transfer which would potentially benefit many individual projects and several different beneficiaries, and all were rated excellent for relevance. However, shortcomings in the delivery and dissemination of the advice resulted in the effectiveness of two assignments being rated partly unsatisfactory. Assignments resulting in written guidelines and followed up by workshops were rated as more sustainable than those with less emphasis on this aspect.

JASPERS was intended to support cohesion policy by increasing the resources available for project preparation and improving the quality of technical advice available to project promoters and will thereby enhance transition, environment, economic growth and job creation.

Assistance took the form of project preparation, project appraisal, horizontal issues relevant to more than one project or more than one country and other project-related matters such as implementation support. Assistance was provided free of charge to the recipients of such assistance.

The following sections therefore examine the relationship between the operational objectives of JASPERS and the initiative's overall aims and purpose.

3.1 DESIGN AND OPERATION OF THE JASPERS INITIATIVE

In order to assess the relevance of the initiative it is necessary to examine the way in which the original design of the initiative addressed the identified need and the overall aims and expectations of its stakeholders, whether these needs have changed with time, and how the initiative has adapted. A more complete discussion of the design of the initiative is contained in Appendix 6.

3.1.1 The identified need

There appears to have been a tacit consensus that the new Member States lacked the capacity to implement large volumes of infrastructure as well as lacking experience in complying with European norms in the preparation and design of infrastructure.

The scale of the preparation effort required, combined with the relative lack of experience and capacity in the new member States, called for a more active and ambitious response from the EU institutions in order to help the national and regional authorities to ensure that best use is made of the available resources in the coming programming period.

This view may well have been based on experience from 2004-2006 and with the PHARE programme. However, a more formal needs assessment, that would have more clearly identified countries and/or sectors for priority treatment and helped to focus the setting up of the initiative, does not appear to have been undertaken *ex ante*.

3.1.2 The aims and purpose of the initiative

The operational objectives and tasks of the initiative are set out explicitly in JASPERS founding documents with an implied hierarchy of priority (see Appendix 3). Although this represents the only formal statement of JASPERS objectives, it represents more an outline of the permitted scope or eligibility of JASPERS activities than a coherent hierarchy of operational priorities. For guidance on the aims and purpose of the initiative, it is therefore necessary to examine the original intentions from a wider search of statements and documents issued at the time the initiative was being planned and launched. The various statements can be grouped into four broad themes:

- **Capacity Building** - helping to build European project management capacity capable of preparing and managing a pipeline of projects consistent with the funds available and in accordance with EU requirements
- **'Animation' (absorption)** - helping to ensure the absorption of available funds by prioritising grant volume, identifying systemic blockages and bringing together the relevant stakeholders to overcome these.
- **Project Quality** - helping to ensure that projects meet a minimum acceptable quality threshold and to improve them further only where this can be achieved without undermining the other aims of the initiative.
- **Mature Applications** - helping to ensure that applications contain all of the necessary information to assist the Commission in making a rapid confirmation of funding.

These aims would appear to be at the heart of the statements and concerns expressed in different ways during the planning of the initiative and, although never formally expressed in this manner, these would seem to be the underlying aims of the initiative against which the evaluation will consider the relevance of the initiative and its actions.

3.1.3 Option analysis

The consideration of alternative solutions (option analysis) is another cornerstone in the preparation of major projects, without which the Commission would not normally consider grant support. Careful consideration of alternatives, their costs and benefits, increases the likelihood that objectives will be achieved in the most effective and efficient manner.

At the time negotiations took place, all parties to the initiative had experience with alternative models for providing technical assistance. The evaluation found no record of why these alternatives, or any others, were rejected. Indeed there does not appear to have been any formal options analysis in the strict sense of the term (the comparison of the costs and benefits of alternative ways of achieving the same objectives).

3.1.4 The size of the initiative

The initial estimate of the resources available to the initiative was negotiated as part of the Memorandum of Understanding between the parties. This was the result of discussions during 2005 when it was generally considered that an average of 150 projects per year would be submitted to the Commission during the coming programming period. The origin of this figure is unclear, but it gained general currency during the planning phase of the initiative. Nor was it clear how this figure of 150 projects per year translated into a requirement for the 42 professional staff originally agreed for the initiative (EU-funded: 30, EIB: 10, EBRD: 2). In any case, as already discussed in section 2.3, the size of the initiative could be described as modest in relation to the overall preparatory effort required to produce infrastructure on the anticipated scale, and the JASPERS initiative could be described as a scarce resource.

3.1.5 The form of the initiative

As originally conceived, JASPERS was to be a technical assistance facility to be used by the new Member States at their request. After the initiative became operational, the beneficiaries were therefore considered capable of determining their own priorities for assistance, but it would appear that the initiative itself was designed without significant input from the eventual beneficiaries. It therefore took some time for working relationships to develop into the kind of partnership which was already a well established principle of development assistance.

The concept of the beneficiary as JASPERS 'client' also led initially to a detrimental distancing of JASPERS from the country desks of DG REGIO. The most effective JASPERS relationships at the moment are those working as a tripartite partnership between DG REGIO, JASPERS and the beneficiary to achieve a common goal.

The governance structure of the initiative was set out in the original Memorandum of Understanding. The implementation of the initiative was to be 'supervised' by a Steering Committee which would meet four times per year, with members drawn from the contributing partners and chaired by the Commission, which would "*review and decide on all major strategic policy issues...*" The initiative was to be 'managed' by the EIB who would also provide the secretariat for the Steering Committee. The Steering Committee has met fewer times than anticipated, but made a number of key decisions during the period 2006 to 2009, indicating that the governance structure of the initiative is capable of making strategic changes in direction.

Specific provision was included within the new structural funds regulations to allow the EIB to provide this kind of technical assistance¹⁴. The main arguments would appear to have been that:

- The Bank's experience is unique, and not available on the market
- The Bank's status as the EU long-term financing institution gives it a high level of credibility
- The Bank provides a continuity of advice and a stable repository of knowledge

¹⁴ "...the Funds may finance the preparatory, monitoring, administrative and technical support, evaluation audit and inspection measures necessary...including with the EIB through a grant or other forms of cooperation..", EC/1083/2006, Article 45 Technical assistance at the initiative of the Commission.

The majority of JASPERS staff are employed by the EIB and, as managers of the initiative, the EIB exerted considerable influence on the build up of JASPERS staff, their expertise, experience and location. The initiative therefore strongly reflects the EIB project-orientated and sector-organised approach that it uses for its own lending activity. The Bank employed relatively senior experts capable of providing strategic advice and commanding respect at high levels of public administration with whom it was assumed they would be dealing.

3.1.6 *The timing of the initiative*

As discussed in section 2.2 above, there is an obvious disconnect between EU programming periods and the cycle of major project preparation. Even relatively small projects must be identified and programmed in the first two years of the programming period if they are to have any chance of being built within the N+2 period. Ideally, an initiative aimed at providing strategic advice for the current programming period should have been set up and operational during the previous programming period. The Bank can hardly be held responsible for this problem, and has no direct responsibility for EU structural funds. In fact the EIB responded remarkably quickly to the Commission's invitation to participate in the new initiative and put its own staff on the ground even before the founding agreements were signed. However, in shaping the initiative, the Bank should have been aware of the implications of the project cycle in that by the time the initiative was fully staffed at the end of 2007 the opportunity of providing the type of strategic advice envisaged had largely passed, and that with one or two years the initiative would either have to build capacity for the next programming period or move to assisting with the implementation end of the project cycle.

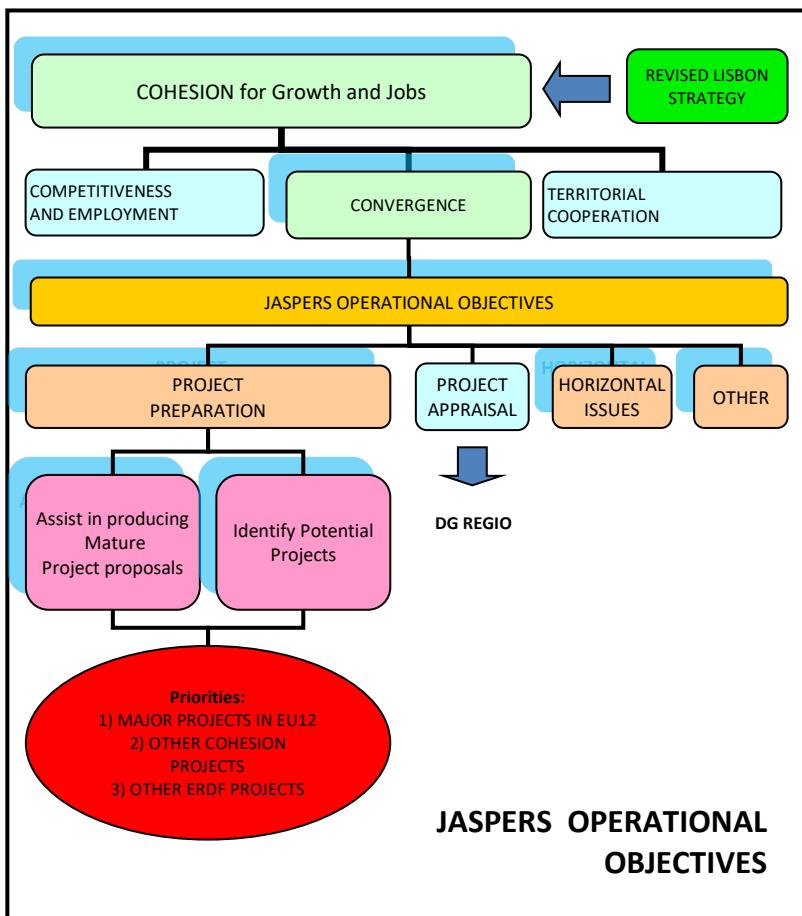
3.1.7 *Summary*

The form of the initiative was designed to provide strategic advice and to respond to the need to build capacity, but was set up too late to have a significant impact on many of the issues identified in its founding documents. The priorities of the initiative have now been changed, and it is trying to adapt its shape to respond, but this will now be more difficult than if this situation had been anticipated from the outset.

3.2 JASPERS OPERATIONAL OBJECTIVES

The intervention logic set out in the founding documents of the JASPERS initiative is illustrated on the accompanying figure. There is a clear emphasis on Project Preparation, even though Horizontal Issues are given similar importance in the intervention hierarchy, and this perhaps indicates that a project focused approach in the new initiative was intended from the outset. Whatever the reason, only 14% of JASPERS assignments during the period related to horizontal issues. The evaluation found no evidence of deliberate priority setting amongst these operational priorities and the resulting split may simply have been demand led. JASPERS staff, in response to questions about operational priorities, would often refer to themselves as 'working for the project'. Whatever the reason JASPERS was established as a project focused initiative, and therefore fitted well with both the organisational cultures and working practices of both DG REGIO and the Bank.

Project Appraisal is the term generally used to describe the Commission's due diligence process when assessing grant applications. Initially it was not the intention of JASPERS to get involved in this process, but more recently the Steering Committee agreed that the screening of application forms would be carried out by JASPERS in certain cases. Other types of advice can be given on an 'exceptional basis' and the initiative is now planning to give implementation advice.



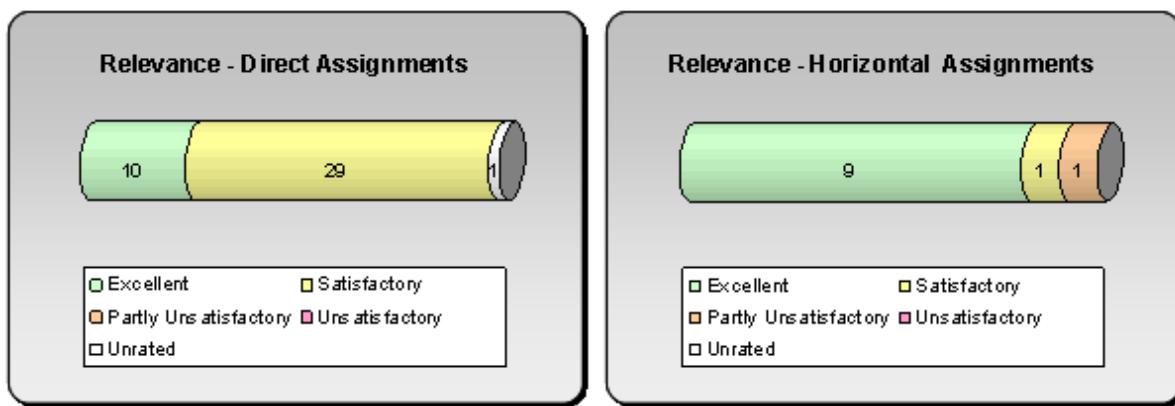
Under Project Preparation, the initiative is intended to focus on both the identification of potential projects and on producing mature project proposals. The identification of projects has become synonymous with the annual Action Plan process by which JASPERS negotiate their annual workload. In practice this is more of a resource planning exercise than JASPERS seeking to generate new projects since there were already more projects than JASPERS generally had the resources to deal with. It was during this process of distributing available resources that JASPERS began to communicate the concept of a fair distribution amongst countries.

Producing 'mature project proposals' became the main focus of JASPERS, but initially, there appears to have been some confusion as to

what this meant in practice. The beneficiaries expected that 'assisting' in the preparation of projects meant that JASPERS was a consultancy which would actually prepare projects on their behalf. The Bank considered that the main priority was to improve the 'quality' of projects by ensuring that the best option was chosen and if necessary re-visiting earlier preparatory work to ensure this. The Commission appeared to consider that the main task of JASPERS was to ensure that project applications were properly documented in accordance with the regulation and their requirements so that they could be approved as quickly as possible.

3.3 SAMPLE OF ASSIGNMENTS

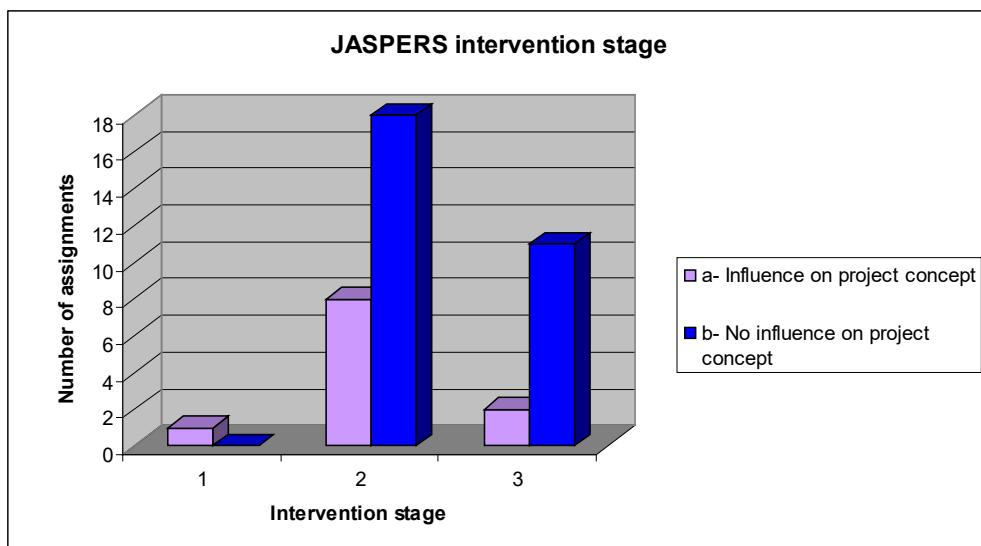
Individual assignments were rated in relation to JASPERS operational objectives. In general, advice which followed one or more of JASPERS operational objectives was considered satisfactory or better, with high level advice addressing several stages of project preparation being rated excellent. For this reason, horizontal assignments tended to perform better in terms of relevance. One assignment was unrated since the original assignment was discontinued and split into other assignments, and the one assignment rated partly unsatisfactory involved partly political advice, which was considered outside the scope of JASPERS operational objectives.



During the examination of direct assignments, the evaluation also examined in more detail the stage of the project cycle at which JASPERS became involved. JASPERS internal indicators measure upstream involvement in projects based on a 3-category split. For the purposes of this evaluation these categories have been further sub-divided to indicate whether JASPERS involvement (at whatever stage) led to a physical change in the project form, or whether the advice given was principally directed towards the presentation of the project for the purposes of the grant application.

