

Statement of the Management Committee on the EV Report
“EIB’s Role in the JASPERS Initiative”

1. The Management Committee appreciates that EV carried out an independent evaluation of JASPERS (Joint Assistance to Support Projects in European Regions), thereby entering new terrain since this is the first time that EV has carried out an evaluation of the EIB part of an initiative that is not exclusively managed by EIB but shared with other institutions. Furthermore, the Management Committee acknowledges the result of the independent EV study, which considers JASPERS to be fully justified, because

- there is a demand for it,
- JASPERS has built up a reputation as a quality tri-partite agent between DG REGIO-Member States-JASPERS (EIB, EBRD, KfW),
- high economic benefits are generated, especially while improving projects at an early stage¹.

The Management Committee fully supports the main conclusion that the remaining period of the current financial perspective should be used (i) to prepare the next financial perspective and (ii) to reassess and further improve JASPERS during the current financial perspective². The Management Committee wishes to draw attention to the fact that a milestone for this approach was recently achieved. On 22 November 2010 the Steering Committee of JASPERS approved the proposal of the JASPERS team concerning

- a strategy paper for the next financial perspective to be presented in the second half of 2011 (for 2014 - 2020) to describe inter alia also ways for the EIB to continue with a high level of support for JASPERS and

- an increase and partial shift in the scope of JASPERS until the end of the current financial perspective in 2013. The additional scope comprises (i) project preparation at an early stage for 2014-2020 and (ii) capacity-building and dissemination³.

In order to implement this strategy, the Steering Committee approved the following priorities for 2011, 2012 and 2013:

- a) Continued preparation of projects for the 2007-2013 programming period (the share of this part of JASPERS’ activities will decrease from 100% down to 30% in 2013).
- b) Preparation of projects for the next programming period (this activity will be increased step by step up to 60% in 2013).
- c) Strategic work and horizontal assignment (included in the 60% above, so far roughly 15% of JASPERS’ activity, with a slight increase likely).
- d) Capacity-building (a new activity that will increase to 10% in the years ahead until 2013).
- e) Selectively increasing implementation services beyond the pilot phase (included in the 10% above)⁴.

¹ The calculation in Appendix b shows that improving the Economic Internal Rate of Return of only one large project by one percentage point pays for the entire cost of the whole JASPERS initiative of EUR 200m for the financial perspective. The evaluation shows that JASPERS can influence the shape of the project in 28% of cases (see 6.2) and achieves a multiple of the mentioned effect.

² See executive summary: “ JASPERS should now take the opportunity to formally assess the remaining needs of the beneficiaries, clarify the aims and purpose of the initiative in relation to these, and reassess its operational priorities to meet these challenges”.

³ Both issues solve the problems which the EV report sees that the JASPERS initiative can address most effectively with early intervention in projects (highest economic impact) and with the dissemination of best practices (capacity-building).

⁴ If this is compared with the priorities recommended in 7.5, priorities 2, 3, 6 and 7 are covered, 1 and 4 are treated separately and 5 seems somehow to be over-ambitious “enabling and problem solving with the whole grant system “.

2. It is important to understand that political and budgetary decision-making processes did not follow in the past (and will not follow in the future) an ideal planned approach. It is not unusual for new actions to follow the decision-making and preparation process. This has been the case for other major product innovations which the EIB has developed together with the EC (RSFF, LGTT and the J-family including JASPERS), the reason being that:
- (i) there are needs identified and windows of opportunity to start an action (in the case of JASPERS, the accession of 12 NMS to the EU in 2 years)
 - (ii) at the start there is a consensus about the direction of the action, but neither the scope nor detailed objectives are known at the outset (and are often not consensual, as in the JASPERS case⁵) and
 - (iii) in the given time constraints, the real alternative is to go ahead with the action with high uncertainty with the best agent available or... do nothing (in the JASPERS case there was an achievable consensus that the EIB was the best available agent and could form the core of the action).

