ACI EUROPE
AIRPORTS COUNCIL INTERNATIONAL

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ACI EUROPE guide to finance instruments for European airports

www.aci-europe.org

Preface

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Airport operators are constantly searching for sustainable means to develop infrastructure in line with anticipated market demand. Looking ahead, research indicates that the demand for air travel in Europe is set to double between now and 2020 having risen three-fold between 1980 and 2000.

In spite of major crises, forecasters agree that, due to strong underlying consumer demand, air traffic will return and is expected to increase relentlessly by 5-6% per annum. However, aviation has become a victim of its own success, with congestion threatening its continued ability to satisfy the increasing demands of citizens to travel. Although recent flight delays have been caused mainly by airspace congestion, research shows that shortage of airport capacity could be the major bottleneck beyond 2005.

Airports play an essential role in realising economic growth and delivering immense social benefits to the citizens of Europe. This guide is designed to assist airport operators to develop important airport infrastructure by presenting the principal sources of financial assistance that exists for supporting such projects. We must ensure that ACI EUROPE members are aware of the diverse financing instruments currently in place across Europe.

Our goal is to offer a comprehensive overview of what is available, who is eligible, whom to contact and how it is administered. As such, we address how European airports can finance transport infrastructure development by accessing funding and financial resources from, among others, the European Commission, the European Investment Bank and the European Bank for Reconstruction and Development. We also highlight available assistance with regard to research and training and provide an invaluable list of key contacts in these institutions.

With airport operators well informed of the financial resources available to them, Europe's airports will be better placed to accommodate the future needs of the communities they serve.

Introduction

In 2000, ACI EUROPE produced a ‘Guide to Finance Instruments for European Airports’ to help its membership of over 450 airport operators in 45 countries to identify and understand the principal financial institutions and mechanisms that exist to support transport projects in Europe. This edition updates that guide, focusing on explaining the financial instruments that can be used to assist in the development of airport infrastructure.

It must, however, been borne in mind that the underlying goal of the financial assistance made available by the European Union and the international development banks is to enhance social and economic cohesion in Europe. Such an objective requires supporting infrastructure projects that are important for the community as a whole, thus acting as a catalyst for generating prosperity in all the regions of Europe.

Each of the financial instruments described in this document is normally available to a definitive list of eligible countries, as few financial institutions or European Union funding initiatives provide assistance universally to all countries in Europe. In terms of non-reimbursable financial assistance, the European Union is the main actor, disposing of a variety of instruments for providing varying magnitudes of financial support to its Member States, the new Member States, and other countries in Europe. In terms of repayable loans and other credit facilities, a number of international development banks operate in Europe and engage their resources in transport infrastructure projects.

The first section of this guide identifies the funding opportunities that exist to support airport infrastructure projects in the Member States of the European Union. The financial instruments described in this section have been established by or in co-operation with the EU institutions. The financial resources described in this section are grants that need not be reimbursed.

The second section identifies the funding available from the European Union that is specifically aimed at supporting the development of the transport sector in the EU accession countries, the Russian Federation, the New Independent States and Mongolia. The EU administers financial support to these countries through its ISPA, PHARE and TACIS programmes.

The third section presents the European Union’s resources for supporting research and training. This section presents the EU Research Framework Programme under which financial support for research initiatives only is provided. It also refers to EU training initiatives such as the Leonardo Programme and the TACIS Managers’ Training Programme, which provide funding for investment in human capital. These programmes are open to a wide range of third countries, principally in Europe, with whom the EU has drawn up co-operation agreements.

The fourth section presents the international development banks. Whilst the European Bank for Reconstruction and Development (EBRD) offers financial assistance to countries in Europe only, the European Investment Bank (EIB) and the World Bank provide financial services to countries worldwide. The financial resources of these banking institutions provide complementary, and often critical, support to the European Union’s funding initiatives.

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Section 1

Financing transport infrastructure development in the European Union

The European Union's Structural Funds

The Structural Funds form part of the European Union's main financial resources for enhancing social and economic cohesion amongst the EU Member States. The Funds aim to promote sustainable economic development by stimulating employment, protecting the environment, and promoting equal opportunities among men and women. The objectives of the Structural Funds for the period 2000-06 are threefold[1]:

Objective 1 - to promote the development and structural adjustment of regions whose development is lagging behind. Fifty regions amongst the EU Member States, containing 22% of the EU's total population benefit from the measures taken under this Objective.

Objective 2 - to support the economic and social conversion of areas facing structural difficulties. This addresses the problems facing regions requiring economic diversification. It cover areas undergoing economic change, declining rural areas, depressed areas dependent on fisheries and urban areas in difficulty. Objective 2 covers 18% of the EU's population.

Objective 3 - to support the adaptation and modernisation of policies and systems of education, training, and employment.

Eligibility[2]

Objective 1 - The regions eligible for funding under this Objective are those whose average per capita GDP is below 75% of the European Union average. A map displaying the areas covered by this Objective can be viewed on the website of the European Commission's Directorate General for Regional Policy (see below). Note that no regions in Belgium, Denmark, Luxembourg or the Netherlands qualify for Structural Funds under Objective 1 for the period 2000-2006.

Website: http://europa.eu.int/comm/regional_policy/objective1/regions_en.htm

Objective 2 - Eligible regions, under this objective, are characterised by a variety of factors encompassing high unemployment, industrial decline, and poverty. Regions eligible for funding under Objective 2 may not simultaneously benefit from funding under Objective 1. The eligible regions are listed on the following website:

Website: http://europa.eu.int/comm/regional_policy/objective2/areas_en.htm

Objective 3 - This Objective covers human resources development initiatives in areas besides those eligible for Objective 1 funding.

Footnote:

[1]For detailed information, see: Council Regulation (EC) No 1260/99 laying down the general provisions on the Structural Funds. (Available in Official Journal No L 161 of 26 June 1999 or on the following website:http://europa.eu.int/comm/regional_policy/sources/docoffic/official/regulation/regul_en.htm)

[2]Detailed eligibility criteria is laid down by Articles 3, 4 and 5 of Regulation (EC) No 1783/1999 of the European Parliament and of the Council of 12 July 1999 on the European Regional Development Fund (Available in Official Journal L 161 of 13 August 1999 or on the following website: http://europa.eu.int/ comm/regional_policy/sources/docoffic/official/regulation/regul_en.htm)

Full details of the regions in each EU Member State which are eligible for support under the three objectives over the 2000-06 period can be found on the DG Regional Policy website at:

http://www.europa.eu.int/comm/regional_policy/country/overmap/omap_en.htm

EU Structural Funds and enlargement

For the period 2004-2006, additional resources of approximately €14.5 billion will be made available to take account of the enlargement of the European Union. On the basis of the current EU Structural Funds regulations, almost all regions in the new EU Member States will qualify for Objective 1 support under the Structural Funds. Only Prague and Bratislava would not be eligible because the per capita gross domestic products (measured in purchasing power parities) for these regions are greater than 75 percent of the Community's average and consequently do not satisfy the criteria for receiving Structural Funds under Objective 1.

Financial assistance available[3]

The Structural Funds consist of four funds: the European Regional Development Fund (ERDF) and the European Social Fund (ESF) are the main sources of funding, whilst the EAGGF supports agriculture and the FIFG supports fisheries[4].

Out of the Structural Funds available, airports may benefit from financial contributions from the European Regional Development Fund (ERDF) where an eligible project is one that promotes economic and social cohesion, for example through investment in transport infrastructure, and from the European Social Fund (ESF) where an eligible project is one that helps develop the labour market and human resources, for example by creating employment or improving training. These funds may also be used to provide technical assistance in project preparation.

The budget for each of the three Objectives of the Structural Funds for the 2000-06 period (excluding the additional financial resources granted for 2004-2006 for EU enlargement) are set out below. Projects undertaken in the scope of these Objectives can benefit from non-reimbursable funding that will make up a certain proportion of the total cost of the eligible project.

Objective 1
- allocation totalling €135.9 billion for the period 2000-06
- in general, a maximum of 75% of the total cost of the project will be funded by the EU, and in exceptional circumstances, 85% of the total cost will be funded
- financial assistance from ERDF and ESF (as well as EAGFF and FIGA)

Objective 2
- allocation totalling €22.5 billion for the period 2000-06
- up to 50% of the total cost of the project will be funded by the EU
- financial assistance from ERDF and ESF

Objective 3
- allocation totalling €24.05 billion for the period 2000-06
- up to 50% of the total cost of the project will be funded by the EU
- financial assistance from ESF

Footnote:
[3]Detailed information on financial contributions is laid down by Article 29 of Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down the general provisions on the Structural Funds (Available in Official Journal L 161 of 26 June 1999 or on the following website: http://europa.eu.int/comm/regional_policy/sources/docoffic/official/regulation/regul_en.htm)
[4]The European Agriculture Guidance and Guarantee Fund (EAGGF) and the European Instrument for Fisheries Guidance (FIGA) provide financial assistance to these two specific sectors only

The Structural Funds are administered under two main categories:

1) **National Programmes** account for about 90% of the ERDF budget. At the start of each programming period, EU Member States submit proposals to the European Commission, in the form of Single Programming Documents for inclusion in the use of Structural Funds in their respective countries. On the basis of these proposals, two to six year regional development programmes are negotiated between the European Commission and each Member State and are implemented in partnership with the regional and local authorities concerned. Implementation of the measures and projects is supervised by the Monitoring Committees, which are made up of representatives of the regions, the Member State concerned, the responsible bodies and the European Commission. These Committees oversee the implementation of the programmes and set guidelines where necessary.

2) Following the initiative of the European Commission, support may be given for:

a) **Community Initiatives:** are programmes that are initiated at the Community level rather than the national level (at which the mainstream National Programmes are managed). They are proposed by the European Commission to the EU Member States, with a view to promoting innovative approaches to address specific problems which are of European concern. Community Initiatives are financed by the ERDF budget and account for just over 5% of the overall Structural Funds financial allocation for 2000-06 period[5].

b) **Innovative Measures:** are for supporting studies, pilot projects, and exchange of experience related to innovation, in order to facilitate local and regional development. Innovative Measures account for around 0.4% of the total ERDF budget.

c) **Technical Assistance:** is for funding preparatory, monitoring, evaluation, and checking measures.

Airport case study

Lanzarote Airport in the Canary Islands doubled its capacity with the support of the European Regional Development Fund in 1999. The project entailed the extension of the apron to accommodate 22 aircraft and a new passenger terminal, tripling the size of the airport's terminal facilities to cope with 4,400 passengers/hour. The modernisation allowed the airport to handle up to six million passengers per year. The total cost of the extension of the runway was €2.8 million, of which the EU Structural Funds contributed 65%, the equivalent of €1.8 million.

The Structural Funds also helped make possible the construction of the new Athens Spata airport in Greece.

Applying for financial assistance

One of two procedures should be followed, depending on whether the airport wishes to apply for Structural Funds assistance under a National Programme or a Community Initiative.

Footnote:
[5]The financial breakdown for Community Initiatives under the Structural Funds can be found on the following website: http://www.europa.eu.int/comm/regional_policy/funds/prord/prordc/prdc5_en.htm

National Programmes: for the current Programming period 2000-2006, the allocation of Structural Funds to the EU Member States has already been determined. If airport operators are interested in requesting EU funding for projects during the current programming period, they must contact the designated authorities in the EU Member States to inform themselves as to the authorities' programme for transport. These authorities are responsible for organising calls for tender and project selection.

The contact details of the designated regional and national authorities can be found at the following website: http://europa.eu.int/comm/regional_policy/index_en.htm by clicking on 'Structural Funds Management'.

Airport operators wishing to apply for funding for the next programming period from 2007 should submit proposals to the designated authorities (regional or national government) before this date. This way, the project proposal will be considered for inclusion in the national Single Programming Document which presents the Member State's priorities for EU Structural Funds support. This document is then sent to the European Commission for examination, and subject to the approval of the Commission and advisory committees composed of EU Member State representatives, the document is adopted. Only then can EU financial assistance under the Structural Funds be granted to the applicant Member State.

For further information concerning the Structural Funds, please contact:

Regio Info – Unit 01
DG Regional Policy
European Commission
B-1049 Brussels
BELGIUM

Tel: +32 (0)2 296 0634
Fax: +32 (0)2 296 6003
E-mail: regio-info@cec.eu.int

Community Initiatives: There are four Community Initiatives[6] for the 2000-06 period. Of these Community Initiatives, the INTERREG initiative may allocate funding to help develop transport infrastructure. INTERREG aims to promote co-operation, development, and integration at national borders which tend to be isolated, thus cutting off communities from one another and becoming peripheral areas of economic activity within the limits of national boundaries. It also aims to support harmonious territorial integration across the European Union. The current phase of this initiative, INTERREG III, covers the period from 2000 to 2006.

