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ANNUAL REPORT OF THE COHESION FUND (2002)

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FOREWORD

This annual report on the activities of the Cohesion Fund covers the calendar year 2002.

It provides information on the third year of the 2000-2006 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 European Economic and Social Committee and the Committee of the Regions.

It is hoped that it will also serve as a useful reference document for everyone interested in the promotion and furtherance of the economic and social cohesion of the European Union.

SUMMARY

Budget implementation

The final amount, after indexation, of the resources of the Cohesion Fund for 2002 was €2 788 million.

During 2002, commitment appropriations were implemented at a rate of 99.9% and only €845 000 was cancelled at the end of the year. Only €3.3 million in commitment appropriations was carried forward from 2001 and no commitment or payment appropriations were carried over from 2002 to 2003. This represents a considerable improvement on the situation in previous years.

As regards payments, €548 million in extra appropriations was made available so that the Cohesion Fund could meet applications for payments from the Member States. All the payment appropriations, including this transfer, were implemented during the year, which was a considerable improvement on the situation in 2001.

During 2002, Spain and Ireland committed appropriations in excess of their allocation, so offsetting below-allocation consumption in Portugal and Greece.

While in 2001 the implementation of appropriations had concentrated on environmental projects (51.5% of commitment appropriations and 61.3% of payment appropriations), in 2002 transport projects dominated (53.9% and 57.6% respectively of total appropriations).

The major effort to clear the appropriations remaining to be settled in respect of projects from the previous period which had begun in 2000 was vigorously pursued in 2002 with some 36% of the appropriations remaining to be settled at the beginning of the year being paid or decommitted during the year. By the end of 2002, these appropriations represented only just over half the budget of the Cohesion Fund for one year. Naturally, this work will continue in 2003.

Economic environment and conditionality

The revised Cohesion Fund Regulation (EC) No 1164/94 makes the granting of assistance from the Fund conditional on compliance with the macro-economic criterion of the public deficit, which may not exceed 3% of GDP.

In 2002 Greece, Ireland and Spain continued to respect that criterion. Only in Portugal was the situation different: on 25 July 2002, the Portuguese authorities announced that the public deficit for 2001 had been 4.1% of GDP, substantially higher than the reference figure of 3%. Following this announcement, the Commission decided to initiate the excessive deficit procedure provided for in Article 104 of the Treaty and the Council resolution on the Stability and Growth Pact.

On 16 October 2002 the Commission adopted an opinion on the existence of an excessive public deficit in Portugal in 2001 and two recommendations to the Council. Since the Portuguese authorities had already taken steps to put an end to this excessive deficit through an amending budget in June 2002, the Commission did not

recommend the suspension of financing from the Cohesion Fund (Article 6 of Regulation (EC) No 1164/94 as amended). On 5 November 2002 the Council ruled officially on the excessive deficit in 2001 and asked Portugal to bring its public deficit within the statutory limits before the end of 2002, which it did. According to the official figures published in March 2003, Portugal's public deficit for 2002 stood at 2.7% of GDP.

Coordination with the Structural Funds: the strategic reference frameworks

Transport

In 2002 the transport sector accounted for 53.9% of total Cohesion Fund commitments (€1 504 million). As in the past, the Commission insisted that the work of the Fund should concentrate on railways.

Environment

The environment accounted for 46.1% of total Cohesion Fund commitments in 2002 (€1 287 million). The priorities in this sector remained the supply of drinking water and the treatment of waste water and solid waste.

Information and publicity

Two information meetings with all 15 Member States were held in Brussels, on 27 June and 21 November 2002.

At the first meeting the Commission presented the "Guidelines for the amendment of projects", the 2002-03 programme for inspection and audit missions, the allocations of appropriations for 2002 for each Member States and the payment forecasts and the draft Regulation on financial corrections (which came into force on 1 January 2003).

At the information meeting in November, the Commission presented the annual report of the Cohesion Fund for 2001, the situation as regards the EEA financial instrument and the position of commitments in 2002.

Evaluation

Since the ultimate objective of cohesion policy is to maximise economic development and reduce regional disparities in terms of per capita GDP and unemployment rates, the main question encountered in making cost-benefit analyses of projects is the lack of economic analysis or the fact that these analyses are very often poorly carried out.

This has led to the suspension of a number of project proposals whose main focus was on financial analysis only. In this regard, however, the contribution of the Commission has also been pedagogic. The relevant reports place heavy emphasis on how to guide project promoters towards more sound evaluations in the different areas of economic analysis found to be unsatisfactory.

In addition, the financial analysis of some investment projects revealed that, after revising their cost-benefit analysis, project promoters realised that investment projects actually needed significantly lower EU contributions. This is clearly a crucial aspect in order to maximise the effectiveness of the public money devoted to

the EU structural policies since it allows a larger number of projects to be part-financed. Furthermore, many project reports included no risk analysis. The Commission has strongly advised project promoters to use this technique not only to enhance the probability of project success but also to improve impact on regional development.

Irregularities and the suspension of assistance

In November and December 2002, the European Anti-Fraud Office (OLAF) carried out joint audits with DG REGIO in the four beneficiary Member States to look at their implementation of Commission Regulation (EC) No 1831/94¹ as regards the systems and procedures for the notification and the monitoring of irregularities in this field. The conclusions of the audits will be sent to the Member States, the Council, the European Parliament and the European Court of Auditors.

Under Article 3 of that Regulation concerning irregularities and the recovery of sums wrongly paid in connection with the financing of the Cohesion Fund and the organisation of an information system in this field, the beneficiary Member States are obliged to notify the Commission of irregularities which have been the subject of initial administrative or judicial investigations.

In 2002, two Member States, Greece and Ireland, notified the Commission of one irregularity each. The case notified by the Greek authorities involved a total Community contribution of €973 444 and the irregularity concerned the failure to comply with the rules on public procurement. The case notified by the Irish authorities involved a total Community contribution of €5 885 and the irregularity concerned the submission of non-eligible expenditure. The amount in question was recovered at national level.

Under the same Regulation, the other two beneficiary Member States informed the Commission that they had detected no irregularities during the year in question.

¹ OJ L 191, 29.7.1994.

1. GENERAL CONTEXT

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

1.1.1 Greece

In December 2002 Greece submitted the second update of its Stability and Growth Programme covering the period 2003-06. The 2002 update projects an annual rate of growth of GDP of around 3.8% during the period to 2006, with a peak of 4% in 2004 and some deceleration as from 2005. The projections provided by the Programme are based on the macroeconomic assumptions included in the 2003 budget, which was adopted by the parliament in December 2002.

The 2002 update states that the Greek government will continue to follow stability-oriented macroeconomic policies and implement the necessary structural reforms to sustain GDP growth.

In 2002, the budgetary position was significantly affected by the revision of government accounts which led to the reclassification of a number of operations previously excluded from the budget. As a result of these revisions, the previously estimated general government surpluses for 2000 and 2001 turned into deficits reaching 1.1% of GDP in 2002 instead of the surplus of 0.8% of GDP projected in the 2001 update. Similarly the government debt ratio is estimated at 105.3% of GDP in the 2002 update compared to 97.3% of GDP in the previous update. The 2002 update projects the government balance to turn into a surplus of 0.6% of GDP in 2006 and the government debt ratio to decline to 87.6% of GDP in the same year.

Further fiscal consolidation will be pursued on the basis of high and rising primary surpluses. However, the estimated yearly average primary surplus of 4.8% in the period to 2006 is lower than the 6% of GDP projected in the previous update. Moreover, the effectiveness of the budgetary strategy of increasing primary surpluses is subject to significant uncertainties due to the lack of decisive measures aiming to contain current expenditure. In its opinion the Council considered that more robust medium-term budgetary adjustment would be required to curb decisively the government debt ratio, in particular taking into account the serious risks concerning the sustainability of public finances in the face of the budgetary costs of ageing population.

1.1.2. Spain

The main economic policy guidelines implemented in Spain in 2002 were described in the 2001-05 Stability Programme Update. The programme reaffirmed the economic strategy followed in recent years based on fiscal consolidation and structural reforms and was considered by the Council as being in accordance with the Stability and Growth Pact². Against the background of the international economic downturn, GDP grew by 2.0% in 2002 compared to a growth assumption of 2.4% in the update. Despite this, and after registering a deficit of 0.1% of GDP in 2001, the

² OJ C 51, 26.2.2002, p.8.

target of a general government balanced budget was missed by only 0.1 p.p., while the debt-to-GDP ratio envisaged in the update was exceeded by 54%. Price developments, however, were worse than expected, with consumer inflation averaging 3.6%, due both to temporary factors and a deterioration in core inflation.

The fourth Stability Programme Update, covering the period 2002-06, was submitted to the Commission on 27 December 2002 and assessed by the Council on 18 February 2003³. In its Opinion the Council considered the update complied with the Stability and Growth Pact and was consistent with the broad economic policy guidelines. The general government balanced budget target for 2003 is extended to 2004 whereas small surpluses of 0.1% and 0.2% of GDP are envisaged for 2005 and 2006 respectively. The fiscal strategy outlined in the update remains unchanged compared to the previous programmes. It relies on primary current expenditure restraint underpinned by decreasing interest payments, which allows for an increase in public investment. In turn, the programme includes a new reform of personal income tax to take effect from 2003 consistent with the maintenance of fiscal consolidation. An additional reduction in the debt-to-GDP ratio is expected, reaching 53.1% in 2003 and falling below 47% by the end of the programme period.

1.1.3. Ireland

The Council's assessment of the Irish stability programme 2002-04 was that the close-to-balance objective of the Stability and Growth Pact would be broadly respected throughout the programme period if the so-called contingency provisions (against unforeseen developments) were not used⁴. Budget projections for the first and last years of Irish stability programmes customarily incorporate such contingency provisions and, in the 2002-04 update, they amounted to 0.8% and 1.1% of GDP in 2003 and 2004 respectively. The 2002 outturn for the general government balance is estimated to have been a minor deficit of just 0.1% of GDP, about ½ percentage point below target, for which a large tax undershoot is mainly to blame⁵. Thanks to high nominal growth, the government debt-to-GDP ratio fell further, to about 34% in 2002.