Even if from a technical point of view most of the overall results were seen as “partly unsatisfactory”, the initiative has been developed while learning by doing and with successive improvements. JASPERS is from a political point of view very successful. When reading the evaluation and its conclusions it must always be remembered that the setting-up of JASPERS and EIB's participation in the initiative was a political decision which from a technical point of view had not been prepared in detail according to an ideal theoretical planning model. The initiative involved high uncertainties. As a consequence of this development, many of the new Member States' specific needs were only discovered during JASPERS' operation and the initiative has successfully adapted to them. JASPERS is a different initiative now compared to its early days and a lot has been achieved:

- (i) the historical window was used before it closed and the broader need and broader role for TA as publicly held knowledge for implementing the Structural Funds is now accepted by all.
- (ii) EIB proved to be the right agent to manage a large-scale “brain initiative” delivering value beyond financial volume and established itself at the same time as “the Bank of the EU” in the new Member States⁶.
- (iii) JASPERS managed to build consensus on its scope and reach and worked hard to establish this tri-partite-approach, one of the key findings of the EV report. The initiative taken in 2010 to scale down the approval time served inter alia to again confirm the needs of the tri-partite-approach⁷.
- (iv) The statistical data available proves JASPERS' success in promoting projects on the ground: Projects not involving JASPERS preparation need on average 445 days to be approved by the Commission. With JASPERS support this period is shortened to 257 days and this is even slightly shorter than in the much more experienced EU15 countries.

⁵ To mention only a few elements: some of the old Member States were interested in JASPERS as well, some of the new Member States feared that JASPERS could undermine the delegation principle of the Structural Funds, Commission services saw only their right to approve retained and not delegated to JASPERS, some of the new Member States hesitated to ask for capacity-building because this could have undermined their accession process.

⁶ EIB has also used the opportunity of the JASPERS initiative to improve the diversity of its staff. As of 2010 the staff from the NMS exceeds 13% (against 5% of EIB shares held by NMS).

⁷ See first recommendation in 7.5

3. To illustrate the gap between theory and practice with two examples:

3a Horizontal Studies

As different political levels are involved (municipal, regional, national, European) different interpretations of some laws or directives are possible and different interests are linked with these different interpretations. In addition to this neither the European nor the national sides are “monolithic” and without internal contradictions, which are found inside the different parts of the European Commission administration as well as in between the regional and the national levels of the Member States. So officially the cost-benefit analyses were defined and applied for transport projects Union-wide. It took between one and two years of JASPERS’ work to convince all sides that hidden disagreements existed, and a common solution was needed. It took months of internal coordination within JASPERS to realise that in different periods of time, in different regions, in different countries, these hidden disagreements existed. To first create the awareness that a “settled view” was needed and then establish such a settled view was both crucial and time consuming⁸.

3b Approvals and Absorption

It is stated several times in the EV report that the approval time matters only if the Member States do not pursue the implementation of the project in parallel. In theory this is right as the intervention of the Structural Funds consists of a reimbursement for earlier spending by the Member States that is made when the approval is eventually given. In times of squeezed budgets (and IMF interventions for a significant group of the Member States involved) this is not the reality. MoFs, Parliaments and in relevant cases the IMF are very much interested in the safety of the process to avoid high budgetary risks.

These two examples illustrate in different ways that the approval time really matters and the creation of a settled view can take a long time. It is against an ideal planning model that one may achieve the assessment “partly unsatisfactory”.

4. The year 2010 showed a further significant jump forward: 90 projects were submitted, 83 approved (including 59 major projects). JASPERS is dealing with EU grants of EUR 58bn for the large projects in the EU12. In the middle of the financial perspective (end of 2010) EUR 27bn (46%) had already been submitted for approval. As JASPERS is now at full “cruising speed” it is clear that all major projects in the stock will be ready for approval before the end of 2013.
5. To sum up: JASPERS has achieved remarkable success. Based on this success strategic preparation of the next financial perspective is possible and has been initiated. The JASPERS team in the first place, but also the committed and passionate other partners, stakeholders and relevant parties, understood that a complex action like JASPERS cannot be approached as a “maximization problem of independent variables” but an “optimization problem of multiple, partly conflicting variables”. This understanding has helped to define the goals, structure and processes up to now in a clear way and at the same time to start, adapt and speed up the action itself.