The INTERREG III guidelines present the detailed objectives, priorities and governing for this Community Initiative[7]. Funding under INTERREG III can be released for projects that seek to improve transport, particularly in terms of enhancing its environmental performance, efficiency and sustainability.

Footnote:
[6] 1) INTERREG III promotes cross-border, transnational and interregional cooperation and is financed by the ERDF; 2) Urban II supports innovative strategies to regenerate cities and declining urban areas and is also financed by the ERDF; 3) Leader+ provides assistance to rural communities and is financed by the EAGGF; and 4) Equal aims at eliminating inequality and discrimination in the labour market and is financed by the ESF.
[7] For further information, see: Commission Communication of 28 April 2000 laying down guidelines for a Community Initiative concerning trans-European cooperation intended to encourage harmonious and balanced development of the European territory- INTERREG III (Official Journal C 143 of 23 May 2000); and Commission Communication amending the guidelines for a Community initiative concerning trans-European cooperation intended to encourage the harmonious and balanced development of the European territory - INTERREG III (Official Journal C 239 of 25 August 2001).

Eligibility: The areas eligible for funding are listed in the aforementioned INTERREG guidelines and can also be viewed on maps at:

http://europa.eu.int/comm/regional_policy/sources/docoffic/official/guidelines/maps_en.htm

Airport case study

INTERREG II (the programming period proceeding the current INTERREG initiative) provided €1.4 million in 1999 to support a project called COFAR - Common Options For Airport Regions. This sum was the equivalent of 53% of the project's total cost. The project's objective was to investigate common policy options to accommodate the demand for air transport in some of the most congested airport regions in Europe. COFAR facilitated greater co-operation between the regional authorities of six Member States in the North Western Metropolitan Area (NWMA), seeking to minimise the negative impact of air transport on the environment and land use, whilst maximising its economic benefits for the regions. The overall goal was to enable regional and local authorities in the NWMA to adopt an appropriate policy position in the field of airport development. The project involved the following airports: Amsterdam-Schiphol, Brussels-Zaventem, Charleroi, Liege-Bierset, Frankfurt, London airports, Manston-Kent, Paris airports, and Dublin.

Financial assistance available

The budget for the INTERREG III Community Initiative amounts to €4.875 million[8] for the period 2000-06. The proportion of the total cost of a project covered by INTERREG III funding corresponds to that allocated from the Structural Funds depending on whether the project falls in an area eligible for Objective 1 or 2 support[9]. The EU financial assistance granted to projects which do not lie in either of the categories of eligible areas for Objective 1 or 2, amounts to up to 50% of the total cost of the project.

Applying for financial assistance

Funding, under INTERREG III for the programming period 2000-2006 has already been allocated to the EU Member States. For the forthcoming programming period from 2007, airport operators wishing to apply for funding should discuss their needs with the designated authorities (regional or national government, as referred to above) before this date in order to ensure their projects will be eligible for financial assistance. At present, no definite policy direction has been decided for the future of INTERREG, however, the usual procedure for obtaining INTERREG funding is for the European Commission to invite Member States and their designated regional authorities to present detailed proposals for Community Initiative programmes for each programming period.

Each Member State designates the authorities responsible for implementing each Initiative and for the current programming period 2000-2006, airport operators should contact those authorities for information on programmes under which they may be eligible to receive EU financial assistance.

Footnote:
[8]Details of the financial breakdown of the funds for INTERREG among EU Member States can be viewed at the following website: http://europa.eu.int/comm/regional_policy/interreg3/finan/finan_en.htm
[9]For INTERREG projects in Objective 1 eligible areas, in general, a maximum of 75% of the total cost of the project will be funded by the EU, and in exceptional circumstances, 85% of the total cost will be funded. For INTERREG projects in Objective 2 eligible areas, up to 50% of the total cost of the project will be funded by the EU.

Requests for further information can be addressed to:

INTERREG III - Unit B1
DG Regional Policy
European Commission
B-1049 Brussels
BELGIUM

E-mail: regio-interreg3@cec.eu.int

The EU Cohesion Fund

The Cohesion Fund is an instrument for support and solidarity, intended to contribute to the strengthening of the economic and social cohesion of the European Union. In the field of transport, the Cohesion Fund provides assistance to projects which contribute to the improvement of the environment and/or to the development of transport infrastructure and networks.

Eligibility

Only Member States whose Gross National Product per capita is below 90% of the Community average and who follow an economic convergence programme are eligible for assistance. There are presently four eligible 'cohesion countries', with an indicative allocation of the total resources available which breaks down as follows:

Greece	16% to 18%	Portugal	16% to 18%
Ireland	2% to 6%	Spain	61% to 63.5%

Support from the Cohesion Fund will be suspended once the country's GDP per capita exceeds 90% of the Community average. For this reason, a mid-term review shall be carried out by the end of 2003 based on per capita GNP as shown by Community data for the period 2000-02.
Furthermore, Cohesion Fund support is conditional on a number of technical criteria[10]. For project promoters, it is worthwhile bearing in mind that projects eligible for receiving financial assistance from the Cohesion Fund must:

- generate medium-term economic and social benefits as demonstrated by a cost-benefit analysis and/or cost-efficiency analysis;
- contribute to the implementation of Community policies on the environment and the Trans-European Transport Network (TEN-Transport);
- comply with the priorities set by the Member State; and
- in principle, amount to a minimum total cost of €10 million, although exceptions may be made in justified cases.

EU Cohesion Fund and enlargement

For the period 2004-2006, the resources of the Cohesion Fund have been expanded by around €7.2 billion to take into account the needs of the new EU Member States. Firm commitments are required by the administrations of the new Member States for monitoring and inspections purposes to ensure that funding made available is effectively employed. Airport operators should contact their national ministries, normally the Ministry of Finance, for further information.

Footnote:
[10]The main technical requirements are as follows:
• If the Member State runs an excessive public deficit, no new projects are approved before the deficit has been brought back under control.
• All projects must comply with the provisions of the Treaty and with Community legislation in force. The rules on competition, the environment and the award of public contracts must in particular be observed.
• Total annual receipts from the Cohesion Fund, in combination with assistance provided under the Structural Funds , should not exceed 4% of national GDP.
• It is prohibited for projects to receive funding both from the Cohesion Fund and the Structural Funds, and although other Community aid can be sought, in total the combined sum of EU funding must not exceed 90% of the total expenditure of any given project.
Furthermore, a European Commission document 'Principles governing eligibility of expenditure in the framework of projects assisted by the Cohesion Fund' can be viewed at the following website: http://europa.eu.int/comm/regional_policy/funds/procf/cf_en.htm by clicking on 'What expenditure is eligible?'

The future of the Cohesion Fund beyond 2006, however, is undecided. It is clear that the priority will be to support the least developed regions of the European Union, but the details on eligibility for receiving financial assistance under the Cohesion Funds are still being debated.

Contributions to this debate may be communicated to the European Commission at the following address:

European Commission
Regional Policy Directorate-General
Unit A.1
200, rue de la Loi
B-1049 Brussels
BELGIUM

E-mail: regio-reformdebate@cec.eu.int

Financial assistance available[11]

The total budget for the period 2000-06 is €18 billion (excluding the supplementary resources added for EU enlargement). The European Commission aims to allocate funding equally between transport infrastructure projects and environment projects. The Cohesion Fund supports transport infrastructure projects which are in the common interest and which aim to establish or develop Trans-European Transport Networks (TENs), or provide access to them.

The Cohesion Fund provides financial support to public expenditure or equivalent projects at a rate of 80% to 85% of the total investment required. Preliminary studies and technical support measures may be financed exceptionally at 100% of the total cost. However, total expenditure thus incurred may not exceed 0.5% of the total allocation to the Fund. The EU Member States are responsible for implementing the approved projects laid down by the agreed timetable and financing plans. All projects are subject to regular monitoring by the Commission and the Member States.

Airport case study

The Community of Madrid (regional authority) was granted €139.9 million from the Cohesion Fund to co-finance the construction of an underground 'metro' line to serve Madrid-Barajas airport. The EU contribution amounted to 85% of the cost of the initial budget of €204.8 million. The new line, opened in 1999, extends eight kilometres connecting the airport to the rest of the underground network. The initial use of the new metro line was estimated at around 16,000 passengers a day, reducing the number of journeys to and from the airport by bus, taxi, and car, and thus alleviating road traffic congestion.

Footnote:
[11] For full details on the operating rules, including those governing the allocation of financial assistance, see: Council Regulation (EC) No 1264/1999 of 21 June 1999 amending Regulation (EC) No 1164/64 establishing a Cohesion Fund; and Council Regulation (EC) No 1265/1999 of 21 June 1999 amending Annex II to Regulation (EC) No 1164/64 establishing a Cohesion Fund (Official Journal L 161 of 26 June 1999). These Regulations are available at: http://europa.eu.int/comm/regional_policy/sources/docoffic/official/regulation/cf_en.htm

Applying for financial assistance

Applications for funding go through the national Ministries or equivalent designated bodies, (the contact details are presented in the Annexes). Decisions are made on a project by project basis and approved applications are then transmitted to the European Commission, which decides on funding, normally within a period of three months.

Applications for funding must include the following information:

- the body responsible for implementation;
- the nature of the investment and a description thereof, its costs and location, including, where applicable, an indication of projects of common interest situated on the same transport axis;
- the timetable for implementation of the work;
- a cost-benefit analysis, including the direct and indirect effects on employment;
- information enabling impact on the environment to be assessed;
- information on public contracts; and
- the financing plan including, where possible, information on the economic viability of the project, and the total financing the Member State is seeking from the Fund and any other Community source.

Further information can be obtained by contacting to the national ministry concerned or the European Commission at:

European Commission
DG Regional Policy
UNIT 01 INFOREGIO
B-1049 Brussels
BELGIUM

Tel : +32 (0)2 296 06 34
Fax : +32 (0)2 296 60 03
E-mail : regio-info@cec.eu.int

Trans-European Networks

The development of Trans-European Networks (TENs) is a prime instrument for growth, competitiveness and employment. The European Union’s Agenda 2000 reaffirmed the importance and priority of TENs, emphasising both their impact on the internal cohesion of the Union and their key role in the EU's enlargement towards the central and eastern European countries. The TENs programme covers energy, telecommunications and transport. Trans-European networks aim to turn the present patchwork of networks into one integrated network.

Total funding for all TENs objectives[12] for the period 2000-2006 is €4.6 billion. The general rules governing the granting of Community financial aid for trans-European networks are outlined in amended Regulation (EC) No. 1655/1999[13].

Community aid granted to projects in the common interest may take one or more of the following forms:

- co-financing of studies related to projects, including preparatory, feasibility and evaluation studies. The Community's financial participation may not exceed 50% of the total cost of a study, except in special cases;
- interest-rate subsidies valid over five years on loans granted by the European Investment Bank or other public or private financial institutions;
- contribution towards fees for guarantees for loans from other financial institutions;
- direct grants for investment in duly justified cases;
- risk-capital participation for investment funds or comparable financial undertakings, with a priority focus on providing risk-capital for TEN projects and involving substantial private investment; and/or
- where appropriate, a combination of the above mentioned forms of Community aid.

In principle, the total amount of Community financial aid may not exceed 10% of the total cost of investment, with the possibility of increasing that percentage to 20% only for projects concerning satellite positioning and navigation systems. If the cost of a project is higher than initially projected, the absolute sum can be modified to meet the 10% limit.

In the past, funding was guaranteed only for the year in which the TENs application was approved. There was no commitment to fund for more than a year and applications therefore had to be re-submitted. However, Article 5a of the Regulation (EC) No. 1655/1999 allows the European Commission to establish, by sector, an ‘indicative multi-annual programme’ (MIP) for granting financial aid to projects of common interest, corresponding to no more than 75% of the total TENs budgetary resources. Pursuant to this Article, the transport sector’s MIP for the period 2001-2006 was adopted on the 19 September 2001, with a maximum budget of €2.8 billion. This programme is composed of projects of common interest and/or coherent groups of projects of common interest (including the TENs priority projects) characterised by long-term financial requirements, for which the European Commission defines the indicative global amounts granted for the duration of the programme. The multi-annual approach has eliminated the need for a routine yearly re-evaluation in order to apply for funds, and now the submission of a progress report of the selected project on a yearly basis is sufficient. The remaining 25% of the total TENs budget is left for annual budget allocations outside the MIP, as well as for the inclusion of new transport priorities in the context of the revision of the TENs programme scheduled for 2003.