The new update of the stability programme, for the period 2003-05, was published in December 2002, together with the budget for 2003, which has a tightening bias. The Irish authorities target a deficit of 0.8% of GDP for 2003⁶, which they project to widen to 1.2% in both 2004 and 2005 (again including contingency provisions, of 0.4% and 0.8% of GDP respectively). In its assessment of 18 February 2003, the Council noted that the underlying deficit reaches a level of “close-to-balance or in surplus” by 2005, in line with the Stability and Growth Pact. The Council added that, should Ireland make only limited use of the contingency provision, the close-to-balance requirement would be reached as early as 2004⁷. The updated stability programme envisages a small rise in the debt ratio, to just below 35% by 2005,

³ OJ C 51, 5.3.2003, p.4.

⁴ OJ C 51, 26.2.2002.

⁵ For this assessment, the budget-day target (+0.7% of GDP) has been adjusted to (i) include UMTS receipts of 0.2% of GDP and (ii) exclude a transfer from the Central Bank of 0.5% of GDP which had to be reclassified below the line.

⁶ Planned outcome taken from the March 2003 reporting of government deficits and debt levels in accordance with Council Regulation (EC) No 3605/93, as amended by Regulation (EC) No 475/2000.

⁷ OJ C 51, 5.3.2003.

although without the build-up of assets in the National Pensions Reserve Fund⁸ the debt ratio would continue to fall to 2005.

1.1.4. Portugal

The budgetary situation in 2002 did not develop according to the Stability Programme Update (2002-05), which was assessed by the Council on 12 February 2002⁹. The general government deficit target was 1.8% of GDP, while according to the data notified in March 2003, the deficit outcome in 2002 was 2.7% of GDP. Implementation of the stability programme in 2002 was severely hampered by the significant budgetary slippage in 2001, which led the Council on 5 November to decide that an excessive deficit existed in Portugal. In fact, the extent of that slippage had considerable knock-on effects in 2002, as it was fully recognised only by the middle of that year, although the Portuguese authorities had adopted corrective measures in June 2002. In addition, economic growth in 2002 turned out to be weaker than initially anticipated.

The fourth Stability Programme Update, covering the period 2003-06, was adopted by the government on 20 December and assessed by the Council on 7 March 2003. Given the magnitude of the budgetary slippage registered in 2001, the deficit targets set in the previous programme updates had become obsolete. The new programme update projects a gradual reduction in the deficit-to-GDP ratio over the period 2003-06, reaching a position close to balance by the end of the period (2.4% in 2003, 1.9% in 2004, 1.1% in 2005 and 0.5% in 2006). In particular, the budgetary target for 2003 implies a considerable fiscal consolidation effort, which to a large extent is caused by the need to make up for the considerable amount of one-off measures adopted in 2002 with a view to an early correction of the excessive deficit. Moreover, the weakening of cyclical conditions may prevent implementation of the budget as planned, possibly requiring the introduction of additional saving measures.

1.2. Conditionality

In 2002 the Member States benefiting from the Cohesion Fund implemented their stability programmes in such a way as to avoid an excessive deficit.

In Portugal, the national authorities announced on 25 July 2002 that the general government deficit in 2001 amounted to 4.1% of GDP, clearly exceeding the reference value of 3% of GDP. This figure was confirmed in Portugal's submission by 1 September 2002 under the semi-annual reporting of government deficits and debts levels. Based on this evidence, the Commission initiated the excessive deficit procedure under Article 104 of the Treaty and on 16 October 2002 adopted an opinion on the existence of an excessive deficit in 2001 and two recommendations for Council decisions. Given that the Portuguese authorities had already taken prompt measures, through an amending budget that implemented in June 2002 measures on both the revenue and expenditure sides, the Commission did not recommend the suspension of the Cohesion Fund in Portugal. On 5 November 2002, the Council decided that an excessive deficit had existed in 2001 and issued a

⁸ The Fund receives 1% of GNP annually from general government resources. At the end of 2002, it was worth over 7% of GNP.

⁹ OJ C 51, 26.2.2002, p.8.

recommendation urging the Portuguese authorities to bring it to an end by 31 December 2002.

This was done. According to the data notified in March 2003, the general government deficit in 2002 amounted to 2.7% of GDP.

2. IMPLEMENTING PRINCIPLES AND ASSISTANCE GRANTED

2.1. Coordination with other Community policies

2.1.1. Public procurement

The Commission pays particular attention to ensuring that Community legislation on public procurement is rigorously applied to projects part-financed by the Cohesion Fund.

When an application is submitted, the form used to request assistance requires applicants to send copies of published calls for tenders and other information confirming correct observance of the procedure for awarding contracts. If contracts have not yet been awarded when an application is made, the beneficiary Member State is required to provide information on compliance with the rules on the award of public contracts when interim payments are made or the final report presented.

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.

The Commission cautioned Portugal for its failure to comply with the “public procurement” directives when awarding services concessions to firms controlled by the public company Águas de Portugal without a tendering procedure.

2.1.2. Competition

Assistance from the Cohesion Fund is directed primarily to projects relating to transport infrastructure or the protection of the environment (treatment of water and waste management). These do not generally raise problems of incompatibility with the Community rules on competition. Unless they infringe the rules on public procurement, and provided free access to such infrastructure is guaranteed for all operators meeting the necessary technical and legal conditions, such assistance does not provide specific firms with any special advantage.

Since, however, it cannot automatically be assumed that certain assistance may not include State aid, Community inspections continued throughout 2002 in the form of a prior examination of applications for finance concentrating on an assessment of the compatibility of measures part-financed by the Fund with Articles 87 and 88 of the Treaty.

2.1.3. Environment

The Cohesion Fund contributes to the more general objectives of environmental policy in relation to sustainable development and in particular achievement of the priority of the 6th Action Programme concerning the management of natural resources and waste.

In 2002, the Cohesion Fund continued its efforts to implement environmental legislation both through the direct financing of infrastructure to treat waste water and waste and provide drinking water and by ensuring the correct application of certain directives as a prior condition for granting finance. This concerns both the subject-based directives with a large spatial component (e.g. those on nature conservation and the management of waste and waste water) and the directive on environmental impact assessments (EIA).

Drawing up the lists of Community sites for the Natura 2000 network remains a priority for the Commission. In 2002, bio-geographical seminars were organised for the Continental and Atlantic regions. The draft list of sites for the Alpine region was also finalised.

The initiative taken by the Commission to link the granting of Community finance to submission of the lists of Natura 2000 sites, which should have been sent in 1995, has considerably speeded up the process.

Where appropriate, the Commission has assessed whether applications for part-finance under the Cohesion Fund are compatible with Article 6 of Directive 92/43/EC (the "Habitats" Directive). The Commission has assessed applications for finance for the treatment of urban waste in the light of the policy and legislation applicable in this sector.

Projects for the treatment of urban waste water¹⁰ can be financed only at the appropriate level depending on the designation of the zones (primary in the case of less sensitive zones, secondary in the case of normal zones and tertiary in the case of sensitive zones), as provided for by Directive 91/271/EEC.

When assessing applications for part-finance, the Commission has also had regard to the inclusion of projects in integrated operational systems and their incorporation in plans for the water basin.

The projects financed by the Cohesion Fund have permitted application of the polluter pays principle by using different levels of aid¹¹. Application of the polluter-pays principle will soon be strengthened by application of the framework directive on water¹².

The authorities of the Member States responsible for the environment are also involved in examining projects through requests for opinions. All projects are monitored through their participation in the Monitoring Committees.

¹⁰ Directive 91/271/EEC.

¹¹ Working document No 1, application by DG REGIO of the polluter-pays principle.

¹² Directive 2000/60/EC.

2.1.4. Transport

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

Co-ordination between the TENs budget and the Cohesion Fund is important because these Community financial instruments take into account the need for links between the central regions of the Community regions and those structurally handicapped by their insular, landlocked or peripheral status.

The TENs Regulation does not 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/or the EIB for the construction works of the actual investment.

The TENs Financial Regulation ((EC) No 2236/95) was amended by Regulation (EC) No 1655/1999 to provide for medium-term planning via indicative multi-annual programmes for Community funding (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.

The MIP proposal 2001-06, that was adopted by the Commission in September 2001, provides a total of about €2.8 billion for 11 priority projects (“Essen” projects), the project Global Navigation Satellite Systems (“Galileo”) and four groups of projects of “common interest”.

In 2002 a total of €563.4 million in commitment appropriations was allocated to TENs transport projects under the MIP, the Galileo project and projects of common interest outside the MIP. In addition €7 million was transferred to the Risk Capital Facility to contribute to finance TENs Transport projects using a PPP approach.

As regards the distribution of support in 2002 by mode, by far the greatest part of Union spending on transport under the TENs-T budget was concentrated on rail projects (almost 47%), followed by Galileo (30%) and roads (4%).

2.2. Coordination with the Structural Funds: the strategic reference frameworks (CRS)

2.2.1. Environment

Greece

The Strategic Reference Framework (SRF) for the environment sector is described in a separate Chapter of the operational programme for the environment of the Greek CSF 2000-06. This Operational Programme was approved by the Commission on 24 July 2001 (Decision E(2001) 1357). The SRF is a tool in an overall assistance package whose aim is to enable Greece to comply more fully with its obligations under EU environmental legislation and to contribute to sustainable development.

This financial contribution of the Cohesion Fund to this environmental plan seeks to meet some of Greece's major infrastructure needs in the fields of drinking water, urban waste water and solid waste management and is expected to make a substantial contribution to this aim.

As regards solid waste management, the overall plan of action is based on the National Solid Waste Management Plan, which has been prepared by the Ministry of the Environment, Planning and Public Works and submitted to the European Union.