⁸ Some similar problems concerning certain PPP models are likely not to be solved before the next financial perspective.



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Vice-President
European Investment Bank

EIB's Role in the JASPERS Initiative

Statement of EIB Management Committee to the Evaluation Report

Luxembourg, 31 January 2011

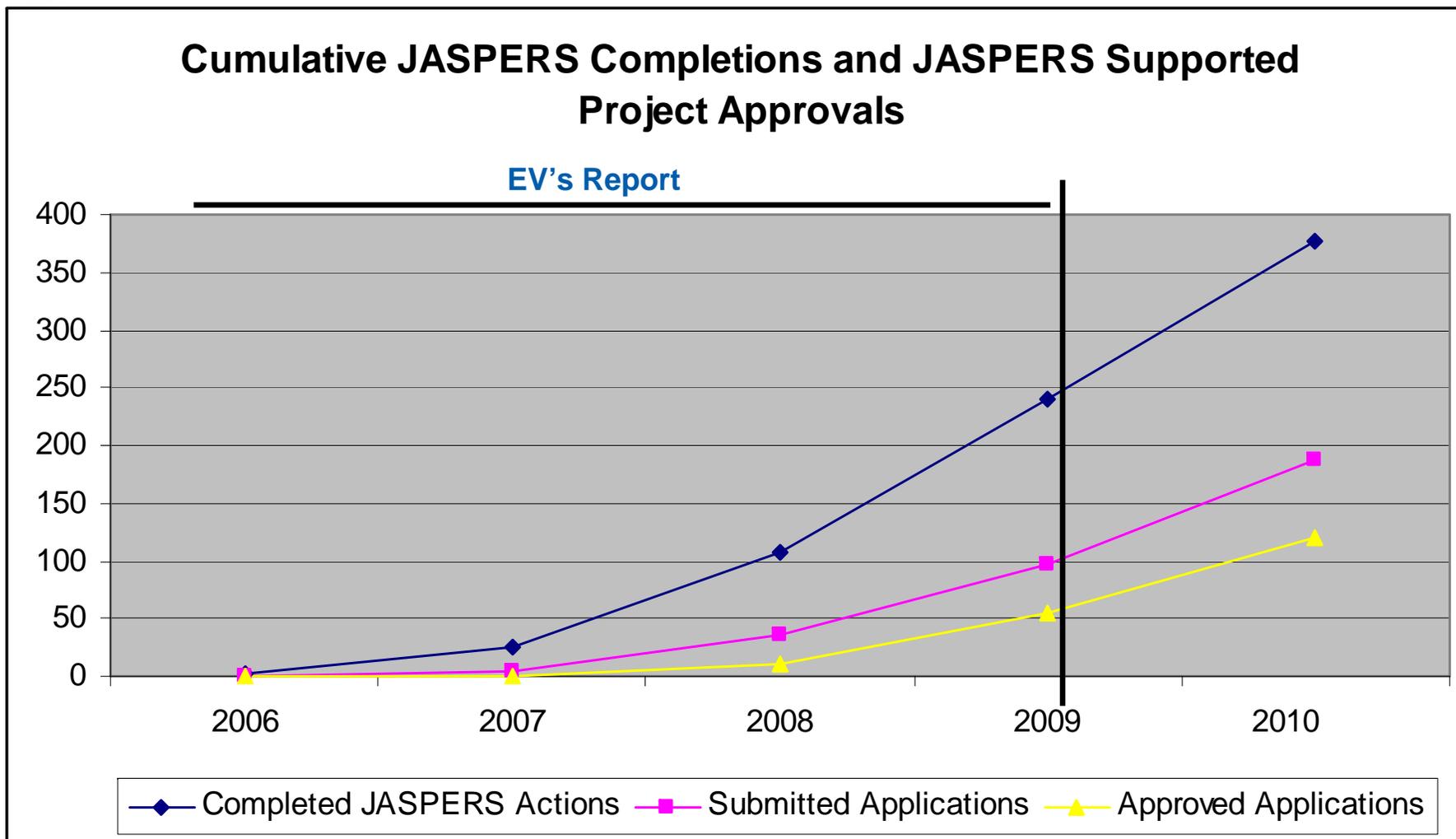


1. JASPERS progress 2010 – Achievements:
Faster and better applications

2. The next steps – until 2013 and beyond



JASPERS' Achievements (1)