Footnote:
[12]Energy, telecommunications, and transport
[13]Regulation (EC) No 1655/1999 of the European Parliament and of the Council of 19 July 1999 (Official Journal L 197 of 29 July 1999) amends Council Regulation (EC) No 2236/95 of 18 September 1995 laying down the general rules for the granting of financial aid in the field of trans-European network (Official Journal L 228 of 23 September 1995). This Regulation is currently being amended again.

Projects receiving Community funding must commence within two years of the scheduled commencement date, failing which the European Commission will cancel the funding. A project that is supported by the European Commission is more likely to be endorsed by the European Investment Bank (EIB). The European Commission plays a consultative role to the EIB.

1) Trans-European Transport Networks (TEN-Ts):

The objectives of the trans-European transport networks programme are detailed in Decision No 1692/96/EC on Community guidelines for the development of the trans-European transport network[14]. Broadly speaking, the objectives are as follows:

- to ensure the mobility of persons and goods;
- to offer users high-quality infrastructures;
- to combine all modes of transport;
- to allow the optimal use of existing capacities;
- to be interoperable in all its components;
- to cover the whole territory of the Community; and
- to allow for its extension to the EFTA Member States, countries of central and eastern Europe and the Mediterranean countries.

Eligibility

The guidelines for eligible projects under the TEN-Transport programme are outlined in Decision 1692/96/EC (Section 6 of Annex II covers airports). These guidelines are in the process of being revised by the European Union institutions, but may continue to be consulted until the revision is complete.

Priority is given to projects that integrate rail and air transport, promote safety and protect the environment. Projects incorporating intermodality, (e.g. linking the air and rail networks), and interoperability (e.g. one security check for baggage handling on journeys using both train and plane) are encouraged. Certain projects that can be self-financing, such as building new terminal buildings at a large airport, tend not be supported, as they can pay for themselves, for example by letting premises within the terminal to retail businesses.

Financial assistance available

The TEN-Ts budget for the period 2000-06 is €4.17 billion. Only a small proportion of TENs funding will go towards airport development[15] and there is no pre-determined budget for airports.

Footnote:
[14]Decision No 1692/96/EC on Community guidelines for the development of the trans-European transport network (Official Journal L 228 of 9 September 1996)
[15]Article 1, Paragraph 3 of the Regulation (EC) No 1655/99 states that "The funding for transport infrastructure projects throughout the period should be used in such a way that at least 55% is devoted to railways (including combined transport) and a maximum of 25% to roads."

Airport case study

In 2001, TENs funding was granted for a project by Manchester International Airport to develop a Ground Transport Interchange. This Interchange aims to develop the airport as an inter-modal hub by substantially improving surface transport access and integrating passenger check-in facilities. The funding received amounted to €1 million. An initial €1.5 million was granted to conduct a feasibility study of the project which focused on ways to improve transport links between the airport and the regions of North Wales and the Pennines.

Other projects receiving TENs funding in 2001 include Stockholm-Arlanda Airport (1 million) for the construction of new connection between the airport and the underground railway station, and Stansted Airport (€1 million) for a feasibility study on improving rail links to the airport.

Applying for financial assistance

The European Commission's Directorate General for Energy and Transport (DG TREN) opens Calls for Proposals inviting interested parties to submit an application in response to a list of priority areas established by the Committee on the Trans-European Transport Network. Applications can be made directly to the Commission, or through the national Transport Ministries. Projects to be incorporated in the TEN-T programme must be endorsed by the national ministry. When a new Call for Proposals is opened, the addresses to which to send applications are posted on the DG TREN website:

http://www.europa.eu.int/comm/dgs/energy_transport/index_en.html

To make new proposals for consideration under a future Call, airports need to contact the national transport ministry in order that the ministry can submit recommendations to the Committee on the Trans-European Network which may then be included in forthcoming work programmes.

For further information specific to the TEN-Transport programme, write to:

Alain Baron
Head of Unit B/3
DG Energy and Transport
European Commission
Rue de Mot 24-8/101
B-1049 Brussels
BELGIUM

Tel.: +32 (0)2 299 1527
Fax: +32 (0)2 295 6504
E-mail: alain.baron@cec.eu.int

2) Trans-European Telecommunications Networks (TEN-Telecom):

The TEN-Telecom initiative promotes telecommunication applications and services in areas of common interest with a high social or business impact that contribute to the development of the information society. TEN-Telecom supports deployment of such technologies and is a key tool for the exploitation of successful research activities, from technical development to the market.

The transport sector is heavily reliant on telecommunications services. The transport sector's requirements are complex and trans-European in character, making it a target customer base for new telecommunications applications.

Eligibility

TEN-Telecom funding is available for the creation of new services of common interest, which includes airports. The Guide for Proposers outlines the eligibility of projects for each Call for Proposals. This guide is accessible on the following website:

http://europa.eu.int/information_society/programmes/eten/about/index_en.htm.

Financial assistance available

The TEN-Telecom budget for the entire period 2000-06 is 275 million. The programme funds the validation and the initial phases of an operational service that will be self-sustaining in the long run without Community support. TEN-Telecom is designed to help project proposers to overcome their project's initial investment and launch difficulties by reducing the commercial risk during the project's early stages, and supporting the trans-national implementation costs. This is known as the roll-out approach enabling the partners to further develop the operational service with their own financial resources or by seeking additional external private funding or, where justified on economic and social grounds, public funding. Services developed under TEN-Telecom must be beneficial for businesses and employment, and must generate revenues.

They may be assisted by public authorities. Community funding should

TEN-Telecom will support initial market development projects up to an equivalent of 50% of the total investment necessary to launch an operational service. Overall, TEN-Telecom can provide financial support of up to 10% of the total cost incurred to bring a service into full operation. The programme also helps with any organisational problems related to public/private partnerships. TEN-Telecom emphasises public-private partnerships, which can broaden access to, and use of, information and communication technologies.

Airport case study

In 2000, TEN-Telecom provided support (for the third consecutive year) for a project coded A-CDM-D : Air Collaborative Decision-Making Demonstrator, in which one of the project partners was Frankfurt Airport. The project’s goal was to implement a process of information-sharing in the aviation sector in an effort to promote greater co-operation in air traffic management by the integration of telecommunications networks among airports, air control centres, airlines operations, and Eurocontrol.

Applying for financial assistance

The European Commission’s Directorate General for Information Society invites interested parties to submit applications in response to a list of priority areas established by Calls for Proposals which are published in the Official Journal of the European Communities and on DG Information Society’s website (see below). The Work Programme, Proposer’s Guidelines and Application Forms are also made available on the Europa website - http://europa.eu.int/information_society/index_en.htm

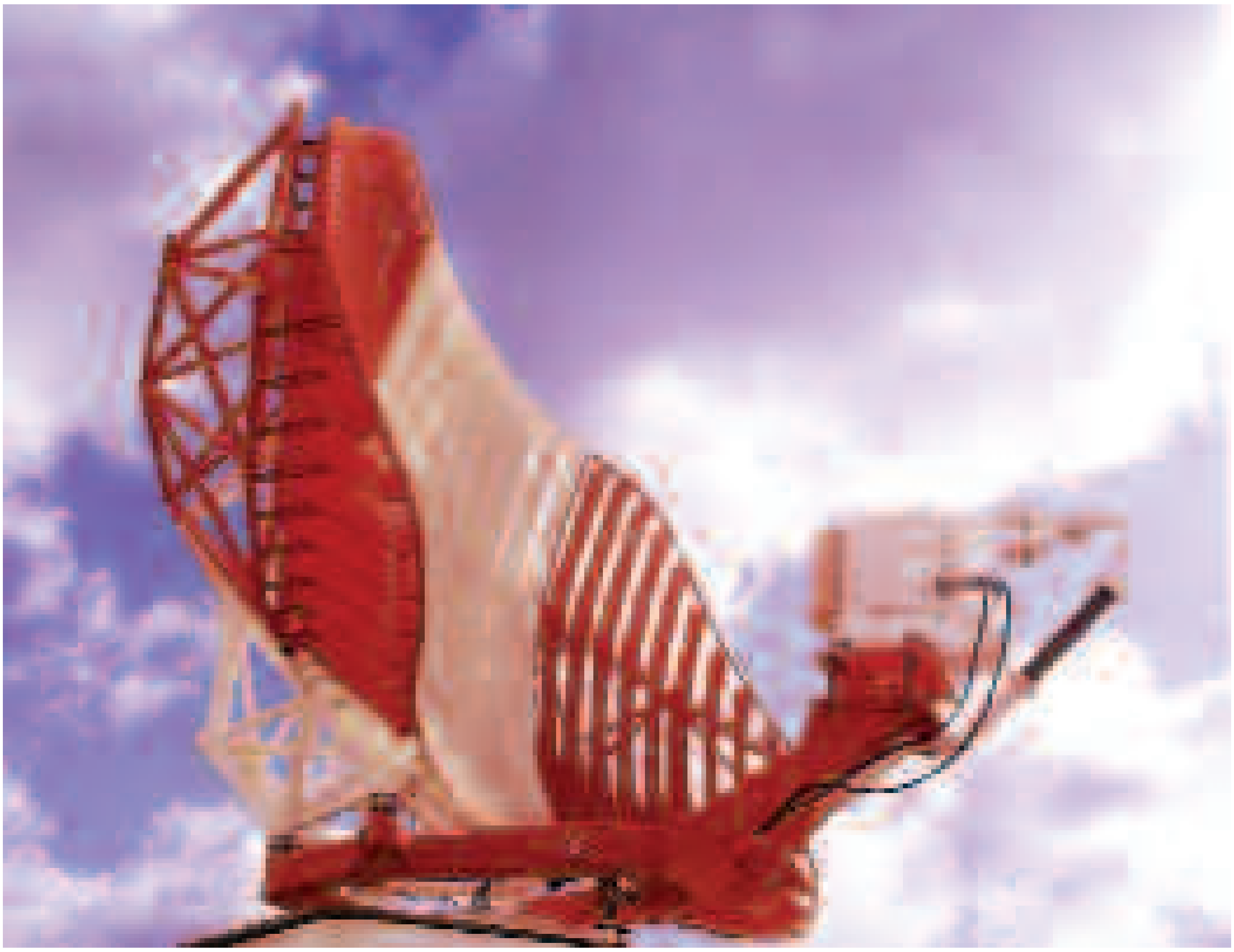
For further information on the TEN-Telecom programme, please contact:

European Commission
DG Information Society
Trans-European telecommunications networks - BU31 02/71
B-1049 Brussels
BELGIUM

Tel.: +32 (0) 2 296 9076 (or +32 (0)2 295 9912)
Fax: +32 (0)2 296 1740 (or +32 (0)2 295 1071)
E-mail: infso-eten@cec.eu.int

Section 2

Financing transport infrastructure development in central and eastern Europe



Instrument for Structural Policies for pre-Accession

ISPA, the Instrument for Structural Policies for pre-Accession, is a policy measure established by the European Union for the 2000-06 period, to provide funding for the development of transport infrastructure in central and eastern Europe[16]. ISPA largely substitutes the PHARE Programme (discussed next in this document) in the fields of transport and the environment. The main objectives are therefore to help candidate countries to develop trans-European transport networks and to adopt EU environmental standards.

Assistance under ISPA is granted for transport infrastructure measures which promote sustainable mobility, and in particular those that constitute projects of common interest based on the criteria laid down by the Community guidelines for the development of the trans-European transport network. This criteria includes interconnection and interoperability between national networks and the trans-European networks, as well as access to such networks. Assistance must also enable the beneficiary countries to comply with the objectives of the Accession Partnerships which present the National Programmes for adopting the 'acquis communautaire'. ISPA comes under the responsibility of European Commission's Directorate General on Regional Policy.

Eligibility

Ten EU accession countries are eligible for ISPA support: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia.

Projects receiving support must, in principle, amount to a minimum total cost of €5 million in order to permit a significant improvement in the transport infrastructure. In this way, fewer projects will be funded, but they will have a larger impact on the development of the country's infrastructure. In justified cases, projects with a total cost of below €5 million may receive financial assistance.

In terms of transport, ISPA aims at aligning the infrastructure of the accession countries with EU standards. Improving links with the EU Member States is important to facilitate economic development within the accession countries. With enlargement, the new Member States will have to cope with greater flows of people and goods, and so their capacity to address these flows must be developed. Thus funding initiatives under ISPA aim to enhance the distribution network and increase mobility, by developing the transport infrastructure, part of which comprises airports.