Using management plans agreed at national, regional and local level, the general goal is the correct management of all categories of solid waste and where appropriate the restoration of the environment where it has been degraded and polluted by waste.

Similar plans have also been made for the urban waste-water management sector throughout the country in accordance with Directive 91/271/EEC. The Cohesion Fund and the ERDF will assist the Greek authorities to comply with this Directive.

In 2002, investments were made in the sectors of solid waste, waste-water treatment and water supply to implement the strategic reference framework (SRF) for environmental projects. Most of the projects approved concern urban solid waste projects, followed by water supply and WWTPs. In cooperation with the national authorities, future efforts will concentrate on making and completing investments in the fields of solid waste and waste water so as to meet the requirements of Community legislation.

Spain

The priority sectors for assistance to be financed through the Cohesion Fund for the 2000-06 programming period are:

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

Items of assistance are selected using a co-ordinated strategic approach devised for each of these sectors and forming part of programmes identifying the main priorities for assistance in the different sectors; they must also be coordinated with assistance in the same sectors financed by the Structural Funds. The contents of each of the sectoral strategic frameworks were described in the 2000 Annual Report of the Cohesion Fund.

Ireland

The Irish authorities presented their strategic reference framework for the environment sector in 2000 and it continues to form the basis for considering assistance to individual projects in the waste water and solid waste sub-sectors. Coherence between Structural Fund programmes and the Cohesion Fund priorities is relatively easily to ensure because of the concentration of Cohesion Fund assistance on a small number of major construction projects. During 2002, no new environmental project was approved for part-financing.

Portugal

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

- further development and completion of the basic environment infrastructure,
- providing the conditions needed for sustainable development, environmental protection and the management of natural resources.

Cohesion Fund assistance has been provided for large water supply, urban waste-water drainage and treatment, and urban solid waste treatment infrastructure projects. Smaller supplementary projects have also been financed by the ERDF under the regional programmes of the Portuguese Support Framework.

For water supply and urban waste-water drainage and treatment an integrated systems approach, with a single entity managing the whole intermunicipal system covering the complete ‘water cycle’ is now the norm. This has the advantage of optimising the planning and investment phase of the projects and ensuring that the integrated system is then operated and maintained by a highly professional and specialised company.

This managing entity is either a public sector company, in which the municipalities hold a substantial stake, or an intermunicipal association, which has a specific status under law. In either case, the transfer and sharing of management responsibilities for these integrated systems requires complex negotiations and the drafting of service agreements between the parties.

Approval of some new projects has been considerably delayed by an infringement procedure against Portugal regarding the award of service concessions to these public sector companies. Such delays will have an impact on the implementation of the Environment Strategic Framework, although it is hoped that they will be substantially retrieved during 2003.

2.2.2. Transport

Greece

The strategic reference framework (SRF) for the transport sector in Greece was approved under the operational programmes “Roads, ports and urban development” and “Railways, airports and urban transport” in March and April 2001 respectively. The SRF provides for assistance together with part-financing by the ERDF aimed mainly at:

- a) completing the TENs priority road axes in Greece (the Pathe, Egnatia and Ionian highways and the Corinth–Tripoli–Kalamata/Sparta motorway),
- b) completing and modernising the PATHEP rail route, including electrification and signalling,
- c) modernising infrastructure in the ports of Igoumenitsa and Heraklion, and
- d) modernising the air traffic control system in Greece.

The priorities for the transport sector for the current period under the agreed strategy are motorways, railways and ports. Their main aim is to implement the trans-European networks by constructing the Pathe and Egnatia priority key routes.

As regards railways, further planning efforts are needed to properly and fully implement the modernisation of the PATHEP railway route.

Spain

As part of discussions between the Commission and Spain, the Spanish authorities submitted a document on investment in the trans-European transport networks (TENs) setting out the general strategy in this area in the 2000-06 programming period. As a complement to this document, the Spanish authorities defined a strategy for using the Structural Funds and the Cohesion Fund to improve the coherence and complementarity of these two instruments.

This strategy of using the Funds to finance investments in the trans-European transport networks is relatively clear and simple and may be summarised as follows:

The high-speed rail lines in the strategic framework (Madrid—Barcelona—French border, Madrid—Valladolid, Madrid—Valencia and Córdoba—Málaga) are the main routes which will help improve intermodal balance and secure more rational and environmentally-friendly distribution. These projects are the major priority for the period 2000-06 and this, together with the fact that, apart from the Córdoba—Málaga line, they are interregional, means that the Cohesion Fund is the main source of finance for three of the four.

Ireland

The Irish authorities presented their strategic reference framework for the transport sector in 2000. This reference framework continues to form the basis for considering assistance to individual projects in the road and rail sub-sectors. Coherence between the relevant Structural Funds programmes and the Cohesion Fund priorities is relatively easily ensured in view of the concentration of Cohesion Fund assistance on a small number of major construction projects. During 2002, no new transport project was adopted for part-financing.

Portugal

During 2002 only one new project was adopted in the field of transport. It concerns access to the trans-European network.

During this year the work of the Cohesion Fund concentrated heavily on monitoring the implementation of projects approved in earlier years. In this regard particular attention continued to be paid to overall coordination, especially as regards investments part-financed by other Community sources, in order to secure maximum synergy in completing operational transport systems by 2006.

The main strategic guidelines of the framework remained unaltered.

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 2002 amounted to €2 615 million at 1999 prices. The final amount entered in the budget after indexation was €2 788 million, including about €1 million for technical assistance.

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 for 2002 (in 1999 prices) is as follows:

Country	Allocation %	Allocation € million
Spain	61.03	1.596
Greece	16.83	440
Ireland	5.32	139
Portugal	16.83	440
Appropriations available	100	2.615

2.3.2. Budget implementation

Budget implementation in 2002, with indexation of the appropriations carried over, was as follows:

Summary table of the implementation of appropriations in 2002 (in €)

Commitment appropriations	Initial	Movements	Final resources	Implementation	Cancelled	Carryovers to 2002
Budget 2002	2 789 000 000	0	2 789 000 000	2 788 154 716	845 284	0
Appropriations carried over from 2001	3 314 496	0	3 314 496	3 314 496	0	0
Appropriations made available again	0	0	0	0	0	0
Repayments	0	0	0	0	0	0
Totals	2 792 314 496	0	2 792 314 496	2 791 469 212	845 284	0

Under Article 7 of the Financial Regulation, appropriations not implemented at the end of the year are cancelled, unless the Commission takes a specific decision to carry them over. The commitment appropriations were implemented at the rate of 99.9% and only €845 000 was cancelled at the end of the year.

In addition only €3.3 million in commitment appropriations was carried over from 2001. No commitment or payment appropriations were carried over from 2002 to 2003.

Payment appropriations	Initial	Movements	Final resources	Implementation	Cancelled	Carryovers to 2002
Budget 2002	2 600 000 000	548 000 000	3 148 000 000	3 148 000 000	0	0
Appropriations carried over from 2001	0	0	0	0	0	0
Appropriations made available again	0	0	0	0	0	0
Repayments	0	0	0	0	0	0
Totals	2 600 000 000	548 000 000	3 148 000 000	3 148 000 000	0	0

Payment appropriations amounting to €548 million were transferred from Objective 2 to the Cohesion Fund to meet applications for payment from the Member States. All the payment appropriations, including this transfer, were implemented.

Implementation of the appropriations for each country is shown in the following tables:

Budget implementation of appropriations in 2002 by Member State

Commitment appropriations 2002

Member State	Environment		Transport		Mixed Amount	Total	
	Amount	% Envir.	Amount	% Transport		Amount	%
Spain	930 467 527	47.1	1 046 236 673	52.9		1 976 704 200	70.8
Greece	220 580 268	65.8	114 577 670	34.2		335 157 938	12.0
Ireland	75 378 358	41.3	107 282 982	58.7		182 661 340	6.5
Portugal	60 318 853	20.3	236 461 881	79.7		296 780 734	10.6
Technical assistance	-	-	-	-	165 000	165 000	0
Total	1 286 745 006	46.1	1 504 559 206	53.9	165 000	2 791 469 212	100

Payment appropriations 2002

Member State	Environment		Transport		Mixed Amount	Total	
	Amount	% Envir	Amount	% Transport		Amount	%
Spain	924 763 990	44.6	1 146 960 474	55.4		2 071 724 465	65.8
Greece	125 620 657	26.3	351 182 669	73.7		476 803 326	15.1
Ireland	98 040 769	51.0	94 157 866	49.0		192 198 635	6.1
Portugal	187 660 533	46.1	219 461 276	53.9		407 121 809	12.9
Technical assistance	-	-	-	-	151 764	151 764	0
Total	1 336 085 950	42.4	1 811 762 284	57.6	151 764	3 148 000 000	100

As in 2000, Spain and Ireland committed appropriations in excess of their allocation in 2002, so offsetting below-allocation consumption by Portugal and Greece.

While in 2001 the implementation of appropriations had concentrated on environmental projects (51.5% of commitment appropriations and 61.3% of payment appropriations), in 2002 transport projects dominated (53.9% and 57.6% respectively of total appropriations).

The following table shows total implementation in 2000-02 in each country (excluding technical assistance):

Member State	Allocation 2000-03	2000	2001	2002	Total
Spain	61.02 %	1 601 305 968	1 676 893 850	1 973 389 704	5 251 589 522
Greece	16.81 %	435 532 521	467 400 382	335 157 938	1 238 090 841
Ireland	5.30 %	169 624 664	115 000 000	182 661 340	467 286 004
Portugal	16.87 %	450 770 587	455 699 130	296 780 734	1 203 250 451
EUR 4	100.00 %	2 657 233 740	2 714 993 362	2 787 989 716	8 160 216 818

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

Changes in 2002 in appropriations to be settled for 1993-99 were as follows:

Settlement in 2002 of commitments for the period 1993-99

Member State	Initial amount to be settled	Decommitments	Payments	Final amount to be settled
Spain	1 431 403 614	36 410 115	479 907 815	915 085 684
Greece	580 201 417	831 909	197 383 280	381 986 228
Ireland	152 406 440	54 101	61 859 930	90 492 409
Portugal	155 331 457	2 176 027	50 026 932	103 128 498
Technical assistance	310 161	213 707	0	96 454
Total	2 319 653 089	39 685 859	789 177 957	1 490 789 273

Cohesion Fund commitments are made from differentiated appropriations. If all the projects are implemented in line with the decisions, an amount to be settled exists 'automatically' because of the gap between the date of the decision and the date of payment of the balance (normally 4 to 5 years).

