



European Union  
Regional Policy

# Annual report of the Cohesion Fund 1998

European Commission



## Corrigendum

Due to a misprint the first table on page 26 may be difficult to read.  
Please find the correct version below.

### Allocations by sector

All beneficiaries	1993-97		1998		Total 1993-98	
	million ECU	%	million ECU	%	million ECU	%
<b>Environment</b>						
Drinking water	1 674.5	31.7	468.2	30.5	2 142.7	31.4
Waste water	2 145.5	40.6	735.7	47.9	2 881.2	42.3
Solid waste	537.6	10.2	217.5	14.2	755.1	11.1
Erosion control and afforestation	514.3	9.7	70.9	4.6	585.2	8.6
Other	412.6	7.8	42.1	2.7	454.7	6.7
<b>Total</b>	<b>5 284.5</b>	<b>100</b>	<b>1 534.4</b>	<b>100</b>	<b>6 818.9</b>	<b>100</b>
<b>Transport</b>						
Roads	3 791.6	69.3	570.1	42.7	4 362.1	64.1
Railways	1 248.8	22.8	613.1	45.9	1 861.9	27.4
Airports	212.3	3.9	139.2	10.4	351.5	5.2
Seaports	181	3.3	10.3	0.8	191.3	2.8
Traffic control systems	36.4	0.7	1.5	0.1	37.9	0.6
<b>Total</b>	<b>5 470.1</b>	<b>100</b>	<b>1 334.6</b>	<b>100</b>	<b>6 804.7</b>	<b>100</b>
<b>Total support</b>	<b>10 754.6</b>		<b>2 869</b>		<b>13 623.6</b>	



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Regional Policy

# Annual Report of the Cohesion Fund 1998

European Commission

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For further information on other language versions,

please contact:

European Commission

Directorate-General for Regional Policy, Unit 01

Rue de la Loi 200

B-1049 Bruxelles

Fax (32-2) 296 60 03

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It can be accessed through the Europa server (<http://europa.eu.int>).

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## Foreword

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This annual report on the activities of the Cohesion Fund covers the calendar year 1998. Like previous reports, this report provides an overview of developments since 1993 in order to give the reader a full picture of the current affairs of the Fund.

The reporting format reflects the requirements of the Cohesion Fund regulation. It has been adapted in order to take into account the comments made by the European Parliament, the Economic and Social Committee and the Committee of the Regions. The report has been streamlined, while still endeavouring to provide the reader with as complete a picture as possible.

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

Since the euro was not introduced until 1999, all amounts in this report are in ecus.



# Summary

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## **Economic environment and conditionality**

1998 was the penultimate year of Cohesion Fund operations under the current financial perspective (1994–99). It was marked by continuity and was again successful in terms of budgetary implementation. The macroeconomic context within which the Fund operated in 1998 was one of stable economic fundamentals that again allowed the beneficiary countries to meet the ambitious targets on budget deficits recommended by the Council.

In line with its decision of December 1995, in spring and autumn the Commission undertook the required examinations of conditionality. Since all four beneficiary countries had complied with the Council recommendations on the conduct of fiscal policy, the Commission was able to continue financing from the Cohesion Fund in favour of Greece, Spain and Portugal. Since Ireland was not in an excessive deficit position, no decision was required in this case. It should be noted that on 1 May 1998 the Council decided that Spain and Portugal were no longer in an excessive deficit situation.

## **Budget implementation**

In 1998, the Fund fully implemented its commitment appropriations for the year. In the spirit of sound management and foresight, the Commission proposed in the summer that payment appropriations for the year be reduced. From its inception in 1993 to the end of 1998, the Fund committed about 81 % of its overall allocation.

Over the six years under review, the assistance committed for each country has fallen in the middle of the target ranges indicated for them. Spain is supposed to receive between 52 and 58 %, Greece and Portugal between 16 and 20 % each and Ireland between 7 and 10 %. In addition, an amount up to 0.5 % could be set aside for technical assistance measures on the initiative of the Commission.

The Fund has continued to fulfil the aim of an equal division of the budget between the environment and transport sectors. Over the six years from 1993 to 1998, transport accounted for 49.9 % of commitments and the environment sector for 50.1 %. By the end

of 1999, the Commission also intends to achieve a balance between the two sectors in each individual country.

## **Transport**

The European Parliament and the Economic and Social Committee have repeatedly criticised the fact that the Fund has invested principally in the road sector. The Commission has always urged the beneficiary Member States to submit other types of projects for funding. A significantly greater share of the transport budget went to railways in 1997 and the share of roads was further reduced in 1998, due in particular to a marked shift towards rail in Spain.

Parliament has also called for more funds to be directed towards airports and seaports. The Commission has pointed out, however, that these types of activity are generally commercial in nature, often generating considerable revenues and reducing the need for grants from the Union budget.

The Fund is continuing to support the trans-European network projects adopted by the Essen Council in 1994. Five of the 14 Essen priority projects are located in cohesion countries.

## **The environment**

The activities of the Cohesion Fund are in line with the environmental objectives set out in Article 130r of the Union Treaty, namely preserving and improving the quality of the environment, protecting human health and rational utilisation of natural resources. The Commission has set as an objective that the Fund should contribute to sustainable environmental conditions in the four cohesion countries. Accordingly, in 1998 the Fund continued to concentrate on the water sector, namely the abstraction and distribution of drinking water and waste-water treatment. The funds allocated to waste-water problems in 1998 made up 50.1 % of the commitments for the environment.

The Cohesion Fund also initiated a major study to demonstrate the environmental dimension of the transport and environmental projects it assists. This study, together with a video covering the same theme, was financed by the budget line specifically created by the European Parliament. The results of the study and the video became available and were distributed.

## **Information and publicity**

In 1998 the Fund took part in a large number of publicity events, seminars and workshops organised by the beneficiary Member States. Most of these events were financed through the special budget line set aside by the European Parliament for measures to encourage environmental practice in pursuit of a policy geared to sustainable development.

In 1998 for the first time, one of the biannual meetings organised by the Commission for informing Member States of progress in implementing the Fund was held in a beneficiary country, Portugal. This provided an opportunity for delegates to visit a number of projects.

In June 1996, the Commission adopted a decision setting out information and publicity obligations in relation to the financing activities of the Cohesion Fund. Following this decision, the Commission began to scrutinise more carefully the publicity obligations of the beneficiaries during its verification and control visits. In general the Commission is satisfied with the way the beneficiary countries respect their obligations.

## **Evaluation**

In 1995 the Fund commissioned the London School of Economics to develop economic methodologies, including econometric modelling, to estimate the socioeconomic impact of the Fund. The full publication of this study envisaged for 1998 was unfortunately delayed and will now take place in 1999.

In 1998 the model was applied to a number of selected projects but results were not available by the end of 1998. The Commission will, however, disseminate the findings to those interested as soon as the research has been finalised

An obligation to carry out an *ex post* evaluation of the impact of the Cohesion Fund is imposed by Article 13 of the Fund regulation. As reported earlier, in 1997 the Commission agreed on the detailed terms of reference for an *ex post* evaluation programme which will run until the end of 2000 for the present generation of Fund projects in the course of which about 120 projects will be evaluated. To ensure consistency and comparability across sectors and countries, the Commission has entrusted this programme to an outside assessor who guarantees a harmonised approach in this respect.

The contracts for this were signed in 1998 and the first results of the *ex post* evaluation became available in the autumn. It is too early to draw general conclusions but in the medium term the results should have a positive impact on project assessment and on the quality of project preparation.

## **More emphasis on project monitoring**

With more than 80 % of the Fund's resources committed to individual projects, the process of monitoring and following up decisions from earlier years continued to gain in importance over the appraisal and approval of new applications. As a consequence, verification and monitoring visits became much more frequent. The monitoring committees in the four countries, including special committees set up to monitor particularly important and complex large projects, met 10 times in 1998. At the Committee meetings and in the preparatory sessions each project is carefully examined and progress is monitored according to the objectives and schedule in the Commission decision. If special conditions are included in a decision, their implementation is also assessed. Where appropriate, the Commission urges corrective measure and adjusts the terms of the decision.

## **Sound financial management**

In 1998, as in earlier years, no case of fraud was discovered and reported by the Member States to the Commission anti-fraud unit (UCLAF).

In 1997 the Cohesion Fund established principles governing the eligibility of expenditure for its assistance. The final version of the document, which takes account of the remarks

forwarded by Member States, was distributed in 1998 and is now appended to all grant decisions from the Fund as a supplement to the financial implementing provisions. The Commission offered to hold seminars in the beneficiary countries to explain the principles and answer questions during 1998, and this was done in Greece and Ireland.

### Main developments in each country

The most important developments in each of the four beneficiary countries were as follows:

#### Greece

Greece received ECU 516.4 million in assistance from the Cohesion Fund in 1998, with 40.6 % of the total going to environmental projects and 59.4 % to transport infrastructure.

#### Cohesion Fund support by sector Commitments

Greece	1993-97		1998		Total 1993-98	
	million ECU	%	million ECU	%	million ECU	%
<b>Environment</b>						
Drinking water	436.9	22.6	102.7	19.9	539.6	22.0
Waste water	527.5	27.3	70.8	13.7	598.3	24.4
Solid waste	6.3	0.3			6.3	0.3
Erosion and afforestation	19.3	1.0	36.3	7.0	55.6	2.3
Other	57.9	3.0			57.9	2.4
<b>Total</b>	<b>1 047.9</b>	<b>54.2</b>	<b>209.8</b>	<b>40.6</b>	<b>1 257.7</b>	<b>51.4</b>
<b>Transport</b>						
Roads	456.9	23.6	131.0	25.4	587.8	24.0
Railways	253.4	13.1	89.4	17.3	342.8	14.0
Airports	73.8	3.8	86.2	16.7	159.9	6.5
Seaports	67.9	3.5			67.9	2.8
Traffic control systems	32.4	1.7			32.4	1.3
<b>Total</b>	<b>884.4</b>	<b>45.8</b>	<b>306.6</b>	<b>59.4</b>	<b>1 191</b>	<b>48.6</b>
<b>Total support</b>	<b>1 932.3</b>	<b>100</b>	<b>516.4</b>	<b>100</b>	<b>2 448.7</b>	<b>100</b>

#### Environment

During 1998 12 environmental projects were approved and a total of ECU 209.8 million was committed to this sector or 40.6 % of the total allocation for 1998. The Greek projects make a considerable contribution to meeting the lack of environmental infrastructure in the provision and distribution of water (ECU 102.7 million), waste-water treatment (ECU 70.8 million) and environmental protection (ECU 36.3 million). For the period 1993-98 the share of the environment stands at 51.4 %.

### Transport

In 1998, transport infrastructure accounted for ECU 306.6 million of Cohesion Fund support or 59.4 % of the total allocation for 1998 and this shift raised the share of transport for 1993–98 to 48.6 %. Of the total, ECU 131 million was for road projects, ECU 89.4 million for rail improvements and ECU 86.2 million for airports.

### Spain

Spain received ECU 1 575.1 million in assistance from the Cohesion Fund in 1998, with ECU 871.1 million, or 55.3 % of the total, going to environmental projects and 44.7 % to transport infrastructure

#### Cohesion Fund support by sector Commitments

Spain	1993–97		1998		Total 1993–98	
	million ECU	%	million ECU	%	million ECU	%
<b>Environment</b>						
Drinking water	720.4	12.2	231.2	14.7	951.6	12.7
Waste water	1 026.9	17.4	473.2	30.0	1 500.1	20.0
Solid waste	306	5.2	113.7	7.2	419.7	5.6
Erosion and afforestation	495.0	8.4	34.6	2.2	529.6	7.1
Other	309.7	5.2	18.4	1.2	328.1	4.4
<b>Total</b>	<b>2 858</b>	<b>48.3</b>	<b>871.1</b>	<b>55.3</b>	<b>3 729.1</b>	<b>49.8</b>
<b>Transport</b>						
Roads	2 214.8	37.4	317	20.1	2 531.8	33.8
Railways	746.2	12.6	387.9	24.6	1 134.1	15.1
Airports	73.2	1.2			73.2	1.0
Seaports	25.3	0.4			25.3	0.3
<b>Total</b>	<b>3 059.5</b>	<b>51.7</b>	<b>704.9</b>	<b>44.7</b>	<b>3 764.4</b>	<b>50.2</b>
<b>Total support</b>	<b>5 917.5</b>	<b>100</b>	<b>1 576</b>	<b>100</b>	<b>7 493.5</b>	<b>100</b>

### Environment

The year 1998 saw an increased emphasis on environment projects. The Cohesion Fund contributed ECU 871.1 million to this sector in 1998. For the period 1993–98 the share of the environment stands at 49.8 %.

### Transport

The Cohesion Fund continued in 1998 to make an important contribution to the financing of Spanish infrastructure projects, with a marked shift towards rail transport. A total of ECU 704 million of Cohesion Fund resources was committed to transport projects with 45 % for road projects and 55 % for rail. For the period 1993–98 the share of transport stands at 50.2 %.

## **Ireland**

Ireland received ECU 258.5 million in assistance from the Cohesion Fund in 1998, with ECU 142.1 million (55 %) of the total going to environmental projects and ECU 116.4 million (45 %) to transport infrastructure.

### **Cohesion Fund support by sector Commitments**

Ireland	1993-97		1998		Total 1993-98	
	million ECU	%	million ECU	%	million ECU	%
<b>Environment</b>						
Drinking water	189.4	19.6	25	9.7	214.4	17.5
Waste water	250.2	25.9	116.1	44.9	366.3	29.9
Solid waste	9.4	1.0			9.4	0.8
Other	5.8	0.6	1.0	0.4	6.8	0.6
<b>Total</b>	<b>454.8</b>	<b>47.0</b>	<b>142.1</b>	<b>55.0</b>	<b>596.9</b>	<b>48.7</b>
<b>Transport</b>						
Roads	377.7	39.1	85	32.9	462.7	37.7
Railways	91	9.4	27.8	10.8	118.8	9.7
Airports	3.3	0.3			3.3	0.3
Seaports	36.4	3.8	2.1	0.8	38.5	3.1
Traffic control systems	4.0	0.4	1.5	0.6	5.5	0.4
<b>Total</b>	<b>512.4</b>	<b>53</b>	<b>116.4</b>	<b>45.0</b>	<b>628.8</b>	<b>51.3</b>
<b>Total support</b>	<b>967.2</b>	<b>100</b>	<b>258.5</b>	<b>100</b>	<b>1 225.7</b>	<b>100</b>

### *Environment*

The activities in 1998 concentrated on the continued implementation of priority projects which had been defined in earlier years. For the period 1993-98 the share of the environment stands at 48.7 %.

### *Transport*

In 1998, the Commission allocated ECU 116.4 to the transport sector in Ireland, 23.9 % went into the rail infrastructure and 1.8 % into ports whereas the road sector accounted for 73 %. For the period 1993-98 the transport share stands at 51.3 %.

## **Portugal**

Portugal received ECU 518.1 million in assistance from the Cohesion Fund in 1998, with 58.6 % of the total going to environmental projects and 41.4 % to transport infrastructure.



**Cohesion Fund support by sector**  
**Commitments**

Portugal	1993-97		1998		Total 1993-98	
	million ECU	%	million ECU	%	million ECU	%
<b>Environment</b>						
Drinking water	327.8	16.9	109.3	21.1	437.1	17.8
Waste water	340.9	17.6	75.6	14.6	416.5	17.0
Solid waste	215.9	11.1	103.8	20.0	319.7	13.0
Other(*)	39.2	2.0	22.7	4.4	61.9	2.5
<b>Total</b>	<b>923.8</b>	<b>47.7</b>	<b>311.4</b>	<b>60.1</b>	<b>1 235.2</b>	<b>50.3</b>
<b>Transport</b>						
Roads	742.2	38.3	37.5	7.2	779.7	31.8
Railways	158.2	8.2	108	20.9	266.2	10.8
Airports	62	3.2	53	10.2	115	4.7
Seaports	51.4	2.7	8.2	1.6	59.6	2.4
Traffic control systems			0		0	0
<b>Total</b>	<b>1 013.8</b>	<b>52.3</b>	<b>206.7</b>	<b>39.9</b>	<b>1 220.5</b>	<b>49.7</b>
<b>Total support</b>	<b>1 937.6</b>	<b>100</b>	<b>518.1</b>	<b>100</b>	<b>2 455.7</b>	<b>100</b>

(\*) Minor inconsistencies in classification, e.g. VTS.

*Environment*

In 1998, five new environmental projects were approved for the protection of coastal zones, solid waste disposal, drainage and sewage treatment. Further assistance was also allocated to four projects already approved. A total of ECU 303.8 million was committed for environmental projects in Portugal. For the period 1993-98 the share of the environment stands at 50.3 %.

*Transport*

In 1998, the Commission allocated ECU 214.3 million to the transport sector in Portugal; 50.4 % went to rail infrastructure and 24.7 % to airports whereas the road sector accounted for a meagre 17.5 %. For the period 1993-98 the share of transport stands at 49.7 %.



## Chapter 1

# General background

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## 1.1. Convergence and economic development in the cohesion countries

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### 1.1.1. Greece

The 1997 update of the convergence programme reaffirmed the objective of Greece's full participation in EMU and defined the economic strategy and structural policies for the period to 1999.

The general government deficit was reduced by 9.8 percentage points to 4.0 % of GDP in 1997, down from 13.8 % of GDP in 1993. In 1998, the general government deficit fell to 2.4 % of GDP, as projected in the convergence programme. The general government debt ratio rose by 2.9 points in the period 1994–96 but declined thereafter, by 2.8 percentage points in 1997 and by 2.9 percentage points in 1998, to 106.5 % of GDP.

The update of the convergence programme, covering the period 1998–2001, was submitted by Greece in September 1998 under the Stability and Growth Pact regulations (1). The primary objective of the convergence programme is the fulfilment by Greece of the conditions allowing for full participation in the euro area from 1 January 2001.

Greece is considered by the Council to be a country whose deficit has been excessive, within the meaning of Article 104c(6) of the Treaty, since 1994. Under paragraph 7 of that Article, the Council has since then made annual recommendations to Greece that it should put an end to this situation.

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(1) On 12 October 1998 the Ecofin Council examined the Greek convergence programme and issued an opinion on a Commission recommendation in accordance with Council Regulation (EC) No 1466/97 of 7 July 1997 (OJ L 209, 2.8.1997, p. 1).

### **1.1.2. Spain**

In 1998 Spain's economic policy continued to be guided by the objectives of the convergence programme for the period 1997–2000 (April 1997). The main objective was to meet the requirements for the third stage of EMU. The stability programme for the period 1998–2002, approved by the Spanish Government at the end of 1998, reaffirmed these objectives within the new framework of the participation of Spain in the EMU.

Further progress in budgetary consolidation was achieved in 1998. According to official estimates, the general government deficit was reduced from 2.6 % of GDP in 1997 to 1.9 %, lower than the 1998 budget law target of 2.4 % of GDP and the convergence programme target of 2.5 %. For 1999, the budgetary target is 1.6 % of GDP and, according to the stability programme, the government intends to turn the general government accounts into a surplus of 0.1 % of GDP by 2002.

