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REPORT FROM THE COMMISSION

**ANNUAL REPORT OF THE
INSTRUMENT FOR STRUCTURAL POLICY
FOR PRE-ACCESSION (ISPA) 2000**

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Foreword

This annual report on the activities of ISPA covers the calendar year 2000. It is the first annual report of this new pre-accession instrument, which has been set up as part of the Agenda 2000.

The reporting format reflects the provisions of the ISPA Regulation, and takes account of the requirements for presenting the first operational year of a new financing instrument.

It is hoped that it will serve as useful document for those who are interested in the promotion of the enlarged European Union.

1. SUMMARY

At the summit in Luxembourg in December 1998 the European Council endorsed a new strategy for the preparation of applicant countries for enlargement. It made available substantial additional financial resources to assist membership. On 26 March 1999, at the Berlin European Council, the Heads of Government or States concluded a political agreement on Agenda 2000. Agenda 2000 is an action programme whose main objectives are to strengthen Community policies and to give the European Union a new financial framework for the period 2000-06 with a view to enlargement. In May 1999, the European Parliament, the Council and the Commission reached a new institutional agreement which commits them to respect the spending ceilings. These initiatives laid the foundation for the financial framework for the pre-accession instruments which limit the pre-accession aid to applicant countries to € 3,120 million a year for the 2000-6 period (1999 prices).

The “Instrument for Structural Policies for Pre-Accession”, ISPA, is the European Community’s financial instrument designed to assist the ten Central and Eastern European beneficiary countries meet EC requirements in the fields of environment and transport.

According to the “ISPA Regulation” (Council Regulation (EC) N° 1267/1999 of 21 June 1999 establishing an Instrument for Structural Policies for Pre-Accession):

“ISPA shall provide assistance to contribute to the preparation for accession to the European Union of the following applicant countries: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland; Romania, Slovakia and Slovenia (referred to as “beneficiary countries”), in the area of economic and social cohesion, concerning environment and transport policies [...]”.

ISPA is guided by the Accession Partnerships and the National Programmes for the Adoption of the *Acquis*, and follows an approach similar to that of the Cohesion Fund, operating in the fields of environment and transport.

1.1. Overview of the ISPA Instrument

The year 2000 was the first operational year for ISPA. Before projects (defined as “measures” in the ISPA Regulation) were presented to the ISPA Management Committee, beneficiary countries were required to prepare ISPA investment strategies for the transport and environment sectors. These documents provide guidance for the selection of ISPA projects and establish the link between investment requirements for achieving compliance with the *acquis* in these sectors and the selected ISPA projects. By autumn 2000, the strategies for all ten countries had been presented to the ISPA Management Committee.

In total, 85 projects received a positive opinion from the ISPA Management Committee, which met four times in 2000 (in June, July, October and November). They represent a total ISPA contribution of € 2.09 billion. For the 2000 budget, 75 projects (€ 997 million – budget line B7-020 B) were committed; the ten other projects that received a positive opinion are being committed from the 2001 budget.

The average value of the projects approved for the 2000 ISPA budget is approximately € 13 million. The average Community grant rate stood at 64% of project cost, which is lower than the normal ISPA maximum funding level of 75%. Co-financing is provided either from national sources (central, regional and local government), international financial institutions (IFIs) or bilateral donors. With the exception of Slovakia and Slovenia, the envisioned mid-point percentage range of the annual country allocation was reached.

The projects accepted in 2000, including the technical assistance projects, were divided fairly equally between the environmental and transport sectors: 39 environmental projects received over 46% of the 2000 budget, and 36 transport projects received over 53 % of the 2000 budget. The slight inequality between the two sectors was a result of the transfer of two environmental projects in Poland (valued at over € 41 million) to the 2001 budget.

In the environmental sector, over 64% of the funds in this sector are used for sewage installations and water treatment projects. In the transport sector, the focus was on rail projects, which constitute more than half of the budget for this sector. This is in accordance with Community policy on transport initiatives. In addition, projects which addressed the need to enhance safety and the separation of traffic were prioritised. An analysis of the sector by Pan-European Transport Corridor indicated that more than 30% of the transport budget is concentrated on Corridor IV. Projects on Corridor III received about 14,2%, with Corridor II receiving 13,5 %.

Thirteen technical assistance (TA) projects were committed from the 2000 budget, four for environment and nine for transport project preparation. These TAs are essential for the preparation of the projects that will be presented to the Management Committee in 2001 and 2002.

Funds have also been allocated in support of the Community Contribution to the International Fund "Clearance of the Fairway of the Danube". € 7.5 million was committed from the 2000 budget. Phare and Obnova - the Community programme related to aid for Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the Former Yugoslav Republic of Macedonia - also contributed € 7.5 million and € 7 million respectively to this project.

As far as projects are concerned, approximately € 390 million of the appropriations for 2001 have already been committed through projects decided on in 2000 (as investment projects that are financed through ISPA are implemented over several years, projects generally require a commitment for more than one year).

The priorities for programming in 2001 remain the same as in 2000: presenting high-quality projects to the Management Committee with the aim to reach the mid-point in the percentage range of the country allocation, achieving a balance between environmental projects and the transport sector, and between rail and road. The objective is also to expand activities to air pollution projects, and to co-operate with private-sector partners. This will, however, crucially depend on the capacity of beneficiary countries to present suitable projects to the Commission.

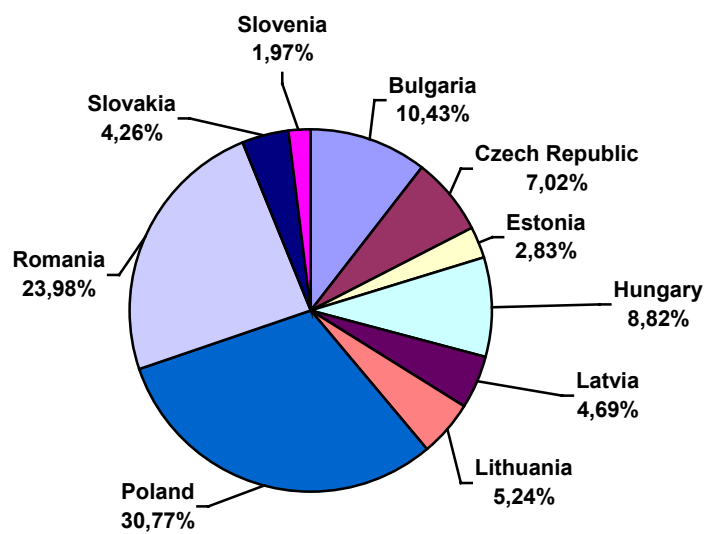
Table 1. ISPA Budget 2000 (Division of budget by country and sector)

