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STATE AUDIT  
OFFICE OF HUNGARY

## SUMMARY

of the Audit on the Implementation of Priority Wastewater  
Management Projects Financed by the Cohesion Fund and  
National Resources

0948

December 2009



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# AUDIT REPORT

## on the Implementation of Priority Wastewater Management Projects Financed by the Cohesion Fund and National Resources

### INTRODUCTION

Water is not a commercial product like any other but, rather, a heritage which must be protected, defended and treated as such.' (Water Framework Directive)

Communal wastewater has a bearing on the quality of the waters, soil and groundwater of Europe, and thereby also on the quality of the drinking water resources. For this reason, the European Union (hereinafter: the EU) adopted several directives and financially supported the delivery of wastewater management projects.

The National Environment Protection Programme II (hereinafter: NEPP II), covering the period 2003-2008 and the Wastewater Programme, adopted in 2002 as the country's sectoral strategy, both aimed at the meeting of Hungary's EU-related commitments by deadline and, as shown by the chart below, contributed to the closing of the public utilities' gap between running water and drainage supplies<sup>1</sup>.

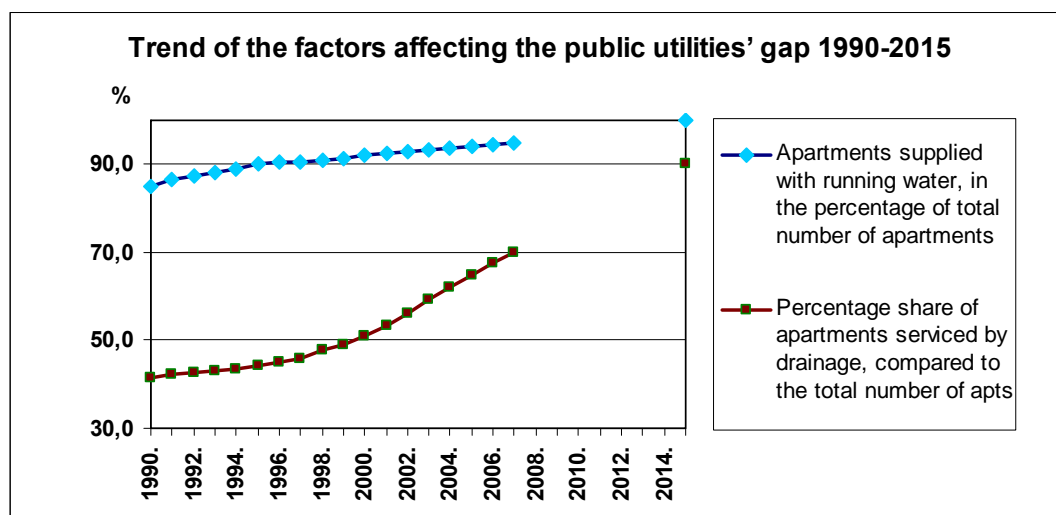


Chart 1

On national level, the overall objective is to ensure that nearly 90% of the households have access to a wastewater collection system by 31 December 2015. The Council Directive of 21 May 1991 concerning Urban Wastewater

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<sup>1</sup> For the years 1990-2007 actual data are presented, for 2015 data indicate expectable values.

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Treatment stipulates that, depending on their size, all agglomeration areas should have a collection network for their communal wastewater by the end of 2010, respectively by the end 2015 that provides at least secondary treatment, and in case of sensitive areas in the agglomeration with a population equivalent of more than 10,000, also a tertiary treatment by 30 December 2008.

Planning works on the establishment of wastewater collection systems were influenced by the facts that the development of national drinking water network came to an end and, consequently, the discharge of wastewater increased. Some, rather unpredictable, factors like the changes in the economic environment (closing down of existing industrial enterprises, settlement of new ones) and in the civil society (gradual disappearance of big cultural events, appearance of new events on new sites) pose a risk for planning the wastewater collection system as far as society is concerned.

Strategies developed for using the grants from ISPA and the Cohesion Fund (hereinafter: ISPA/CF) put the stress mainly on the wastewater programmes of the capital city, towns with county status and their agglomeration areas, and generally on bigger size agglomerations areas covering a population equivalent of more than 50,000. This prioritization was justified by the fact that under ISPA/CF priority projects could be financed only in case a co-financing was also granted and also by the fact that – due to Hungary’s pattern of settlements – projects of this size needed to be implemented mainly in the capital city and the towns with county status.