Assignment Categories			
JASPERS Categories		EV Categories	
Category	Description	Category	Description
1	Involvement "at the beginning of project preparation"	1a	Influence on project concept
		1b	No influence on project concept (presentation only)
2	Involvement "during the feasibility study preparation"	2a	Influence on project concept
		2b	No influence on project concept (presentation only)
3	Involvement "after draft application is prepared"	3a	Influence on project concept
		3b	Other presentation issues

The contrast in results is shown on the following figure. In fact for the majority of direct assignments examined, JASPERS had no influence on the form of the physical project and the work was therefore mostly related to the presentation and documentation of a pre-existing project for the application process. The importance of this distinction is that application due diligence, whilst important to DG REGIO for the swift determination of applications, is not particularly high level advice, or something that the Bank is uniquely qualified to do.



3.4 CONCLUSIONS ON RELEVANCE

The JASPERS initiative was set up under the Convergence objective of EU regional policy and its activities in relation to the development of projects under the various Operational Programmes are fully relevant at this level. In addition, the operational objectives set out in the founding documents of the initiative represent a list of eligible activities and almost all of the assignments examined represented one or other of the eligible activities of the initiative, and were therefore relevant at that level.

However, apart from the general requirement to ‘provide assistance’, more specific aims and purpose for the initiative were never clearly stated. The evaluation has therefore examined many of the statements and documents produced during the early stages of the initiative and concluded that the initiative had four main aims:

- Capacity building
- Animation (absorption)
- Project quality
- Mature applications

From the point of view of relevance, these aims entail some inherent contradictions which mean that activities which are relevant to one can sometimes detract from the others. For example, taking time to improve the quality of a project is not always consistent with maximizing absorption. The operational priorities of the initiative were therefore left to evolve at a working level without the benefit of an overall unity of purpose to guide the prioritisation of activities.

To the extent that the original needs were articulated, the form of the initiative as designed is not fully orientated towards them and some inherent contradictions were never clearly resolved. On the other hand, both at the level of its aims and at a project by project level, the initiative does contribute to the overall EU Convergence objective, and for this reason the overall relevance rating for the JASPERS initiative is therefore **SATISFACTORY**.

4. JASPER'S PERFORMANCE

The performance of the initiative is assessed using three core evaluation criteria, namely; Effectiveness, Efficiency and Sustainability, which are all rated individually. The Environmental and social aspects of the advice are reflected in these core evaluation criteria, but is also extracted and rated separately for emphasis. The performance of the overall initiative is considered in relation both to the quality of the sample of individual assignments and separately in terms of the overall initiative.

4.1 EFFECTIVENESS

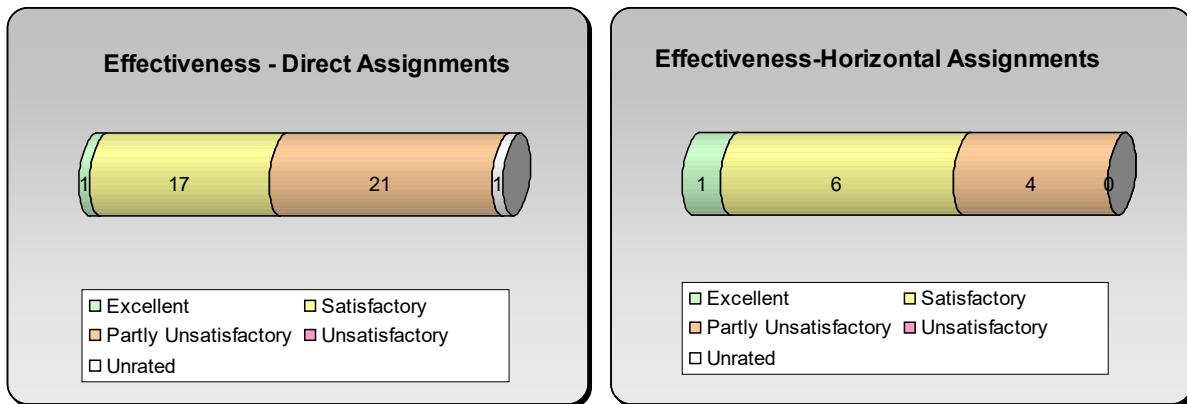
This section deals essentially with the quality of JASPER'S advice. Ultimately JASPER'S are not in a position to compel beneficiaries to take their advice. The outcome of the application process cannot therefore be used directly as a measure of the effectiveness of JASPER'S advice. We can only examine the intrinsic quality of JASPER'S advice itself. However, it is also in some cases possible to link the application outcome to the quality of advice given.

For the purpose of assessing effectiveness, the evaluation has considered a number of aspects which contribute to the quality of technical advice given:

What is good advice?

ACCURATE – advice must be factually / technically correct
APPOSITE – factual advice on the wrong subject is of little use.
CLEAR – advice which is vague or equivocal can be misinterpreted
TIMELY – good advice given at the wrong time reduces its effectiveness
PRIORITYSED – lack of prioritisation in complex advice can lead to confusion
CONSISTENT – similar advice should be given in comparable situations

4.1.1 Effectiveness of Individual Assignments



For individual assignments, effectiveness rates the quality of the advice given in terms of its content and delivery as well as the extent to which the objectives of the assignment have been achieved, or are expected to be achieved, taking into account their relative importance. In order to examine this, the evaluation looked at the following parameters: a) assignment delivery in terms of scope, timescale and deliverables, b) the quality of the advice related to the underlying physical project (where appropriate), the quality of advice directed towards the grant application process and, c) the orientation of the advice towards the absorption of EU funds.

Delivery

In general the scope of the assignments as originally defined were very general, usually relating to a review of existing documentation. This review would often lead to an increase in scope, depending on the issues identified, but changes in scope were not adequately recorded. Combined with the fact that formal time recording only began in March 2008 this made it difficult for JASPERS to plan resources and priorities. Beneficiaries appeared in general to be informed of, and to agree, these changes, but the lack of formal agreement on the scope and timescale of assignments is inconsistent with normal consultancy practice and hindered the effectiveness of the initiative.

Delivery timescales were equally flexible, and whilst some beneficiaries set tight (and sometimes unrealistic) timescales linked to their own national approval processes, most assignments had only an internal deadline which was not communicated to the beneficiary, and then in many cases was exceeded anyway. Polish Managing Authorities were particularly critical of JASPERS failure to deliver to agreed deadlines. To a certain extent, delivery timescales were often dependent on the receipt of documents to be reviewed, or a response to issues raised, but these are normal consultancy constraints and should not justify a lack of proper time planning.

The nature of JASPERS outputs evolved slowly over the period examined. Early advice was not formally recorded at all and consisted of largely verbal (meeting or telephone) or email communication. When Completion Notes began to appear, early versions of these were short and their purpose was not clear. The status of Completion Notes was uncertain for the beneficiaries for whom JASPERS was apparently working, as it was neither the completion of JASPERS involvement in the assignment, nor a recommendation for beneficiary action. It was rather a reiteration of the advice JASPERS had already given prior to the submission of the application. Beneficiaries were therefore (rightly) concerned that this was a document directed principally at the Commission. It took some time for the parties involved to understand the essentially tripartite nature of the relationship. Despite this, JASPERS began to increasingly focus on the production of Completion Notes as an indicator of its activity, and the format was expanded and standardised. Later in the period under examination, JASPERS began increasingly to produce Advice Notes on individual subjects or at the conclusion of a piece of advice, which were more useful from the point of view of the beneficiary since they were both current and apposite.

Although the number of Completion Notes produced became an important indicator for JASPERS, in general the evaluation found that there was a lack of focus on real delivery, with many assignments running over time (whether internally or externally set) or lacking concrete deliverables or agreed timescales. This makes it more difficult to plan resources, control quality and to disseminate self-learning.

Quality

There are many aspects to the question of quality of advice (see box in section 4.1 above). Whilst there is a tendency amongst technically trained professionals to argue at length about the 'correctness' of advice, from the point of view of the end user other aspects of quality are equally important.

JASPERS staff were found to be highly experienced professionals in their own fields who were clearly committed to making a difference in the process. However, in many cases the formal reported advice given was written in a passive, equivocal, diplomatic style providing more of a commentary than a recommendation, and often lacking in prioritisation. Feedback from JASPERS staff indicates that they felt obliged to report in this style largely because of uncertainty regarding their 'standing' in the process and uncertainty as to whom the information was directed. Some later assignments, particularly in the Polish roads sector, were reported in a much more direct and useable style, and these should be taken as examples of best practice.

Whilst the form of the advice given was considered to have reduced its effectiveness in many cases, most of the assignments which were rated as partly unsatisfactory, were so rated because the advice given was subsequently contradicted by the Commission during its appraisal of the project. The initiative as a whole was slow to recognise that what was necessary for the beneficiaries was not an independent view on what was technically correct, but a knowledge of the Commission's view as the ultimate decision maker. A lack of early coordination with the Commission led in many cases to considerable waste of time and resources and whilst this situation has improved over time, there is still

no formalisation of this new tripartite dynamic in terms of either procedures or founding documents. For example, in a situation where there is no formal position of the Commission on a given subject (or worse where JASPERS becomes aware of contradictory positions from different Commission actors) then, rather than speculating on the outcome in order to complete its assignment, JASPERS ought to be in a position to issue a formal interruption of their advice until the situation is resolved. This would have the benefit of:

- Preventing a waste of time and resources for all parties on speculative solutions
- Allowing JASPERS to participate in finding an agreed solution
- Formalising the resolution so that it can be disseminated to all stakeholders

These problems were particularly evident in the new sectors which were eligible for structural funds support for the first time during the current programming period; energy and research and development. In both cases JASPERS advised beneficiaries independently on various technical issues in the absence of formal positions taken by the Commission, only to have their advice later overturned during the appraisal process by the Commission. This problem was exacerbated by the fact that JASPERS accepted assignments in the R&D sector without allowing sufficient time to build up the necessary specialist technical expertise.

It should be stressed that JASPERS advice was not technically incorrect in these cases. The issue was that the Commission took a different view. It is probably fair to say that in some cases the Commission's view was stimulated and informed by JASPERS advice, but the fact remains that this discussion should have been held earlier, before JASPERS and beneficiaries had committed resources to individual applications. It was particularly disappointing that these mistakes were repeated in the research and development sector where JASPERS only became involved relatively late and should have been in a position to learn from earlier problems in other sectors.

In cases where JASPERS was in a position to influence the physical form of the project, the advice given was generally of the highest technical quality, and the improvement in the value of the investment in these cases would have far exceeded the cost of JASPERS involvement. However, these instances were in the minority and in most cases (see section 3.3) JASPERS was essentially carrying out application due diligence work.

Animation (absorption)

As discussed in section 3.4, the tangible aims and purpose of the initiative are not explicitly stated, but it is clear that the idea of 'animation' (progress chasing) with a view to ensuring the absorption of funds was at the centre of the original thinking behind the initiative. The evaluation therefore also looked at the orientation of each assignment towards absorption.

From the perspective of absorption, JASPERS can have an influence in a number of ways (in decreasing order of priority):

- Identifying and helping to resolve systemic problems in the preparation and approval process affecting whole countries or sectors.
- Ensuring there is a pipeline of projects big enough to use the available funds
- Prioritising large programmes and large projects
- Accepting projects that are adequate rather than risking delay by further improving them
- Increasing grant rates or eligible costs on submitted projects

Whilst horizontal assignments generally performed better on average in this respect, there were some whose outputs did not achieve the intended result. However, the preparation of a project pipeline in the district heating sector in Romania was a good example of an assignment which achieved improvements in quality, capacity building and was an absorption orientated activity.

In terms of the direct project assignments, there was no evidence that JASPERS prioritised absorption and so the results are mixed. Although much emphasis is placed by JASPERS on the reduction of Commission appraisal time, in terms of absorption it is the overall approval time which is significant, and then only if the project start is dependent on grant award (many projects were progressed to construction in parallel to the grant appraisal process and absorption is unaffected providing the grant is eventually approved). Those assignments in which JASPERS was mainly concerned with application due diligence were broadly neutral in terms of absorption, except in cases where JASPERS were involved early enough to influence the production of documents, in which case time savings were achieved. Conversely however, where JASPERS gave advice contrary to the Commissions requirements, this added to the overall approval time and negatively impacted on absorption.

Many of the assignments evaluated related to non major projects, or projects which became non major during the assignment. Of the 40 direct project assignments examined, only 22 related to major projects. The remainder were either non-major (14), double counted, misclassified or split into other assignments. During discussions, JASPERS justify the inclusion of non major projects on the grounds that they act as pilots for other projects (knowledge transfer) or on the basis of a fair distribution of their resources to include smaller countries and programmes.

4.1.2 Effectiveness of JASPERS

In looking at the effectiveness of the initiative as a whole it is necessary to examine its activities against the aims outlined in section 3.4 above.

Capacity Building

Building capacity requires the transfer and retention of the knowledge which is identified as lacking. To the extent that this deficiency has been identified, it relates more to an inexperience of EU standards and practices and inexperience in achieving major projects and programmes. JASPERS was established as a project based technical assistance activity and some 86% of JASPERS activity relates to direct project assignments. The remaining 14% of JASPERS assignments relate to horizontal activities, but many of these are also essentially project related. Whilst there will undoubtedly be an element of knowledge transfer in any project activity, few of the assignments examined had any serious orientation towards the transfer and retention of knowledge and any such transfer was incidental to the completion of the assignment. Neither do those involved in the initiative consider knowledge transfer as a priority. Of those senior JASPERS managers interviewed, all placed project and application improvement ahead of capacity building in terms of priority.

Animation (absorption)

The JASPERS Steering Committee decision in early 2009 to concentrate resources on 'ready to go' projects, would indicate that a significant absorption related orientation was introduced towards the end of the period under evaluation (2006-2009). However, it is also an acknowledgment that this was not a clear priority up to that point. Whilst many of the assignments examined have, on an individual basis, helped to improve the absorption of EU funds, some have had the opposite effect. In addition, JASPERS has spent significant time and resources on projects and assignments with low priority in term of the absorption of funds.

Project Quality

Of the direct project assignments examined in depth, there were many cases where JASPERS improved the quality of the underlying projects. However, for the majority of assignments JASPERS had no influence on the physical form of the project and therefore no influence on the quality of underlying projects.

Interestingly in the context of absorption, improving the quality of the project does not always help - unless the project was below an acceptable technical standard, or scope and cost are also increased at the same time. In fact, in many cases the improvement in quality was achieved by reducing the scope of the project, as for example in the Slovenian water sector. Further, if the improvement in quality requires additional preparation and approvals, the overall timescale may be increased and absorption further affected.

Mature Applications

A significant proportion of JASPERS activity has been directed towards improving the quality of applications by Managing Authorities for confirmation of funding, and this proportion increased towards the end of the evaluation period. A considerable amount of work has gone into establishing the appropriate form for supporting documents in relation to key questions such as options analysis, EIA processes, cost benefit analysis and state aid considerations. In many cases this has undoubtedly made the appraisal of these applications by the Commission easier, but in others there were disagreements which led to a waste of time and resources, as well as to undermining the confidence of Managing Authorities.

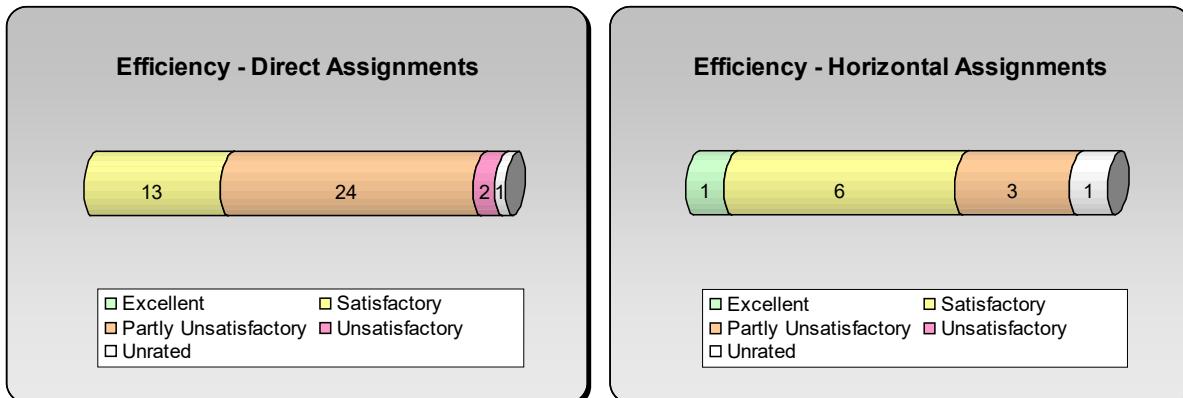
At a project by project level, the initiative is undoubtedly building capacity, with horizontal assignments performing better on average in this respect. However, those involved did not consider it an operational priority. The more recent shift in priority towards ready-to-go projects, intended to help absorption, has further distanced the initiative from a capacity building orientation. At the same time, it is clear that while the project approvals based emphasis of the initiative has the potential to help absorption, this has only recently been prioritised and many of the activities examined by the evaluation were either low priority or in some cases decreased absorption. Whilst the quality of some projects were improved by JASPERS for the majority of assignments examined this was not the case and even where the focus of the assignment was solely on improving the application, there were cases where disagreements between parties wasted valuable time and resources.

