Annual report of the Cohesion Fund (2001)

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PURPOSE : to present the Commission annual report of the Cohesion Fund (2001). CONTENT : this annual report on the activities of the Cohesion Fund covers the calendar year 2001. It provides information on the second year of the 2000-06 programming period. The reporting format reflects the requirements of the Cohesion Fund Regulation. It has been adapted to take into account the comments made by the European Parliament, the Economic and Social Committee and the Committee of the Regions. It is hoped that it will also serve as a useful reference document for everyone interested in the promotion and furtherance of the economic and social cohesion of the European Union. Most of the Member States receiving assistance from the Cohesion Fund continued to respect the macro-economic criteria; only in Portugal was this not the case. On 25 July 2002 the Portuguese authorities announced that the public deficit for 2001 had reached 4.1% of GDP, well above the reference level of 3%. Following that announcement, the Commission decided to initiate the excessive deficit procedure, as laid down in the Council resolution on the Stability and Growth Pact. This problem did not arise in the other Cohesion Fund countries. As regards the budget implementation, the report states that the final amount, after indexation, of the resources of the Cohesion Fund for 2001 was EUR 2 715 million. In the area of transport, this sector accounted for 48.5% of total Cohesion Fund Commitments in 2001. As in the past, the Commission insisted that the work of the Fund should concentrate on railways. As for the environment, it accounted for for 51.5% of total Cohesion Fund commitments for 2001. The priorities in this sector remained the supply of drinking water and the treatment of waste water and solid waste. Concerning information and publicity, an information meeting with all 15 Member States was held in Brussels on 24 October. At that meeting, the Commission presented the draft Regulation on the systems of management and control and the procedure for implementing financial corrections of assistance granted under the Cohesion Fund as well as the Report of the Cohesion Fund for 2000. In addition, a programme of ex-post evaluations extending over three years was launched in 1998. In all, 120 projects were evaluated, 60 in the environment sector and 60 in transport. Implementation of the environment projects raised no major problems and they achieved their objectives. However, those in the transport sector encountered a number of problems leading to cost overruns and the postponement of deadlines. On the other hand, the report takes note of irregularities and the suspension of assistance. Under Article 3 of Commission Regulation 1831/94/EC concerning irregularities and the recovery of sums wrongly paid in connection with the financing of the Cohesion Fund and the organisation of an information system in this field, the beneficiary Member States are obliged to notify the Commission of irregularities which have been the subject of initial administrative or judicial investigations. One of the Member States, Greece, notified the Commission of four irregularities in 2001 involving a total of EUR 2 429 040,stating also that the national authorities had taken the steps required to safeguard the financial interests of the Community. In three of these cases, proceedings to recover the amounts wrongly paid are in progress while in the fourth the contractor for the project was required to correct the deficiencies, and has already done so. Under the same Regulation, the other three beneficiary Member States informed the Commission that they had detected no irregularities during the year in question.