The major effort to clear the appropriations to be settled begun in 2000 was vigorously pursued in 2002 with some 36% of the appropriations remaining to be settled at the beginning of the year being paid or decommitted during the year. By the end of 2002, these appropriations represented only just over half the budget of the Cohesion Fund for one year. Naturally, this effort to liquidate the appropriations to be settled will continue in 2003.

3. THE PROJECTS AND MEASURES ADOPTED

3.1. Assistance from the Fund by Member State

3.1.1. Greece

During 2002 the Commission approved Cohesion Fund assistance totalling €238.7 million, of which €129.6 million was committed in that year's budget.

Including commitments made as a result of decisions taken in previous years (€199 million) brought the total amount committed during 2002 to €335 million.

The following table shows the Cohesion Fund assistance approved in 2002 and the total amount committed in that year.

	Total eligible cost (€ million)	Total CF assistance (€ million)	Commitments 2002* (€ million)
Environment	309 429 632	232 072 223	220 580 268
Transport	8 524 400	6 648 211	114 577 670
Total CF	317 954 032	238 720 434	335 157 938
% Environment	97%	97%	66%
% Transport	3%	3%	34%

* Including commitments based on the decisions taken in 2002 and in previous years

3.1.1.1 Environment

In 2002, the Cohesion Fund concentrated its financial support on the solid waste, water supply and waste-water treatment sectors. The aim was to complete the cycle of assistance, filling the gaps in the existing systems so as to implement the agreed strategic reference framework.

During 2002, the Commission approved Cohesion Fund assistance totalling €232 million for thirteen projects, of which €129.6 million was committed from that year's budget. The assistance approved and appropriations committed break down as follows:

DECISION No	CF Code	Project Name	Total decision cost	CF assistance	Commitment
C(2002)4708	CCI: 2002-GR-16-C-PE-007	Projects of solid waste management in Chalkidiki, Pella and Kilkis, Region of Central Macedonia	23 055 776	17 291 832	13 833 465
C(2002)4676	CCI: 2001-GR-16-C-PE-012	Sewage, water supply, extension of WWTP in Lamia, Region of Continental Greece	12 000 000	9 000 000	7 200 000
C(2002)4704	CCI: 2002-GR-16-C-PE-003	Construction of landfills in Trikala and Larissa, Region of Thessalia	9 284 247	6 963 185	5 570 548
C(2002)4702	CCI: 2002 GR 16 C PE 001	Solid waste management in the island of Samos, Region of North Aegean	10 444 000	7 833 000	6 266 400
C(2002)1769	CCI: 2001-GR-16-C-PE-019	Water supply and sewage in Community, Region of East Macedonia and Thrace	16 176 000	12 132 000	9 705 600
C(2002)4710	CCI: 2002 GR 16 C PE 006	Construction of landfill & access roads in the North West part of Thessaloniki, Region of Central Macedonia	33 992 210	25 494 157	20 395 326
C(2002)4636	CCI: 2001 GR 16 C PE 028	Sewage & water supply extension, extension and modernisation of WWTP in Katerini, Region of Central Macedonia	20 000 000	15 000 000	12 000 000
C(2002)4709	CCI: 2002 GR 16 C PE 004	Landfill rehabilitation & drainage processing unit in Tagarades, Region of Central Macedonia	13 833 071	10 374 803	8 299 842
C(2002)4698	CCI: 2001 GR 16 C PE 010	Water supply, sewage & WWTP in Malia, Region of Crete	16 249 704	12 187 278	9 749 822

C(2002)4696	CCI: 2000 GR 16 C PE 006	Construction of Aposelemi dam in Agios Nikolaos, Heraklion, Region of Crete	124 879 970	93 659 978	18 844 496
C(2002)4703	CCI: 2002 GR 16 C PE 002	Construction of landfills in the Northern Department of Evia & Fokida, Region of Continental Greece	6 731 623	5 048 717	4 038 974
C(2002)4706	CCI: 2002 GR 16 C PE 009	Projects of solid waste management – Achaia landfill, Aigialia landfill, landfill and transportation system in the area of Nafpaktos, rehabilitation of Epitalion landfill, Region of West Greece	12 830 000	9 622 500	7 698 000
C(2002)4705	CCI: 2002 GR 16 C PE 010	Construction of landfills and rehabilitation of old landfill site (landfill in North Corfu, landfill extension in Keffalonia, landfill restitution in Corfu), Region of Ionian Islands	9 953 031	7 464 773	5 971 818
TOTAL			309 429 632	232 072 223	129 574 291

In addition, on the basis of decisions taken in the previous year, an amount of €84,4 million was been committed from that year's budget.

Finally, the Commission issued three corrigenda as a result of slight errors with no financial impact.

3.1.1.2 Transport

Rail

In 2002 the Commission approved no decisions granting assistance to the railway sector.

One request for an amended decision concerning the Thessaloniki–Alexandroupolis project was approved by the Commission in August 2002. The amendment relates to the deadline for the completion of the project without any budgetary increase.

A project proposal concerning the third phase of the construction of the Thriassio–Elefsina–Corinth section was received in November 2001. It did not result in a decision as the Commission considered it needed substantial additional information.

As a result of decisions taken in the previous years, an amount of €44 498 531 was committed from the 2002 budget.

Roads

No new grant decisions concerning road projects were approved in 2002.

A request for an amended decision concerning the “Port of Igoumenitsa – Phase A” project was approved in 2002. It increased the total eligible cost from €41.7 million to €50.2 million and the Cohesion Fund contribution from €35.4 million to €42 million. Based on this decision, an amount of €6.6 million was committed in the 2002 budget.

DECISION No	CF Code	Project name	Total decision cost increase	CF assistance increase	Commitment
C(2002)4628	CF: 930965004	Port of Igoumenitsa: Phase A	8.524.400	6.648.211	6.648.211

As a result of decisions taken in previous years, an amount of €63 430 928 was committed from the 2002 budget.

3.1.2. Spain (including the outermost regions)

The Commission adopted 88 new decisions granting assistance from the Cohesion Fund totalling €2 654 million, of which €1 973 million was committed in 2002. These commitments exceeded by €271 million Spain’s allocation for that year in order to avoid the loss of available budget resources not used by other Member States.

These commitments, of which 47% is for the environment and 53% for transport infrastructure, reflect new decisions adopted that year and amendments and annual instalments of decisions adopted previously. A total of 53 amending decisions were approved.

The following table shows the amount for each sector:

	Total eligible cost* (€ million)	Total assistance* (€ million)	Commitments 2002* (€ million)
Environment	1 495	1 210	927
Transport	1 807	1 444	1046
Total CF	3 302	2 654	1 973
% Environment	45.3 %	45.6 %	47 %
% Transport	54.7 %	54.4 %	53 %

* rounded figures

During 2002, payment appropriations totalling €2 072 million were authorised and 61 applications were closed with the balance paid.

3.1.2.1 Environment

The Cohesion Fund continued to concentrate its financial support on the three priority sectors, water supply, drainage and waste-water treatment, and the management of solid urban, industrial and hazardous waste. The preparatory studies required for projects in the water sector were financed. The main aim of these projects is to help the municipalities and regions to improve drinking water supplies and waste-water networks and the collection and treatment of waste.

The contribution of the Cohesion Fund by sectors shows that the drainage and treatment of waste water, followed by solid waste, continued to receive the bulk of resources for the environment:

Sector	Total eligible cost (€ million)	Total assistance (€ million)	% of assistance	Commitments 2002 (€ million)
Water supply	174.18	139.32	11.51%	118.00
Drainage and waste-water treatment	822.34	670.99	55.46%	473.45
Management of solid waste	488.52	390.82	32.30%	328.65
Technical assistance	10.35	8.80	0.73%	7.04
TOTAL	1 495.39	1209.93	100.00	927.14

Water supply

During 2002, Community assistance for measures to improve water supply totalled €139 million, 11.5% of the amount allocated to the environment sector.

The projects financed in this sector are intended primarily to ensure adequate supplies of drinking water of sufficient quality to consumers in conformity with Community directives.

Water supply			
Projects adopted in 2002			
No of project	Name of project	Total cost (€)	CF assistance (€)
2000 ES 16 C PE 045	Water supply in the southern basin – 2001	15 433 363	12 346 690
2000 ES 16 C PE 128	Water supply in the Júcar basin - 2001	14 011 098	11 208 87
2001 ES 16 C PE 003	Water supply in the Guadalquivir Basin	5 525 579	4 420 463
2001 ES 16 C PE 021	Water supply measures in the Ebro Basin – 2001 - Group 2	16 538 331	13 230 665
2001 ES 16 C PE 041	Regulatory storage and linked pipes for supply networks – Ibiza	5 634 489	4 507 591

2002 ES 16 C PE 003	Expansion of the water supply to Navas del Marqués (Avila)	19 454 762	16 536 548
2002 ES 16 C PE 031	Water supply measures in the Ebro basin – 2002	17 272 286	13 817 829
2002 ES 16 C PE 057	Water supply to multi-municipal systems in the provinces of Cádiz and Jaén	10 706 529	8 565 223
2002 ES 16 C PE 061	Water supply to multi-municipal systems in the provinces of Granada and Málaga	27 409 299	21 927 439

Waste-water treatment

This sector absorbed €671 million in 2002, 55% of the amount allocated to the environment by the Cohesion Fund and the largest portion of the resources available for this sector. Once again, efforts concentrated on compliance with Directive 91/271/EEC and setting up the national drainage and water treatment plan.