The initiative is therefore only partially effective in relation to each of its original aims, and the overall effectiveness rating for the JASPERS initiative is therefore **PARTLY UNSATISFACTORY**.

4.2 EFFICIENCY

Efficiency considers whether the objectives of the initiative are achieved in a manner that represents the efficient use of resources. The major benefits available to JASPERS are related to the improvement of the quality of the underlying investment projects in terms of decreased cost or increased benefits, or the bringing forward of these benefits. Reducing project preparation time might also in some cases prevent the loss of funds to a particular programme or country. At a less significant level (in terms of monetary value) JASPERS can also reduce or prevent inefficiencies in the project preparation and approval process.

4.2.1 Efficiency of Individual Assignments



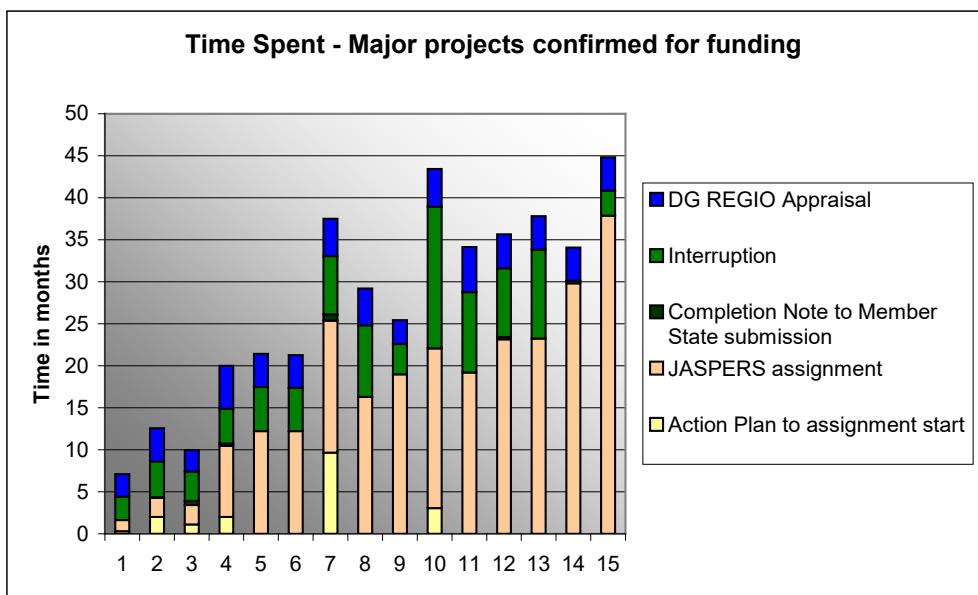
For individual direct assignments, efficiency examines whether the benefits achieved represented an efficient use of resources. In order to examine this, the evaluation looked at the following parameters: a) changes to the timescale of the underlying project, b) changes to the quality of the underlying projects, c) changes to the timescale of grant approval and, d) the use of JASPERS resources. When rating assignments, a) and b) predominate as they are more significant in terms of potential benefits. The efficiency of horizontal assignments was considered in relation to the use of JASPERS resources and the extent to which the advice was disseminated and used.

In general, horizontal assignments were considered to be efficient and the products of that advice were used to a greater or lesser extent on multiple projects. The difference in rating is largely related to the use of JASPERS resources, with one assignment achieving widespread benefits at relatively little cost in terms of JASPERS resources. Those judged partially unsatisfactory still achieved wider benefits but at a much higher cost. The one unrated assignment was completed at a time when JASPERS were not recording time.

Direct project assignments performed less well in terms of efficiency. In most cases JASPERS were unable to influence the underlying project because it was already mature and in cases where the physical project was altered, it was not always clear that this improved the economic value of the project. For example by changing the scope of the project, both the benefits and costs change. On the other hand there were many assignments where JASPERS spent considerable time but the advice was not accepted by the Commission, and this lengthened the approval process and sometimes delayed the project. The two assignments rated unsatisfactory were cases where considerable senior expert time had been expended by JASPERS without corresponding tangible benefit. The unrated assignment concerned a project in the Polish energy sector, on which JASPERS initially spent time, but which was later transferred out of the Operational Programme to be funded under another EU priority.

From the early stages of the initiative JASPERS have focused on the length of time taken by the Commission in their appraisal of project applications. This however is one component in a more complex picture.

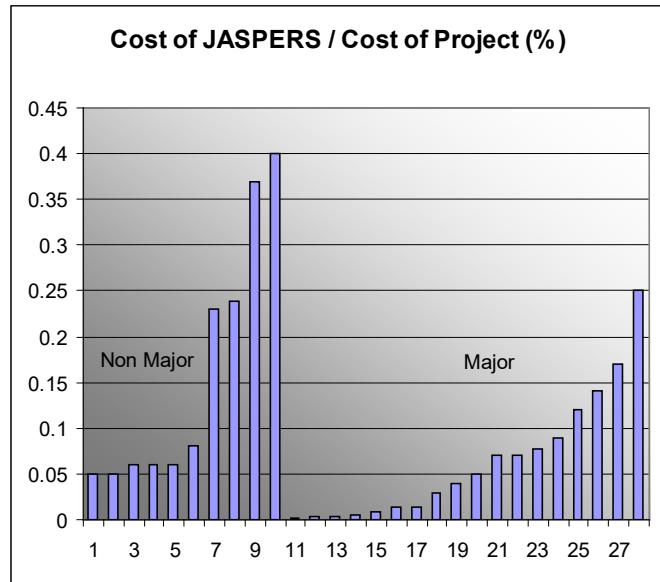
For the 15 projects in the sample which were already confirmed for funding by the Commission up to the end of 2009, the overall elapsed time varied between 7 and 45 months, of which the Commission appraisal time is the least significant part. The evaluation did not further sub divide time spent by JASPERS since regardless of whether JASPERS were awaiting the responses of others, or awaiting documents, the project was 'on JASPERS watch' and therefore within JASPERS influence. The picture for a further 10 projects under appraisal, but not yet confirmed by DG REGIO, is similar. It is therefore JASPERS time which is significant as far as delay is concerned and the initiative needs to focus more strongly on the efficient use of its own resources and on the original idea of 'animation' of the approval process.



However, in economic terms these delays only become significant if the approval process is ‘on line’ as far as the implementation of the project is concerned. For projects for which implementation is dependent on grant confirmation (and the approval process is therefore ‘on line’) delays in the confirmation process have direct impact on the timescale of the project and the achievement of its benefits. Some projects progress to implementation in parallel with the Commission’s due diligence process. In this case unnecessary delay is inefficient, but only to the extent of the professional time used.

In most of the assignments rated as partly unsatisfactory the delays attributable to JASPERS had a direct bearing on the project timescale, and therefore not only had an economic impact but also potentially reduced the absorption of funds.

The amount of resources used by JASPERS varied significantly. For those projects with reasonably complete time recording, a cost of JASPERS time was calculated based on the average contribution by the Commission. The following graph shows the percentages of JASPERS cost as a percentage of the underlying project cost for both major and non major projects. This is not a complete picture, but provides some useful insights. As might be expected, assignments on non major projects are less efficient in terms of JASPERS resources. The amount of due diligence required is likely to have a certain minimum duration regardless of project size. However, the size of JASPERS effort varies significantly and this suggests that to improve the efficient use of its resources the initiative would need to refocus its efforts on controlling its costs and prioritising its activities to obtain the maximum leverage for its input.



The question of efficiency is also related to the appropriate use of time as well as to the amount of time spent. The design of the initiative relies on senior experts to provide the highest quality of advice and the initiative has a relatively flat and senior structure. It is not efficient for these experts to engage in activity which could be performed by less experienced and less expensive staff. The most highly leveraged, and therefore most efficient, use of this expert time is to engage in high level activities appropriate to their level of knowledge and experience, or to supervise or train less experienced staff. The gradual shift of the focus of the initiative towards application due diligence must therefore be seen as a retrograde step in terms of efficiency. Once basic ‘model’ applications had been established, many of the activities associated with improving grant application represent lower added value in terms of expert time when compared to the more highly leveraged activities associated with improving the quality of the project pipeline or transferring knowledge.

4.2.2 Efficiency of JASPERS

The efficiency of the initiative has to be considered in term of the benefits achieved in relation to its costs. No charge is made directly to JASPERS beneficiaries for its services, and there was perhaps a tendency to consider that the initiative was therefore 'free'. This is illustrated by the lack of proper accounting for time until March 2008. In fact there is a cost to the initiative which is partly borne by the EIB. Whilst the overall cost is not large in relation to the structural fund allocations being managed (and therefore to the potential benefits available), the unit costs of the initiative are high in comparison to other technical assistance benchmarks.

The average cost of consultants employed by the Bank during the same period was EUR 750 per day, and JASPERS daily rates, as reflected in the Commission's monthly staff contribution, are at the top end of the range of consultants employed by the Bank on its own account. JASPERS is therefore not only a scarce public resource, but potentially an expensive one if used as a substitute for the consultancy market. For this reason, JASPERS resources should be distributed on a rational and efficient basis, only engaging in activities where the Bank's experience is unique or for which there is no market equivalent.

The major benefits which JASPERS can generate relate to the improvement in the investment quality of the structural funds and their timely implementation. As already discussed in section 2.2 above, the opportunity to influence the quality of projects was only really available during the first half of the programming period. Thereafter projects must increasingly already be well advanced in order to have a chance of implementation during the period. The period 2006 to 2009 covered by this evaluation therefore was the period of maximum potential impact for the initiative in terms of the structuring of project pipelines and the improvement of investment quality. However, for the sample of assignments examined this was not the majority activity (see figure in section 3.3). In fairness, the opportunity never really existed for large projects in the transport and energy sectors where the key decisions on projects would already have been taken much earlier. Sectors with shorter project cycles, in particular water and wastewater, have fared better, but even here it cannot be said that the initiative was wholly efficient and results were mixed. However, the initiative did succeed in improving the underlying quality of 11 projects and the additional economic benefits generated are certainly enough to justify the cost of the JASPERS initiative itself.

The other potential for high leveraged activity was in capacity building, but the initiative was not set up with a capacity building orientation and a relatively small percentage of JASPERS activity during the evaluated period was directed beyond individual projects.

The initiative was therefore not able to access the high value benefits that it was designed to generate and from the beginning included many activities related to application due diligence in its portfolio. This emphasis has increased with time, as the pressure to maximise absorption has also increased. Whilst some due diligence activities do require input from highly experienced staff, many do not, and would be better carried out by more junior staff or by consultants. These lower value added activities represent an inefficient use of senior staff time.

Case Study – Bulgaria Water and Wastewater

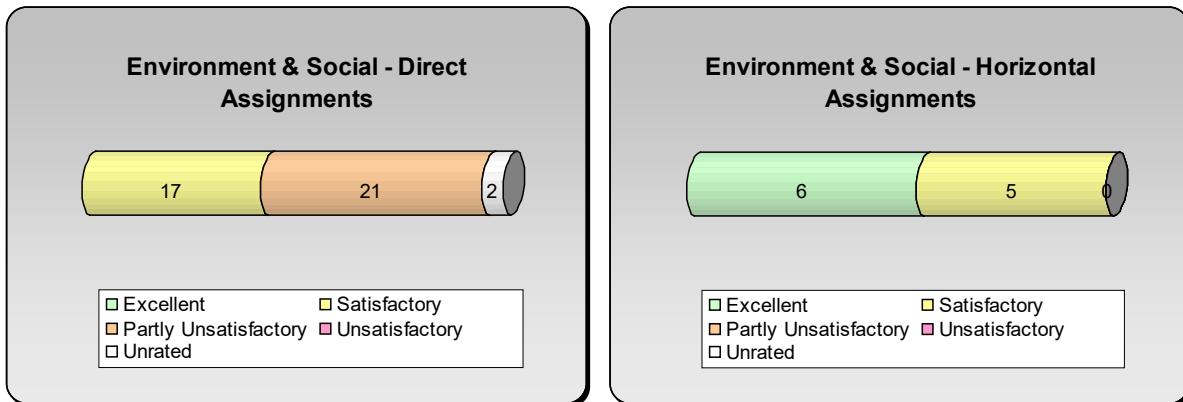
Of the four assignments examined in this sector one was in fact a horizontal assignment aimed at producing a project pipeline. The other assignments were generally completed satisfactorily. Though not being in line with the wishes of the Managing Authority at the time, the promoter of one project requested an increase in the project scope by including the upgrading of an existing water main. JASPERS supported the promoter's request considering the pipeline works a worthwhile investment that also allowed for enhanced absorption. This affected working relationships for a period and is a useful illustration of the fact that good advice has several dimensions in addition to what can be narrowly defined as technically correct.

The initiative represents a scarce and high value public resource, but from the beginning there was insufficient focus on the efficient use of staff time. Many of the activities pursued were relatively low priority and there was a lack of focus on high value added activities which would justify the senior level of staff employed. This was less of a problem for horizontal assignments, which by definition were more highly leveraged. The initiative is now hampered by a staff profile which is not well suited to its current tasks. However, those assignments which have succeeded in improving project quality have

generated significant benefits which are likely to more than justify the cost of the initiative. The initiative can therefore be said to be economically justified, but at a less than optimal level.

The overall efficiency rating for the JASPERS initiative is therefore **PARTLY UNSATISFACTORY**.

4.3 ENVIRONMENT AND SOCIAL PERFORMANCE



The Environment and Social performance criterion examines all aspects of JASPERS advice in relation to environmental and social issues, both in cases where such advice was explicitly given and where it was not explicit. Consideration of environmental and social factors is already included within the internationally agreed criteria of relevance, effectiveness, efficiency and sustainability above. They are repeated here separately firstly to emphasise the importance the EIB attaches to these matters, and secondly to clearly distinguish these factors from other considerations taken into account.

The horizontal advice given in relation to environmental and social matters was mostly considered to be satisfactory or better, and in six cases relating to the production of guidelines for projects with positive environmental or social benefits, the advice included was considered to be excellent.

The outcome for direct project assignments was less successful, with over half the assignments rated partly unsatisfactory, and one of the reasons for this was that the initiative was slow to recognise the need for its specialist environmental and social advice. Whilst JASPERS could rely on the services of environmental specialists in other parts of the EIB, this was difficult to integrate into the regional set up of the initiative. Partly as a result of this, JASPERS tended to treat environmental issues as a procedural rather than a matter of technical quality. Another reason was that in some instances, for example the Polish Roads sector, the issue was essentially a legal question and JASPERS appeared to be unsure of their standing in that case, attempting to apply a technical approach to a legal matter outside the scope of the initiative. In this case it would have been more appropriate to suspend activity until the situation was clarified.

Case Study – Polish Roads

The three assignments examined in this sector related to mature projects on which key decisions had been taken many years previously. JASPERS was concerned with two main issues, the first of which related to the updating of cost benefit analysis to suit current requirements. This was eventually the subject of a separate horizontal assignment and therefore involved some duplication of effort. The second issue related to the retro fitting of the projects to current EIA directives and environmental legislation. JASPERS treated the issues as a procedural problem and spent considerable time assisting the beneficiary to present the project as compliant with current requirements. In fact the underlying issue was firstly one of legal interpretation in terms of the transcription of EU legislation into national law and, secondly a technical issue relating to the impact of the project on particular species and locations – neither of which JASPERS were particularly qualified to deal with and only later employed specific environmental experts to tackle this type of issue.

In some cases the assignment was rated partly unsatisfactory because JASPERS gave little concrete advice on environmental and social issues, either because it was not explicitly asked for or because the type of project was considered to have positive environmental and social aspects. This was the case both with the Hungarian urban transport sector and the Romanian water sector.

