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*(Acts whose publication is obligatory)*

**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**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular the third paragraph of Article 129d thereof,

Having regard to the proposal from the Commission <sup>(1)</sup>,

Having regard to the opinion of the Economic and Social Committee <sup>(2)</sup>,

Having regard to the opinion of the Committee of the Regions <sup>(3)</sup>,

Acting in accordance with the procedure laid down in Article 189c of the Treaty <sup>(4)</sup>,

Whereas under Article 3 (n) of the Treaty the activities of the Community should include encouragement for the establishment and development of trans-European networks;

Whereas Article 129b of the Treaty states that to help achieve the objectives referred to in Articles 7a and 130a of the Treaty the Community shall contribute to the establishment and development of trans-European networks in the areas of transport, telecommunications and energy infrastructures;

Whereas Article 129b (2) of the Treaty is aimed at promoting the interconnection and interoperability of national networks as well as access to such networks and must take account in particular of the need to link island, land-

locked and peripheral regions with the central regions of the Community;

Whereas Article 129c of the Treaty provides that the Community shall establish a series of guidelines covering the objectives, priorities and broad lines of measures envisaged in the sphere of trans-European networks and that it may support the financial efforts of the Member States to establish trans-European networks;

Whereas general rules should be laid down for the Community financing of trans-European networks, thereby permitting implementation of this Article;

Whereas under Article 129c of the Treaty Community aid may be granted to projects of common interest which are identified in the framework of the guidelines;

Whereas the guidelines referred to in Article 129c (1) of the Treaty, proposed by the Commission, are under consideration by the European Parliament and the Council; whereas, should the decisions adopting these guidelines not have entered into force when this Regulation enters into force, provision should be made on a transitional basis for a possible Community contribution to specific priority projects within the limits of the appropriations available for the financial year 1995 and at the latest until 31 December 1995;

Whereas involvement of private capital funding trans-European networks should be increased and the partnership between the public and private sectors developed;

Whereas Community aid may take the form in particular of feasibility studies, loan guarantees or interest rate subsidies; whereas these subsidies and guarantees relate in particular to financial support from the European Investment Bank or other public or private financial bodies; whereas in certain duly justified cases direct grants to investments may be considered;

<sup>(1)</sup> OJ No C 89, 26. 3. 1994, p. 8.

<sup>(2)</sup> OJ No C 195, 18. 7. 1994, p. 74.

<sup>(3)</sup> OJ No C 217, 6. 8. 1994, p. 36.

<sup>(4)</sup> Opinion of the European Parliament of 30 November 1994 (OJ No C 363, 19. 12. 1994, p. 23). Council common position of 31 March 1995 (OJ No C 130, 29. 5. 1995, p. 1) and Decision of the European Parliament of 12 July 1995 (not yet published in the Official Journal).

Whereas loan guarantees will be granted on a commercial basis by the European Investment Fund or by other financial organizations; whereas Community financial aid may cover all or part of the premiums paid by the beneficiaries of these guarantees;

Whereas Community aid is chiefly intended to overcome any financial obstacles which may arise during the start-up phase of a project;

Whereas it is necessary to set a limit for Community aid in relation to the total cost of investment;

Whereas Community aid is to be granted to projects on the basis of how much they contribute to the objectives of Article 129b of the Treaty and the other objectives and priorities covered by the guidelines referred to in Article 129c of the Treaty; whereas account should also be taken of other aspects such as the stimulative effect on public and private finance, the direct and indirect socio-economic effects of projects, in particular on employment, and the consequences for the environment;

Whereas the Commission must carefully evaluate the potential economic viability of the projects, with the help of cost/benefit analyses and other appropriate criteria, as well as their financial profitability;

Whereas Community financial support under Article 129c (1) of the Treaty must be compatible with Community policies, in particular on networks and as regards environmental protection, competition and the award of public contracts; whereas environmental protection includes an environmental impact assessment;

Whereas it is necessary to clarify the respective powers and responsibilities of Member States and the Commission with regard to financial control;

Whereas the Commission must ensure proper coordination of all Community activities, especially between financing under trans-European networks, and that of the Structural and Cohesion Funds, of the European Investment Fund and of the European Investment Bank, affecting trans-European networks;

Whereas provision should be made for suitable methods of evaluation, follow-up and control of Community aid;

Whereas there should be suitable information, publicity and transparency regarding the activities financed;

Whereas a financial reference amount, within the meaning of point 2 of the Declaration by the European Parliament, the Council and the Commission of 6 March 1995, is included in this Regulation for its implementation, without thereby affecting the powers of the budgetary authority as they are defined by the Treaty;

Whereas an assessment should be made before the end of the financial perspective for the period 1994-99 whether and to what extent the action provided for in this Regulation meets the Community's needs,

HAS ADOPTED THIS REGULATION:

### *Article 1*

#### **Definition and Scope**

This Regulation defines the conditions and procedures for granting Community aid to projects of common interest in the field of trans-European networks for transport, telecommunications and energy infrastructures under Article 129c (1) of the Treaty.

