

Basic information

1998/0091(CNS)

CNS - Consultation procedure
Regulation

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

Amended by [2001/0058\(CNS\)](#)
Amended by [2001/0097\(CNS\)](#)
Amended by [2003/0306\(CNS\)](#)
Amended by [2004/0260\(CNS\)](#)

Subject

8.20.04 Pre-accession and partnership
8.20.28 Structural funds and instruments

Procedure completed

Key players

European
Parliament

Committee responsible

REGI

Regional Policy

Rapporteur

WALTER Ralf (PSE)

Appointed

25/06/1998

Former committee responsible

REGI

Regional Policy

Former rapporteur

WALTER Ralf (PSE)

Appointed

25/06/1998

Former committee for opinion

AFET

Foreign Affairs, Security and Defense Policy

Former rapporteur for opinion

The committee decided not to give an opinion.

Appointed

BUDG

Budgets

MÜLLER Edith (V)

03/06/1998

RELA

External Economic Relations

MONIZ Fernando (PSE)

25/06/1998

TRAN

Transport and Tourism

APARICIO SÁNCHEZ Pedro (PSE)

19/05/1998

ENVI

Environment, Public Health and Consumer Protection

MYLLER Riitta (PSE)

25/02/1998

LIBE

Civil Liberties and Internal Affairs

The committee decided not to give an opinion.

	CONT Budgetary Control	The committee decided not to give an opinion.	22/04/1998
	FEMM Women's Rights	CARS Hadar (ELDR)	25/06/1998
Council of the European Union	Council configuration	Meetings	Date
	General Affairs	2192	1999-06-21

Key events			
Date	Event	Reference	Summary
18/03/1998	Legislative proposal published	COM(1998)0138 	Summary
15/06/1998	Committee referral announced in Parliament		
26/10/1998	Vote in committee		Summary
26/10/1998	Committee report tabled for plenary, 1st reading/single reading	A4-0382/1998	
18/11/1998	Debate in Parliament		
19/11/1998	Report referred back to committee		
22/04/1999	Vote in committee		Summary
22/04/1999	Committee report tabled for plenary, 1st reading/single reading	A4-0238/1999	
05/05/1999	Debate in Parliament		
21/06/1999	Act adopted by Council after consultation of Parliament		
21/06/1999	End of procedure in Parliament		
26/06/1999	Final act published in Official Journal		

Technical information	
Procedure reference	1998/0091(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Amended by 2001/0058(CNS) Amended by 2001/0097(CNS) Amended by 2003/0306(CNS) Amended by 2004/0260(CNS)
Legal basis	EC Treaty (after Amsterdam) EC 308 Rules of Procedure EP 050
Stage reached in procedure	Procedure completed

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, 1st reading/single reading		A4-0382/1998 OJ C 359 23.11.1998, p. 0004	26/10/1998	
Text adopted by Parliament, partial vote at 1st reading /single reading		T4-0670/1998 OJ C 379 07.12.1998, p. 0121-0142	19/11/1998	Summary
Committee report tabled for plenary, 1st reading/single reading		A4-0238/1999 OJ C 279 01.10.1999, p. 0008	22/04/1999	
Text adopted by Parliament, 1st reading/single reading		T4-0438/1999 OJ C 279 01.10.1999, p. 0254-0373	06/05/1999	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary legislative basic document	06922/1999	06/04/1999	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(1998)0138  OJ C 164 29.05.1998, p. 0004	18/03/1998	Summary
Document attached to the procedure	COM(1998)0182 	18/03/1998	
Follow-up document	COM(2001)0616 	31/10/2001	Summary
Follow-up document	COM(2002)0596 	30/10/2002	Summary
Follow-up document	COM(2003)0655 	04/11/2003	Summary
Follow-up document	COM(2004)0735 	29/10/2004	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES1165/1998 OJ C 407 28.12.1998, p. 0272	09/09/1998	
CofR	Committee of the Regions: opinion	CDR0241/1998 OJ C 051 22.02.1999, p. 0007	18/11/1998	