JASPERS has now set up a specialist environmental and social team who are already well integrated into the initiative. However, the opportunity to anticipate problems through the preparation process has largely passed for this programming period.

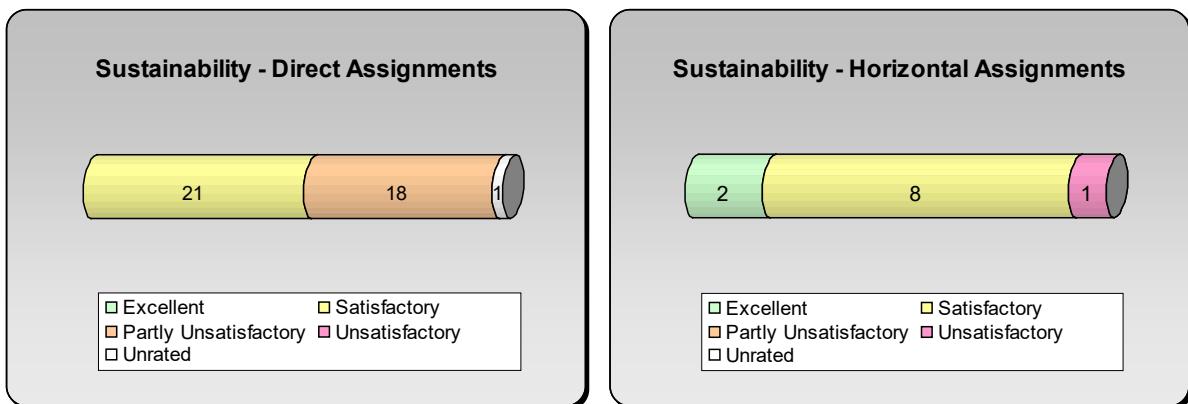
The advice given tended to concentrate on procedural aspects which in some cases were not within JASPERS remit and the initiative was slow to appoint technical specialists capable of helping to resolve the issues raised.

The overall environmental rating for the JASPERS initiative is therefore **PARTLY UNSATISFACTORY**.

4.4 SUSTAINABILITY

In terms of the JASPERS initiative, the sustainability criterion looks at the probability that the outcome achieved will be sustained over the economic life-time of the projects involved. This is largely a matter of the transfer of knowledge from JASPERS to country authorities and promoters, and the retention of that knowledge for future use.

4.4.1 Sustainability of Individual Assignments



In terms of individual assignments, sustainability examines the extent to which lessons learned were communicated to all project stakeholders and to a wider circle of interested parties (countries/sectors) and asks the question 'what did JASPERS do to spread their knowledge and experience?'

It could be said here that horizontal assignments have a built in advantage in terms of sustainability, and indeed were considered to have performed better in general. Two assignments were considered excellent examples; both related to the creation of cost benefit analysis guidelines and the follow up with workshops aimed specifically at dissemination. The one horizontal assignment which was not successful in the water sector had a limited audience, limited documentation and no follow up.

The majority of assignments were considered satisfactory in that, although not specifically targeting capacity building or knowledge transfer, there was sufficient evidence that this was happening to some extent. These were usually cases where JASPERS advice was formalised and clearly presented, and where the audience included managing and implementing authorities - in other words - that a sufficiently wide range of people were aware of JASPERS advice to improve the possibility of continuity and dissemination, and that the advice itself was in a format capable of being easily passed on or stored for future use.

Those assignments where sustainability was considered less than satisfactory fell into several categories. Some of the earlier assignments had no formal records of the advice given. In other cases JASPERS advice was deliberately restricted by the recipient and not disseminated to other project stakeholders. In another group of cases JASPERS dealt with consultants acting on behalf of national and regional authorities and there was some uncertainty whether knowledge was being transferred to those most in need of capacity building.

4.4.2 Sustainability of JASPERS

From the examination of the sample of assignments above, it is clear that some degree of knowledge transfer and retention is happening as a result of the initiative. However, the impression is given that this is incidental to the main focus of the initiative on the approval of projects for funding. Even those horizontal assignments examined were largely concerned with the need to improve the pipeline of projects for approval rather than to improve the skills of project managers in beneficiary countries.

This argument has already been developed to a certain extent under effectiveness in section 4.1 above. Whilst capacity building is one of the original aims of the initiative, in practice it has been allocated lower priority than activities concerned with absorption. In addition, the initiative itself is not designed with capacity building in mind. Not only does its project orientation make capacity building less effective, JASPERS does not currently have some of the skills necessary to increase its focus on capacity building, which not only has a higher education, training and professional development content, but also requires public administration and language skills which JASPERS is currently not fully equipped to deal with.

For a technical assistance initiative such as JASPERS, sustainability is linked with knowledge transfer and retention. These are in turn linked to capacity building, one of JASPERS overall aims. Whilst a degree of capacity building is happening as part of the initiative, particularly through horizontal assignments, the design of the initiative, notably its project focus, limits its potential for knowledge transfer. It is also clearly not a priority.

The overall sustainability rating for the JASPERS initiative is therefore **PARTLY UNSATISFACTORY**.

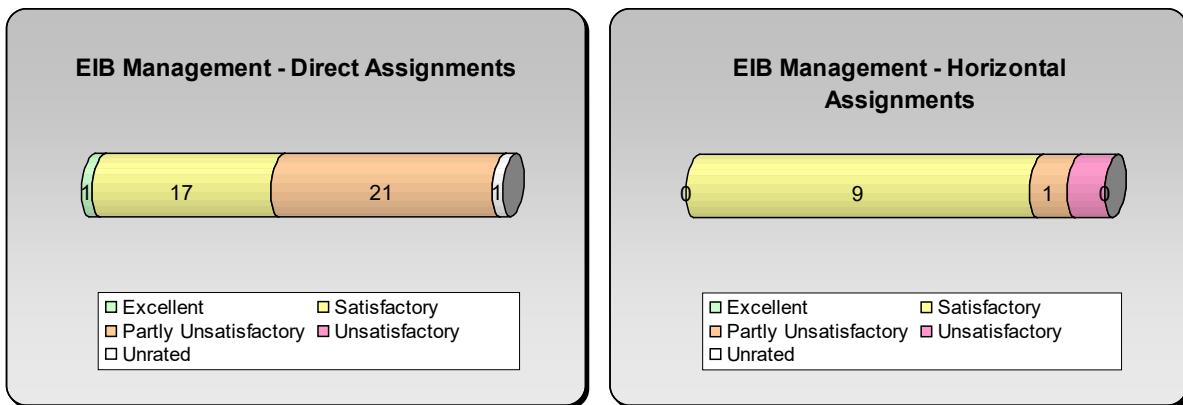
Case Study – Hungary Urban Transport

Two of the three assignments examined in this sector related to public transport improvements in Budapest and were generally conducted satisfactorily – particularly that related to the extension of the metro, which was a complex project and required a considerable amount of JASPERS time. The other assignment related to a small project and was therefore perhaps not a high priority. The third concerned a municipal tramway system in a provincial city. This assignment was intended to benefit from a previous similar pilot project, but the anticipated knowledge transfer did not take place, resulting in a certain amount of duplication. In this case the Completion Note was submitted only after the grant application had been made. Although JASPERS raised many issues during these assignments, not all of the concerns of the Commission were picked up first time around, indicating a need for closer cooperation.

5. MANAGEMENT OF JASPERS BY EIB

This criterion assesses the way in which the EIB is discharging its responsibility to manage the JASPERS initiative as part of its signed agreements with the Commission and other JASPERS partners. In the first instance the evaluation examines how the JASPERS management identifies, conducts and monitors its assignments. Secondly and partly informed by the first part, the evaluation will look at the overall part played by the EIB in the stewardship of the JASPERS initiative.

5.1 MANAGEMENT OF INDIVIDUAL ASSIGNMENTS



Those assignments rated less than satisfactory mainly related to poor documentation and record keeping. In fairness these were mostly associated with older assignments, but there remain many issues which still require attention. These are discussed more fully in the following sections.

5.1.1 Assignment Identification and Selection

As originally conceived, the JASPERS initiative was to be for the benefit of Member States, at no cost to them, and at their request. Much of the early part of the initiative was therefore concerned with 'selling' JASPERS to Member States in the anticipation that they would then request assistance. JASPERS were therefore eager to demonstrate their capability and to gain the trust of beneficiary authorities. Under these circumstances there was little in the way of identification or selection involved. Later, as demand began to rise, the Annual Action Plan process became more important, initially as a way of planning JASPERS workload, and only later as a means of rationing JASPERS resources by selection.

The Annual Action Plan was intended as a tool for monitoring the upstream pipeline of projects coming through the system and for selecting priorities for assistance. However, it became clear relatively early that in many cases there was no upstream pipeline, and the Action Plan was an ad hoc collection of current projects requiring to be retro fitted to EU requirements. It rapidly became a vehicle for the 'horse trading' of how much JASPERS assistance each country would receive, and the process became very lengthy, such that the Annual Action Plan was not generally signed until well into the same year it related to.

JASPERS therefore went from a situation where any assignment was accepted to one where they were required to ration their assistance in the face of excess demand. It was possibly at this point that the concept of a 'fair' distribution of JASPERS resources developed. Whatever the reason, it is perhaps understandable under the circumstances that the requirement for a formal needs assessment or for JASPERS to 'identify potential projects' would appear to have low priority at the time. However, it was precisely for this reason that a formal needs assessment and associated priorities were required in advance of the launching of the initiative.

On the one hand, the initiative was set up as a matter of urgency on the basis of a lack of capacity considered to be so self evident that no formal needs assessment was required. However, at the same time managers were concerned that there might not be sufficient demand for the service (even though it was being provided free of charge) and therefore that they did not have a strong position from which to dictate their own priorities. It is difficult to understand how both of these contradictory views could

have been held at the same time, but what is now clear is that demand far exceeds supply for JASPERS advice and the initiative is in a much better position to determine its own priorities.

Whilst JASPERS requires a vehicle for planning its workload and managing the expectations of beneficiaries, the Annual Action Plan process has become cumbersome and is in need of substantial reform.

5.1.2 *Management of Assignments*

Most of JASPERS work is associated with the project preparation phase of the project cycle and once an assignment has been accepted by JASPERS it is given a unique identification and entered into the JASPERS database with a current status. An assignment has one of eight possible status indications, but in many cases the evaluation found that the status was not current. In one case an assignment had been split into six others, but the original assignment remained on the database as 'on-going' rather than 'cancelled' or 'completed'. In other cases, assignments flagged as 'ongoing' had been suspended for several months.

Each assignment has a unique identifier which contains information on the country and sector of the assignment and the year it was requested. Once the assignment was accepted, it tended to remain 'on-going' until a Completion Note was issued. The 'completion' status is not very helpful, as it rarely marks the end of JASPERS involvement. The system was not particularly well adapted to dealing with situations where several assignments were possible on one project, or where a more general (often horizontal) assignment was subsequently split into more detailed assignments, or where the project itself was split into more than one part. The database therefore contained some double counting.

An initial Summary Project Fiche is produced describing the project and indicating the task to be undertaken. The evaluation found that these were often very general and simply referred to a review of documentation in many cases. Some were also incomplete. The form of the fiche has developed and, when complete, it is a useful record of activity and time ex post. However, the fiche cannot be used as a resource planning tool. The scope of the assignments almost inevitably grew following an initial review of documentation, but there seemed to be no formal management procedure for accepting revised scope and committing the additional resources it required. The system of resource planning in JASPERS has improved with time, but the current system still requires substantial review. The task is made more difficult when available resources from partners is provided only on a part time basis and is not within JASPERS direct management control.

The form of JASPERS advice has also evolved with time. Initially much advice was given informally and there is no proper record of what advice was given. The approach taken was often reactive, with JASPERS simply waiting for information or instructions and the original idea or 'animation' or progress chasing has improved but can be further strengthened.

Completion Notes were then introduced, and gradually grew in sophistication. However, the status and purpose of these documents was initially unclear. Firstly, they were supposedly written for JASPERS 'client' but had a clear orientation towards the Commission. As a result the language used in these documents is often vague and indirect, providing a commentary rather than a structured series of recommendations. Secondly, the Completion Note did not mark the completion of JASPERS involvement, which often continued through the entire Commission appraisal process. Given the importance that this document has attained within

Case Study – Poland Research and Development

This was a new sector for both the structural funds and for JASPERS and the four assignments examined related to the development of research facilities at separate educational establishments. JASPERS were involved from the early stages of the structuring of these projects and the assignments were therefore all rated as excellent for relevance. However, JASPERS began work on these assignments before sufficient sector expertise was available and did not liaise closely enough with the Commission as to the type of supporting documents and issues which would be acceptable. In this case the Managing Authority also mentioned a lack of timely delivery in terms of meeting deadlines for national assessments and relations were strained with one of the beneficiaries. There also appeared to be a lack of coordination within JASPERS between staff working on similar assignments elsewhere.

JASPERS in terms of workload and progress monitoring, the status, purpose and content of the JASPERS Completion Note should be substantially reviewed.

The work of JASPERS has more recently become more task orientated where a specific piece of advice is undertaken and reported in a Guidance Note. This is a welcome development towards a more consultancy based approach, where each task has a specific scope, a 'client', a specific deliverable, an agreed delivery timescale, and an estimate of resources. A task orientated approach should be the basis for all JASPERS work.

In fact there is no formal wrap up document marking the end of JASPERS involvement, and this means that the ability to plan resources is limited, since each assignment can become effectively endless, and also that the opportunity for self-learning is reduced. The appropriate time for such a document to be produced would seem to be at the point of confirmation of funding by the Commission.

5.1.3 Project Implementation Advice

In general JASPERS did not become involved in providing advice on implementation matters during the period of the evaluation, except on an exceptional basis as provided for in JASPERS operational objectives. Whilst there was clearly a need and demand for this kind of advice, the set up of the initiative prioritised grant approval over project implementation. These priorities have now changed, and the initiative is currently expanding its role into implementation advice.

It remains to be seen whether these priority choices were the right ones, or whether, given the remaining timescale for implementation within the programming period (the so called n+2 rule allows eligible expenditure to be incurred only up to 2015) many of the strategic upstream decisions on procurement strategy have already been taken.

5.1.4 Monitoring and Follow Up

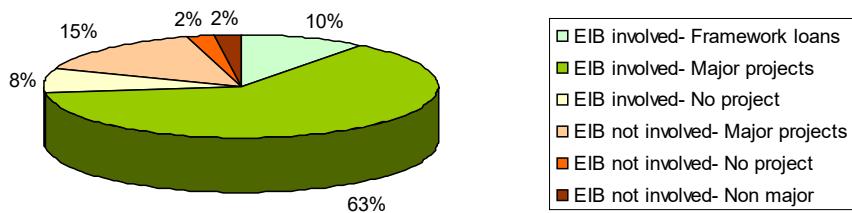
JASPERS has no formal monitoring or follow up role *per se*. The process of Commission appraisal and confirmation of funding is carried on entirely between the national authorities and beneficiaries and the Commission. JASPERS is however, invited by one party or another to become involved during the process of 'interruption' of applications by the Commission. This has now become a significant part of JASPERS workload as well as providing valuable feedback on the requirements of the Commission and on the performance of JASPERS, and this phase of JASPERS work should now be more formally incorporated into JASPERS workload planning and self learning processes.

5.1.5 Relationship with EIB

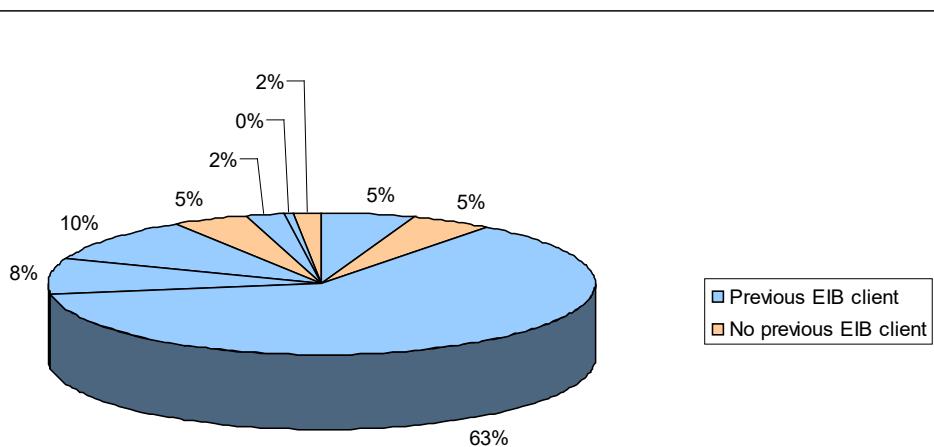
There were initial concerns expressed by the Commission during the structuring of the initiative that the EIB would use the initiative as a selling mechanism to increase its lending. There was therefore an insistence that 'Chinese walls' should exist between JASPERS and the lending departments of the EIB. At the same time, the EIB needs to satisfy itself that the investment it is making in JASPERS is justified by the benefits generated. However, the decisions taken by the EIB in relation to the setting up of the initiative were more concerned with the costs of the initiative and how these would be shared. The evaluation found no explicit statement of what benefits were expected by the EIB apart from a general expectation that the initiative would improve cooperation with the Commission and contribute to EU Cohesion policy.

