

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

1998/0091(CNS) - 18/03/1998 - Legislative proposal

OBJECTIVE: to establish a new structural instrument for CEEC applicants (ISPA Fund) as part of the AGENDA 2000 pre-accession policy seeking to align the infrastructures of the applicant countries with Community standards in the fields of transport and the environment. **SUBSTANCE:** the aid is intended for the 10 Central and Eastern European applicant countries: the Czech Republic, Slovakia, Romania, Hungary, Poland, Bulgaria, Slovenia, Estonia, Lithuania and Latvia. Although Cyprus is an applicant, it would not immediately be eligible for ISPA aid but could subsequently become eligible depending on the results of the accession negotiations. The aid will cover the period 2000-2006 and will take the form of repayable or non-repayable grants, interest subsidies or other forms of environmental or transport project financing along the lines of the Cohesion Fund. Current resources amount to ECU 1 billion per year at constant 1997 prices, to be reviewed by the Council before 31 December 2006. With regard to eligible measures, ISPA assistance will be given for: (1) in the environment sector, for measures to help recipients meet Community environmental legislation requirements giving priority to the quality of water and air and waste management. (2) in the transport sector, for extending the trans-European transport network to the applicant countries and improving connections and compatibility between the national networks themselves and between the national networks of the trans-European networks, together with improved access to these networks. In order to be eligible, the projects concerned must be sufficiently large (a minimum of EUR 5 million). Part of the ISPA budget, not exceeding 2% of the total, may also be used to finance preparatory studies as well as technical assistance expenditure. The projects must be in accordance with accession partnerships and national programmes for the adoption of the *acquis*. Community aid under the ISPA will be allocated on the basis of three main criteria: population, per capita GDP in purchasing power parities and surface area. An indicative allocation of the funds to the recipient countries will be decided on and may be adjusted in accordance with the efficiency of recipients in implementing and launching projects. The rate of Community assistance granted may be up to 85% of public or equivalent expenditure. At the same time, the Commission will endeavour to maximize the multiplier effect and ensure that the ISPA is used as effectively as possible by encouraging as far as possible the use of loans and funding from local sources and private resources. The precise level of support will also depend on the overall Community interest in seeing a particular project implemented, its capacity to generate revenues (e.g. infrastructures, the use of which involves fees borne by users) and the application of the 'polluter pays' principle. It will therefore vary on a case-by-case basis. It is necessary to ensure coordination with the PHARE funds and pre-accession aid for agriculture and with operations funded by the EIB, the ERDB or other financial institutions. In order to implement the aid, the Commission will be assisted by an advisory committee with responsibility for monitoring the programmes. The Commission will seek to introduce simpler but more rigorous financial management. Projects adopted will be covered by a financing memorandum to be drawn up between the Commission and the beneficiary country. Provisions will also be introduced for the programming, monitoring and evaluation. By 1 January 2002 at the latest the applicant countries must have set up national systems to monitor the implementation of projects under the supervision of the Commission. Provisions will also be introduced to prevent fraud and to publicize the assistance. Aid allocated under the ISPA will be the subject of an annual report by the Commission forwarded to all the institutions. On becoming members of the Union, the recipient countries shall forfeit their entitlement to ISPA assistance.