Transport/Environment Balance Percentage of Commitment Appropriations								
Beneficiary Country	Transport		Environment		Technical Assistance		TOTAL	
	ISPA Funds €	%	ISPA Funds €	%	ISPA Funds €	%	ISPA Funds €	%
Bulgaria	52 000 000	49.98	52 045 600	50.02	0	0	104 045 600	10.43
Czech Republic	41 671 864	59.54	27 588 844	39.42	728 000	1.04	69 988 708	7.02
Estonia	11 331 126	40.15	15 808 281	56.02	1 080 000	3.83	28 219 407	2.83
Hungary	43 825 000	49.81	42 573 123	48.38	1 592 580	1.81	87 990 703	8.82
Latvia	19 925 328	42.62	26 568 260	56.83	255 000	0.55	46 748 588	4.69
Lithuania	34 042 528	65.16	18 200 000	34.84	0	0	52 242 528	5.24
Poland	173 085 066	56.39	130 258 589	42.44	3 614 000	1.18	306 957 655	30.77
Romania	118 627 137	49.59	120 601 333	50.41	0	0	239 228 470	23.98
Slovakia	30 853 200	72.66	11 606 372	27.34	0	0	42 459 572	4.26
Slovenia	7 500 000	38.20	11 175 275	56.91	960 000	4.89	19 635 275	1.97
TOTAL	532 861 249	53.42	456 425 677	45.76	8 229 580	0.83	997 516 506	

Table 2: ISPA Funds by sector – Commitments for Budget 2000

ISPA Fund Support by Sector – Commitments for Budget 2000				
ISPA Budget 2000	ISPA Funds €	% ISPA funds/sector	N° of projects	
ENVIRONMENT				
Drinking Water	27 535 927	5.98	3	
Drinking and Waste Water	42 568 260	9.24	4	
Waste Water Treatment	296 696 243	64.38	24	
Solid Waste Management	94 020 967	20.40	8	
Air Pollution	0	0	0	
Total ISPA Budget of Environmental Sector	460 821 397	46.20	39	
<i>of which Technical Assistance (TA) constituted the following:</i>				
TA Drinking Water	228 000	0.02	1	
TA Waste Water Treatment	4 167 720	0.42	3	
TA Environmental Total of ISPA budget	4 395 720	0.44	4	
TRANSPORT				TINA Corridor
Road	224 790 797	41.88	15	I, III, IV, VI, IX, IXB
Rail	283 584 312	52.84	19	II, IV, IX-V, V, V(10), VA, IXB, E-W
Airports	28 000 000	5.22	1	Not assigned
Rail/Road	320 000	0.06	1	Not assigned
Total ISPA Budget of Transport Sector	536 695 109	53.80	36	
<i>of which Technical Assistance (TA) constituted the following:</i>				
TA Road	620 000	0.06	2	
TA Rail	2 893 860	0.29	6	
TA Road/Rail	320 000	0.03	1	
TA Transport Total of ISPA budget	3 833 860	0.38	9	
total sector projects	989 286 926	99.17	62	
total technical assistance	8 229 580	0.83	13	
Total support	997 516 506		75	

Chart 1: Division of ISPA funds between recipient countries



2. PRINCIPLES OF IMPLEMENTATION AND ASSISTANCE GRANTED

2.1. Strategic objectives

ISPA finances individual projects which are assessed on a case-by-case basis. However, effective project identification requires a strategy that defines the priority objectives and the projects which can best help to attain these objectives. Therefore, each beneficiary country has prepared a strategy document for the transport and environment sectors and these strategies constitute the framework for ISPA assistance.

In addition to the strategy documents specific to each country, the Commission has prepared framework documents for both transport and environment that set the general guidelines for the choice of projects (e.g. for environment, concentration on the investment-heavy directives). For the Commission, the key criteria are:

- developing the Community dimension of investments;
- ensuring a systematic long-term approach in line with the environment strategy;
- concentrating the projects so that they impact the maximum number of people;
and
- ensuring maximum financial leverage.

The national ISPA strategies are intended to be consistent with the Accession Partnerships and the National Programmes for the Adoption of the *Acquis*, and they should also draw on relevant national planning documents. The strategies should also be consistent with National Development Plans. The ISPA strategies are a national responsibility but take EC priorities and legislation into account. They are also coherent with the position papers on the environment presented by the beneficiary countries, in the framework of the accession negotiations with the EU.

The national ISPA strategies are not intended to be legal documents but should rather be seen as tools to guide the selection of priority projects for ISPA support. The strategy is not intended to be a fixed document but will be modified over time, and in the light of changing circumstances. In particular, the update of these strategies should reflect countries' efforts to identify investments needs to comply with the EC environmental *acquis* and incorporate information from the directive -specific implementation plans that are being prepared to substantiate their requests for transitional periods in the context of accession negotiations.

The ISPA strategies were presented to the ISPA Management Committee, in order to explain the context within which projects are chosen. The Commission's agreement to the ISPA strategy does not imply its approval of any project identified as a priority for investment. Each project must be individually proposed and submitted to the Commission for consideration, in line with the normal procedures. In all cases, project proposals are submitted by the Commission to the ISPA Management Committee for its opinion before a Commission decision to support the project is taken.

2.2. Environment

2.2.1. Contribution to the implementation of Community environmental policy

Support from ISPA is intended to contribute to the implementation of Community environment policy. ISPA supports environment measures which enable the beneficiary countries to comply with the requirements of Community environmental legislation and with the objectives of the Accession Partnerships. Recent estimations place the total cost of compliance with EC environmental legislation for the beneficiary countries at between € 79 and € 110 billion.

In order to maximise the impact of Community assistance on achieving the objectives of the environmental legislation, ISPA will concentrate, in the first instance, on the investment-heavy environmental directives i.e. the directives that will be most costly to implement. These concern the following four sectors :

- drinking water supply;
- waste water treatment;
- management of solid waste and hazardous waste; and
- air quality improvement.

The appraisal of proposals for ISPA support will take into consideration the compatibility of the measures with Community policies, including Community environmental policy. All investments need therefore to comply with the technical standards and respect the emission limit values or quality parameters that are set up in the main relevant environmental directives (Directive 91/271/EEC on urban wastewater treatment, 98/83/EC on Drinking water, 99/31/EC on landfill of waste etc.). But implementation and future operation of projects need also to be in line with the main EC environmental policy principles like preventive action, damage rectified at source or the polluter pays principle. This often implies the need of designing integrated projects in order to avoid partial solutions and the obligation of inserting the individual infrastructure development within a broader management plan.

There is an important principle of environmental legislation that needs to be respected for both the environment and transport ISPA projects ones. This requires that the assessment of the environmental impact of proposals for ISPA support should be “similar” to the assessment provided for in Council Directive 85/337/EEC as amended by Directive 97/11/EC on the assessment of the effects of certain public and private projects on the environment (EIA Directive).

Most ISPA projects are covered by Annex I (requiring an environmental impact assessment (EIA) to be carried out) or by Annex II (requiring the national authorities to take the responsibility for deciding if an EIA is required, on the basis of certain criteria) of the EIA Directive. One important element of the EIA procedure is consultation with the population concerned and with the relevant environmental authorities. The main purpose is to ensure, in a transparent manner, that environmental aspects are taken into account during the development consent procedure of infrastructure projects. In the first year of the operation of ISPA, the Commission has assisted in ensuring certain minimum standards in this respect. For

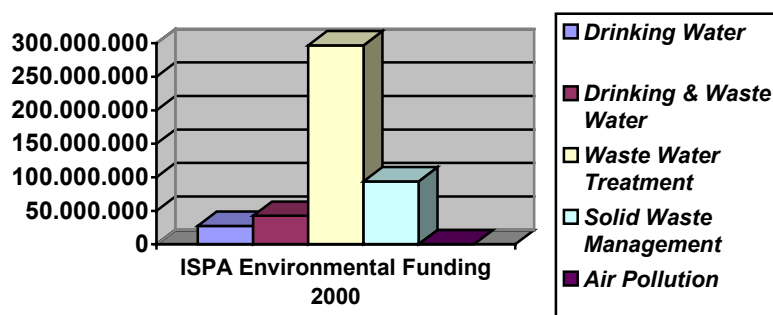
projects presented in 2001, the Commission insists that full compliance with public consultation procedures is achieved.