On 3 May 1998, the Council decided that Spain fulfilled the conditions to adopt the single currency on 1 January 1999.

### **1.1.3. Ireland**

Throughout 1998 the initial target of a budget surplus of 0.3 % in 1998 was revised upwards in the light of the continued strong growth and a strong performance across all the main tax headings. The out-turn was ultimately estimated to be 2.0 % of GDP for 1998.

Ireland presented its first stability programme, covering the period 1998–2001, in December 1998. The budget, which moved into surplus in 1997, is expected to remain in surplus throughout the period of the programme while the government debt ratio is expected to fall by about 5 % each year.

The debt ratio is meanwhile estimated to have fallen below 60 % in 1998, and is expected to drop to 43 % in 2001.

On 3 May 1998 the Council decided that Ireland fulfilled the conditions to adopt the single currency on 1 January 1999.

### **1.1.4. Portugal**

Portuguese government finances improved considerably between 1993 and 1997. The general government deficit fell from 6.1 % of GDP in 1993 to 2.5 % in 1997 and the debt-to-GDP ratio declined steadily, reaching 61.7 % of GDP in 1997.

It is estimated that the general government deficit in 1998 fell to 2.3 % of GDP, better than the deficit of 2.5 % of GDP initially targeted.

Portugal submitted its stability programme, covering the period 1999–2002, on 30 December 1998. It envisages a reduction of the general government deficit from an estimated 2.3 % of GDP in 1998 to 0.8 % of GDP in 2002 and projects a decline in the government debt-to-GDP ratio from 58 % in 1998 to 53.2 % in 2002.

On 3 May 1998, the Council decided that Portugal fulfilled the conditions to adopt the single currency on 1 January 1999.

## **1.2. Examination of conditionality**

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### **1.2.1. Introduction**

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

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

### **1.2.2. Commission decisions in spring and autumn 1998**

On 25 March 1998 the Commission presented its convergence report for application of Article 109j of the Treaty, which includes a careful assessment of the general government deficits for 1997 based on the 1998 spring economic forecasts.

For Greece the annual general government deficit target for 1997 was fixed by the Council at 4.2 % of GDP. In March 1998, examination of the Greek general government deficit for 1997 gave a figure of 4.0 % of GDP.

For Spain the annual general government deficit target for 1997 was fixed by the Council at 3.0 % of GDP. In March 1998, examination of the Spanish general government deficit for 1997 gave a figure of 2.6 % of GDP.

For Portugal the annual general government deficit target for 1997 was fixed by the Council at 2.9 % of GDP. In March 1998, examination of the Portuguese general government deficit for 1997 gave a figure of 2.5 % of GDP.

In view of this assessment the Commission was able to continue to approve part-financing from the Cohesion Fund for new projects. Ireland was not in an excessive deficit position and so never faced a possible suspension of financial support from the Cohesion Fund.

For the second examination in autumn 1998 it was important that on 1 May 1998 the Council decided that Spain and Portugal were no longer in excessive deficit <sup>(2)</sup>. For this reason conditionality within the meaning of Article 6 no longer applied to these countries.

For Greece, which was in an excessive deficit situation in 1997, an examination in autumn 1998 was required. The Council had recommended an annual general government deficit target for Greece in 1998 of 2.4 % of GDP in line with the convergence programme. The Commission's autumn 1998 forecast estimated the deficit of the general government budget for 1998 at 2.4 % of GDP, thus within the target set by the Council.

In view of this result the Commission was able to continue to provide financial assistance for new projects and stages of projects in Greece.

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<sup>(2)</sup> Council decisions of 1 May 1998, OJ L 139, 11.5.1998.



## Chapter 2

# Managing the financial assistance provided by the Cohesion Fund in 1998

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## 2.1. Coordination with other Community policies

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### 2.1.1. Public procurement

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

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

### 2.1.2. Environmental protection

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

The objectives of Community policy on the environment are set out in Article 130r of the Treaty. They cover:

- preserving and improving the environment;

- protecting human health;
- the rational utilisation of natural resources.

The Community programme of policy and action in relation to the environment and sustainable development (the fifth action programme) — adopted by resolution of the Council in 1993 — provided for the Cohesion Fund to assist in the achievement of the Treaty objectives and, in particular, in resolving detailed Community environmental issues such as the reduction of water pollution and appropriate waste management. As well as focusing on key environmental themes, the programme also concentrated on the need to integrate the environmental dimension into other Community policies in order to change and influence the undesirable side effects of certain economic activities.

This latter aspect is of concern to the Cohesion Fund in that transport infrastructures are the other investment priorities to which funding is channelled.

Furthermore, in July 1997, to improve and strengthen the internal procedures which it had adopted in 1993, the Commission gave its agreement to a range of measures intended to ensure that greater account is taken of environmental considerations when policy and administrative decisions are taken. Hence the European Parliament has adopted increased appropriations for the environment ('greening of the budget').

### **2.1.3. The Structural Funds**

The Structural Funds, in particular the ERDF and occasionally the EAGGF Guidance Section, are normally consulted on applications and decisions, including amendments if these are substantial. The relevant departments provide ample advice on specific issues for which they are responsible.

Well established and permanent coordination arrangements are also necessary since Article 9 of Regulation (EC) No 1164/94 establishing a Cohesion Fund stipulates that no item of expenditure may be assisted from both the Cohesion Fund and the Structural Funds. In addition, combined assistance for a particular project from the Cohesion Fund and any other Community source, such as, for example, the TENs-T budget, must not exceed 90 % of total expenditure.

As explained in earlier reports, the Cohesion Fund has established an appropriate consultation and coordination structure, with a twofold objective.

Firstly, according to the decisions of the Edinburgh Summit, the combined commitment appropriations under Objective 1 of the Structural Funds and the Cohesion Fund are meant to allow a doubling in real terms of Community financial assistance for the Objective 1 regions in the four cohesion countries. In Spain, where only part of the country is eligible for assistance under Objective 1, a commitment allocation of ECU 7 950 million from the Cohesion Fund was included in the Objective 1 Community support framework for 1993–99. In this way the Cohesion Fund is contributing to the real doubling of Community assistance for Spain's least prosperous regions. As a 'non-regional' Fund, the Cohesion Fund does not record assistance granted by region. Attainment of the aim of doubling in real terms the Union's solidarity effort for Spain's poorest regions lies entirely in the hands of the central and autonomous regional governments. In accordance with the principle of subsidiarity, the channelling of finance into these regions must be assured by the national government, which has the authority to present to the Cohesion Fund appropriate applications for funding of projects in the regions concerned, and it is the job of the Objective 1 monitoring committee to assess progress towards this target.

The fact that no case of double financing has been detected during the various inspection visits demonstrates the effectiveness of these coordination procedures. However, as men-



tioned in previous reports, the Fund does agree to support clearly identified stages of projects to which the ERDF may be providing assistance for other stages, in particular on very large transport infrastructure projects.

## 2.2. Transport/environment balance

Council Regulation (EC) No 1164/94 establishing a Cohesion Fund requires a suitable balance to be struck between projects in the field of the environment and projects relating to transport infrastructure.

The Commission explained its position in this regard in its communication in 1995 to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions <sup>(3)</sup> in which it undertook to strive, in partnership with the beneficiary countries, to ensure that, over 1993–99 as a whole, equal amounts of assistance should go to transport projects and to those in the field of the environment.

Early in the period, the breakdown of appropriations showed considerable unevenness, but over the whole period up to the end of 1998 the goal had been achieved, with 50.1 % of appropriations going to the environment and 49.9 % to transport.

### Transport/environment balance (\*) % of commitment appropriations

Beneficiary country	Transport		Environment	
	1998	1993–98	1998	1993–98
Greece	59.4	48.6	40.6	51.4
Spain	44.7	50.2	55.3	49.8
Ireland	45.0	51.3	55.0	48.7
Portugal	39.9	49.7	60.1	50.3
Total	46.5	49.9	53.5	50.1

(\*) Excluding technical assistance

The table shows that the goal set in 1995 for all the beneficiary countries has been virtually achieved.

### 2.2.1. The Cohesion Fund and environmental protection

The Commission has developed a prior appraisal procedure for investment projects in both the transport and environment sectors. For environmental projects the application must state:

- the objectives of the project in environmental terms;
- details of how the project relates to the application of Community environmental legislation.

<sup>(3)</sup> COM(95) 509 final.

Information must also be supplied on the environmental impact. In the case of projects (transport or environment) which fall under Directive 85/337/EEC, an environmental impact assessment must be supplied with the application. In addition, careful attention is paid to any likely consequences for the habitats and species listed in Directives 79/409/EEC and 92/43/EEC.

All projects, whether environmental or transport, are checked to ensure that they are compatible with the Community's environment policy. Following assessment and before taking a decision, the Commission may impose further conditions with regard to targets involving improving the environment.

To help the cohesion countries comply with Directive 91/271/EEC (waste-water treatment) by the deadlines laid down, the Cohesion Fund gives priority in this sector to projects being completed either by 31 December 1998 or 31 December 2000.

The question of compatibility is not restricted to the period before an aid decision is taken. The monitoring committees also ensure compliance with environmental policy by verifying that the requirements or conditions laid down in a decision are respected. Where this is not so, payments may be suspended and assistance reduced or even cancelled.

### **2.2.2. Improving the trans-European transport network in 1998**

The Community guidelines for development of the trans-European transport network (TENs-T) (4) lay down the general framework for Cohesion Fund assistance to encourage the work of the Member States and, where appropriate, the Community in establishing and developing a Community-wide transport network. They list the projects of common interest, including the 14 projects selected by the Essen European Council to complete the networks. The aim is to establish the trans-European network gradually by 2010 by integrating land, sea and air transport infrastructure, including traffic management systems and the positioning and navigation systems to help maximise the capacity and efficiency of existing infrastructure.

Community finance for TENs in the eligible regions has come from substantial contributions by the Cohesion Fund and the European Regional Development Fund, together with loans from the EIB.

As regards legislation on TENs financing, as part of Agenda 2000 the Commission proposed in March 1998 a revision to the TENs financial regulation (5); in December 1998 the Council adopted a common position.

In June the Commission submitted a progress report to the Cardiff European Council on the 14 transport projects singled out by the Essen European Council as particularly important (6). Although each of these projects has its particular features, making it difficult to generalise, there has been significant progress overall. Three of the projects, including the Cork–Dublin–Belfast–Larne conventional rail link, are near completion. Six projects, including the high-speed train South and the Greek motorways, are due for completion by around 2005. Financing for these projects is largely in place. Finally, for five projects, including the multimodal link between Portugal/Spain and the rest of Europe and the Ireland–UK–Benelux road link, the time-scales run significantly beyond 2005.

In order to achieve effective coordination between funding from the Cohesion Fund and the TENs budget during 1998 and a consistent approach to the implementation of TENs-T

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(4) Decision 1692/96/EC.

(5) COM(1998) 172 final.

(6) COM(1998) 356 final.

projects, the Cohesion Fund and DG VII continued to maintain close contact. Regular interdepartmental meetings and specific consultations took place on TENs-T projects financed by the Cohesion Fund. DG VII attended meetings of the monitoring committees in the cohesion countries and DG XVI-E participated in the two meetings of the TENs financial assistance committee-transport sector.

## **2.3. Implementation of the budget: commitments and payments**

### **2.3.1. Budget available**

The Edinburgh European Council in December 1992 agreed on the financial endowment for the Cohesion Fund over the period 1993–99 and provided ECU 15 150 million at constant 1992 prices for those Union members whose per capita GNP is less than 90 % of the Union's average. The annual budgetary provisions are adjusted to allow for the Union's average annual increase in prices.

#### **Trend of budgetary allocations**

Commitment appropriations								<i>million ECU</i>
Year	1993	1994	1995	1996	1997	1998	1999	Total
1992 prices	1500.0	1750.0	2000.0	2250.0	2500.0	2550.0	2600.0	15150.0
Cumulated 1992 prices	1500.0	3250.0	5250.0	7500.0	10000.0	12550.0	15150.0	
Price adjusted	1565.0	1853.0	2151.7	2443.7	2748.7	2870.7	3118.0	16750.8
Cumulated adjusted amounts	1565.0	3418.0	5569.7	8013.4	10762.1	13632.8	16750.8	
Commitments implemented								
Per year	1564.6	1853.1	2151.7	2443.6	2748.7	2870.7		
Cumulated	1564.6	3417.7	5569.4	8013.1	10761.8	13632.5		
% of total allocation	9.3	20.4	33.2	47.8	64.2	81.4		

The table shows the annual breakdown of allocations at 1992 prices and in price-adjusted values. By the end of 1998 the Commission had used about 81½ % of the financial appropriations of the Cohesion Fund for 1993–99. Annex I to the Cohesion Fund regulation sets out the indicative breakdown among the eligible Member States for 1993–99.

#### **Distribution of Cohesion Fund resources 1993–99**

	<i>% of total appropriations</i>			
	Greece	Spain	Ireland	Portugal
Indicative allocation range	16 to 20	52 to 58	7 to 10	16 to 20

In implementing the Cohesion Fund, the Commission has carefully followed the guidelines set by the Council and has targeted the central rates of the indicative allocation for the beneficiary countries. The following tables show in detail the financial allocation implemented by the Commission for the four cohesion countries in the period to 1998.

**Commitments implemented (%)  
by beneficiary Member State**

Year	1993	1994	1995	1996	1997	1998	1993-98
Greece	17.9	17.9	18.0	17.9	18.0	18.0	18.0
Spain	54.9	54.9	55.0	54.9	55.1	54.9	55.0
Ireland	9.1	9.1	8.8	9.1	8.9	9.0	9.0
Portugal	18.1	18.0	18.0	18.0	17.9	18.1	18.0
Technical assistance	0.02	0.03	0.09	0.09	0.07	0.06	0.06
Total	100	100	100	100	100	100	100

As in previous years, in 1998 ECU 300 000 was transferred to a budget line managed by the Commission's Anti-fraud Coordination Unit (UCLAF). This transfer provided financial resources for combating fraud that might arise in connection with the management of financial flows from the Cohesion Fund. Section 5 of this report explains how UCLAF used these funds.

### **2.3.2. Budget implementation**

Taking into account budget resources carried over from previous years, in 1998 the Cohesion Fund had a total budget for commitments of ECU 2 871 million. Since it began operations in 1993, the Fund's record of budget implementation has always been remarkable. The result for 1998 is again outstanding, since, as in 1997, the Fund was able to commit a full 100 % of its annual appropriations.

The following tables give an overview for 1998, and for the whole period since 1993, of the distribution of commitment and payment appropriations by beneficiary Member State and sector. Article 7(4) of the Cohesion Fund regulation entitles the Commission to use up to 0.5 % of the Fund's resources for technical assistance on its own initiative. The Commission has so far been prudent in using this possibility.

In accordance with the principles of sound financial management, however, the Commission proposed that the budgetary authority should hold over a part of the 1998 allocation for payments. In the course of its monitoring missions, the Cohesion Fund has occasionally discovered that national administrations are slow in presenting the Commission with applications for payments to which they are entitled. The flow of payment requests quickened, however, towards the end of the year. The late presentation to the Commission of payment requests is regrettable since slow absorption of funds may result in the implementing authorities lacking funds, which can in turn slow down the physical implementation of projects.

**Commitments and payments by beneficiary Member State  
and sector in 1998**

	Total	Transport		Environment	
	million ECU	million ECU	% of total	million ECU	% of total
<b>Commitments</b>					
Greece	516.4	306.6	59.4	209.8	40.6
Spain	1 576	704.9	44.7	871.1	55.3
Ireland	258.5	116.4	45.0	142.1	55.0
Portugal	518.1	206.7	39.9	311.4	60.1
Technical assistance	1.7				
<b>Total</b>	<b>2 870.7</b>	<b>1 334.6</b>	<b>46.5</b>	<b>1 534.4</b>	<b>53.5</b>
<b>Payments</b>					
Greece	476.7	302	63.4	174.7	36.6
Spain	1 063.9	595	55.9	468.9	44.1
Ireland	236.4	97	41	139.4	59.1
Portugal	669.6	221	33.0	448.6	67.0
Technical assistance	1.5				
<b>Total</b>	<b>2 448.1</b>	<b>1 215</b>	<b>49.6</b>	<b>1 231.6</b>	<b>50.3</b>

**Commitments and payments by beneficiary Member State  
and sector 1993–98**

	Total	Transport		Environment	
	million ECU	million ECU	% of total	million ECU	% of total
<b>Commitments</b>					
Greece	2 448.7	1 191	48.6	1 257.7	51.4
Spain	7 493.5	3 764.4	50.2	3 729.1	49.8
Ireland	1 225.7	628.8	51.3	596.9	48.7
Portugal	2 455.7	1 220.5	49.6	1 235.5	50.3
Technical assistance	8.2				
<b>Total</b>	<b>13 631.8</b>	<b>6 804.7</b>	<b>49.9</b>	<b>6 818.9</b>	<b>50.0</b>
<b>Payments</b>					
Greece	1 691.1	878.2	51.9	812.9	51.4
Spain	5 080.6	3 383	66.6	1 697.6	33.4
Ireland	922.1	536.1	58.1	386	41.9
Portugal	2 230.3	1 178.1	52.8	1 052.2	47.2
Technical assistance	4.7				
<b>Total</b>	<b>9 928.8</b>	<b>5 975.4</b>	<b>60.2</b>	<b>3 948.7</b>	<b>39.8</b>

The following table shows the allocations by sector and the most relevant sub-items in environment and transport. The table gives totals for the five years from 1993 to 1997, the details for 1998 and totals for the six-year period until end-1998. This presentation clearly demonstrates the contribution of the 1998 commitments to the overall picture.

In the case of the environment, it reveals the concentration on the waste-water sector to meet the requirements of the urban waste-water directive (see Chapter 2.2.1). In the transport sector, the Commission would like to highlight the remarkable increase in rail projects: in 1998 45.7 % of commitments for transport projects concerned rail. In the earlier years of the present planning period, it was repeatedly criticised for not giving enough

emphasis to rail projects. The Commission persuaded the beneficiary countries to submit more such projects and there has been a greater concentration on rail projects for the latter part of the seven-year planning period. The Commission is pleased that the results of its efforts are now visible in the indicators below.

### Allocations by sector

All beneficiaries	1993-97		1998		Total 1993-98	
	million ECU	%	million ECU	%	million ECU	%
<b>Environment</b>						
Drinking water	1 674.5	31.7	468.2	30.5	2 142.7	31.4
Waste water	2 145.5	40.6	735.7	47.9	2 881.2	42.3
Solid waste	537.6	10.2	217.5	14.2	755.1	11.1
Erosion control and afforestation	514.3	9.7	70.9	4.6	585.2	8.6
Other	412.6	7.8	42.1	2.7	454.7	6.7
<b>Total</b>	<b>5 284.5</b>	<b>100</b>	<b>1 534.4</b>	<b>100</b>	<b>6 818.9</b>	<b>100</b>
<b>Transport</b>						
Roads	3 791.6	69.3	570.1	42.7	4 362.1	64.1
Railways	1 248.8	22.8	613.1	45.9	1 861.9	27.4
Airports	212.3	3.9	139.2	10.4	351.5	5.2
Seaports	181	3.3	10.3	0.8	191.3	2.8
Traffic control systems	36.4	0.7	1.5	0.1	37.9	0.6
<b>Total</b>	<b>5 470.1</b>	<b>100</b>	<b>1 334.6</b>	<b>100</b>	<b>6 804.7</b>	<b>100</b>
<b>Total support</b>	<b>10 754.6</b>		<b>2 869</b>		<b>13 623.6</b>	

Around 81.5 % of the total financial allocation of the Cohesion Fund had been implemented by the Commission by the end of 1998. The overall out-turn of payments and commitments now allows some preliminary conclusions to be drawn about the absorption capacity of the beneficiary countries and comparisons to be made between them. As the Commission monitors the Cohesion Fund through a dual system of financial and physical indicators, the absorption of payments also allows a crude measure of the general physical progress of projects.