28 decisions were adopted for projects and groups of projects in urban areas in the main water basins and five to amend projects already adopted. These projects concern improvements to treatment networks, collectors and the adaptation of existing treatment stations to meet higher standards, as in the case of the project to extend the station at Besós (Catalonia). This project concerns the extension of biological treatment to waste water to comply with the environmental directives and allow the treatment of some 525 000 m³/day of waste water.

Waste-water treatment			
Projects adopted in 2002			
No of project	Name of project	Total cost (€)	CF assistance (€)
2000 ES 16 C PE 058	Drainage and supply in the Segura basin – 2001	36 386 314	29 109 050
2000 ES 16 C PE 120	Drainage and treatment projects in the Tagus basin – 2001 – Group 1	15 801 166	12 640 933
2001 ES 16 C PE 006	Drainage measures in the Ebro basin – 2001 – Group 1	15 201 000	12 160 800
2001 ES 16 C PE 019	Drainage in the southern basin – 2001 – Group I	12 362 306	9 889 845
2001 ES 16 C PE 017	Drainage and treatment projects in the Guadalquivir Basin – 2001 – Group 3	18 189 027	14 551 222
2001 ES 16 C PE 033	Drainage and treatment projects in the southern basin – 2001 – Group 2	20 452 245	16 361 796
2001 ES 16 C PE 035	Drainage in the Tagus basin – 2001 – Group II	59 005 518	47 204 415
2001 ES 16 C PE 037	Drainage in the Júcar basin – 2001 – Group 3	16 512 102	13 209 681
2001 ES 16 C PE 038	Drainage and treatment in the Liébana valley	9 766 000	7 812 800

2001 ES 16 C PE 050	Drainage in the Júcar basin – 2001 – Group 2	14 083 376	11 266 701
2001 ES 16 C PE 052	Drainage projects in the Balearic Islands basin – 2001 – Group 2	5 673 042	4 538 834
2001 ES 16 C PE 054	Treatment of sludge and reuse of urban waste water in Catalonia	78 447 105	62 757 684
2001 ES 16 C PE 058	Extension of biological treatment at the Besós station	136 730 254	116 220 716
2002 ES 16 C PE 002	Discharge: middle basin, Getafe and lower basin of the Culebro	43 970 160	37 374 636
2002 ES 16 C PE 019	Drainage and water treatment in Gipuzcoa – 2002	26 335 032	21 068 026
2002 ES 16 C PE 021	Drainage and full treatment for various areas in the upper Guadiana basin	10 858 000	8 686 400
2002 ES 16 C PE 022	Drainage and full treatment in the lower Sierra de Gata basin of the Tagus	12 530 000	10 024 000
2002 ES 16 C PE 030	Drainage and water treatment on the Balearic Islands – 2002	11 445 835	9 156 668
2002 ES 16 C PE 032	Drainage on the Segura in Murcia	12 000 000	9 600 000
2002 ES 16 C PE 033	Drainage works in the Ebro basin – 2002	20 699 238	16 559 390
2002 ES 16 C PE 036	Drainage and treatment in the lower middle basin of the Miera: Cudeyo	11 714 650	9 371 720
2002 ES 16 C PE 037	Drainage and water treatment in Vizcaya – 2002	30 881 605	24 705 284
2002 ES 16 C PE 044	Drainage and waste-water treatment in protected natural areas of -Andalucía – Phase II	20 356 997	16 285 598
2002 ES 16 C PE 045	Drainage and treatment in the middle Guadalquivir basin (Province of Córdoba)	15 503 110	12 402 488
2002 ES 16 C PE 046	Drainage and treatment in the Guadalquivir basin (Province of Seville)	20 431 478	16 345 182
2002 ES 16 C PE 051	Drainage in the north basin – Asturias – 2002	23 938 274	19 150 619
2002 ES 16 C PE 054	Drainage in the Guadalquivir basin – 2002 – Group I	14 786 461	11 829 169
2002 ES 16 C PE 058	Extension and improvement of drainage in the Júcar Basin 2002 – Group III	26 736 326	21 389 061

Solid waste

In order to implement the National Plan for solid waste approved in 2000 and the regional Plans approved for each Autonomous Community, the Spanish authorities submitted a large number of projects in this sector.

In 2002, 23 decisions were adopted on waste management and two to amend projects adopted earlier. Most concerned projects from municipalities, either individual or grouped by Autonomous Community. Assistance totalling €391 million was granted, 32% of the total for the environment.

Priority was given to solid urban waste projects involving pre-sorting for collection, composting and recycling plants, and the closure of tips to comply with the relevant directive.

Waste			
Projects adopted in 2002			
No of project	Name of project	Total cost (€)	CF assistance (€)
2000 ES 16 C PE 143	Waste management in Madrid	10 502 906	8 402 325
2000 ES 16 C PE 144	Waste management measures in the Autonomous Community of Valencia – 2001 – Group 1	9 348 364	7 478 691
2000 ES 16 C PE 145	Waste management in the Basque Country – 2001 – Group 1 – Vizcaya	23 946 052	19 156 842
2001 ES 16 C PE 008	Waste management measures in the Autonomous Community of Andalusia – 2001 – Group 3	33 700 224	26 960 179
2001 ES 16 C PE 013	Waste management in the Basque Country – 2001 – Group 2 Vitoria	16 823 349	13 458 679
2001 ES 16 C PE 025	Extension of facilities for the treatment of solid urban waste in the Autonomous Community of Andalusia – 2001	21 034 274	16 827 419
2001 ES 16 C PE 027	Waste management in Aragón	7 608 670	6 086 936
2001 ES 16 C PE 028	Waste management in the Canary Islands – 2001 – Group 1	33 237 250	26 589 800
2001 ES 16 C PE 029	Installation of a tunnel composting system in the Es Milá waste centre - Menorca	1 627 290	1 301 832
2001 ES 16 C PE 042	Waste management in Castile La Mancha – 2001 – Group 2	24 749 725	19 799 780
2001 ES 16 C PE 043	Management of solid urban waste in the Autonomous Community of Extremadura – 2001	12 276 145	9 820 916
2001 ES 16 C PE 053	Closure of the tip for solid urban waste and the like at San Marcos – Guipuzcoa – 1st phase	5 000 000	4 000 000
2001 ES 16 C PE 055	Construction and improvement of the infrastructure for treating municipal solid waste in Catalonia	36 872 093	29 497 674
2002 ES 16 C PE 001	Centre for the treatment of urban waste at Gomecello – Salamanca	18 030 363	14 424 290

2002 ES 16 C PE 012	Waste management in the Autonomous Community of Andalusia – 2001 – Group 4	12 827 655	10 262 124
2002 ES 16 C PE 023	Waste management measures in the Autonomous Community of Castile-La Mancha – 2002	40 298 984	32 239 187
2002 ES 16 C PE 025	Waste management in Galicia – 2002	27 344 876	21 875 901
2002 ES 16 C PE 026	Infrastructure to develop the urban waste Plan in the region of Murcia	13 013 172	10 410 537
2002 ES 16 C PE 028	Waste management measures in the Autonomous Community of Valencia – 2002	20 803 064	16 642 452
2002 ES 16 C PE 029	Waste management measures in the Autonomous Community of Castile-Leon – 2002	24 241 747	19 393 398
2002 ES 16 C PE 041	Establishment and improvement of the network of infrastructures for the treatment of municipal waste in Catalonia	19 060 000	15 248 000
2002 ES 16 C PE 042	Improvement of the facilities for the incineration of municipal waste in Catalonia to comply with Directive 2000/76/EC	11 934 740	9 547 792
2002 ES 16 C PE 049	Sludge treatment unit: composting and heat drying plant at Loeches	34 401 169	27 520 935

Technical assistance - preliminary studies

In 2002, six decisions concerning preliminary studies and technical assistance were approved, involving assistance of €8.8 million, of which €7 million was committed that year. These studies are technical, economic and environmental in nature and are required for the implementation of projects. The aim of technical assistance is to help in the drafting of construction projects which could later be submitted for part-financing.

Technical assistance – preliminary studies			
Projects adopted in 2002			
No of project	Name of project	Total cost (€)	CF assistance (€)
2002 ES 16 C PE 008	TA – Draining the Santoña marshes	959 250	815 362
2002 ES 16 C PE 010	TA – Water supply in Villaviciosa, Oviedo and Llanera	402 670	342 270
2002 ES 16 C PE 011	TA – Drainage in Ferrol, Lugo and Orense	2 036 870	1 731 339
2002 ES 16 C PE 013	TA – Extension of the network of drainage collectors and treatment station in Guadalajara	299 951	254 958
2002 ES 16 C PE 014	Drafting of the preliminary project and projects for the second main supply ring for the Autonomous Community of Madrid	4 974 544	4 228 362
2002 ES 16 C PE 040	TA – Extension of water supply in the Mancomunidad of Algodor	1 682 000	1 429 700

3.1.2.2 Transport

In 2002, the Commission adopted a total of 13 decisions to finance projects in the transport sector concerning investments totalling some €2 140 with a total contribution from the Cohesion Fund of €1 444 million. Commitments in 2002 totalled €1 046.2 million and related to new decisions adopted that year and to amendments to and annual instalments of decisions adopted previously.

The transport sector accounted for 54.4% of the total assistance under decisions approved by the Commission in 2002 and 53% of the commitments made. The breakdown by mode of transport is given in the following table.

Mode of transport	Eligible cost (€ million)	CF assistance (€ million)	Contribution to assistance approved in 2002	Commitments in 2002 (€ million)
Roads*	0			29.0
Railways	1 576.2	1 328.9	87.2%	888.8
Ports	133.0	74.0	7.4%	95.5
Airports	98.0	41.2	5.4%	32.9
TOTAL	1 807.2	1 444.1	100.0%	1 046.2

* The commitments for 2002 relate to annual instalments of projects approved before 2002

Road network

During 2002 there was a clear improvement in the implementation of projects for this mode of transport approved in previous years so that the corresponding appropriations could be committed. However, the Spanish authorities made no new applications for assistance for 2002.