2.2.2. ISPA Budget 2000 – Environmental sector by sub-sector

ISPA Budget 2000 Environmental Sector			N° of projects
	ISPA Funds €	% ISPA funds/sector	
Drinking Water	27 535 927	5.98	3
Drinking and Waste Water	42 568 260	9.24	4
Waste Water Treatment	296 696 243	64.38	24
Solid Waste Management	94 020 967	20.40	8
Air Pollution	0	0	0
Total ISPA Budget of Environmental Sector	460 821 397	46.20	39

The majority of ISPA funding in the environmental sector for the year 2000 (over 60%) was dedicated to waste water treatment, primarily to sewerage projects that either extended, replaced or repaired current systems in the beneficiary countries. Over 20% of the funding in this sector was applied to solid waste management, primarily to landfill projects. Approximately 15% of funding was assigned to drinking water projects, the majority in conjunction with waste water treatment projects. Air pollution did not receive any funding in 2000.

Chart 2: Environmental Funding by Sub-sector



2.3. Transport

2.3.1. Contribution to the implementation of the Community transport policy

The target of the ISPA transport sector is to build the future trans-European transport network (Decision 1692/96 of the European Parliament and of the Council of 23 July 1996), as defined in the TINA (Transport Infrastructure Needs Assessment) Report, which will cover the beneficiary countries of Central Europe. Within the TINA Network, priority should be given to the integrated development of the ten Pan-European Transport Corridors which were endorsed by the third Pan-European Transport Conference in Helsinki in June 1997.

In Agenda 2000, the Commission also stressed the importance of the transport sector in the European Union's pre-accession strategy. The Central and Eastern European Countries (CEECs) are both a further component of an enlarged Union and a vital link between western Europe and both the newly independent States and the countries bordering the Mediterranean. Transport infrastructure in the region is therefore of vital importance for competitiveness, economic growth and employment in the European Union of tomorrow.

Accordingly, the Commission has asked each candidate country to prepare an ISPA strategy for transport to provide a framework for the analysis and selection of the priorities for assistance from that instrument.

The ten candidate countries completed their strategies in May-June 2000 on the basis of the following guidelines:

- improving trans-European networks, principally along the ten Helsinki Corridors, with priority given there to missing links and bottlenecks,
- concentration of investment on the Corridor routes of highest priority, possibly followed by access to them,
- respect for balance between the various modes of transport, with particular attention to rail infrastructure to check the decline in rail transport over the last ten years,
- sustainability of investment through firm commitments as regards the maintenance of infrastructure and compliance with the main Community standards (travel speed, maximum axle weight, signalling), including with respect to the environment,
- particular attention to environmental protection through gradual application of the Council Directives on impact assessments, with special regard to public consultation and the preparation of measures to remedy any deleterious impact of infrastructure on the environment and living conditions,
- need for a financial multiplier effect of ISPA contributions by promoting linkage with assistance from international financial institutions (especially the EIB and the EBRD).

At the same time, the preparation of national strategies and project selection rely heavily on the TINA (Transport Infrastructure Needs Assessment) exercise, especially its October 1999 final report prepared by a high-level group of experts from the European Union and the CEECs.

The first result of this exercise was to define a network centred on the ten trans-European corridors but also including some additional links and all international air and sea ports. The rail network therefore extends to 20 924 km as compared with 18 638 km for the road network.

TINA also contributed to an initial estimate of the costs of construction and restoration of this network by fixing an investment horizon of 2015 subject to a limit of 1.5% of GNP for each of the candidate countries. This results in a total amount

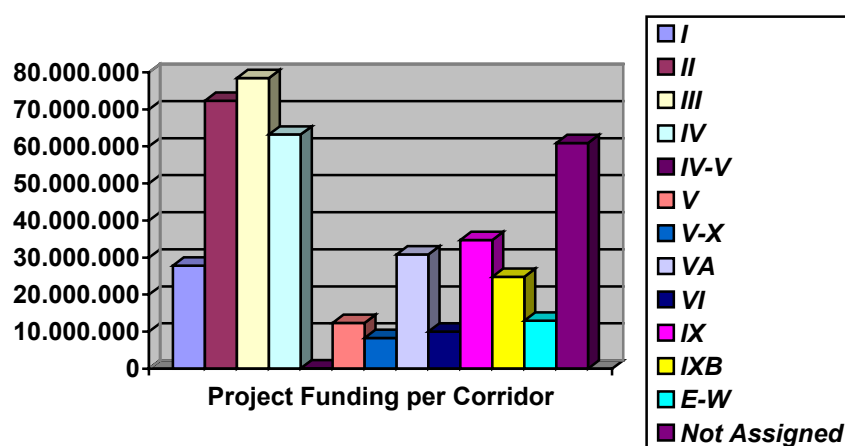
needed of € 91 595 million for the period, 48% for the road network and 40.5% for rail.

2.3.2. TINA Corridors

Transport Sector: projects per TINA Corridor (funded in 2000)			
Corridor	N° of projects	ISPA Funds €	% total of ISPA Transport Budget 2000
Corridor I	4	27 819 326	5.18
Corridor II	2	72 282 461	13.47
Corridor III	2	78 431 376	14.16
Corridor IV	9	63 193 570	30.41
Corridor IV – V	1	94 860	0.02
Corridor V	1	12 331 000	2.30
Corridor V – X	2	8 280 000	1.54
Corridor VA	1	30 853 200	5.75
Corridor VI	1	10 051 734	1.87
Corridor IX	1	34 747 696	6.47
Corridor IXB	3	24 779 328	4.62
Corridor E-W	3	12 955 328	2.41
Corridor Not Assigned*	7	60 875 225	11.34
TOTAL	36	€ 536 695 104	

* For several reasons, a project may fall into an area not assigned to a TINA Corridor. For example, if the project is technical assistance in project management, it would not fall into a specific TINA Corridor. Furthermore, the airport infrastructure project has not been assigned to a Corridor.

Chart 3: Transport funding by TINA Corridor

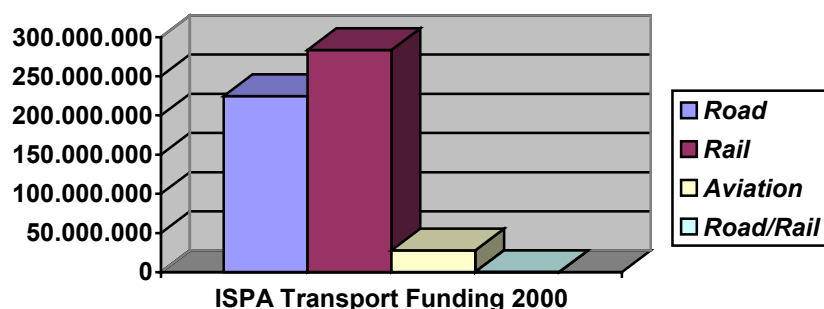


2.3.3. ISPA Budget 2000 – Transport sector by sub-sector

ISPA Budget 2000 Transport Sector			N° of projects	TINA Corridor
	ISPA Funds €	% ISPA funds/ sector		
Road	224 790 797	41.88	15	I, III, IV, VI, IX, IXB
Rail	283 584 312	52.84	19	II, IV, IV-V, V, V-X, VA, IXB, E-W
Aviation	28 000 000	5.22	1	Not assigned
Rail/Road	320 000	0.06	1	Not assigned
Total ISPA Budget of Transport Sector	536 695 109	53.80	36	

The ISPA funds spent in the Transport Sector have focused on the extension and improvement of the TINA network, in order to facilitate the connections between the European Union and the Accession countries. Over half of the ISPA Budget for the transport sector in 2000 was dedicated to rail projects, with special attention given to increased safety through improved signalling and rail repairs. The emphasis on the rail sub-sector is in accordance with the EC policy of encouraging rail use and development as a method of both reducing road congestion and the air pollution caused by road transport. Over 40% of the funding was assigned to road projects, primarily on repairs and improvements related to increased safety. Approximately 5% of funding was applied to the construction of the Sofia Airport in Bulgaria, which is currently the only aviation project in the beneficiary countries to receive ISPA support. The Commission also conducted one technical assistance project in the rail/road sub-sector, for a planned project in Poland.