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Additional information		
Source	Document	Date
European Commission	EUR-Lex	

Final act	
Regulation 1999/1267 OJ L 161 26.06.1999, p. 0073	Summary

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

1998/0091(CNS) - 19/11/1998 - Text adopted by Parliament, partial vote at 1st reading/single reading

Following confirmation by the Commissioner, Mr Hans van den BROEK, that the Commission could not accept all the amendments adopted in plenary, the rapporteur, Mr Ralf WALTER (PSE, D) requested and received authorisation for referral of his report back to committee, hoping that the Commission would show a more flexible approach to the requests. In its amendments Parliament was concerned in particular to achieve better targeting of interventions under the ISPA pre-accession instrument. Stressing the importance of close involvement of the applicant countries in the choice of projects to be financed, Parliament considered that the ISPA should finance projects of a sufficient size. The total cost of a measure should not, except in exceptional circumstances and for justified reasons be less than EUR 5 million. Parliament also considered that all eligible measures where the cost was less than EUR 5 million should not exceed 5% of the total ISPA funding. In order to avoid overlap, Parliament stressed the need for coordination between the three pre-accession instruments (Phare, ISPA, agricultural instrument) and with the activities of the financial institutions (EIB, EBRD). The applicant countries should also participate in other Community financial instruments (LIFE, European Environment Agency). Parliament hoped that the local and regional authorities would play an active part in the granting of Community funding under ISPA. Parliament added Cyprus to those countries eligible to benefit from the Fund and stressed that the aim of ISPA was the economic and social cohesion of the beneficiaries and the promotion of their environmentally stable development. It considered that a balance had to be established between funding for transport infrastructure measures and for environmental improvement measures. By 2006 the latter area should account for at least 50% of all appropriations. In this context the Community should also seek to: - promote intermodality and interoperability, - keep a strict watch to ensure that there was no disproportionate concentration of funding for road projects to the detriment of other forms of transport, - strengthen environmental measures by focusing on the needs of each country in specific areas (water pollution, waste management, etc.). Parliament called on the Commission to submit a mid-term report in 2003 on the implementation of ISPA. In order to ensure transparency it called for this instrument, together with other pre-accession aid, to be placed in a separate budget chapter. Parliament also stressed the need for constant monitoring of the degree of utilisation of resources. It proposed that if necessary the aid could be reprogrammed in relation to the needs of countries. It also suggested a series of penalties in the event of irregularities. Lastly, Parliament stated that the other applicant countries (those in the second group) should benefit from equivalent measures.

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

1998/0091(CNS) - 06/04/1999 - Supplementary legislative basic document

Following on from the outcome of the Berlin Summit (23.03.1999) and the overall agreement reached by the Fifteen on Agenda 2000, this text constitutes the Council's consolidated version of the Regulation establishing an Instrument for Structural Policies for Pre-Accession (2000-2006). Among the modifications made by the Council, it should be noted in particular that the grants are strictly related to the conditions laid down by the Accession Partnerships for each country and to the fact that the projects have to be in line with the requirements of the *acquis communautaire* with respect to the environment. The Council also modified the rate of Community intervention : it is set at 75% of public or equivalent expenditure (the rate of 85% originally proposed by the Commission could only be granted on an exceptional basis using specific procedures). However, it should be noted that for a given measure, the combined intervention from ISPA and another Community funding source cannot exceed 90% of the total expenditure relating to this measure. The Council has, furthermore, introduced some clarifications with regard to the committee procedure and has strengthened Member States' decision making powers. The Commission, however, in charge of the execution, follow-up and evaluation of projects. It can, in addition, propose the granting of funds on its own initiative, where there is an overriding Community interest. The Council also laid down specific details regarding the form and content of applications for Community funding from potential beneficiaries. Annexes provide details regarding the types of information that need to be supplied by the beneficiaries, as well as the criteria that will be applied by the Commission in evaluation projects. Lastly, the Council clarified the details regarding the redistribution of resources when a beneficiary country loses, because of its accession, the right to benefit

from ISPA. It should be noted that the Berlin Summit set (for indicative purposes) at EUR 1.04 billion per year the amount of pre-accession structural aid for the period 2000-2006.