### Performance of payments 1993-98

	% of total commitments	Payments as % of total commitments	Payments by country as % of all payments
Greece	18.0	67.6	16.6
Spain	55.0	72.4	54.3
Ireland	9.0	74.2	9.1
Portugal	18.0	81.2	20.0
<b>Total</b>	<b>100</b>	<b>73.3</b>	<b>100</b>

This table again shows the breakdown of commitment appropriations by individual beneficiaries. In total, by the end of 1998 73.3 % of all commitments had resulted in payments from the Community budget. This indicator points to a particularly good performance in implementing projects in Portugal, where 81.2 % of commitments resulted in payment flows. Greece is lagging behind, while Ireland and Spain have an average performance.

## **2.4. Eligibility of expenditure**

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As part of the SEM 2000 exercise to promote sound and efficient management of the Union's financial resources, the Structural Funds issued guidelines in 1997 on the eligibility of expenditure incurred by the final beneficiaries in the Member States. In parallel to this undertaking, the Commission had already begun a similar exercise in 1996 and established a series of principles governing the eligibility of expenditure under Cohesion Fund project assistance.

At a meeting in Brussels called for this purpose in autumn 1997, the Commission and delegates of the beneficiary Member States discussed an agreed draft of the document. In a further revision the Commission took account of the remarks received from these Member States in so far as they did not jeopardise consistency.

The amended document was forwarded late in 1997 to the Court of Auditors with a request for informal comments on the principles governing the eligibility of expenditure under the Cohesion Fund.

The final version of the principles was ultimately adopted in 1998. Later, the principles governing eligibility were appended to all grant decisions from the Fund as a supplement to the financial implementing provisions, which already form an integral part of Commission grant decisions. The Commission stated that its staff were willing to organise information workshops in the Member States concerned. Several such workshops were planned in 1998 but only two beneficiaries, Ireland and Greece, made use of this opportunity.

This attempt made by the Commission to codify standard practices in vetting expenditure and examining accounting documents during audit visits and when examining the final project reports, constitutes its response to criticisms from the Court of Auditors, which had called for more transparency with respect to the eligibility of types of expenditure incurred by final beneficiaries. The Commission believes that this approach will considerably enhance transparency in the financial relations between the beneficiary Member States and the Commission, between the national governments of those countries and the bodies responsible for project implementation and between the Commission's authorising officer, the Cohesion Fund, and the departments responsible for audits.





## Chapter 3

# Managing projects and measures adopted

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## 3.1. The Fund in each Member State

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### 3.1.1. Greece

#### 3.1.1.1. Environment

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##### *Overall strategy*

Priority continued to be given to projects concerned with water supply, the treatment of waste water, waste management and nature conservancy.

During 1998 the Cohesion Fund continued to finance a number of projects concerned with the environment and intended to overcome the considerable shortage of infrastructure for the supply and distribution of water, the treatment of waste water and waste management. Despite major financial support for environmental infrastructure from Community Funds, needs far outstrip the investment so far made.

The activities in this field have been undertaken in synergy with the ERDF, which part-finances environmental projects mainly under the 'Environment' operational programme and the 13 regional multifund operational programmes of the 1994–99 CSF for Greece.

Like those of the Cohesion Fund, these programmes comprise part-financed projects concerning water supply, waste-water treatment, the protection of habitats and waste management. In terms of both size and budget, they are usually smaller than the projects part-financed by the Cohesion Fund. However, the number of projects receiving ERDF assistance is considerable and the total appropriations allocated to them quite significant. Regular contacts between the departments concerned ensure appropriate coordination and avoid double financing.

**Environmental projects adopted or amended or instalments  
of projects continued in 1998**

No of project	Name of project	Type of commitment	Cohesion Fund contribution (million ECU)
94/09/61/005	Water supply to Thessaloniki Aliakmon River	Annual instalments	5.8
94/09/61/010	Ext. biological treatment plant Thessaloniki	Annual instalments	22.3
94/09/61/029-1	Waste-water treatment Patras	Annual instalments	5.0
94/09/61/034	Rehabilitation of Ano Liossia disposal site	Annual instalments	4.9
94/09/61/037-1	Sewage Alexandroupolis	Annual instalments	3.3
94/09/61/041-1	Waste-water treatment Iraklion	Annual instalments	3.3
94/09/61/042	Sewage and biolog. treatment Volos	Annual instalments	1.7
94/09/61/046-1	Sewage Rhodes	Annual instalments	2.6
94/09/61/064-1	Water supply and sewage Lamia	Annual instalments	1.7
94/09/61/074-1	Evinos landslide	Annual instalments	9.6
94/09/61/074-2	Evinos Extra/interim decision	Annual instalments	0.8
94/09/61/078, 27	Markopoulo, Kalyvia, Kouvaras	Annual instalments	3.2
95/09/61/074	Evinos Dam phase C	Annual instalments	29.0
96/09/61/085	Sewage — Larissa	Annual instalments	1.9
Eydap			
94/09/61/011-5	Project management of Mornos Aqueduct	Single commitment	14.4
94/09/61/011-9a	Increased capacity of Mornos and raising of aqueduct	Single commitment	14.6
96/09/61/011-1	Connecting Marathonas to treatment plant	Single commitment	10.4
96/09/61/011-2	Mornos-Yiiki: Kremala-Klidi-Dafnoula	Single commitment	12.9
94/09/61/015	Kolyndros — waste water and treatment station	Single commitment	0.5
94/09/61/021	Souffii — drainage and treatment station	Single commitment	2.1
94/09/61/024	Parga — waste water and treatment station	Single commitment	3.9
94/09/61/026-1	Arta — waste and rain water	Single commitment	1.2
94/09/61/027	Keratea — drainage	Single commitment	3.6
94/09/61/028	Corfu — treatment station	Single commitment	0.7
94/09/61/042-1	Water supply-sewage-biolog. treatment Trikala	Single commitment	1.2
94/09/61/049-1	Extension of drains Karditsa	Single commitment	0.7
94/09/61/050	Metsovo — waste water and treatment station	Single commitment	0.1
94/09/61/054-4	Modernisation and tertiary treatment, Kastoria	Single commitment	1.9
94/09/61/081-1	Gadoura Dam	Single commitment	2.2
97/09/61/003	Drains, Sarti	Single commitment	4.2
97/09/61/008	Drains, Ios	Single commitment	3.7
97/09/61/010	Drains, Leros	Single commitment	1.9
97/09/61/015	Protection of natural environment and forests	Single commitment	31.5
98/09/61/037-2	Drains and water supply, Xanthi	Single commitment	2.6

*Water supply*

Cohesion Fund assistance for drinking water was mainly concerned with solving problems of quality and quantity.

This category of projects includes one major project, to supply water to Thessaloniki from the River Aliakmon, further work on the Evinos major project to supply water to Athens and improvements to the Mornos aqueduct which links with the Evinos major project. The Evinos project is continuing following approval of its third, penultimate, phase. Extension of the Mornos aqueduct was approved as regards the points where it enters the Athens urban area.

In the case of the project to supply water to Athens, the Cohesion Fund paid attention to the sound management of water resources and improvements to the water-supply pipes. The Evinos/Mornos tunnel has been used to supply water to Athens since summer 1995. The Cohesion Fund also facilitated appointment of a project manager for the Athens water supply company (EYDAP) and approved finance for the management and transport of water (remote management and operation).

In view of the needs of Athens for external supply networks and in order to guarantee its water supplies, the Cohesion Fund approved finance to improve links between Athens and other drinking water reservoirs at Yliki and Marathon.

In the case of the major project to supply water to Thessaloniki, the Fund was concerned to ensure sound management of water resources, monitoring of existing facilities, the engagement of a project manager and an obligation to complete the networks required. It has made considerable efforts to ensure that operations are coordinated and the project is implemented in the best possible conditions.

It is also monitoring closely the project to establish a bank of hydrological and meteorological data to help meet requirements relating to the sound management of the country's water resources.

The Cohesion Fund has undertaken a thorough evaluation of the project to supply water to Rhodes and neighbouring islands as part of the environmental master plan for the Dodecanese. Initial finance for studies and a project manager was supplemented by finance for a panel of experts and purchase of the land required.

#### *Treatment of waste water*

A large number of projects concerned with the treatment of waste water and the treatment of effluent, mainly from urban areas, have been part-financed in a number of large and medium-sized regional towns.

The award of the contract for the second stage of the major project providing a biological treatment plant for Athens located on the island of Psyttalia was approved. This project is of the highest priority and is essential; it was the subject of a thorough prior appraisal. When it comes into operation, it will help improve the water quality in the Gulf of Saronikos and so improve the environment of the urban areas nearby.

Financing of the second stage of the biological waste-water treatment station in Thessaloniki continued during 1998. This project is of the utmost importance for water quality in the Gulf of Thessaloniki area and will serve the second largest city in Greece. Specifically regarding water quality in the Gulf, the Cohesion Fund approved a project for the biological treatment of waste water in the tourist area of Thessaloniki, whose treated effluent is also discharged into the Gulf. This work, together with the Kalochori drainage project, constitutes a series of measures to improve the environment in the region.

As suggested by the Greek authorities, the Cohesion Fund gave greater attention to the on-going evaluation of this project. The two parties agreed on operational improvements to conclude the project.

The Cohesion Fund is also part-financing a number of other projects throughout Greece. Those for which part-financing has already begun include: drainage at Keratea (ECU 3.6 million), drainage at Kastoria (ECU 1.9 million), waste-water disposal and biological treatment station at Soufli (ECU 2.1 million), waste-water disposal and biological treatment station at Parga (ECU 3.9 million), waste-water disposal at Sarti (ECU 4.2 million), waste-water disposal on the island of Leros (ECU 1.8 million), waste-water disposal and water supply at Xanthi (ECU 2.6 million), waste-water disposal and biological treatment station at Ios (ECU 3.6 million).

The main principles followed in granting this assistance were:

- (a) to adopt projects which are as complete as possible, operational and consistent, with an overall strategy and integrated with the economic and social development of each region;
- (b) to protect the environment, given that the projects enjoying priority would be primarily those benefiting towns near to a sensitive area and/or with a population of over 15 000 people on which the Community timetable imposes certain immediate priorities (1998/2000).

All finance has been granted on the basis of complete applications and a thorough study has been carried out on each project, as well as prior appraisals and on-going evaluations.

#### *Waste management*

During the second half of 1998 the Cohesion Fund held discussions on waste management with the Greek Ministries of the Environment and Economic Affairs on financing major waste-treatment projects for Athens and Thessaloniki. The discussions resulted in decisions which will lead to the submission of applications for finance during 1999.

#### *Pilot projects*

In 1998 the Greek authorities adopted the master plan for the pilot project to restore Lake Koronia and the study on the integrated pilot project for the island of Santorini. Following meetings in Brussels and Greece, the Cohesion Fund and the Greek authorities agreed that applications for finance for part of these two projects should be accepted in 1999.

#### *Nature conservancy*

In 1998 the Cohesion Fund financed the project to combat forest fires — protection of the natural environment and forests in Greece (total cost ECU 37 million), the main aim of which is to protect natural ecosystems and forests in Greece which are at great risk of catching fire. Forests and forested regions cover 68 % of Greece and are one of its most important national resources. Hence this project is important for the economic development of the country. The project includes a second part on preventing soil erosion. Since the relevant national authorities have not yet fully updated the technical studies on this part, the Cohesion Fund hopes that, once this has been done, an application for finance for 1999 can be submitted.

### 3.1.1.2. Transport

#### *Overall strategy*

The activities in this field are being undertaken in full coordination with the ERDF transport programme and in accordance with the priorities laid down for the TENs.

In their part-financing of the extension and modernisation of the Greek railway and motorway systems, in particular the PATHE and Egnatia motorways, the two funding instruments are required to work hand in hand. This approach has helped improve the Greek system of public works, establish efficient implementation agencies and part-finance specific projects to complete existing networks.

The main aim for the last part of the period will be to complete these projects in accordance with the legal and financial conditions and time constraints.

The transport strategy for Greece followed by the Cohesion Fund comprises:

- (a) completion of the country's two main road routes, the Via Egnatia and the PATHE (Patras–Athens–Thessaloniki) motorway;
- (b) completion of the rail network:
  - by constructing the railway station complex at Thriassio, where a group of converging sidings will be built to shunt trucks and a line built to connect the complex with existing track, there will also be provision for a future link with the Port of Piraeus,
  - by constructing a line to link Elefis, Thriassio station and the city of Corinth;
- (c) construction of the new major international airport for Athens at Spata and modernisation of air traffic control;
- (d) continuing development of the combined transport strategy through investment in three major Greek ports, Igoumenitsa, Iraklion and Piraeus, together with the Thriassio rail complex.

The success of this strategy depends on mobilising funds from the private sector, which will benefit from the future revenue generated by these investments.

The calculation of assistance to the major rail projects and the project to build the new Athens airport at Spata has taken account of future income.

### Roads

The transport strategy for roads in Greece pursued by the Cohesion Fund has remained the completion of the two main routes, the Via Egnatia and the PATHE motorway.

The strategy followed by the Cohesion Fund defined the following priorities for 1998.

#### — Egnatia motorway

The year 1998 was critical for the organisation of the 'Egnatia Odos SA' agency and construction of the Egnatia motorway.

The project manager's contract was renewed and the Cohesion Fund and the ERDF insisted on some new conditions for its extension by introducing clauses for the 'on time' and 'within budget' execution of the different projects.

New contracts were signed for 184 km. Some new applications for finance were submitted to the Cohesion Fund, which committed further assistance totalling ECU 81 million.

The construction of six more sections was announced in the *Official Journal*. The length of these sections is about 35 km and the total budget ECU 573 million.

#### — PATHE motorway

The PATHE motorway made progress during the year and many of the archaeological problems have been resolved. The Cohesion Fund committed a further ECU 7.35 million in assistance for supplementary contracts.

ECU 16.4 million was committed for a new 9.5 km section of the PATHE project: Girtoni junction–Tempi junction.

ECU 15.7 million was committed for studies and the first phase of land purchase to construct junction K4 where the Thessaloniki outer ring road crosses the national road linking PATHE to the Bulgarian border.

A further ECU 8.13 million was committed for studies on the whole route and construction of a second bridge on the Thessaloniki–N. Moudania motorway.

**Road projects adopted or amended and instalments  
of projects continued in 1998**

No of project	Name of project	Type of commitment	Cohesion Fund contribution (million ECU)
<b>PATHE</b>			
94/09/65/012-a,b	Yliki–Kastro; Kastro–Martino	Single commitment	2.3
94/09/65/012-c	Martino–Atalanti	Single commitment	2.5
94/09/65/012-e	Arkitsa–Ag. Konstantinos	Single commitment	.7
94/09/65/028-a	Skotina–Litohoro	Single commitment	1.0
94/09/65/028-b	Litohoro–Dion	Single commitment	.8
98/09/65/002	Girtoni junction–Tempi junction	Single commitment	16.4
<b>Egnatia</b>			
94/09/65/016-g	Messovouni–Kristalopigi viaducts	Single commitment	12.5
94/09/65/016-k	Dodoni Tunnel	Single commitment	15.8
94/09/65/017-a	Peristeri–Tunnel Anthohori	Single commitment	4.6
94/09/65/017-b	East access to Metsovo tunnel–Malaka	Single commitment	4.4
94/09/65/020-b	Kavala bypass	Single commitment	1.1
94/09/65/020-e	Six viaducts on Kavala bypass	Single commitment	2.5
94/09/65/020-f	Ag. Andréas–N. Karvali interchange	Single commitment	12.8
93/09/65/018	Polymylos–Kouloura	Single commitment	4.7
97/09/65/016-d	Kristalopigi–Psilorahi	Annual instalments	22.6
<b>Other corridor routes</b>			
93/09/65/005	Piraeus Ring road	Single commitment	2.4
94/09/65/024	Thessaloniki–Moudania: Kardias–Kalikratia–Potidea	Single commitment	8.1
94/09/65/022	Upgrading of Thessaloniki–Serres–Promahonas national road	Single commitment	15.7

*Air traffic control project*

The Cohesion Fund's search for possible legal alternatives last year led to progress on the project.

In October this year after a long period of negotiations, the Greek authorities signed the contract for the procurement of the three MSS radars.

The installation of the four terminal radars has also progressed.

**Airport project in 1998**

No of project	Name of project	Type of commitment	Cohesion Fund contribution (million ECU)
Airport 95/09/65/040	Athens international airport at Spata	Annual instalments	86.2

## Railways

During the year the rail projects already approved continued to make progress, although some are well behind schedule. Representatives of the Cohesion Fund Directorate checked the progress of all the projects in the course of ad hoc missions during the year.

### Rail projects 1998

No of project	Name of project	Type of commitment	Cohesion Fund contribution (million ECU)
Rail			
94/09/65/004	Electrif. PATHE railway line	Annual instalments	16.6
94/09/65/009	Evangelismos–Leptokarva	Annual instalments	46.8
94/09/65/010	Elefsina Korinthos	Annual instalments	8.5
94/09/65/011	Complex of installations Thriassio	Annual instalments	17.6

## 3.1.2. Spain

### 3.1.2.1. Environment

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#### *Overall strategy*

As in 1997, the grants made to Spain in 1998 reflected environmental needs identified at national level, principally the provision of infrastructure for water supply to private households, the treatment of waste water, the management of urban, toxic and dangerous waste, reforestation, the rehabilitation and reclaiming of the coastline, and improving the urban environment.

Priority was given to water-management projects, which absorbed 81 % of appropriations for the environment in 1998 as compared with 68.5 % in 1997 and 50 % in 1998.

The most significant sector was drainage and water treatment, where both the autonomous communities and the municipalities submitted projects, principally to comply with Directive 91/271/EEC on waste water and achieve the goals set for 1998 and 2000. Groups of projects were approved in Madrid, Barcelona and Valencia.

A larger number of projects concerning the provision of drinking water were submitted by the autonomous communities and the national government. They included desalination plants in Almería, Alicante and Cartagena to ensure supplies of drinking water to cities in south-east Spain severely affected by drought.

A sector which has grown considerably since 1996 is waste management, particularly the management of solid urban waste in accordance with the waste management plans drawn up by the various autonomous communities concerned. Examples include the integrated management of solid urban waste in the autonomous community of Madrid and on the Canary Islands.

To ensure a significant impact on the sector concerned, projects were submitted under national or sectoral plans or in accordance with legislation adopted by the autonomous communities. It should be noted that the submission of aid applications by the regional

and local authorities was much better as regards both the quality of the information supplied and the choice of projects than in previous years, particularly 1995, the first year when those bodies had direct access to finance.