Chart 4: Transport Funding by Sub-sector



2.4. Project preparation, evaluation and assessment

Project preparation during 1999 and 2000 was supported by the Phare Programme and bilateral aid from Member States. In the framework of Phare's Large Scale Infrastructure Facility, Part 4 (LSIF IV), € 26 million were allocated for technical assistance to prepare ISPA projects in both the environment and the transport sectors.

In addition, to the activities financed by Phare, bilateral donors, like the Danish Environmental Protection Agency and the UK Know How Fund funded consultancy services for project preparation of the first wave of ISPA projects. From 2000 onward, ISPA funds have also been available for project preparation. A number of the 13 technical assistance measures that were decided in 2000 provide ISPA assistance for project preparation in several beneficiary countries. These services will be contracted in 2001 and will be used for the preparation of project proposals to be presented to the Management Committee in 2001 and thereafter.

2.4.1. Project preparation and evaluation

Based on the National ISPA strategies, beneficiary countries submitted project proposals for approval by the Commission. The project proposals need to pay special attention to:

- the coherence of the project proposed with the national ISPA environmental/transport strategy;
- the appropriateness of the cost-benefit or a cost-effectiveness analysis;
- quality of the financial analysis assessing the financial viability of the project, its revenue generating capacity and the need for grant assistance;
- the institutional capacity of the project promoter;
- the incorporation of any necessary environment integration measure;
- ensuring the sustainability of the project; and
- the compatibility of the measures with Community policies, in particular compliance with competition and public procurement rules.

If an ISPA project application is considered to be acceptable, the Directorate-General for Regional Policy carries out a thorough appraisal of the project, in close cooperation with other services, in particular the Directorates-Generals for Enlargement, the Environment, and Transport and Energy. For the evaluation of the technical, financial and economic components of the project, the Commission is assisted on a case-by-case basis by the EIB, the EBRD or outside expertise contracted through two framework contracts (see section 5).

Important considerations during the evaluation of the project are:

- priorities established in the Accession Partnership and national strategies for the respective sectors;

- contribution to implementation of Community legislation and policies on environment and trans-European transport networks and of common transport policies;
- appropriate balance between environment and transport;
- economic and social benefits, taking account of leverage effects, including possible alternative forms of financing; and
- provisions for adequate maintenance after completion and effectiveness of project management.

In 2000, in total more than 140 projects were presented by beneficiary countries to the Commission. Fewer than 20 could not be accepted as they did not meet the funding criteria, and about 40 will be presented in 2001 and later, as these projects required some further quality improvement. In 2000, the ISPA Management Committee gave a positive opinion on 85 projects. Out of these 85, the Commission took a decision in 2000 for 77 projects and committed funds in the 2000 budget for 75 of them (two were carried over to the 2001 budget).

2.4.2. *Project implementation and ex-post evaluation*

The first activities for project implementation have only started in the second half of 2000 and will come into full swing only in 2001. Consequently, there was yet no need for *ex-post* evaluation. However, in spring 2001 the first series of the bi-annual Monitoring Committees in beneficiary countries started. The documents prepared for these periodic meetings and the information provided for the completion of indicators to monitor the physical and financial progress, will serve as useful statistical material to assess the effectiveness of implementation, in addition to the evaluation of the broader economic and social impacts of the ISPA measure. Technical assistance will be mobilised as needed to assist the Commission in *ex-post* evaluation in due course.

2.5. **Public procurement**

Measures financed by the Commission under ISPA must be compatible with Community policies; in particular, they must be in compliance with competition and public procurement rules. This relates specifically to the respect of the principles concerning 'state aids' and of tendering rules. In this context, the principles, as laid down in the provisions of Title IX of the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities must be applied. In addition, each Financing Memorandum concluded with the beneficiary country for a specific project contains in its annexes detailed rules on tendering and contracting procedures.

For 2000, the procurement rules that beneficiary countries were obliged to follow for service, works and supply contracts were outlined in the DIS Manual (the 1997 edition, together with notified amendments). Since January 2001, the DIS Manual has been replaced by the Practical Guide to Phare, ISPA & Sapard Contract Procedures; this allows, however, for the use of FIDIC contracts for works projects.

At present, the procedures for managing measures financed under ISPA require *ex-ante* control, i.e. decisions concerning procurement and award of contracts are taken

by the contracting authority and referred for endorsement to the Commission (i.e. the Commission Delegations in beneficiary countries). Given the early phase of implementation, no contracts for projects have been signed in 2000, although the tendering of some contracts has started in the second half of 2000, in particular for service contracts to assist in project implementation and supervision.

All TA measures on the Commission initiative have to respect the Commission procurement procedures with the applicable thresholds for direct agreement, restricted tenders and open tenders, as well as applicable rules for consultation and information.

2.6. Implementation of the budget: appropriations, commitments and payments

With the three pre-accession instruments Phare, Sapard and ISPA, total pre-accession aid to the ten candidate countries of Central and Eastern Europe more than doubled in 2000 in comparison with 1999. For ISPA, € 1.058 million was planned for 2000. Budgetary appropriations for 2000 were € 1.039 million under B7-020 and € 19 million under B7-020A (technical assistance carried out on the Commission's initiative or on behalf of the Commission, which cannot exceed 2% of the total allocation of ISPA). The annual budget provisions are adjusted to allow for the annual increases in prices.

In order to determine the distribution of the allocation of ISPA funds among the beneficiary countries, the Commission used the following criteria: population, surface area and GDP per capita, and allows for a margin.

Table 3: Allocation margin per beneficiary country in 2000

Country	Margin as %	€ low	€ high	€ median
Bulgaria	8.0% - 12.0%	83 108 600	124 662 900	103 885 800
Czech Republic	5.5% - 8.0%	57 137 200	83 108 600	70 122 900
Estonia	2.0% - 3.5%	20 777 200	36 360 000	28 568 600
Hungary	7.0% - 10.0%	72 720 000	103 885 800	88 302 900
Latvia	3.5% - 5.5%	36 360 000	57 137 200	46 748 600
Lithuania	4.0% - 6.0%	41 554 300	62 331 500	51 942 900
Poland	30.0% - 37.0%	331 657 300	384 377 300	348 017 300
Romania	20.0% - 26.0%	207 771 500	270 103 000	238 937 200
Slovakia	3.5% - 5.5%	36 360 000	57 137 200	46 748 600
Slovenia	1.0% - 2.0%	10 388 600	20 777 200	15 582 900

(The % ranges were taken from the Commission Decision of 7 March 2000, published in the Official Journal L72, 21 March 2000, p. 21)

ISPA commitment appropriations from budget line B-7020 were used mainly for 75 ISPA measures (€ 997 516 506). Thirteen of these measures are for technical assistance, including project preparation and implementation support. € 41 243 301, the difference between the budget commitment appropriations and the commitments implemented, was carried forward to 2001 and committed in 2001 (see section 3 – Poland).

