

Agenda 2000: Instrument for Structural Policies for Pre-accession ISPA 2000-2006, aid for applicant countries

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This, the first ISPA Annual Report, has been prepared by the Commission and covers the calendar year 2000. Its compilation and presentation has been prepared in line with obligations laid out in the ISPA Regulation. ISPA, or the "Instrument for Structural Policies for pre-Accession" was set up within the context of the Agenda 2000 budget. Agenda 2000 fixes the Community budget for the years 2000-2006 taking into account EU enlargement. The EU is very aware that legislation in applicant countries fails to meet more stringent EU regulatory requirements - no more so than in the field of transport and the environment. In spite of these short-comings, applicant countries are obliged to fulfil the so-called *acquis-communautaire*, if they are to accede to the EU. Aligning legislation can be a costly affair. In order to assist Central and Eastern European Countries achieve legislation compatible with EU legislation, the European Union set up the ISPA Regulation, which acts as a financial instrument covering specifically the fields of transport and environment. The year 2000 was the first operational year for ISPA. Beneficiary countries drew up projects which were then presented to the ISPA Management Committee for approval. In total, 85 projects received a positive opinion. Projects accepted for the year 2000 were fairly evenly divided between the environmental and the transport sector. Thirty-nine environmental projects were approved amounting to 46% of the total budget for 2000, whilst thirty-six transport projects were approved, amounting to 53% of the total budget. In terms of the Environment, ISPA funding has, to date, concentrated efforts on aligning applicant country-s legislation to that of the EU. The ISPA Management Committee has, as a result, given financial priority to four investment-heavy environmental Directives relating to four sectors: 1. Drinking water supply; 2. Waste water treatment; 3. Management of solid waste and hazardous waste; and 4. Air quality improvement. The majority of ISPA funding, or approximately 60% of the environmental total was dedicated to waste water treatment, primarily sewerage projects that either extended, replaced or repaired current systems. Over 20% of the funding was applied to solid waste management, primarily to landfill projects. Approximately 15% of funding was assigned to drinking water projects, the majority in conjunction with waste water treatment projects. Air pollution did not receive any funding in 2000. In the Transport sector, the Report notes that strategies for funding were drawn up bearing the Trans-European Network and TINA, the Transport Infrastructure needs Assessment, in mind. The need to bring the transport infrastructure of Central and Eastern Europe into the EU fold has long been recognised as a primary objective if the applicant countries are to feel fully integrated, both in an economic and a social context. Hence, ISPA has focused its energies on completing the TINA network. Over half of the ISPA budget for the transport sector in 2000 was dedicate to rail projects, with special attention given to increased safety through improved signalling and rail repairs. Over 40% of the funding was assigned to road projects, primarily on repairs and improvement related to increased safety. Approximately 5% of funding was applied to the construction of the Sofia Airport in Bulgaria. In terms of co-financing, the ISPA Regulation states that beneficiary countries should contribute to the financing of investment. This has largely been achieved through securing either EIB, EBRD or IFI funding. The rate of Commission assistance may be up to 75% of the public expenditures although in exceptional cases the assistance rate may be increased to 85%. The report notes that for the year 2000 such a high ceiling of funding was not required. Indeed the average grant rate amounted to 64% of all projects. Lastly, the Annual Report notes that close and mutually beneficial relationships between the ISPA, Phare, EIB and EBRD contacts have been achieved over the past year.