These priority projects were funded from 2000 by ISPA and then, as a continuation from 2004, by the Cohesion Fund (hereinafter: CF). From 2007 the projects have been realized under the New Hungary Development Plan with CF co-financing.

Taking into account also the implemented development projects, the relevant obligation<sup>2</sup> towards the EU, applicable to the capital city, towns with county status, their respective total agglomeration areas and all agglomerations areas with a population equivalent of more than 50,000 is not going to be fulfilled completely by the set deadline of 31 December 2010 - especially in respect of the grade of wastewater management - in each of the concerned towns and settlements, but further development projects are going on.

The contents of the 10 audited ISPA/CF projects were different. In terms of being provided with drainage system, even those 10 of the 24 big cities in Hungary could be considered as developed prior to the project (their drainage provision rate varied between 70 and 92%) that were able to deliver their respective priority project. Chart 2 illustrates the rate of households provided with (i.e. having access to) drainage system.

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<sup>2</sup> This obligation is the same as the one applicable to an agglomeration with a population equivalent of more than 15 000 inhabitants.

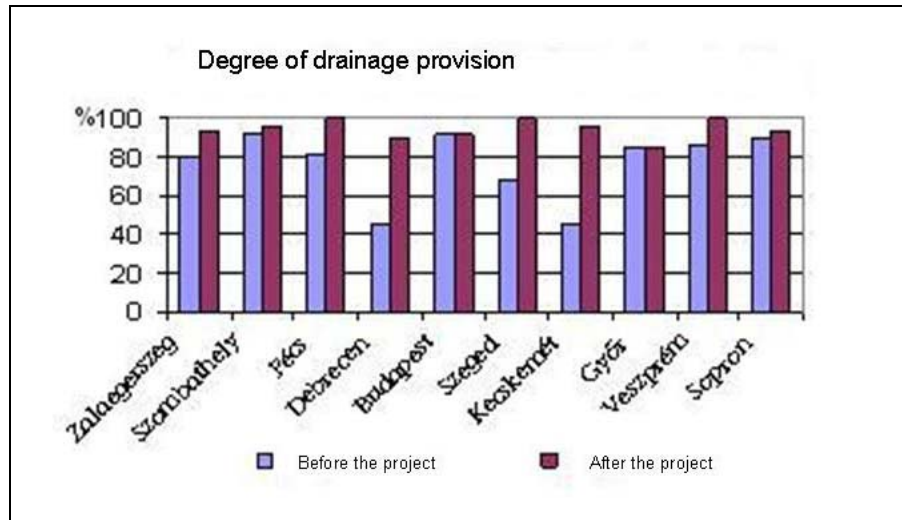


Chart 2

The time span of the individual wastewater plant development projects was also different. Out of the 10 projects, the establishment of 3 new plants and the enhancement of 7 existing plants were either realized, or to be realized to a certain extent. (e.g. the elimination of the stench effects; composting; utilization of biogas; implementing some minor supplementary reconstructions.)

**The audit goal was to assess** whether wastewater management projects co-financed by the CF have effectively and efficiently served the achievement of Hungary's wastewater management goals and the utilization of the relevant resources.

In course of the audit, it was assessed whether

- the frameworks were set in a way that allowed for an effective and efficient implementation of the goals;
- the new facilities, in case of projects addressing already operating wastewater plants, were established cost efficiently;
- the relevant EU requirements (as derivable from the Acquis Communautaire) were met, while operating the facilities, with special regard to the sustainability and 'the polluter pays' policies;
- the operation of the wastewater management plants' set up was effective (whether the plants had appropriate capacities and the emitted water was of appropriate quality); and whether, in this context, the treatment and disposal of the wastewater sludge was appropriate.

The audit of the ISPA/CF projects was carried out with the use of the performance audit methodology, focusing mainly on effectiveness and efficiency, not on regularity issues.

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## FINDINGS AND RECOMMENDATIONS

In Hungary, local governments of settlements received a total grant of HUF 591.5 billion (deriving from EU and national funds) under the budgetary title 'wastewater utility development' from the year 2000, when the first ISPA grants were awarded, until the end of 2008. In this period, the application of purely national funds altogether surpassed those of the EU funds, however with the appearance of EU grants, they gradually decreased and finally came to an end in 2007. The following chart shows the grants broken down by their origin.