Financial assistance available

The ISPA budget totals €1.04 billion per annum for the period 2000-06, half of which will be allotted to transport initiatives. Financial support is granted on a project-by-project basis. Funding may be granted up to an equivalent of 75% of the total cost of the project, and 85% in exceptional circumstances. The funding allocated to each of the eligible countries listed above can be viewed on DG Regional Policy's website:

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

Projects are selected and approved on the basis of National Programmes for transport which form part of the central elements of the Accession Partnerships. These programmes contain strategies specifically aimed at transport and the environment, and

Footnote:
[16] The guidelines establishing the ISPA are laid down in Council Regulation (EC) No 1267/1999 of 21 June 1999 (Official Journal L 161 of 26 June 1999)

take the trans-national dimension into account when developing future trans-European networks. Part of the ISPA's budget will be used for preparatory studies to assess project feasibility and technical assistance to help projects comply to regulations and legal constraints. Such assistance will amount to 100% of the total cost, though the allocation of funds for this kind of support may not exceed 2% of the ISPA's budget.

Airport case study

In 2002, Sofia airport was successful in receiving financial assistance from ISPA. The project involves the construction of a new passenger terminal and related infrastructure. The total cost is estimated at 135 million. €50 million is provided under ISPA, with €7.6 million in grants from the EU's PHARE programme, a loan of 60 million from the European Investment Bank and €25 million being provided by the local authorities. The new facilities, which will extend the airport's capacity and provide passengers with a level of quality of service at international standards, are expected to be operational by early 2005. This project forms part of a larger development plan which comprises the extension and realignment of the airport's runway to accommodate larger aircraft and to reduce noise disturbance for residents living around the airport.

Applying for financial assistance

Projects are selected by national governments as part of the Accession Partnership agreements, which aim to allow the candidate country to adopt the acquis communautaire. The recipients of ISPA assistance will be the central governments of the acceding countries. Applications for financial assistance from ISPA must therefore be sent to the European Commission, following standard application forms[17], by a designated central government agency. The information that applications should contain, along with the criteria to which projects must comply, is presented in the Annexes of Council Regulation (EC) No 1267/1999 of 21 June 1999 establishing the ISPA[18].

Project promoters should contact the national government's designated agency with a view to submitting a project proposal. The designated central government agency then applies to the European Commission with a funding request for its project proposals. For further information on the application procedure for ISPA, project promoters can contact the EU Delegations in their respective countries. The contact details are presented in the Annexes.

General enquiries can also be addressed to:

European Commission
DG Regional Policy
B-1049 Brussels
BELGIUM

Tel: +32 (0)2 296 06 34
Fax: +32 (0)2 296 60 03
E-mail: regio-info@cec.eu.int

Footnote:
[17] The standard application form for designated authorities wishing to apply for support for transport initiatives can be found on the following website: http://www.europa.eu.int/comm/regional_policy/funds/ispa/howto_en.htm
[18] See Official Journal L161 of 26 June 1999

And for specific countries:

- enquires on projects in the Czech Republic, Estonia, Poland, Latvia and Lithuania can be addressed to:

Mr. Friedemann Allgayer
Head of Unit – F1
European Commission
DG Regional Policy
B-1049 Brussels
BELGIUM

Tel: +32 (0)2 299 4389
Fax: +32 (0)2 299 5184
E-mail: friedemann.allgayer@cec.eu.int

- enquires on projects in Bulgaria, Hungary, Romania, Slovakia and Slovenia can be addressed to:

Mr. Jean-Marie Seyler
Head of Unit – F2
European Commission
DG Regional Policy
B-1049 Brussels
BELGIUM

Tel: +32 (0)2 295 3425
Fax: +32 (0)2 295 1174
E-mail: jean-marie.seyler@cec.eu.int

The PHARE Programme

The European Union's PHARE programme, established in 1989, initially aimed to provide financial aid to Hungary and Poland as major economic and political changes faced these countries at this time. Thus, PHARE is the acronym of the programme's original name: '**P**oland and **H**ungary: **A**ction for the **R**estructuring of the **E**conomy'. The programme has been expanded to cover ten EU accession countries.

The scope of the PHARE Programme has also been broadened in terms of its policy objectives. As well as supporting the processes of economic transition and institutional reform in the eligible countries, PHARE assists in addressing the longer-term economic development and investment needs of these countries. The main aims of the PHARE Programme can be summarised as follows:

1) Institution building: strengthening the institutional and administrative capacity of the candidate countries is a key requirement for enlargement, if they are to be in a position to adopt, implement and enforce the acquis communautaire. The aim of institution-building is to help the candidate countries lay down the institutional foundations necessary for EU accession. Approximately 30% of the PHARE budget is devoted to institution-building.

2) Investment support: the adoption of the acquis communautaire means that the EU accession countries must adapt their enterprises and infrastructures to meet the requirements of the EU regulatory framework, particularly concerning the environment and transport safety. As a result, considerable investment is required in the regulatory infrastructure of each country. Furthermore, the PHARE programme co-finances investment projects which contribute to the economic and social cohesion of the accession countries with the present Member States of the European Union. The financial measures available are similar to those enjoyed by EU Member States under the European Regional Development Fund (ERDF) and the European Social Fund (ESF). About 70% of the PHARE budget is allocated to investment support, with half of this sum attributed to the development of the regulatory infrastructure and the other half towards projects contributing to social and economic cohesion, which includes the development of transport infrastructure.

Ultimately, support from PHARE will be replaced by financial assistance under the EU Structural Funds, once the new Member States join the European Union in 2004. Please see section in this document on the EU Structural Funds for more information on the EU Structural Funds.

Eligibility

The following ten EU accession countries from central and eastern Europe are eligible for PHARE support: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia. For these countries, the PHARE Programme is accession-driven, aiming to help them prepare to join the European Union as quickly as possible.

To be eligible for PHARE funding, projects undertaken must:

- amount to at least €2 million;
- be clearly defined and EU accession driven; and
- be ready for immediate implementation and be completed within two years of the adoption of the annual Financial Memorandum, (explained below), though extensions are permitted in exceptional cases.

Financial assistance available

The PHARE Programme's budget is 1.56 billion per annum for the period 2000-06. Funding takes the form of grants, which aim to be the initiating and catalysing component of any given project. The contribution of the grant is small, and relies on co-financing with international financial institutions such as the European Bank for Reconstruction and Development, the European Investment Bank, and the World Bank.

The PHARE Programme requires that a Financing Memorandum is drawn up each year between the given eligible country and the European Commission identifying the projects to be undertaken. These projects must be consistent with the Accession Partnership and the National Programme for the adoption of the acquis communautaire. This entails adapting the country's infrastructure and enterprise to EU standards. Once projects have been selected, the European Commission decides on the total financing for the year to be provided to each country. The European Commission then distributes the allocated funding to each country's National Fund. At this point, the Ministry of Finance in each country is usually the responsible authority for administering the funds to the projects to be undertaken. This allows the national government to manage and co-ordinate PHARE funds with national funding initiatives.

PHARE funds are also available for pre-investment initiatives. For example, financial support is provided to evaluate the feasibility of projects to be undertaken, and to help investment projects comply to legislative requirements.

Airport case study

Financial assistance from the PHARE programme was granted to improve safety on road access to Vilnius Airport in Lithuania. This development was required in response to the increase in the number of passengers and quantity of cargo passing through the airport. Under PHARE, 1 million was provided to cover most of the total cost of the project which amounted to 1.2 million. The project was completed in 2001. It involved widening the carriageway of the access road to the airport, including the pavement for pedestrians, and the construction of a new viaduct over a railway line.

Applying for financial assistance

The selection of infrastructure projects to submit to the European Commission for PHARE funding is undertaken by the national government ministries. Therefore, applications for financial assistance under PHARE by airport operators must be submitted to the national government which in turn presents a Financing Memorandum of selected projects to the European Commission. National government contact points can be found in the Annexes and also in the Enlargement address book which can be accessed electronically on the following website:

http://europa.eu.int/comm/enlargement/contacts/info_centre.htm

More detailed information on the PHARE programme can be obtained by consulting the website of the European Commission's Directorate for Enlargement (see below) or by addressing enquiries to either of the following points of contact:

Mr. de Lobkowicz
Head of Unit
Information Unit (CHAR 6/236)- Phare
DG Enlargement
European Commission
B-1049 Bruxelles
BELGIUM

Tel: +32 (0)2 295 5176
Fax: +32 (0)2 299 1777
E-mail: enlargement@cec.eu.int
Website: http://europa.eu.int/comm/enlargement/pas/phare/index.htm

Enlargement and PHARE Information Centre
19 rue Montoyer
B-1000 Brussels
BELGIUM

Tel: +32 (0)2 545 9010
Fax: +32 (0)2 545 9011
E-mail: phare-info@cec.eu.int

The EFTA/EEA's new Financial Instrument

The Financial Instrument was established by an agreement between the EFTA (European Free Trade Agreement) countries who participate in the European Economic Area (EEA). The relevant countries are Iceland, Liechtenstein, and Norway[19]. It is administered by the Financial Instrument Unit of the EFTA Secretariat. Financing is provided for priority projects in three fields: the environment, transport, and education and training.

Eligibility

An agreement is currently being formalised to establish a new Financial Instrument for the period 2004-2009 to provide financial assistance primarily to the new Member States of the European Union in addition to the former beneficiaries Greece, Spain and Portugal. Ireland, the fourth former beneficiary, however, will no longer be eligible to receive financial support.

Financial assistance available

The new Financial Instrument is scheduled to come into force from May 2004. The total financial support for the period 2004-2009, entirely in the form of non-reimbursable grants, will amount to €600 million. In addition, the Norwegian government will, on a bilateral basis, provide grants of €567 million for the same period to support priority projects in the new EU Member States.

Airport case study

Under a previous programming period for the Financial Instrument, three airports in the Canary Islands benefited from funding. The project, completed in 2000, involved modernising the facilities and expanding the capacity of each airport. The Financial Instrument provided a grant of €6.5 million and interest rebates on loans amounting to €66.5 million. This support made up about a third of the total financing of the project, the remainder being provided by European Union funds and local resources.

Applying for financial assistance

Project promoters must submit their applications for funding to their national government authorities, normally the Ministry of Finance. The national ministries have full responsibility for selecting project proposals, which must be in line with the priority fields of the Financial Instrument. The ministries subsequently makes applications for grants to the EFTA Secretariat. Proposals are analysed by the Financial Instrument Unit and the European Commission is consulted. If the conclusion of this analysis is positive, the proposal will then be sent for appraisal by the European Investment Bank. Following this stage, final approval by the Financial Instrument Committee must be sought along with the endorsement of the European Commission. Grant assistance may then be released with disbursements being made in accordance with the actual progress of the project in question.

Footnote:
[19] Switzerland, the fourth EFTA country, does not participate in the EEA.

Further information can be obtained by contacting:

EFTA Secretariat Brussels
Financial Instrument
74, rue de Trèves
B-1040 Bruxelles
BELGIUM

Tel: +32 (0)2 286 1701
Fax: +32 (0)2 286 1750
E-mail: mail.bxl@efta.int

TACIS Programme

The underlying purpose of the European Union's TACIS programme is to support economic development and political reform in the New Independent States (NIS) and Mongolia. It promotes a democratic and market economy approach to the development of modern day society, and aims to strengthen the relationship between these partner countries and the European Union. Projects undertaken as part of the TACIS programme are required to conform with these fundamental objectives. The acronym for the programme pertains to the original objective of this initiative: **T**echnical **A**ssistance for the **C**ommonwealth of **I**ndependent **S**tates (CIS). Since then, however, the horizons of the programme have been broadened to cover many other aspects of co-operation.

Eligibility

The following countries are eligible for support under the TACIS programme:

Mongolia and the New Independent States (NIS) comprising: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, the Russian Federation, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

Project proposals must abide by the following criteria:

- relevance - to TACIS objectives and to any given country's needs;
- efficiency - in undertaking the project promptly and properly, at least cost;
- effectiveness - in achieving planned outputs and pushing for immediate results;
- impact - on high-level objectives to which the results of a given project should contribute; and
- sustainability - over time, usually after the inputs have all been provided and external support stops.

Development of infrastructure networks is one of the priority areas of the TACIS programme, under which transport falls.