The evaluation found a mixed picture when examining the sample of assignments. This is summarised in the following figures. The EIB was already involved in the majority (as a proportion of the estimated EUR 8.2 bn project cost) of projects examined by JASPERS, the highest proportion relating to major projects.

Estimated cost of the projects assisted by JASPERS and EIB present, current or possible involvement in cofinancing



When the same data was examined from the perspective of potential new clients for EIB, it can be seen that the potential for new business arising as a result of JASPERS involvement is relatively small (around 12% of the total estimated volume).



There were cases where the EIB had already signed loans to support certain projects which were then subsequently included in the NSRF and supported by a new structured programme loan. In these cases the expected disbursement by the Bank is likely to reduce. In other cases, the creation of structured programme loans has exposed the EIB to new projects and clients, but it is arguable that the Bank would have pursued these anyway, whether or not JASPERS was involved. There does not therefore appear to be a strong potential in terms of new clients and lending. JASPERS managers argued strongly that their work is already helping to bring forward disbursements and that in the longer term the Bank will benefit from an improved pipeline of projects. The business case for the initiative therefore appears mixed, but this was not in any case a strong justification for the Banks original involvement, which continues to rest on more intangible policy benefits of cooperation and EU policy support.

The relationship can also be complicated if the Bank, JASPERS and the Commission take different views on a project, as happened in the Czech railway sector and the Romanian ports sector. It is understood that JASPERS is working to improve liaison with the Banks technical services, but the different objectives of the two sets of advisors is likely to continue to give rise to differences.

5.1.6 Relationship with the Commission

JASPERS relationship with the Commission has developed considerably over the course of the initiative, but the initiative was perhaps slow to realise the importance of the views of the Commission to the effectiveness and efficiency of its advice. This may have resulted from the initially mistaken view that JASPERS was working exclusively for the beneficiary and was expected to provide an independent view on the project. The different organisational cultures of the various parties may also have contributed, with JASPERS often putting forward strong views on what it regarded as the technically correct solution at the expense of alternative solutions or other equally important aspects from the point of view of other parties. It therefore took some time for a working tripartite relationship to evolve and for JASPERS to realise the importance of ascertaining the Commission's views on the various issues before advising beneficiaries.

Whilst this relationship is now working better, it has not been formalised and is not universal, and JASPERS should now seek to further institutionalise these best working practices with the Commission in this regard, for example by introducing a formal approach for an 'Initial Reaction' from the Commission designed to highlight the main issues from the point of view of the Commission, or by instituting some form of 'JASPERS interruption notice' when issues are identified which require a formal Commission view.

5.2 MANAGEMENT OF JASPERS INITIATIVE

The EIB was extensively involved in the design of the initiative and the issues identified in section 3.1 are also relevant here. As part of its agreement with its partners, the EIB undertook to manage the initiative and the Bank was extremely active in helping to get the initiative up and running. In addition to directly employing the majority of the new staff, the Bank immediately dedicated a team of its own permanent staff to provide the line management of the initiative, as well as setting up three additional external offices. Initially set up as an autonomous team within the Bank, in March 2008 the initiative was incorporated as a department within the Bank's Projects Directorate.

Despite some uncertainties inherent in the design of the initiative, the management of JASPERS successfully expanded the activity of the initiative and gained the trust of the principal actors, establishing practical working relationships tailored to the working environment in each country and sector and slowly building the tripartite relationships necessary to make progress. This is a considerable achievement by those involved.

Inevitably, the speed at which the initiative was established also had negative consequences, and many of the organisational aspects of the initiative had to be resolved 'on line'. Documentation and procedures were slow to develop and the initiative still does not have a system of resources planning commensurate with its importance. In this sense the initiative was set up as a kind of full scale pilot, where problems were dealt with as they arose. JASPERS also suffered in the early years from a lack of direction and purpose in relation to operational priorities and the rationing of JASPERS as a scarce resource, and the initiative became involved in many low priority activities simply because it was asked.

In practice, the initiative was perhaps slow to react to the fact that the range of expertise required to respond to the needs of the beneficiaries was different to what had been assumed. Environmental expertise is one example where experts have been recruited recently but environmental problems have featured in many of the assignments examined by this evaluation. Another example was the need for expertise in research & development, which JASPERS initially tried to meet by adapting existing staff. It was also clear from the early stages that beneficiaries were not particularly short of technical experts. The issue was a lack of experience in European procedures and standards and inefficient organization in the management of a project pipeline. This required skills in the dissemination of best practice and the transfer of knowledge, but the project-focused setup of the initiative has hampered JASPERS response. Only 14% of assignments were of a 'horizontal' nature, and many of these were not related to dissemination activities. At the same time, the initiative has inexorably moved towards the application end of the advice scale and away from strategic advice on sector organization and project structuring. This has left the initiative now looking top heavy for its current task.

All of the assignments examined contained deficiencies of one form or another which required attention and the contribution of JASPERS staff and management in this sense has been positive. However, the lack of a clear sense of purpose and priorities has hindered both the effectiveness and efficiency of the initiative, although horizontal assignments were better orientated in this respect. Whilst the initiative was also established very quickly, to the credit of both the management and staff of JASPERS, this has left a legacy of problems, many of which are still not wholly resolved. Record keeping, time management and resource planning have improved but are still less than optimal.

The achievements of the initiative so far are difficult to measure. The picture of absorption in Member States at the end of 2009 was mixed, and actual approvals were still very low (only 54 projects had been confirmed for funding by the Commission). The expectation when the initiative was set was that on average 150 major projects per year would be submitted to the Commission. In fact the initiative had completed only 240 assignments in three full years of operation (2007-2009), 160 of which related to major projects. Whilst JASPERS clearly cannot be held wholly responsible for this situation, it is also difficult to say that the management of the initiative is fully achieving the results anticipated during the design of the initiative.

The overall management rating for the JASPERS initiative is therefore **PARTLY UNSATISFACTORY**.

6. MAIN CONCLUSIONS

This ex post evaluation touches on many complex issues and so for the purposes of clarity this chapter summarises the main findings of the evaluation.

The JASPERS initiative was found to be fully justified both in terms of the established demand for its services, the reputation which it has established with counterparts and clients, and the economic benefits which it generates. The initiative was rapidly established and has been able to adapt to changing circumstances. All of the assignments examined addressed clear deficiencies in the projects or applications initially presented, and any initial uncertainty about the need for the initiative have now been dispelled. If anything, the initiative might be described as relatively modest with respect to the scale of the problems faced.

Within this overwhelmingly positive assessment, there are inevitably issues to be addressed which would further improve the initiative, as well as particular issues for the Bank to consider in contemplating its future involvement with the initiative.

6.1 FORM OF THE INITIATIVE

The operational priorities of JASPERS have evolved without the benefit of a clearly agreed purpose for the initiative or a formal analysis of the needs that it was designed to meet. To a certain extent this appeared to have been deliberate, on the basis that the initiative was intended to be demand led. However, if this were the case, it might have been expected that beneficiaries would have been more involved in the original design of the initiative. In practice the driving sentiment during the planning and early stages of the initiative appears to have been the urgency to establish the initiative for the beginning of the programming period. The demand for JASPERS advice was to come from the beneficiary countries, and so the shape and priorities of the initiative would anyway have to respond to that demand in a flexible manner. In many ways the initiative was set up as a full scale pilot.

The question of who has 'standing' (whose priorities are taken into account, and whose predominate) and, in particular, the standing of JASPERS, has taken some time to establish in practice. Was JASPERS working for the beneficiary, the Managing Authority, the Commission, or even the project? In practice JASPERS, through its own efforts, has now achieved a kind of 'independent' status, and the initiative has evolved into more of a tripartite partnership - although this has not been formalised. This working relationship is crucial to the effectiveness of JASPERS. By this process of closer cooperation JASPERS is able to contribute its independent technical view, animate a settled consensus acceptable to the Commission and avoid giving contradictory advice to beneficiaries.

The Bank established the initiative with a project focus similar to that of its own internal services, using senior experts with a strong sector focus. This was well adapted to the early needs of the initiative, both in terms of establishing its credibility and dealing with strategic issues in relation to project structuring and pipelines, but needs to be reviewed in the light of the later stages of the programming period and the possible continuation into the next.

The speed at which the initiative became operational was largely thanks to the willingness of the Bank to commit staff and resources in advance of formal agreements. Whilst this represented considerable added value for the initiative resulting from the Bank's involvement, it also facilitated the launch of a major initiative without a formal needs assessment, without clear priorities and with no real forecast of demand for its services. Given the operational experience gained over the first three years, JASPERS should now take the opportunity to formally assess the remaining needs of beneficiaries, clarify the aims and purpose of the initiative in relation to these, and to reassess its operational priorities to meet these challenges.

6.2 LEVERAGE AND EFFICIENCY

JASPERS was intended to provide advice to beneficiaries without charging for its services. During the early stages of the initiative this may have generated the impression that JASPERS was a 'free' resource, and it took some time for JASPERS even to establish a system of time keeping. As a result many of the assignments examined could have been handled more efficiently and JASPERS needs to improve its overall resource planning and management.

In fact the initiative is a scarce and valuable public resource and should be more strongly focused on the most efficient possible use of resources. In order to continue to justify its unique position, JASPERS must look for the maximum possible leverage for its advice, working at the highest possible strategic level, targeting the functioning of the system itself rather than the products of the system - educating the trainers, rather than the trainees. There were many examples of highly leveraged JASPERS activity but the evaluation found in general that these activities were in the minority. As the work of the initiative has gradually moved to the grant application end of the scale, the ability of senior expert staff to add value to the initiative has been further reduced.

Even at a project level it would be possible to further improve the efficiency of the initiative by prioritising those projects where JASPERS can improve the quality of the investment either by reducing costs or increasing benefits. Of the direct project assignments examined, 11 out of 39 (28%) had a direct influence on the form of the underlying project. Therefore, even without specifically prioritising this aspect, the additional economic benefits generated by even these 11 projects would be more than enough to justify the cost of the initiative itself. Whether such benefits relate to projects in the current programming period is largely immaterial from the economic point of view.

In setting its priorities for the future the initiative needs to ensure that it remains at the high value added end of the scale and does not undertake activities which could be more efficiently undertaken by others.

6.3 EFFECTIVENESS AND QUALITY

The launch of the JASPERS initiative generated considerable and varied expectations, as illustrated by the present evaluation's review of internal documentation. These statements can be broadly grouped into four essential expectations:

- Capacity building
- Animation (absorption)
- Project quality
- Mature applications

Whilst these aims may express the original intentions of the initiative, it is also clear that they engender potentially contradictory elements. For example:

- Those most in need of capacity building may not be those managing the largest volumes of funds.
- Improving a project may substantially delay its implementation.
- Capacity building, technical expertise and due diligence require different staff profiles.
- A technical consultancy role is not necessarily compatible with one of 'animation'

During the early stages of the initiative, these contradictions were not explicitly resolved into operational priorities, and were dealt with on an assignment by assignment basis in different ways. This in turn hampered the effectiveness of the overall initiative. The focus of the initiative has now clearly moved to 'ready to go' projects and to project implementation, giving it a clear absorption priority.

This evaluation has made a strong link between the effectiveness of individual assignments and the quality of JASPERS advice. From the point of view of the user, good advice has several aspects in addition to purely its technical 'correctness'. This is discussed extensively in section 4.1 above. In many cases the delivery of JASPERS advice, in terms of content and timescale, was less than satisfactory. This was partly driven by the inappropriate concentration on Completion Notes as JASPERS only formal output during the early stages of the initiative. These documents were ambiguous in purpose, and therefore lacked clarity, and did not in fact represent the completion of JASPERS involvement. Increasing use is now being made of Guidance Notes, and this more task-orientated approach not only improves both the timing and the focus of the advice, but also allows for more effective resources planning. Such a task based approach should be the basis of JASPERS future activities.

There remains considerable confusion as to the role that 'quality' plays in the initiative. There is also a widespread belief within the initiative for example that improving project support documentation is the same as improving the quality of the project itself. Whilst JASPERS must strive to provide the highest quality advice, this is not always consistent with taking an independent or contrary view on technical issues to that of the Commission. In many of the assignments examined considerable time and resources were expended in providing advice which turned out to be contrary to the requirements of the Commission. The working relationship between JASPERS and the Commission is now much closer, but JASPERS needs to put in place a mechanism which highlights issues on which there is no settled view from the Commission in order to both avoid providing contradictory advice and to stimulate the resolution of the issue.

6.4 CAPACITY BUILDING

It was generally acknowledged amongst those consulted that capacity building was an important aspect of the JASPERS initiative. Indeed it was an anticipated lack of capacity which was originally at the core of concerns leading to the establishment of the initiative. None the less this aspect has tended to be allocated a lower priority within the work of the initiative, and tends to be seen as a beneficial spin off of project related activities rather than a focus in its own right.

If the initiative is not to become self-perpetuating then the only long-term solution is for countries to become self-sufficient in the project management of EU projects. For this reason, and because it is the kind of highly leveraged and resource efficient activity which is well suited to the existing profile of the initiative, JASPERS should increase its focus on capacity building activities. This could begin with relatively modest initiatives to increase the proportion of horizontal activities undertaken and extending the follow up of these, making more use of pilot cases and focusing more on the dissemination of these, or by seconding and exchanging staff with Managing Authorities and with the Commission, thereby promoting cooperation and mutual understanding as well as knowledge transfer.

It should also be possible for JASPERS to promote more professional development and training activities within beneficiary countries and organizations – possibly in conjunction with existing academic institutions and professional associations - thereby benefiting the necessary development of both public and private sector capabilities. Another example might be a simple JASPERS accreditation system for local consultants which would give managing authorities additional confidence in choosing consultants familiar with EU requirements.

7. KEY ISSUES FOR ONGOING EIB INVOLVEMENT IN JASPERS

This evaluation has examined the JASPERS initiative from the point of view of the Bank's involvement, and there are therefore several issues for the Bank to consider in relation to its ongoing and future participation in the initiative.

7.1 JUSTIFICATION

When the Bank originally agreed to participate in the initiative it was perceived that there was an urgent need to be addressed, and that the Bank was in a unique position to assist. At that time there was little discussion of what the benefits of involvement might be and the costs are now higher than originally anticipated. The Bank now needs to review its involvement in the light of three years of operational experience and decide whether its involvement, and the extent of that involvement, is still justified. Such a review needs to consider all of the costs and benefits as well as the risks associated with participation.

As discussed in section 5.5, there does not therefore appear to be a strong potential in terms of new clients and lending, but JASPERS managers argued strongly that their work is already helping to bring forward disbursements and that in the longer term the Bank will benefit from an improved pipeline of projects. The business case for the initiative therefore appears mixed, but this was not in any case a strong justification for the Banks original involvement, which continues to rest on more intangible policy benefits of cooperation and EU policy support. The Bank's involvement is therefore essentially a grant in support of cohesion and convergence. Any benefits for the Bank therefore stem from less tangible reputational enhancements through closer cooperation with the Commission and a demonstration of support for cohesion policy. In the longer term any improved capacity will also increase a pipeline of bankable projects from which the Bank will select future operations.

The Bank enjoys a unique position and reputation and has gathered unique experience over many years. This is a scarce and valuable resource. To the extent that the JASPERS initiative has achieved anything, it is thanks in no small part to the reputation and standing of the Bank. In the present situation the reputation of JASPERS is closely intertwined with that of the Bank, and for many, JASPERS is now indistinguishable from the Bank. The Bank therefore needs to consider whether it is content to continue to take full reputational responsibility for an initiative into which it originally entered as a minority partner.

