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REPORT FROM THE COMMISSION
ANNUAL REPORT OF THE COHESION FUND 2000

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TABLE OF CONTENTS

SUMMARY	5
1. General context	7
1.1. Convergence and economic development in the beneficiary countries of the Cohesion Fund	7
1.1.1. Greece	7
1.1.2. Spain	7
1.1.3. Ireland	8
1.1.4. Portugal	8
1.2. Conditionality.....	9
2. Implementing principles and assistance granted.....	9
2.1. Coordination with other Community policies.....	9
2.1.1. Public procurement	9
2.1.2. Competition.....	10
2.1.3. Environment.....	10
2.1.4. Transport	12
2.2. Coordination with the Structural Funds: the strategic reference frameworks.....	12
2.2.1. Environment.....	13
2.2.2. Transport	17
2.3. Implementation of the budget: commitments and payments	21
2.3.1. Budget available.....	21
2.3.2. Budget implementation	21
2.3.3. Implementation of the budget for the previous period (1993-99).....	22
3. The projects and measures adopted.....	23
3.1. Assistance from the Fund by beneficiary Member State	23
3.1.1. Greece	23
3.1.2. Spain.....	25
3.1.3. Ireland	29
3.1.4. Portugal	32
3.2. Technical assistance and studies	38
3.2.1. General policy of the Fund.....	38

3.2.2.	Technical assistance at the initiative of the Commission	38
4.	Monitoring, inspection and irregularities	39
4.1.	Monitoring: Committees and missions	39
4.1.1.	Greece	39
4.1.2.	Spain	39
4.1.3.	Ireland	40
4.1.4.	Portugal	41
4.2.	Inspections and conclusions	42
4.2.1.	Greece	42
4.2.2.	Spain	42
4.2.3.	Ireland	42
4.2.4.	Portugal	43
4.3.	Irregularities and suspension of aid.....	43
5.	Assessment and evaluation	44
5.1.	General	44
5.2.	Examination and <i>ex-ante</i> appraisal projects.....	44
5.3.	Cooperation with the EIB when a project is considered	44
5.4.	Economic and social impact of the Fund in the Member States and on economic and social cohesion, including employment, in the European Union,.....	45
5.5.	<i>Ex-post</i> evaluation programme	45
5.5.1.	Environment.....	45
5.5.2.	Transport	46
6.	Inter-institutional dialogue, information and publicity	46
6.1.	Annual report for 1999.....	46
6.1.1.	European Parliament	46
6.1.2.	Economic and Social Committee (Ecosoc).....	47
6.2.	Information for the Member States	47
6.3.	Other events	47
6.3.1.	Information for the social partners.....	47
6.3.2.	Other	47
6.4.	Commission measures on publicity and information.....	48
A N N E X.....		49

FOREWORD

This annual report on the activities of the Cohesion Fund covers the calendar year 2000. It provides information on the first 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 all interested in the promotion and furtherance of the economic and social cohesion of the Union.

SUMMARY

Economic environment and conditionality

In 2000 none of the Member States which are beneficiaries of the Cohesion Fund were in an excessive deficit situation. Accordingly, the Commission did not produce an assessment of compliance with conditionality for any Member State in 2000.

Budget implementation

The final amount, after indexation, of the resources of the Cohesion Fund for 2000 is €2 659 million.

The commitments and payments made were as follows (by country and by sector):

Budget implementation of appropriations in 2000 including appropriations carried forward to 2001

Commitment appropriations for 2000 (including appropriations carried forward to 2001)

<u>Country</u>	Environment		Transport		Mixed	Total	
	Amount	% Envir.	Amount	% Transp.	Amount	Amount	%
Spain	749 218 170	46.8%	851 923 302	53.2%	164 496	1 601 305 968	60.3%
Greece	163 815 574	37.6%	271 716 947	62.4%	0	435 532 521	16.4%
Ireland	136 967 016	80.7%	32 657 648	19.3%	0	169 624 664	6.4%
Portugal	176 586 501	39.3%	272 461 436	60.7%	1 722 650	450 770 587	17.0%
Technical assistance	0	0.0%	0	0.0%	1 677 809	1 677 809	n s
Total	1 226 587 261	46.2%	1 428 759 333	53.8%	3 564 955	2 658 911 549	100.0%

Payment appropriations for 2000

<u>Country</u>	Environment		Transport		Mixed	Total	
	Amount	% Envir	Amount	% Transp	Amount	Amount	%
Spain	547 028 885	48.1%	589 632 725	51.9%	691 333	1 137 352 943	67.5%
Greece	166 619 671	55.0%	136 208 560	45.0%	0	302 828 231	18.0%
Ireland	52 271 877	41.1%	74 988 716	58.9%	195 249	127 455 842	7.6%
Portugal	106 916 040	93.2%	7 777 796	6.8%	1 773 490	116 467 326	6.9%
Technical assistance	0	0.0%	0	0.0%	1 119 124	1 119 124	n s
Total	872 836 473	51.9%	808 607 797	48.1%	3 779 196	1 685 223 466	100.0%

Coordination with the Structural Funds: the strategic reference frameworks

For the 2000-06 programming period the Commission established a series of guidelines regarding the Cohesion Fund indicating that its assistance should be subject to a coordinated strategic approach and framed within programmes identifying the main priorities for assistance in the different sectors of application selected and looking for better coordination with other financial Community instruments.

Transport

In 2000, the transport sector represented 53.8% of total Cohesion Fund commitments.

As in the past, the Commission has insisted that the work of the Fund should concentrate on the railways, which, in 2000, absorbed about 85% of commitments for transport in Spain and 77% in Portugal.

Environment

The environment accounted for 46.2 % of total Cohesion Fund commitments for 2000.

The priorities in this sector remained: the supply of drinking water, the treatment of waste water and the treatment of solid waste.

Information and publicity

An information meeting with the 15 Member States was held in Brussels on 18 December.

At that meeting, the Commission presented the draft Annual Report of the Cohesion Fund for 1999 and also reported on the progress of Cohesion Fund assistance in 2000 in each beneficiary Member State. The Member States gave details of their strategic reference frameworks (see above).

Evaluation

At the end of 2000, of the 120 projects planned, 107 had already been evaluated, 58 in the transport sector and 49 in the environment sector.

The initial conclusions to be drawn from the *ex-post* evaluations of 31 *environment* projects suggest that their implementation and their impact in environmental, social and economic terms have been positive and have in general met the targets laid down.

The provisional summary exercise reviewed the *ex-post* evaluations of some 40 *transport* projects concerning all modes. The projects have resulted in considerable socio-economic improvements but their implementation has sometimes encountered unexpected problems (sometimes design shortcomings resulting in an upward general review of costs). However, the use made of the projects was very satisfactory.

Irregularities and the suspension of assistance

During 2000, the Anti-Fraud Office carried out no investigations concerning the Cohesion Fund.

However, in 2000, the Spanish authorities notified two irregularities to the Commission under Regulation (EC) No 1831/94¹, bringing to seven the number of irregularities notified under this Regulation since its entry into force. Despite this fairly small number, the Commission would draw the attention of the beneficiary Member States to their obligations in this respect.

¹ OJ L 191, 27.7.1994.

1. GENERAL CONTEXT

1.1. Convergence and economic development in the beneficiary countries of the Cohesion Fund

1.1.1. Greece

In 2000, economic policy in Greece followed the guidelines of the first update of the convergence programme, which was submitted in December 1999 under the requirements of the Stability and Growth Pact. The main objective of the programme was to satisfy all the convergence criteria for participation in the euro zone from January 2001. The Council issued an opinion on the programme on 31 January 2000².

In 2000, the budgetary position of Greece turned out to be better than projected in the 1999 update of the convergence programme. The general government deficit fell to 0.9% of GDP as against 1.2% set in the programme. This was the result of better budget revenues, in particular tax revenues, which more than offset an overrun in interest payments and in primary expenditure. The primary surplus reached 6.4% of GDP. The debt/GDP ratio also fell further, to 103.9% of GDP in 2000. Following the Council decision of 19 June 2000, Greece entered the euro zone from 1 January 2001³. The conversion rate of the drachma against the euro was fixed at GRD 340.75, that is the central rate of the drachma in ERM II, decided in January 2000.

In December 2000, Greece submitted its first stability programme covering the period 2000-04 in accordance with Article 4 of Regulation (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies⁴. The programme was assessed by the Council on 12 January 2001⁵. The first stability programme aims at confirming the stability stance of macroeconomic policy while improving the functioning of the markets through structural reforms. Building on better than expected budgetary results in 2000 and on a high real output growth scenario, the stability programme projects the general government balance to turn into a surplus of 0.5% of GDP in 2001 and 1.5% of GDP in 2002. The general government debt ratio is projected to decline below 100% of GDP in 2001. The budgetary strategy of the Greek stability programme consists in maintaining high primary surpluses assisted by a significant reduction in interest payments, resulting from lower interest rates and a declining debt ratio.

1.1.2. Spain

In 2000, economic policy was run under the strategy of the Stability Programme Update (1999-2003) and was considered by the Council as being in accordance with the Stability and Growth Pact⁶. The programme reaffirmed the economic strategy followed in recent years (promoting healthy economic growth through fiscal consolidation and structural reforms). As a result, GDP grew by 4.1%, higher than 3.7% assumed in the update. In this framework, budgetary consolidation targets were

² OJ C 60, 2.3.2000, p.4.

³ OJ L 167, 7.7.2000.

⁴ OJ L 209, 2.8.1997.

⁵ OJ C 77, 9.3.2001, p.1.

⁶ OJ C 98, 6.4.2000.

exceeded: the general government deficit fell from 1.2% of GDP in 1999 to 0.3% in 2000 (lower than the 0.8% envisaged in the update) and the debt/GDP ratio fell to 60.6% (2.2 percentage points lower than forecast). In contrast price developments were worse than expected, not only because of price rises of the more volatile items, but also because core inflation deteriorated.

The second Stability Programme Update, covering the period 2000-04, was submitted to the European Commission on 23 January 2001 and assessed by the Council on 12 March 2001⁷. A further improvement in budgetary targets is envisaged, based mainly on primary current expenditure restraint, while giving room for a reinforcement of government investment and for a reduction in the tax burden after 2002. Thus, the general government sector is expected to reach a balance in 2001 and surpluses in the following years of up to 0.3% of GDP in 2004. An additional downturn in the debt/GDP ratio is expected, to below 60% in 2001 and just under 50% by the end of the programme period.

1.1.3. Ireland

The December 1999 update of Ireland's stability programme was considered by the Council as being in conformity with the Stability and Growth Pact⁸. Implementation in 2000 again exceeded expectations. In December 2000, the Irish authorities revised their original growth projection of 7.4% for real GDP in 2000 upwards to 10.7%. Booming tax revenues in a strongly growing economy more than offset expenditure overruns and the resulting general government surplus in 2000 is estimated to be 4.5% of GDP rather than 3.3% as originally projected. The government debt to GDP ratio continues to fall, to about 39% in 2000 and the value of the newly-established National Pensions Reserve Fund at end-2000 was over 6% of GDP.

The December 2000 update of the stability programme, covering the period 2001-03, incorporates the budgetary plans for 2001 and was assessed by the Council on 12 February 2001. The programme confirms that Ireland will continue to meet the objectives of the Stability and Growth Pact. There will be sizeable surpluses on the general government balance in each of the years to 2003. A further sharp decline in the debt ratio is projected, to less than one quarter by end-2003.

1.1.4. Portugal

In 2000, budgetary developments took place under the framework of the Stability Programme Update (2000-04), which was assessed by the Council on 13 March 2000. The budgetary outcome for 2000 is currently estimated as a deficit of 1.4% of GDP (i.e. 0.1 p.p. lower than the Stability Programme target). However, this was achieved including the proceeds from the sale of UMTS licences (0.4% of GDP), because there were overruns in current primary expenditure and a shortfall in indirect taxes of around ½ of a p.p. of GDP that were only partly offset by a reduction in capital expenditure.

The second Stability Programme Update, covering the period 2000-04, was submitted to the European Commission on 23 January 2001 and assessed by the

⁷ OJ C 109, 10.4.2001.

⁸ OJ C 60, 2.3.2000.