Spain submitted groups of projects which were linked operationally, particularly in drainage and water treatment under the national plan for the sector, and groups of projects for the treatment of urban waste under the plan for waste being approved or legislation adopted at regional level and carried out by a number of autonomous communities and municipalities. Most of these were for complete drainage systems (collectors and treatment plants) or for the integrated management of waste (selective collection, treatment, recycling, controlled discharges) under the regional plans and the national plan. The experience of previous years and cooperation among all the administrations at Community, national and regional level contributed to these results.

The following paragraphs highlight the most important environmental projects adopted under the Cohesion Fund up to 1998 and developments in them.

#### *Drainage and waste-water treatment*

Following adoption in February 1995 of the Spanish national plan for drainage and waste-water treatment, this sector absorbed a very large share of the appropriations allocated to Spain under the Cohesion Fund in 1998: ECU 473.2 million, or 55 % of appropriations committed this year for the environment. Some of this (ECU 137 million) was for annual instalments in respect of major projects adopted in previous years.

During 1998, 29 new decisions were adopted: 11 concerned amendments to projects already being financed (further works or additional stages to supplement systems) and 18 related to new projects. Four of these were submitted by regional governments (Murcia, Galicia, the Balearic Islands and Castile-La Mancha) and the remainder were projects which the Ministry of the Environment had stated to be of national interest. Cleaning up the Bay of Biscay received special attention with the adoption of projects for major northern cities such as San Sebastián, Llodio, Gijón, Avilés and Oviedo. Other major beneficiary regions were the Canary Islands, a priority region because of its remote location, where two groups of projects were adopted for Gran Canaria and Lanzarote, and Castile-Leon, where three decisions were adopted to part-finance sewerage systems in Palencia, Salamanca and Las Navas del Marqués. The regions of La Rioja, Castile-La Mancha and Aragon also received assistance in this sector.

This demonstrates that the Spanish authorities are making vigorous efforts to comply with Directive 91/271/EEC and that assistance from the Cohesion Fund, with its very high rates of part-finance, continues to be a vital contributor. On the basis of projects announced up to the end of 1999 and investment planned by the Spanish authorities for 1995–2000, it is expected that the Cohesion Fund will assist almost 30 % of the schemes in the 1995 Spanish sewage drainage plan. Although the regional and local administrations take direct responsibility in this field, the national government (Ministry of the Environment) plays a very important role in ensuring the application of Community legislation, not simply as a coordinator but also in providing financial support by setting itself the target of covering 25 % of the investment in the national drainage plan.

In considering projects, particular attention is paid to whether the infrastructure complies with the environmental requirements imposed by Community legislation. Once again this year, some decisions already adopted were amended to supplement sewerage systems. These included the systems for Huelva and Campo de Dalías in Almería, where it is planned to re-use treated water. Another important point considered is that the authorities have the legal means of monitoring discharges into collectors and can, for example, require prior treatment of water from industrial sources. The economic and financial via-



bility of a project after its implementation must also be guaranteed, which means that the resources needed to operate and maintain a plant must be available. To encourage application of the polluter-pays principle, the Commission insists that these charges should be met by users. Accordingly, most regions have already factored sewerage charges into the price of water or will do so in the near future.

### Water treatment — projects adopted in 1998

No of project	Name of project	Type of commitment	Cohesion Fund contribution (million ECU)
97/11/61/029	Waste-water treatment in La Vega Alta de Segura	Single commitment	7.7
97/11/61/048	Individual measures in the Vigo sewerage network	Single commitment	25.2
97/11/61/049	Waste-water treatment for municipalities on the Balearic Islands	Single commitment	15.5
97/11/61/051	Waste-water treatment in Castile-La Mancha	Single commitment	22.7
97/11/61/065	Waste-water treatment plant and outfall at Palencia	Single commitment	12.6
97/11/61/066	Southern collector and waste-water treatment plant for Salamanca	Single commitment	27.3
98/11/61/001	Waste-water treatment plant at Alcázar de San Juan (Ciudad Real)	Single commitment	7.0
98/11/61/002	Waste-water treatment plant in Loiola and offshore outfall in Mompás	Single commitment	39.5
98/11/61/008	Waste-water treatment plant in Anuncibai — Cleaning of the Upper Nervión	Single commitment	9.5
98/11/61/014	Waste-water treatment facilities on Lanzarote	Single commitment	9.7
98/11/61/021	Waste-water treatment plants in southern Gran Canaria	Single commitment	10.3
98/11/61/023	Waste-water treatment in the Ebro basin	Single commitment	12.6
98/11/61/027	Waste-water treatment plant in Gijón (Asturias)	Single commitment	19.4
98/11/61/028	Waste-water treatment plant in Maqua (Asturias)	Single commitment	15.2
98/11/61/029	Waste-water treatment plant in Vuelta Ostrera, Suances (Cantabria)	Single commitment	18.2
98/11/61/036	Waste-water treatment plant in Las Navas del Marqués	Single commitment	8.9
98/11/61/041	Sewerage network for the Huerva	Single commitment	17.8

### Water supply

In November, in preparation for approval of a national water plan, Spain finalised its White Paper setting out goals and priorities in this area.

At the same time, under the responsibility of the water supply confederations, plans have been drawn up for each catchment area which identify needs for water infrastructure at two levels. There are plans covering several autonomous communities and plans for individual communities laying down the relations between them with regard to water. The various 'Consejos de Agua de Cuenca' have now approved the plans at inter-Community level, as has the national water council at national level.

In 1998 the contribution from the Cohesion Fund to this sector accounted for 26 % of the resources available for environmental projects, some ECU 231 million for the projects covered by seven new decisions and five amending decisions concerning increased costs so that further elements can be added to the works originally planned.

The decisions adopted in this sector relate principally to three goals: increasing the number of people served by constructing infrastructure to ensure the distribution of drinking water, facilitating the sustainable development of the area in question and improving water quality to the levels laid down by Community directives; providing drinking water to those suffering from drought, so improving health conditions and the quality of life of those concerned; expanding the systems providing public information on water.

In this connection, the Cohesion Fund has financed a desalination plant to supply drinking water in Las Palmas, works to supply domestic water in the catchment areas of the Tagus and Guadiana, improvements to the water supply system in Melilla and real-time information systems on water quality, the SAIH (Sistema Automático de Información Hidrológico — automatic water information system) on the Guadiana and the extension of the SAIH on the Guadalquivir.

The infrastructure financed also contributes to the conservation of aquifers, limits over-exploitation of ground water and checks erosion and desertification as required by the fifth Community programme on the environment and sustainable development.

#### Water supply — projects adopted in 1998

No of project	Name of project	Type of commitment	Cohesion Fund contribution (million ECU)
97/11/61/053	Water supply in the Guadiana basin	Single commitment	17.5
97/11/61/053-bis	Water supply in the Tagus basin	Single commitment	26.2
97/11/61/057	Desalination plant in Las Palmas-Telde	Single commitment	34.7
97/11/61/062	Canalisation of the lower Guadalhorce	Annual instalments	29.3
98/11/61/009	SAIH automatic information system — Guadalquivir basin	Single commitment	39.9
98/11/61/020	Collectors in the southern Oviedo catchment area, Rio Nora and Rio San Claudio	Annual instalments	0.9
98/11/61/031	Water supply in Asturias	Single commitment	17.3
98/11/61/032	Construction of new equalising reservoirs — Treatment plants at Venta Alta — Greater Bilbao	Single commitment	13.2

#### *Waste management*

Projects have been submitted under the waste management plans of the autonomous communities.

This sector accounted for 13 % of the appropriations allocated to Spain for the environment in 1998 and ECU 114 million was committed. Of the seven new decisions to grant aid, one amended a decision already adopted by adding further elements and three concerned annual instalments on projects adopted in previous years (ECU 20 million).

A major project for the management of solid urban waste in Galicia was adopted. Its main aim is to reduce quantities of waste and exploit the remainder to the maximum by recycling and re-use, to incinerate residues and recover energy and to restore discharges and tips. The facilities planned include construction of nine transfer plants, a unit to recycle, treat and manufacture fuel comprising two lines, each with the capacity to treat 40 tonnes of solid urban waste, a coupled heat generator to dry all forms of solid urban waste and a power-generation plant burning the fuel produced from residue by the unit for the recycling, treatment and manufacture of fuel.

Finance was also approved for other projects: in Castile-La Mancha selective collections and a treatment plant with selection and composting of the organic fraction; in Barcelona (Catalonia) the treatment of the organic fraction of solid urban waste by facilities for composting and the biological production of methane; and in Valladolid (Castile-Leon) for the construction of a plant to recover and compost solid urban waste where the residue will undergo a series of processes involving sorting, recovery and processing to ensure effective treatment.

### Treatment of waste — projects adopted in 1998

No of project	Name of project	Type of commitment	Cohesion Fund contribution (million ECU)
97/11/61/047	Management of solid urban waste in Galicia (Sogama)	Annual instalments	33.6
97/11/61/052	Management of solid urban waste in Castile-La Mancha	Single commitment	6.5
98/11/61/040	Plant to recover and compost solid urban waste (Valladolid)	Single commitment	16.0
98/11/61/048	Treatment of the organic fraction of solid urban waste	Single commitment	34.0

#### *Urban environment*

On the basis of the objectives of the fifth programme on the environment and sustainable development, a decision was adopted allocating ECU 3 million to a group of projects submitted by local authorities located in a number of municipalities in Catalonia: the re-forestation and improvement of the central park in Mataró, rehabilitation of two ravines in Reus, restoration of two tips as green areas and landscaping of the 'Muro Verde' in Tarragona. These projects are intended to preserve, protect and improve the quality of life in urban areas where environmental problems affect people's lives most severely.

### Urban environment — project adopted in 1998

No of project	Name of project	Type of commitment	Cohesion Fund contribution (million ECU)
97/11/61/009	Urban environment in Tarragona	Single commitment	3.2

#### *Erosion control*

Under the national plan for the restoration of watercourses and forests, three decisions were adopted involving a total of ECU 35 million. They comprise measures to consolidate river banks against flooding. Two projects concern the River Genil in Andalusia and the restoration of banks and flood protection on the River Guadiana in Extremadura. The third grants aid worth ECU 6 million for measures in the second phase of the project to restore the Arás, in Aragon, the first phase of which was approved in 1997.

### Afforestation and erosion control projects — adopted in 1998

No of project	Name of project	Type of commitment	Cohesion Fund contribution (million ECU)
98/11/61/011	Canalisation of River Genil (Puente de la Duquesa-Barranco Bermejo)	Single commitment	11.6
98/11/61/013	Restoration of banks and flood protection — Guadiana	Single commitment	17.4

#### *Protecting and reclaiming of the coastline*

A decision granting ECU 15 million was adopted for a project concerning the environmental restoration of the Nervión estuary at Bilbao (Basque Country). This is the first phase of a project to restore the ria which covers the whole of the river system — the estuary

itself and the four tributaries of the Nervión. The aim of the first phase, which covers the upper part of the Nervión estuary and its four tributaries, is to restore the banks of the whole river basin and the beds of the various tributaries. These measures will be supplemented by the construction of waste-water collectors linked to a treatment plant.

#### **Land management — project adopted in 1998**

No of project	Name of project	Type of commitment	Cohesion Fund contribution (million ECU)
98/11/61/024	Environmental restoration of the Nervión estuary — Bilbao (Phase I)	Single commitment	15.2

#### 3.1.2.2. Transport

The year 1998 was primarily one of consolidation for Spanish transport infrastructure projects with only four new decisions adopted, one relating to the Madrid metro extension and three to new sections of the Madrid–Barcelona high-speed railway line.

A total of ECU 704 million of assistance was committed to transport projects in 1998, representing 44.6 % of the Cohesion Fund's total allocation for Spain. This was made up as follows:

- commitments for new projects (ECU 229.3 million);
- amendments to existing decisions (ECU 67.7 million);
- annual instalments for projects approved in previous years (ECU 407.1 million).

Rail projects accounted for more than half the commitments made in 1998: ECU 387.9 million out of ECU 704 million.

#### *Roads & motorways*

##### (a) General strategy

The importance of investment in road infrastructure in Spain reflects the need to complete and upgrade the extensive main-road system in response to the rapid growth of traffic. All the projects supported by the Cohesion Fund aim to meet the objectives of the trans-European road network guidelines and of the general plan for roads in Spain.

In line with these objectives, the following are the main corridors on which Cohesion Fund assistance was concentrated in the period 1993 to 1998:

### Main road corridors — 1993–98

Corridor/section	Length (*) kms	Cohesion Fund grant approved 1993–98	Situation at end 1998
Rías Bajas motorway (Galicia–Madrid–N. Spain)	306	766.6	Under construction (some sections complete)
M40 Madrid ring road	35	282.8	Complete
Madrid–Granada (Bailén–Granada)	116	258.1	Complete
Zaragoza–Huesca–Somport–France (incl. Somport tunnel)	70	187.6	Under construction (one section complete)
Madrid–Valencia	123	328.3	Complete
Costa Cantábrica (Galicia–Irún)	38	102.1	Under construction (some sections complete)
Trans-Catalonia highway (Lérida–Gerona)	36	58.6	Complete

(\*) Section(s) constructed or upgraded with Cohesion Fund assistance.

#### (b) Decisions in 1998

There were no new decisions relating to road projects in 1998.

#### (c) Progress of projects approved 1993–97

Monitoring of projects approved in earlier years has become increasingly important with the maturity of the Cohesion Fund. This function has been undertaken by means of:

- physical and financial indicators submitted by the Spanish authorities for the bi-annual monitoring committee meetings held in Madrid;
- information submitted with applications for intermediate or final payments of grant;
- missions to monitor project implementation on the ground.

### Railways

#### (a) General strategy

The 'Plan director de Infraestructuras 1993–2007' identifies the main priorities for upgrading Spain's rail infrastructure, including the development of high-speed lines, improvement of track, signalling and other structures on existing lines, and general safety and conservation measures. The Cohesion Fund has contributed to the financing of these actions wherever they relate to the development of the trans-European transport network.

Since 1993, Cohesion Fund assistance has been concentrated on the following main projects:

### Main railways corridors — 1993–98

Corridor/section	Type of project	No of decisions	Cohesion Fund grant 1993–98 (million ECU)
Mediterranean corridor (Valencia–Tarragona–Barcelona)	Upgrading to 200/220 kph	4	357.9
Madrid–Valencia	Upgrading to 200/220 kph	3	141.8
Modernisation of conventional rail system	Upgrading, new infrastructure, signalling, etc.	1	111.3
Madrid–Barcelona–French border HST	New high-speed line	5	935.8

## Rail

### Rail projects — approved in 1998

No of project	Name of project	Type of commitment	Cohesion Fund contribution (million ECU)
98/11/65/002	Madrid–Barcelona HST	Annual instalments	30.6
98/11/65/003	Madrid–Barcelona HST: Ricla–Zaragoza	Annual instalments	38.2
98/11/65/004	Madrid–Barcelona HST: Chiloeches–Calatayud	Annual instalments	79.0

## Metro

### Metro project — adopted in 1998

No of project	Name of project	Type of commitment	Cohesion Fund contribution (million ECU)
97/11/65/002	Madrid metro — access to Barajas airport	Annual instalments	81.5

### (b) Decisions in 1998

Four decisions relating to railways were approved in 1998.

On 17 November 1998 the Commission adopted a decision to contribute ECU 122.9 million towards financing two sections of the Madrid metro system (Line 8) connecting to Barajas airport. The total length of the new line is around 6.3 km (2.0 km on the first section and 4.3 km on the second). Works financed by the Cohesion Fund include the tunnels, new stations, railways, electrification and all the necessary infrastructure for the functioning of the metro. Rolling stock is not included.

The three other new decisions, adopted in December 1998, relate to additional sections of the Madrid–Barcelona high-speed line:

- Ricla–Zaragoza (ECU 164 040 000);
- Chiloeches–Calatayud (ECU 339 587 000);
- Madrid–Chiloeches (ECU 132 382 000).

This new high-speed railway line was identified as one of the 14 high-priority TEN projects by the Essen Council, and has subsequently been incorporated within the decision on the trans-European network guidelines. Completion of the sections financed by the Cohesion Fund is anticipated for the end of 1999. The doubling of the line and modernisation of signalling and communications systems will permit an increase in capacity from the present 80 trains per day to around 200 per day, as well as improving the reliability and safety of the service. Once the whole line is finished and operational, it will have a major impact on connections between the Spanish capital and the cities of Zaragoza, Lérida and Barcelona. Journey times are expected to be cut as follows:

### Journey times

	Present	Projected
Madrid–Zaragoza	2h 59 mins	1h 25 mins
Madrid–Lérida	4h 35 mins	2h 00 mins
Madrid–Barcelona	6h 35 mins	2h 40 mins

The Spanish authorities have confirmed their intention of submitting additional sections of the Madrid–Barcelona HST line to the Cohesion Fund.

(c) Progress on projects approved 1993–97

Railway projects financed by the Fund generally advanced well during 1998 although delays were experienced in some cases due to their scale and complexity. The decisions relating to two projects were amended to take account of cost increases and technical changes:

- CF No 95/11/65/005 Mediterranean corridor;
- CF No 95/11/65/006 Conventional railway system — upgrading.

*Other transport — VTS*

The 1995 projects relating to the control of maritime traffic and combating pollution (vessel traffic systems — VTS) were completed and the final balance of grant paid during the year. These projects are located at Almería, Bilbao, Palma, Tarragona and Valencia. They form part of the Spanish network of centres for maritime traffic control and have been implemented within the framework of the national plan for sea rescue and the fight against marine pollution.

### **3.1.3. Ireland**

*General strategy*

As described in last year's report, the balance of commitments under the Cohesion Fund for Ireland has moved over time from support for relatively small projects to support for large projects with multi-annual budgets, and away from the approval of new projects towards the continuing implementation of major projects. The activities in 1998 continued this pattern. Most assistance went to projects aided in earlier years and only two genuinely new projects were approved. The year was also characterised by the successful completion of a considerable number of projects.

The strategy followed in 1998 was the same as defined in earlier years. In the environment sector, the bulk of assistance was committed to the continued implementation of priority projects, either to new stages of projects which the Commission had assisted in earlier years or to annual instalments of aid to larger projects approved earlier. Only two new projects were added in 1998, both waste-water schemes.

More than 80 % of the assistance for environment projects in 1998 went to waste-water projects. As in previous years, waste-water treatment projects within the largest urban areas and in environmentally sensitive areas, which are required by Community directives to be completed not later than the end of the decade, were the priorities for assistance. The Commission continued to support groups of related water-treatment projects in lake and river catchments with the aim of maximising the impact of aid already committed for the environmental protection of these areas. The projects assisted are in the Lough Derg and Lough Ree lake areas and the basins of the Rivers Boyne, Suir and Liffey.