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

1998/0091(CNS) - 31/10/2001 - Follow-up document

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 dedicated 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.

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

1998/0091(CNS) - 04/11/2003 - Follow-up document

PURPOSE : to present the 2002 Annual Report on the implementation of the instrument for structural policy for pre-accession (ISPA). **CONTENT :** the present report is compiled in accordance with Article 12 of the ISPA Regulation 1267/1999/EC and covers the year 2002. The report has been adapted to take account of the comments made by the European Parliament, the Economic and Social Committee and the Committee of the Regions regarding the previous annual reports. Only a few months ahead of accession, the role of ISPA in preparing the new Member states for the Community cohesion policy appears even more important, in particular because ISPA is to assist the acceding countries in the smooth transition to the Cohesion Fund and to familiarise administrations and beneficiaries with the Commission procedures for structural measures. This is why the report attempts to strike a balance of 3 years of ISPA implementation and focuses, among others, on technical assistance measures, tendering and contracting and audits undertaken. The report points out key messages for 2002. Firstly, it concerns assisting ISPA beneficiary countries in upgrading environmental infrastructure and policy and in strengthening European transport links. Through ISPA, the Community has continued to provide financial assistance to environmental projects that require large infrastructure investments, namely for water supply, wastewater treatment and waste management. Furthermore, ISPA has proved to be a successful instrument to help candidate countries to strengthen their understanding and their administrative capacity to implement key environmental legislation. In the transport sector, the role of ISPA is to contribute to the development of the future trans-European transport network and to support the interconnection and interoperability within national networks as well as between these networks and the Union's network. As in previous years, ISPA funds spent in this sector in 2002 focused on upgrading and extending the TINA (Transport Infrastructure Needs Assessment) network. Since 2000, a total of EUR 74.3 million for 49 technical assistance measures was made available from ISPA to assist in the preparation of projects and applications, and to enhance the administrative capacity of implementing bodies, including for decentralised implementation. This included 14 new measures approved in 2002 to prepare new projects for 2003 and beyond, that is, for the Cohesion Fund. In 2002, 80 new projects were decided by the Commission. ISPA funds for these projects amounted to EUR 1.55 billion representing 64.9% of a total eligible investment cost of EUR 2.4 billion. With the decisions taken between 2000 and 2002, the Commission approved a total of 249 ISPA measures, amounting to EUR 8.8 billion of eligible cost, of which the EU is financing EUR 5.65 billion (64.5%). As a result, the Commission already allocated about 75% of the funds foreseen for the entire period 2000 to 2006 to priority projects in the environment and transport sectors. Commitments in 2002 were divided equally between the environment and transport sectors, increasing the total commitments for the period 2000-2002 to EUR 3.2 billion. Since 2000, 49% of the commitments were allotted to environmental projects and 51% to transport projects. More than half of the commitments in the