Financial assistance available

The TACIS Programme has a budget of €3.138 million for the period 2000-06. TACIS financing takes the form of grants. TACIS funding is based on indicative planning which sets out the objectives and guidelines for EU assistance in the partner countries for three or four years. Following the establishment of an indicative plan for each partner country, an action programme is drawn up, covering a period of one or two years which outlines the projects to benefit from TACIS funding. TACIS funding may also be used for project preparation, evaluation, and feasibility assessment.

Airport case study

TACIS provided financial assistance for a Dog Training Centre at Almaty Airport in Kazakhstan. The government covered the Centre’s construction costs and equipped the facility, whilst TACIS provided organisational support to the Kazakh Customs Service in terms of training of staff and management. In 2001, 92% of all narcotics discovered by Kazakh security forces were detected with the assistance of dogs, making them a very important tool in the fight against drug smuggling. In a separate initiative, TACIS also provided assistance, in 2001, for a project to rehabilitate the runway, taxiways and aprons at Almaty Airport.

Applying for financial assistance

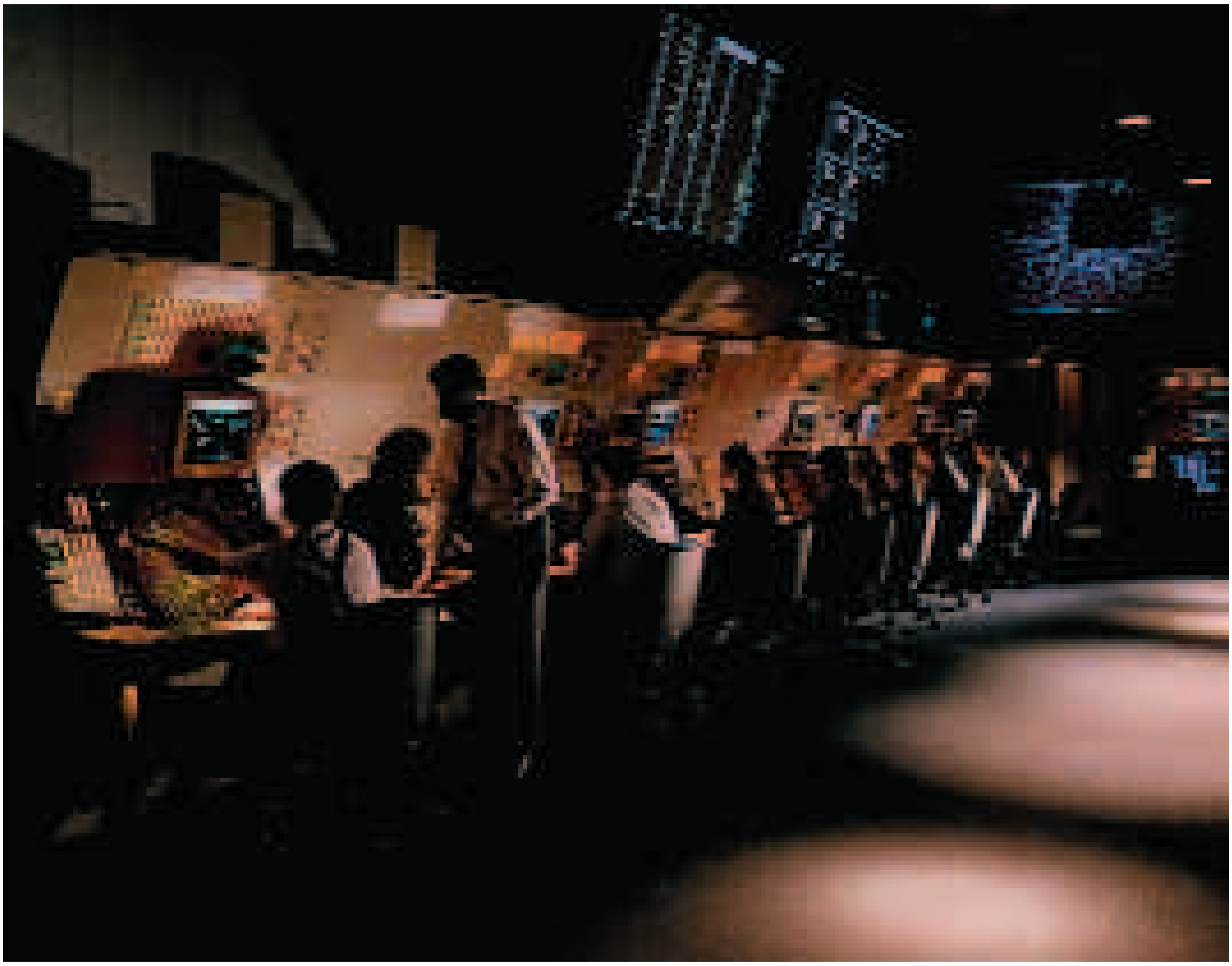
Project proposals should be submitted to the TACIS Co-ordination Units in the partner country concerned. The contact details of the TACIS Co-ordination Units in each partner country can be found in the Annexes. Project proposals should follow the guidelines laid down by the country's Indicative Programme. Information on the application procedure can be obtained from these Co-ordination Units. Projects are then evaluated and successful proposals are then sent to the European Commission which makes the final decision on the projects to be covered by the partner country's Action Programme and to benefit therefore from TACIS funding.

More detailed information on the TACIS programme can be obtained by consulting the website below or by addressing enquiries to:

Tel: +32 (0)2 545 9010
Fax: +32 (0)2 545 9011
E-mail: phare-tacis@cec.eu.int
Website: http://europa.eu.int/comm/europeaid/projects/tacis/foreword_en.htm

Section 3

Research and training



The Sixth Framework Programme for Research, Technological Development and Demonstration Activities

The EU Research Framework Programme is the European Union's chief financial instrument for promoting research activities. Research Framework Programmes have existed at Community level since 1984. The present programme – the Sixth Framework Programme - defines the European Union's strategic priorities for Research, Technological Development and Demonstration activities (RTD) for the period 2002 to 2006. The principal aim of Sixth Framework Programme is to create a true European Research Area (ERA) by improving co-ordination and co-operation in research activities to ultimately sustain the competitive and innovative edge of the European Union's economy.

Eligibility

Financing is granted for research initiatives *only*. Funding does not support diffusion of technology or exchange of expertise. It is aimed at producing new technology and know-how.

The Sixth Framework Programme is open to all legal entities established in the Member States of the European Union - i.e. individuals, industrial and commercial firms, universities, research organisations, etc. In principle, the Programme is also open to all legal entities from any country in the world. However, different rules for participation and funding apply to different countries[20]. Countries that may participate without any restrictions include the following:

- EU accession countries: Bulgaria, Republic of Cyprus, Czech Republic, Estonia, Hungary, Lativa, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia, as well as Turkey;
- the EFTA-EEA countries - Iceland, Liechtenstein, and Norway; and
- Israel.

Financial assistance available

Air transport is featured under one of the Thematic Areas of the Sixth Framework Programme: Aeronautics and Space, which has been allocated a total budget of €1.075 million for the period 2002 to 2006. The main objectives of this Thematic Area are:

- to strengthen competitiveness by reducing development costs, aircraft operating costs and improving comfort for passengers;
- to improve the aviation sector's environmental performance with regard to emissions and noise;
- to improve aircraft safety and security; and
- to enhance the operational capacity and safety of the air transport system.

Airport case study

Under a previous Research Framework Programme, Frankfurt airport was involved in a project to investigate the present and future capacity problems at a number of European airports and to develop possible solutions for ensuring efficient airport operations. Particular attention was given to surface movement guidance and control systems, land-side security measures and procedures for disabled passengers.

Footnote:
[20] For further details, please consult the website of the Community Research and Development Information Service: http://fp6.cordis.lu/fp6/home.cfm and click 'Aeronautics and Space'

The project cost €526,720 in total and received €263,360 in financial support from the Research Framework Programme. The results of the project (new procedures for traffic management organisation and airport configuration) may potentially be implemented by 2005.

Applying for financial assistance

Research initiatives that may be of interest to airports are presented on the website of the Community Research and Development Service: www.cordis.lu. On this website, Calls for Proposals are announced which open specific parts of the Research Framework Programme. Each Call for Proposals invites interested parties to submit project proposals that correspond to the objectives of the Work Programmes of specific research initiatives pertaining to air transport. These specific areas are identified by the European Commission as priority fields of research.

Calls for Proposals are published in the Official Journal of the European Communities and are subsequently posted on the CORDIS website, along with all relevant documentation for submitting project proposals. To receive automatic notification of Calls for Proposals, setting up a CORDIS Rapidus 'News' profile (on the CORDIS website) is a useful means of keeping informed.

It is essential that project proposals adhere to the objectives of the Work Programme in order for the project to be considered for endorsement. The Work Programmes also present, for each Call for Proposals, the financing instruments available and the evaluation criteria to be applied.

If an airport operator wishes to promote a project proposal that does not feature in a current Work Programme in the Sixth Framework Programme, it may present a pre-proposal to the European Commission, which can then be considered for inclusion as one of the tasks in a subsequent Call for Proposals. To submit such a proposal, contact:

Programme Director
DG TREN
European Commission
B-1049 Brussels
BELGIUM

Tel: +32 (0)2 295 8149
Fax: +32 (0)2 296 8353

The EU Leonardo Da Vinci Programme

The Leonardo da Vinci programme is a Community vocational training initiative. It was established in 1994 with the first phase of the programme running from 1995 to 1999, and the present second phase running from 1 January 2000 to 31 December 2006. The programme aims to promote diffusion of knowledge by establishing a European co-operation area for education and training.

The Leonardo programme supports training policies conducted by the EU Member States by bolstering innovative trans-national initiatives for promoting the knowledge, aptitudes and skills necessary for successful integration into working life.

The programme also aims to address common concerns including the following:

- *Languages*: Leonardo da Vinci includes a language teaching and learning mechanism.
- *New technologies*: The educational use of computers, CD-Roms and the Internet will be encouraged in all Leonardo da Vinci measures, especially pilot projects.
- *Dissemination*: To share information and good practice as widely as possible, trans-national networks will be supported under the new measures in Leonardo da Vinci.
- *Social aspects*: Efforts will be made under all programmes to include disadvantaged and disabled people, to counter racism, and to encourage equal opportunities for men and women.

The guidelines for the second phase of the Leonardo programme are presented in Official Journal L 146 of 11 June 1999[21]. These guidelines affirm the need to develop quality, innovation and the European dimension in vocational training systems and practices through trans-national co-operation. In summary, the main objectives of the Leonardo programme are threefold:

- to improve the skills and competences of people, especially young people, in initial vocational training;
- to improve the quality of, and access to, on-going vocational training and the lifelong acquisition of skills and competences; and
- to reinforce the contribution of vocational training to the process of innovation in business.

Eligibility

The Leonardo da Vinci programme is open to:

- the 15 Member States of the European Union;
- the 3 EFTA/EEA countries: Iceland, Liechtenstein and Norway; and
- the EU accession countries: Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia; as well as Turkey.

Any given proposal may not simultaneously receive financial support from the Leonardo da Vinci programme and another Community initiative.

Footnote:
[21]Council Decision of 26 April 1999 establishing the second phase of the Community vocational training action programme 'Leonardo da Vinci' (Official Journal L 146 of 11 June 1999)

Financial assistance available

The budget of the Leonardo programme is €1.15 billion for the entire period 2000-06. An estimated 75% of all funds will be managed by the national agencies, which will be responsible for all stages of mobility projects and most stages of pilot projects, language learning projects, and trans-national networks. Maximum funding per project will be double that of the previous phase, except for mobility. Mobility and pilot projects will continue to take the greatest share of the budget in the second phase of Leonardo da Vinci.

The objectives of the Leonardo programme will be achieved through use of the following measures with corresponding funding:

- Mobility – supporting the trans-national mobility of people undergoing vocational training, especially young people, and for those responsible for training. Mobility projects may receive up to €5,000 per beneficiary.
- Pilot project – based on trans-national partnerships to develop innovation and quality in vocational training. Pilot projects may benefit from funding equivalent to up to 75% of expenditure, with a ceiling of €200 000 per year and per project, or of €300,000 per year and per project in exceptional cases.
- Language competences – promotion of learning languages, and understanding of culture in the context of vocational training. Language competence projects may benefit from funding equivalent to up to 75% of expenditure, with a ceiling of €200,000 per year and per project.
- Transnational networks – supporting the development of co-operation networks facilitating the exchange of experience and good practice. Trans-national networks projects may benefit from funding equivalent of up to 50% of expenditure, with a ceiling of €150,000 per year and per project.
- Reference material – development and updating of reference material through support for surveys and analyses, the establishment and updating of comparable data, the observation and dissemination of good practices, and the comprehensive exchange of information. Reference material initiatives may benefit from funding making up between 50% and 100% of the total expenditure, with a ceiling of €200,000 per year and per project, or of €300,000 per year and per project in exceptional cases.
- Joint actions – with other Community actions promoting a Europe of knowledge, particularly in the fields of education and youth. Joint action projects may benefit from funding equivalent of up to 75% of expenditure.