Council on 12 March 2001⁹. It envisages continuation of the budgetary consolidation process, reaching a balanced position in 2004. The consolidation effort is spread more or less evenly over the period 2001-04. Moreover, the reduction in the deficit ratio results from similar cumulative changes of $\frac{3}{4}$ of a p.p. of GDP on both the revenue and expenditure side of the budget. The Council considered that a faster reduction of the deficit would be appropriate.

1.2. Conditionality

Under Article 6 of Council Regulation (EC) No 1164/94, assistance from the Cohesion Fund is conditional on the sound management of the general government finances. Assistance for new projects in a beneficiary Member State can be suspended if the Council decides that an excessive deficit exists in the Member State and if that decision is not abrogated in accordance with Article 104 of the Treaty .

Every spring the general government deficits for the previous year are assessed using the Commission's spring economic forecasts based on budget data for the past year reported by the Member States before 1 March. Every autumn the general government deficits for the currency year are assessed using the Commission's autumn economic forecasts, after verification of their reliability.

In 2000 none of the Member States which are beneficiaries of the Cohesion Fund was in an excessive deficit situation. Accordingly, the Commission did not produce an assessment of compliance with conditionality for any of those Member States in 2000.

2. IMPLEMENTING PRINCIPLES AND ASSISTANCE GRANTED

2.1. Coordination with other Community policies

2.1.1. *Public procurement*

Since the Cohesion Fund was established, the Commission has paid particular attention to ensuring that Community legislation on public procurement is correctly transposed into national law and that the Community rules are scrupulously adhered to in the context of Community financial assistance. This is of particular importance in the case of assistance from the Cohesion Fund in view of its high rates of financial participation, which call for particular scrutiny by the Commission to verify open and fair access to public tenders.

In its inspection missions, the Commission undertakes routine checks on compliance with the relevant Community directives on public procurement and the correctness of the tender selection procedures. Close monitoring by the Commission of projects approved by the Fund has enabled national administrations to better understand and apply Community procedures for the award of public contracts and tendering. The Commission finds that national authorities and Monitoring Committees cooperate increasingly well and respond exhaustively to the questions it raises in the course of its consideration of applications for project finance and its monitoring of project implementation.

⁹ OJ C 109, 10.4.2001.

2.1.2. Competition

Council Regulation (EC) No 1164/94 establishing a Cohesion Fund states that assistance from the Fund must, in particular, be in keeping with competition policy. In this regard, consideration of applications for finance concerns mainly an assessment of the compatibility with the Treaty of the measures part-financed by the Fund in order to ensure that assistance complies fully with the Community competition rules, and in particular those on State aids.

As it has in the past, the Commission finds that these aids do not generally raise problems of incompatibility with competition law, in that they are directed towards infrastructure projects for transport or the protection of the environment which, unless they infringe the rules on public procurement, do not provide specific firms with any special advantage. Accordingly, from the competition point of view, Community monitoring continues to concern mainly the aspects regarding free access to infrastructure by all operators meeting the technical and legal conditions required.

2.1.3. Environment

Article 8 of Council Regulation (EC) No 1164/94 establishing a Cohesion Fund states that projects are to be in keeping with Community policies, including those concerning environmental protection.

The objectives of Community policy on the environment are set out in Article 174 of the Treaty. They cover:

- preserving and improving the environment;
- protecting human health;
- the rational utilisation of natural resources.

The Community programme of policy and action in relation to the environment and sustainable development provided for the Cohesion Fund to assist in the achievement of the Treaty objectives and, in particular, in resolving specific issues such as the reduction of water pollution and appropriate waste management. As well as focusing on these basic problems, the programme also concentrated on the need to integrate the environmental dimension into other Community policies in order to change and limit the undesirable side effects of certain economic activities. This latter aspect is of concern to the Cohesion Fund in that transport infrastructures are the other investment priorities to which funding is channelled.

Article 3 of Regulation (EC) No 1164/94, as amended by Regulation (EC) No 1264/1999, identifies the measures eligible for assistance from the Cohesion Fund as those for environmental protection and transport infrastructure.

Furthermore, in July 1997, to improve and strengthen the internal procedures which it had adopted in 1993, the Commission gave its agreement to a range of measures intended to ensure that greater account is taken of environmental considerations when policy and administrative decisions are taken.

As regards the programming period 2000-06, 2000 saw the entry into force of Regulation (EC) No 1264/1999, amending Regulation (EC) No 1164/94 which applied during the 1994-99 programming period. This entails a change in the procedure to be adopted in managing the aid granted. The procedure takes account of the directives which now apply and draws on them more systematically:

EIA Directive

Directive 97/11/EC amending Directive 85/337/EC came into force on 14 March 1999. It introduced selection criteria to determine whether Annex II projects should be subject to an environmental impact assessment on the basis of their significant impact on the environment. The list of Annex I projects for which an EIA is required in all circumstances was extended. During 2000, the new programming period 2000-06 meant that these amending provisions became much more important. The Espoo convention on Environmental Impact Assessment in a Transboundary Context was transposed by this Directive.

Habitats Directive

Directive 92/43/EEC set 10 June 1998 as the deadline for drawing up the lists of sites to be protected under Natura 2000. The provisions for checks in the applications for Cohesion Fund assistance from 1 January 2000 were stepped up to ensure that, for the sites in the Natura 2000 network likely to be affected by a project receiving finance from the Fund, all the protective measures required from an environmental point of view will be taken by the Member States concerned.

Water directives

Directive 91/271/EEC (waste water), as amended by Directive 98/15/EC, set 31 December 2000 as one of its main deadlines (construction of drainage networks and treatment stations in accordance with the sensitivity of the area); that is why the Cohesion Fund continued during 2000 to part-finance infrastructure which would help comply with the principles concerning sensitive areas and major conurbations, and will do so during the new programming period for smaller urban areas.

On 23 October Directive 2000/60/EC establishing a framework for Community action in the field of water policy was approved. Although the deadlines it lays down for implementation of its legislative and statutory provisions run until 22 December 2003, some of its principles - particularly integral management by water basin - inspired in 2000 the treatment of projects to be part-financed by the Cohesion Fund.

Waste directives

Implementation of two recently approved directives on waste, Directive 1999/31/EC on the discharge of waste and Directive 2000/76/EC on the incineration of waste, will have substantial organisational and environmental consequences in the Member States which benefit from the Cohesion Fund, since waste disposal there is largely dependent on discharge and they require more modern facilities and the implementation of a strategy to improve recycling.

In 2000, a Cohesion Fund contribution for projects concerning waste treatment structures was refused in regions which still had no appropriate plans for waste management as required by Directive 75/442/EEC on waste, amended by Directive

91/156/EEC. This has encouraged these regions to comply with this Community provision.

2.1.4. Transport

While transport TENs projects of common interest are financed from the TENs budget line, the Cohesion Fund provides funds specifically for TENs transport infrastructure.

Coordination between the trans-European transport networks (TENs) budget and the Cohesion Fund is important because these Community financial instruments take into account the need to link to the central regions of the Community regions suffering from a structural handicap and from their insular, landlocked or peripheral status.

The TENs Regulation does not in principle allow the same phase of a single project to be financed both by the TENs budget and from other Community sources but, in some cases, feasibility studies financed through the TENs budget may be followed by support from the Cohesion Fund and the EIB for the (part-) financing mainly of construction works of the actual investment. Frequently, in the area of transport, the Cohesion Fund finances works designed to give “access” to the trans-European transport network, the components of which are themselves financed from the TENs budget line.

In 2000 the TENs budget line had €581 million in commitment appropriations and €449 million in payment appropriations for transport.

The TENs Financial Regulation (EC) No 2236/95) was amended by Regulation (EC) No 1655/1999) to provide for medium-term planning via indicative multiannual investment programmes (MIP) and for the encouragement of public-private partnerships, together with the use of a small amount of the budget line (1-2%) to support projects involving risk capital. During the year 2000 the Financial Assistance Committee, which assists the Commission in implementing the TENs Regulation, delivered a positive opinion on the MIP for 2000-06 and it will be revised in 2003. The current proposal that will be adopted by the Commission in autumn 2001 includes about €2.8 billion for 11 priority projects (Essen projects), the Global Navigation Satellite Systems project (“Galileo”) and four groups of projects of common interest.

2.2. Coordination with the Structural Funds: the strategic reference frameworks

For the programming period 2000-06 the Commission established a series of guidelines regarding the Cohesion Fund indicating that its assistance should be subject to a coordinated strategic approach and framed within programmes identifying the main priorities for assistance in the different sectors of application selected and looking for better coordination with other financial Community instruments.

2.2.1. *Environment*

Spain

The priority sectors for assistance, decided together with the Spanish authorities, are:

- management of municipal, industrial and hazardous waste
- sewerage and waste-water treatment
- water supply

For each of these sectors a strategic framework has been designed which analyses the current situation, identifying the existing problems and deficiencies, indicating the objectives to be achieved and specifying the assistance needed for this purpose. The frameworks are designed taking into account the areas of responsibility of the different administrations as well as the Community and national legislation to be complied with, all within established time frames for their development.

The “Strategic Framework for Waste Management in Spain” takes into account the objectives and criteria established in the Community Waste Management Strategy and it is based on the different waste management plans already adopted at national and regional level. The document analyses the situation regarding the management of municipal and of hazardous wastes as well as of other waste streams (end-of-life vehicles, used tyres, construction and demolition wastes, waste-water treatment, sludges, etc) and of contaminated soils. For each of these types of wastes a series of objectives is established with specific proposals for the measures required to achieve them.

The “Strategic Framework for Sewerage and Waste-water Treatment” offers an overview of the situation in this sector in Spain indicating the strategies to apply and the assistance to be carried out in the period 2000-06 in order to comply with Community requirements regarding urban waste-water treatment and disposal. The objectives in this field, which are contained in the “Plan Nacional de Saneamiento y Depuración de Aguas Residuales Urbanas” (National Sewerage and Wastewater Treatment Plan), are the improvement of the sewerage and of the waste-water treatment systems, a greater control of the quality of discharges with a view to reuse of treated effluents and improved management and disposal of waste-water sludges.

The “Strategic Framework for Water Supply” has as its main objective to ensure and guarantee the supply of water of good quality in sufficient amounts to all the population, taking into account the expected increase in demand in the near future and the need to manage the resources available properly, by improving their use, avoiding their deterioration and seeking new ones. River basins are considered as the management unit for water resources and each has a “Plan de Cuenca” (Basin Plan), whose main objectives are to achieve a highly satisfactory level of supply in quantity and quality, best possible use of the resources available through savings and more efficient management, the diversification of the resources in its origin and reduced vulnerability of water supply systems. For every river basin there is a specific management entity, the “Confederación Hidrográfica”.

All the strategic frameworks mentioned above are to be developed in an integrated manner and taking into account, under different forms of application, the “polluter-pays principle”.

Portugal

Major investments were carried out during the 1996-99 period, the main objective being to increase water supply capacity and improve quality in the Greater Lisbon, Greater Oporto and Algarve regions, to monitor underground water quality, and to renovate and build new waste-water treatment plants in the main towns and more sensitive areas.

Integrated systems to treat industrial waste water were also built in some of the more heavily industrialised areas subject to particularly serious waste water pollution problems due to industrial contamination (Vale do Ave, Águeda, Alcanena).

For solid waste treatment, integrated management systems allowing for a greater coverage in terms of area and population served created, each one serving several municipalities and covering waste collection and recycling were introduced. In parallel, existing waste dump sites were closed down and the site area renovated.

Portugal’s environment strategic framework for 2000-06 includes the following priorities:

- to further develop and complete the basic environmental infrastructure;
- to develop conditions allowing for sustainable development, environmental protection and the management of natural resources.

This involves improved conservation and management of natural resources and integration of environmental policy into overall regional and sectoral development policies through better impact assessment and in line with the polluter-pays and user-pays principles. It will also require strategic partnerships to be set up between the public administration and a whole range of organisations, including the private sector. Last but not least, a special effort will be made on education and information activities regarding natural resources and other environmental issues.

Cohesion Fund support is envisaged for the larger water supply, urban waste-water drainage and treatment and urban solid waste treatment infrastructure projects. Both water supply and treatment will be included in the integrated systems approach in which intermunicipal systems covering the complete ‘water cycle’, will be managed by the same entity.