If the Bank is to continue its involvement it must ensure that the activities of JASPERS are consistent with the Bank's reputation. The high cost and high value of the Bank's input can only be justified if applied to high value added, high level or highly leveraged activities. The Bank should therefore seek to move the initiative away from activities which do not warrant the application of high level experience or which could better be undertaken by others.

7.2 POSITIONING

The original concept that JASPERS would be available to assist beneficiaries at their request has been overtaken in practice by a more collaborative tripartite approach with Member States, the Commission and JASPERS working together with the shared ownership of problems. This approach needs to be formally institutionalised to place JASPERS on a more secure footing and to ensure that this best practice approach is implemented wherever JASPERS operates.

Most of those interviewed placed a high value on JASPERS independence, which was considered essential in maintaining the standing of the initiative in the eyes of its partners, and most considered that the independence of the initiative required enhancement. However, exactly what this means is a matter for the partners to discuss and agree. In theory the situation of JASPERS within the Bank's Project's Directorate (PJ) has many advantages. However, partly because of the locational differences and partly because the job requirements are different, so far there does not appear to be much interaction between JASPERS and other PJ departments.

The Bank should also consider carefully the existing governance arrangements currently in place and decide whether the current balance of risk, resources and responsibilities is satisfactory and whether it has sufficient control over an initiative which is now so closely bound to its own reputation. In

particular the Bank needs to decide whether its status as a grant recipient rather than a partner is an acceptable basis on which to continue the relationship.

7.3 STAFF RESOURCES

The Bank needs to carefully review the resource requirements for the initiative. On the one hand the initiative is a relatively small and scarce resource in terms of the overall size of the operational programmes. On the other hand the staff involved represent a significant number in terms of the Bank's own resources. The Bank should consider whether it is acceptable that other partners do not fulfil their budgeted resource inputs to the initiative, or supply staff on a part time basis which is difficult to integrate and manage.

When the initiative was established the Bank deliberately employed more senior staff than provided for in the contribution agreement on the basis that the task envisaged would be high level and technically specialised. This was the right decision for the benefit of the initiative, which built a deserved reputation based on high quality advice and credible experts. However, it came at a price to the Bank, which is now subsidising these posts from its own resources as well as providing the full time contribution in kind which was promised. This situation should now be regularised and the Bank's actual contribution made more explicit in terms of financial contribution.

As the initiative moves into the second half of the programming period, there will be less opportunity to become involved in high level upstream technical activities unless these are associated with the next programming period. Moving into high level implementation issues will not solve this problem as the skills required are different. JASPERS management therefore face the choice of either continuing with the current staff profile and working for the next programming period, or scaling down the number of senior staff for the remainder of the period. The Bank therefore needs to establish what the priorities of the initiative will be for the remainder of the period, and critically, whether the initiative can work on planning for the next programming period.

The Bank now faces an immediate decision in terms of short-term contracts. The Commission's contribution is used by the EIB to employ staff on three year fixed contracts. Some longer serving staff are now approaching the end of their second successive three year contract. This situation should be investigated by the Bank's legal and human resources departments, but is bound to already be causing uncertainty in JASPERS and, if not dealt with proactively, key staff may take up other opportunities in the meantime and be lost to the initiative.

Language and local representation are key issues for JASPERS which needs to be discussed openly in terms of the future of the initiative. Most of the beneficiaries consulted during the evaluation would have preferred JASPERS experts situated locally and able to speak the local language. However, they were also usually less than happy when one of their staff left to join JASPERS. This is both a relationship problem and one of credibility - a prophet is rarely recognised in his own land. The translation of technical documents can also considerably delay the application process and the result is not always satisfactory.

7.4 MANAGING RISK

The Bank now needs to consider the future of the initiative and its own involvement in it. JASPERS is dealing with medium to long-terms problems and requires expert and highly motivated staff. It is hardly compatible with this mission that the initiative is dependent on the signature of annual contribution agreements. It is clear that the problems addressed by the JASPERS initiative are far from being solved, and the most likely scenario is that assistance will still be required during the next programming period and, more importantly, that now is the time when the planning of major projects for the next period should begin. JASPERS future should therefore be assured and the Bank should insist on a longer term funding agreement with partners. In the absence of such an agreement, and as a contingency against lack of progress, the Bank needs urgently to prepare a comprehensive exit strategy for JASPERS which would be triggered in stages at key decision points, one of the first of which will be decisions on fixed duration contracts.

The Bank's reputation has become closely bound to that of JASPERS to the extent that many interlocutors did not make any distinction. There is therefore a risk to the Bank's reputation if the activities and priorities of the initiative do not closely reflect those of the Bank. In order to manage this

risk the Bank should either seek more control of JASPERS priorities and budget, or scale down its involvement.

The possibility that new JASPERS partners might join the initiative has been discussed more recently. Whilst additional resources would always be welcome, the Bank needs to ensure that these are provided in a manner which can be effectively and efficiently managed under the control of JASPERS management. The Bank should not accept a proliferation of part time inputs from multiple locations which would be difficult to manage and integrate, and should seek to regularise arrangements with existing partners before considering new ones.

7.5 PRIORITIES

Based on experience to date, the opportunity should now be taken for a comprehensive needs assessment for the JASPERS initiative from which will emerge a clearer picture of what the operational priorities of JASPERS should be for the remainder of the programming period and beyond. The needs of all stakeholders have to be considered in a collaborative and problem solving approach based on objective evidence.

In the light of this needs assessment, the Bank should now take stock of its involvement by carrying out a comprehensive mid-term review of its involvement in JASPERS with the purpose of re-shaping the initiative in line with the established needs and with EIB priorities. This review should be carried out by a cross directorate working group.

From the Bank's perspective future priorities for the initiative should include:

- Formalised independent and equal standing of the initiative in a tripartite relationship
- Highly leveraged, high level, high Added Value, upstream activities
- Increased focus on capacity and institution building as the only long-term solution
- Planning for the transitional nature of the initiative
- Enabling and problem solving for the whole grant system
- Importance of continuity of planning and assistance over programming boundaries
- Longer term planning and funding arrangements

The Bank should consider these among its objectives in effectively renegotiating its involvement in the JASPERS initiative as part of discussions on the next contribution agreement.

Should the initiative, as a result of a formal needs assessment, move in a direction in which the Bank would in future find it more difficult to justify its high profile involvement, the Bank should consider scaling down its association with JASPERS (to for example an equivalent level to that of the EBRD) where its reputation was no longer so closely associated with that of the initiative. The possibility that the Bank withdraws from the initiative altogether should not be ruled out under these circumstances. It would for example, for the same financial contribution, be possible for the Bank to set up its own highly leveraged TA capability completely within its own control, which could still have a considerable impact.

APPENDIX 1 EVALUATION PROCESS AND CRITERIA

In accordance with EV's Terms of Reference, the objectives of evaluation are:

- To assess the quality of the operations financed, which is assessed using generally accepted evaluation criteria, in particular those developed by the Evaluation Cooperation Group, which brings together the evaluation offices of the multilateral development banks. The criteria are:

a) **Relevance** corresponding to the first pillar of value added: is the extent to which the objectives of a project are consistent with EU policies, as defined by the Treaty, Directives, Council Decisions, Mandates, etc., the decisions of the EIB Governors, as well as the beneficiaries' requirements, country needs, global priorities and partners' policies. In the EU, reference is made to the relevant EU and EIB policies and specifically to the EU Treaty that defines the mission of the Bank. Outside the Union, the main references are the policy objectives considered in the relevant mandates.

b) Project performance, measured through **Effectiveness (efficacy)**, **Efficiency** and **Sustainability** and second pillar of value added.

Effectiveness relates to the extent to which the objectives of the project have been achieved, or are expected to be achieved, taking into account their relative importance, while recognising any change introduced in the project since loan approval.

Efficiency concerns the extent to which project benefits/outputs are commensurate with resources/inputs. At ex-ante appraisal, project efficiency is normally measured through the economic and financial rates of return. In public sector projects a financial rate of return is often not calculated ex-ante, in which case the efficiency of the project is estimated by a cost effectiveness analysis.

Sustainability is the likelihood of continued long-term benefits and the resilience to risk over the intended life of the project. The assessment of project sustainability varies substantially from case to case depending on circumstances, and takes into account the issues identified in the ex-ante due-diligence carried out by the Bank.

Environmental and Social Impact of the projects evaluated and specifically considers two categories: (a) compliance with guidelines, including EU and/or national as well as Bank guidelines, and (b) environmental performance, including the relationship between ex ante expectations and ex post findings, and the extent to which residual impacts are broadly similar, worse or even better than anticipated.

Evaluations take due account of the analytical criteria used in the ex-ante project appraisal and the strategy, policies and procedures that relate to the operations evaluated. Changes in EIB policies or procedures following project appraisal, which are relevant to the assessment of the project, will also be taken into account.

- to assess the EIB contribution (*Third Pillar*) and management of the project cycle:

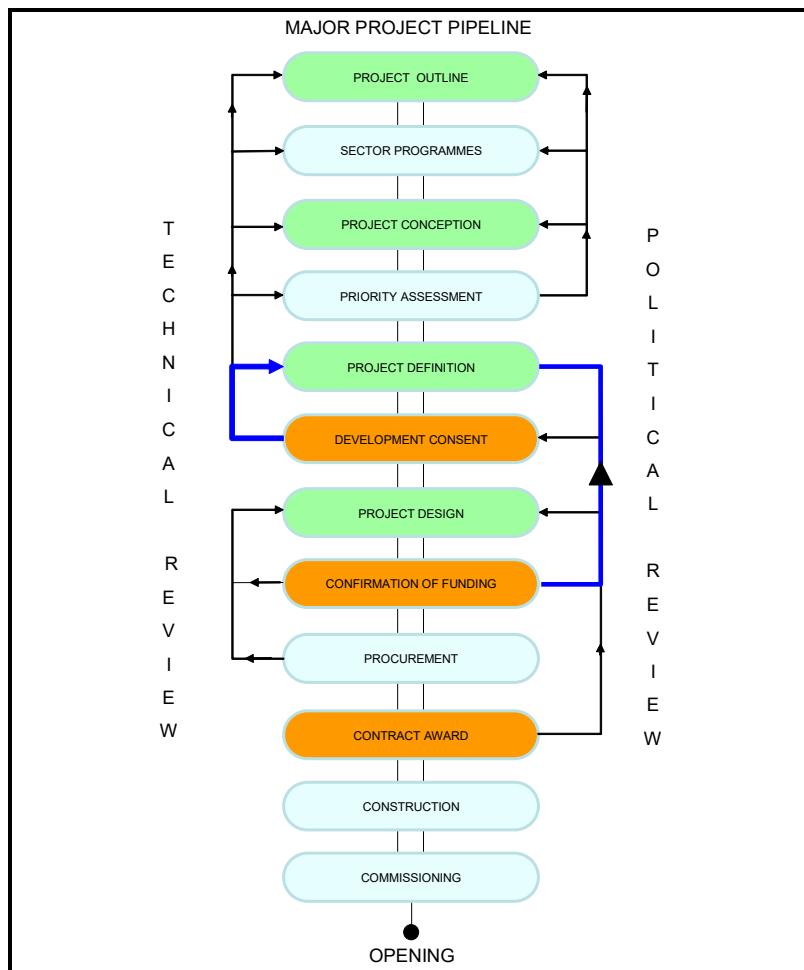
EIB Financial contribution identifies the financial contribution provided in relation to the alternatives available, including improvements on financial aspects as facilitating co-financing from other sources (catalytic effect).

Other EIB contribution (optional) relates to any significant non-financial contribution to the operation provided by the EIB; it may take the form of improvements of the technical, economic or other aspects of the project.

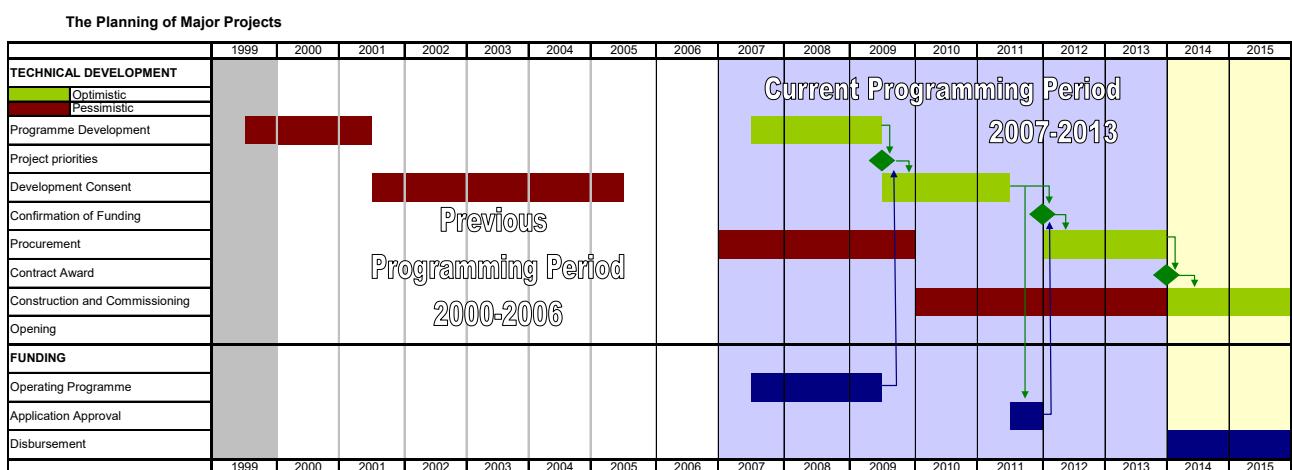
EIB Management of the project cycle rates the Bank's handling of the operation, from project identification and selection to post completion monitoring.

APPENDIX 2 THE MAJOR PROJECT CYCLE

Major projects are accorded a special position within the current structural funds regulations because of their complex and high profile nature. There are many key stages in the development of major projects, and each stage is subject to continuous technical and political review.



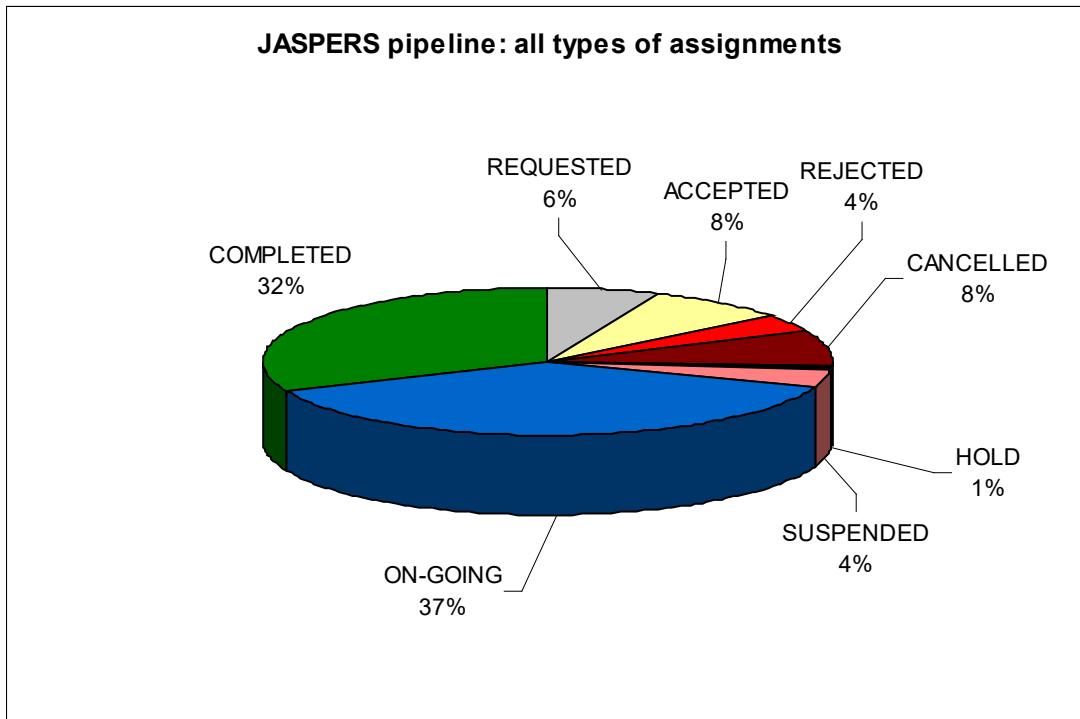
For this reason the timescale for the preparation of these projects can be extremely long. In some cases key decisions will have been taken decades ago, as illustrated in the following diagram.