Airport case study

The Hellenic Civil Aviation Authority, managing 39 airports in Greece, received financial support under the EU Leonardo programme for a project to develop a common European syllabus and training system for airport operations officers. The project, initiated at the end of the previous Leonardo programming period (1994-1999), aimed at drawing up common certification criteria with supportive training packages, addressing for example, the transport of dangerous goods and airport safety in general. The project enabled exchange of best practice and encouraged cooperation between employees working at different airports.

Applying for financial assistance

Initiatives undertaken as part of the Leonardo programme are announced in Multi-annual Calls for Proposals. The calls for proposals for the periods 2000-02 and 2003-04 are now closed, but the final call for proposals for the period 2005-06 has yet to be announced. Calls for proposals are presented in the Official Journal of the European Communities and on the website of the European Commission's Directorate General for Education and Culture:

Website: http://www.europa.eu.int/comm/education/index_en.html

The call outlines the annual deadlines for the submission and selection of proposals and specifies the priorities. The calls also indicate to who applications should be submitted, whether it be the national agency, the European Commission, or both. All practical information, including the guidelines for applicants and application forms are made available on the above website once a Call for Proposal is opened.

For further information and enquiries on the Leonardo programme, please contact:

Unit B2
Calls for proposals for Leonardo da Vinci II
DG Education and Culture
European Commission
B-1049 Brussels
BELGIUM

Fax: +32 (0)2 295 5704
E-mail: leonardo-helpdesk@cec.eu.int

Management training for central and eastern Europe

TACIS Managers' Training Programme

The European Union's TACIS programme, supporting economic development and political reform in the New Independent States (NIS) and Mongolia, is explained earlier in this document. In addition, the training programmes below are organised under the guise of the TACIS programme. This training programme develops management skills of candidates from the NIS and Mongolia by providing them with a work placement in an EU enterprise. For further information, please consult: www.tacis-mtp.org

EU companies interested in hosting candidates should contact:

MTP Head Office
Deutsche Management Akademie Niedersachsen gGmbH
Dr. Juergen Henke, Christian Wagner
Schloß Celle, Schloßplatz 1
29221 Celle
GERMANY
Tel: +49 51 41 973 222
Fax: +49 51 41 973 200
E-mail: mtp@dman.de

Interested candidates from the New Independent States and Mongolia should contact:

MTP Moscow Office
Deutsche Management Akademie Niedersachsen gGmbH
TACIS MTP Programme
Mr. Michel Forget or Mrs. Irina Lyssenko
1. Kasatschi Pereulok Nr. 7
119017 Moscow
RUSSIAN FEDERATION
Tel: +7 095 234 49 60
Fax: +7 095 234 49 61
E-mail: mtp@col.ru

The Joint Vienna Institute

The Institute was established in 1992 to provide, through training, support for the transition of the economies of countries in central and eastern Europe from centrally-planned to market based. The Institute offers a variety of courses in financial management and administration which are open to official and executives from the public and private sectors. Please consult the following website for information on programmes and application forms: www.jvi.org

Information can also be obtained by contacting:

The Joint Vienna Institute
Mariahilfer Strasse 97
A-1060 Vienna
AUSTRIA
Tel: +43 1 798 94 95
Fax: +43 1 798 05 25
E-mail: jvi@jvi.org

Section 4

The development banks

The European Bank for Reconstruction and Development

The European Bank for Reconstruction and Development (EBRD) was established in 1991. It exists to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiatives in the countries of central and eastern Europe and central Asia.

The EBRD seeks to help eligible countries to implement structural and sectoral economic reforms, promoting competition, privatisation and entrepreneurship, taking into account the particular needs of countries at different stages of transition. Through its investments it promotes private sector activity, the strengthening of financial institutions and legal systems, and the development of the infrastructure needed to support the private sector. The EBRD applies sound banking and investment principles in all of its operations.

In fulfilling its role as a catalyst of change, the EBRD encourages co-financing and foreign direct investment from the private and public sectors. It helps to mobilise domestic capital, and provides technical co-operation in relevant areas. It works in close co-operation with international financial institutions and other international and national organisations. In all of its activities, the Bank promotes environmentally sound and sustainable development.

Eligibility

The following countries may benefit from EBRD financing:

Albania, Armenia, Azerbaijan, Belarus, Bosnia & Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, the Former Yugoslav Republic of Macedonia (FYRM), Georgia, Hungary, Kazakhstan, the Kyrgyz Republic, Latvia, Lithuania, Moldova, Poland, Romania, the Russian Federation, Serbia and Montenegro, the Slovak Republic, Slovenia, Tajikistan, Turkmenistan, the Ukraine, and Uzbekistan.

For projects to be eligible for EBRD financing, they must benefit the local economy and satisfy the Bank's environmental requirements. Furthermore, projects must be undertaken with a view to being profitable and project promoters must be able to provide a significant amount of equity and/or cash to support the project.

The EBRD will consider investments in civil aviation infrastructure which constitute the essential infrastructure for a competitive aviation environment and usually generate hard currency revenues[22]. Examples of airport investment projects that have already benefited from EBRD financing include:

- runway, taxiway and apron improvements;
- passenger and cargo terminal buildings; and
- air traffic control.

EBRD financing can also be used to support projects for developing ancillary infrastructure (such as power supply and heating) and environmental infrastructure (such as waste management and noise protection).

Footnote:
[22] See 'EBRD Transport Operations Policy'

Financial assistance available

The products the Bank offers are client and project driven and thus flexible. The main forms of EBRD financing are loans, equity investments (shares), and guarantees. For large private sector projects, the EBRD, on average, will commit €25 million whilst the total cost of the project may be up to €250 million.

The EBRD helps its clients to determine their risk exposures in terms of foreign exchange, interest rate, and commodity risks, and in this way provides tailor-made solutions in the form of the most appropriate loan structure. The Bank provides a very flexible product range and is prepared to offer clients any products that can help in the management of financial risk and that the Bank can hedge in the derivatives markets.

The EBRD's main forms of financing can be summarised as follows:

1) Loans:

- Each loan is tailor-made to match the client's needs and risk exposure.
- Loans may be made to private enterprises and to municipally owned enterprises, (with or without guarantees from sponsors or the government), and state owned enterprises usually with state guarantee.
- The variety of loan products includes floating or fixed rates loans, capped loans (which provide an 'insurance' against rising interest rates) and collared loans.
- Maturities on loans may normally be up to 10 years for loans without state guarantee, and up to 15 years for state-guaranteed loans. Project specific grace periods may also be incorporated into the loan structure.
- Loan payment schedules are structured with regard to the project's financing requirements, cash flow and credit situation.
- Loans are priced at market rates, except for state guaranteed loans.

2) Equity:[23]

An equity investment may be undertaken in a variety of forms, including subscriptions to ordinary shares[24] or preference shares[25]. Quasi-equity investments ranging from subordinated loans, debentures, and income notes to redeemable preference shares are also offered. When the EBRD takes an equity stake, it expects an appropriate return on its investment. It will have a clear exit strategy and will only take a minority position.

3) Guarantees:[26]

The EBRD may help borrowers gain access to financing through the provision of guarantees. Various types are available, ranging from all-risk guarantees to partial risk-specific contingent guarantees, but in all cases the maximum exposure must be known and measurable, and the credit risk must be acceptable.

Footnote:
[23] See 'Financing with the EBRD' (July 1999)
[24] Ordinary shares are a class of share that does not benefit from any preference in the payment of dividends or in the repayment of capital.
[25] Preference shares are a class of share that benefits from preference in the payment of dividends or the repayment of capital.
[26] See 'Financing with the EBRD' (July 1999)

4) Technical co-operation:
The Bank disposes of a Technical Cooperation Funds Programme that is used to improve the operational effectiveness of projects to be implemented. It combines the use of financial resources with important technical expertise for ensuring that project proposals meet the requirements of investors and lenders. Technical co-operation is normally provided on a grant basis, with the funding resources coming from external sources to the Bank (donor countries and international organisations). This facility has to date provided the Bank with a grant resource base of almost €1 billion. Technical co-operation may be provided to both the public to the private sectors.

The technical co-operation that the Bank provides must comply with its overall country and sector strategies, and it must focus particularly on building a pipeline of lending and investment operations for the Bank. The Bank also provides advisory services to support the development of the institutional infrastructure (e.g. advice on enterprise restructuring), sectoral studies (e.g. regional transport studies) and training.

For the private sector, the EBRD can provide technical co-operation to support the development and preparation of projects. This is normally done for projects that comprise only local private partners who do not possess sufficient financial resources to carry out the necessary feasibility studies and other preparatory work. The cost of the technical co-operation shall in such cases be repaid if it results in a viable investment project. Alternatively, and subject to it becoming financially involved in an investment, the EBRD can consider incorporating the cost of a feasibility study in its loan or valuing the study as part of the private investor's equity participation.

For the public sector, technical co-operation is used to support investments through pre-feasibility studies, project preparation and to some extent, through implementation-support to the eventual lending operation. The aim of this technical co-operation is to ensure that the project is feasible from institutional (legal), technical, financial and economic points of view, and that it is socially acceptable, environmentally sustainable and potentially attractive to private investors and/or other co-financiers.

Airport case studies

Between 2000 and 2002, the EBRD signed loans for six air transport projects amounting to almost €60 million in the countries in which it operates. Examples of airport investments include:

In 2002, the ERBD provided Tallinn Airport, Estonian's only international airport, with a €7.5 million loan to refinance an existing EBRD loan that was used to finance the construction of passenger terminal facilities. The new loan will allow the airport the necessary cash flow to support its future investment plans.

Atyrau Airport, in Kazakhstan, received a loan of US$ 24.5 million in 2001, for rehabilitating the airport's main runway and other facilities in order to improve operations at the airport. It was also envisaged that the EBRD loan would also contribute towards improved financial management at the airport.

In 2000, St. Petersburg - Pulkovo Airport received a loan of €8 million for the first phase of an air cargo terminal project. The total project cost was estimated at €12 million. The project envisages cargo facilities covering 10,700 m2 with direct access to the airport aprons. The terminal's capacity is between 30,000 and 35,000 tonnes per annum, and includes facilities for accommodating dangerous, valuable and temperature-sensitive goods.

Applying for financial assistance

A guide to ‘Financing with the EBRD’ can be found on the website below which provides details on the financial instruments that the EBRD offers and the terms for its products, as well as how the Bank should be approached:

Website: http://www.ebrd.org/pubs/index.htm

Enquiries and submission of project proposals for financing, preferably in the form of a short description of the project and summary business plan, can be addressed to:

Project proposals
European Bank for Reconstruction and Development,
One Exchange Square,
UK-London EC2A 2JN,
UNITED KINGDOM

Tel: +44 (0)20 7338 7168
Fax: +44 (0)20 7338 7380
Email: newbusiness@ebrd.com

There are Regional Offices in each of the countries eligible to receive EBRD financing. The contact details of these offices can be found in the Annexes.

European Investment Bank

The European Investment Bank (EIB) was created in 1958 as an autonomous body set up to finance capital investment furthering European integration by promoting the economic policies of the European Union (EU). Today, the task of the EIB, the European Union's financing institution, is to contribute towards the integration, balanced development and economic and social cohesion of the EU Member States. To this end, the Bank raises substantial volumes of funds on the capital markets which it directs, on the most favourable terms possible, towards financing projects in line with the policies of the EU. Outside the EU, the EIB implements the financial components of agreements concluded under European development aid and co-operation policies.

Eligibility

The whole of Europe - the European Union Member States and the countries of Central and Eastern Europe – is eligible for financing. (As well as Africa, Asia, the Caribbean, the Pacific, and South America).

The overall aim of finance provided by the EIB is to facilitate the undertaking of projects that contribute towards strengthening economic and social cohesion. In terms of transport, for infrastructure projects to be eligible, they must contribute to this objective and essentially have a Community dimension. For this reason, the EIB is heavily involved in the financing of the trans-European transport network.