### *Article 2*

#### **Eligibility**

1. Community aid may be granted only to projects of common interest (hereinafter referred to as 'projects') identified within the framework of the guidelines referred to in Article 129c (1) of the Treaty.

Parts of projects within the meaning of the first subparagraph shall also be eligible in so far as they form technically and financially independent units.

2. Projects shall be eligible if they are financed by the Member States or by regional or local authorities or by bodies working within an administrative or legal framework which makes them equivalent to public entities, in particular public or private enterprises which run public services or services in the public interest.

A project shall be considered to be financed by the Member State when it is implemented and directly financed by a public authority or receives public aid or aid out of public resources, in whatever form, granted by a national, regional or local body.

*Article 3***Transitional clause**

Should the decisions adopting the guidelines referred to in Article 129c (1) of the Treaty not yet have entered into force when this Regulation enters into force, specific projects, the financing of which is of a priority nature and which relate in particular to transport infrastructure, may be regarded as eligible within the meaning of this Regulation.

This provision shall apply until the day of the entry into force of the decisions adopting the guidelines in the area of infrastructure concerned, and at the latest until 31 December 1995.

*Article 4***Forms of aid**

1. Community aid for projects may take one or several of the following forms:

- (a) co-financing of studies related to projects, including preparatory, feasibility and evaluation studies, and other technical support measures for these studies.

Community participation may in general not exceed 50 % of the total cost of a study.

In exceptional, duly substantiated cases, at the initiative of the Commission and with the consent of the Member States concerned, Community participation may exceed the limit of 50 %;

- (b) subsidies of the interest on loans granted by the European Investment Bank or other public or private financial bodies. As a general rule, the duration of subsidy shall not exceed five years;
- (c) contributions towards fees for guarantees for loans from the European Investment Fund or other financial institutions;
- (d) direct grants to investments in duly justified cases;
- (e) Community assistance under (a) to (d) shall be combined, where appropriate, in order to maximize the stimulus provided by the budgetary resources deployed, which shall be used in the most economical way.

2. The forms of Community aid referred to under (a) to (d) shall be used selectively to take account of the specific characteristics of the various types of network involved and to ensure, in respect of the telecommunications and energy networks, that such aid does not cause distortions of competition between undertakings in the sector concerned.

*Article 5***Conditions for Community aid**

1. Community aid shall be granted, in principle, only if achievement of a project meets financial obstacles.
2. Community aid shall not exceed the minimum considered necessary for the launch of a project.
3. Regardless of the form of intervention chosen, the total amount of Community aid under this Regulation shall not exceed 10 % of the total investment cost.
4. The financial resources provided for under this Regulation shall not, in principle, be assigned to projects or stages of projects which benefit from other sources of Community funding.

*Article 6***Project selection criteria**

1. Projects shall be assisted according to their degree of contribution to the objectives set out in Article 129b of the Treaty and to the other objectives and priorities defined in the guidelines referred to in Article 129c (1) of the Treaty.
2. Community aid shall be assigned to projects that are potentially economically viable and for which the financial profitability at the time of application is deemed insufficient.
3. The decision to grant Community assistance should also take account of:
  - the maturity of the project,
  - the stimulative effect of community intervention on public and private finance,
  - the soundness of the financial package,
  - direct or indirect socio-economic effects, in particular on employment,
  - the environmental consequences.
4. Especially in the case of cross-border projects, coordination of the timing of different parts of the project shall also be taken into account.

*Article 7***Compatibility**

The projects financed under this Regulation shall comply with Community law and Community policies, in particular in relation to environmental protection, competition and the award of public contracts.

*Article 8***Submission of applications for financial aid**

Applications for financial aid shall be submitted to the Commission by the Member State concerned or by the body directly concerned with the agreement of the Member State.

*Article 9***Information required for the assessment and identification of applications**

1. Each application for financial aid shall include all the information necessary for the examination of the project according to Articles 5, 6 and 7, and in particular :

(a) if the application concerns a project :

- the body responsible for carrying out the project,
- a description of the project concerned and the type of Community aid envisaged,
- the results of the cost/benefit analyses, including the results of the potential economic viability analysis and of the financial profitability analysis,
- the position of the project, according to the guidelines, in the field of transport, on the axes and nodes,
- consistency with regional planning,
- a summary description of the environmental impact, based on the assessments carried out in accordance with Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment<sup>(1)</sup>,
- a statement that alternative possibilities of public and private financing, including the European Investment Fund and the European Investment Bank, have been examined,
- a financial plan listing, in ecus or in national currency, all the components of the financial package, including the financial aid requested from the Community and the Member State and the aid already granted ;

(b) if the application relates to a study, the study's objective and purpose and the methods and techniques envisaged ;

(c) a provisional timetable of work ;

(d) a description of the control measures to be operated by the Member State concerned over the use of the funds requested.

