Cohesion Fund. Annual report, 1998

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OBJECTIVE : Annual Report of the Cohesion Fund 1998. CONTENT : The document covers the activities of the Cohesion Fund during the calendar year 1998. - The Fund operated within a stable macro-economic context, which allowed the four beneficiary countries to meet the budget deficit targets recommended by the Council. With regard to conditionality, all countries had complied with Council recommendations on the conduct of fiscal policy. Ireland was not in an excessive deficit position and in May 1998, the Council decided that Spain and Portugal were no longer in an excessive deficit position. - For reasons of sound management, the Commission proposed a reduction of payment appropriations. From 1993 to the end of 1998, the Fund committed 81% of its overall allocation. Over the six years, each country has received assistance falling in the middle of their proposed target ranges. Transport accounted for 49.9% of commitments and the environment sector or 50.1%. - With regard to transport, the European Parliament and the Economic and Social Committee have repeatedly criticised the fact that the Fund has principally invested in the road sector. In 1997, a greater share of the transport budget went to railways and in 1998 the proportion allocated to roads was further reduced, due in particular to a marked shift towards rail in Spain. Whilst the Eropean Parliament called for more funds to be directed towards airports and seaports, the Commission points out that these activities generate considerable revenues, reducing the need for European Union funds. The Cohesion Funds continue to support the Trans European Network projects adopted by the Essen Council, and 5 of the 14 Essen priority projects are in Cohesion countries. - Environment: In 1998, the Fund continued to concentrate on the water sector, particularly the abstraction and distribution of drinking water and waste water treatment. The monies allocated to waste water problems in 1998 made up 50.1% of the commitments for the environment. The Fund also undertook a study to demonstrate the environmental dimension of the projects it assists. The European Parliament created a budget line which financed this study as well as a video on the same theme. Both the video and the results of the study were distributed. - Information and publicity: In 1998, the Fund participated in publicity events organised by the beneficiary countries. Most of the events were financed by the special budget line set aside by the European Parliament for measures to encourage environmental practice in pursuit of a policy geared to sustainable development. Following the adoption of a decision setting out the beneficiary countries' obligations on information and publicity, the Commission scrutinised carefully the actions of the countries concerned and is, in general, satisfied. - Evaluation and project monitoring: in accordance with the European Parliament·s request, the Commission undertook a series of ex-post evaluations that are described in the document. A greater emphasis was placed on project monitoring. The Member States reported no case of fraud to the Commission anti-fraudunit (UCLAF). - Main developments in the beneficiary countries: Greece received ECU 516.4 million, with 40.6% of the total going to environmental projects and 59.4% o transport infrastructure. The environmental projects mainly attempt to remedy the lack of infrastructure in the provision of water and water-waste treatment. Spain received ECU 1 575.1 million, with 55.3% of the total going to environmental projects and 44.7% to transport infrastructure. Of the latter 45% was committed to road projects and 55% for rail. Ireland received ECU 258.5 million in assistance from the Cohesion Fund with 55% of the total going to environmental projects and 45% to transport infrastructure. The road sector continues to account for the bulk of monies. Portugal received ECU 518.1 million from the Fund with 58.6% of the total going to environment projects and 41.1% to transport infrastructure.