APPENDIX 3 JASPERS ASSIGNMENT CATEGORIES

The status of each project in the JASPERS database can vary within the pipeline as follows:

Requested status	After submission of a draft Action Plan by the Managing Authority and before acceptance by JASPERS of the final Action Plan.
Rejected status	Assignments included in the draft Action Plan that are rejected by JASPERS. No technical assistance has been or will be received.
Hold status	Temporary status before any further decision. No technical assistance has been received yet.
Accepted status	Assignments accepted by JASPERS and included in the Final Action Plan. In principle, does not entail the launching of technical assistance.
On-going status	Status of the project when Technical assistance is being provided but has not finished yet. It is divided according to the progress of the technical assistance 0-25%, 25-50%, 50-75%, 75-100%.
Cancelled status	When the Managing Authority decides that a project will not be submitted for financing to the European Commission the assignment is taken out of the pipeline. Technical assistance has been received but ceases.
Suspended status	Postponed assignments by common agreement between JASPERS and the Managing Authority. Technical assistance has been received but it is interrupted. Technical assistance support may continue at a later stage if another agreement is reached.
Completed status	Technical assistance is finalised by JASPERS. A Completion Note is produced.



APPENDIX 4 TA BENCHMARKS

ISPA technical assistance budget.

The ISPA programme was the first experience of the new member states with the procedures of the European funds. Within ISPA, a certain amount of funds were reserved for technical assistance, mainly for project preparation, to “ensure that, in terms of project concept, management and operation, beneficiary countries present technically and financially sound projects to the Commission for ISPA funding”.

ISPA assistance focused primarily on the preparation of projects for the same programming period, but also recognised the need to prepare projects from one programming period to another¹⁵. The rationale was that the programming period (7 years) and the project preparation cycle (normally more than 10 years) for important infrastructure projects do not correspond. Therefore, the ISPA technical assistance budget was made available for both purposes.

For the purposes of comparison, the ISPA technical assistance budget can be calculated as a percentage of the total funds committed under the programming period.

Technical assistance for project preparation measures committed by ISPA 2000-2005 for Bulgaria, Romania and Croatia.

	TA eligible cost (EUR)	Project eligible costs (EUR)	
Environment sector	67,481,000	2,021,031,383	3.34%
Transport sector	84,461,560	2,306,715,498	3.66%
TOTAL	4,327,746,881	151,942,560	3.51%

Source: Annual report of the Instrument for Structural Policy for Pre-Accession (ISPA) 2005.

Technical assistance measures at the initiative of the beneficiary countries committed by ISPA 2000-2003, All countries.

	TA eligible costs (EUR)	Project eligible costs (EUR)	
Environment sector	122,418,837	5,175,000,000	2.36%
Transport sector	85,719,924	5,566,500,000	1.54%
TOTAL	208,138,761	10,741,500,000	1.94%

Source: Annual report of the Instrument for Structural Policy for Pre-Accession (ISPA) 2003.

Technical assistance measures at the initiative of the beneficiary countries committed by the Cohesion funds during 2004-2006.

(EUR)	Environment Commitment	Transport Commitment	TOTAL committed	Technical assistance committed	
Czech Republic	169,425,877	192,728,948	362,154,825	1,343,504	0.37%
Estonia	51,641,255	59,936,657	111,577,912	2,505,460	2.24%
Hungary	210,331,313	209,390,382	419,721,695	6,910,457	1.64%
Latvia	84,648,355	75,472,277	160,120,632	8,112,593	5.06%
Lithuania	121,403,548	99,888,363	221,291,911	4,807,152	2.17%
Malta	4,305,250	4,075,480	8,380,730	65,171	0.78%
Poland	751,359,517	828,944,996	1,580,304,513	21,905,810	1.38%
Slovakia	79,712,721	138,255,724	217,968,445	826,055	0.38%
Slovenia	27,925,173	44,270,658	72,195,831	165,000	0.23%
TOTAL	1,500,753,009	1,652,963,485	3,153,716,494	46,641,202	1.48%

Source: Annual report on the Cohesion Fund (2006)

¹⁵ “they are aimed at developing a pipeline of quality projects which is a warrant for the Commission that it identifies and receives a sufficient number of suitable projects in time. Disposing of a strong project pipeline is not only essential for ISPA, but is equally important for the Cohesion Fund (Bulgaria and Romania)”Annual report of the Instrument for Structural Policy for Pre-Accession (ISPA) 2005, COM(2006) 674 final, page 10.

Technical assistance financed by ISPA therefore represents a much larger effort than JASPERS, and over a shorter period of time.

FEMIP Support Fund TA

The technical assistance provided by the FEMIP support fund is of a different nature. Under the FEMIP Support Fund, all technical assistance operations have a link to ongoing or future investment projects.

Allocation of TA operations in terms of volume (financed from the budgets 2003 – 2006)

FEMIP Country	Signed TA (EURm)
Algeria	6.19
Egypt	6.60
Gaza & West Bank	2.60
Jordan	4.20
Lebanon	2.57
Morocco	21.09
Regional	7.29
Syria	33.42
Tunisia	14.50
Total	98.46

Source: FEMIP Support Fund, Annual Report 2009

The envelope of the FEMIP Support Fund (EUR 105 m) is estimated¹⁶ to allow the Bank to provide technical assistance for investments with an overall volume of EUR 10 bn. Therefore in broad terms the TA is estimated to represent 1% of the cost of the projects it supports.

¹⁶ FEMIP Support Fund Annual Report 2009, section 2.1

APPENDIX 5 DESIGN AND OPERATION OF THE JASPERS INITIATIVE

In order to assess the relevance of the initiative it is necessary to examine the way in which the original design of the initiative addressed the identified need and the overall aims and expectations of its stakeholders, whether these needs have changed with time, and how the initiative has adapted.

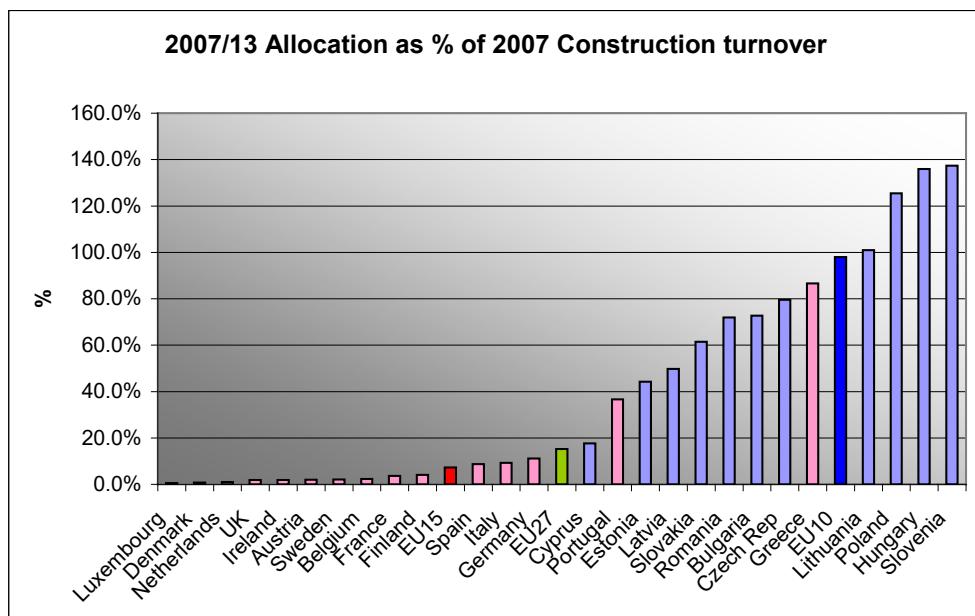
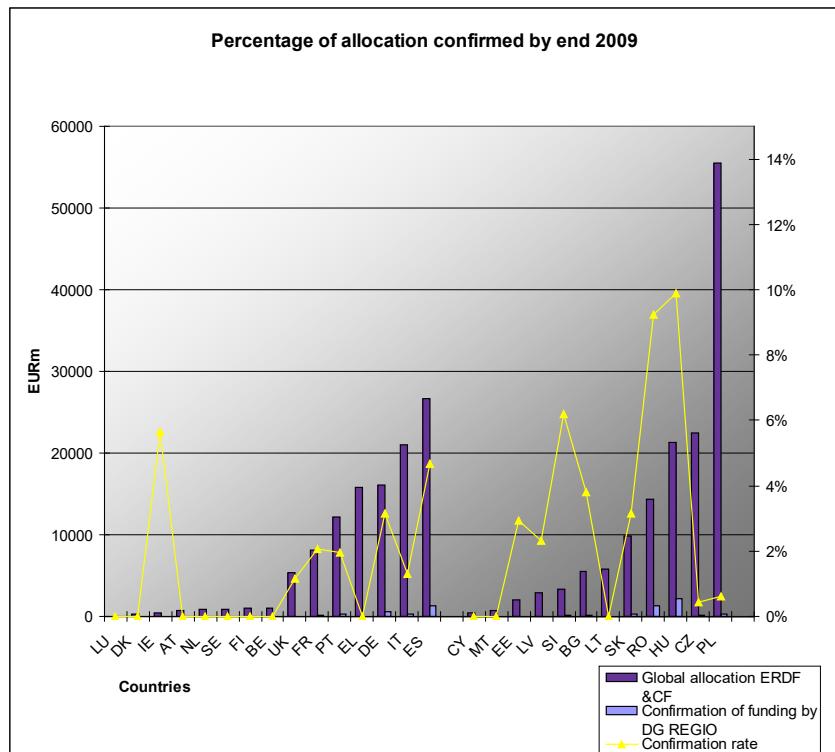
A5.1 The identified need

There appears to have been a tacit consensus that the new Member States lacked the capacity to implement large volumes of infrastructure as well as lacking experience in complying with European norms in the preparation and design of infrastructure.

The scale of the preparation effort required, combined with the relative lack of experience and capacity in the new member States, called for a more active and ambitious response from the EU institutions in order to help the national and regional authorities to ensure that best use is made of the available resources in the coming programming period.

This may well have been based on experience from 2004-2006 and with the PHARE programme. However, a more formal needs assessment, that would have more clearly identified countries and/or sectors for priority treatment and helped to focus the setting up of the initiative, does not appear to have been undertaken ex ante.

In fact, the absorption picture at the end of 2009 was much more mixed. Overall grant amounts confirmed for funding by the end of 2009 were very low, and indicate that some old member states may also be in need of assistance, whilst some of the new member states are performing relatively well. Confirmed grant levels are only one component of the overall absorption picture, but the clear indication is that the need for assistance is probably a more complex issue than a straight forward lack of capacity in new Member States.



The ability of individual countries to absorb large amounts of structural fund grants will depend on many factors, one of which will be the ability of the construction sector to expand to meet the increased demand. If the size of the indicative allocation is examined in relation to the size of the construction industry in each country¹⁷ it can be seen that for most old Member States the amounts allocated are insignificant in comparison to the size of the local construction industry – with the possible exception of Greece and Portugal. For the new Member States, the allocations are much more significant.

As indicated in section 2.4.2, the broad trend of JASPERS assistance follows the size of indicative allocations, but not closely. However, there are other indications suggesting that the needs of beneficiary countries are more complex, and if the initiative is to continue in its present (or modified) form, then it should be on the basis of a more formal and detailed assessment of the needs of beneficiary countries, in order that JASPERS resources can be allocated on a more transparent and rational basis.

A5.2 *The aims and purpose of the initiative*

The operational objectives and tasks of the initiative are set out explicitly in JASPERS founding documents with an implied hierarchy of priority (see appendix 3). Although this represents the only formal statement of JASPERS objectives, it represents more an outline of the permitted scope or eligibility of JASPERS activities, rather than a coherent hierarchy of operational priorities. Nor does it provide a clear indication of the aims and purpose of the initiative itself. Whilst clearly the intention of the initiative is to provide ‘assistance’, this is too wide a goal to provide guidance at an operational level as to; what assistance, where, and to whom?

For guidance on the aims and purpose of the initiative, it is therefore necessary to deduce the original intentions from a wider search of statements and documents issued at the time the initiative was being planned and launched. It is clear from these statements that there was no common understanding about what the initiative was trying to achieve. This may have been exacerbated by the rather loose use of terminology relating to the project cycle, capable of being interpreted in a number of different ways. One of the earliest intentions seems to have been that JASPERS would ‘animate’ the process by chasing progress - suggesting a proactive role of some standing in the funding process.

The various statements can be grouped into four broad themes, which are discussed below:

- Capacity Building
- ‘Animation’ (progress chasing) / absorption
- Project Quality
- Mature Applications

Capacity Building

If the perceived need was a lack of capacity amongst new member States, then it might be expected that building capacity would be one of the main aims of the initiative. It would logically follow that once capacity had been built, there would no longer be a need for assistance. Hence a successful initiative would be transitional in nature.

‘Lack of capacity to do what?’ might logically be expected to be the next question. The main concern from the outset appeared to be that these countries might not be able to spend the allocated funds fast enough. This problem has many facets, but given the fact that JASPERS was clearly intended as a technical assistance initiative, many of the underlying problems – lack of administrative capacity, lack of own funds, lack of stability of decision making - were not within the scope of what the initiative could reasonably be expected to achieve.

There was also the possibility that in certain countries there were simply not enough qualified engineers, technicians and tradesmen to cope with the huge increase in construction activity.

	Students (tertiary) (% of Pop)	Engineering Students (% of Pop)	Engineering students (% of Students)
EU27	3.8	0.5	14.0
EU15	3.6	0.5	13.9
EU10	4.7	0.7	14.2

Source: EUROSTAT 2007 figures

¹⁷ EUROSTAT, NACE_R1: Construction

As a proportion of population the new Member States have more students in tertiary education, more engineering graduates and a higher proportion of students in engineering. These countries clearly have the potential to handle their own technical affairs and have had active construction industries since the fall of communism. If something is missing it must be the experience of preparing large numbers of projects in compliance with EU requirements, and the experience of having enough resources to achieve (actually construct) these projects – what might be termed a lack of capacity in European Project Management at all points in the project cycle. The first aim of the initiative could then be formulated as:

- Helping to build European Project Management capacity capable of preparing and managing a pipeline of projects consistent with the funds available and in accordance with EU requirements.

Animation (absorption)

Simply being better project managers would not in itself be enough to ensure that available funds were spent. As already mentioned, there are many non technical hurdles to be overcome, and even the necessity to comply with EU requirements is a complex and constantly changing problem. These systemic issues are often outside the control of individual project promoters and require multi-party resolutions. In order to unblock projects and allow funds to flow, there must therefore be a catalyst to identify blockages and bring multiple parties together to find solutions. Building absorption capacity therefore also requires the identification of systemic hurdles to absorption, and the bringing together of the relevant stakeholders with the purpose of resolving differences. Whilst JASPERS cannot address this 'lack of capacity' directly, it is none the less in a unique position to act as the necessary catalyst. The second aim of the initiative can therefore be taken to be:

- Helping to ensure the absorption of available funds by prioritising grant volume, identifying systemic blockages and bringing together the relevant stakeholders to overcome these.

Project Quality

The improvement of the quality of projects submitted is potentially one of the biggest benefits of JASPERS and sits well with the experience of the EIB staff directing the initiative. By improving the economic rate of return of one large project by one percentage point, the entire cost of the JASPERS initiative can be justified. However, in order to genuinely influence the quality of projects submitted, JASPERS have to be involved early enough in the project selection and planning process.

Project Cost (EUR m)	30 Year benefits (undiscounted EUR m) EIRR* 5%	30 Year benefits (undiscounted EUR m) EIRR 6%	Difference (EUR m)
100	432	574	139
500	2,161	2,872	710

* EIRR – Economic Internal Rate of Return

Ultimately, the decision to spend large amounts of public money on a major project is a political choice, involving many non-technical factors. Technical advisors should seek to inform this political choice, and not to supplant the political process with technical considerations. What is project 'quality' in this context? Every project can be 'improved'. Therefore, if technical advisors make the improvement of technical 'quality' their only aim, the project will never be built and the benefits will never be realised. The pursuit of ever increasing technical quality should therefore never be pursued as an end in itself.