Assistance to water-supply projects in 1998 concentrated on the continued upgrading of the water supply to the Greater Dublin Area and on water-conservation projects in Dublin

and elsewhere. Water conservation has been a priority for assistance since a consultancy study in 1996 showed that making better use of existing water resources and distribution systems through water-conservation measures and leakage control is often more cost-effective than the construction of new primary infrastructure. The national water-conservation project which already covered schemes in Cork, Limerick and Wexford was extended in 1998 and the assistance increased to also include conservation measures in Athlone, East Meath, Longford, Kilkenny, Clonmel and Donegal.

In transport, the bulk of the budget was used for the continuing implementation of major projects on the trans-European road network, with most assistance going to projects on the Dublin–Belfast route and the Dublin ring road.

In the rail sector, assistance continued to be given to sections of the Dublin–Galway, Dublin–Sligo, Dublin–Waterford and Mallow–Tralee lines.

As before, assistance to the port sector remained in line with the policy of concentrating on the four largest ports of Dublin, Rosslare, Waterford and Cork.



### 3.1.3.1. Environment

#### *Waste-water treatment*

The main part of the assistance was committed to annual instalments of aid for large projects under construction and to new stages of projects for which the Commission had earlier provided assistance. Assistance was granted for the planning stage of two entirely new waste-water projects. The following projects were assisted:

#### **Waste water treatment — projects assisted in 1998**

	Project name	Type of project/commitment	Aid granted in 1998 (million ECU)
93/07/61/007 93/07/61/013 93/07/61/014 93/07/61/033 95/07/61/010	Dublin (Stage I & II)	Annual instalment to continuing project	12.7
97/07/61/002	Dublin (Stage III)	New stage of project (planning)	5.8
93/07/61/020 95/07/61/015	Dundalk (Stage I & II)	Annual instalment to continuing project	14.9
96/07/61/010	Cork (Stage I & II)	Annual instalment to continuing project	8.2
93/07/61/031 94/07/61/022	Wexford (Stage I & II)	Annual instalment to continuing project	7.5
93/07/61/018 96/07/61/003	Drogheda (Stage I & II)	Annual instalment to continuing project	19.8
94/07/61/021	Lough Ree	Annual instalment to existing group of projects	2.8
94/07/61/014	River Suir	Annual instalment to existing group of projects	6.2
94/07/61/015	River Liffey (Stage I & II)	New stage of project (construction stage)	25.1
98/07/61/003	Lough Mask (Stage III)	New stage of project (Claremorris sewerage)	7.9
97/07/61/004	Donegal Bay	New project (planning stage)	3.5
97/07/61/005	Gweedore	New project (planning stage)	1.7
TOTAL			116.1

## Water-supply projects

### Water supply — projects assisted in 1998

	Project name	Type of project/commitment	Aid granted in 1998 (million ECU)
96/07/61/001	Dublin water conservation	Annual instalment to continuing project	7.3
96/07/61/007	Dublin water supply (Stage III)	Annual instalment to continuing project	13.5
96/07/61/004	National water conservation	Amendment to include six new water conservation projects	3.3
94/07/61/020	Lough Gill	Amendment to complete the project	0.9
TOTAL			25.0

### Technical assistance

An amount of ECU 600 000 was committed to three feasibility studies on the treatment of solid waste. One study concerns the feasibility of thermal treatment of solid waste as one element of integrated waste-management strategies in two regions in the mid-west and in the north-east of Ireland. The other two studies concern the feasibility of biological treatment and thermal treatment of solid waste in the Dublin region.

An amount of ECU 400 000 was granted to the project 'Financial measures for Cohesion Fund projects' which aims to improve the existing systems in place in Ireland for the financial control and monitoring of projects.

### 3.1.3.2. Transport

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#### Roads

In 1998, ECU 85 million was committed to road projects. All the assistance went to annual instalments of aid to large projects which were already under construction. There were no entirely new transport projects approved in 1998.

In the tables below 'annual instalment' identifies multi-annual projects where aid is committed each year until completion. The expression 'amendment of existing projects' indicates the addition of funds from the 1998 budget to a project approved by the Commission in the years before 1998.

### Roads — projects assisted in 1998

Road corridor	No of project	Project name	Type of commitment	Aid granted in 1998 (million ECU)
N1 Dublin-Belfast	93/07/65/029	Balbriggan bypass	Annual instalment	11.1
	95/07/65/007	Dunleer-Dundalk	Annual instalment	17.7
Dublin ring road	94/07/65/010	Southern Cross	Annual instalment	19.7
N11 Dublin-Rosslare	93/07/65/042	Arklow bypass	Annual instalment	15.9
N7 Dublin-Cork/Limerick	96/07/65/007	Kildare bypass	Annual instalment	4.5
	94/07/65/007	Portlaoise bypass	Annual instalment	6.9
N4 Dublin-Sligo	93/07/65/034	Curlews bypass	Annual instalment	3.4
	94/07/65/004	Collooney-Sligo	Annual instalment	5.8
TOTAL				85.0

### Rail

#### Rail — projects assisted in 1998

No of project	Railway line	Type of project and commitment	Aid granted in 1998 (million ECU)
96/07/65/002 96/07/65/006	Dublin-Galway Dublin-Waterford Dublin-Sligo Mallow-Tralee Network signalling	Annual instalment for track and signalling for continuing projects to upgrade parts of TENs rail network	19.8
96/07/65/001	DART extension	Annual instalment	8.0
TOTAL			27.8

### Ports

#### Ports — projects assisted in 1998

No of project	Port	Type of project	Type of commitment	Aid granted in 1998 (million ECU)
93/07/65/016	Cork	Container terminal	Amendment: Additional funding to complete project	2.1
95/07/65/010	Dublin, Rosslare, Cork, Waterford, Shannon	Vessel traffic management	Amendment: Additional funding for new equipment	1.5
TOTAL				3.6

### 3.1.4 Portugal

#### *General comment*

The small number of new projects adopted by the Cohesion Fund in 1998 (eight) was the result of the amounts of instalments committed in 1998 which came from projects adopted in previous years.

It should be stressed that the projects approved in 1998 follow up on the assistance financed in the past, either by the cohesion financial instrument or by the Cohesion Fund. Examples include the system for the control and management of maritime traffic in the Port of Lisbon, modernisation of the North Region railway line (reconstruction of the Albergaria–Alfarelos section), a new section of the A3 motorway (Braga Oeste–Ponte de Lima), the waste water treatment project in Vila Nova de Gaia (part of the system for cleaning up the Douro basin), the inter-municipal network for the treatment of solid urban waste in the west region, waste water treatment in Setúbal and the project concerning drainage, water treatment and sewers in Lagos (Algarve).

#### **1998 budget**

*million ECU*

Commitments	Annual instalments	Commitments for new projects
518.1	430.7	87.4
Payments	Intermediate and final payments	Advances
669.6	635.3	34.3

#### *Overall strategy*

In general, the Cohesion Fund continued to pursue the strategy of assistance adopted since 1993 in partnership with the Portuguese authorities and set out in the Community Support Framework for Portugal for 1994–99. In both the transport and environment sectors, the Cohesion Fund has always sought to coordinate its assistance with the other Community financial instruments.

As regards projects in progress, during 1998 the Cohesion Fund merged some projects which were related (geographically or administratively) into a smaller number of decisions. This resulted in more rational management, made assistance more visible and avoided an inflation in the number of decisions being executed.

#### 3.1.4.1. Environment

The Cohesion Fund is contributing to providing large-scale infrastructure in areas considered priorities for complying with the Community legislation on the environment (water supply, waste-water treatment and the management of solid urban waste) and is concentrating on providing facilities in the most densely populated areas of the country.

### *Important features during 1998*

- A large number of the projects submitted or approved followed on from assistance financed in the past, either by the cohesion financial instrument or by the Cohesion Fund. These include waste-water treatment at Vila Nova de Gaia (part of the system for cleaning up the Douro basin), waste-water treatment in Setúbal and the project for drainage, water treatment and sewers in Lagos (Algarve).
- The Cohesion Fund received applications for finance for projects which considerably exceed the funds available for the period ending in 1999.
- The continuation of measures already adopted and the adoption of a new project permitted Cohesion Fund assistance in the first phase of investments for the management of solid urban waste in continental Portugal to be closed. A second phase is planned from 2000 to complete the inter-municipal systems installed.
- The Portuguese authorities submitted four new applications to the Cohesion Fund for assistance in the field of the environment (solid urban waste and drainage). These are now under consideration.
- Taken together, the projects approved and under consideration will enable the goal of a balanced breakdown to be achieved (50 %/50 %) between the transport and environment sectors over the period as a whole.

### *Environment*

In 1998 the Commission adopted five new environment projects in Portugal involving assistance of ECU 59.8 million towards eligible investment of ECU 70.4 million. Assistance from the 1998 budget will amount to ECU 31.3 million.

The Commission also approved extra finance for four environmental projects approved in previous years at a cost to the 1998 budget of ECU 6.7 million.

These increases are the result of higher costs following the award of the contracts and the addition of new elements.

In addition to the ECU 38.0 million committed under decisions adopted in 1998, ECU 265.9 million was also committed to provide finance for projects adopted in previous years.

This means that 60.1 % of Portugal's 1998 budget under the Cohesion Fund went to projects in the field of the environment.

The Cohesion Fund noted some delays in some of the environment projects in progress, particularly those linked to local authorities.

### *Supply of drinking water*

Cohesion Fund assistance in this area concerned mainly implementation of projects forming part of the four major inter-municipal systems approved in 1996 to ensure water supplies of adequate quality and quantity in Greater Oporto and the Algarve.

During 1998 construction began on the two systems, North Oporto and South Oporto, intended to serve a population of almost two million by 2020; work should therefore be finished as planned by the end of 1999.

During the year, the delays which had arisen in 1997 in implementing the projects relating to the other two inter-municipal systems providing water to the whole of the Algarve were made up. The eastern system (Sotavento) was physically completed on 31 December 1998 while the western system (Barlavento) should be completed during the second half of 1999.

In the Greater Lisbon region, which is also considered a priority for assistance, all existing projects have now been completed, with the exception of the one to supply five municipalities in the north of the system, which is now being concluded.

In 1995 the Cohesion Fund approved part-financing of the national water plan and the 15 plans by catchment area. These constitute the instruments required for the management of catchment areas in accordance with the provisions to be established by the framework directive on water from 2001. This project has suffered substantial delays arising from approval of the various tender procedures and work did not actually start until 1998. It will be completed only after 1999.

In 1998 the Cohesion Fund, with technical support from an outside consultant, monitored projects forming part of the two systems to supply water to Greater Oporto.

#### *Treatment of waste water*

In the area of waste-water treatment, the Cohesion Fund is providing assistance almost exclusively in the three most densely populated urban areas in Portugal — Lisbon, Oporto and the Algarve. The few exceptions to this geographical rule are projects which provide solutions to particularly serious environmental problems whose urgency demands rapid and sometimes substantial assistance.

Commitments by the Cohesion Fund to this sector in 1998 accounted for 25 % of the resources allocated to environmental projects.

However, despite these efforts, there are still substantial delays in meeting the deadlines laid down by the directive for the installation of waste water-treatment systems, which means that this effort will have to be maintained and indeed stepped up in the near future.

In 1998, the Commission and the Portuguese authorities intensified work on the waste-water sector and made significant progress in implementing the relevant Community directives, particularly Council Directive 91/271/EEC of 21 May 1991, as amended by Commission Directive 98/15/EC of 27 February 1998.

As stated in the study carried out for the Cohesion Fund by WS Atkins International, Portugal needs considerable investment in the treatment of urban waste water if it is to meet all the Community standards.

As regards assistance provided under new decisions, in 1998 the sector received 56 % of new appropriations allocated to the environment, which corresponded to four new projects that are described below.

In the densely populated Oporto region, the Cohesion Fund granted assistance worth ECU 18.0 million for a project to clean up the final stretch of the north-east Douro basin at Vila Nova de Gaia — project No 97/10/61/004. This project forms part of the integrated system for drainage and treatment of waste water in the southern part of greater Oporto — cleaning up the Douro estuary with the general objective of improving the environment of the metropolitan areas of Oporto and Vila Nova de Gaia on the banks of the river and improving public health. Halting discharges into the Douro and introducing a separate system to pipe effluent to an appropriate outfall will help achieve levels compatible with the targets laid down in Community legislation.

In the Algarve, the Fund provided assistance of ECU 2.3 million for a project forming part of the group of projects for drainage, water treatment and sewers at Barlavento Algarvio. This concerns the collection and treatment of waste water from Lagos (the Bensafrim, Odiáxere and Dona Ana collectors) — project No 97/10/61/008. The general aim of the network in Barlavento Algarvio, a region which includes protected areas of considerable ecological value, is to ensure protection of an environment which is subject to growing pressure from urban expansion and tourism.

The investment is in line with growing economic and social development in the region, particularly in Lagos, since it will contribute to restoration of the environment in the areas in question and to improving living conditions there.

This project has the following goals:

- (a) To remedy certain critical situations in the municipality arising from the poor way in which the treatment infrastructure now operates, particularly the Bensafrim and Odiáxere treatment stations and the D. Ana collector network.
- (b) To improve the quality of service and link more areas to the networks for collecting and treating waste water.
- (c) To improve and protect the quality of the municipality's water resources.
- (d) To achieve economies of scale by treating waste water in a single treatment plant.

The Cohesion Fund financed two new projects in the Lisbon metropolitan area in 1998.

One was the first stage of the drainage network for Caldas da Rainha, Foz do Arelho and a number of urban areas in the catchment areas of the Arnóia and the Real — project No 97/10/61/020. Assistance from the Cohesion Fund amounted to ECU 13.8 million.

This project concerns the general collector and final treatment of effluent from the drainage networks of Caldas da Rainha and Foz do Arelho, the improvement of that network and of the system of drainage and treatment of domestic effluent from parts of the municipalities of Bombarral, Óbidos, Vadaval and Lourinhã discharged into the catchment areas of the Real and the Arnóia.

The project will provide a global and integrated solution for the general collector and the treatment of this type of effluent. Cessation of discharge into the Óbidos lagoon will help restore the lagoon and clean up the water in it.

The project is part of a programme of assistance for the environmental improvement of this lagoon designed to clean up the rivers Arnóia and Real and the Óbidos lagoon to ensure that its water is of sufficient quality to permit normal biological development there.

The ending of discharges into the lagoon and the collection and appropriate treatment of effluent will achieve levels compatible with the targets set by Community legislation.

The final effluent must comply with the parameters laid down in Council Directive 91/271/EEC on the treatment of waste water and with Directive 76/160/EEC concerning the quality of bathing water.

The other project in the Lisbon area concerns a waste-water system in Setúbal — project No 97/10/61/018, which forms part of an overall strategy to improve the quality of water in the estuaries of the Tagus and the Sado. It received assistance from the Cohesion Fund worth ECU 18.3 million and will benefit around 253 000 people.

By helping prevent the discharge of untreated waste water into the Sado estuary, the project will improve the environment in general and the quality of life in the area assisted, where it will reduce the danger to public health caused by water pollution.

The project will also promote sustainable development in the southern metropolitan area of Lisbon and create conditions in which all the opportunities offered by the receiving environment can be exploited. These include:

- bathing on the beaches currently monitored in accordance with current legal provisions;
- sailing, rowing and other recreational activities not involving direct contact with the water, west of the Doça do Comércio;
- cultivation of edible molluscs in approved farms on the Sado estuary;
- the attractions of the estuary landscape on the town side.

Final discharge of the effluent from the treatment plant will comply with national and Community legislation and respect the current and potential use of the receiving area. It will therefore meet the requirements of the new legislation on water quality, levels of treatment in the light of the specific features of the receiving areas and the quality of services provided to the population.

#### **Treatment of waste water Projects adopted in 1998**

No of project	Name of project	Type of commitment	Cohesion Fund contribution (million ECU)
97/10/61/008	Drainage, water treatment and sewers in Barlavento Algarvio	Single commitment	2.3
97/10/61/015	Inter-municipal system for the treatment of solid urban waste in the west of Portugal	Single commitment	7.4
97/10/61/018	Waste-water system in Setúbal	Annual instalments	4.3
97/10/61/020	Drainage system for Caldas da Rainha — Óbidos lagoon	Annual instalments	5.3

#### *Waste*

The strategic importance and financial volume of the projects in this sector adopted in previous years meant that the work of the Cohesion Fund in 1998 was concerned mainly with monitoring their implementation.

Six of the projects adopted in 1997 required some physical and financial adjustments. The assistance granted was increased by a total of ECU 31.7 million to finance the inclusion of new elements to reduce the volume of waste to be disposed of in tips.

In 1998 the Cohesion Fund approved the financing of only one new project: the first phase of the inter-municipal system to treat solid urban waste in the west of Portugal — project No 97/10/61/015. Total investment amounts to ECU 8.7 million for the equipping and construction of two of the four controlled tips at Torres Vedras and construction of five waste transfer centres.

#### **Waste — Projects adopted in 1998**

No of project	Name of project	Type of commitment	Cohesion Fund contribution (million ECU)
97/10/61/015	Solid urban waste in western Portugal Phase I	Single commitment	7.4



#### *Overall strategy*

The Cohesion Fund continued its strategy for assistance in place since 1993 in partnership with the Portuguese authorities, as laid down in the Community Support Framework for Portugal for 1994–99.

The strategic guidelines already defined earlier continued to govern assistance from the Fund to transport in Portugal during 1998.

Financial support from the Cohesion Fund went to projects designed to:

- (a) complete the Portuguese sections of the trans-European road routes selected earlier;
- (b) support national investment to increase the efficiency of the two priority rail corridors;
- (c) continue improving operating conditions in Portugal's main ports.

#### *Transport sector*

In 1998, the Commission adopted three new transport projects in Portugal. Total eligible investment amounted to ECU 149.3 million. The Cohesion Fund is contributing ECU 119.9 million, of which ECU 49.4 million came from the 1998 budget.

The assistance financed by the Cohesion Fund in Portugal concerns mainly those projects forming part of the multimodal corridor which complete systems and promote the integration of the various modes of transport and their inter-operability.

#### *Roads*

The Commission has adopted only one road project, the Ponte de Lima–Valença section which completes the Lisbon–La Coruña route, the very last sub-section of which up to the frontier was opened to the public in May 1998. The project concerning the bridge at Freixo on the same route was officially wound up following submission to the Commission of the final report.

On the Lisbon–Madrid route, the Montemor–Évora and Vila Boim–Caia sections (financed entirely from national resources), which provide a link with the Spanish border, were opened to the public in May 1998. On the basis of the final report, the Commission also paid the remaining balance of assistance allocated to the Marateca–Montemor project.

The Atalaia–Abrantes project, which forms part of the Lisbon–Valladolid route, was also wound up.

The new road crossing of the Tagus in Lisbon opened to traffic on 29 March.

The Vasco da Gama bridge, 17.67 km long, is one of the largest items of transport infrastructure completed in Europe in recent years and should have a substantial impact on the Lisbon region and the Portuguese economy. It meets the need for an alternative fixed link across the Tagus in the region and was subject to budget constraints which caused the Portuguese government to use the DBOT formula ('design, build, operate and transfer').

This means that the bridge was built and partly financed by the private sector on the basis of a concession contract under which the concession-holder assumes the responsibility and the risks of building and operating the bridge, which will subsequently become the

property of the Portuguese State at the end of a concession period of not more than 33 years.