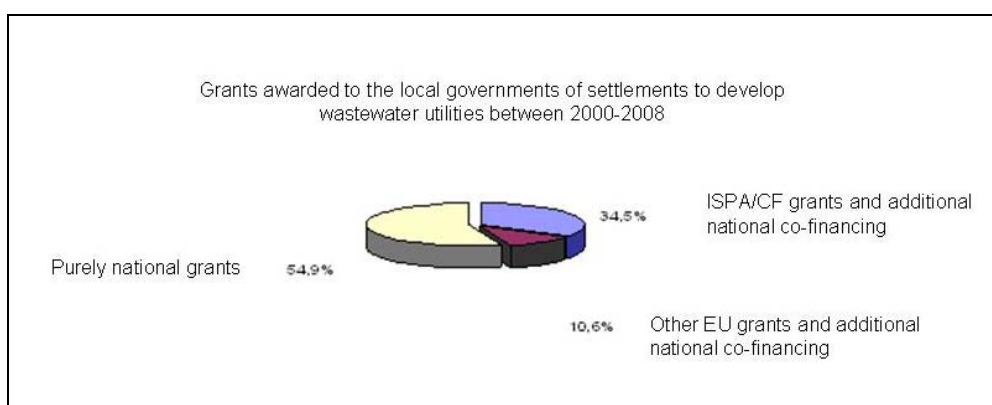


Chart 3

ISPA/CF grants and additional national co-financing accounted for 34.5% of the total funding for wastewater utility developments in the framework of 10 projects that totalled HUF 204.3 billion.

As explained in the Introduction, the contents of the individual projects considerably differed, depending particularly on the former development of the respective agglomeration areas. However, each of the 10 projects<sup>3</sup> contributes to the improvement of wastewater management and promotes compliance with EU requirements.

Planning and delivery of the 10 ISPA/CF projects were affected by several important factors. Namely, these projects took place after intensive national developments and simultaneously with other national development measures, without adequately harmonizing and coordinating national and EU resources and amid public procurement irregularities. Furthermore, in comparison to the submitted competitive applications, abundant resources were available and the projects created capacity surplus for the wastewater plants, which the plants were not able to use. The enforcement of the requirements of cost efficiency was not given priority.

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<sup>3</sup> As regards the projects, the one of the town Győr has been closed, and the project closure of the town Szeged was ongoing, while that of town Sopron was being prepared at the time of the on-site audit. In case of the other projects, delivery was still ongoing.

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**The establishment of a framework system for wastewater management** (incl. drafting strategy, adopting legal regulations, setting up the institutional background) basically has been concluded by the time of Hungary's accession to the EU or shortly afterwards.

At the time of the on-site audit no national regulation was in place either on a single calculation practice of the wastewater charge or on a classification system to assess the quality of waters.

Regulation on economical set-up of agglomeration areas was adopted, however, application of the regulation failed. Unique engineering solutions providing services for a smaller population (ranging from a population equivalent of 1 thousand to 50 thousand) were not supported under the grant scheme. Due to their lacking references, these solutions could not disperse.

Hungarian agencies developed the relevant strategies ('strategic documents') in alignment to the EU requirements. In the sectoral strategy (i.e. 'Wastewater Management Programme') the funds were in harmony with the goals set and the fields to be developed were specified. However, in order to put the strategies into practice, it would have been necessary to schedule the development measures and provide the necessary funds, but these steps were not taken. Strategies on ISPA/CF could be achieved only restrictedly due to the small number (10) of eligible and well prepared projects.

Delivery of the projects was encumbered by the lengthy discussions with the Delegation of the European Commission to Hungary and the European Commission, and also by the amendments in public procurement and VAT rules. Moreover, the majority of the projects (7 out of 10) had to be prepared and started up before Hungary's accession to the EU, while the EU-related institutional system (in terms of law, finances, IT system, project implementation) was established and developed simultaneously.

Among the **selection criteria of ISPA/CF projects**, the emphasis was placed on the state of preparedness of the possible individual projects in order to meet the requirements set by the EU and to commit the funds provided.

According to the available documents, the European Commission considered mainly the number of population and the per capita development cost when judging on the submitted applications. Based on this approach, it rejected two project proposals and two other project proposals were withdrawn by Hungarian agencies due to the small population affected, the high per capita costs and doubtful economy. For such reasons the Commission requested further versions of the proposal to be drafted regarding the development affecting the Hegyesd agglomeration area of the Veszprém Project. This request was fulfilled by the beneficiary, but it was the initially proposed version that was finally approved.

As for the project preparation documents, their quality was not uniform, shortcomings<sup>4</sup> were revealed, as the substantiation of the budget plans was put at risk and the budgeted and actually recorded costs showed striking differences (e.g. in certain cases implementation took place for half the price of what had been previously budgeted, in other cases it cost 1,5 or 3 times as much).