Budget Line	Budget commitment appropriations	Commitment appropriations implemented	Payments implemented
B-7020A	19 044 000	11 270 941	42 026
B-7020	1 038 956 000	1 005 016 506	2 500 000
Total	1 058 000 000	1 016 287 447	2 542 026

The Commission committed € 11 270 941 from the budgetary line B-7020A for technical assistance projects (see section 5). An amount of € 7.4 million was transferred to budgetary line B7-020 and made available for investment measures in the beneficiary countries, and € 7.5 million of the commitment appropriations were used for the Community contribution to the International Fund “Clearance of the Fairway of the Danube” (Council Decision of 17/7/2000, OJ L 187, 26/7/2000).

The projects that ISPA finances are large infrastructure projects that are implemented over several years and require a certain lead time for preparatory work so as to ensure efficient and proper project implementation. The implementation phase of projects whose funding was decided in 2000 started in 2001, and the signing of the first main (works) contracts is expected for 2001. Consequently, there were no payments to the 75 ISPA measures that were decided in 2000.

In 2000 payment appropriations were used for technical assistance measures carried out on the Commission’s initiative or on behalf of the Commission (described in section 5) and € 2.5 million have been paid to the International Fund “Clearance of the Fairway of the Danube”.

2.7. Co-financing

The Co-ordination Regulation indicates that beneficiary states shall contribute to the financing of investments. This national contribution can be financed in several ways, namely, by national public sources, by loans from the European Investment Bank (EIB) or an International Financial Institutions (IFI), or by commercial sources of funds.

The ISPA Regulation sets a ceiling for the contribution to ISPA measures. The rate of Community assistance may be up to 75% of the public expenditures. In exceptional cases the assistance rate may be increased to 85%. The rate of assistance may be reduced to take into account of the availability of co-financing, the measure’s capacity to generate revenues, and an appropriate application of the polluter-pays principle.

There are two provisions in the ISPA Regulation that allow for a higher grant rate (these do not apply to investment projects):

- Preliminary studies and technical support measures may be financed exceptionally at 100%. A clear link must be shown between these measures and the investments funded by ISPA. Technical assistance will be very important in ensuring a high level of project quality, in terms of preparation, management and impact.

- Technical assistance measures carried out on the Commission's initiative or on behalf of the Commission is always financed at 100% - these activities are paid from the budgetary line B7-020A for administrative management (see section 5). The ISPA Regulation states that total expenditure carried out at the Commission's initiative or on behalf of the Commission may not exceed 2 % of the total allocation of ISPA.

During programming and project appraisal, the Commission services encouraged beneficiary countries to reduce the grant rate thereby leveraging the ISPA assistance. In 2000, the average grant rate was about 64% for all projects, thereby achieving significant leverage already in the first operational year of ISPA. The actual co-financing rates for transport projects range from less than 40% for an airport infrastructure project in Bulgaria (37%) or a rail project in the Czech Republic (39%) to 75%. For environmental projects, the grant rates range from 44% for a waste water project on Slovenia to 75%. There were no projects for which a grant rate of 85% was applied.

In line with the principles for assessing the appropriate co-financing rate, the rates are generally lower in the relatively richer countries and for projects for which revenues could be identified to reduce the grant rate. In particular in environmental projects, the setting of the grant rate needs to take account of the affordability of consumers to pay for water and waste water services, which is generally lower in the low-income countries like Romania and Bulgaria.

By increasing cooperation with other sources of financing, the resources used in the sectors at which pre-accession aid is directed can be leveraged. The contribution of IFIs has proved an important factor for leveraging ISPA assistance and ensuring the contribution of the beneficiary (see section 4.2, 4.3 and 4.4). In certain cases, IFI co-financing is essential to allow the beneficiary countries to fill the financing gap between ISPA grant and the total eligible costs, in particular in those beneficiary countries which have difficulties to co-finance ISPA measures from public sources.

For one waste management project, the first of this type in Romania, the Danish Ministry of Environment and Energy provided grant co-financing through its DANCEE-Programme (Danish Cooperation for Environment in Eastern Europe).

3. SUMMARY OF FINANCIAL ASSISTANCE

This chapter provides a statistical breakdown detailing the distribution of ISPA funds between each sector and sub-sector for each recipient country. Each project was assigned to a sub-sector of either environmental programmes or transport programmes. These sub-sectors include:

- Environment: drinking water, drinking and waste water, waste water treatment, solid-waste management (landfills, incinerators, etc.);
- Transport: road, rail, airports, rail/road projects. Transport projects are often assigned a TINA Corridor, as well as a sub-sector categorisation.

Bulgaria

Bulgaria received € 104 982 901 in assistance from ISPA in 2000, with € 52 045 600 assigned to environmental projects and € 52 000 000 assigned to transport projects. This constitutes 10.4% of the ISPA budget for 2000.

Bulgaria			N° of projects	
	ISPA Funds €	% total		
ENVIRONMENT				
Waste Water Treatment	15 699 092	15.09	1	
Solid Waste Management	36 346 508	34.93	1	
Total	52 045 600	50.02	2	
TRANSPORT				TINA Corridor
Road	24 000 000	23.07	1	Corridors IV, VIII and IX
Airport	28 000 000	26.91	1	Not assigned
Total	52 000 000	49.98	2	
TECHNICAL ASSISTANCE				
TA Total	0	0	0	
Total support	104 045 600		4	

Czech Republic

The Czech Republic received € 69 988 708 in assistance from ISPA in 2000, with € 27 588 844 assigned to environmental projects, € 41 671 864 assigned to transport projects and € 728 000 assigned to technical assistance projects in both sectors. This constitutes 7.0 % of the ISPA budget for 2000.

Czech Republic			N° of projects	
	ISPA Funds €	% total		
ENVIRONMENT				
Waste Water Treatment	27 588 844	39.42	2	
Total	27 588 844	39.42	2	
TRANSPORT				TINA Corridor
Road	10 051 734	14.36	1	Corridor VI
Rail	31 620 130	45.18	2	Corridor IV
Total	41 635 864	59.54	3	
TECHNICAL ASSISTANCE				
TA Drinking Water	228 000	0.33	1	
TA Road	500 000	0.71	1	
TA Total	728 000	1.04	2	
Total support	69 988 708		7	

Estonia

Estonia received € 28 219 407 in assistance from ISPA in 2000, with € 15 808 281 assigned to environmental projects, € 11 331 126 assigned to transport projects and € 1 080 000 assigned to technical assistance projects in the transport sectors. This constitutes 2.8 % of the ISPA budget for 2000.