This approach, involving establishment of a partnership between the public and private sectors (PPP) to carry out major infrastructure projects, is a recommendation by the Christophersen group which the Commission has preferred in order to increase the multiplier effect of Community resources.

The assistance granted of almost ECU 311.2 million represents 51.5 % of eligible expenditure and 32.2 % of the total volume of the investment. Besides the Cohesion Fund, whose assistance was of the utmost importance as a backbone to the complex finances of the project, finance was provided by grants from the Portuguese State (mainly revenue from the existing '25 April' bridge, operation of which was transferred for this purpose to a concession-holder from 1 January 1996), loans from private banks, the own-funds of the concession-holder and the contractor of the new bridge and loans from the ECSC and the EIB.

Particular attention continued to be given during the year to implementation of measures to reduce the impact of this project on the environment. Throughout the year, the Commission kept reminding the Portuguese authorities of the need to preserve the ecological balance of the Tagus Estuary Special Protection Zone and check excessive urban pressure, particularly on the left bank of the Tagus, which might be created by the new bridge. These aspects are still receiving attention, particularly as part of the consideration of the final report on the project sent to the Commission on 10 July 1998.

#### **Road network — Project adopted in 1998**

No of project	Name of project	Type of commitment	1998 contribution (million ECU)
97/10/65/004	A3 Lima-Valença bridge	Annual instalments	22.7

#### *Rail*

The two priorities for assistance to the railways remain the modernisation of the north line from Lisbon to Oporto, which carries 75 % of goods and passenger traffic, and the Beira Alta line, a linkage to the international network which forms part of project No 8 on the Essen summit list (multimodal corridor connecting Portugal to the rest of Europe).

The overall project to modernise the North line is divided into nine sections or phases. In earlier years the Cohesion Fund financed the first phase (concluded in 1996) and two other phases whose implementation is proceeding at a satisfactory pace.

In 1998 the Cohesion Fund approved finance for a fourth phase covering a 34 km section between the stations of Albergaria and Alfarelos — project No 97/10/65/002 — to which the Community will contribute ECU 74.3 million. The total cost of the four phases already started or completed is ECU 330 million, of which the Cohesion Fund will provide ECU 270 million.

The Cohesion Fund contributed to the first three phases of the overall project to modernise the Beira Alta line, the total volume of which is about ECU 67 million, to which the Community will be contributing ECU 59 million.

The project is physically completed and its financial winding-up awaits submission of the final report on implementation.

The improvements made through modernisation of the North and Beira Alta lines amount to shorter journey times and greater competitiveness as compared with other modes of transport. Still more important, however, is the enhanced safety gained by eliminating virtually all level crossings, many of which were unprotected.

#### Railways — project adopted in 1998

No of project	Name of project	Type of commitment	1998 contribution (million ECU)
97/10/65/002	Modernisation of the North line, redesign of the Albergaria-Alfarelos section	Annual instalments	41.8

#### Sea transport

Only one port project was adopted in 1998, namely the system to control and manage sea traffic (VTS) in the port of Lisbon. Assistance worth ECU 7.65 million has been granted.

The project involves construction of a building to house the control centre, purchase and installation of the VTS system, construction of a mole, a mooring quay, embankments and infrastructure. This should improve management of sea traffic in the area and safety in the port while helping preserve the environment.

The Commission also continued examining the application for a container terminal and multimodal platform in the port of Setúbal, which the Portuguese authorities submitted in November 1997.

At the end of the year, some problems remained which still prevented approval of this project. These involve a clear definition by the Portuguese authorities of the location of deep-water port activities and the role of the port of Setúbal in the Portuguese port system, with particular regard to compatibility between the activities of the ports of Lisbon and Setúbal. Problems also remain concerning the procedure for assessing the environmental impact of the project.

#### Sea transport — project adopted in 1998

No of project	Name of project	Type of commitment	Cohesion Fund contribution (million ECU)
97/10/15/001	System to control sea traffic in the port of Lisbon	Single commitment	7.7

### 3.1.5. Most remote regions

The Cohesion Fund has attached particular importance to financing projects in those regions of the cohesion countries regarded as most remote. In Spain these are the Canary Islands and in Portugal they are Madeira and the Azores.

Since it was established, the Cohesion Fund has helped finance projects in these regions, particularly in the field of the environment. In the field of transport, the aim of improving access from the most remote regions to the centre was expressly referred to in Article 2(2)(g) of the Community guidelines for the development of the trans-European network of 23 July 1996.

### 3.1.5.1. Spain

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#### **Canary Islands**

The Canary Islands are seven in number (Gran Canaria, Tenerife, Lanzarote, Fuerteventura, La Gomera, La Palma and El Hierro). Their resident population is about 1.5 million, of whom 45 % live on Gran Canaria and 42 % on Tenerife. The main economic activity is tourism, with an influx of about 10 million tourists per year. The most serious problem concerns water resources. The two main islands suffer from serious water supply problems because of the high population density and geological problems which mean that water is rare and expensive. This has affected the economic development of the islands.

In 1998 finance was concentrated on supplying drinking water and the treatment of waste water.

#### *Drinking water*

In 1998, the Cohesion Fund granted ECU 34 million to build a new desalination plant at Las Palmas-Telde which will provide 35 000 cubic metres/day of drinking water to over 375 000 people who have suffered from the drought in recent years.

The measure financed will also prevent such serious situations from arising and so contribute to the priority objective of the effective management of water resources while also improving the quality of life.

#### *Waste-water treatment*

Two decisions totalling ECU 20 million were approved in this sector to provide adequate treatment of waste water at present not being properly dealt with, so as to reduce the polluting effect of discharges and hence increase water quality substantially.

One decision concerns the construction of three treatment plants in the southern part of Gran Canaria at Arguineguín, on the Maspalomas plateau and in the port of Mogán.

The other decision concerns plants for the treatment and reutilisation of waste water on Lanzarote involving the construction of three waste-water treatment units: two new ones at Arrecife and Yaiza and extension of the plant at Haría.

### 3.1.5.2. Portugal

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#### **Madeira**

On Madeira the Cohesion Fund is financing a water-supply project and a project concerning Funchal airport. During the year, it continued negotiations on a waste-treatment system centred on an incinerator for urban waste.

## **Azores**

In 1998 the Cohesion Fund received an application for assistance for a project to ensure the treatment and final disposal of solid urban waste from the islands of S. Miguel, Pico and Terceira. This is being considered by the Commission.

## **3.2. Technical assistance and studies**

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### **3.2.1. General policy of the Fund**

To carry out its management duties successfully and make the assistance granted more effective, the Cohesion Fund Directorate calls on a number of experts and consultants in the various sectors to which it provides assistance.

Consultants in fact play a very important role in assessing, analysing and monitoring the projects submitted for part-financing by the Fund. Experts can supplement the Commission's technical expertise with their practical and up-to-date knowledge of a variety of subjects and so help it meet its obligations better.

### **3.2.2. Technical assistance at the initiative of the Commission**

Technical assistance schemes using outside consultants are very important in helping the Cohesion Fund carry out its duties. This work extends the range of knowledge available within the Commission.

The consultants are chosen through calls for tender in accordance with the procedures laid down by Directive 92/50/EEC on tenders for public services and are thus among the best in Europe. Most of the consultants working for the Cohesion Fund are companies from countries other than the cohesion countries. They often work alongside consultants from the beneficiary countries.

This activity also covers preparatory studies and measures to guide the choice of options to be selected by national authorities and the Cohesion Fund with regard to the projects to finance.

From the 1998 budget of the Cohesion Fund, ECU 1 657 000 was committed for technical assistance measures and studies, slightly less (down 10 %) compared with 1997 because a number of the framework contracts for technical assistance in the areas of concern to the Fund are multi-annual contracts which were still in force and did not require new commitments.

The budget committed in 1993–98, ECU 8.4 million, was less than 0.1 % of the total resources committed by the Fund.

In 1998, following a study made earlier in Greece to design a network of 'freight villages' (multimodal freight transport centres), the Cohesion Fund invited tenders for and commissioned a pilot study for one of the centres in the network to determine more clearly its size, features and components.

The main contracts for technical assistance and studies financed by the Cohesion Fund in 1998 were:

- the pilot study for a freight village at Chios in Greece;
- a programme of 60 *ex post* evaluations of environment projects;
- a programme of 60 *ex post* evaluations of transport projects.

The last two groups of contracts cover evaluation work to be carried out over three years, so they will be specified in more detail as projects are completed in accordance with an evaluation programme to be agreed with the beneficiary countries.

## Chapter 4

# Monitoring and control

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## 4.1. Monitoring committees

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### 4.1.1. Greece

The monitoring committee for Cohesion Fund projects met several times in 1998, namely in March and October in the case of transport, the environment and the ad hoc committee for Spata in June and November, the ad hoc committees for the Evinos and Eydap projects and in November the ad hoc committee for the Psyttalia project.

These monitoring committee meetings are chaired by the Secretary-General of the Greek Ministry for Economic Affairs. They comprise the Secretaries-General of the other ministries concerned with Cohesion Fund assistance, representatives of the Commission, that is, the Cohesion Fund and the other Directorates-General concerned, representatives of the EIB, other representatives of the Greek ministries and representatives of the associations of local councils and mayors as project promoters.

The Committee considered tables summarising each decision and project and reports on each project. The Commission pays particular attention to compliance with Community policies.

The various meetings of the monitoring committee also provided an opportunity to:

- (a) notify the amounts of commitments and payments in 1997 for projects in Greece in the fields of transport and the environment;
- (b) notify the authority designated by the Member State, the supervisory ministries and final beneficiaries of the results of consideration of the new applications for assistance;
- (c) secure direct knowledge of the problems encountered by the final beneficiaries in carrying out the works;
- (d) explain the position of each side (Member State and Commission) on the future status of projects, eligibility of expenditure and information to be provided to the Commission;
- (e) hear from the Greek authorities about possible amendments to be made in 1998 to projects already approved, on which the Commission has to state an opinion.

Implementation of the PATHE and Egnatia transport projects in 1998 progressed satisfactorily in terms of commitments and construction. Considerable delays in implementing rail projects were noted and the Commission sent a warning letter.

The ad hoc committee for the new Athens airport at Spata met twice in 1998. It looked at the physical and financial progress of the project and at compliance with Community policies, particularly on the environment, and with the special provisions of the Commission decision, which relate chiefly to the completion of access roads to the airport and the installation on schedule of navigational equipment. Thanks to the efforts of all the parties concerned, the necessary steps have been taken. Construction of the airport is also proceeding as planned.

The physical and financial implementation of environmental projects during 1998 was generally satisfactory, although there are delays in some projects. These include Pyrgos, disposal of waste water and biological treatment plant; Voio (Kozanio), water supply; Tripolis, water supply and waste-water disposal; Katerini, water supply and waste-water disposal; Marcopoulo, waste-water disposal and enlargement of the biological treatment plant; Kolymvari (Chania), waste-water disposal. The Commission sent a warning letter as provided for in Annex VI to the decisions.

The ad hoc committee for the Evinos project met twice in 1997. It is monitoring the supply of water to Athens from the river Evinos and the projects of the Athens water company (EYDAP) concerned with the transport of water and the management of water resources in the Athens conglomeration.

The Evinos project is being monitored in physical, financial and technical terms. A large part of the project part-financed by the Cohesion Fund has been completed and preparation of the extended final study has advanced as desired. From May, Montgomery Watson acted as project manager for the EYDAP projects.

The monitoring committee for the second stage of biological treatment for Athens at Psyttalia was established as provided for in the Commission decision and met once in 1998. Since tenders for the project had been called for, the Committee was informed about this procedure, the start of work and compliance with the Commission's decision.

#### **4.1.2. Spain**

In 1998, two meetings of the monitoring committee were held in Madrid, the 9th meeting on 28 and 29 April and the 10th on 20 and 21 October.

The committee considered some 200 monitoring reports on the situation of projects and groups of projects.

There are six sub-committees:

1. Committee for environmental projects submitted by the national government including water projects.
2. Committee for reforestation projects.
3. Committee for projects submitted by the autonomous communities.
4. Committee for projects submitted by local authorities.
5. Committee for transport projects submitted by the national government.
6. Committee for the HST South project: Madrid-Barcelona line.

At the 9th and 10th meetings of the monitoring committee, the Spanish authorities and the Commission took some decisions with regard to the change from pesetas to the euro in the financial reports on projects.

In the case of the Committee for environmental projects submitted by the national government, the Commission welcomed the submission to the Cohesion Fund of projects to complete integrated operational systems such as for water supply in Melilla and Almuñécar-Mondéjar.



In the case of the committee for projects submitted by the autonomous communities, the Commission noted that these projects, and particularly those concerned with drainage and water treatment, were progressing well. Work on a number of projects had been completed although administrative questions concerning the winding-up of contracts was delaying despatch of the final reports.

The committee for projects submitted by local authorities considered problems relating to mergers of and amendments to decisions. It was stated that the proposed mergers which would assist management would be carried out to avoid a decommitment, as would those forming part of a system, e.g. both collectors and treatment plants or two phases of a single project.

In 1997, the Commission granted ECU 291 765 875 for the HST South project: Madrid–Barcelona line, to cover the Calatayud–Ricla and Zaragoza–Lérida sections.

The Commission inquired about the revenues generated by the project in order to take a general stance on all the sections of the Madrid–Barcelona line submitted to the Cohesion Fund.

The representative of the GIF (Gestor de Infraestructuras Ferroviarias — railway infrastructure management) undertook to send the information to national government as soon as possible so that adoption could take place before the end of 1998. The EIA for the Madrid–Mejorada del Campo sub-section of the Madrid–Chiloeches section would also have to be confirmed.

The transport projects were progressing very well in the committee's view.

Most decisions on reforestation projects would have to be amended to extend the date for completion of the works.

The application to merge projects on restoring the coastline is being considered.

The Commission asked for the despatch of final reports on completed projects to be speeded up so that it could make the corresponding payments.

#### **4.1.3. Ireland**

The monitoring committee in Ireland met on two occasions in 1998, on 2 April and 27 October.

As in previous years, the Commission was represented by the Cohesion Fund Directorate and members of other departments with an interest in the Fund's operations in Ireland. The Irish authorities were represented by the Department of Finance, which provides the chairman and the secretariat for the committee, and by representatives of the Irish government departments responsible for the sectors which receive assistance from the Fund. Representatives of the public agencies responsible for the implementation of projects (e.g. Irish Rail, the State rail company, the port authorities, and Aer Rianta, the State airport company) also attended.

The presence of members of the local authorities which are responsible for the design, implementation and management of road, water-treatment and water-supply projects has become a well-established feature of meetings of the Committee.

In general, the Commission continued to be satisfied with the quality of the information supplied for the purposes of managing the projects. Nonetheless, it was still necessary on occasions to request clarification and additional information in some cases.

The Commission is generally satisfied with the progress achieved and particularly with the successful completion of a number of projects in 1998. It did, however, continue to

express concern about the scale of cost increases reported for some projects and continued to maintain its long-established position that increases in grant aid would be agreed to only if detailed justification were provided to explain the cost increases and that any increases would be subject to the availability of resources. As the commitments of aid to new and ongoing projects continue over time, there is much less scope for absorbing cost increases.

#### **4.1.4. Portugal**

During 1998, the monitoring committee for Cohesion Fund projects met twice, on 27 March and 9 October. These meetings, which continue to use a systems-analysis approach which highlights the links between the various projects, are still of the utmost importance for the correct monitoring of the management of Fund assistance. A number of missions have been undertaken on the basis of the findings of these meetings. While the timetable for implementation of transport projects is generally being complied with, the Commission noted continuing delays in environmental projects, particularly those submitted by municipalities, where a number of decisions have required amendment.

The monitoring committee for projects concerned with the treatment of solid urban waste, which was set up in 1996, held its third and fourth meetings in 1998. These continued to prove vital for monitoring implementation of the projects financed by the Fund. They provide an opportunity for all concerned to look at the problems encountered in implementing each project and to find the most appropriate ways of solving them.

The ad hoc committee for the project to enlarge Funchal airport met in Lisbon twice, on 26 March and 8 October. The subjects dealt with included progress in the physical implementation of the project and the conditions set out in the decision to grant assistance.

Since it is closely linked to the Alqueva dam, the project concerning construction of the Alqueva hydroelectric power station is also being monitored by the Structural Fund monitoring committee for the specific programme for the integrated development of the Alqueva area (Pediza), which also met twice, on 27 May and 24 November.

## **4.2. Inspection missions**

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The missions carried out in 1998 were designed to make contact with the authorities of the central or local bodies responsible for submitting and implementing projects and to obtain an overview of outstanding questions concerning them.

These missions were organised at the request of Directorate XVI/E, which is responsible for management of the Cohesion Fund, under Article 13 and Article F of Annex II to Regulation (EEC) No 1164/94 and point A of Annex IV to the Commission decisions approving projects, to consider the projects at meetings of the monitoring committees and applications for payment for projects which appear not to be making satisfactory progress.

### **4.2.1. Greece**

As part of the launching of pilot projects during 1998, the Cohesion Fund carried out two missions to Thessaloniki, to Lake Koronia, so that the project to protect that lake could begin. There was considerable discussion with the Greek local, regional and national

authorities on the spot and these authorities also met experts chosen by the Cohesion Fund to draw up the master plan for this project with the participation of representatives of the villages around the lake to keep them informed and make them aware of the environmental, economic and social importance of the project.

Other missions were also undertaken throughout 1998 to launch the Santorini pilot project (water supply, treatment of waste water and waste). These again entailed discussions with the local, regional and national authorities and providing information to the population of the island on the importance of the project.

In addition, there were regular meetings with the national authorities (ministers and secretaries-general) and the Ministries of Economic Affairs, the Environment and the Interior as part of the discussions in preparation for the monitoring committee meetings. These meetings concentrated on the progress of projects and how to speed them up.

Particular attention was paid to projects around Thessaloniki, designed to clean up the Gulf of Thermaikos.

#### **4.2.2. Spain**

The inspectors used a methodology stressing a sectoral approach, enabling them to verify that the measures financed in the various sectors are consistent with and complementary to the policies of the regions and employing on-the-spot visits to check on the progress of work and the difficulties inherent in project implementation. Meetings were organised with the bodies responsible for submitting projects to the Cohesion Fund and with those responsible for implementation in order to secure more detailed knowledge of the various sectoral plans of the regions visited.

#### **4.2.3. Ireland**

The purpose of the missions in 1998 was to check that work was proceeding satisfactorily. The Commission is satisfied with the way in which the bodies responsible are carrying out the work.

#### **4.2.4. Portugal**

The purpose of the missions to Portugal in 1998 was to monitor the physical and financial progress of projects and, in agreement with the national authorities, find solutions for projects whose implementation was encountering difficulties.

#### **4.2.5. Financial Control**

In 1998 Financial Control carried out one audit mission in relation to the Cohesion Fund. The mission took place in Ireland on 18, 19 and 20 March.

Three projects were audited covering both sectors financed by the Cohesion Fund; two in the environmental area and the third in the area of transport.

In the transport sector, the project selected was the Balbriggan bypass, projects Nos 93/07/65/004 (Stage I) and 93/07/65/008 (Stage II).