Cohesion Fund assistance will be supplemented at the level of the regional programmes with funding from the ERDF to build or renovate the smaller local components of these systems.

This requires close coordination of priorities and schedules between the Cohesion Fund and the regional operational programmes (Norte, Centro, Alentejo, Lisboa e Vale do Tejo, Algarve, Madeira and Azores).

The main objectives for water supply and waste water drainage and treatment are to increase significantly the population served and in the case of water supply, to

improve the quality of drinking water in line with Community directives and increase reliability of supply.

	% population affected 2006 (mainland Portugal)
Supply of drinking water	95
Waste water drainage and treatment	90
Solid waste treatment	98

Ireland

The Irish authorities presented their strategic reference framework for the environment sector on 29 July 2000. This document presented a limited number of projects in the sub-sectors of waste water and solid waste as the main priorities.

In respect of waste water the main objectives identified are presented as consistent with the key priorities of national policy set out in the National Development Plan /Community support framework and the Economic and Social Infrastructure OP for 2000-06. The two broad objectives of these programmes are to ensure compliance with the EU policy framework and to support economic and social development while achieving and maintaining high environmental standards.

The overall national strategy for pursuing the objectives is set out with reference to the NDP/CSF and the Economic and Social Infrastructure OP under which the total planned investment over the period 2000-06 is €3 853 million.

Early in 2000 the Government approved a policy framework for the application of the polluter-pays principle to water services infrastructure and operations. It provides, inter alia, for full cost recovery from non-domestic users for public water services (capital and operating costs). The metering of all non-domestic users is to be completed by 2006. Services to domestic users will continue to be financed from public funds. It was agreed in the context of the CSF that progress in the applying PPP will be reviewed at mid term

Public-private partnerships are to be favoured in the water sector generally with the design-build/design-build-operate approach being used for projects involving the provision or upgrading of major water or waste water treatment works. Two CF supported projects are pilots for DB-DBO use in water services.

Investment priorities in waste water are driven by the need to ensure compliance with the UWWTD. The Cohesion Fund assisted projects; the three water priorities presented for the CF are the Dublin, Cork and Limerick treatment works.

In relation to the solid waste sub-sector, the broad objectives outlined are to support economic, balanced regional and social development while achieving and maintaining high environmental standards and to ensure compliance with the EU policy framework. A principal target is to reduce the 90% dependence on landfill disposal.

The key priorities in solid waste flow from the national policy set out in the NDP/CSF and the two regional operational programmes for 2000-06.

The strategy for developing regional waste management plans and deciding on infrastructure requirements is described along with the details of the total planned investment over the period 2000-06 of €825 million.

The national waste management policy is consistent with the application of the polluter-pays principle through the imposition of waste charges. The private sector is or will shortly be providing and charging for household waste collection services in 16 of the 34 major local authority areas. Only three Dublin County Councils had at that date still to impose waste charges for their services.

In respect of the delivery of solid waste infrastructure the reference framework identifies design-build-operate-finance as the preferred method for providing the thermal treatment plants proposed under the draft waste management plans.

As the delivery of solid waste projects in Ireland is not as mature as in the waste-water sector, the Irish authorities have identified certain categories of projects to be proposed for CF support. These include the planning, procurement and design costs of individual thermal treatment facilities projects or such costs in respect of the implementation of an integrated approach to the management of the waste for a particular region where such infrastructure is in line with the provisions of the Waste Management Plan for that region. The projects proposed would either represent the follow up of feasibility studies previously supported by the Cohesion Fund or encompass such studies.

Greece

By letter dated 11 December 2000 Greece submitted the draft Operational Programme for the environment, which includes the strategic reference framework for Greek projects in the field of environmental protection to be part-financed by the Cohesion Fund.

The framework includes the three main sectors of assistance:

Drinking water and its distribution

Projects which ensure the collection, storage and supply of drinking water.

Waste-water treatment

Projects to separate waste water from rainwater, its channelling and/or storage, flood-protection works and waste-water treatment and the provision of treated water.

Waste management

Projects to treat domestic waste from selective separation and collection and the treatment of waste. It should be noted that the projects to be part-financed must be included by the Member State in its national waste management plan sent to the Commission.

The financial forecasts which reflect this framework strategy for 2000-06 in quantitative terms were confirmed by the Member State in a table sent to the Commission listing the main projects by name and the amounts planned for all the

other projects in each sector (these have of course not yet been selected but will be defined as and when this is done).

M.E.N. circular No 11924/792 of 5 April 2001 to the regions on this subject lays down to a certain extent the arrangements for defining these projects.

2.2.2. *Transport*

Spain

Following consideration by the Commission and the Spanish authorities on the future activities of the Cohesion Fund in 2000-06, in accordance with Article B(2) of the amended Annex II to the Cohesion Fund Regulation, the reference framework for investments in the trans-European transport networks, which defines Spain's general strategy in this area for the period of assistance in question, was submitted.

In accordance with the Commission Guidance for programming assistance from the Structural Funds and their coordination with the Cohesion Fund¹⁰, the strategic reference framework contains the following objectives:

- to improve the prospects for economic development, competitiveness and employment;
- to contribute to balanced development;
- to encourage sustainable mobility and ensure the availability of transport services where private means of transport are lacking or suffer from mobility problems.

In accordance with the Cohesion Fund vade-mecum for 2000-06, the reference framework presented by the Spanish authorities includes the following points:

- definition of long-term objectives;
- specification of the objectives which could be achieved during 2006 in the development of the trans-European transport networks, the identification of assistance on the main routes and the estimated investment costs;
- the strategy making use of the various Community Funds.

With more specific reference to assistance from the Cohesion Fund for 2000-06, the strategic approach selected by the Spanish authorities will mean continuing investment in the development and modernisation of the trans-European rail transport network, particularly in the form of high-speed rail links, the continued construction of roads to improve links with France and Portugal and improving operating conditions in ports.

Implementation of the overall strategy will be regularly monitored by the various Cohesion Fund Monitoring Committees. Coordination with assistance from the ERDF will be checked by a specialist working party on transport set up under the Community support framework.

¹⁰ COM (1999) 344, 1 July 1999.

Portugal

Following consideration by the Commission and the Portuguese authorities on the future activities of the Cohesion Fund in 2000-06, in accordance with Article B(2) of the amended Annex II to the Cohesion Fund Regulation, the Portuguese authorities submitted the reference framework for transport, which defines Portugal's general strategy in this area for 2000-06.

During negotiation of the CSF for Portugal and the Operational Programme for transport access, this strategy was analysed, principally to check its compliance with the Commission Guidelines for programming assistance from the Structural Funds and their coordination with the Cohesion Fund.¹¹

The document on the reference framework for transport is annexed to the text of the operational programme for technical assistance adopted by the Commission on 22 August 2000.

This framework is the main instrument for coordination between assistance from the Cohesion Fund, the ERDF (both its sectoral and its regionalised aspects) and other Community sources, including the budget line for the trans-European networks.

The priorities adopted for the next period of assistance from the Fund in Portugal are:

- to increase infrastructure provision and the efficiency of the transport system to ensure the integration of Portugal with the rest of the world and so to make Portuguese firms more competitive;
- to develop and rationalise urban transport systems;
- to improve internal territorial cohesion by improving regional accessibility (between regions and to the main network);
- to support logistics, mainly through the establishment of a coherent series of platforms which should also play a vital role in integrating the various modes of transport.

Implementation of this strategic approach will require continuing work on the modernisation of the main rail network, speeding up construction of the main road routes and secondary connections, building underground rail systems in the main towns, providing equipment and improving operating conditions in the ports and increasing capacity and quality of services in the airports.

Implementation of the overall strategy will be regularly monitored by a specialist working party on transport set up by the Portuguese authorities.

As it always has been, Cohesion Fund assistance will be directed towards completion of the trans-European networks, with aid being concentrated on the elements of Essen priority project No 8 (Multimodal links between Portugal and Spain and the rest of Europe). Because of their ability to contribute to the creation of operational

¹¹ COM (1999) 344, 1 July 1999.

systems up to 2006, other key TENs projects should also receive priority in order to achieve the maximum impact on cohesion.

Ireland

The Irish reference framework for the transport sector recalls that the key objective of the NDP is to promote sustainable transport policies, which facilitate continued economic growth and regional development, while ensuring a high level of environmental protection. To this end, the national strategy sets out the following main priorities :

Road Network

- The development to motorway/high quality dual carriageway standard of the five key inter-urban routes radiating from Dublin, and
- a programme of major improvements on other national primary routes.

Transport in the Greater Dublin Area

- Completing the C Ring motorway around the city, increasing its capacity and building the Dublin Port Tunnel, and
- enhancing the public transport system through the provision of a new light rail system, quadrupling of track on the south-west rail corridor to separate long-distance and suburban services, re-signalling of the city centre track loop to provide additional peak-time services, new stations, more rolling stock for the existing metro (DART) and suburban rail services and more buses.

National public transport

- Upgrading of bus and commuter rail services in regional cities.
- Improving the capacity and safety of the national rail network.
- The priorities for national road and public transport embodied in the reference framework are fully consistent with the objectives of the priority projects proposed for support by the Cohesion Fund.

Other key elements of the framework are as follows:

- It outlines the strategy for achieving the objectives for these transport sectors, with reference to the NDP and the sub-programmes for national roads and public transport. In 1999 prices, total planned investment over the period 2000-06 is €6 billion in national roads and €2.8 billion in public transport. It is expected that over 70% of this planned investment will be spent on the development of the key national road and rail routes forming part of the trans-European transport network.
- As regards the polluter-pays principle, the framework points to the taxation regime on vehicles and fuel. It also notes that there are two hard-toll bridges in operation. The hard-toll system will be extended to the national roads system under the public-private partnership schemes. Eleven road schemes were identified by December 2000, some of which had already been put out for tender.

- The up-dating of the strategy for road transport in Dublin in 2001 will provide for the development of a comprehensive demand management strategy for transport.

The projects identified for Cohesion Fund support during the period 2000-06 are consistent with the broad investment priorities outlined above as well as, in nearly all cases, being the final construction stages of projects already supported in the previous budgetary period.

Greece

By letter dated 6 April 2000 Greece submitted a draft operational programme for roads, ports and urban development, which includes the strategy for Greek projects in the 'roads - ports' sector and, by another letter of the same date, the draft operational programme for rail, airports and urban transport, which includes the strategy for Greek projects in the 'rail - airports' sector.

After a period of negotiation, the two documents were finalised at the end of 2000. The two operational programmes approved included the strategic reference framework for projects part-financed by the Cohesion Fund in the transport sector for 2000-06.

Strategic approach

The Cohesion Fund will continue to play a key role in implementing the trans-European networks, particularly as regards the corridors and key points in the networks and the measures concerning the missing links in the priority routes identified at Essen. To that end, the reference framework provides an initial indication of the costs of the investments required, a provisional calendar of implementation and an indicative plan of sources of finance, including the private-sector contribution. It also includes a fairly detailed description of the physical purpose of the investments. The document demonstrates consistency with the European Regional Development Fund.

The priorities by mode of transport are as follows:

- Roads

Pathe and Via Egnatia motorways, partly financed during the previous period.

Ionian route and Corinth-Tripoli-Kalamata/Sparti motorway

- Rail

Pathe corridor partly financed during the previous period .

Electrification of the Athens-Thessaloniki-Promachon (Bulgarian frontier) corridor partly financed during the previous period.

Rail link from the port of Ikonion and the Thriassio complex.

- Ports

Ports of Heraklion and Igoumenitsa

- Air transport

Completion of the 'Modernisation of the Air Traffic Control System' project

- Combined transport

Thriassio complex and links with the existing rail networks.

2.3. Implementation of the budget: commitments and payments

2.3.1. Budget available

In accordance with Article 4 of Regulation (EC) No 1164/94, as amended by Regulation (EC) No 1264/1999 (the Cohesion Fund Regulation), Cohesion Fund resources available for commitment for 2000 amount to €2 615 million at 1999 prices. The final amount entered in the budget after indexation was €2 659 million.