Estonia			N° of projects	
	ISPA Funds €	% total		
ENVIRONMENT				
Waste Water Treatment	12 142 281	43.03	3	
Solid Waste Management	3 666 000	12.99	1	
Total	15 808 281	56.02	4	
TRANSPORT				TINA Corridor
Road	11 331 126	40.15	1	Corridor I
Total	11 331 126	40.15	1	
TECHNICAL ASSISTANCE				
TA Rail	1 080 000	3.83	1	Corridor IV
TA Total	1 080 000	3.83	1	
Total support	28 219 407		6	

Hungary

Hungary received € 87 990 703 in assistance from ISPA in 2000, with € 42 573 123 assigned to environmental projects, € 43 825 000 assigned to transport projects and € 1 592 580 assigned to technical assistance projects in both sectors. This constitutes 8.8 % of the ISPA budget for 2000.

Hungary			N° of projects	
	ISPA Funds €	% total		
ENVIRONMENT				
Waste Water Treatment	18 918 600	21.50	2	
Solid Waste Management	23 654 523	26.88	3	
Total	42 573 123	48.38	5	
TRANSPORT				TINA Corridor
Rail	43 825 000	49.81	3	Corridors IV, V
Total	43 825 000	49.81	3	
TECHNICAL ASSISTANCE				
TA Waste Water Treatment	1 257 720	1.43	1	
TA Road	120 000	0.14	1	Not assigned
TA Rail	214 860	0.24	2	Corridors VI, IV-V
TA Total	1 592 580	1.81	4	
Total support	87 990 703		12	

Latvia

Latvia received € 46 748 588 in assistance from ISPA in 2000, with € 26 568 260 assigned to environmental projects, € 19 925 328 assigned to transport projects, and € 255 000 assigned to technical assistance projects in the transport sectors. This constitutes 4.7 % of the ISPA budget for 2000.

Latvia			N° of projects	
	ISPA Funds €	% total		
ENVIRONMENT				
Drinking and Waste Water	26 568 260	56.83	3	
Total	26 568 260	56.83	3	
TRANSPORT				TINA Corridor
Road	7 225 000	15.46	2	Corridor I
Rail	12 700 328	27.17	2	Corridor E-W
Total	19 925 328	42.62	4	
TECHNICAL ASSISTANCE				
TA Rail	255 000	0.55	1	Corridor E-W
TA Total	255 000	0.55	1	
Total support	46 748 588		8	

Lithuania

Lithuania received € 52 242 528 in assistance from ISPA in 2000, with € 18 200 000 assigned to environmental projects and € 34 042 528 assigned to transport projects. This constitutes 5.2 % of the ISPA budget for 2000.

Lithuania			N° of projects	
	ISPA Funds €	% total		
ENVIRONMENT				
Drinking and Waste Water	16 000 000	30.63	1	
Waste Water Treatment	2 200 000	4.21	1	
Total	18 200 000	34.84	2	
TRANSPORT				TINA Corridor
Road	24 912 640	47.69	2	Corridor I, IXB
Rail	9 129 888	17.69	1	Corridor IXB
Total	34 042 528	65.16	3	
TECHNICAL ASSISTANCE				
TA Total	0	0	0	
Total support	52 242 528		5	

Poland

Poland received € 306 957 655 in assistance from ISPA in 2000, with € 130 258 589 assigned to environmental projects, € 173 085 066 assigned to transport projects and € 3 614 000 assigned to technical assistance projects in both sectors. This constitutes 30.8 % of the ISPA budget for 2000.

Poland			N° of projects	
	ISPA Funds €	% total		
ENVIRONMENT				
Drinking Water	3 468 677	1.13	1	
Waste Water Treatment	104 743 576	34.12	4	
Solid Waste Management	22 046 336	7.18	2	
Total	130 258 589	42.44	7	
TRANSPORT				TINA Corridor
Road	100 802 601	23.55	4	Corridor III, NA
Rail	72 282 465	32.84	2	Corridor II
Total	173 085 066	56.39	6	
TECHNICAL ASSISTANCE				
TA Waste Water Treatment	2 730 000	0.89	1	
TA Rail	564 000	0.18	1	Not assigned
TA Road/Rail	320 000	0.10	1	Not assigned
TA Total	3 614 000	1.18	3	
Total support	306 957 655		16	

While the funds for environment did not reach 50% of the total, account should be taken of the transfer of two projects approved in 2000 to the 2001 budget. The inclusion of these two projects into the 2000 budget would have brought the level of spending on environmental projects to 50% of total funding for Poland.

Romania

Romania received € 239 228 470 in assistance from ISPA in 2000, with € 120 601 333 assigned to environmental projects and € 118 627 137 assigned to transport projects. This constitutes 24.0 % of the ISPA budget for 2000.

Romania			N° of projects	
	ISPA Funds €	% total		
ENVIRONMENT				
Drinking Water	23 839 250	9.97	1	
Waste Water Treatment	88 454 483	36.97	3	
Solid Waste Management	8 307 600	3.47	1	
Total	120 601 333	50.41	5	
TRANSPORT				TINA Corridor
Road	45 847 696	19.16	2	Corridor IV, IX
Rail	72 779 441	30.42	1	Corridor IV
Total	118 627 137	49.59	3	
TECHNICAL ASSISTANCE				
TA Total	0	0	0	
Total support	239 228 470		8	

Slovakia

Slovakia received € 42 459 572 in assistance from ISPA in 2000, with € 11 606 372 assigned to environmental projects and € 30 853 200 assigned to transport projects. This constitutes 4.3 % of the ISPA budget for 2000.

Slovakia			N° of projects	
	ISPA Funds €	% total		
ENVIRONMENT				
Waste Water Treatment	11 606 372	27.34	3	
Total	11 606 372	27.34	3	
TRANSPORT				TINA Corridor
Rail	30 853 200	72.66	1	Corridor VA
Total	30 853 200	72.66	1	
TECHNICAL ASSISTANCE				
TA Total	0	0	0	
Total support	42 459 572		4	

Slovenia

Slovenia received € 19 635 275 in assistance from ISPA in 2000, with € 11 175 275 assigned to environmental projects, € 7 500 000 assigned to transport projects and € 960 000 assigned to technical assistance projects in both sectors. This constitutes 2.0 % of the ISPA budget for 2000.

Slovenia			N° of projects	
	ISPA Funds €	% total		
ENVIRONMENT				
Waste Water Treatment	11 175 275	56.91	2	
Total	11 175 275	56.91	2	
TRANSPORT				TINA Corridor
Rail	7 500 000	38.20	1	Corridor V – X
Total	7 500 000	38.20	1	
TECHNICAL ASSISTANCE				
TA Waste Water Treatment	180 000	0.92	1	Corridor V – X
TA Rail	780 000	3.97	1	
TA Total	960 000	4.89	2	
Total support	19 635 275		5	

4. COORDINATION AND COOPERATION

4.1. Phare and Sapard

As required by Council Regulation (EC) No 1266/1999, the Commission ensures close co-ordination among the three pre-accession instruments. The Regulation carefully specifies the field to which each instrument provides assistance:

- Sapard finances measures to support agriculture and rural development;
- ISPA finances infrastructure projects costing over € 5 million in the transport and environment sectors;
- Phare deals with priority measures concerning the adoption of the *acquis communautaire*, whether to improve administrative capacity or for related investment. This instrument may also support measures in the fields of the environment and transport if they constitute a secondary but essential component of integrated programmes for regional development or industrial restructuring.

The Phare Management Committee plays a special role in general coordination.