Note: Data for 2010 is annualised based on end September figures

2010: Submitted projects: 90

approved: 83 (59 major projects)

JASPERS' Achievements (2)



Time to Approval: illustrating shorter time taken for JASPERS-supported projects to be approved

	2008	2009	2010
JASPERS EU-12			
Elapsed days for major projects approved	142	264	257
Number of projects approved	10	35	59
Non-JASPERS EU-12			
Elapsed days for major projects approved	292	387	445
Number of projects approved	1	9	10
EU/15			
Elapsed days for major projects approved	109	197	264
Number of projects approved	2	30	32

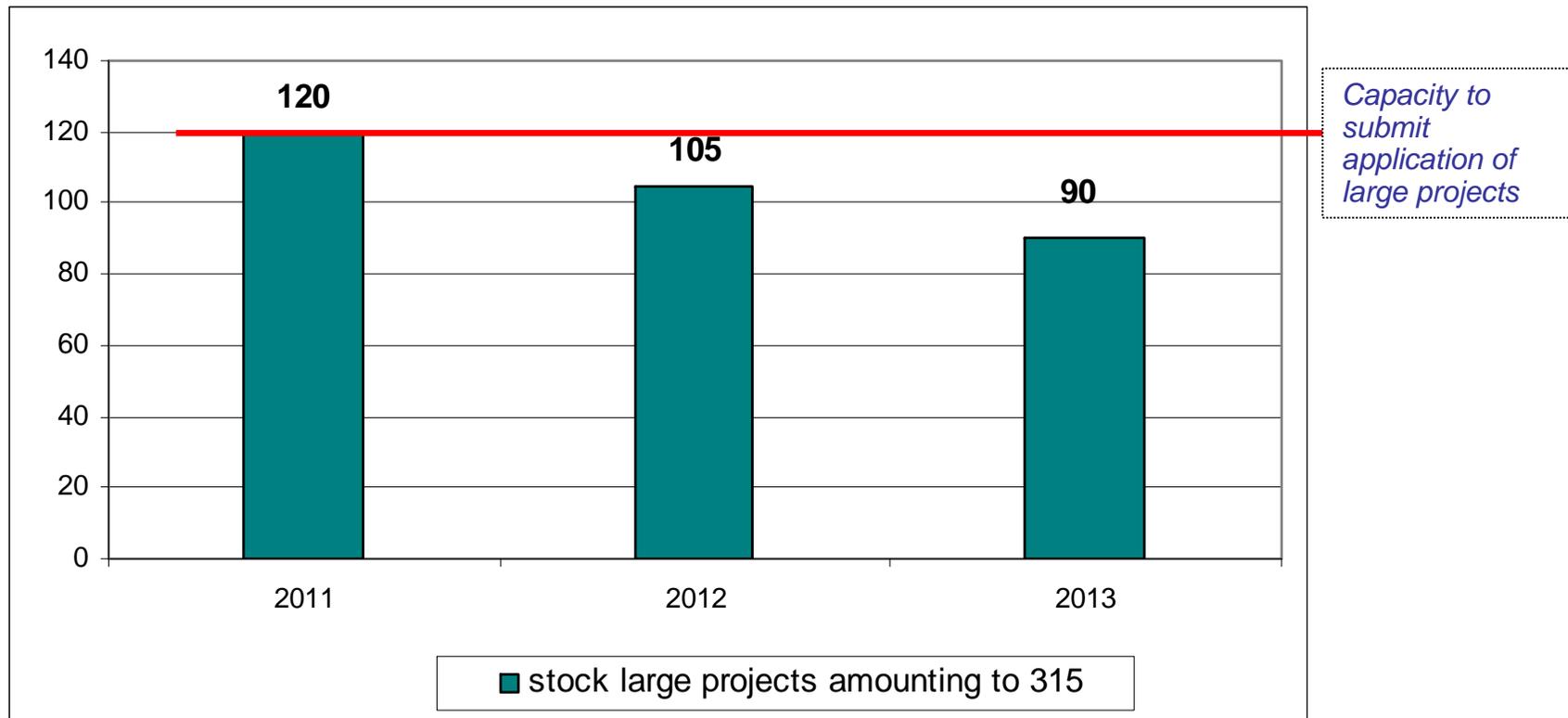
Source: Infoview

- Time to approval significantly better than without JASPERS
- Short approval time gives safety for national budgets in difficult times

JASPERS' Achievements (3) – Outlook 2013



Perspective 2013: submissions of all major projects will be achieved



- ❖ Grant volume for JASPERS projects: EUR 58bn for 2007-2013
- ❖ Already submitted (end of 2010): EUR 27bn (46%)
- ❖ Already approved: EUR 12bn (20%)

JASPERS' Achievements (4) – Feed-Back



Clients (Management Authorities)	115 forms	Average: 2.6 (out of 3)
And from the „other side“ (DG REGIO)	20 forms	Average: 2.0 (out of 3)

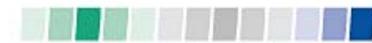
Conclusion:

JASPERS is highly appreciated by Member States and fully accepted by DG REGIO



1. JASPERS progress 2010 – Achievements:
Faster and better applications

2. The next steps – until 2013 and beyond



From 2011 to 2013

The approved JASPERS priorities for 2011, 2012 and 2013 by the Steering Committee (Nov. 2010) are:

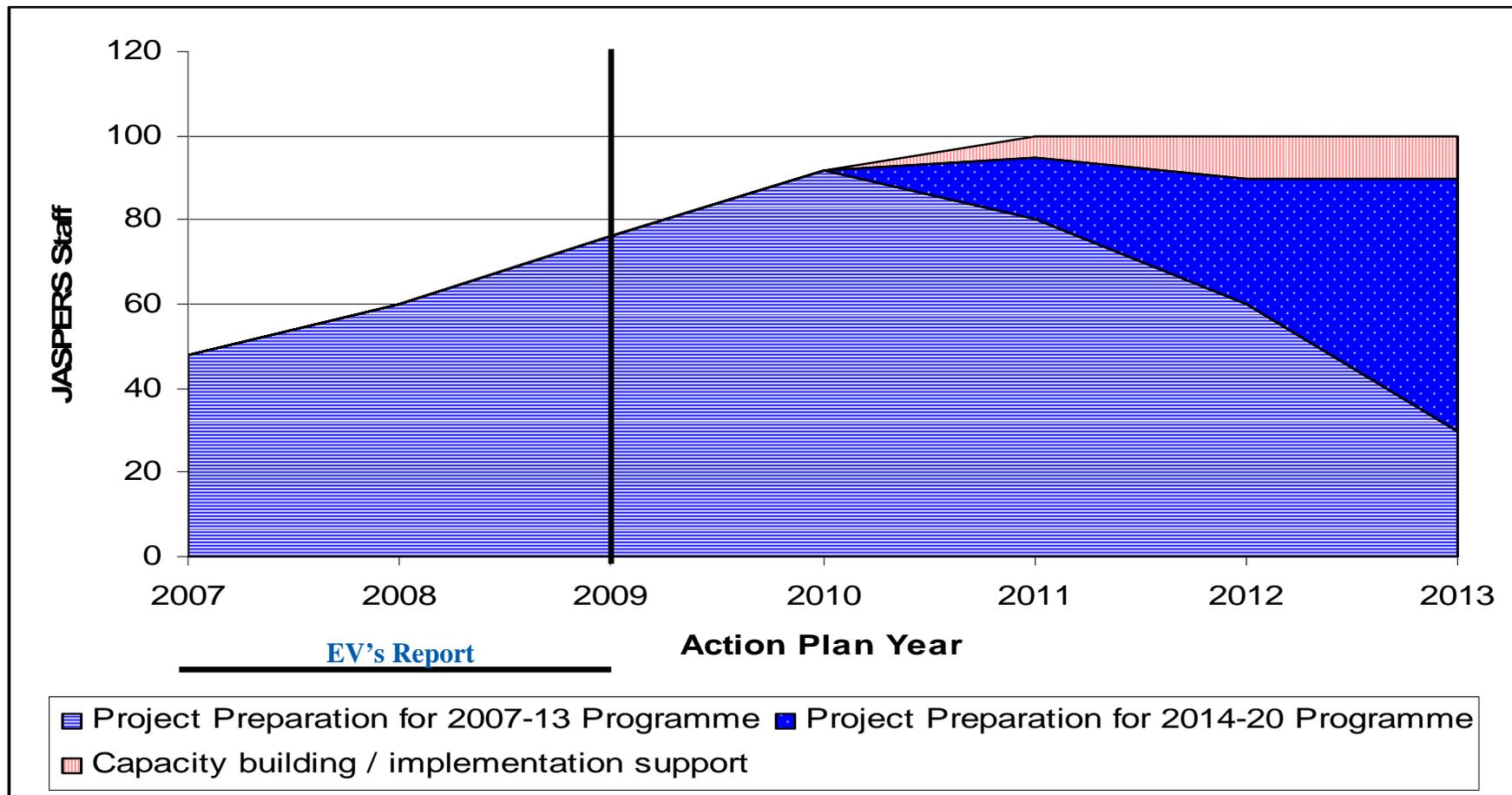
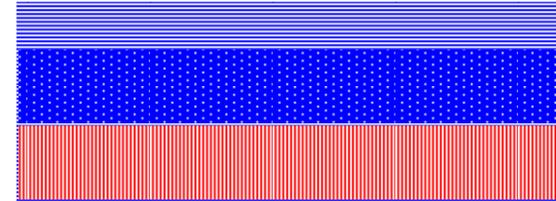
- ❖ Continued preparation of projects for 2007-2013 programming period (from 100% down to 33% in 2013)
- ❖ Preparation of projects for the next programming period (step by step up to 57% in 2013)
- ❖ Strategic work and horizontal assignment (included in the 57%, so far roughly 15%, slight increase likely)
- ❖ Capacity building (10% in the years to come until 2013)
- ❖ Selectively increasing implementation services beyond the pilot phase (included in the 10% above)