In accordance with the brackets for the allocation of resources by Member State laid down in Annex I to the Cohesion Fund Regulation, the indicative allocation of these appropriations by country is as follows:

Country	Lower limit		Upper limit	
	€ mill	%	€ mill	%
Spain	1 621	61.0%	1 687	63.5%
Greece	425	16.0%	478	18.0%
Ireland	53	2.0%	159	6.0%
Portugal	425	16.0%	478	18.0%
Technical assistance	2		2	
Total	2 659		2 659	

The budgetary authority also decided to enter €2.8 billion in payment appropriations for the Cohesion Fund.

Under Article 7 of the Financial Regulation, the Commission decided to make available again the €1.7 million of appropriations decommitted in 1999 and allow reutilization of €1 million recovered in 1999.

2.3.2. Budget implementation

The tables showing the budgetary implementation of Cohesion Fund resources in 2000 and carryovers to 2001 are as follows:

Summary table of implementation of the CF for 2000 appropriations (en €)

<u>Commitment appropriations</u>	<u>Initial</u>	<u>Movements</u>	<u>Final resources</u>	<u>Implementation</u>	<u>Cancelled</u>	<u>Carryovers to 2001</u>
Budget 2000	2.659.000.000	0	2.659.000.000	2.245.364.790	88.451	413.546.759
Appropriations carried over from 1999 (not implemented)	0	0	0	0	0	0
Appropriations made available again (decommitted in 1999)	1.699.812	0	1.699.812	0	1.699.812	0
Repayments of advances (reimbursements)	994.593	0	994.593	994.593	0	0
Totals	2.661.694.405	0	2.661.694.405	2.246.359.383	1.788.263	413.546.759

<u>Payment appropriations</u>	<u>Initial</u>	<u>Movements</u>	<u>Final resources</u>	<u>Implementation</u>	<u>Cancelled</u>	<u>Carryovers to 2001</u>
Budget 2000	2.800.000.000		2.800.000.000	1.685.223.466	814.776.534	300.000.000
Appropriations carried over from 1999 (not implemented)	157.691.951		157.691.951	0	157.691.951	0
Repayments of advances (reimbursements)	994.593		994.593	0	994.593	0
Totals	2.958.686.544	0	2.958.686.544	1.685.223.466	973.463.078	300.000.000

Under Article 7 of the Financial Regulation, appropriations not implemented at the end of the year are cancelled, unless the Commission adopts a specific decision to carry them over. All the commitment appropriations carried over were used by 31 March 2001. However, the payment appropriations carried over could not be used until the appropriations under the 2001 budget were exhausted.

The tables of implementation by country and by type of project, (environment, transport or mixed) are as follows:

Budget implementation of appropriations for 2000 including appropriations carried over to 2001

Commitment appropriations for 2000 (including appropriations carried over to 2001)

<u>Country</u>	<u>Environment</u>		<u>Transport</u>		<u>Mixed</u>	<u>Total</u>	
	<u>Amount</u>	<u>% Envir</u>	<u>Amount</u>	<u>% Transp</u>	<u>Amount</u>	<u>Amount</u>	<u>%</u>
Spain	749 218 170	46.8%	851 923 302	53.2%	164 496	1 601 305 968	60.3%
Greece	163 815 574	37.6%	271 716 947	62.4%	0	435 532 521	16.4%
Ireland	136 967 016	80.7%	32 657 648	19.3%	0	169 624 664	6.4%
Portugal	176 586 501	39.3%	272 461 436	60.7%	1 722 650	450 770 587	17.0%
Technical assistance	0	0.0%	0	0.0%	1 677 809	1 677 809	
Total	1 226 587 261	46.2%	1 428 759 333	53.8%	3 564 955	2 658 911 549	100.0%

Payment appropriations 2000

<u>Country</u>	<u>Environment</u>		<u>Transport</u>		<u>Mixed</u>	<u>Total</u>	
	<u>Amount</u>	<u>% Envir</u>	<u>Amount</u>	<u>% Transp</u>	<u>Amount</u>	<u>Amount</u>	<u>%</u>
Spain	547 028 885	48.1%	589 632 725	51.9%	691 333	1 137 352 943	67.5%
Greece	166 619 671	55.0%	136 208 560	45.0%	0	302 828 231	18.0%
Ireland	52 271 877	41.1%	74 988 716	58.9%	195 249	127 455 842	7.6%
Portugal	106 916 040	93.2%	7 777 796	6.8%	1 773 490	116 467 326	6.9%
Technical assistance	0	0.0%	0	0.0%	1 119 124	1 119 124	
Total	872 836 473	51.9%	808 607 797	48.1%	3 779 196	1 685 223 466	100.0%

To reflect implementation of the appropriations allocated in 2000, the appropriations carried over to 2001 are included in the above table. The appropriations reconstituted or reused are not included because they come from allocations for earlier years.

To facilitate financial management, at the end of 2000, some over-implementation was allowed for Ireland and Spain. Balance will be restored in 2001 by an under-allocation of commitment appropriations equivalent to the over-running as compared with the indicative allocations adopted by the Commission.

2.3.3. Implementation of the budget for the previous period (1993-99)

The period 1993-99 was fully committed as planned by 31 December 1999. As a result, no commitment was made in 2000 from appropriations for 1993-99, apart

from €994 593 representing repayment of an advance which was recommitted for the country in question, Ireland.

Settlement in 2000 of commitments for the period 1993-99

<u>Country</u>	Initial amount to be settled	Decommitments		Final amount to be settled
Spain	3 049 584 234	1 039 538	988 012 034	2 060 532 662
Greece	1 052 540 103	43 690	302 828 231	749 668 182
Ireland	379 381 298	103 992	127 455 842	251 821 464
Portugal	434 168 522	321 014	113 490 966	320 356 542
Technical assistance	2 734 311	325 348	1 015 445	1 393 518
Total	4 918 408 468	1 833 582	1 532 802 518	3 383 772 368

The size of the amount to be settled for 1993-99 at the end of 2000 was roughly equivalent to the Cohesion Fund budget for one year.

A large part of this amount relates to projects carried over into the new period 2000-06. This means that the amount to be settled will be dealt with through interim payments rather than closures.

3. THE PROJECTS AND MEASURES ADOPTED

3.1. Assistance from the Fund by beneficiary Member State

3.1.1. Greece

3.1.1.1. Environment

As noted above (paragraph 2.2.1), Greece provided its strategic reference framework for environmental projects very late in 2000. This delayed adoption by the Commission of these projects, for which the application for assistance frequently arrived after the reference framework had been sent.

Commitments in 2000 for environment projects in Greece totalled €79 792 478 and in 2001 of the appropriations for 2000 carried over, €84 023 096, giving a total of €163 815 574 instead of about €252 million (50% of the appropriations planned, i.e. the mid point of the bracket laid down for 2000-06 by the Berlin European Council).

The projects adopted by the Commission in 2000 fall into two distinct categories:

New projects

Waste management in Chania (€18 480 000)

Waste-water and waste-water treatment in Almiros (€6 708 835)

Waste-water and waste-water treatment in Agii Theodori (€8 855 400)

Construction of the Gadoura dam and water supply on Rhodes (€14 015 840)

Waste-water and waste-water treatment on Sami (€7 131 600)

Waste-water and waste-water treatment in Kassandra (€12 412 800)

Amended projects

These are projects adopted in 1993-99 and amended in 2000, with increased assistance following the adoption of supplementary works:

Waste-water and waste-water treatment on Ioannina (€7 919 610)

Waste-water treatment for Athens at Psytalia phase B (€46 684 033)

Waste-water and waste-water treatment on Mytilene (€5 780 259)

Construction of dam and water supply at Voïo (€18 288 137)

Studies for the Gadoura dam and water supply on Rhodes (€5 757 735)

Construction of dam at Aposselemini and water supply at Heraklion (€4 396 360)

Water supply to Thessaloniki from the River Aliakmon (€7 384 965).

3.1.1.2. Transport

Commitments in 2000 for Greek projects in the field of transport amounted to €126 566 571 and those in 2001 from the appropriations carried over from 2000 to €145 150 416, a total of €271 716 987 instead of the approximately €223.5 million which corresponds to 50% of the appropriations planned (i.e. the mid-point of the bracket laid down at the Berlin European Council for the distribution of the appropriations allocated to each beneficiary country under the Cohesion Fund for 2000-06).

The projects adopted by the Commission in 2000 (with the amounts of assistance committed from the 2000 budget) fall into two distinct categories:

New projects

Construction of the new Corinth-Kiato railway line and studies for the Corinth-Patras section (€39 920 000)

Via Egnatia, section: Kouloura-Kleidi (€21 810 040)

Via Egnatia, section: Completion of external ring road for Thessaloniki from interchange K1 to interchange K4 (€39 622 000)

Amended projects

These are projects which were adopted during 1993-99 and amended in 2000 with increased assistance following the addition of a new physical object:

Construction of the Thriassio-Elefsina-Corinth railway line, phase B (€17 650 000)

Construction of a double track railway line from Evagelismos to Leptokarya, phase B (€13 300 000)

Construction of the Thriassio complex and connection to the existing network, phases A and B (€21 399 661)

Pathe, completion of section: Iliki-Agios Konstantinos (€32 793 416)

Pathe, section: Pathe motorway through the urban area of Katerini (€28 308 428)

Via Egnatia, section: Completion of section from Igoumenitsa to Selles interchange (€42 682 287).

Some other requests for amendments to earlier decisions resulting in increased cost which the Greek authorities submitted towards the end of 2000 did not result in decisions because upon examination the Commission felt that the reasons giving rise to the over-running of the initial costs and their compliance with national and Community legislation should be studied.

3.1.2. Spain

The Commission approved assistance from the Cohesion Fund of €2 276 million, of which €1 601 million had been committed in the budget for 2000. All the commitments made corresponded to new decisions adopted that year.

The following table shows the amount for each sector.

	Total eligible cost* (€ million)	Total assistance* (€ million)	Commitments 2000* (€ million)
Environment	1 375	1 125	749
Transport	1 557	1 151	852
Total CF	2 293	2 276	1 601
% Environment	46.9 %	49.4 %	46.8 %
% Transport	53.1 %	50.6 %	53.2 %

*rounded figures

3.1.2.1. Environment

The Cohesion Fund continued to concentrate its financial support on the three priority sectors: water supply, drainage and water treatment and the management of solid urban, industrial and hazardous waste. The aim was to complete the cycle of assistance, fill in the gaps remaining in the existing systems and to finance integrated operating systems.

The Cohesion Fund contribution by sector shows that drainage and water treatment received over half the resources for the environment.

	Total eligible cost (€ million)	Total assistance (€ million)	% of assistance	Commitments 2000 (€ million)
Water supply	240.92	202.48	17.99 %	120.00
Drainage and water treatment	812.13	665.55	59.15 %	451.46
Management of solid waste	321.21	256.97	22.84 %	168.74
Technical assistance	0.24	0.21	0.02 %	0.16
Total	1 374.50	1 125.21	100.00	749.38

Water supply

During 2000, Community assistance for measures to improve water supply totalled €202.5 million, 18% of the amount allocated to the environment sector.

The projects financed in this sector will ensure adequate supplies of drinking water of sufficient quality to consumers, in accordance with Community directives. They will improve the quality of drinking water in a number of towns, such as Zaragoza, to meet the problems of drought affecting the region of Andalusia (construction of the Melonares dam in Seville with a storage capacity of 180 Hm³, and a dam to ensure a minimum flow in a river in León).

Water supply Projects adopted in 2000			
No du project	Name of project	Total cost (€ million)	CF assistance (€ million)
2000 ES 16 C PE 033	Melonares dam	33.89	28.81
1999 ES 16 C PE 001	Casares de Arbás dam	14.86	12.63
2000 ES 16 C PE 071	Improved water supply to west Gijón	11.48	9.18
2000 ES 16 C PE 009	Water supply in the Guadalquivir basin: Jaén	33.70	28.64
2000 ES 16 C PE 007	Water supply in the Tagus basin: Torrijos, Fuensalida, the P. de Montalbán	46.29	39.35
2000 ES 16 C PE 065	Water supply in the Guadalquivir basin: Cadiz area	17.29	12.97
2000 ES 16 C PE 035	Supplies to Zaragoza and the Ebro corridor	83.41	70.90

Waste-water treatment

The efforts in this sector (Directive 91/271/EEC and implementation of the national plan for drainage and water treatment) continued in this new period. The sector absorbed €665.5 million in 2000, i.e. 59.15% or a substantial part of the resources available for the environment under the Cohesion Fund.