In the environment sector, two similar schemes were selected for audit; the main drainage schemes at Dundalk (projects Nos 93/07/61/020 and 96/07/61/015 for Stages I and II respectively) and at Drogheda (projects Nos 93/07/61/018 and 96/07/61/003 for Stages I and II)

In the case of the environmental projects, the desk officer in charge from DG XVI accompanied the controllers from DG XX. An audit report has been sent to the Irish authorities.

The implementation of monitoring procedures established by the national authorities was examined. Although the local authorities which were visited on the spot had broadly followed these procedures, the DG XX inspectors had some difficulty in following the audit trail and reconciling financial information produced at various stages in the chain. Recommendations were made in the audit report concerning improvements in this respect.

The Department of Environment was advised to examine the tendering and selection procedures of the consultant engineers for the two environment projects audited. This recommendation should be seen against the background of establishing whether the principles of sound financial management and the requirements of EU legislation on procurement had been respected.

As far as the national audit efforts for the Cohesion Fund are concerned, progress was noted compared to previous DG XX audit missions to Ireland, in particular with regard to the water services section of the Department of Environment. Further developments in this respect will be closely monitored and encouraged within the framework of the bilateral agreement for the Cohesion Fund signed in June 1998 by the Financial Controller of the Commission and the Department of Finance in Ireland.

## Chapter 5

# Fraud, irregularities and suspension of assistance

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Under Article 12 of Council Regulation (EC) No 1164/94, the Commission has adopted Regulation (EC) No 1831/94 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 (7).

Article 3 of the Commission regulation requires the beneficiary Member States to notify the Commission of any irregularities which have been the subject of preliminary administrative or judicial investigations. In 1998 the beneficiary Member States informed the Commission under Regulation (EC) No 1831/94 that they had not detected any irregularities during the year in question (8).

### ***Anti-fraud appropriations***

Since 1995, the budgetary authority has provided budget heading B2-301 with appropriations to combat fraud under the Cohesion Fund. In 1998 the amount allocated was ECU 300 000.

The Commission received six applications for assistance from three of the four beneficiary Member States; the total amount involved was ECU 175 600.

Four of the six applications, totalling ECU 98 600, were submitted by the Spanish departments responsible for investigating and combating fraud (national police, Guardia Civil, IGAE, and Fiscalía General). Three of them concerned the training of staff in specialised investigations and the risk of fraud in projects financed by the Cohesion Fund; the fourth, submitted by the Fiscalía General, concerned the purchase of equipment to support the work of the staff carrying out the inspections.

The fifth application, for ECU 23 000, was submitted by the Greek Ministry of Finance and concerned training for staff in its regional offices in specialised investigations and the risk of fraud in projects financed by the Cohesion Fund.

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(7) OJ L 191, 29.7.1994.

(8) Notifications for the fourth quarter are still in progress.

The final application was made by the Portuguese Policia Judiciaria for ECU 44 000 to train its staff in the legal background to the protection of the financial interests of the European Union and the risk of fraud in projects financed by the Cohesion Fund.

## Chapter 6

# Evaluation and assessment

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## 6.1. General

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For a thorough project appraisal, applications need to be supported with adequate documentation and economic analysis demonstrating that a project will generate medium-term economic and social benefits commensurate with the resources deployed. In general, cost-benefit analysis is used for this purpose. In the environment sector, however, there are often limits to a straightforward application of the cost-benefit model, so in this sector the regulation also allows the use of other forms of analysis and demonstration of benefits. The preparation of cost-benefit and other types of analysis is primarily the responsibility of the beneficiary Member States. The Commission may, however, support appraisals and evaluation of projects through technical assistance measures or within a first phase of project financing.

The Commission has been using technical expertise from outside consultants where this is deemed appropriate and has a standing agreement with the European Investment Bank for assistance with project appraisals.

## 6.2. Socioeconomic impact of the Cohesion Fund

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### 6.2.1. Introduction

The regulation establishing the Cohesion Fund requires the Commission to assess the economic impact of the Fund both at the level of individual projects and at the level of Community assistance as a whole. Article 10(5) specifies that the economic and social benefits of projects over the medium-term should be 'commensurate with the resources deployed.' Article 13(2) states that: 'In order to ensure the effectiveness of Community assistance, the Commission and the beneficiary Member States shall, in cooperation with the EIB where appropriate, carry out a systematic appraisal and evaluation of projects'. Moreover, Annex II specifies that the Commission should report annually on 'the economic and social impact of the Fund in the Member States and on economic and social cohesion in the Union'.

The Commission has taken a number of steps to meet these requirements. In the case of the prior appraisal of projects, it has encouraged Member States to develop and refine the economic appraisal methods used in support of project applications. It has also financed studies to the same end.

In the case of the *ex post* analysis, an exercise to assess completed Cohesion Fund projects is currently under way (see Section 6.4). As well as evaluating all aspects of project implementation, this includes a first assessment of the economic studies submitted with projects.

As regards wider issues of economic impact, the London School of Economics and Political Science was commissioned in 1995 to undertake a study into the effects of projects financed by the Cohesion Fund. The final report on this study was approved in early 1997 and additional work has been undertaken since then to develop the economic models proposed and to apply them to selected Cohesion Fund projects. Some results are reported below.

### **6.2.2. Prior appraisal of projects**

Cost-benefit analyses or other forms of quantified analysis are obligatory for every project submitted for Cohesion Fund assistance. Member States have made substantial efforts to comply with this requirement and, as noted in previous reports, the quality of the economic analyses submitted with project applications has improved. However, further progress remains to be made, in particular in the case of environment projects. Greater consistency between different sectors of assistance and between the approaches adopted by different countries is also desirable.

### **6.2.3. London School of Economics (LSE) study**

This study was commissioned from the London School of Economics and Political Science in 1995 with the aim of developing new modelling techniques for estimating the socioeconomic effects of Cohesion Fund assistance. A final report was presented on 12 June 1997 to an audience consisting of representatives of national ministries and regional and municipal authorities, the European Parliament, the Economic and Social Committee, the Committee of the Regions, the Court of Auditors, the EIB, academics and Commission officials.

The LSE study seeks to complement more traditional microeconomic analyses and, in particular, to capture the longer-term contribution of infrastructure investments to the development of the regional and national economies in which they are situated. With over ECU 3.0 billion of annual investment expenditure depending on Cohesion Fund resources, the potential impact on economic activity and job creation in the four beneficiary countries is considerable. The Commission seeks to ensure, on the one hand, that projects selected for assistance contribute positively to economic welfare and, on the other hand, that systematic evidence is obtained of their lasting effects on activity and employment.

Among the most interesting results of the study are the following.

- (1) A strong, positive relationship between public infrastructure investment and private investment, output and employment in the cohesion countries.
- (2) Significant employment effects of investment assisted by the Cohesion Fund over the short and medium term.



- (3) Regional income effects which, in many cases, exceed those resulting from more traditional approaches to project appraisal such as cost-benefit analysis.
- (4) Important spillover effects between regions and between the cohesion countries and their neighbours.

The background to the study and the methods developed by the LSE have been described fully in previous annual reports. Briefly, these methods are as follows:

**Vector autoregression (VAR) models** — These are econometric models which trace the dynamic response of private investment, output and employment to changes in public-sector investment. The approach involves establishing a statistical relationship between the main variables based on a detailed historical database. Although using established methods, the VAR models are innovative to the extent that they involve a high degree of regional disaggregation, consider dynamic impacts, and are able to identify inter-regional spillover effects.

**Regional general computable equilibrium (CGE) models** — These models represent the first attempt to develop operational CGE methods at a regional level and have been constructed for Spain/Portugal, Greece and Ireland. They focus specifically on transport infrastructure investments and capture their short, medium and longer-term impact on regional and national income via their effects on transport costs. The models differ from the others in that they do not depend on lengthy time-series data but rather incorporate a fully articulated microeconomic structure.

**Models of explicit distribution dynamics** — These models consider the dynamics and growth over the whole cross-section of regions in the cohesion countries and can be used to examine such questions as the tendency of regional incomes to become more or less equal over time, the mobility of regions within a regional income distribution, and the effects of changes in an individual region on the overall regional income distribution.

Since submission of the LSE's report, further work has been undertaken to refine the models and apply them to actual Cohesion Fund projects. Results are available for a series of transport infrastructure investments in Spain and Portugal using the VAR and CGE models.

#### 6.2.3.1. Results from application of VAR models

The VAR model results in Tables 6.2.3.1 and 6.3.2.2 represent a selection of the outputs available from the simulations. Additional results will be published in due course. The models can produce estimates of the impact of projects, groups of projects (for example along a main transport corridor), and total transport investment in a particular region or a country as a whole. The impact of assisted investment on private investment, employment, unemployment and output is measured, with results available by region and for the national economy.

The tables illustrate the estimated response of employment over the short and medium term of the major road and rail corridors financed by the Cohesion Fund in Spain and Portugal. Figures are given for 1998, generally around the peak employment effect, and 2004.

Overall results for all transport projects and all environment projects which it has been possible to include in the analyses are given at the foot of each table.

**Table 6.2.3.1: Simulation results for Spanish projects using the VAR model**

Transport project/corridor	Project cost (million ECU)	Response of employment			
		<i>Regional*</i>		<i>National</i>	
		1998	2004	1998	2004
Madrid ring road	333	9 451	360	16 616	2 826
Madrid–Valencia motorway	386	5 730	2 228	13 998	6 884
Rías Bajas motorway	902	17 124	4 270	42 059	14 030
Cantabrian highway	142	1 287	110	5 065	1 414
Bailén–Granada	318	5 400	900	5 500	1 000
Zaragoza–Huesca and Somport	221	3 100	400	3 100	500
Trans-Catalonia highway	168	6 000	900	6 000	1 000
Madrid–Valencia railway	167	3 300	540	4 000	800
Mediterranean rail corridor	421	13 000	1 980	13 100	2 200
Total all Cohesion Fund transport projects (#)		–	–	170 000	60 000
Total all Cohesion Fund environment projects (#)		–	–	30 000	32 000

(\*) Impact on region(s) in which project is located — other regional impacts available from full results.

(#) Includes other Cohesion Fund projects not listed — moreover, as the model is non-linear, the combined effect is not just the sum of the individual project effects.

**Table 6.2.3.2: Simulation results for Portuguese projects using the VAR model**

Transport project/corridor	Project cost (million ECU)	Response of employment			
		<i>Regional*</i>		<i>National</i>	
		1998	2004	1998	2004
Lisbon–La Coruña	309	10 560	5 660	12 780	6 120
Lisbon–Madrid motorway	152	6 430	988	9 790	1 220
Lisbon–Valladolid motorway	62	3 440	440	10 310	1 520
Lisbon ring roads	291	13 060	1 790	17 850	2 100
Tagus crossing	717	31 780	6 230	46 050	7 520
Northern railway line	164	3 140	2 880	4 960	3 440
Beira Alta railway line	71	3 830	1 030	5 660	1 260
Total all Cohesion Fund transport projects (#)		–	–	100 000	22 000
Total all Cohesion Fund environment projects		–	–	85 000	35 000

(\*) Impact on region(s) in which project is located — other regional impacts available from full results.

(#) Includes other Cohesion Fund projects not listed — moreover, as the model is non-linear, the combined effect is not just the sum of the individual project effects.

### 6.2.3.2. Regional CGE model results

The CGE model can be used to capture the effects of transport infrastructure investments on a particular region and/or all regions of a country by tracing the impact of the likely reduction in transport costs and consequent changes in trade, industry sales and profits. The analysis can be undertaken in stages with progressively greater effects on the mobility of workers and firms.

Total welfare and labour income changes by region resulting from specific transport infrastructure projects can be computed over the short, medium and longer term. In Table 6.2.3.3 the following effects are identified:

**Direct effect** — real income increase in economy as a whole due to investment, with all quantities held constant;

- **Short term** — additional effect from traffic generation but no relocation of activity assumed.
- **Medium term** — additional effect assuming some relocation of economic activity due to the new transport link.
- **Long term** — full effect on national income assuming relocation and labour migration.

In each case the real income gains are also expressed relative to the direct impact effect (second row in each case). These can be interpreted as multipliers. Where multipliers are greater than unity, it suggests that there are induced benefits in response to the projects as a result of increased investment in the region(s) concerned, the relocation of industry and labour migration. These additional welfare benefits are not normally picked up in more traditional microeconomic approaches such as cost-benefit analysis.

**Table 6.2.3.3: Simulation results using the CGE model**  
**Spain: Roads**

Road corridor		Direct effect	Short term	Medium term	Long term
Madrid ring road M40	million ECU	607	717	882	950
	<i>Relative</i>		1.18	1.45	1.57
Rías Bajas motorway	million ECU	206	245	299	314
	<i>Relative</i>		1.19	1.45	1.52
Bailén–Granada motorway	million ECU	220	279	354	393
	<i>Relative</i>		1.27	1.61	1.79
Cantabrian highway	million ECU	96	111	169	224
	<i>Relative</i>		1.16	1.76	2.33
Madrid–Valencia motorway	million ECU	287	341	412	471
	<i>Relative</i>		1.19	1.44	1.64
Trans-Catalonia highway	million ECU	266	312	376	433
	<i>Relative</i>		1.17	1.41	1.63
Zaragoza–Huesca–Somport	million ECU	30	35	43	56
	<i>Relative</i>		1.18	1.44	1.87
Total all road corridors	million ECU	1 764	2 113	2 592	2 833
	<i>Relative</i>		1.20	1.47	1.61

**Spain: Rail**

Road corridor		Direct effect	Short term	Medium term	Long term
Mediterranean rail	million ECU	15	17	20	22
	<i>Relative</i>		1.14	1.32	1.43
Madrid–Valencia	million ECU	28	33	39	46
	<i>Relative</i>		1.15	1.39	1.64

**Portugal: Roads**

Road corridor		Direct effect	Short term	Medium term	Long term
Lisbon–La Coruña	million ECU	124	126	145	83
	<i>Relative</i>		1.02	1.16	0.66
Lisbon–Madrid	million ECU	154	138	154	90
	<i>Relative</i>		0.90	1.00	0.59
Lisbon–Valladolid	million ECU	14	12	13	11
	<i>Relative</i>		0.88	0.96	0.79
Total road corridors	million ECU	293	278	315	184
	<i>Relative</i>		0.95	1.08	0.64

Figures in million ECU represent the estimated net welfare effect of the investments at the national economy level. The relative expresses the short-, medium- and long-term effects relative to the direct effect. The total effect is not just the arithmetic sum of the individual projects but has been calculated separately.

#### 6.2.4. Employment effects

Infrastructure investments create employment directly and indirectly: in the short term, direct jobs arise primarily in the construction industry, while indirect jobs are generated by the increased demand for industries and services which supply the construction sector, and which meet the needs of the newly employed. In the longer term, employment will also be generated during the operational phase of projects. Direct employment in this case will be more limited, but longer lasting jobs will be generated indirectly to the extent that the new infrastructure reduces production costs and improves the attractions and competitiveness of the economies concerned.

It is possible to estimate at least some of these effects from information submitted by the Member States. All Cohesion Fund applications must indicate at least the number of direct jobs likely to arise from the projects. An analysis of project applications indicates that on average around 20 jobs are generated directly per million ecus of grant in transport projects and 25 jobs per million ecus in environment projects.

If the above averages are applied to the grant assistance approved by the Cohesion Fund since 1993 the following results are obtained:

**Table 6.2.4: Estimated short-term employment dependent on Cohesion Fund**

Year	Direct employment	Indirect employment	Total employment
1993	34 300	10 300	44 600
1994	41 700	12 500	54 200
1995	48 200	14 500	62 700
1996	54 900	16 500	71 400
1997	62 400	18 700	81 100
1998	65 100	19 500	84 600
Total	306 600	92 000	398 600

Based on assumed multiplier of around 1.3.

These estimates should be interpreted with caution. They are not intended to show the permanent net employment impact of the Cohesion Fund, to derive which it would be necessary to make assumptions about the extent to which the projects might have been implemented without Cohesion Fund assistance and the extent to which other activities within the economies concerned have been displaced. The figures are therefore simply an indication of the gross employment, which is estimated to be dependent on the financed projects over the short term, that is the construction period.

### 6.3. The 'greening' of the Cohesion Fund

As announced in the 1997 annual report, to implement budget heading B2-1600, the Cohesion Fund had a study carried out in each beneficiary country to assess the environmental dimension of the projects it part-finances.

On the basis of the analysis of a certain number of projects by country in the two fields receiving assistance from the Cohesion Fund — transport and the environment — the study sets out to demonstrate the contribution of these projects to implementation of Article 130r of the Treaty and achievement of the aims of the fifth programme on the environment and sustainable development <sup>(9)</sup>.

<sup>(9)</sup> COM(92) 23 final of 20 May 1992.

For the projects examined, the studies highlight the environmental solutions adopted to minimise their impact and resolve the environmental problems which appeared before implementation. This enables dissemination of the best practice of each country to have a multiplier effect on the work of the Cohesion Fund.

These studies, which meet Parliament's request for information on the environmental dimension of the projects financed, are available and publication began early in 1999 in the language of each country analysed. Translations into other languages are under way.

Under the same budget heading B2-1600, the Cohesion Fund also promoted and financed a series of conferences in all the beneficiary countries designed to make those concerned aware of the main environmental objectives achieved through the projects part-financed by the Cohesion Fund. These events attracted considerable public interest and helped increase the profile of and interest in our work.

These measures made the work of the Cohesion Fund and its impact on the environment better known. Using examples from each beneficiary country, it showed that the Fund has increased the degree of implementation of the Union's environmental directives and resolved situations which were critical in environmental terms.

## **6.4. Ex post evaluation programme**

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Article 13 of Regulation (EC) No 1164/94 instituting a Cohesion Fund stipulates that, during implementation of projects and after their completion, the Commission and the beneficiary Member States are to evaluate the manner in which they have been carried out and the potential and actual impact of their implementation in order to assess whether the original objectives can be, or have been, achieved. In addition, Community rules require *ex post* evaluation to include the environmental impact of projects.

After selection of two outside consultants on the basis of a call for tenders, *ex post* evaluations began in 1998. Under the programme of evaluations, on average 20 projects in each field, transport and the environment, will be evaluated each year over the next few years.

### **6.4.1. Environment**

The aim is to determine whether the initially established objectives of the proposed projects have been or are likely to be attained. The evaluation analyses the social, economic and environmental impact of project implementation in accordance with the Community rules in force.

The evaluation of environmental projects started in June 1998 with projects in Spain, continuing with Greek projects in September, Irish projects in October and Portuguese projects in December. The projects evaluated during the year 1998 are listed below.

#### **Greece**

**Project No: 93/09/61/055-1** — Veria waste-water treatment plant (Greece).

The project concerns the construction of a secondary biological waste-water treatment plant to serve the town of Veria in Makedonia, northern Greece. The sewer was already constructed. Work was completed in 1995. The cost of the project amounted to ECU 7.8 million.

**Projects Nos: 93/09/61/012, 93/09/61/013, 93/09/61/014** — Forest protection, soil protection and afforestation (Greece).

The projects concern (i) afforestation, (ii) forest protection, (iii) soil protection and (iv) fire prevention in Greece. This last component includes the purchase of 200 Dakota firefighting vehicles. Implementation started in September 1993 and was completed in December 1994. The cost of the project amounts to ECU 14.2 million, of which 45 % is for the fire-fighting vehicles.