2. Applicants shall supply the Commission with any relevant additional information which it requires.

3. The Commission may seek any specialist advice it requires in order to assess an application, including the opinion of the European Investment Bank.

*Article 10***Grant of financial aid**

The Commission shall decide to grant financial aid under this Regulation according to its assessment of the applications in accordance with the selection criteria and the procedure specified in Article 17. It shall notify its decision directly to the beneficiaries and to the Member States.

*Article 11***Financial provisions**

1. Community aid may cover only project-related expenditure incurred by the beneficiaries or by third parties responsible for the implementation of a project.

2. Expenditure incurred before the date on which the Commission received the application for financial aid shall not be covered.

3. Decisions to grant financial aid taken by the Commission under Article 10 shall be binding as commitments to incur expenditure authorized by the Budget.

4. As a general rule, payments shall be made in the form of advances, intermediate payments and a final payment. The advance, which shall not normally exceed 50 % of the first annual tranche, shall be paid once the application for aid has been approved. Intermediate payments shall be made on the basis of requests for payment, taking account of the progress made in implementing the project or study and, if necessary taking account of revised financial plans in a rigorous and transparent manner.

5. The payments must take account of the fact the infrastructure projects will be implemented over a period of years and that provision must therefore be made for multiannual financing.

6. The Commission shall make the final payment after approval of the final report on the project or study, submitted by the beneficiary and itemizing all the expenditure actually incurred.

7. The Commission shall determine, following the procedures set out in Article 17, the procedures, timetable and amounts for payments of interest-rate subsidies and guarantee premium subsidies.

<sup>(1)</sup> OJ No L 175, 5. 7. 1985, p. 40.

*Article 12***Financial control**

1. In order to guarantee successful completion of projects financed by this Regulation, Member States shall take the necessary measures to :

- verify on a regular basis that projects and studies financed by the Community have been properly carried out,
- prevent irregularities and take action against them,
- recover any amounts lost as a result of irregularity including interest on account of late repayment in accordance with the rules adopted by the Commission. Except where the Member State and/or the implementing authority provide proof that they were not responsible for the irregularity, the Member State shall be liable in the alternative for reimbursement of any sums unduly paid.

2. Member States shall inform the Commission of the measures taken for these purposes and, in particular, shall notify the Commission of the description of the management and control systems established to ensure the efficient implementation of projects and studies.

3. Member States shall make available to the Commission any appropriate national reports on the control of projects.

4. Without prejudice to any control measures carried out by the Member States in accordance with national laws, regulations and administrative provisions and without prejudice to the provisions of Article 188 a of the Treaty and control measures carried out in accordance with Article 209 (c) of the Treaty, Commission officials or agents may carry out spot checks, including sample checks, in respect of projects financed under this Regulation and may examine the control systems and measures established by the national authorities, which shall inform the Commission of measures taken to that end.

5. Before carrying out an on-the-spot check, the Commission shall give notice to the Member State concerned with a view to obtaining all the assistance necessary. If the Commission carries out on-the-spot checks without giving notice, it shall be subject to agreements reached in accordance with provisions of the Financial Regulation. Officials or agents of the Member State concerned may take part in such checks.

The Commission may require the Member State concerned to carry out an on-the-spot check to verify the correctness of payment applications. Commission officials or agents may take part in such checks, and must do so if the Member State concerned so requests.

The Commission shall ensure that any checks that it carries out are performed in a coordinated manner so as to avoid repeating checks in respect of the same subject matter during the same period. The Member State concerned and the Commission shall immediately exchange any relevant information concerning the results of the checks carried out.

6. In the case of Community aid granted to the bodies referred to in Article 2 (2), the control measures shall be carried out by the Commission in cooperation with the Member States.

7. The responsible bodies and authorities shall keep available for the Commission all the supporting documents regarding expenditure on any project for a period of three years following the last payment in respect of the project.

*Article 13***Reduction, suspension and cancellation of assistance**

1. If the implementation of an operation appears not to justify, in whole or in part, the financial aid allocated to it, the Commission shall conduct an appropriate examination of the case, in particular requesting the Member State, or the authorities or bodies designated by it to carry out the operation, to submit their comments within a specified period of time.