19 decisions were adopted, of which two amended projects already adopted and 16 projects and groups of projects presented by water basin. These projects concern collectors and treatment stations to be built in the various regions and some drainage infrastructure in the cities of Barcelona, Málaga and Valencia.

Waste-water treatment Projects adopted in 2000			
No of project	Name of project	Total cost (€ million)	CF assistance (€ million)
2000 ES 16 C PE 039	Drainage and water treatment Nord II basin: Asturias	11.42	9.14
2000 ES 16 C PE 004	Drainage and water treatment Sud basin: phase I	6.96	5.56
2000 ES 16 C PE 072	Improvement to drainage infrastructure in Murcia. Phase II	18.46	14.77
2000 ES 16 C PE 060	Drainage in Barcelona: improved treatment of waste water	54.09	43.27
2000 ES 16 C PE 064	Drainage and water treatment Sud basin: Manilva and Ronda	29.96	25.46
2000 ES 16 C PE 066	Drainage and water treatment Guadalquivir basin: Guadaira, Aljarafe and country areas	40.43	32.34
2000 ES 16 C PE 038	Drainage and water treatment at Lugo, Ourense	33.56	28.52
2000 ES 16 C PE 001	Drainage and water treatment various areas	133.68	106.94
2000 ES 16 C PE 036	Drainage and water treatment in the Bierzo	41.80	35.53
2000 ES 16 C PE 063	Drainage and water treatment Louro basin	87.28	74.18
2000 ES 16 C PE 037	Drainage and water treatment Galicia	18.03	14.42
2000 ES 16 C PE 027	Drainage and water treatment Ebro basin: Miranda de Ebro, Valle de Esera	22.61	19.22
2000 ES 16 C PE 032	Drainage and water treatment Tagus basin: treatment station Arroyo culebro-Getafe	56.86	48.33
2000 ES 16 C PE 044	Drainage works in Málaga	16.58	13.26

Waste-water treatment Projects adopted in 2000			
No of project	Name of project	Total cost (€ million)	CF assistance (€ million)
2000 ES 16 C PE 062	Drainage and water treatment Norte II - Cantabria: Collectors at Saja-Besaya	44.95	38.21
2000 ES 16 C PE 048	Drainage in Valencia	46.65	37.32
2000 ES 16 C PE 006	Drainage and water treatment Jucar basin	23.67	18.94
2000 ES 16 C PE 112	Drainage and water treatment Ebro basin	110.46	88.37
2000 ES 16 C PE 003	Drainage and water treatment Guadiana basin: Ciudad Real and Extremadura	3.42	2.74

Waste

Spain's National Plan for waste was approved on 7 January 2000 in agreement with the Autonomous Communities responsible for waste management in their areas. The aims of the plan are prevention, selective collection, recovery and recycling, the reuse of organic material and disposal in controlled dumps. Implementation of the plan will be financed by a contribution from the Cohesion Fund.

For 2000, 13 decisions were adopted on waste management, with projects grouped by Autonomous Community, responsible for implementing the plan drawn up by region. Assistance totalling €257 million, 23% of the total for the environment, was granted.

Priority was given to projects for solid urban waste, concerning selective collection, composting and recycling plants, pneumatic collection and sorting facilities.

Waste Projects adopted in 2000			
No of project	Name of project	Total cost (€ million)	CF assistance (€ million)
2000 ES 16 C PE 016	Measures for waste management in the Canary Islands	27.04	21.63
2000 ES 16 C PE 017	Measures for waste management in Cantabria	4.14	3.31
2000 ES 16 C PE 013	Measures for waste management in Aragón	7.11	5.69
2000 ES 16 C PE 023	Measures for waste management in Navarre	9.50	7.60
2000 ES 16 C PE 022	Measures for waste management in Madrid	13.16	10.53
2000 ES 16 C PE 028	Measures for waste management in Castile-Leon	56.31	45.05
2000 ES 16 C PE 041	Waste treatment in A Coruña	15.34	12.27
2000 ES 16 C PE 021	Measures for waste management in Galicia	29.52	23.62
2000 ES 16 C PE 012	Measures for waste management in Andalusia	90.94	72.75
2000 ES 16 C PE 019	Measures for waste management in Catalonia	22.82	18.25
2000 ES 16 C PE 024	Measures for waste management in La Rioja	2.10	1.68
2000 ES 16 C PE 025	Measures for waste management in Valencia	30.87	24.69
2000 ES 16 C PE 015	Measures for waste management on the Balearic Islands	12.37	9.90

Technical assistance

A total of €242 000 was granted for the preparation of strategic frameworks in the areas of water supply, drainage and water treatment, the management of waste, the coastline and flood-defences, the protection and restoration of public areas and systems for information and control of water resources in Spain.

Outermost regions

The measures took account of the importance attached to the development of the outermost regions (Canary Islands), as stressed in the Commission's Report (COM(2000) 147 final) on the measures to implement Article 299(2) of the Treaty.

Supply of drinking water

The Cohesion Fund regards this sector as of particular importance on the Canary Islands because of their specific difficulties. Financing large desalination plants, which are the best solution for the islands, will continue and they will be completed in 2001. Extensions to these plants are being considered.

Waste-water treatment

The Canary Islands are lagging behind in this regard and substantial efforts are continuing to improve water quality considerably. A large number of treatment stations are being built and will be completed in 2001.

Waste

Because of their island nature, the options open to the Canary Islands as regards waste treatment are very limited. The Cohesion Fund has sought to remedy this situation and provide basic infrastructure. A second phase has begun to extend the basic measure and in 2000 the Community contributed assistance worth €21.6 million for eight environmental complexes and a transfer facility including improved discharges and classification and biometanisation plants.

3.1.2.2. Transport

Under the aid decisions approved in 2000 by the Commission, the transport sector took 51% of total funding and 53.2% of the commitments made in that year.

The breakdown by mode of transport is as follows:

Type of project	Eligible cost (€ million)	CF assistance (€ million)	Breakdown of assistance by mode	Commitments 2000
Roads	198.7	168.9	14.7%	124.0
Railways	1 358.7	981.7	85.3%	727.9
Total	1 557.4	1 150.6	100.0	851.9

Road network

For this mode of transport, the priority continued to be progress on links with France and the development of links with road networks forming part of the trans-European networks.

In 2000, the Commission approved assistance for all the new projects submitted by the Spanish authorities. The Cohesion Fund granted assistance for several sections of the Sagunto - Somport road in the provinces de Huesca and Teruel, to links with the cross-Catalonia road and for completion of the road link between Galicia and central Spain.

No application concerning new projects in the road sector was being considered at the end of 2000.

The following table shows the projects adopted in 2000 in the roads sub-sector.

ROADS Projects adopted in 2000			
No of project	Name of project	Eligible cost (€ million)	CF assistance (€ million)
95/11/65/004 amendment	Rias Bajas motorway	33.4	28.4
1999ES16CPT-002	Levant motorway (a)	23.3	19.8
1999ES16CPT-003	Levant motorway (b)	33.2	28.2
1999ES16CPT-004	Levant motorway (c)	77.9	66.2
1999ES16CPT-005	Lleida - Barcelona motorway (d)	30.9	26.3
TOTAL		198.7	168.9

Rail network

In 2000, the Cohesion Fund made a particularly great effort to assist investments in the high-speed line from Madrid to Barcelona and the French frontier, which had been identified by the Essen European Council (9-10 December 1994) as one of the 14 priority projects and declared by the Spanish government as a project of general interest. Since 1998, all applications for assistance in the rail sector submitted by the Spanish authorities to the Cohesion Fund have sought part-finance for this major project. In this way, the decisions approved in 2000 provided for financial support from the Cohesion Fund for virtually all the technical phases of this project linking Madrid and Lleida.

Two applications for assistance for other technical phases of this project were submitted at the end of 2000 and were still being considered at the end of the year. These applications will be considered with technical support from the EIB and if they are approved in 2001 this will be in the light of the results of that consideration and in line with the most recent estimates of costs and revenues for the line as a whole.

RAILWAYS Projects adopted in 2000			
No of project	Name of project	Eligible cost (€ million)	CF assistance 2000 (€ million)
98/11/65/002	TGV (Madrid – Barcelona) New sections	76.2	55.1
1999ES16CPT-001	TGV (Madrid – Barcelona) Materials and track laying	642.2	302.8
2000ES16CPT-002	TGV (Madrid – Barcelona) Electrification, signalling and communications	562.0	325.1
2000ES16CPT-003	TGV (Madrid – Barcelona) Access network to Zaragoza	77.8	44.9
Total		1 542.7	727.9

3.1.3. Ireland

During 2000 the Commission approved Cohesion Fund grants to Ireland totalling €425 million, of which €169.6 million was committed from that year's budget.

	Total eligible cost* (€ million)	Total CF assistance* (€ million)	Commitments 2000* (€ million)
Environment	318.0	254.4	137.0
Transport	172.7	146.9	32.6
Total CF	490.7	401.3	169.6
% Environment	64.8%	63.4%	80.8%
% Transport	35.2%	36.6%	19.2%

3.1.3.1. Environment

The two priorities for the environment sector for the current period are the collection and treatment of waste water and the management of solid urban waste.

Waste-water collection and treatment

During 2000 the projects supported all related to waste water treatment.

Waste-water collection and treatment Projects adopted in 2000			
Project reference	Name	Total eligible cost* (millions €)	CF assistance* (millions €)
1999/IE/16/C/PE/003	Dublin region Waste-water scheme (Stage V - treatment plant)	166.7	133.4
1999/IE/16/C/PE/001	Cork Main Drainage (Stage III)	55.8	44.7
1999/IE/16/C/PE/002	Limerick Main Drainage (Stage III)	95.5	76.4
Total		318.0	254.4

The selected projects are priority projects serving three of the largest Irish cities. Cork and Limerick currently have no waste-water treatment while the existing system in Dublin provides only primary treatment.

Dublin Region Waste-water Treatment Scheme (Stage V - Treatment Works): The overall scheme covers the greater Dublin area. The four previous stages have covered planning elements and construction contracts related to the interim sludge plant, the transmarine pipeline and pumping and sewage collection works. Stage V of the Dublin Bay Scheme sees the construction of the Ringsend treatment plant, upgrading the existing primary treatment plant to provide secondary treatment for a population equivalent to 1.64 million. The Commission is also assisting the construction of Sutton pumping station and the Northern Fringe interceptor sewer.

Limerick City and environs Main Drainage Scheme (Stage III): The two previous stages covered planning elements and advance construction work on the collection network. This stage includes the construction of the waste-water secondary treatment and sludge plants (serving a population equivalent to 130 000), the major pumping stations and the tunnelled interceptor sewer linking the City centre to the treatment plant.

Cork Main Drainage (Stage III): The two previous stages covered planning elements and the construction of the collection network in the City centre and surrounding suburbs and a major pumping station. Stage III covers the construction of the waste water secondary treatment and sludge treatment plants (population equivalent of 413,000) and the transmission network (including further pumping stations and a transmarine pipeline),.

Solid Waste

No projects were assisted in 2000 in the area of solid waste.

3.1.3.2. Transport

As with the Environment sector there are only two priority sectors for this period; roads and public transport

Roads

During 2000 two grant decisions were made. One related to the construction stage of a previously supported motorway project and the other to the construction phase of a new project physically linked to the former. These project are situated on the M1, a priority route under the trans-European network - Transport initiative.

Roads Projects adopted in 2000			
Project reference	Name	Total eligible cost* (€ million)	CF assistance* (€ million)
2000/IE/16/C/PE/002	M1 Cloghran -Lissenhall (Stage II)	74.1	63.0
2000/IE/16/C/PE/003	M1 Lissenhall -Balbriggan	41.5	35.3
Total:		115.6	98.3

A commitment to the M1 Lissenhall-Balbriggan project in 2000 was not made as sufficient commitment appropriations were not available. The relevant commitment was made subsequently in 2001.