transport sector were allocated to rail infrastructure, which reflects the Commission's objective to favour environment-friendly transport modes. With the signing of several works and many services contracts in 2002, effective implementation on the ground has progressed importantly compared to the previous year, notably as a result of the improved capacity of the applicant countries to deal with tendering and contracting. ISPA payments in 2002 totalled EUR 388.5 million, which is the double of the payments made in 2001. This shows that considerable progress in implementing ISPA measures has been made compared to the previous year, which is reflected by an increase in the number of second advance and intermediate payments. Enhancing administrative and institutional capacity for project management and policy implementation As in previous years, the Commission provided technical assistance through ISPA to enhance the capacity of national bodies with respect to environmental policy implementation and public procurement, as candidate countries still experience difficulties to implement the required standards. Two multilateral seminars were organised by the Commission on the Water Framework Directive in order to assist candidate countries in drafting new water management policies and in preparing future ISPA and Cohesion Fund projects according to the requirements of this Directive, notably as regards the integrated management of river basins. Furthermore, a series of seminars were organised to train beneficiary countries' officials in drafting tender documents, evaluating tenders and supervising contracts. The Commission promoted a better understanding of the opportunities and risks regarding public-private partnerships for utility services as well as ways to structure such partnerships while integrating grant financing. To this end, a broad multilateral forum and several dissemination seminars were organised and, in March 2003, guidelines were published. Moving towards adequate financial management and control systems In the framework of shifting from ex-ante control of tendering and contracting by the Commission to decentralised management of procurement by the beneficiary countries (EDIS), all but one country completed the first stage system's gap assessment in 2002. One country already applied for the waiving of ex-ante control, confirming that the minimum criteria and conditions stipulated for granting EDIS had been met. New systems audits undertaken by the Commission in 2002 to assess the management and control systems in the candidate countries indicate that there has been significant progress towards meeting the requirements in this respect of the ISPA Regulation. Concerning ISPA in 2002, the budget for the ISPA instrument is provided for by two budget lines, B7-020 and B7-020A. The first line contains the means for co-financing projects (measures) in the candidate countries in the environment and transport domains as well as for providing technical assistance (TA) to identify and prepare the best projects. Measures to assist the candidate countries in moving towards fully decentralised management (EDIS) are funded from this line too. Line B7-020A foresees funding for actions at the Commission's initiative. For 2002, EUR 1 109 million was allocated from the Commission budget to the ISPA instrument. Initially, the B7-020 (project) budget line received EUR 1 089.2 million. This amount was then increased by EUR 18.25 million, which was transferred from line B7-020A. As a result, EUR 1 107 million was available to assist projects presented at the initiative of the beneficiary countries. From the original B7-020A budget (EUR 19.8 million), EUR 1.55 million was committed for activities at the Commission's initiative.

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

1998/0091(CNS) - 29/10/2004 - Follow-up document

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.