Projects are examined by the EIB's teams of engineers, economists and financial analysts co-operating closely with the project promoter. The examination focuses on the eligibility of the project, i.e. whether it conforms to those EU objectives which the EIB is responsible for promoting, and whether the project is viable. The project's economic, technical and financial characteristics are evaluated and the EIB’s appraisal enables the project promoter to benefit from the experience and know-how acquired by the EIB in dealing with a wide range of transport infrastructure projects. After completion of the appraisal the decision to provide a loan is taken by the EIB's Board of Directors. Once finance has been provided for the project its progress is monitored regularly. The Bank can thus assist with any of the project's or promoter's additional requirements, while ensuring compliance with the aims of its financing decision.

The EIB has a long track record of making available, on a tailor-made basis, large volumes of funding for transport infrastructure projects. The EIB has become the leading source of bank finance for large-scale infrastructure projects in most Member States of the European Union with its operations in central and eastern European countries expanding significantly over recent years to extend the trans-European transport network with the enlargement of the EU. EIB action in the central and eastern Europe is co-ordinated with the EU's PHARE and TACIS programmes, as well as the European Bank for Reconstruction and Development. Whenever necessary or desirable, the EIB encourages partnerships between the public and private sectors.

Financial assistance available

Individual loans

The EIB finances large-scale projects by means of individual loans (of over €25 million) concluded directly with promoters or through financial intermediaries. The maturity of a loan for an infrastructure project of this kind can be up to 20 years. Small and medium-scale projects are funded indirectly through global loans made available to banks or financial institutions operating at European, national or regional level.

The Bank may provide up to 50% of the total cost of a project, but on average it finances around a third of the cost. The Bank concentrates on medium and long term financing, and acts as a catalyst by encouraging the involvement of commercial banks in any given project.

As a financial intermediary operating on a non-profit-making basis, the EIB enjoys a first-class credit rating ("AAA"), enabling it to borrow on the finest terms available at any given time. The EIB then lends this credit at a rate reflecting its excellent position on the capital markets, plus a small margin to cover its operating costs. Interest rates may be set either upon signature of the finance contract or upon each disbursement. Loan disbursements are subject to the project promoter's compliance with EIB loan conditions.

Global loans

Small or medium-scale investment projects may benefit from global loans which are available through intermediary banks or financial institutions from the EBRD.

Airport case study

In 2002, the EIB approved a loan of €200 million to the Polish Airports State enterprise in order to co-finance a new passenger terminal, together with related infrastructure. The new terminal will expand the capacity of the airport by 6.5 million passengers per year allowing it to accommodate 10 million passengers annually. The project is designed to meet the increasing demand for air travel in Poland and contribute to the extension of the trans-European network to strengthen transport links in the enlarged European Union.

Applying for financial assistance

Applications for individual loans can be submitted directly to the European Investment Bank (see next page for contact details) or to one of its external offices (see Annexes), by private or public companies, or by public authorities. There is no formal application form provided by the EIB to make a request for a loan. A letter of application should be sent to the EIB, describing the nature of the project, the amount of finance required, and a guarantee. Once the EIB has assessed the eligibility of this initial proposal, the project promoter will be asked to provide all relevant and detailed information on the technical, economic, financial, and legal aspects concerning the project to be undertaken.

Applications for global loans should be addressed directly to one of the 130 intermediary banks and financing institutions which operates on the national, regional or local level. Contact details are displayed on the EIB's website (see next page).

European Investment Bank
100, boulevard Konrad Adenauer,
L-2950 Luxembourg
LUXEMBOURG

Tel: +352 43 79 1
Fax: +352 43 77 04
E-mail: info@eib.org
Website: www.eib.org (English) or www.bei.org (français)

The World Bank

Founded in 1944, the World Bank is the world's largest source of development assistance. The Bank uses its financial resources, its highly trained staff, and its extensive knowledge base to individually help each developing country onto a path of stable, sustainable, and equitable growth. The main focus is on helping the poorest people and the poorest countries, but for all its clients the Bank emphasises the need for:

- Investing in people, particularly through basic health and education;
- Protecting the environment;
- Supporting and encouraging private business development;
- Strengthening the ability of the governments to deliver quality services, efficiently and transparently;
- Promoting reforms to create a stable macroeconomic environment, conducive to investment and long-term planning; and
- Focusing on social development, inclusion, governance, and institution-building as key elements of poverty reduction.

The World Bank Group consists of five closely associated institutions:

1) The International Bank for Reconstruction and Development (IBRD);
2) The International Development Association (IDA),
3) The International Finance Corporation (IFC);
The Multilateral Investment Guarantee Agency (MIGA); and
4) The International Centre for Settlement of Investment Disputes (ICSID), (which is not a source of finance and will therefore not be discussed in this document).

General information on the World Bank Group can be obtained by contacting the European Public Information Centre at:

PIC Europe,
66 Avenue d'Iena,
F-75116 Paris,
FRANCE

Tel: +33 (0)1 40 693026
Fax: +33 (0)1 40 693069
E-mail: picparis@worldbank.org

Or by contacting the World Bank's Headquarters at:

Headquarters - General Inquiries
The World Bank
1818 H Street, N.W.
Washington, DC 20433 U.S.A.
Tel: +1 202 473 1000
Fax: +1 202 477 6391

The International Bank for Reconstruction and Development

The International Bank for Reconstruction and Development (IBRD) is a co-operative institution, owned by its member countries through their capital subscriptions. Some countries provide the IBRD access to their capital markets to raise the funding needed to support the IBRD operations. Financial assistance takes the form of loans which the IBRD makes to creditworthy members. IBRD loans are sovereign obligations. The IBRD makes loans either to a member country or to governmental authorities or enterprises in the territories of member countries. Loans must be guaranteed by the member country and are designed to promote the use of resources for productive purposes. In fiscal year 2002, the IBRD provided loans totalling US$ 11.5 billion in support of 96 projects in 40 countries.

International Development Association

The mission of the International Development Association (IDA) is to support efficient and effective programmes to reduce poverty and improve the quality of life in its poorest member countries. The IDA helps build the human capital, policies, institutions, and physical infrastructure needed to bring about equitable and sustainable growth. The IDA's goal is to reduce the disparities across and within countries, to bring more people into the mainstream, and to promote equitable access to the benefits of development.

Eligibility

Generally, countries with annual average per capita incomes of less than US$ 5,185 are eligible for IBRD loans, though certain countries can be given a blend of IBRD loans and IDA credits. IDA lends to countries that had a per capita income in 2002 of less than US$ 875 and lack the financial ability to borrow from IBRD.

The eligibility of countries in the Europe region for financial assistance is as follows:

Eligible for *IBRD support only*: Belarus, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Kazakhstan, Latvia, Lithuania, Macedonia FYR, Poland, Romania, Russian Federation, Slovak Republic, Slovenia, Turkey, Turkmenistan, Ukraine, Uzbekistan.

Eligible for both *IBRD and IDA support*: Azerbaijan, Bosnia & Herzegovina, Uzbekistan, Serbia and Montenegro.

Eligible for *IDA support only*[27]: Albania, Armenia, Georgia, Kyrgyz Republic, Moldova, Tajikistan.

Financial assistance available

Loans from the International Bank for Reconstruction and Development (IBRD) can be used to support infrastructure and transportation projects, though loans from the IBRD are intended to promote private investment, not to compete with it. To benefit from IBRD credit, the IBRD must be satisfied that under prevailing market conditions, (taking into account the member’s overall external financing requirements), the borrowing member would be unable to obtain financing from another source that the IBRD would consider offered on reasonable terms. The IBRD supervises the use of loan proceeds, and makes arrangements to ensure that funds lent are used only for authorised purposes with due attention to considerations of economy and efficiency.

Footnote:
[27] When a country's GNP exceeds the IDA's eligibility threshold and it becomes creditworthy to borrow from IBRD, it is no longer eligible for IDA's interest-free credits. It may then borrow from IBRD at market rates.

The IBRD's strong shareholder support, AAA credit rating, and the broad appeal of its securities to institutional and retail investors worldwide, enable it to raise funds at fine borrowing cost spreads relative to comparable maturity government benchmark securities. In response to borrower demand, the IBRD offers a range of financial risk management tools to allow borrowers to hedge (protect against) financial risks related to IBRD loans. They are designed to address the changing needs of borrowers during the life of their IBRD loans.

The International Development Association (IDA) is the World Bank Group's concessional lending window. It provides long-term loans at zero interest to the poorest of the developing countries. IDA credits have a maturity of 35 or 40 years with a 10-year grace period on the repayment of the principal. Though there is no interest charged, credits do carry a small service charge, currently 0.75 percent on undisbursed balances.

The IDA lends, on average, about US$ 6-7 billion a year for different types of development projects, especially those that address people's basic needs, such as primary education, basic health services, and clean water and sanitation. The IDA also funds projects that protect the environment, improve conditions for private business, build necessary infrastructure, and support reforms aimed at liberalising countries' economies. All these projects pave the way towards economic growth, job creation, higher incomes and a better quality of life.

Applying for financial assistance

Procedures on how to submit an application for financial assistance are outlined on the brochures for the IBRD financial products. These can be found on the following website:

http://www.worldbank.org/fps/faqs_fp.htm

Further information can also be obtained by contacting:

International Bank for Reconstruction and Development
Financial Products and Services Department (FPS)
1818 H Street, N.W.
Washington, DC 20433
U.S.A.
Tel: +1 202-458 1122
Fax: +1 202 522 2102
E-mail: fps@worldbank.org

IDA lending allocations are determined on a three-year rolling basis and are used for planning purposes by the World Bank's operational departments. Individual country allocations serve as an anchor for the formulation of Country Assistance Strategy (CAS) lending programmes. The main factor that determines the allocation of IDA resources among eligible countries is each country's performance in implementing policies that promote economic growth and poverty reduction.

The IDA's contact details are the same as those presented above for the IBRD, due to financial arrangements being drawn up in co-operation with the IBRD in order to determine the most appropriate assistance to provide. Further information can be obtained by writing to the address above or by consulting the following website - http://www.worldbank.org/ida/

International Finance Corporation (IFC)

The International Finance Corporation is an independent international organisation which works with both the private sector and national governments. The IFC plays the role of 'honest broker' in helping companies and sponsors negotiate with governments. The IFC's role is to promote social and economic development in the countries in which it operates.

The IFC offers hands-on knowledge of how to do business in developing countries and has excellent links with developing country governments. It acts as a catalyst to induce other financiers and investors to participate in projects by advising investors on the political, technical and financial aspects of potential investments. The IFC's extensive project financing experience has allowed it to build up a large network of company contacts and thus the ability to match sponsors and partners with investors.

Eligibility

The following countries in Europe are eligible for support from the IFC:

Afghanistan, Albania, Armenia, Azerbaijan, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Georgia, Hungary, Islamic Republic of Iran, Kazakstan, Kyrgyz Republic, Latvia, Lithuania, the Former Yugoslav Republic of Macedonia, Moldova, Poland, Romania, Russian Federation, Slovak Republic, Slovenia, Tajikistan, Turkmenistan, Turkey, Ukraine and Uzbekistan.

As a rule, the enterprises to which the IFC provides finance must be majority-owned and controlled by the private sector. Like other private sector investors and commercial lenders, the IFC seeks profitable returns, prices its finance and services in line with the market, and shares full project risks with its partners.

Financial assistance available

To ensure the participation of other private investors, the IFC's investment is usually limited to 25% of the total project cost. Investments in small and medium-sized projects range from US$ 100,000 to US$ 1 million and in standard-size projects from US$ 1 million to US$ 100 million.

The IFC offers three broad and complementary services:

1) The IFC's traditional and largest activity is project finance. Using its own funds, the IFC provides both loan and equity finance to private sector projects that comply with its appraisal criteria, but which cannot obtain financing from other sources on reasonable terms. The IFC also offers quasi-equity and financial risk management products. It is important to point out that, although the IFC lends on market terms, it does not compete with, but rather complements private capital.

2) Another major activity is that of resource mobilisation. The IFC raises additional funds from foreign commercial banks through its loan participation programme. It helps individual corporations from emerging markets to tap international capital markets. The IFC also raises funds from institutional investors through underwriting arrangements for public offerings or the private placement of shares, debentures, and other corporate securities.

3) The IFC's third and increasingly expanding activity is providing country, industry, financial and technical advisory services to member country governments and to private sector corporations.

Applying for financial assistance

There is no standard application form for IFC financing. A company or entrepreneur, foreign or domestic in a member country, seeking to establish a new venture or expand an existing enterprise can approach the IFC directly. This can be done by reading the IFC investment guidelines , requesting a meeting and submitting preliminary project or corporate information to the appropriate IFC department or to the closest IFC mission or field office. After these initial contacts and a preliminary review, the IFC will request a detailed feasibility study or business plan to determine whether or not to conduct a full appraisal of the project.