The objectives of the two projects can be summarised as follows:

M1 Cloghran-Lissenhall (Stage II): The project is a ‘missing link’ in the chain of projects that will complete the M1, a continuous motorway from the M50 Dublin Ring road to the border with Northern Ireland. The planning phase of the project was previously assisted by the Cohesion Fund. The Commission is assisting the provision of a 6.5 km two-lane carriageway motorway and related structures.

M1 Lissenhall-Balbriggan: The project is another ‘missing link’ in the M1 motorway and the continuation of the M1 Cloghran-Lissenhall. The Commission is assisting the provision of a 9.8 km two-lane motorway.

In view of the volume of construction work involved in these and other priority road projects compared to the limited volume of Cohesion Fund support available, the Commission and the Irish authorities agreed that the relevant grant decisions will target funding towards the construction costs of these projects.

Rail

One rail project was supported in 2000.

Rail Projects adopted in 2000			
Project reference	Name	Total eligible cost* (€ million)	CF assistance* (€ million)
1999/IE/16/C/PE/001	Heuston Terminal and South West Rail Corridor Development (Stage I)	57.1	48.6

Heuston Terminal and South West Rail Corridor Development project is one of a number of priority rail projects that have been identified to upgrade the rail network around Dublin thereby improving the inter city and suburban services. The project stage supported in 2000 comprises construction and planning elements. The construction relates to the upgrading of Heuston Station - the terminus for all inter-city services to Dublin from Waterford, Cork, Tralee, Limerick, Galway and Westport and intermediate stops. This work involves new track layout, signalling and the doubling of the number of platforms from 5 to 10. The planning aspects relate to the design and project planning for the second stage (to provide two extra tracks on the approaches to Heuston Station from Kildare).

3.1.4. Portugal

During 2000 the Commission approved Cohesion Fund grants totalling almost €822 million, of which €432.6 million were committed in that year's budget.

Taking into account commitments made as a result of decisions taken in previous years, the total amount committed during 2000 reached €450.8 million:

	Total eligible costs* (€ million)	Total CF assistance* (€ million)	Commitments 2000* (€ million)
Environment	263.5	200.7	178.3
Transport	800.4	621.1	272.5
Total CF	1 063.9	821.7	450.8
% Environment	25%	24%	
% Transport	75%	76%	

* round figures

3.1.4.1. Environment

For 2000-06 the main priorities for this sector remain the supply of drinking water, the collection and treatment of waste water and the management of solid urban waste.

During 2000, the environment sector accounted for 24% (€200.7 million) of Cohesion Fund assistance to Portugal and 25% of the total eligible costs.

Over this period the breakdown by area of assistance shows that waste water accounted for the largest share of commitments (41%), followed by treatment of solid waste (31%) and supply of drinking water (27%).

	Total eligible costs*	Financial assistance* (€ million)	% of total environment assistance	Commitments 2000* (€ million)
Waste-water treatment	102.2	81.9	41%	65.1
Supply of drinking water	73.5	54.2	27%	43.4
Solid waste management	85.2	62.4	31%	50
Technical assistance	2.5	2.2	1%	1.7
Projects adopted in previous years	----	----	----	18.2
Total	263.5	200.7	100	178.3

* round figures

Supply of drinking water

Cohesion Fund assistance during the previous programming period concentrated heavily on the Greater Lisbon, Greater Oporto and Algarve regions, in an attempt to clear the backlog in these more heavily populated areas and comply with Community Directives 80/778/EEC and 98/83/EC. For the 2000-06 period the focus is now also on the sparsely populated hinterland part of the country.

The introduction of the concept of inter-municipal management systems has helped to launch and complete large-scale projects which are ideally suited to the assistance strategy selected. They offer substantial economies of scale in the use of reliable technical and management resources.

This approach will continue to be followed during the 2000-06 period during which the concept of inter-municipal integrated systems under a single management and covering both water supply and waste water treatment will be implemented covering a large part of mainland Portugal.

Two new drinking water supply projects were adopted during 2000:

- Project 2000/PT/16/C/PE/006 – Interconnection of the inter-municipal water supply systems to the Barlavento and Sotavento regions of Algarve

The overall objective is to provide a solution to the existing water supply problems in the Algarve region. It involves linking the two existing sub-regional water supply systems, enlarging the existing distribution network to cater for a larger population, improving some of the existing water treatment plants to ensure higher water quality, build a water desalinisation plant to supply fresh water to the Island of Culatra and building additional reservoirs and installing a distance-management system to improve the operational flexibility of the overall system. This flexibility is essential in order to deal effectively with the very significant population variation during the holiday season.

As a result the reliability , quality and quantity of water supply in this southern region of Portugal will be greatly improved in line with the objectives of the Community Directives 80/778/EEC and 98/83/EC.

- Project 1999/PT/16/C/PE/002 Inter-municipal water supply system for the Greater Oporto southern area - 2nd phase – Sousa river valley expansion

This project is a second phase of a previously funded project and it will extend the existing multi-municipal system into further five municipalities situated within the Sousa river valley region. It includes upgrading and building new water treatment stations, new reservoirs and upgrading existing supply systems as well as installing a new remote management system.

Water supply Projects adopted in 2000			
Project reference	Name	Total eligible cost* (€ million)	CF assistance* (€ million)
2000/PT/16/C/PE/006	Interconnection of the inter-municipal water supply systems of the Barlavento and Sotavento regions of Algarve	23.6	11.8
2000/PT/16/C/PE/001	Inter-municipal water supply system for the Greater Oporto southern area - 2nd phase – Sousa river valley expansion	49.9	42.4

* round figures

Waste-water treatment

As regards waste water, in 2000 the Cohesion Fund continued its assistance to the most densely populated urban areas of Portugal, its coastal areas.

During the year the Cohesion Fund provided this sector with €81.9 million, 40.8% of the resources allocated to environmental projects.

Despite this effort, the situation as regards waste-water treatment is still unlikely to meet the deadlines laid down by Directive 91/271/EEC for the establishment of treatment systems.

In 2000, the Commission and the Portuguese authorities stepped up efforts as regards waste water by providing the sector with the largest proportion of investment for the environment. This permitted considerable progress in the implementation of the relevant Community directives, in particular Council Directive 91/271/EEC of 21 May 1991, as amended by Commission Directive 98/15/EC of 27 February 1998.

In 2000 new decisions were taken to grant assistance to three new projects in this sector:

- project 96/10/61/03 is the second phase of a waste-water collection and treatment system for the Ria de Aveiro. This integrated system, which serves a series of municipalities with a population of 700 000 inhabitants, will treat and discharge into the sea waste water which was discharged into the Ria de Aveiro Special protection area.

The second phase, approved in 2000, comprises a treatment station and interceptors with a total length of 104 km;

- project 2000/PT/16/C/PE/008: second phase of the integrated project to clean up the water basins of the Rio Lis and the Ribeira de Seiça. This integrated system to clean up and treat waste water from urban areas discharged into these basins includes solutions for the treatment of waste water from pig farms, which is very polluting, in the same basins. The solutions planned take account of the polluter-pays principle and include the participation of the Ministry of Agriculture and farmers represented by their associations. The solution adopted, whose general aim is to improve the quality of the environment in the Lis basin, will provide an example for similar cases in other water basins in Portugal. This phase includes in particular the construction or renovation of seven waste-water treatment stations at secondary level and the construction of 200 km of discharges;

- project 96/10/61/021 - drainage system for Vila Real de Santo António - adopted in 1997, was extended with increased finance to include waste water from the nearby municipality of Castro Marim. Integration of the Castro Marim sub-system into the Vila Real de Santo António system will improve protection of the sensitive area of Sapal de Castro Marim - Vila Real de Santo António where treated waste water from Castro Marim is discharged.

Waste-water treatment Projects adopted in 2000			
No of project	Name of project	Total cost (€ million)	CF assistance (€ million)
1996/PT/16/C/PE/003	II phase of Inter-municipal drainage system for the Ria de Aveiro	50	42.5
2000/PT/16/C/PE/008	Integrated clean up of the basins of the Rio Lis and Ribeira de Seiça	41.2	33
96/10/61/021	Collection and treatment of waste water from V. Real de Santo António (Renfort)	14.6	6.4

Waste

As in earlier years, Portugal and the Commission paid great attention to the management of urban waste in order to meet the targets set in the Strategic Plan for solid urban waste (PERSU), adopted in 1996.

During the year, the Cohesion Fund approved six new projects to implement strategies defined in the PERSU, including the construction of a national network of primary infrastructure for the collection, treatment and disposal of waste and the closure of uncontrolled tips (lixeiros) where most urban waste was disposed of in environmentally unacceptable conditions.

While in the past such infrastructure was built mainly in the coastal regions of Portugal - the most densely populated -, the Cohesion Fund is now providing assistance in inland areas of Portugal so that soon the whole country will be covered.

With this end in mind, in 2000 the Commission approved three projects (see table below) establishing systems for the treatment of waste produced in three inland regions of continental Portugal and also adopted the first project for the Azores, providing investment in waste on the islands of S. Miguel Pico and Terceira.

The other two projects approved were designed to extend or improve the conditions for the treatment and exploitation of two systems already financed by the Fund - LIPOR (where construction of a tip for the disposal of ashes from incineration, among other things had been financed) and VALORSUL (financing of an organic and composting facility).

The six projects approved represent investment of €85 million, of which the Cohesion Fund will provide €62 million. This is about 31% of the assistance granted in 2000 to environmental projects in Portugal.

Treatment of urban waste Projects adopted in 2000			
No of project	Name of project	Total cost (€ million)	CF assistance (€ million)
1998/PT/16/C/PE/001	Treatment and final disposal of solid urban waste on the islands of S. Miguel, Pico and Terceira – Azores	17.5	14.9
1999/PT/16/C/PE/005	VALORSUL –organic facility	20.7	10.3
2000/PT/16/C/PE/003	LIPOR – Tip	7.8	3.8
2000/PT/16/C/PE/011	Intermunicipal system for solid urban waste in the Baixo Tâmega	14.6	12.4
2000/PT/16/C/PE/012	Intermunicipal system for solid urban waste in the Alto Tâmega	13.5	11.4
2000/PT/16/C/PE/013	Intermunicipal system for solid urban waste in the Norte Alentejano	10.9	9.3

3.1.4.2. Transport

The transport sector absorbed 76% of the assistance from the Fund decided on in 2000, an average rate of assistance of about 77% of the eligible costs.

The breakdown by mode of transport was as follows:

Type of project	Total eligible cost (€ million)	CF assistance (€ million)	Breakdown of assistance by mode (Transport)	Commitment 2000
Roads	73.5	62.5	10%	50.0
Railways	697.4	543.6	88%	210.5
Ports	29.4	14.9	2%	11.9
Total	800.3	621.0		272.4

Roads

The priority continued to be completion of the main links with the rest of Europe (multimodal corridors incorporating the Essen priority project and the TENs road corridors) and the links facilitating access to the TENs and providing connections with the rest of the network. In 2000, the Fund provided assistance to several sections of the three main routes (IP) making up the basic road network in Portugal, two of which form part of that project. These are the north/south road IP2 (Portelo/Faro), and the cross-Portugal roads IP3 (Vila Real/Chaves) and IP6 (Guardede/Guarda).

ROADS Projects adopted in 2000			
No of project	Name of project	Total eligible cost (€ million)	CF assistance (€ million)
2000/PT/16/C/PT/005	IP2- section EN 216/EN 102	14.7	12.5
2000/PT/16/C/PT/006	IP3- Link to IP5	29.2	24.9
2000/PT/16/C/PT/007	IP6 Abrantes/Mouriscas	15.2	12.9
2000/PT/16/C/PT/008	IP3 Castro d'Aire bypass	14.4	12.2
TOTAL		73.5	62.5

Rail

In 2000, the Fund made a particularly substantial effort to support investment in the Portuguese rail system, which received 88% of the assistance allocated to transport.

This assistance was concentrated on two lines of major strategic importance (Nord and Algarve) which form part of the ‘Mediterranean’ and ‘Galicia/Portugal’ corridors respectively in priority project 8.