The **planning practice** lacked a single set of criteria. The cost-benefit analyses (CBA) attached to the feasibility studies differed in respect of the expectable lifetime of the investment, the applied exchange rates, the factors covered by the sensitivity analysis, and the residue<sup>5</sup>, therefore they did not allow the comparison of the projects. Furthermore, as socio-economic and environmental impacts were taken into account rather permissively, even projects with excessive costs could be considered profitable. When approving the CBAs, the Commission proved to be flexible, and relied on the opinion of the experts delegated.

**It has been characteristic of project implementation** that initial engineering goals have been achieved with minor amendments and (in case of 5 projects) additional developments have been carried out with the help of savings in other fields and funds not committed. In spite of the savings, as regards the totality of projects, additional expenditures have arisen, and implementation has been drawn out. Chart 4 presents the project implementation in terms of time and finances.

(NB: eligible costs stand for the amount the project beneficiaries can claim as EU-grant or national co-financing from the Hungarian budget)

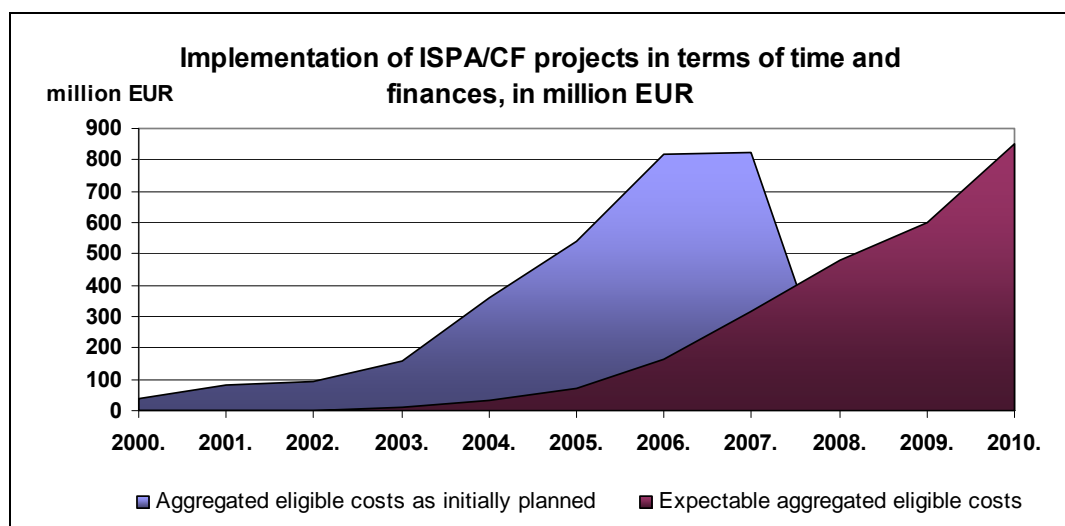


Chart 4

With an implementation of the initial plans, the projects would expectably create a total wastewater management capacity of 656 thousand m<sup>3</sup>/day (22%

<sup>4</sup> In-depth project budgets were typically not the case. Only cost estimates, made up of cca. 10 items, were available for the audit.

<sup>5</sup> For the ISPA projects the relevant CBA guidance did not allow yet the application of a residual value, but for the CF projects another relevant guidance did allow it.

of the 2006 national capacity); establish new drainages with a length of 1.164 km (3% of the 2004 national network) and reconstruct drainages with a length of 30.5 km. In addition, it is also planned to establish and reconstruct mains with a total length of 120 and 95 km respectively, to utilize an additional (sludge) composting capacity of 95 thousand tons/year, and renovate 1,857 km<sup>2</sup> of sheathing. The respective projects of the towns Sopron, Kecskemét, Szombathely, Veszprém and Budapest are implementing new project components, which are to be delivered by the end of 2010.

As compared to their respective schedules, implementation of the projects started one and a half years later on the average, and is expected to be completed two and a half years later than scheduled. The latter delay is partly due to the extra time needed for the implementing of the new project components. Chart 5 shows the implementation schedule of the different towns.