Rail network

In 2002, the Commission made a very concerted effort to invest in the development of the network of high-speed lines in Spain. During the year eight new decisions were approved, the most significant of which concerned several sections of the Madrid–Valladolid line which, with the Madrid–Barcelona–French border line, is one of the 14 major projects listed as priorities by the Essen European Council (9-10 December 1994). Completion of the Madrid–Valladolid line will reduce the journey time between those two cities by about 90 minutes and is expected to increase the number of passengers carried by about 9 million by 2025. Besides the advantages stemming from the line from Vitoria to Dax (France), the Madrid–Valladolid section will make a substantial contribution to integrating the rail networks of northern and north-western Spain with the rest of the Union. This new line is expected to come into service in 2007.

Work on the other projects approved or being implemented progressed as planned, according to the information provided at the Monitoring Committees.

RAIL PROJECTS ADOPTED IN 2002			
No of project	Name of project	Total cost (€ million)	CF assistance (€ million)
CCI 2000-ES-16-C-PT-001	TGV Lleida–Tarragona (new sections)	115.6	61.6
CCI 2001-ES-16-C-PT-012 à 018	TGV Madrid–Valladolid (sections I to VI)	257.9	186.3
CCI 2001-ES-16-C-PT-002 and 003	TGV Madrid–Valladolid (Guadarrama tunnel)	1 492.7	1081.0
TOTAL		1 866.2	1 328.9

Ports

During 2002, the Cohesion Fund provided finance for four new projects concerning sea ports, in addition to the project to extend the Port of Barcelona approved in 2001. Part-financing by the Cohesion Fund concerns work to extend quays or construct new ones to improve safety and increase shipping capacity.

All these projects comply with the Community guidelines for the development of the trans-European transport networks. The case of the Puerto de la Estaca, on Hierro in the Canary Islands, is particularly representative, since it is a very important communications link for that remote island.

PORTS PROJECTS ADOPTED IN 2002			
No of Project	Name of project	Total cost (€ million)	CF assistance (€ million)
CCI 2001-ES-16-C-PT-002	Puerto de la Estaca (Canary Islands)	29.9	22.9
CCI 2001-ES-16-C-PT-012	La Osa port (Asturias)	40.0	16.7
CCI 2001-ES-16-C-PT-019	Campamento port (Andalusia)	44.4	16.6
CCI 2002-ES-16-C-PT-001	Bilbao port	39.7	17.8
TOTAL		154.0	74.0

Airports

In the airport sector, during 2002 the Commission granted assistance for a project to install a system for the automatic transfer of passengers between the various terminals in Madrid - Barajas airport, a project which comes under measure 4 of Annex II to Decision 1692/96/EC on the Community guidelines for the development of the trans-European transport networks. The estimated total cost of this project is €119.3 million and the aid approved amounts to €41.1 million.

Spain – Outermost regions

Operations continue to take account of the importance attached to the development of the outermost regions (Canary Islands), as stressed in the Commission's Report on the measures to implement Article 299(2) of the Treaty (COM(2000) 147 final). Community assistance this year totalled €49 million.

In the environment sector efforts concentrated on the waste sector, since their island location makes the Canary Islands subject to very severe constraints as regards waste treatment. The measures taken previously concerning the construction of environmental complexes were continued.

As regards transport infrastructure, the Puerto de la Estaca project on the island of Hierro, which was granted assistance totalling €22.9 million, provides that island with a major means of communication since it enables the local population to overcome the problems posed by isolation and the inconveniences of their remote location.

3.1.3. Ireland

During 2002 the Commission did not approve any new Cohesion Fund assistance for Ireland. However, the grants to three existing projects were increased by a total of €85.8 million to cover extra work on existing projects. Five other commitments amounting to €75 million were also made involving subsequent annual instalments for projects already adopted.

The broad pattern of commitments is influenced by the size of the allocation available to Ireland and the trend of recent years of supporting large projects with multi-annual budgets.

In terms of commitments, a small group of large projects makes it relatively difficult to ensure sectoral balance each year. Nonetheless the cumulative position between transport and environment projects is now more balanced over the first years of the 2000-06 period following the commitments made in 2002. Starting from a proportion of 19% : 81% in 2000 for the transport/environment balance the cumulative position was 46% : 54% at the end of 2002. The objective is still to ensure a 50:50 balance over the programme period.

12 projects from the period 1994-99 were also closed and the final reports for 5 other projects were considered in 2002. Also seven projects from the 1994-99 period were amended through formal amendment decisions.

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

No new project was assisted in 2002. An existing project stage – Limerick Main Drainage Stage III was modified to grant additional assistance of €30.6 million for the construction of additional elements of the waste-water collection system. These works had been described in the original application for assistance but not originally assisted.

WASTE-WATER TREATMENT			
CCI N°	Project name	Type of project/commitment	2002 commitment (€ million)
2000 IE 16 C PE 001	Dublin Region Waste Water Treatment (Stage V)	Third annual instalment	13.34
1999 IE 16 C PE 002	Limerick Main Drainage (Stage III)	Third annual instalment	37.49
1999 IE 16 C PE 003	Cork Main Drainage (Stage III)	Second annual instalment	24.55
TOTAL			75.38

Solid waste

No project was assisted in 2002. The Irish authorities informed the Commission in 2002 that it would not be possible to absorb all of the indicative grant allocation of €33 million proposed by the Commission for the solid waste sub-sector. The Commission expressed its concern and disappointment at the uncertainty with regard to progress in this area. However it was possible to agree to maintain the environment / transport balance of commitments in the period 2000-06, the Commission's principal spending priority.

3.1.3.2. Transport

As with the environment sector there are only two priority sectors in this period; roads and public transport.

Roads

No new project was assisted in 2002. An existing project – M1 Cloghran Lissenhall Stage II – was modified to grant additional assistance of €28.8 million to the construction of additional elements of motorway and the realignment of existing routes. These works had been described in the original application for assistance but not originally assisted.

CCIN°	Project Name	Type of project/commitment	2002 commitment (€ million)
2000 IE 16 C PT 002	M1 Cloghran – Lissenhall (Stage II)	Third annual instalment	45.77
2000 IE 16 C PT 003	M1 Lissenhall Balbriggan	Second annual instalment	10.23
1999 IE 16 C PT 004	Heuston Terminal & SW Corridor (Stage I)	Second & third annual instalments	51.28
TOTAL			107.28

Rail

No new project was supported in 2002. The existing rail project – Heuston Station and South West Rail corridor redevelopment (Stage I) was modified to grant additional assistance of €26.4 million to the construction of additional elements in Heuston Station, required in order to complete the station redevelopment. The initial grant in respect of the terminal focussed predominantly on the track and signalling elements. These additional works had not been described in the original application for assistance.

3.1.4. Portugal

2002 was an unusual year as regards implementation of the Cohesion Fund. For the first time, it was not possible to commit the entire amount allocated to Portugal.

Following the infringement proceedings challenging the way in which Portugal had granted concessions for the management of water and urban waste to companies controlled by the public company Águas de Portugal, a number of projects being considered, particularly in the water sector, could not be approved.

Accordingly the Commission approved only five new projects, providing finance totalling €106.1 million, of which €84.9 million was committed from the 2002 budget.

Following these commitments and including projects adopted in previous years which have an impact on the budget for 2002, the total commitments for the year were as follows:

	Total eligible cost (€ million)	CF assistance (€ million)	Commitments 2002 (€ million)
Environment 2002	96	56.8	45.4
Transport 2002	58	49.3	39.5
Environment previous years	257.1	158.4	14.9
Transport previous years	814.6	650.7	197
TOTAL	1 225.7	915.2	296.8

3.1.4.1. Environment

As in the previous period, the main priorities for assistance from the Fund in 2000-06 are waste-water treatment, the supply of drinking water and the treatment of urban waste. An effort was made to submit more projects in the field of the environment to try to rebalance the amounts allocated to each field. However, the infringement procedure referred to above meant that most of the amounts committed went to projects in the field of transport.

During 2002 the Commission adopted four new projects in the field of the environment, two in the water sector and two in the urban waste sector.

	Total eligible cost (€ million)	CF assistance (€ million)	% of total environment assistance	Commitments 2001 (€ million)
Integrated water sector	29.1	18.9	33.3%	15.1
Urban waste sector	66.9	37.9	66.7%	30.3
Projects from previous years				14.9
TOTAL	96	56.8	100 %	60.3

Water

The two projects approved were for drainage, one concerning studies to find solutions for the management of waste water in the Algarve and the other for drainage works in the municipality of Braga.

Water sector			
Projects adopted in 2002			
No of project	Title	Total eligible cost (€ million)	CF assistance (€ million)
2002/PT/16/C/PE/004	Studies – Algarve drainage	2.48	2.11
2002/PT/16/C/PE/005	Drainage in Braga	26.65	16.75

Urban waste

Unlike in previous years, in 2002 Portugal presented a very small number of projects in the urban waste sector. The Commission therefore approved only two projects which follow on from other projects financed previously and which are designed to complete the systems of which they form part.

One is a project at Lipor for the construction of an organic utilisation centre; the other is the third phase of the system managed by the Association of municipalities in the Vale do Ave.

Urban waste treatment			
Projects adopted in 2002			
No du project	Name of project	Total cost (€ millions)	CF assistance (€ million)
2002/PT/16/C/PE/002	Integrated management of urban waste at Lipor	53.52	26.6
2002/PT/16/C/PE/006	System for the treatment of waste in the Vale do Ave – 3rd phase	13.36	11.35

3.1.4.2. Transport

As already noted, in 2002 Portugal sought to rebalance the consumption of appropriations between the two fields of the Cohesion Fund, which had hitherto leant heavily in favour of transport. Accordingly, only one project was submitted, for a section of the road on the IP 6 main road between Peniche and the IC 1 secondary road, which was approved as providing access to the trans-European de transports.