During the year, the Commission, with technical support from the EIB, continued to consider the overall project to modernise the Nord line in the light of the objectives as revised in terms of the original project. The Portuguese authorities announced their intention of beginning work on a high-speed line from Lisbon to Oporto, which would result in a substantial reduction in journey times. In view of the vital importance of this corridor, the backbone of the country’s rail system, they pointed out the improvements in safety, capacity and regularity of links which would be achieved. This also enabled the Commission to continue its support for efforts to modernise the Nord line by part-financing two new projects costing almost €214 million.

Two projects concerning the Algarve line were also approved and €177.1 million in assistance provided. This line from Lisbon to Faro forms part of the ‘Mediterranean corridor’ of priority 8 to provide a land link from Lisbon to Seville. It will also serve the port de Sines and meet future needs for freight distribution. Specifically, construction of the Coima/Pinhal Novo section will link the Nord and the Algarve lines, so filling in a missing link in north/south passenger and goods traffic.

Aid was also provided for a section of the Lisbon underground which, by linking the country’s main railway station with the intermodal terminus for the Lisbon region, forms part of the TENs. Since this is infrastructure in a major urban area, it cannot fail to help relieve congestion and have a positive environmental impact.

RAILWAYS			
Projects adopted in 2000			
No of project	Name of project	Total cost (€ million)	CF assistance (€ million)
2000/PT/16/C/PT/001	Modernisation Nord line Entroncamento - Albergaria	142.1	113.7
2000/PT/16/C/PT/002	Modernisation Nord line Quintãs - Ovar	125.6	100.6
2000/PT/16/C/PT/013	Entrecampos - Chelas	48.0	39.2
2000/PT/16/C/PT/003	Algarve railway line	140.9	91.0
2000/PT/16/C/PT/012	Algarve III railway line Coima - Pinhal Novo	107.9	86.1
2000/PT/16/C/PT/009	Lisbon underground	132.9	113.0
TOTAL		697.4	543.6

Sea transport

Only one project was adopted, for which the application had been submitted during the previous period. Following a long and detailed examination, the Commission decided to grant aid to a project for a multimodal terminal in Setúbal which, by providing extra capacity for short-distance navigation in this port, would enable it in due course to make an important contribution to reducing congestion in the port of Lisbon.

3.2. Technical assistance and studies

3.2.1. General policy of the Fund

To carry out its management duties correctly and make the aid granted more effective, the Cohesion Fund Directorate seeks assistance from a number of specialists and consultants in the area where the Fund provides assistance.

The consultants play a very important role in assessing, analysing and monitoring the projects submitted to the Cohesion Fund for part-financing. The use of specialists supplements the technical skills of the Commission through practical and up-to-date knowledge on various subjects, so helping it meet its obligations better.

3.2.2. Technical assistance at the initiative of the Commission

Portugal

None

Ireland

None

Spain

None

Greece

Technical assistance at the initiative of the Commission was used for the missions to monitor the following projects (environmental protection):

- Water supply to Thessaloniki from the River Aliakmon
- Waste water and treatment of waste water from Ioannina
- Preparation of March 2000 Monitoring Committee
- Projects from municipalities in the drinking water and drainage sectors
- Restoration of the former tip for household rubbish from Athens, at Ano Liossia.

4. MONITORING, INSPECTION AND IRREGULARITIES

4.1. Monitoring: Committees and missions

4.1.1. Greece

4.1.1.1. Monitoring Committees

Environment

Meetings of the Monitoring Committee and the special Committees for the Psytalia, Evinos and EYDAP major projects were held in Athens in March. The work of these Monitoring Committees is recorded in the relevant minutes.

Transport

Meetings of the Monitoring Committee and the special Committee for the Spata airport major project were held in Athens in March. The work of these Monitoring Committees is recorded in the relevant minutes..

4.1.1.2. Monitoring missions

The monitoring missions carried out by the geographical unit are listed in the Annex.

4.1.2. Spain

4.1.2.1. Monitoring Committees

In 2000, two Monitoring Committees met in Spain. The thirteenth meeting of the Monitoring Committee was held in Madrid from 26 to 28 April and the fourteenth from 23 to 25 October.

The Committee is subdivided into seven specific Committees by sector and by managing authority:

- Committee for the HST South project: Madrid-Barcelona line
- Committee for transport projects submitted by the national government
- Committee for reafforestation projects
- Committee for projects submitted by local authorities
- Committee for environmental (including water) projects submitted by the national government
- Committee for projects submitted by the Autonomous Communities
- Committee for public-private partnership projects

Some 200 monitoring reports on the situation of projects or groups of projects were considered and 31 decisions were taken.

The general position of the projects as a whole is quite satisfactory from the point of view of implementation. The balance is being paid for several projects but administrative concerns relating to the closure of contracts is delaying dispatch of the final reports. Furthermore, requests for amendments to some projects (financing plan and schedule) have been made.

All the reforestation projects should be completed this year and a single report on all the decisions has been requested.

The Commission has asked for dispatch of the final reports on completed projects to be speeded up so that the corresponding commitments can be settled.

A request has been made to speed up dispatch of the environmental certificates for new projects for 2000-06 and for answers to the questions posed to be sent as soon as possible so that the adoption procedure can be continued.

To reduce the number of amendments in the future, the Commission is asking for programming to be more realistic from the start. Changes of date and alterations to the schedule should be limited to special cases instead of being the rule as in the past. Projects adopted should be fully ready in order to rationalise work.

The Commission, in partnership with those responsible for the Cohesion Fund in the Ministry, is considering whether the Monitoring Committee should be amended for the new period to make it more effective from a technical point of view by reducing the number of specific Committees and concentrating on strategy and projects posing problems.

4.1.2.2. Monitoring missions

The missions were carried out to assess and check the progress of projects being implemented and to clarify the difficulties encountered in their implementation.

Monitoring missions carried out by the geographical unit are listed in the Annex.

4.1.3. *Ireland*

4.1.3.1. Monitoring Committees

In 2000 there were two meetings of the Monitoring Committee, on 5 May and 27 October. At these meetings the Committee examined written progress reports on up to 57 open projects from the period 1993-99.

The Commission was generally satisfied with the quality of the information supplied on the management of projects. However in a number of cases it was necessary to request additional explanations and information on certain subjects in order to establish an accurate picture of progress or the reasons for delays in project completion.

There was progress with the successful completion of ten further projects in 2000 though nearly half of these projects were small technical assistance measures or pilot projects. The outstanding projects to be completed at end-2000 represent around 40% of the project supported from the period 1993-99. The Commission was concerned during 1999 about the number of projects for which extensions of the completion

date were requested and the scale of cost increases reported for some projects. In respect of 30 or so projects amendment and/or extension requests were presented. The Commission sought justifications from the implementing authorities for these delays and tried to establish reliable revised completion dates to allow a timely and orderly closure of those outstanding. In certain cases the Commission indicated that further extensions would be considered only in very exceptional circumstances.

In respect of cost increases the Commission maintained its position that increases in grant aid would be accepted only if detailed justification were provided to explain these increases. Any increases would be subject to the availability of resources. This position has been accepted by the Irish authorities and no specific requests were made for cost increases to be met.

4.1.3.2. Monitoring missions

The project visits undertaken in 2000 had the following objectives

- to verify the progress in the construction or completion of the relevant projects,
- to clarify the difficulties reported to the Monitoring Committee previously and
- to better understand the relationship between earlier project stages and new project stages proposed for assistance with a view to preparing new grant decisions.

The project visits undertaken are listed in Annex.

Other discussions were pursued with the Irish authorities during the year in particular in relation to the material required for the strategic reference framework documents and the development of solid waste infrastructure.

4.1.4. *Portugal*

4.1.4.1. Monitoring Committees

The twice-yearly meetings of the Monitoring Committee are one of the key elements in ensuring proper monitoring of the Fund's assistance to Portugal. Many monitoring missions and inspections are decided on using information exchanged at those meetings.

In 2000, meetings were held on 4-5 May and 20-21 November. They looked at each project individually and also discussed general topics such as publicity, inspections, public procurement, the implementing rules and other information. Naturally, the meetings during the year were dominated by the implementation of new rules and agreements because of the revision of the Fund Regulation.

From now on in Portugal, the general Monitoring Committee, which looks at transport and environmental projects, will be joined by specific Monitoring Committees for the extension of Madeira airport and for solid waste projects. Although the project for the construction of the Alqueva hydroelectric station has been monitored by the general Committee, it has also been monitored in the broader framework of the Structural Funds Monitoring Committee for the specific integrated development programme for the Alqueva (PEDIZA).

4.1.4.2. Monitoring missions

Besides attending meetings of the Monitoring Committee, in 2000 the Portugal unit of the Regional Policy DG carried out a number of monitoring missions to check on the progress of projects, to acquire on-the-spot knowledge of the problems encountered in implementation and to find the best solutions for the normal implementation of the projects.

On 16 October the Portugal unit also took part in an inspection by the Financial and Budgetary Management unit of the Regional Policy DG of the project for the treatment of solid waste in Oeiras, Sintra and Cascais.

Other technical missions relating to consideration of certain applications were carried out during the year, in particular on the Minho-Lima and Zêzere-Côa integrated intermunicipal water systems and on rail projects concerning the Nord and Algarve lines. In these cases, the Commission mission received technical support from the EIB.

The monitoring missions carried out by the Portugal unit of the Regional Policy DG are listed in the Annex.

4.2. Inspections and conclusions

4.2.1. *G r e e c e*

No inspections were undertaken.

4.2.2. *S p a i n*

The two projects “Management de residuos en canarias” Fase I / Promoter: Consejería de Política Territorial. Viceconsejería de Medio Ambiente del Gobierno de Canarias (F.C.97.11.61.038) and “Depuración Aguas residuales de Canarias” / Promoter: Consejería de Obras Publicas, Vivienda y Aguas de Canarias (F.C. 96.11.61.039) were still not finished at the time of the inspection. The rate of progress suggests that they not be finished in time.

As far as the project “Carretera GC-1.Hoya de the Plata – Enlace Potabilizadora” / Promoteur: Dirección General de Obras Publicas, Vivienda y Aguas de Canarias (FC 96.11.65.001) is concerned, the national authorities (Ministry of the Economy) should assure that the projects part-financed are eligible in their totality and not include projects which can only partly profit from Cohesion Fund assistance.

4.2.3. *I r e l a n d*

Unit G.3. carried out one check on a Cohesion Fund project, “Cork City Main Drainage” (Cohesion fund No. 96.07.61.010), in Ireland in 2000.

The main conclusions of the inspection concerned a wrong exchange rate used for a payment request, an imperfect audit trail and payment declarations not always based on expenditure actually incurred and including ineligible items.

A detailed reply from the Irish authorities was received on 12 February 2001 on the basis of which the temporary suspension of payments to the projects was lifted. Some expenditure still remain to be clarified.

4.2.4. Portugal

Two projects were checked in 2000:

The project “Estação de Tratamento de residuos solidos de Cascais, Oeiras e Sintra: the land necessary for the project was apparently not purchased at the time of the inspection even if the project was finished. In January 2001 the Portuguese authorities showed that the purchase is now legally concluded.

The project “Drenagem e Tratamento de aguas residuais do grande Porto Sul e Despoluição do troço da Bacia do Douro (V.N. de Gaia) e Despoluição da Bacia do Oceano Atlântico, Bacia do Douro Norte e Bacia do Douro Nordeste de V.N. de Gaia”. No problems were found in respect of this project, which is expected to be finished by the end of 2001.

4.3. Irregularities and suspension of aid

During 2000, the Anti-Fraud Office carried out no investigations into areas covered by the Cohesion Fund.

However, during 2000, the Spanish authorities notified the Commission, pursuant to Regulation (EC) No 1831/94¹², of two irregularities. This Regulation requires beneficiary Member States to notify the Commission of irregularities where an initial administrative or legal finding has been entered.

There have now been seven notifications since Regulation (EC) No 1831/94 entered into force. They are:

- one case notified by the Greek authorities of non-compliance with the rules on public procurement;
- two cases notified by the Irish authorities concerning ineligible expenditure;
- four cases notified by the Spanish authorities concerning ineligible expenditure and irregularities in documents submitted.

It follows from these notifications that the number of irregularities detected and the amounts involved are quite small. This situation may derive from the nature of the projects financed by the Cohesion Fund (projects of a certain size, monitoring of physical and financial indicators for each project).