At programming level, the partnerships for accession, one for each of the ten candidate countries, as revised by the Council on 6 December 1999, remain the general framework for assistance from the three pre-accession instruments. They are supplemented, in the case of Phare, by the national development plans, and, in the case of ISPA, by the national strategies for the environment and transport. Sapard projects will be selected from the rural development programmes for 2000-06, as prepared on the basis of the candidate countries' plans and approved for each of these countries by the Commission in 2000.

In practice, programming is coordinated through extended interdepartmental consultations. In addition, a coordinating committee for the pre-accession instruments has been set up in the various Commission departments involved. This Committee pays particular attention to the preparation of the extended decentralisation (EDIS) of Phare and ISPA. Early in 2001, the Commission published a general report on the implementation of pre-accession aid (General Assistance document).

In the case of project monitoring, co-ordination takes the form of joint Monitoring Committee (JMC), supported, where possible, by the ISPA Monitoring Committees and the relevant Phare sub-committees. The first series of ISPA Monitoring Committee began in spring 2001.

As regards the preparation of the ISPA projects in 2000, the first year of operation of this instrument, the contribution of the feasibility and preliminary draft studies of Phare financing begun in 1998-99 should be noted.

4.2. European Investment Bank (EIB)

A Cooperation Agreement between the European Commission and the EIB on Community structural assistance (including ISPA) during the period 2000-06 was signed on 19 January 2000. The aim of the agreement was to set up the basis for successful cooperation between the Commission and the EIB, in order to identify how best to combine ISPA grants with the loans provided by the EIB. The main objective was to maximise the leverage effect of the EC grants and to restrict EC budget support to those that are strictly necessary.

The results of the first year of cooperation between ISPA and EIB are very positive. This cooperation has taken place at two different levels. First of all, several coordination meetings were held during the first year of implementation of ISPA in order to set up the working framework and make the Agreement operational.

Secondly, at the project level, the exchange of information was carried out at a very early stage in the procedure of project identification in order to identify possible proposals for co-financing. Collaboration with the EIB resulted in the joint co-financing of several projects in 2000 (see Table 4).

In such cases, proposals submitted by the beneficiary countries are appraised by both institutions and the results shared by them during the assessment process. In this context it is important to underline some difficulties in achieving efficient cooperation between ISPA and the EIB. These include the complexity of both ISPA and EIB procedures, and the problem of timing when the decision-making procedures of both institutions do not run in parallel.

In the case of the projects that are not co-financed by the EIB, the Cooperation Agreement foresees that the EIB may be consulted or invited by the Commission to participate in appraising some ISPA projects. This benefits both institutions as the Commission retains recourse to the EIB technical expertise and the EIB receives remuneration for its evaluations. In order to facilitate this, a Framework contract was signed by both institutions, describing the implementing arrangements of this mechanism. During 2000, 6 "first reactions" were sought from the EIB, 1 for Bulgaria, 3 for Romania and 2 for Slovakia.

Table 4: ISPA Projects co-financed by the EIB

ISPA Projects co-financed by the EIB		
Country	Transport Projects	Environmental Projects
Bulgaria	Sofia airport reconstruction, Transit Road Rehabilitation Project III	Stara Zagora: waste water treatment plant, Dimitrovgrad: waste water treatment plant
Czech Republic	None	None
Estonia	Via Baltica Road, Phase II	None
Hungary	Budapest-Szolnok-Romania rail upgrading, Hegyeshalom-Győr-Budapest rail rehabilitation, Boba-Zalaegerszeg-Zalalövö rail upgrading	Szeged: waste water treatment plant, Szeged: regional waste management, Szolnok: solid waste management, Győr: waste water treatment, Hajdú-Bihar: solid waste management
Latvia	None	Riga: water project, Ventspils: improvement of water supply, treatment, etc.
Lithuania	Modernisation of telecommunications, signalling and power supply, etc. Global loans will be applied to the road projects (upgrade and completion of the major TINA Corridors), supported by ISPA.	Vilnius: rehabilitation and extension of water supply and collection, Druskinninkai: waste water treatment
Poland	Kleszczow-Sosnica: Road A4 Motorway construction	Torun: modernisation of waste water treatment, Szczecin: sewage treatment
Romania	Bucharest-Cernavoda: rehabilitation and construction, sections 4 & 5 (ISPA) and sections 1-3 (EIB)	Craiova: rehabilitation of sewerage network and waste water treatment facilities in order to protect the river Danube.
Slovakia	None	None
Slovenia	None	None

4.3. European Bank for Reconstruction and Development (EBRD)

The Commission has developed a good working relationship with the EBRD. There have been regular exchanges of information and co-ordination meetings since the establishment of ISPA, harmonisation of approaches to the appraisal and approval of projects by both institutions, and also detailed discussions on methodological issues. As with the EIB, the Commission has established mechanisms for the successful combination of EC grants and EBRD loans, thus maximising the leverage effect of ISPA grant finance and ensuring that ISPA provides only the amount required to make projects finally viable.

The EBRD brings specialist skills to structuring grant/loan combinations of funding, including public-private partnership arrangements. The EBRD can lend directly to municipalities and utility companies without a sovereign guarantee, which adds an additional element of flexibility to cooperation with ISPA. The Commission has initiated new types of funding arrangements in EBRD/ISPA projects including, for the first time, joint financing of large turn-key contracts to implement projects (e.g. Krakow waste water treatment).

The number of projects which ISPA and the EBRD will co-finance differs greatly from sector to sector and from country to country. The jointly co-financed projects in 2000 remained concentrated on the environmental sector. For 2000, the projects in which ISPA and the EBRD co-operated are as follows :

Table 5: ISPA Projects co-financed by the EBRD

ISPA Projects co-financed by the EBRD		
Country	Transport Projects	Environmental Projects
Bulgaria	None	None
Czech Republic	None	None
Estonia	None	None
Hungary	None	None
Latvia	None	Riga Water Project
Lithuania	None	None
Poland	None	Bydgoszcz: water supply, Krakow: waste water treatment, Wroclaw: waste water treatment, Wroclaw: solid waste
Romania	None	Iasi: upgrading of water & waste water system, Constanta: sewerage and waste water treatment rehabilitation
Slovakia	None	None
Slovenia	None	None

4.4. Nordic Banks and Institutions

Several coordination meetings were held during the first year of implementation of ISPA and information at project level was exchanged. In 2000, the collaboration with the Nordic Investment Bank (NIB) and with the Nordic Environment Finance Corporation (NEFCO) resulted in the joint co-financing of two projects in Latvia, entailing total expenditure of € 36.07 million, to which the NIB contributed € 1.818 million and NEFCO € 2.294 million. The Swedish International Development Corporation Agency (SIDA) also co-financed an environmental project in Estonia.

Table 6: ISPA Projects co-financed by the NIB and NEFCO

ISPA Projects co-financed by the NIB, the NEFCO or SIDA		
Country	Transport Projects	Environmental Projects
Estonia	None	Tallin landfill, phase 1 (SIDA)
Latvia	None	Jelgava Water Project (NIB and NEFCO) Ventspils Water Project (NEFCO)

5. TECHNICAL ASSISTANCE

5.1. Report of use of allocation in 2000

The allocation provided under B7 - 020A for the year 2000 amounted to € 19.044.000. Of this allocation, the Commission committed € 11.270.941 to TA projects in 2000. An amount of € 7.400.000 was transferred to budgetary line B7-020 and made available for investment measures in the beneficiary countries. The amounts used for the pre-identified actions were as follows:

A. Local Technical Assistance

€ 7 million was allocated for the reinforcement of the Commission Delegations with qualified technical staff. The commitment is designated to pay the local staff reinforcement, for a period of up to three years. The funds are administered by the Directorate-General for External Affairs. The Director-General for Regional Policy has issued the necessary empowerment document and guidelines. The first local contracts have been concluded.