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

1998/0091(CNS) - 21/06/1999 - Final act

PURPOSE : in the framework of the pre-accession strategy and Agenda 2000, to establish a new Instrument for Structural Policies for Pre-accession (ISPA), which will be directed towards aligning applicant countries with Community infrastructure standards and provide a financial contribution for environmental and transport infrastructure measures. **COMMUNITY MEASURE** : Regulation 1267/1999/EC establishing an Instrument for Structural Policies for Pre-accession (ISPA). **CONTENT** : The Instrument for Structural Policies for the Pre-accession, ISPA, is allocated 1 billion EURO per year for the period 2000-2006. ISPA shall provide assistance to contribute to the preparation for accession to the EU of the following applicant countries : Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia. Concerning eligible measures, the Regulation provides that Community assistance granted under ISPA is to be limited to programmes such as: 1) the environment, financial assistance is granted to environmental projects which enable the beneficiary countries to comply with the requirements of Community environmental law and with the Accession Partnership; 2) transport, assistance will be granted for transport infrastructure measures which promote sustainable mobility, and in particular those that constitute projects of common interest based on the criteria laid down in Council Decision 1692/96 on the development of the trans-European networks and those that enable the beneficiary countries to comply with the objectives of the Accession Partnerships. This includes interconnection and interoperability between national networks and the trans-European networks, as well as access to such networks. The total cost of each measure cannot, in principle, be less than EUR 5 million. In duly justified cases, taking into account the specific circumstances concerned, the total cost of a measure may be less than EUR 5 million. A balance must be struck between measures in the field of the environment and measures relating to transport infrastructure. Assistance may also be granted for preliminary studies related to eligible measures; technical support measures, including information and publicity actions. Community assistance under ISPA may take the following forms : - non-payable direct assistance; - repayable assistance; - any other form of financing. Community assistance under ISPA is granted for the period 2000-2006. An indicative allocation between beneficiary countries of the total Community assistance under ISPA is made by the Commission on the basis of the criteria of population, per capita GDP in purchasing power parities, and surface area. The allocation may be adjusted to take account of the performance in previous years of each of the beneficiary countries in implementing the measures. The rate of the Community assistance may be up to 75% of public or equivalent expenditure. The Commission may decide to increase this rate, after having consulted the Committee, to 85% in duly justified cases. The rate of assistance may, however, be reduced in special cases, save in the cases of repayable assistance or when there is a substantial Community interest. Preliminary studies and technical support measures may be financed exceptionally at 100% of the total cost. Measures financed under ISPA comply with the provisions set out in the Europe Agreements, including the implementing rules on State Aid. In addition, the Commission is responsible for ensuring coordination and consistency between those measures and measures financed by other contributions from the Community budget, including those in respect of cross-border, transnational and interregional cooperation, the operations of the European Investment Bank, and other Community financial instruments. The coordination with PHARE and the pre-accession instrument for agriculture, (SAPARD - Special Accession Programme for Agriculture and Rural Development), may also be undertaken as well as with the operations of the European Bank for Reconstruction and Development (EBRD), the World Bank and other international financial institutions. The Commission will adopt decisions on the measures to be financed under ISPA after consulting the Committee. Concerning financial management, the Commission will take decisions concerning projects after the Committee's opinion. The beneficiary countries must submit applications for assistance to the Commission. The Commission may grant assistance on its own initiative in the case of preparatory studies and technical support measures where there is an overriding Community interest. Applications must meet the criteria set out in Annexes I and II to the Regulation. The Commission carries out an appraisal in order to assess the measures' compliance with the criteria. The details of the payment mechanism will be laid down in the financing memorandum with each beneficiary country. The applicant countries are responsible for implementing projects under Commission supervision. Beneficiary countries must establish management and control systems as from 01/01/2000, and in any event not later than 01/01/2002. In addition, beneficiary countries shall ensure, in particular, that directly visible display panels are erected showing that measures are being co-financed by the Community. The Commission shall present an annual report on Community assistance granted under ISPA to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions. On accession to the European Union, a country will lose its entitlement to support under ISPA. In this case, the resources shall be reallocated to other applicant countries. **ENTRY INTO FORCE** : 29.06.1999.

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

1998/0091(CNS) - 06/05/1999 - Text adopted by Parliament, 1st reading/single reading

Under consultation procedure, the European Parliament adopted the second report by Ralf Walter (PSE,DE), which approves the Commission proposal for a Council regulation establishing an Instrument for Structural Policies for Pre-Accession, subject to amendments, notably in the following areas: - setting out priorities to be followed in implementing environmental measures under the programme (combatting and preventing further water and air pollution, waste management, conformity with the *acquis communautaire*, conservation, restoration of biodiversity, nature conservation...); - allowing for exceptional cases where the total cost of each measure under the programme may be less than EURO 5 million; - in an effort to ensure environmentally sustainable mobility, ensuring that disproportionate concentration of aid to road transport to the detriment of the other modes of transport is avoided; - providing that measures financed by the Community shall comply with Community legislation on public procurement; - providing

