

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

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This annual Report from the Commission covers the year 2003 and is the fourth such Report since the implementation of the ISPA programme. For a number of beneficiary countries, the year 2003 was the last year they could apply for ISPA funding. In May 2004 many became members of the EU and therefore eligible for Cohesion, rather than ISPA, Funds.

ISPA is governed by two budget lines – B7-020 and B7-020A. The first, B7-020 includes co-financing projects in the beneficiary countries relating to the environment and transport. It also provides for technical assistance funding (TA), the purpose of which is to identify and prepare ISPA projects. A further feature of this budgetary line is a decentralised management programme called (EDIS), which seeks to assist the beneficiary countries in strengthening their institutional and administrative capacities such as moves towards full democracy. The second line, B7-020A, foresees funding for actions on the Commission's own initiative.

In 2003, the Commission adopted 75 new ISPA measures concerning 60 investments relating to the environment. Of the sixty environment measures funded most of the financing was devoted to the water sector, wastewater and waste sub-sectors. Fifteen transport infrastructure projects were financed – concerning mostly rail and road developments. Amongst these projects, the Commission approved 23 new technical assistance measures for project preparation, 17 of which were for preparing environment projects and 6 for preparing transport projects. The total ISPA contribution to projects funding in 2003 amounted to nearly EUR 1.25 billion – the remainder being financed by the applicant countries from national sources at central, regional and/or local level. Other sources of funding included contributions from international financial institutions (IFIs). Almost 65% of the ISPA contribution in 2003 was awarded to the environment sector.

As far as payments are concerned, the Report notes that significant progress has been made in implementing ISPA measures – actual payments are up by 14% compared to the previous year (2002). Concerning the matter of Technical Assistance, the Report notes that in 2003, the Commission agreed to fund 23 TA measures for project preparation, which represents a total eligible cost of some EUR 112 million. Of this, ISPA contributed around EUR 84.8 million. Significantly, many of the Member States, which acceded to the EU in May 2004 used TA funds to finance preparatory studies for projects that will now be submitted for funding under the Cohesion Funds.

In addition to the financing of TA studies the Commission has offered, on its own initiative, funding for technical assistance. In 2003, the Commission committed EUR 3.15 million – essentially for reinforcing the EC Delegations.

Lastly, the key findings of the Report, regarding the management and implementation of ISPA, are that improvements have taken place– especially in the case of beneficiary countries adopting a more hands on approach to management. Nevertheless further efforts are required to overcome certain, persistent, weaknesses. The Commission suggests that more financial and human resources are needed to carry out ISPA planning, preparation and management – in particular in the environmental field.

In terms of how ISPA impacts on other Community policies, the Report makes the following findings. On the matter of public procurement the Commission organised a number of training programmes and published information on how to carry out tendering and contracting in accordance with national law harmonised according to EU standards. On the matter of overall environmental policy, ISPA has helped significantly towards the implementation of a sound environmental policy in the beneficiary countries. Experience gained through project development and implementation has reinforced administrative capacity and accelerated reform in the environment sector. Certainly, administrative capacity has been strengthened in regard to environmental investment planning and prioritisation. On the matter of transport policy, the Commission notes that the transport networks in the beneficiary countries have been agreed in accordance with TINA – and are constructed around the framework of pan-European transport corridors. Many of these networks are now being used for Cohesion Fund purposes in the new Member States. As of May 2004, the new Member States are eligible for TEN-T funds.