B. Framework contract for specific technical tasks

Two framework contracts were signed, one for the transport sector and one for the environment sector. This commitment amounts to € 4 million split evenly between transport (€ 2 million) and environment (€ 2 million). Proposals were received from six companies each for the environmental and transport sectors. A total of 26 individual assignments were carried out in 2000, of which eight were related to the environmental sector and 18 to the transport sector.

In addition, the Commission entered into a short-term assignment for a financial appraisal of a water project in one of the beneficiary countries. The assignment was necessary to help the Commission determine the ISPA rate of assistance, as financial appraisal is not covered by the framework contracts mentioned above. The budgetary commitment for this assignment was € 13 050.

C. Framework contract with the EIB

A contract with the EIB was entered into this year, securing the use of expertise knowledge of the Bank technical staff for a duration of six years. The ERDF and the Cohesion Fund have entered similar parallel arrangements with the Bank. The yearly number of projects to be presented to the bank is limited. The budgetary commitment for this assignment was € 210.000.

Experience with applications demonstrated, however, that the beneficiary countries had problems with the stipulations of the Community directive covering Environmental Impact Analysis (EIA) and the required statements and assurances. Environment impact analysis methods similar to Community requirements must be applied for all ISPA assisted measures. In view of the recurrent weaknesses and flaws which came to light through the applications for assistance, the Commission (Directorates-General for Regional Policy and for Environment) decided to organise specific two-day workshops on EIA in all countries.

The preparation and animation of the workshops and the provision of supporting documents were organised under the environment envelope of the framework contract mentioned under B above. The workshops were held in the first half of 2001.

5.2. Budgetary allocation for technical assistance contracts

Table 7: Budgetary allocation for technical assistance contracts				
Contracts for the budget year 2000 under budget line B7 – 020A				
Name of Firm	Type of Contract	Area of Expertise	Amount of Contract €	Authorised Expenditure in 2000 €
Kampsax	Framework	TA Transport	2 000 000	223 769
Brown & Root	Framework	TA Transport		
Tractebel	Framework	TA Environment	2 000 000	226 880
Halcrow	Framework	TA Environment		
EIB	Framework	Project Evaluation	210 000	27 000
BCT	TA Contract	ISPA Application of Sewerage Project in Ostrava	13 050	13 050
TA for the EIA seminars	Grant	Seminars in the 10 beneficiary countries	47 891	0
10 Delegations	Transfer of Funds	Personnel training	7 000 000	0
		TOTAL	11 270 941	490 699

6. INTER-INSTITUTIONAL DIALOGUE, INFORMATION AND PUBLICITY

6.1. Information to Member States and beneficiary countries

Information to the Member States is primarily distributed in the ISPA Management Committee; five meetings were organised in 2000. Members of the Management Committee gave a favourable opinion on 85 projects (of which 10 related to budget commitments in 2001). They also dealt with information referring to the national strategies for transport and environment, together with a number of horizontal matters, including:

- framework papers on ISPA assistance to transport and environment projects;
- presentation of the application forms for projects;
- implementation of the “polluter pays” principle;
- co-ordination of the three pre-accession instruments;
- guidelines for use of technical assistance by the European Commission;

- use of interest earned on ISPA payments in the National Fund; and
- report on the seminar with beneficiary countries (see below).

The Commission prepared publicity rules related to projects as required by Article 13 of the ISPA Regulation which received a positive opinion from the ISPA Management Committee in June 2000.

Information to the beneficiary countries was provided through a kick-off seminar announcing the launching of ISPA, which was held on 4 and 5 May 2000. This meeting was attended by the National ISPA Co-ordinators (the central national body for cooperation with the Commission under ISPA), representatives of the National Fund (the national vehicle through which Community assistance is channelled), representatives of the line ministries and of the Commission Delegations of the beneficiary countries.

In the seminar the ISPA manual prepared by the Commission was presented, with a particular emphasis on programming and appraisal, implementation and follow-up of projects. This was also an opportunity to discuss issues related to the developing of strategies for dealing with such issues as transport and environment projects, procurement rules, EIA, co-financing with IFIS and Private-Public Partnerships.

During this seminar, bilateral meetings took place for each country on the project pipelines and implementation arrangements. It is also worth mentioning that ISPA was a central topic in the meeting of chairpersons of the ten Pan-European Transport Corridors, organised on the 7 of December 2000 by the Commission. This allowed a comprehensive overview of ISPA to be given to representatives of the Ministries of Transport of Member States and beneficiary countries. The Commission also prepared a series of seminars on EIA procedures and applications in relation to ISPA. These seminars were conducted in beneficiary countries in the Spring of 2001.

6.2. Dialogue with Non-governmental Organisations (NGOs)

The Directorate-General for Regional Policy participated in the Directorate-General for the Environment's NGO Dialogue project, which began mid-1999. It is a series of meetings between Commission officials from several directorates-general (but predominantly the Directorate-General for Environment) and representatives of environmental NGOs from Member States and beneficiary countries. The objectives of the dialogue are to inform the NGOs on the enlargement process and to enable NGOs to present their opinion on the process to the Commission. The dialogue meetings are organised and facilitated by the Regional Environmental Centre for Central and Eastern Europe (REC), which is partly funded by the EC.

To date there have been three meetings of the dialogue group: one held in Brussels in October 1999, the second held in Szentendre, Hungary in June 2000 and the third in Brussels in November 2000. One further meeting is planned in 2001.

On the occasion of the third meeting, the Directorate General for Regional Policy organised a session with NGOs to discuss progress in ISPA programming and policy issues related to the environmental and transport sectors. The Directorate-General explained the approach to project selection and the approval procedures.

Representatives from NGOs welcomed these open discussions and the opportunity to receive first hand information on ISPA programming and procedures.

6.3. Information and Publicity

The Directorate-General for Regional Policy has organised several seminars and training sessions both for its staff at the headquarters and for the Commission delegations in the beneficiary countries involved in ISPA funding. These included a seminar introducing the ISPA procedure manual in May 2000, with special training sessions held for ISPA staff in April. Staff also completed on-site training both in Belgium and in the countries with which they are directly involved.

Several public and private organisations from the beneficiary countries but also from within the Member States asked ISPA representatives to explain how ISPA works. In response, ISPA staff have provided a number of informative sessions.

The Inforegio website of the Directorate General for Regional Policy is used for publicising the ISPA Instrument. The ISPA pages on the site include the texts of the regulations, manuals, application forms, procedures, a number of brochures about ISPA and contact details within the Directorate General. In addition, the website provides information about projects which have received a positive opinion from the Management Committee. There are also links to other websites dealing with the subject of enlargement and tendering for contracts to be financed under ISPA:
http://www.inforegio.cec.eu.int/wbpro/ispa/ispa_en.htm
<http://www.europa.eu.int/comm/europeaid/cgi/frame12.pl>

Paper versions of all the information on the website are available to the public. Such brochures include “ISPA in a nutshell” and “How can companies participate in ISPA projects?”.