that preliminary studies and technical support financed under the programme should pertain to projects deserving promotion and general technical assistance to national, regional and local authorities, including environmental authorities in the applicant countries; - providing that the Commission may grant assistance on its own initiative, only where there is an overriding Community interest; - ensuring that measures are implemented in compliance with the principles of sound financial management; - laying down provisions with regard to advances, responsibility for prosecuting regularities and making necessary financial adjustments in the case of any substantial change in the implementation or monitoring of a measure (accorded first and foremost to the beneficiary countries), and detailing the procedure to be followed by the Commission if it considers that a beneficiary country has failed to comply with its obligations; - in terms of management and control, adding to the obligations of the beneficiary countries a requirement that they check regularly that the measures financed by the Community are contributing to the development of the region and are not perpetuating inefficient and environmentally damaging structures and that they also submit an annual evaluation report; - specifying that provisions in the financial memorandum for the reduction, suspension and cancellation of assistance may be made, in particular where insufficient account was actually taken of the strategic priorities by the applicant countries and where strict coherence of the projects was not observed; - undertaking to deliver an opinion on the Commission's annual report on Community assistance under ISPA within three months (rather than "as soon as possible", as proposed by the Commission and requiring that in its annual report of the following year, the Commission report on how it has taken account of this opinion; - requiring the Commission to draw up a mid-term review of the implementation of ISPA in 2003, together with proposed amendments to the legal provisions then in force, to be submitted to the Parliament, the Economic and Social Committee and the Committee of the Regions for their opinions; - providing that the beneficiary countries be kept regularly informed of the work of the programme's advisory committee; - with regard to information to be contained in applications, providing that analysis of the project's direct and indirect effects on employment be quantified, where possible, and that information should also be given on the participation of women in all stages of the decision-making process, as well as the degree of consistency of proposed measures with the guidelines for the trans-European networks and the pan-European transport policy and details on compliance with basic employee rights and on consideration of socially disadvantaged groups; - providing that ex-post evaluation of the measures should assess their short- and long-term consequences for social and employment policies; - adding to the information to be contained in the annual report the contribution of assistance under ISPA to beneficiary countries' efforts to implement the Community's common transport policy and policy on trans-European networks as well as the impact on employment of the measures financed, compatibility with Community policies concerning employment and social affairs and a breakdown of the measures in the infrastructure sector by mode of transport.

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.

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1998/0091(CNS) - 30/10/2002 - Follow-up document

This is the Annual Report on the activities of the ISPA fund which covers the calendar year 2001. It provides information on the second year of the pre-accession instrument which was set up as part of Agenda 2000. The report highlights key messages for 2001 : - in 2001, 94 new projects were decided by the Commission. Community funding of these new projects amounts to over EUR 1.1 billion out of a total cost of EUR 2.3 billion to be co-financed by the ISPA Beneficiary states and international financial institutions (the EIB and the EBRD, continue to remain key partners for providing co-financing); - together with the projects already decided in 2000, the Commission approved a total of 169 ISPA projects, amounting to EUR 6.6 billion, of which the EU will finance EUR 3.9 billion (64.4 %); - with the decisions taken in 2000 and 2001, the Commission has already allocated about more than 40 % of the funds foreseen for environmental projects for the whole ISPA period, and more than 60 % that are set aside for the transport sector; - the amounts committed in 2001 were divided fairly equally between the environmental and transport sectors: 52% of the 2001 budget were allocated to environmental projects, and 48% for the transport sector. With these commitments the Commission corrected the slight funding inequality between the two sectors that existed in 2000; - with decisions taken in 2000 and 2001, a total of EUR 59.9 million for 30 TA measures was mobilised to strengthen the project pipeline for 2002 and beyond, including projects for the Cohesion Fund; - with the signing of the first works contracts, 2001 was the first year of real progress on the ground; - ISPA is currently implemented through the Decentralised Implementation System (DIS). With this system, procurement documents are checked in advance (ex ante approval) by the Commission. In 2001, the Commission made technical assistance (TA) funds available to assist Candidate Countries in taking the necessary measures to analyse and improve the capacity of the national implementing agencies to manage Community assistance in a fully decentralised manner. In 2001, the Commission undertook systems audits to assess the extent to which the Candidate Countries have established management and control systems that comply with the requirements defined in the ISPA Regulation.