The word 'quality' is used extensively in JASPERS vocabulary, and interlocutors and commentators often referred to the desire to 'improve the quality' of a given project. In fact the founding documents of JASPERS do not refer to project quality but to 'mature project proposals, which meet EU requirements'.

This argument introduces the concept of a minimum quality threshold for a project. Projects below this threshold must be improved. However, the further improvement of projects which are already above the threshold should only be undertaken if the anticipated benefits outweigh the cost of delay. In the end this is also a political decision and, under considerations of subsidiarity, is one for the Member State. The third aim of the initiative could therefore be formulated as:

- Helping to ensure that projects meet a minimum acceptable quality threshold and to improve them further only where this can be achieved without undermining the other aims of the initiative.

Mature Applications

The Commission is the ultimate judge of whether a project will be confirmed for funding. For a project to meet a certain minimum acceptable technical standard is a necessary, but not sufficient condition for approval. The applicants must also be able to demonstrate that the project meets the required standard and has complied with all of the necessary procedures. This 'due diligence' information required by the Commission as part of the application process is nothing more than would be required for the preparation of any major project in Europe, but is none the less complex and demanding for promoters lacking experience in the project management of large European projects. The fourth aim of the initiative could therefore be formulated as:

- Helping to ensure that applications contain all of the necessary information to assist the Commission in making a rapid confirmation of funding.

These aims would appear to be at the heart of the statements and concerns expressed in different ways during the planning of the initiative and, although never formally expressed in this manner, these would seem to be the underlying aims of the initiative against which the evaluation will consider the relevance of the initiative and its actions.

A5.3 Option analysis

The consideration of alternative solutions (option analysis) is another cornerstone in the preparation of major projects, without which the Commission would not normally consider grant support. Careful consideration of alternatives, their costs and benefits, increases the likelihood that objectives will be achieved in the most effective and efficient manner.

In the previous programming period (2000-2006) the Commission and beneficiaries had made extensive use of consultants during the grant application process. The Bank's technical services were also invited from time to time to advise the Commission on particular applications. In addition the Bank already had experience of administering extensive TA funds under the FEMIP support fund – a support model which involved the Bank employing consultants to undertake specific project preparation tasks to unblock the implementation of problematic projects. EBRD too made extensive use of consultants. At the time negotiations took place, all parties to the initiative therefore had experience of alternative models for providing technical assistance. The evaluation found no record of why these alternatives, or any others, were rejected. Indeed there does not appear to have been any formal options analysis in the strict sense of the term (the comparison of the costs and benefits of alternative ways of achieving the same objectives).

Specific provision was included within the new structural funds regulations to allow the EIB to provide this kind of technical assistance¹⁸, giving the Bank a special status with respect to the normal provisions of public procurement. Whilst it is not within the scope of this evaluation to comment on the legality of this arrangement, it is a matter of reputational risk for the Bank that the initiative does not give the appearance of contradicting the principles of public procurement that both the EIB and the Commission apply to other forms of technical assistance and that are applicable to other recipients of grant. The main arguments would appear to be that:

- The Bank's experience is unique, and not available on the market
- The Bank's status as the EU long-term financing institution gives it a high level of credibility
- The Bank provides a continuity of advice and a stable repository of knowledge

Although not formally justified in terms of an options analysis, it may simply have been considered to be self evident that the type of expertise required was unique to the Bank, or that in the light of the scale and urgency of the problem, something different had to be tried. Whatever the reason, it was not formally recorded. Interestingly, a project presented to the Commission for grant support with this type of justification would be unlikely to be successful in its application.

¹⁸ ..the Funds may finance the preparatory, monitoring, administrative and technical support, evaluation audit and inspection measures necessary...including with the EIB through a grant or other forms of cooperation..”, EC/1083/2006, Article 45 Technical assistance at the initiative of the Commission.

The costs of the initiative are relatively clear. The key question would be what the likely benefits are. The main direct economic benefits can be readily summarised as follows:

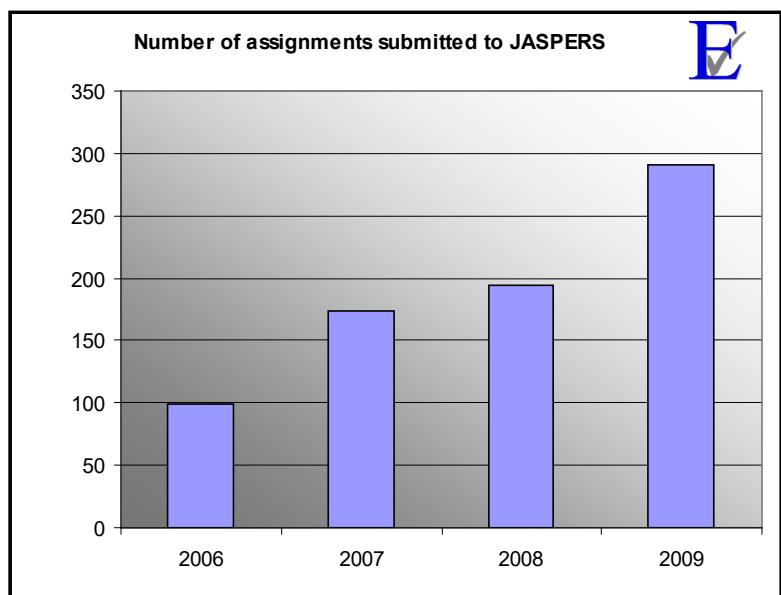
- **Better investment** – more efficient use of the funds by choosing the most productive investments and improving the rate of return of chosen investments. A small improvement in the economic rate of return of a large project generates millions of euros of additional benefit.
- **Earlier benefits** – enabling the earlier implementation of productive projects brings forward the benefits and also helps to ensure that the available funds are not lost. The benefits of earlier implementation are smaller, but still significant. Much more significant is preventing the loss of allocated funds by implementing a project within the programming period.

Interestingly in this context, the speed of processing applications by the Commission itself does not necessarily represent a benefit at all, unless it leads directly to an earlier implementation of the project benefits. This is clearly not the case where the project is progressing in parallel with the application. Neither is it true where JASPERS is effectively substituting their due diligence for that which would in the previous programming period have been carried out by the Commission or by consultants. Even in the case where the project cannot progress without confirmation of funding, it is the overall approval timescale which is important. If a certain amount of due diligence is required, then whether this is carried out by the Commission, consultants or JASPERS is largely immaterial, providing each plays their part effectively and efficiently.

A5.4 The size of the initiative

The initial estimate of the resources available to the initiative was negotiated as part of the Memorandum of Understanding between the parties. This was the result of discussions during 2005 when it was generally considered that an average of 150 projects per year would be submitted to the Commission during the coming programming period. The origin of this figure is unclear, but it gained general currency during the planning phase of the initiative. Nor was it clear how this figure of 150 projects per year translated into a requirement for the 42 professional staff originally agreed for the initiative (EU-funded: 30, EIB: 10, EBRD: 2). The Commission had experience of the previous programming period to build on, but this was for the appraisal of applications. The evaluation found no indication of any formal resources estimate based on the tasks JASPERS was expected to perform. Based on an average of 200 working days per year, this would mean a maximum of some 56 days per project. This would be reduced by management and coordination time, as well as horizontal tasks, depending on the priority allocated to them.

In fact, the number of assignments dealt with by JASPERS started at just under 100 in 2006 and rose steadily to just under 300 in 2009. A further increase in staff was authorised in 2008 and became active in 2009, but for the two years when staff levels reflected the original estimates, JASPERS accepted an average of around 175 assignments per year. The initiative therefore seems to have undertaken broadly the amount of work expected, but it is not possible to say whether the work done was limited by resources, or whether the size of the initiative was sufficient to achieve its objectives. This will be examined further in relation to individual assignments which have been examined in depth. In any case, as already discussed, the size of the initiative could be described as modest in relation to the overall preparatory effort required to produce infrastructure on the anticipated scale, and certainly in the early years of the initiative JASPERS could be described as a scarce resource.



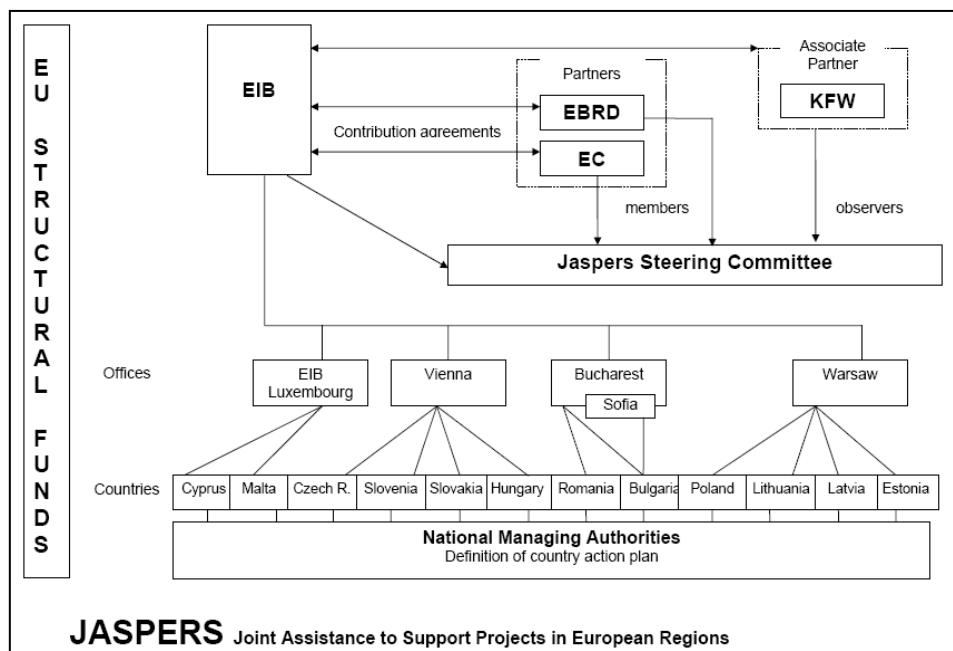
A5.5 The form of the initiative

As originally conceived, JASPERS was to be a technical assistance facility to be used by the new Member States at their request. After the initiative became operational, the beneficiaries were therefore considered capable of determining their own priorities for assistance, but it would appear that the initiative itself was designed without significant input from the eventual beneficiaries. It therefore took some time for working relationships to develop into the kind of partnership which was already a well established principle of development assistance. Given that JASPERS provides advice at no direct cost to the beneficiary, the initiative can be considered as a form of development assistance, in which case the long standing principle originally laid down by the OECD for this type of activity would be pertinent.

"Development assistance is a co-operative partnership exercise between donors and recipients. The developing countries are responsible for their own development and development assistance can only be subsidiary and complementary to the efforts of the developing countries themselves. Aid supports activities for which developing countries have final responsibility and ownership. Project performance depends on both donor and recipient action. Both have an interest in, and responsibility for, the best use of scarce public funds."¹⁹

Referred to variously as an ‘initiative’, ‘joint assistance’ or ‘joint action’, whose members are described as ‘partners’, in fact JASPERS is dependent on an EU grant given to the EIB to employ additional staff on the basis that they will be used for certain eligible activities. Bi-lateral contribution agreements are agreed annually, as part of which the EIB dedicates an agreed number of its own staff (initially 10, now 16), and the two smaller members of the initiative (EBRD and KfW) also promise to dedicate a small amount of staff resources. The EIB is therefore in the same position as any other grant recipient in having to account for and justify its expenditure under the grant, and where necessary, repay elements that might be considered ex post not to be eligible or reasonable. Also, no Commission staff are dedicated or seconded to the initiative, and therefore the partnership is somewhat unequal, and is certainly not one which involves the beneficiaries.

The ‘on demand’ nature of JASPERS as originally envisaged gave rise to a number of problems and has now been substantially modified in practice in the light of experience. As might have been anticipated, those most in need of assistance were not necessarily in the best position to recognize or acknowledge their deficiencies. This led to JASPERS initially working with those who were motivated enough to ask, rather than prioritising for example those in most need of assistance, or with the largest programmes.



¹⁹ Principles for the evaluation of development assistance – ‘Paris Declaration’ - of the Development Assistance Committee of the OECD, 1991.

The concept of the beneficiary as JASPERS ‘client’ also led to a detrimental distancing of JASPERS from the country desks of DG REGIO, a situation which resulted in JASPERS staff in some cases being unaware of DG REGIO requirements. It also meant that DG REGIO staff still do not consider JASPERS as a ‘second pair of eyes’ in terms of their appraisal of applications, and often employ consultants to review projects already reviewed by JASPERS. The most effective JASPERS relationships at the moment are those working as a tripartite partnership between DG REGIO, JASPERS and the beneficiary to achieve a common goal. However, this best practice is not followed universally, and the nature of the initiative has not been officially altered.

The governance structure of the initiative was set out in the original Memorandum of Understanding. The implementation of the initiative was to be ‘supervised’ by a Steering Committee which would meet four times per year, with members drawn from the contributing partners and chaired by the Commission, which would “*review and decide on all major strategic policy issues...*” The initiative was to be ‘managed’ by the EIB who would also provide the secretariat for the Steering Committee. There is no restriction as to the seniority of members appointed, but in practice the Steering Committee operates at the level of the services of the member institutions and there is no direct oversight from the respective governing bodies. The original governance structure remains in place, although KfW now provide a Steering Group member with observer status. This distinction has no practical effect, since the Steering Committee must work by unanimity and does not formally vote. Whilst this ensures that the members appointed by the Bank must be content with the decisions made, it also means that all partners have equal authority, regardless of their contribution to the initiative or the extent to which the partner’s reputation is bound up with the initiative.

The original agreements do not attempt to set up a specific set of corporate and social responsibility standards for the initiative, which therefore relies on the standards of each member of the initiative (this ex post evaluation being an example).

The Steering Committee has met fewer times than anticipated, but made a number of key decisions during the period 2006 to 2009, indicating that the governance structure of the initiative is capable of making strategic changes in direction:

- Resources – staff resources were continuously increased to meet perceived demand. Whilst this was strictly a matter for the member institutions and their annual contributions, the Steering Committee was effective in pushing this agenda.
- ‘Ready to go’ focus – in late 2008 and early 2009, the Steering Committee took the decision that JASPERS should both provide assistance in the screening of applications for projects in which it had not been previously involved, and should prioritise those projects which were ‘ready to go’ – in other words were close enough to implementation to have a chance of being implemented in the current programming period.
- Implementation Advice – JASPERS is currently gearing up to provide strategic implementation advice to beneficiaries.

The majority of JASPERS staff are employed by the EIB and, as managers of the initiative, the EIB exerted considerable influence on the build up of JASPERS staff, their expertise, experience and location. The initiative therefore strongly reflects the EIB project-orientated and sector organised approach that it uses for its own lending activity. The Bank employed relatively senior experts capable of providing strategic advice and commanding respect at high levels of public administration with whom it was assumed they would be dealing. Sector expertise reflected the expected predominance of Transport and Water & Waste projects. The regional JASPERS offices were the subject of much debate and seemed to be the result of a political compromise rather than an assessment of operational need. The working language of the initiative was not mentioned in the founding documents, but JASPERS took the decision at an early stage that this would be English.

A5.6 *The timing of the initiative*

As discussed in section 2.2, there is an obvious disconnect between EU programming periods and the cycle of major project preparation. Even relatively small projects must be identified and programmed in the first two years of the programming period if they are to have any chance of being built within the N+2 period. Ideally, an initiative aimed at providing strategic advice for the current programming period should have been set up and operational during the previous programming period. The Bank can hardly be held responsible for this problem, and has no direct responsibility for EU structural funds. In fact the EIB responded remarkably quickly to the Commission’s invitation to participate in the new initiative and put its own staff on the ground even before the founding agreements were signed. However, in shaping the initiative, the Bank should have been aware of the implications of the project cycle in that by the time the initiative was fully staffed at the end of 2007 the

opportunity of providing the type of strategic advice envisaged had largely passed, and that with one or two years the initiative would either have to build capacity for the next programming period or move to assisting with the implementation end of the project cycle.

A5.7 *Summary*

The form of the initiative was designed to provide strategic advice and to respond to the need to build capacity, but was set up too late to have a significant impact on many of the issues identified in its founding documents. The priorities of the initiative have now been changed, and it is trying to adapt its shape to respond, but this will now be more difficult than if this situation had been anticipated from the outset.