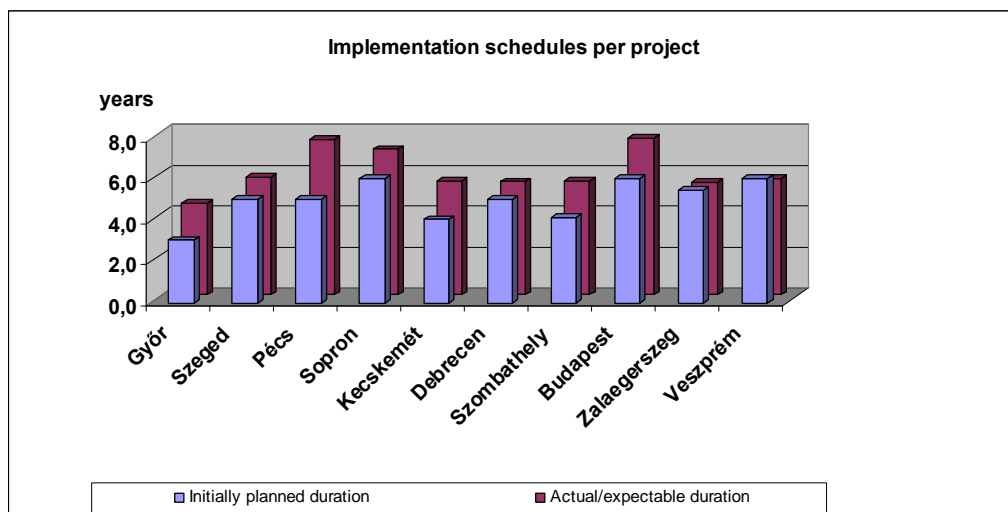


Chart 5

A full utilization of the financial allocations approved by the Commission by the 2010 deadline is in danger in case of two projects (those of the towns of Budapest and Debrecen). Project completion by deadline is endangered in Debrecen mainly due the lengthy archaeological excavations and the delay caused by the contractor's bankruptcy, while in Budapest it is due to the implementation of new project components.

During its audits in late 2007 and early 2008, the Commission raised objections to the public procurement actions taken in 2005 by the Budapest Central Wastewater Treatment Plant. The Commission's relevant proceeding resulted in the withdrawal of EUR 40.5 million (about HUF 10.5 billion) from the grant available for the initially planned project elements. This sum has to be provided by the Hungarian party. However, the Commission simultaneously approved of the utilization of the said amount for new facilities.

As regards financial implementation, the total budgeted cost of the projects is expected to increase by 14% (i.e. HUF 29.2 billion). Beneficiaries committed 76.1% of the increased financial allocation through contracts, and disbursed 58% of this allocation as of 30 June 2009.

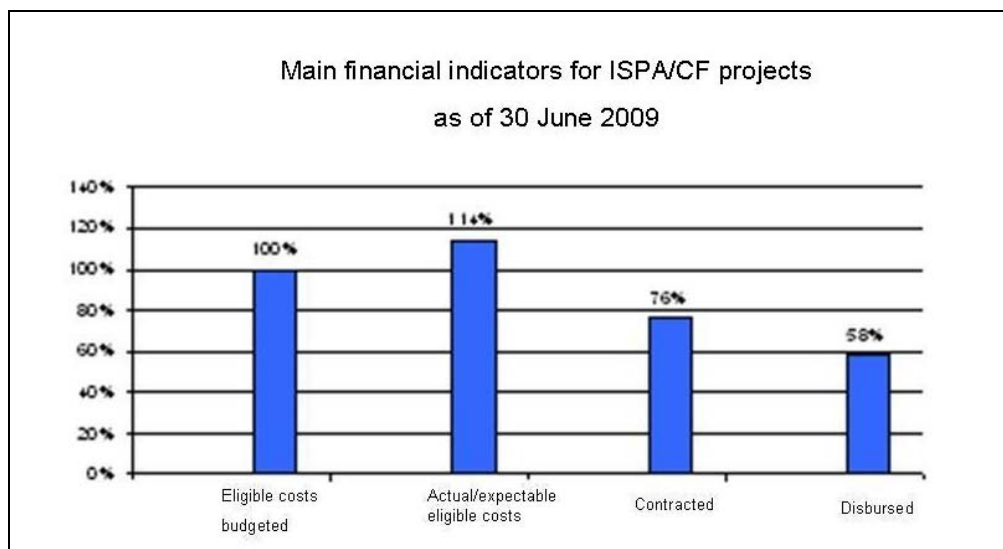


Chart 6

The increase in costs as regards the respective projects of the towns of Szeged and Győr was brought about by cost overruns. In case of the Budapest project, the Commission withdrew funds during project delivery, but then awarded the same amount for new project components. Therefore, the initially budgeted costs are expected to rise mainly on account of the additional national resources that are to be raised to make up for the withdrawn EU resources. The costs of the Zalaegerszeg and Veszprém projects had to be re-structured due to the amendments to the VAT rules.