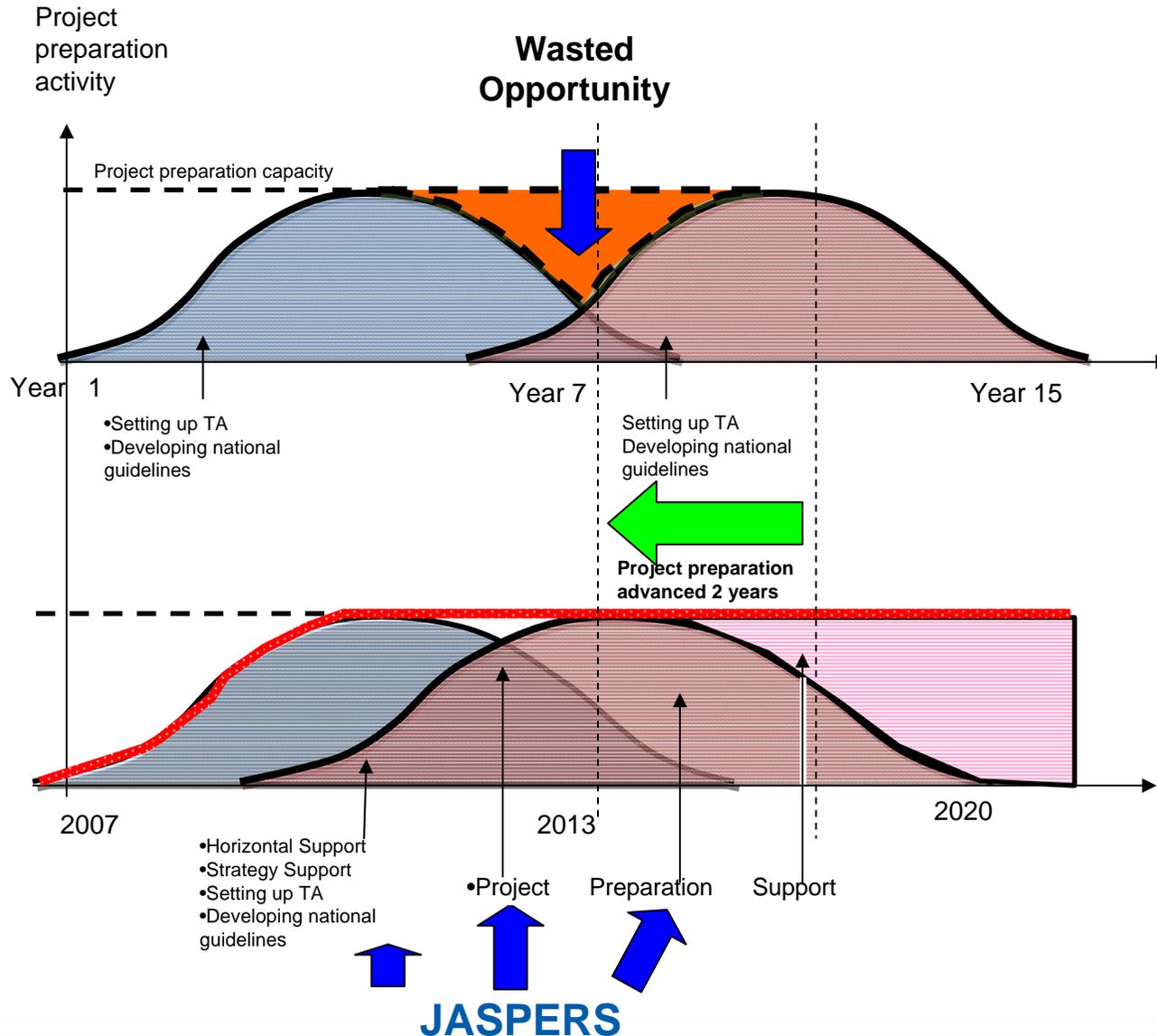
Actual (to Sept. 2010) and Forecast Utilisation of JASPERS Resources



1. Continued preparation of projects for 2007-2013 programming period
2. Preparation of projects now for next programming period.
3. Strategy work and horizontal assignments
4. Capacity building
5. Selectively increasing implementation support beyond the pilot phase



JASPERS Strategy – Building Continuity in Project Preparation across Programming Periods





JASPERS Strategy: address preparation two years before accession – Croatia¹⁾

Objective

- Contribute to project preparation activities from start 2011

Scope

- 2 experts from the 20 staff contribution of EIB to be mobilised for support to Croatia project preparation,
- This topic would benefit from JASPERS experience and follows the same approach and methodologies. The partners of JASPERS beyond the EIB are invited to contribute with their own experts, if they wish so.

¹⁾ Accession date not yet decided on by EU

Beyond 2013



- Decision whether JASPERS will be continued or discontinued will come rather late (not earlier than 2012, perhaps later).
- In addition to JASPERS yes/no strategic questions again to decide by Member States, European Parliament and European Commission: which countries? Again large projects concept? Increased conditionality in the funding? Which sectors?
- JASPERS activities until e.o. 2013 are modeled as „no regret“ activities, the achievements are ready for use also in case of discontinuation.
- JASPERS will prepare a Strategy Paper for 2014-2020 for Steering Committee in Autumn 2011 for JASPERS 2.0.