A guide on how to prepare an application for finance to support an investment proposal can be found on the following website:

http://www2.ifc.org/proserv/apply/application/application.html

Further information can be obtained by writing to either of the two addresses below, or by consulting the IFC's Europe homepage on the website below:

http://www.ifc.org/europe/

Central & Southern Europe
International Finance Corporation
2121 Pennsylvania Ave., N.W.
Washington, DC 20433
USA

Tel: +202 473 56 50
Fax: +202 974 43 82

Central & Eastern Europe
International Finance Corporation
7/5 Bolshaya Dmitrovka, building 2
103009 Moscow
Russia

Tel: +7 095 755 88 18
Fax: +7 095 755 82 96

Multilateral Investment Guarantee Agency (MIGA)

The MIGA's objective is to promote economic growth and development by supporting investment projects that are financially and economically viable, environmentally sound and consistent with the labour standards.

MIGA provides investment guarantees against certain non-commercial risks (i.e. political risk insurance) to foreign investors in developing member countries. MIGA offers long-term (up to 15 years, and in exceptional cases up to 20 years) political risk insurance coverage to eligible investors for qualified investments in developing member countries. MIGA insures against the following risks:

- Transfer restriction
- Expropriation
- Breach of contract
- War and civil disturbance

Eligibility

The following countries in Europe are eligible for support from MIGA:

All fifteen Member States of the European Union, Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Bosnia-Herzegovina, Croatia, Cyprus, the Czech Republic, Estonia, Georgia, Hungary, Iceland, Kazakhstan, Kyrgyz Republic, Latvia, Lithuania, FYR of Macedonia, Malta, Moldova, Norway, Poland, Romania, Russian Federation, the Slovak Republic, Slovenia, Serbia and Montenegro, Switzerland, Tajikistan, Turkey, Turkmenistan, the Ukraine and Uzbekistan.

An eligible investor is a national of a MIGA member country other than the country in which the investment is to be made. However, under certain conditions, investments made by nationals of the host country are also eligible. A corporation is eligible for coverage if it is either incorporated and has its principal place of business in a member country, or if it is majority-owned by nationals of the member countries. A state-owned corporation is eligible if it operates on a commercial basis.

Financial assistance available

MIGA can insure new cross-border investments originating in any member country, destined for any developing member country. New investment contributions associated with the expansion, modernisation, or financial restructuring of existing projects are also eligible, as are acquisitions that involve privatisation of state-owned enterprises. New investments are those that have neither been made, nor are irrevocably committed on the date of submission to MIGA of a Preliminary Application for Guarantee signed by the investor.

MIGA insures investments in a wide range of industries. Types of foreign investments that can be covered include equity, shareholder loans, and shareholder loan guaranties, provided that the loans have a minimum maturity of three years. Loans to unrelated borrowers can be insured, provided a shareholder investment in the project is insured concurrently or has already been insured. Other forms of investment, such as technical assistance and management contracts, and franchising and licensing agreements, may also be eligible for MIGA guarantees.

Applying for financial assistance

Preliminary applications for the MIGA's financial products can be made on the internet at:

Website: http://www.miga.org/screens/infokits/infokits.htm

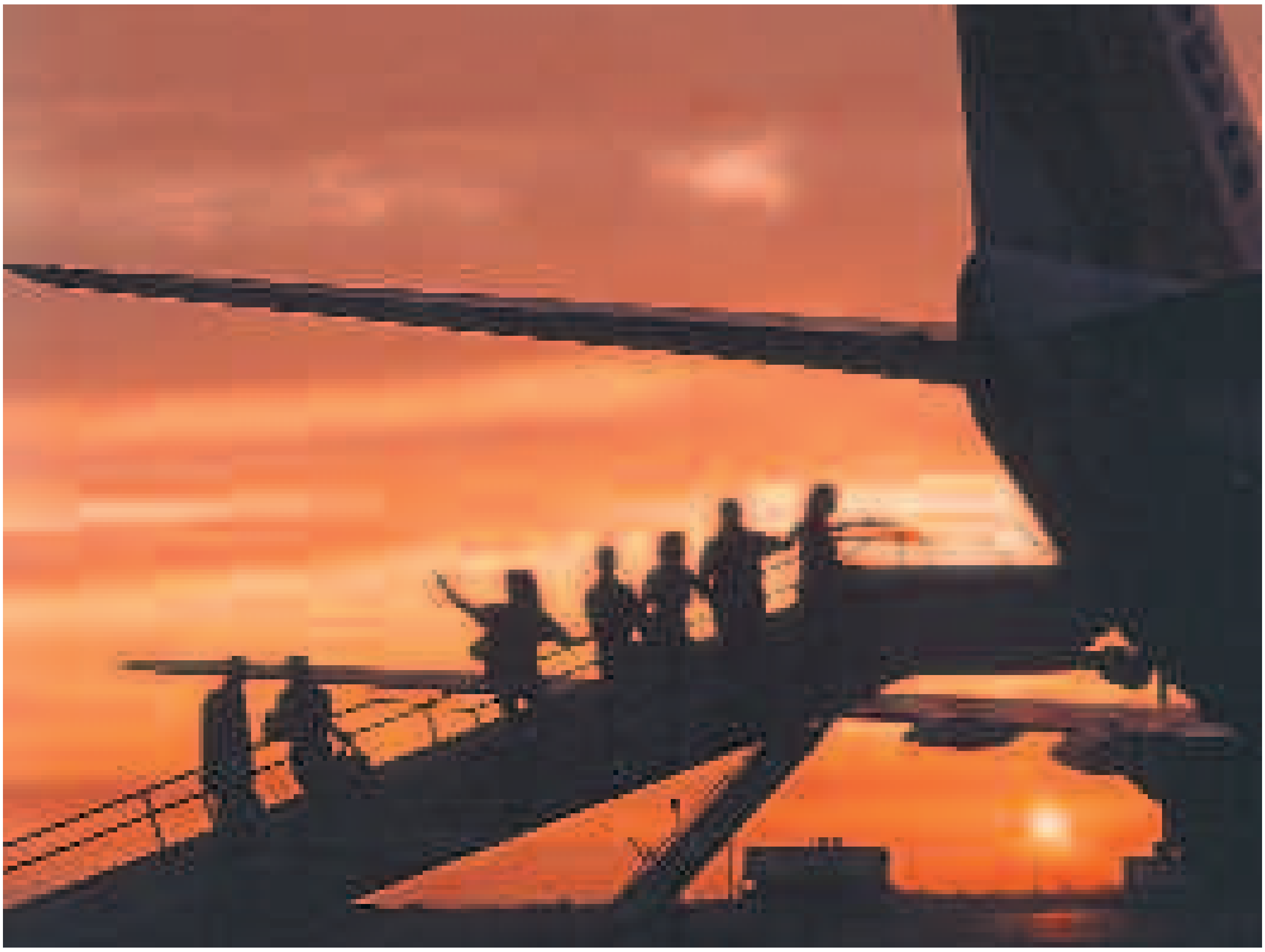
Full guidelines on eligibility and application procedures for the MIGA's guarantee services can be viewed on the website below or obtained by contacting:

Mr. Christophe Bellinger
Director
Multilateral Investment Guarantee Agency (MIGA)
66 Avenue d'Iena,
F-75116 Paris,
FRANCE

Tel: +33 (0)1 40 69 32 75
Fax: +33 (0)1 40 69 32 76
E-mail: Cbellinger@worldbank.org
Website: http://www.miga.org/

Section 5

Annexes



ANNEX 1

Cohesion Funds - national ministry contact points

Greece Ministry of National Economy and Finance Director-General: M. Nikolaos Papadodimas Nikis street 5-7 Athens 105 63 GREECE Tel: +30 210 333 2735 +30 210 333 29 81 or 82 Fax: +30 210 333 2985 E-mail: papadodimas@mnec.gr	**Ireland** Department of Finance Finance Division Government Buildings - Upper Merrion Street IRL - Dublin 2 Tel: +353.1.6767571 Fax: +353.1.6789936 E-mail: michael_manley@finance.irlgov.ie E-mail: lliam_hennessy@finance.irlgov.ie Website: http://www.eustructuralfunds.ie
Portugal Direcção-Geral do Desenvolvimento Regional Prof. Dr. Francisco Cordovil Rua de S. Julião, 63 P-1149-030 Lisboaq Tel: +351 21 881 40000 Fax : +351 21 888 1111 E-mail: expediente@dgdr.pt	**Spain** Sr. D. José Antonio Zamora Subdirector General de Fondos de Compensación y Cohesión Paseo de la Castellana, 162 E-28080 Madrid Tel: +34 91 583 51 97 Fax: +34 91 583 73 40 E-mail: jzamora@sepg.minhac.es

ANNEX 2

Instrument for Structural Policies for pre-Accession (ISPA) - European Commission delegations

Bulgaria EC Delegation Mr Dimitris Kourkoulas, Head of Delegation Moskovska Street 9, 1040 Sofia Tel: (+359)2-933 52 40 Fax: (+359)2-933 52 33 E-Mail: mailto@delbgr.cec.eu.int Website: http://www.evropa.bg/	**Czech Republic** EC Delegation Mr Ramiro Cibrian, Head of Delegation Pod Hradbami 17, 160 00 Praha 6, PO Box 192 160 41 Praha 6 Tel: +420 2 2431 2835 Fax: +420 2 2431 2850 / 2432 0810 E-mail: maribel.houben@delcze.cec.eu.int E-Mail: eumail@delcze.cec.eu.int Website: http://www.evropska-unie.cz/
Estonia EC Delegation Mr Arhi Palosuo, Head of Delegation Kohtu 10, 0001 Tallinn Tel: (+372)626 4400 Fax: (+372)626 4439 E-Mail: eudelest@delest.cec.eu.int Website: http://www.euroopaliit.ee/index-eng.html	**Hungary** EC Delegation Mr Jürgen Köppen, Head of Delegation, Head of Delegation Bérc utca 23, 1016 Budapest Tel: +36 1 209 9700 / 209 9710 / 209 9715 Fax: +36 1 466 4221 E-Mail: delhun-mailto@delhun.cec.eu.int Website: www.eudelegation.hu
Latvia EC Delegation Mr Andrew Rasbash, Head of Delegation World Trade Centre, Tornu st, 4 block 1c, Jacob's Barracks, 1050 Riga Tel: +371 732 5270 Fax: +371 732 5279 E-Mail: mailto@dellat.cec.eu.int Website: http://www.eiropainfo.lv/indexfla.htm	**Lithuania** EC Delegation Mr Michael Graham, Head of Delegation Naugarduko 10, 2001 Vilnius Tel: +370 2 31 3191 Fax: +370 2 31 3192 E-Mail: michael.graham@delltu.cec.eu.int Website: http://www.eudel.lt/english/
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Section 6

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Website: www.europa.eu.int/comm/regional_policy/index_en.htm

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Website: http://fp6.cordis.lu/fp6/home.cfm

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European Commission Document: ISPA in a nutshell
European Commission Document: ISPA contactsl
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EU INTERREG Community Initiative:

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EU Leonardo Da Vinci Programme:

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Website: http://www.europa.eu.int/comm/education/programmes/leonardo/leonardo_en.html

EU PHARE Programme:

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European Commission Document: Guidelines for PHARE Programme Implementation in candidate countries 2000-06
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Website : http://europa.eu.int/comm/enlargement/pas/phare/index.htm

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Website: http://europa.eu.int/comm/europeaid/projects/tacis/contacts_en.htm
http://www.tacis-mtp.org
http:// www.jvi.org

EU Trans-European Networks:

Regulation (EC) No 1655/1999 of the European Parliament and the Council of 19 July 1999 amending Regulation (EC) No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks (Official Journal L 197 of 29 July 1999)
Council Regulation (EC) No 2236/95 of 18 September 1995 laying down general rules for the granting of Community financial aid in the field of trans-European networks (Official Journal L 228 of 23 September 1995)
Decision No 1692/96/EC of the European Parliament and the Council of 23 July 1996 on Community guidelines for the development of the trans-European transport network (Official Journal L 228 of 9 September 1996)
Website: http://www.europa.eu.int/comm/ten/transport/index_en.htm

The World Bank:

Website: http://www.worldbank.org
http://www.worldbank.org/fps
http://www.worldbank.org/ida/
http://www.ifc.org/europe/
http://www.miga.org/

Airports Council International
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Serving airports in 45 countries