	Total eligible costs (€ million)	Financial assistance (€ million)	% of total transport assistance	Commitments 2002 (€ million)
Road sector	58.05	49.34	100 %	39.47
Projects from previous years				196.99
TOTAL	58.05	49.34	100 %	236.46

3.2. TECHNICAL ASSISTANCE AND STUDIES

3.2.1 Technical assistance at the initiative of the Commission

No measure for technical assistance at the initiative of the Commission was adopted in 2002.

4. MONITORING, INSPECTIONS AND IRREGULARITIES

4.1. Monitoring: committees and missions

4.1.1. Greece

4.1.1.1 Monitoring Committees

The Cohesion Fund Monitoring Committee met in Athens in January 2002. The work of this Monitoring Committee is recorded in the relevant minutes.

A number of technical meetings were also held in 2002. On 14 March, Commission staff and representatives of the Ministry of Public Works met in Athens to review public works in the railway sector since the 1990s, assess all operational programmes determine the state of affairs and identify what still needed to be achieved by the end of the current programming period.

A meeting between the Commission and the Ministry of Economy and Ministry of Transports was convened in Athens on 26 March to review the progress achieved in the fields of transport and the environment and to follow up the conclusions of the Monitoring Committee meeting in January 2002. Reinforcing the role of the managing authorities in monitoring Cohesion Fund projects was also discussed.

In May 2002 the implementation of the environmental strategy in Greece was further assessed to identify the areas where additional efforts were needed so as to complete the environmental investments in Greece and thus promote the smooth implementation of the Cohesion Fund environmental strategy.

4.1.1.2. Monitoring missions

A number of project visits were undertaken in April 2002, namely to the recycling factory in Ano Liossia, the Psitallia water treatment plant and the EYDAP water supply projects.

In June, a meeting between DG REGIO and the Greek Authorities was held to assess the implementation of big national projects such as the Gadouras and Aposellemi Dams. In September, another technical meeting allowed individual assessment of some requests for amendments to decisions taken in previous years.

A further meeting between DG REGIO and the Greek Authorities was held in Athens in October to discuss strategic issues in the environmental sector and review the commitments for 2003. This included assessing progress in implementing the solid waste strategy and consideration of the objectives for the future so as to fully implement the agreed environmental strategy.

4.1.2. Spain

4.1.2.1. Monitoring Committees

The Monitoring Committee met twice in Madrid in 2002.

The first meeting lasted from 30 January to 1 February and the second from 23 to 25 October. These were the 16th and 17th meetings of the Cohesion Fund Monitoring Committee.

The Committee is subdivided into several specific sessions depending on the sectors concerned and the managing authorities involved so as to look at the implementation of a series of projects and groups of projects (about 170 decisions in all for each Committee) requiring a specific discussion with the authorities responsible for implementation and chosen in advance jointly by the relevant staff in the Ministry of Finance and the Commission. Figures on the projects not selected are also put before the Committee and sent to the Commission for information.

At the two meetings the Committee considered a number of important points of general interest including:

- checking the quality of applications for part-finance and the final reports,
- the application of automatic decommitment for projects on which work has not begun two years after the approval decision,
- the statutory requirements governing publicity,
- the results of the inspections with particular regard to compliance with Community law on public procurement,
- the management of on-going projects, particularly speeding up the closure of old decisions and reducing the number of amendments requested,
- the reliability of estimates of future payments.

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.

The monitoring missions undertaken are listed in Annex 1.

4.1.3. Ireland

4.1.3.1. Monitoring Committees

In 2002 there were two meetings of the Monitoring Committee, on 19 April and 31 October. On the whole, the Commission was satisfied with the quality of the information the Irish authorities supplied on the management of projects and outstanding questions were addressed adequately.

At these meetings the Committee examined written progress reports on up to 30 open projects from the period 1993-99 and on 7 projects from the period 2000-06.

There was also progress with the successful completion of 12 further projects in 2001. The outstanding projects from the period 1993-99 to be closed at end-2002 represent 16% of the project supported in that period.

One project in particular was the subject of detailed examination by the Commission in 2001-02. The 'Rail track and signalling project' assisted in 1997 concerns a group of five related rail projects. One of these projects - the signalling project called "mini-CTC" - experienced serious implementation delays, cost overruns, the cancelling of the original contract and, in 2001-02, a national parliamentary public enquiry into the rail company's management. While the report of the public enquiry was never finalised, the Commission examined carefully the reasons for the delayed implementation of the project and the strategy proposed to complete the mini-CTC project. In 2002 DG REGIO arranged a technical audit of the robustness of this completion strategy. The evaluation was essentially positive in respect of its main elements. In that light and because the amendment to the end date sought was the first such amendment to the project, the Commission adopted an amending decision in late 2002 to maintain support for completion of the mini-CTC project.

In respect of the general policy on project modifications and/or extension requests in 2002, the Commission presented the Irish authorities (in common with other CF beneficiary states) with new guidance on project changes to restrict the possibility to modifying decisions which have been subject to several amendments.

4.1.3.2. Monitoring missions

The project visits undertaken in 2002 had the following objectives:

- to check progress in the completion of the relevant projects, and
- to clarify difficulties reported to the Monitoring Committee previously and requests made to approve project amendments.

The project visits undertaken are listed in Annex 1.

4.1.4. Portugal

4.1.4.1. Monitoring Committees

As required by the Fund Regulation, the Monitoring Committee meets twice a year.

In 2002 these meetings took place on 27 and 28 May and 11 and 12 December. They considered each project individually and provided an opportunity to discuss general topics such as publicity, inspections, public procurement, the implementing rules and miscellaneous information.

Although the project for the construction of the Alqueva hydroelectric station is monitored by the general Committee, it is also monitored in the broader forum 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 and taking part in some inspections by Unit G7, in 2002 the Portugal unit of the Directorate-General for Regional Policy carried out a number of monitoring missions to check on the progress of projects, acquire on-the-spot knowledge of the problems encountered in implementation and find the best solutions for the correct implementation of the projects (see Annex I).

4.2. Inspections and conclusions

In 2002, the Directorate-General for Regional Policy carried out 22 audit missions in the four Member States assisted by the Cohesion Fund. Problems of various types were detected in all four countries, mainly regarding the procedures for awarding public contracts. It was found that compliance with Decision 96/455/EC on publicity had improved, although further efforts were still required.

Following the adoption in July 2002 of the new Commission Regulation (EC) No 1386/2002 on the management and control systems for assistance granted from the Cohesion Fund and the procedure for making financial corrections, the four Member States made considerable efforts to adjust their organisation to meet its requirements.

The irregularities detected in the four Member States are now the subject of financial correction procedures.

4.2.1. Greece

Five audits were carried out in Greece in 2002 to examine eight decisions concerning the Cohesion Fund.

The main findings concerned application of the rules on public procurement and the quality of the estimates of the cost of works as part of the cost-benefit analysis of projects.

4.2.2. Spain

Nine audit missions in Spain looked at 17 Cohesion Fund decisions.

Spain's decentralised organisation means that the situation varies across the country. However, the inspections by the Directorate-General for Regional Policy give rise to a certain number of conclusions.

The main shortcomings concerned the application of the rules on public procurement (confusion between the selection criteria and those for awarding the contracts, use of the 'baja temeraria' rule) and the inclusion of ineligible expenditure (VAT, purchase of land belonging to public administrations).

4.2.3. Ireland

Four audit missions were carried out in Ireland in 2002 and covered nine decisions. The main irregularities detected concerned failure to comply with the rules on the eligibility of expenditure (work carried out and paid before approval of the decisions) and failure to comply with the rules on public procurement (no tendering procedure for the award of certain service contracts).

4.2.4. Portugal

Four inspections were carried out in Portugal in 2002; they covered seven Cohesion Fund decisions.

The main irregularities concerned the application of the rules on public procurement (no tendering procedure for the award of service contracts) and the submission of applications for payment containing ineligible expenditure (construction of car parks or administrative premises).

4.3. Irregularities and suspension of aid

In November and December 2002, the European Anti-Fraud Office (OLAF) carried out joint audits with DG REGIO in the four beneficiary Member States to look at their implementation of Commission Regulation (EC) No 1831/94 concerning systems and procedures for the notification and monitoring of irregularities in this field. This audit was carried out alongside those concerning the application of Regulation (EC) No 1681/94 in the field of the Structural Funds. The conclusions of the audits will be sent to the Member States, the Council, the European Parliament and the European Court of Auditors.

Article 3 of Regulation (EC) No 1831/94¹³ concerning irregularities and the recovery of sums wrongly paid in connection with the financing of the Cohesion Fund and the organisation of an information system in this field requires the beneficiary Member States to notify the Commission of irregularities as soon as a preliminary administrative or judicial finding has been made.

For 2002, three of the four Member States benefiting from the Cohesion Fund, namely: Greece, Ireland and Portugal, communicated to the Commission 4 cases of irregularities under the terms of Regulation 1831/94. Greece and Ireland each communicated one a case and Portugal two.

The case communicated by the Greek authorities involved overall 973,444 € of Community contribution and the irregularity concerned the non-observance of the rules on tendering. On the other hand, the case communicated by the Irish authorities concerned overall 5,885 € of Community contribution and the irregularity was related to the presentation of non eligible expenditure. The amount in question was recovered at national level. The cases communicated by Portugal involved overall 8,842,900 € of Community contribution an amount of which of 8,024,246 € was suspended at national level. The detected irregularities also concerned the presentation of non eligible expenditure, the presentation of incorrect supporting

¹³ OJ L 191, 29.7.1994.

documents and of the problems due to accountancy. The amount of 818,654 € paid to the recipients was recovered at national level.

It should be noted that Spain informed the Commission, under the above-mentioned regulation, that it had no cases of irregularities during the year.