2. Following the examination referred to in paragraph 1 above, the Commission may reduce, suspend or cancel aid in respect of the operation in question if the examination reveals an irregularity or a failure to comply with one of the conditions laid down in the decision to grant assistance, and in particular any significant change affecting the nature of, or conditions for carrying out, the project for which the Commission's approval was not sought.

Any undue cumulation shall give rise to the recovery of sums unduly paid.

3. Any sum to be recovered for want of due entitlement shall be repaid to the Commission.

*Article 14***Coordination**

The Commission shall be responsible for coordination and coherence between the projects undertaken under this Regulation and projects undertaken with the help of contributions from the Community budget, the European Investment Bank and other Community financial instruments.

*Article 15***Appraisal, monitoring and evaluation**

1. The Member States and the Commission shall ensure that the implementation of projects under this Regulation is subject to effective monitoring and evaluation. Projects may be adapted according to monitoring and evaluation results.

2. In order to ensure that Community aid is used efficiently, the Commission and the Member States concerned shall systematically evaluate progress with projects, where appropriate with the cooperation of the European Investment Bank.

3. On the receipt of an application for aid and before approving it, the Commission shall carry out an appraisal in order to assess the project's conformity with the conditions and criteria laid down in Articles 5 and 6. Where necessary, the Commission shall invite the European Investment Bank to contribute to this appraisal.

4. During the implementation of projects and after their completion the Commission and the Member States shall evaluate the manner in which they have been carried out and the impact of their implementation, in order to assess whether the original objectives can be, or have been, achieved. This evaluation shall, *inter alia*, cover the impact of projects on the environment, having regard to the Community laws in force.

5. Monitoring shall be carried out, where appropriate, by reference to physical and financial indicators. The indicators shall relate to the specific character of the projects and its objectives. They shall be arranged in such a way as to show:

- the stage of the project reached in relation to the plan and the objectives originally laid down,
- the progress achieved on the management side and any related problems.

6. In vetting individual applications for assistance, the Commission shall take into account the findings of appraisals and evaluations made in accordance with this Article.

7. Procedures for evaluation and monitoring, as provided in paragraphs 4 and 5, shall be established in the Decisions approving the projects.

*Article 16***Information and publicity**

1. The Commission shall submit an annual report on the activities carried out under this Regulation to the

European Parliament, the Council, the Economic and Social Committee and to the Committee of the Regions for their appraisal. This report shall contain an evaluation of the results achieved with Community aid in different fields of application, in terms of original objectives.

2. Beneficiaries shall ensure that suitable publicity is given to assistance granted under this Regulation in order to inform the public of the role played by the Community in the implementation of the projects. They shall consult the Commission on how this should be done.

*Article 17***Committee**

1. The Commission shall be responsible for the implementation of this Regulation.

2. In implementing this Regulation, the Commission shall be assisted by one Committee that will meet in the appropriate composition according to the sectors treated:

- trans-European networks in the field of transport,
- trans-European networks in the field of telecommunications,
- trans-European networks in the field of energy.

The Committee shall be composed of representatives of the Member States and chaired by a representative of the Commission.

The European Investment Bank shall appoint a representative to the Committee who shall not vote.

3. The representative of the Commission shall submit to the Committee a draft of the measures to be adopted. The Committee shall deliver its opinion on the draft within a time limit which the Chairman may lay down according to the urgency of the matter. The opinion shall be delivered by the majority laid down in Article 148 (2) of the Treaty in the case of decisions which the Council is required to adopt on a proposal from the Commission. When votes are taken within the Committee, the votes of the representatives of the Member States within the Committee shall be weighted as defined in that Article. The Chairman shall not vote.

4. (a) The Commission shall adopt the measures envisaged if they are in accordance with the opinion of the Committee.

(b) If the measures envisaged are not in accordance with the opinion of the Committee, or if no opinion is delivered, the Commission shall, without delay, submit to the Council a proposal relating to the measures to be taken. The Council shall act by a qualified majority.

If, on the expiry of a period of three months from the date of referral to the Council, the Council has not acted, the proposed measures shall be adopted by the Commission.

*Article 18*

**Budgetary resources**

The financial reference amount for the implementation of this Regulation for the period 1995-99 shall be ECU 2 345 million.

The annual appropriations shall be authorized by the budgetary authority within the limits of the financial perspective.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 18 September 1995.

*Article 19*

**Revision clause**

Before the end of 1999, acting in accordance with the procedure laid down in the third paragraph of Article 129d of the Treaty, the Council shall examine whether and under which conditions the measures provided for in this Regulation will be continued after the end of the period referred to in Article 18.

*Article 20*

**Entry into force**

This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Communities*.

*For the Council*

*The President*

P. SOLBES MIRA

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