**Efficiency in using the funds** was not assessed by re-granter institutions or the beneficiaries. Efficiency analysis was carried out by the State Audit Office of Hungary during the audit on 6 projects addressing already operating wastewater plants.

Per-unit costs of the individual projects, though seemingly dependent on public procurement, were determined basically by the planning practice. When planning their respective ISPA/CF projects, no published 'cost standards' of the EU were made available for the beneficiaries.

The budgeted investment cost of the Hungarian projects was similar to those of the projects of other EU Member States.

Project sizes ranged from less than EUR 10 million (HUF 2.6 billion) in case of smaller agglomeration areas, to more than EUR 200 million (HUF 52 billion) regarding larger urban areas. Due to the economies of scale, the cost per capita decreased in proportion to the increase in the size of the wastewater plant. This had been laid down<sup>6</sup> by the European Court of Auditors during its audits on

<sup>6</sup> For further information see the European Court of Auditors' 3/2009 special report.

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wastewater plant projects in Ireland, Spain, Portugal, Greece, but this was typical for the Hungarian projects, too. In case of the Veszprém Project, the cost budgeted for the smallest agglomeration area (of Hegyesd) amounted to EUR 9.8 million (approximately HUF 2,6 billion). The cost budgeted for the Budapest Project, which is considered a large one even by European standards, amounted to EUR 428.7 million (HUF 111.5 billion).

The wide variance<sup>7</sup> in actual costs of the projects compared to the initial budgets (even 50% lower or 43% higher than planned) also draws attention to the shortcomings in the planning and budgeting systems and cost management.

Regarding the 6 ISPA/CF projects subject to on-site audit, **the facilities** – with the exception of those belonging to the Szeged project - **were operated** by public water utility companies owned exclusively by local governments. Consequently, based on the Act on Water Management, the local governments (or the associations of local governments) had – and also took advantage of - the possibility to contract facility operators without a public procurement procedure.

In case of the Szeged project, the beneficiary local government delegated operational tasks to two contracted operators. (One of them not being owned by the local government.) This special arrangement of facility operation (that is, the local government being only the majority owner, but not the exclusive owner of the operator) was accepted by the Commission with its simultaneously request for the fulfilment of the sustainability requirement.

Concerning the **financial sustainability of public water utility facilities**, no national regulation was in place governing a country-wide single calculation practice of charges and the drafting of reconstruction plans and related depreciation plans. Lacking such regulations, the safeguards of financial sustainability are deficient.

As no regulation is available on a single calculation practice of the utility charge, the local governments, in their capacity as price regulation authorities, developed the water and wastewater charges on the basis of their different interests and price-setting methods. As a result, in the scope of the projects, the structure of the charges and the terms used differed per provider, and per settlement.

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<sup>7</sup> The respective contractors agreed to implement the planned sewerage network developments for half of the budgeted amount in the agglomeration areas Zirc and Hegyesd, and for 75% of the budgeted amount in the town Veszprém. In case of Szeged, the actual cost was 43% higher than budgeted. For the wastewater plant development costs, the difference (between budgeted and actual) was more than 20% respectively (calculated on the grounds of the initially planned engineering requirements). Actual costs exceeded the budgeted in Hegyesd, Zirc, Veszprém and Szeged (by 23%, 35%, 228% and 29% respectively) and were lower in Kecskemét and Szombathely (by 26% and 22% respectively.)

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Based on the proposed draft legislation being under preparation during the on-site audit, the accurate content of the water utility service charges and the way of developing the renovation and reconstruction plans are expected to be regulated in the second half of 2009. Control by the relevant price regulation authorities (i.e. local governments) did not become part of the draft legislation.

In the recent years, the Ministry of Environment and Water (hereinafter: MoEW) provided an annual financial assistance of HUF 4.5 to 4.8 billion for the local governments of settlements under the budgetary title of 'subsidizing water and wastewater charges' without the country having a single calculation practice for these utility charges and without control by the relevant price regulation authorities. The applications submitted by local governments under this title were scrutinized by the Hungarian State Treasury for compliance, however – in line with the relevant legislations – it did not include an examination regarding the substantiation of the given charges. In 2009, the wastewater charges stipulated in the applications submitted by local governments to the central government with the aim of obtaining financial assistance varied in a range from 177 HUF/m<sup>3</sup> to 1917 HUF/m<sup>3</sup> (i.e. bottom and top values represented a scale of 1 to 10). In case of water and wastewater charges, the corresponding proportion was cca. 1 to 5 (430 HUF/m<sup>3</sup> as bottom and 2223 HUF/m<sup>3</sup> as top values).