5. ASSESSMENT AND EVALUATION

5.1. General

Since the ultimate objective of EU policies is to maximise economic development and reduce regional disparities in terms of per capita GDP and unemployment rates, the most serious issue encountered in making cost-benefit analyses of project investments applying for part-finance from the Cohesion Fund is the lack of economic analysis or the fact that the economic analysis is very often poorly carried out.

This has led to the suspension of a number of project proposals whose main focus was on financial analysis only. In this regard, however, the contribution of the Commission has also been pedagogic. The relevant reports place heavy emphasis on how to guide project promoters towards more sound evaluations in the different areas of economic analysis found to be unsatisfactory.

In addition, the financial analysis of some investment projects revealed that, after revising their cost-benefit analysis, project promoters realised that investment projects actually needed significantly lower EU contributions. This is clearly a crucial aspect in order to maximise the effectiveness of the public money devoted to the EU structural policies since it allows a larger number of projects to be part-financed. Furthermore, many project reports included no risk analysis. The Commission has strongly advised project promoters to use this technique not only to enhance the probability of project success by making the project financially more robust, but also to improve its impact on regional development by identifying the main critical variables in the project and implementing consistent project re-specifications.

5.2. Examination and *ex-ante* appraisal of projects

As part of its updating of the Guide for the cost/benefit analysis of major projects, during 2001 the Commission carried out substantial internal work to make the *ex-ante* financial analysis of the various projects more consistent. This included consideration of the discounting rate used, the arrangements for applying the polluter-pays principle to water management projects, taking account of historic costs prior to the submission of a project to the Commission in calculating financial profitability and the possible accounting for financial costs. The results of these considerations were presented to the Member States during 2002.

5.3. Cooperation with the EIB when a project is considered

Under a framework contract signed by the two institutions in 2000 and valid until the end of 2006, the Commission may ask the European Investment Bank for technical assistance in appraising Cohesion Fund projects, major projects supported by the ERDF and projects financed by ISPA. It also receives regular information from the EIB about projects submitted to one of these three Funds to which the Bank has itself decided to grant assistance.

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 assistance as a whole.

The new version of the Guidelines on cost-benefit analysis is more exhaustive than the former and it better accomplishes a pedagogical task through discussing the key issues of cost-benefit analysis by practical examples. So that it can be used swiftly and be available to desk officers and to Member State promoters, the current guidelines may be consulted in English, and from April in other languages, on the DG REGIO web-site.

5.5. Harmonisation and simplification

The Commission has undertaken actions to make the practices followed in different Member States more consistent. In particular, these actions have been focussed especially on harmonising some key elements of evaluation such as discount rates, contingencies, amortisation (which has been eliminated), adaptation of the financing gap formula (in order to stimulate the application of the polluter-pays principle) and the use of residual historical costs. This has been achieved by undertaking intensive bilateral and multilateral discussions. The latter resulted in agreements with the relevant authorities that this harmonisation will be fully applied from 2003. Additionally, in order to ease the informational burden of cost-benefit analysis and according to the principle of proportionality, the Directorate-General for Regional Policy has also laid down simplified rules.

6. INTER-INSTITUTIONAL DIALOGUE, INFORMATION AND PUBLICITY

6.1. Annual report for 2001

6.1.1. European Parliament

On the basis of the reports by Mr Turco (2000 report on the Cohesion Fund) and Ms Scallan (2001 report), Parliament raised the question of the use made of the *ex-post* evaluation of projects already completed in the new programming phase and the training measures which the Commission could undertake to lay down criteria for *ex-ante* evaluation which would offer genuine uniformity across the Member States. It also asked the Commission to continue rigorous inspections of the rules on transparency as regards public contracts. It regretted the inadequate level of commitments and payments despite an improvement in budgetary implementation in

2001. It also regretted that the report did not include specific and precise figures on the amount to be settled under the Cohesion Fund.

In its annual report for 2001, the Commission sought to present detailed budget figures, particularly as regards the amount to be settled. Furthermore, Parliament's resolution encouraged the Commission to step up cooperation between the Directorates-General responsible for regional policy, transport and the environment.

6.2. Information from the Member States

Two information meetings with all 15 Member States were held in Brussels, on 27 June and 21 November 2002.

At the first meeting the Commission presented the "guidelines for the amendment of projects", the 2002-03 programme for inspection and audit missions, the allocations of appropriations for 2002 for each Member States and the payment forecasts and the draft Regulation on financial corrections (which came into force on 1 January 2003).

At the information meeting in November, the Commission presented the annual report of the Cohesion Fund for 2001, the situation as regards the EEA financial instrument and the position of commitments in 2002.

6.3. Commission measures on publicity and information

The integration of Cohesion Fund activities into the overall activities of DG REGIO has been consolidated since 2000, so their coverage has become an integral part of the overall information and communication actions of the DG.

In particular the programme of ad hoc actions such as publications, photo reports and events has taken account of Cohesion Fund projects, notably the photo reportage of Greece completed in December 2002. This was undertaken in preparation for the last in the present series of individual country brochures illustrating the range and characteristics of the Community's cohesion policy.

These actions will continue in 2003, particularly in the light of the possible increase in numbers of countries eligible to Cohesion Fund following the enlargement of the EU in 2004.

A key moment of the year was the seminar in March 2002 comparing progress in the field of the information and publicity requirements (Article 14 of Regulation (EC) No 1164/94, so far as the Cohesion Fund is concerned) in Objective 1 regions including the four cohesion countries. Member States have a responsibility to inform their citizens effectively and openly about structural fund assistance and Cohesion Fund projects, and the Commission has established a number of mechanisms to help them fulfil this requirement.

ANNEX I

List of monitoring and quality-control missions carried out in 2002

Greece

January: Cohesion Fund Monitoring Committee meeting. Progress achieved and the future priorities for implementing the agreed environmental and transport strategy were reviewed.

14 March: Senior officials from the Commission and the Ministry of Transport met to discuss the public works in the railways sector.

26 March: Progress in implementing the agreed priorities in the field of transport and environment were reviewed.

April: The purpose of the visit was to verify progress for the following projects, i.e. EYDAP water supply projects, the Psitalia water treatment plant and on the spot visit of the recycling factory in Ano Liossia.

June: Big national projects in the field of the environment were examined.

June: Quality control mission at the headquarters of ERGOSE – authority that manages the railways projects in Greece.

September: Requests for amendments to decisions were considered in depth.

October: The environment and transport priorities for 2003 were put into perspective.

Spain

July: The Salto del Negro complex on Gran Canaria and the Arico complex on Tenerife (projects concerning waste management in the Autonomous Community of the Canary Islands) were inspected by the Commission and the difficulties in providing stable management for the project were noted. Following comments by the Commission, the various public bodies signed an agreement to establish a stable management system.

September: Visits to the areas concerned by the projects ‘Collectors and treatment station at Las Navas del Marqués (Avila)’ (CF No 98.11.61.036) and ‘Expansion of supply at Las Navas del Marqués (Avila)’ (CCI 2002.ES.16.C.PE.003), which provided all the information required to complete examination of the application to amend the physical object of the first project, approved by Decision C(2002) 3512 of 6 November 2002, and the application for assistance for the second project, approved by Decision C(2002) 4270 of 16 December 2002.

Inspections of work on the projects ‘Treatment station for the middle and upper basin of the Arroyo Culebro- Fuenlabrada Section (Madrid)’ (CF No 98.11.61.004) and ‘Gavia treatment station (Madrid)’ (CF No 98.11.61.018), and the areas affected by the ‘Treatment station for the lower basin of the Arroyo Culebro – Getafe sector (Madrid)’ project (CCI No 2000.ES.16C.PE.032), which provided all the further information required to complete examination of the application to amend the latter project approved by Decision C(2002) 4652 of 18 December 2002.

Ireland

July: Limerick, Burren and North Clare

- Project No 99/07/61/002 - Limerick City and environs Main Drainage Scheme (Stage III): The Commission verified that physical progress was on schedule and would meet the deadline of the current grant decision. The Commission also discussed elements of the project which could be further supported if extra Cohesion Fund monies became available.
- Project No 96/07/61/009 - Limerick Water Supply Scheme (Stage II): The Commission verified that the project was physically complete and the water treatment and sewerage treatment plants were in operation. The Commission also discussed final reporting and closure requirements.
- Project 95/07/61/002 - North Tipperary Water Supply: The Commission was able to see the extent of the improvements made to the treatment plant and of the refurbishment made to the existing water intakes. The Commission monitored progress with the finalisation of the project and saw evidence of the information measure. Closure documentation was also discussed.
- Project 94/07/61/010 - Burren and North Clare Water Services Plan: The purpose of the visit was to verify the completion of the project. The water treatment and sewerage treatment plants were already in operation and the Commission explained the documentation required for closure. The Commission saw evidence of the information campaign and the sculpture placed in Lisdoonvarna to commemorate the project.

Portugal

April: Visit to projects 2001/PT/16/C/PT/001 and 2000/PT/16/C/PT/003 concerning modernisation of the Algarve railway line, with particular attention to the publicity to be given to the projects financed.

June: Mission to monitor three projects:

- Project 1996/PT/16/C/PE/003 on drainage in the Ria de Aveiro which looked at a number of technical aspects with those responsible for the project including the treatment and final destination of sludge, the control of effluent and the tariff system.
- Project 2000/PT/16/C/PE/007 on the supply of water to the Zêzere/Côa to assess the relevance of the amendments requested to the initial project.
- Project 2000/PT/16/C/PE/015 on the system for treating solid waste at Cova da Beira, to discuss possible financial difficulties of the project promoter and the possibilities of transferring responsibility for project implementation to another body.

November: Project 2001/PT/16/C/PE/002 concerning all the assistance to improve water management on Madeira was inspected as regards the work at Porto Santo to draw the attention of those responsible to the need to respect the quality of effluent discharged at sea.

Other technical missions concerning the examination of certain applications took place during the year and included the integrated multi-municipal water systems promoted by the Águas de Portugal group.