However, the Anti-Fraud Office would draw the attention of beneficiary Member States to their obligations under this Regulation.

¹² OJ L 191, 27 July 1994.

5. ASSESSMENT AND EVALUATION

5.1. General

To ensure the effectiveness of Community aid and assess the quality of the assistance, the projects submitted for Cohesion Fund assistance are subject to *ex-ante* evaluation, before approval by the Commission, and *ex-post* evaluation after completion.

To allow accurate evaluation of projects before adoption, every application for assistance must be accompanied by appropriate documentation and a socio-economic analysis based on a cost/benefit analysis which shows that in the medium-term the project will generate social and economic benefits in keeping with the resources deployed. This analysis is normally the task of the beneficiary Member State but the Commission may contribute to the *ex-ante* evaluation of projects through technical assistance or in the first phase of financing. Where it considers it necessary, the Commission may call on the European Investment Bank or technical assistance from outside consultants.

Ex post evaluation allows assessment of the ways in which projects are implemented and the impact of implementation through comparison with the targets initially set. It also looks at the effect of the projects on the environment.

5.2. Examination and *ex-ante* appraisal projects

Cost/benefit analyses or other forms of quantified analysis must be carried out for all the projects for which assistance from the Cohesion Fund is sought. The Member States have made considerable efforts to comply with this requirement and the quality of the economic analyses which accompany the applications for assistance has improved, although there is still some distance to go, especially as regards environmental projects. Greater consistency between the various sectors of assistance and between the approaches adopted by different countries would also be desirable.

5.3. Cooperation with the EIB when a project is considered

In January 2000, the Commission and the EIB signed a new Agreement on Community structural action covering the period 2000-06. The arrangements for implementing this Cooperation Agreement as regards the analysis of projects were set out in a framework contract signed in June 2000.

Cooperation with the EIB has proved fruitful. Besides receiving information on the projects part-financed by the EIB, the Commission has asked the Bank for 18 studies on Cohesion Fund projects between the date the framework contract was signed and the end of the year. As a result of these studies, the Commission asked the Member States to amend the projects submitted or to undertake further preliminary studies.

The Cooperation Agreement on Community structural action concerns not only Cohesion Fund projects, but also those under the PASI and ERDF major projects.

5.4. Economic and social impact of the Fund in the Member States and on economic and social cohesion, including employment, in the European Union,

The Regulation establishing a Cohesion Fund requires the Commission to assess the economic impact of the Fund, both in terms of each project and in terms of Community aid as a whole. Article 10(5) requires the medium-term economic and social benefits of projects to be “commensurate with the resources deployed” and Article 13(2) reads: “In order to ensure the effectiveness of Community assistance, the Commission and the beneficiary Member States shall, in cooperation with the EIB where appropriate, carry out a systematic appraisal and evaluation of projects.” In addition, Annex II requires the Commission to take account of “the economic and social impact of the Fund in the Member States and on economic and social cohesion in the Union, including the impact on employment.”

As regards the *ex-ante* evaluation of projects, in 2000 the Commission began work on updating methods of economic analysis of projects. This should be completed in 2001 through the updating of the Guide to cost/benefit analysis. Based on the results of research financed by the PCRD, this exercise will constitute a stage towards the harmonisation of the methods and parameters used by the Member States and facilitate estimates of the aggregate effects of projects.

For *ex-post* analysis, an exercise to examine all the projects for which Cohesion Fund assistance has been granted is in progress (see point 5.5). It will look at all the aspects of the implementation of projects and decide to what extent the effects initially expected were achieved, including those on the environment and employment.

5.5. *Ex-post* evaluation programme

The *ex-post* evaluation programme was established for a three-year period from mid-1998. A total of 120 projects will be evaluated during that period, 60 in each of the two fields for which the Cohesion Fund is responsible. At the end of 2000, 107 projects had been evaluated, 58 in the transport and 49 in the environment sector.

5.5.1. *Environment*

The initial conclusions of the *ex-post* evaluations of 31 infrastructure projects in the environment sector are that their implementation and impact in environmental, social and economic terms were positive and in general in line with the objectives set.

The implementation of projects was satisfactory as regards both design and implementation. The quality differed a little depending on country, as did the unit costs of construction.

Operation has generally achieved the expected level of performance although some drainage projects will have to be improved through the construction of further infrastructure or better control systems. Plants for recycling household waste are at a disadvantage because of the time taken for households to adapt to selective collection.

All the projects have had a satisfactory impact on the environment. Drainage projects have produced the most immediate and obvious environmental benefits, although, in some cases, delays in carrying out works have also delayed the environmental

impact. In general, water supply projects have helped improve water management and improve the conservation of water resources. Projects to improve the coastal, urban and natural environment have made a substantial contribution to preserving the flora and fauna and creating links between the natural and urban environments.

The social impact of projects takes the form of improved living conditions and the creation of temporary jobs during the construction phase and permanent jobs during the operating phase.

Some projects have also had the indirect effect of increasing the value of land in the area affected by the project or of permitting the development of new economic activities, such as tourism.

5.5.2. *Transport*

The provisional summary exercise reviewed the *ex-post* evaluations of about 40 transport projects covering all modes. The projects generated considerable socio-economic benefits but implementation was sometimes hindered by unexpected difficulties.

In most cases project design was good although it was deficient for some projects and required changes during construction causing delays in the works caused by technical problems such as unexpected geological difficulties. The overall cost of the projects often rose during the construction phase. Budget overruns had various causes including higher than expected land acquisition costs, changes in certain prices or changes to the original project. In general this did result in a change in the Community contribution.

The operation of the projects was very satisfactory. For example, traffic on improved sections of the trans-European road network well outstripped forecasts.

The projects improved access to Union territory, particularly outlying areas, reduced congestion in the major urban areas and reduced the impact of frontiers, which often impede the integration of regional, national and European markets. The *ex-post* cost/benefit analyses show that many projects had an economic rate of return of over 20%, excluding those socio-economic benefits which are difficult to quantify, such as jobs created or the positive impact on the environment. In this respect, following the transposition of Directive 85/337/EEC, the presentations of transport projects always included an assessment of the environmental impact of their implementation.

6. INTER-INSTITUTIONAL DIALOGUE, INFORMATION AND PUBLICITY

6.1. Annual report for 1999

6.1.1. *European Parliament*

In its report¹³, Parliament welcomed the annual report, which it regarded as a vital tool for assessing the work of the Fund, and found that the 1999 annual report had provided an overview of developments throughout the period 1993-99.

¹³ Marques report.

Parliament also congratulated the beneficiary Member States on their compliance with the goal of reducing budget deficits.

Parliament noted with satisfaction the balance between aid for transport and the environment in 1993-99, despite the imbalance at the beginning of the period in favour of transport.

Points giving particular satisfaction were the increased investments in rail in Greece, Spain and Portugal and greater investment in solid waste in Portugal and Greece.

Parliament was also pleased that no cases of fraud had been detected in 1999, but nevertheless asked the Commission to devote greater resources to on-the-spot inspections to detect weaknesses in management systems.

6.1.2. Economic and Social Committee (Ecosoc)

In its report¹⁴, the Committee welcomed the positive results secured by the work of the Cohesion Fund, which had contributed indirectly, in the four beneficiary countries, to achieving the aims of reducing budget deficits in accordance with the convergence programmes drawn up in preparation for economic and monetary union.

For the next programming period, the Committee insisted on the need to coordinate the work of the Fund with that of the Structural Funds, particularly through the strategic reference frameworks.

It also stressed the need for the Member States to pay special attention to the *ex-ante* of projects.

6.2. Information for the Member States

An information meeting with the 15 Member States was held in Brussels on 18 December 2000.

At that meeting, the Commission presented the draft Annual Report of the Cohesion Fund for 1999. It also reported on progress in Cohesion Fund assistance in 2000 in each beneficiary Member State. They, in turn, gave a detailed presentation of their strategic reference frameworks.

6.3. Other events

6.3.1. Information for the social partners

There was no meeting with the social partners in 2000.

6.3.2. Other

The Commission attended the 17th meeting of the 'Regional policy, Structural Funds, economic and social cohesion, cross-border and interregional cooperation' section of the Committee of the Regions on 25 June which included an initial debate

¹⁴ Rapporteur: Mr Pezzini.

on the Annual Report 1999¹⁵. The Committee's final opinion is expected in November 2001.

6.4. Commission measures on publicity and information

The Cohesion Fund also figured in the publications of the Regional Policy DG on regional and cohesion policy.

The annual report was published in an appropriate format and summarised in the Inforegio information bulletins published by the Regional Policy DG.

Special material was produced for specific events such as information meetings and conferences (portable stand, computer-designed graphics, audio-visual material and printed matter).

The Regional Policy DG used funds from budget line B2-1600 to continue its publication of studies on the Cohesion Fund and the environment, particularly water management. These studies are now available.

¹⁵ Debate based on the conclusions of the rapporteur, Mr Bree.

ANNEX

LIST OF MONITORING AND QUALITY-CONTROL MISSIONS IN 2000

Spain

Monitoring missions

January (20-21): Galicia. Santiago de Compostela.

Project No 97.11.61.047 - Management of solid urban waste in Galicia - SOGAMA.

February (7-9): Madrid and Calatayud.

HST South project. Madrid-Barcelona-French frontier Commission staff met representatives of the Ministry for Economic Affairs and the body responsible for implementing the project, to receive and analyse together the latest cost estimates for the project as a whole, the extent to which future technical phases had been defined and the schedule for the works. Some sections under construction were visited to assess progress.

March (20-21): Barcelona. Three projects:

Project No 95.11.61025-6 - Management of urban waste in Rubí.

Project No 96.11.61.051 - Management of urban waste in the Metropolitan area of Barcelona.

Project No 97.11.61.035 - Integrated waste treatment plant at Rubí. (Phase 2).

Greece

Monitoring missions

Environment

Project No 93.09.61.061 Voïo Kozanis - Feasibility study for the 'Freight Village' at Chios and Mytilene.

Project No 94.09.61.026 - Waste-water pipes and waste-water treatment station at Ioannina.

Project No 97.09.61.001 - Drinking water pipes at Ioannina.

Project No 99.09.61.009, Pilot project for the management and treatment of waste water and waste on Santorini.

Transport

Project No 94.09.65.024 - Completion of the Kardia-Kalikratia-Potidea section of the Thessaloniki-Moudania motorway.

Ireland

Monitoring visits

1-3 March - Cork and Limerick

Project No 96/07/61/010 - Cork Main Drainage: An audit visit by DG Regional Policy was also used to verify the reasons for the extension being sought to the project completion date. An application for support to the construction of the treatment works was also examined in detail with local officials.

Project No 95/07/61/013 - Limerick City & Environs Main Drainage: The purpose of the visit was to verify the reasons for the extension being sought to the project completion date and the relationship between the advance drainage works and other linked projects. An application for the construction of the collection network and the treatment works was also examined in detail with local authority officials.

28 March - Dublin

Project No 94/07/65/002 - Southern Cross Route Motorway: A request for a modification of the completion date and the physical description following the redesign of certain elements was examined with local officials.

8 May - Waterford

Project No 94/07/61/013 - Waterford City & Environs Water Supply; cost variations had been highlighted by the Irish authorities with elements of the projects and additional works were being proposed for inclusion. The project also involves water conservation work that was proving difficult in view of the age of the distribution network and other local factors.

Project No 93/07/61/021 - Waterford Main Drainage. The project was approaching completion and the opportunity was taken to verify the state of the works.

Portugal

Monitoring missions

8 May - Caldas da Rainha and Foz do Arelho

Project No 97.10.61.020 - Drainage systems at Caldas da Rainha, Foz do Arelho and in the urban areas of the Arnóia and Real basins.

Project No 2000/PT/16/C/PE/001 (under examination) - A local analysis of the elements of this project, which is the second phase of the same multimunicipal system, has been carried out.

27 and 28 November - Lisbon and Loures, clean-up of the Trancão basin, Frielas and S. João da Talha treatment stations

Project No 93/10/61/013 - Clean-up of the Trancão basin.

Project No 94/10/61/006-007 - Frielas and S. João da Talha treatment stations.

Project No 96/10/61/004 - Decontamination and regularisation of the final section of the Trancão.