As for already operating facilities, the beneficiaries of ISPA/CF projects built a depreciation component into their respective charges. Generally, this component is going to be gradually increased at each project in the coming years, with due consideration of the households' paying ability first of all. Considering that the facilities of the audited projects have been operating only for a short period of time (0.3 to 2 years), there was only a restricted scope for assessing the enforcement of sustainability and 'the polluter pays' policies. However, the maintenance of the Hegyesd wastewater plant bore a risk even at the beginning of its operation, due to the high per-unit cost, the low number of population, and the excessive capacity, because of the poor attendances of the close-by 'Valley of Arts' event.

However, it is not the Hegyesd agglomeration area that, on its own, should meet the sustainability requirements, but the 'Wastewater Disposal and Management Partnership of Local Governments in the town Veszprém and the Surrounding Region' and the participating local governments alike.

In case of the already operating **8 wastewater plants** located in Győr, Sopron, Veszprém, Zirc, Hegyesd, Kecskemét, Szeged and Szombathely covered by the 6 projects subject to the on-site audit, it can be stated that **wastewater treatment** was effective and effectual. At the point of its discharge into the recipient waters the quality of the treated wastewater complied with the maximum values allowed, as stipulated in the respective permits issued for the individual plants. The stench that had been previously characteristic of the already existing plants and bothered residents, were eliminated with the help of the built-in bio-filters.

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The SAO assessed two indicators<sup>8</sup>, namely hydraulic capacity and the capacity to decompose organic material, both characteristic of the **wastewater plants' capacity utilization**. In consequence of the actual need for capacity, the assessment considered for each plant the indicator with the higher value<sup>9</sup>, based on the averages taken from the data of 2008 (except for the plant in Hegyesd<sup>10</sup>).

In case of 5 out of the 7 plants (in Győr, Szeged, Veszprém, Zirc and Sopron) more than 79% of the possible highest capacity was utilized. The capacity utilization of 68% by the plant in Kecskemét was partly accounted for by the fact that since the signing of the Financing Memorandum with the Commission the local canning factory adopted the new practice of using the treated wastewater for irrigation instead of channelling it to the plant. Improvement in the plant's capacity utilization may be expected however, once the planned industrial enterprise is settled.

Thanks to the development of the Kecskemét plant, the wastewater treated meets the criteria for irrigation and - considering also the composition of the water gained - provides a special possibility of replenishing the water supply in the concerned region of 'Homokhátság' that faces serious water shortages.

During the cultural event of 'Valley of Arts', which took place in August 2009 in the Hegyesd agglomeration area (under the Veszprém project) the maximal utilization of Hegyesd plant's decomposing capacity achieved 51.4% nominal.

In the course of its audits on wastewater plants, the European Court of Auditors<sup>11</sup> considered only the utilization of hydraulic capacity and classified plants with a capacity utilization lower than 50% as 'unused'. No plant operated in Hungary with capacity utilization below this threshold, though the hydraulic capacity utilization of the Hegyesd plant was merely 38% in average of the test run period, during which the households' connection to the drainage system was continuously implemented.

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<sup>8</sup> With the decrease in the use of drinking water, the hydraulic capacity demand also saw a decrease, but the contaminant content of the wastewater to be treated did not decrease according to the measured data, nor did, the plants' need for organic material decomposing capacity. Therefore, a better estimate of the plants' capacity utilization could be given taking into account both indicators.

<sup>9</sup> Several factors can be accounted for the differences between the indicators, like the length of time the wastewater spent in the sewerage network, the need for lift-over units, arising from the topographical features, and the differences in the security measures taken when planning the biological basins ('biological reactors') designed for the pre-sedimentation and subsequent sedimentation for the wastewater and cleaning it of vegetative nutrients (N, P) and organic materials.

<sup>10</sup> Relevant annual data set was not available for the assessment of capacity utilization by the plant in Hegyesd. At the time of the on-site audit, the plant had been operating only for one and a half months, and in the test run period connection to the sewerage network was continuous.

<sup>11</sup> See the European Court of Auditors' special report 3/2009 on 'The effectiveness of Structural Measures spending on wastewater treatment for the 1994-1999 and 2000-2006 programme periods'.

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Excessive capacity of the Hegyesd plant arose from the beneficiary having planned in the plant's preparation phase the twofold of the households' actual need in consequence of the additional demand from the once-a-year 'Valley of Arts' event<sup>12</sup>. Currently the actual attendance of the event is considerably lower than planned.

Monitoring work on the plants complied with the rules set by the territorial environmental supervisory authorities. Each plant had an accredited laboratory, and the data arising from their respective self-examinations was accepted by the supervisory authorities.

The impact of treated wastewater on the recipients and the amendments to the classification system could not be assessed on the basis of any legislation or other guidance. That was still a pending issue at the time of the on-site audit, despite its being referred to by the Parliamentary Resolution on the National Environment Protection Programme II as the most important professional task in the context of implementing the EU Water Framework Directive. According to the information provided by MoEW, the establishment of a classification system to assess the state of natural waters was under way as part of the efforts of planning water catchment area management. Calculations on the maximum permissible contamination of natural waters can be carried out in the future univocally on the basis of the guidance to be published by MoEW addressed to the territorial environmental supervisory authorities, and by means of using the results from the assessments made on the state of waters, in accordance with the Act on Water Management.

For each plant **the produced wastewater sludge was placed, disposed and utilized** in accordance with the relevant EU directives and the national legislations based on these directives, with due consideration of the local conditions, arrangements, the long-term possibilities, options, and the goal to minimize the costs arising from the placement of the sludge.

From among the three recommendations to the Minister of Environment and Water made in the course of the SAO's relevant audit of 2004<sup>13</sup>, one was entirely and two were partly fulfilled.

The 2004 SAO recommendation to align the public water utility companies' financial and statistical information systems with the requirements of the Commission was implemented. Another recommendation of the SAO for spreading good practices of operating public water utility companies was partly met, review on the ownership arrangements and the preparation of necessary

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<sup>12</sup> For this reason, the SAO audit raised the issue of providing portable toilets for the participants, as this is the general practice in case of other national events. The number of the portable toilets can be aligned with the needs. Due to the highly unpredictable factors (e.g. the movement of civil society in the course of the different cultural events) generally the proper approach is to attach importance to the portable facilities, temporary solutions as regards the development of wastewater treatment.

<sup>13</sup> See the SAO 'Audit Report on Service Provision by Local Governments in the Field of Sewage Facility Operation and Development' (No 416 of 2004).

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regulation have been completed, their adoption is expected in the second half of 2009. The SAO recommendation on capacity utilization of wastewater plants was also partly met. The situation analysis has been completed, however the draft legislation deemed necessary by MoEW for a better utilization of capacities, e.g. the households' compulsory connection to the drainage network, is expected to be adopted only in the second half of 2009.

**The SAO recommended the Minister of Environment and Water to:**

1. Review the state subsidy system for water and wastewater charges, taking into account that presently, in the lack of a regulation regarding a single calculation model and a price authority control on the charges; it is not possible to decide upon the local governments' eligibility for government subsidies and their actual needs.
2. Take actions to survey which wastewater plants would still have free capacities in the case of all households being connected to the drainage network, and based on the survey's results, provide professional guidance for the development and assessment of applications submitted in the field of wastewater management, with the aim of ensuring that the applicants – in the case they meet the professional and economical requirements - utilize the available free capacities in the first place, in a verifiable manner.
3. Take actions, via the Ministry's Development Directorate, to ensure competent cost management at the beneficiaries and contractors of future wastewater management projects in all project phases, and instruct the Development Directorate to supervise cost management.
4. Supervise, via the Ministry's Development Directorate, the attainment of sustainability for the Veszprém project as a whole, i.e. at the level of the 'Wastewater Disposal and Management Partnership of Local Governments in the Town of Veszprém and the Surrounding Region', bearing in mind the risks indicated for the Hegyesd agglomeration area.
5. Take actions to ensure that during the preparation phase of the different environmental programmes the need for an as-early-as-possible utilization of the Homokhátság Region's treated wastewater for the replenishment of the region's water supply is taken into account.

**In addition, the SAO recommended the Minister for National Development and Economy to:**

1. Take actions to avoid the establishment of excessive capacities in the course of the projects being implemented with EU co-financing by means of ensuring – based on the MoEW's professional guidance – that applicants (provided that they meet the professional and economical requirements) make use of and development measures are aimed at already available free capacities.
2. Take action for a review of the assessments to be presented in future projects' feasibility studies on the projects' socio-economic and environmental impacts, with the aim of ensuring that the projects are budgeted in a realistic way, the deliverable

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facilities are financially sustainable in the long run, and the projects' costs can be recovered by means of the charges collected by the beneficiaries.

3. Require for the applications to be submitted to have a level of technical specification allowing the scrutiny of the assumptions, calculations underlying the cost estimates.