## **Spain**

**Project No: 93/11/61/063** — Madrid water supply, Picada — Valmayor conveyor (Spain).

The project concerns the construction of 33.9 km of pipeline to transfer water between two reservoirs and improve water management. Work was completed in October 1993. The cost of the project was ECU 91 million and the eligible cost ECU 51.9 million.

**Project No: 93/11/61/079-080** — Seville water supply — Viar river connection (Spain).

The project concerns emergency works to guarantee a sustainable water supply to Seville. Work was completed in April 1993. The cost of the project was ECU 23 million and the eligible cost ECU 18.2 million.

**Project No: 93/11/61/043-7** — Bilbao waste recycling plant for oils and solvents (Spain).

The project concerns an oils and solvents recycling plant in the Basque Country. Work was completed in August 1998. The cost of the project amounted to ECU 4.6 million.

## **Ireland**

**Project No: 94/07/61/006** — Greystone sewerage scheme (Stage II) (Ireland).

The project concerns the construction of the main sewer lines and a waste-water treatment plant, with a conventional activated sludge process, to collect and treat waste water from Greystone and Delgany. Work was completed in December 1996. The project cost was ECU 30 million and the eligible cost ECU 16.4 million.

**Project No: 93/07/61/028** — Ennis main drainage (Ireland).

The project concerns the construction of a sewage collection network for a district of Ennis town and the substitution of the existing septic tanks. Work was completed in December 1993 at a total cost of ECU 1.5 million.

**Project No: 93/07/61/027** — Ballinrobe sewerage and sewage disposal (Ireland).

The project consists of the construction of a sewage collection system and a new waste-water treatment plant to treat waste water from Ballinrobe. Work was completed in March 1996 at a total cost of ECU 13.4 million. The eligible cost was ECU 10.7 million.

## **Portugal**

**Project No: 93/10/61/003** — Water supply system for the municipalities of Constância and Vila Nova da Barquinha and military units (Portugal).

The project concerns the construction of pipelines, reservoirs and pumping stations to supply the existing and new municipal reservoirs in Constância, V.N. da Barquinha and military camps. The work started in 1993 and the total cost was ECU 13.7 million.

**Project No: 93/10/61/021** — Waste-water treatment plant at Tavira (Portugal).

The project concerns the construction of the primary waste-water treatment plant at Tavira to reduce pollution in the Ria Formosa wetlands of the Algarve. Work was completed in December 1995 at a total cost of ECU 1.3 million.

### **Preliminary conclusions**

The information provided by the local authorities and promoters was generally accurate and complete. In a few projects the authorities behaved strictly according to the schedule and list of queries prepared by the Cohesion Fund, but the results were satisfactory for all the projects.

The evaluation was performed by a group of experts in the field of the environment, economics and engineering, plus specific experts as required by the nature of each project. The methodology consists of three phases:

- analysis of existing documents and meetings with a Cohesion Fund representative to highlight the most important aspects to be checked and verified on site;
- mission to the project site, visit to the infrastructure, meetings with local authorities and promoter to collect all the information concerning the social, environmental, economic and technical components;
- analysis of the information collected, preparation of a report with the conclusions on the project's present and possible impact. The report assesses whether the initially established aims of the project have been achieved and includes appraisal of the environmental, social and economic impact of the project in accordance with Community directives.

The five projects concerning sewerage and waste-water treatment plants have benefited the environment, improving the quality of receiving waters, protecting aquatic flora and fauna, enhancing living conditions and conserving groundwater resources.

The three water-supply projects have improved the general quality of human life and management of existing water sources. This last issue is of great environmental importance in terms of the conservation of water sources, ecological flow maintenance and the preservation of riverine ecosystems.

The forestry projects concerning forest and soil protection have contributed to the protection of forests and forest-land ecosystems: (a) reducing forest-fire damage, (b) decreasing soil erosion and (c) increasing forested areas. The environmental benefits concern: (i) the conservation of forest biodiversity; (ii) the regulation of the water cycle; (iii) the reduction of atmospheric pollution; (iv) the improvement of the landscape for recreational and educational activities.

The recycling of oils and solvents project produced a number of beneficial environmental effects. The project has helped reduce uncontrolled disposal of oil and solvents and consequent surface water, groundwater and soil contamination. Other benefits concern health hazards to human life, nature and wildlife protection along rivers, estuaries and coastal areas and landscape conservation.

In general, the projects analysed were found to have been beneficial to the local population and the environment of the project area. The projects are performing in accordance with their design capacity apart from one water-supply project in Portugal (No 93/10/61/003), presently performing at 26 % of its capacity because of an unforeseeable reduction in military contingents based in the area.

The projects have produced positive economic externalities as a consequence of the positive environmental effects. Some projects have indirectly increased land values within their area of influence and stimulated economic development, prompting new activities and employment.

#### **6.4.2. Transport**

*Ex post* evaluations of transport projects have been carried out with a multidisciplinary Spanish, Irish and Portuguese team of engineers, economists and environmental specialists with proven experience in the various fields of the transport infrastructure activity supported by the Fund, i.e. motorways, roads, railways, airports, ports, VTSM, etc.

Using a coherent and harmonised approach based on a methodology approved by the Cohesion Fund, the programme started in July 1998 and 13 transport projects in Spain, Ireland and Portugal were evaluated during the year. No Greek project in the transport sector was considered ready for *ex post* evaluation in 1998 but the evaluation programme is expected to start there in 1999.

##### ***Spain***

In Spain six projects relating to roads and motorways, railways and airports were evaluated:

**Project No: 93/11/65/009** — The Requena–Chiva section of the Madrid–Valencia motorway — Cohesion Fund contribution ECU 83.78 million.

**Project No: 93/11/65/010-017-011** — M-40 Madrid Ring motorway with three sections and an overall report, western and northern interchanges sections I, II, III — Cohesion Fund contribution ECU 282.8 million for the three sections.

**Project No: 93/11/65/020** — Majorabique railway axle-gauge changeover system — Cohesion Fund contribution ECU 3.19 million.

**Project No: 93/11/65/033-034-035** — Palma de Mallorca airport, new terminal and access projects — Cohesion Fund contribution ECU 72.48 million for the three projects.

##### ***Ireland***

Three projects were evaluated in Ireland; they concerned motorways, railways and ports.

**Project No: 93/07/65/032** — The Northern Cross, Dublin Ring — Cohesion Fund contribution ECU 31.39 million.



**Project No: 93/07/65/019-025** — Rail network improvement on main lines — Cohesion Fund contribution ECU 58.58 million.

**Project No: 93/07/65/017** — Dublin Port Ro-Ro North Quay extension — Cohesion Fund contribution ECU 4 018 million.

### **Portugal**

Four projects relating to motorways and roads were evaluated in Portugal.

**Project No: 93/10/65/004** — Alcanena–Atalaia section of IP-6 — Cohesion Fund contribution ECU 23.8 million.

**Project No: 93/10/65/008** — Alverca–Vila Franca de Xira — Cohesion Fund contribution ECU 32.37 million.

**Project No: 93/10/65/009** Vila Franca de Xira–Carregado — Cohesion Fund contribution ECU 6.29 million.

**Project No: 93/10/65/011** — Lisbon outer ring road (CREL) — Cohesion Fund contribution ECU 103.28 million.

### **Preliminary conclusions**

The research was based on a complete examination of the entire record of the projects, from application to final report.

The documents submitted by the authorities of the Member State to the Cohesion Fund for projects in 1993–94 have to be seen against the transitional period of the cohesion financial instrument before the Cohesion Fund came into being. There was insufficient experience of application forms and final reports and some shortcomings were detected.

A series of meetings was held with the authorities and representatives of the project promoters on the spot which supplied the assessors with full information on the final investment costs of the project and its breakdown, the available data, parameters used, information on the detailed project description and modifications, minimisation of the environmental impact and corrective measures taken, etc.

All this information was very useful for the development of the *ex post* and sensitivity cost-benefit analyses.

Additional information was gathered on project development, data sources, the assumptions on which the cost-benefit analysis was based, amendments to the initial project and their consequences and updating of traffic figures, average speed, accident rates, etc.

Each report begins with a review of the project, focusing on its purpose and main objectives planned.

It then describes implementation, highlighting the successive amendments aimed at enhancing the quality of the motorway and preventing any negative environmental impacts.

The reports contain an economic and financial analysis, including a scrutiny of the cost-benefit analysis attached to the application form. An *ex post* cost-benefit analysis was carried out to take account of changes in investment costs, average speed and traffic forecasts.

The economic effects and the contribution of the project in terms of new development opportunities on a national and regional level, travel-time savings, safety gains, job creation, etc. are also highlighted.

Operations to minimise negative environmental impacts are shown in separate chapters, including a critical analysis of the application form and final report noting any shortcomings detected.

Some notes on the trans-European transport networks and part-financing by Community instruments, particularly the Cohesion Fund, can be found at the end of these reports.

Each report closes with a series of conclusions.

The general conclusions on the evaluations undertaken during 1998 can be summarised as follows.

The general aims described on the applications for Cohesion Fund assistance were achieved and no significant delays were noticed in implementation of the projects evaluated. The forecast costs of the projects are generally quite close to the final costs.

The *ex post* cost-benefit analysis generally gives better results than expected, one reason being that actual traffic density is often higher than estimated, showing that the projects proposed and approved were selected correctly.

The measures taken to minimise any negative environmental impact were often very important. A good example is the measures undertaken concerning the Ring M-40.

Economic impact is considerable: important trans-European connections, which take the form of savings in travel time and better safety, job creation, induced economic activity, etc.

The publicity measures required were implemented.

The projects given an *ex post* evaluation made a significant contribution to improving transport conditions, generating significant savings in travel time and improved safety and raising the performance of regional and national economic systems.

*Ex post* cost-benefit analyses once the projects have become operational lead to even higher internal rates of return than initially expected, showing that they were properly selected.

In many cases, amendments to the original projects were made, mainly to improve quality standards or to comply with the environmental rules laid down in Directive 85/337/EEC and specific environmental impact assessments. These amendments caused an increase in investment costs amply offset by the benefits attained.

Direct impacts on job creation were significant during the construction period, but permanent direct effects are generally small.

Experience shows that part-financing of transport projects by the Cohesion Fund and Member States makes an important contribution to the final achievement of the goals proposed within the framework of the trans-European transport network.

## Chapter 7

# Inter-institutional dialogue, information and publicity

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## 7.1. Annual report to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions

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Article 14 of the Cohesion Fund regulation requires the Commission to present an annual report on the activities of the Fund for examination and opinion to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions. The Commission approved the annual report covering the year 1997 on 7 October 1998 and then duly transmitted it to these institutions.

On a number of occasions during the year, Commission representatives had the opportunity to inform members of the institutions and discuss specific items with them. Such discussions concerned the conditionality procedure, the Commission's proposals in the Agenda 2000 document, in particular the future of the Cohesion Fund, as well as Fund management, information and publicity measures and assessment of effects in general.

### 7.1.1. European Parliament

Overall, Parliament was very satisfied with the performance of the Cohesion Fund in 1997. It congratulated the Commission and the Member States on its sound budgetary implementation in 1997.

Parliament welcomed the progress made in achieving an even balance between the two sectors of assistance, which over the period 1993–97 stands at 50.8 % for transport infrastructure and 49.1 % for environmental projects.

As regards transport infrastructure, Parliament acknowledged the efforts made by the Commission but repeated its request for more financing to go to railways, ports and airports, which are more environmentally-friendly means of transport. It also drew attention to the importance of sea and air transport for the most remote regions.

The Cohesion Fund can confirm that it has considerably increased the number of rail projects. Projects for ports and airports remain limited because they are few in number com-

pared with other transport infrastructure and because they generate income, which reduces the need for assistance from the Union budget.

As regards the environment, Parliament noted that the Commission has ensured implementation of the Community directives on water management and waste by financing projects in those areas but regretted that the Fund has not dealt with the problem of desertification, which affects three of the four cohesion countries.

The Commission must give priority to operations to implement existing Community rules and international agreements, as for example in the area of drinking water or the treatment of waste water. Combating desertification is not yet one of the Fund's priority objectives, although the beneficiary countries can submit applications which the Commission will consider.

Parliament recalled the need to include the environmental dimension in all Community policies (fifth framework programme). It should be noted that the Cohesion Fund carried out an evaluation study of the environmental dimension of projects financed by the Cohesion Fund using budget heading B2-1600 established by Parliament.

The studies evaluating the environmental dimension of projects financed by the Cohesion Fund in the four beneficiary countries will be publicly available during the second quarter of 1999.

Parliament noted that economic disparities between the countries receiving assistance from the Cohesion Fund and the rest of the Union have been reduced but also noted that internal disparities have increased. Parliament hopes that in future the Cohesion Fund will take account of the impact on regional disparities within the beneficiary countries.

The Commission must reiterate that the Cohesion Fund is not a regional fund and, as such, is not designed to alleviate regional disparities. To insist that it should operate in a manner equivalent to the regionalised Funds is to misunderstand its legal basis. The Cohesion Fund will, however, assist projects in the two Member States with very remote regions provided appropriate fundable projects justified on economic or environmental grounds are submitted.

Parliament considers the increase in the number of monitoring committees to be a sign that the Fund is consolidating and welcomes the efforts made to secure the participation of regional and local authorities. It considers that the current legislative reform should strengthen the principle of cooperation with regional and local partners from the stage of presentation of projects in order to make the work of the Fund more visible.

It also regarded *ex post* evaluation as a matter of urgency and hoped that future reports would include a brief description and evaluation of completed projects so that it could determine whether the impact was in line with the original objectives.

The Commission has begun a series of *ex post* evaluations which are described in this report.

### **7.1.2. Economic and Social Committee**

The annual report for 1997 was well-received by the Economic and Social Committee. It welcomed the improvement attained by the Commission with respect to the environment/transport balance and the excellent financial performance of the Fund in 1997.

The Committee welcomed the positive impact of the Fund on the regions covered and the programmes of *ex post* evaluations of projects, which reflects the Commission's desire to monitor projects.

The Committee hoped that the Commission would pay greater attention to modes of transport other than road transport, to protecting the natural environment and to the most remote regions.

The Commission can only reiterate the points it has made in response to similar calls by Parliament.

### **7.1.3. Committee of the Regions**

The Committee welcomed the report and expressed its satisfaction at the substantial improvements over previous years. The Committee noted that the targets for implementation of the budget had been met and was pleased to note an improvement in the transport/environment balance.

In the case of the environment, the Committee asked the Commission to pay attention also to environmental protection and improvements in urban areas.

The Commission would like to draw the Committee's attention to the fact that most investment in the environment field concerns people living in urban areas and that the strategy agreed with the beneficiary countries gives priority to the most densely populated towns and regions.

The Committee regretted the low level of investment in ports.

The Commission can only point out that the ports sector generates income and can easily make use of other sources of finance.

The Committee considered that it would be appropriate to increase the role of intra-Community cabotage to avoid pressure on the overland transport of goods.

At the initiative of the Commission, a feasibility study was carried out on the network of freight villages (multimodal logistics centres) in Greece. As a result, the Cohesion Fund financed pilot studies on the 'master plans' for the two freight villages at Kilkis and Chios covered by the first study. To promote this type of investment, the Cohesion Fund also organised a seminar on the topic in Portugal to draw the attention of the authorities and freight operators to the economic advantages which can stem from a multimodal solution.

The Committee of the Regions argued that financing of small-scale projects should continue in the future.

This is contrary to the Cohesion Fund regulation. Article 10 lays down a minimum size for projects, normally ECU 10 million. However, the Commission does demonstrate some flexibility, mainly in the field of the environment, for example by grouping together small-sized projects.

The Committee requested the Commission to ensure that regional and local authorities are involved in the operation of the Fund at all stages.

The Commission would like to point out that the Cohesion Fund is not an instrument for regional policy and development. Its partners in dialogue are the central bodies designated by national governments. The local and regional authorities are represented on the monitoring committees whenever they are project promoters. They also contribute to the environmental impact assessment (EIA) procedures.

## **7.2. Information to the Member States**

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The Member States are kept informed of the activities of the Cohesion Fund through well-established information meetings, which normally take place twice a year. In 1998 the first meeting took place in January and the second in July.

The meeting in January focused on the work of the Fund in 1997 and the prospects for 1998.

At the second meeting, in July, which was held in Lisbon, the Member States' representatives heard a presentation by Mr Landáburu, Director-General for Regional Policy and Cohesion. They also had the opportunity of visiting a number of projects on which work was in progress around Lisbon and saw the impact of the Cohesion Fund on the region.

## **7.3. Information to the social partners**

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Two meetings were held with the social partners (UNICE, CES, CEEP and Eurochambres) during 1998, the first in March and the second in October. On both occasions, the projects adopted to date and future prospects were at the centre of the discussion. Information on Cohesion Fund activities during the six years of operation made it possible to discuss general questions relating to Fund priorities, the balance between sectors, the socioeconomic impact of financing and employment effects.

## **7.4. Other information events**

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Cohesion Fund staff also regularly attend meetings, workshops and information seminars in order to inform interested sections of the public about the activities and operating methods of the Fund. During 1998, under budget heading B2-1600, 10 information meetings on the work of the Cohesion Fund in the field of the environment were organised in the four cohesion countries.

Measures of this type are also intended to help those responsible for projects to prepare their applications for assistance from the Fund, improve the financial management of the projects part-financed and so facilitate and speed up the management of applications.

The Cohesion Fund also organised two seminars, one in Greece and one in Ireland, to explain the new rules on the eligibility of expenditure.

### ***Seminars and raising awareness***

#### **7.4.1. Greece**

##### ***1. Seminar on the environmental dimension of the projects financed in Greece***

A day devoted to the environmental dimension of the projects financed in Greece was held in Athens on 12 May. It was attended by some 300 people (departmental heads in the Directorate-General for the Environment, the national authorities: the Ministries of the

Economic Affairs, Public Works and the Environment, and local authorities. The aim of the seminar was to look at the *direct and indirect effects of projects to protect the environment* part-financed in Greece by the Cohesion Fund and at transport infrastructure projects requiring compliance with the environmental conditions laid down in the Commission decision on each project.

## **2. Information day on Lake Koronia**

An information day on Lake Koronia was held in Thessaloniki on 8 May. It was attended by about 150 people (national and local authorities, NGOs, universities, farmers, industrialists). This project is helping increase the awareness of those concerned by the environmental restoration of Lake Koronia and the surrounding ecosystem and by improving the quality of life for those living in the towns and areas near the lake. The restoration is made possible by the preparation and application of new models for human activities (urban, industrial and agricultural) to promote sustainable development and ecological balance.

### **7.4.2. Spain**

## **3. Seminar on water supply and the management of waste water**

A day concerned with the integrated management of waste was held in Valencia on 4 June. It was attended by about 300 people from the various sectors involved: municipalities, business, consumers, students and other. Its purpose was to provide information on the new Directive 94/62/EC on packaging and packaging waste, transposed into Spanish law by Law No 11/1997 of 24 April 1997 requiring the autonomous communities to participate in the national programme on packaging and packaging waste, which will be passed within a year.

## **4. Seminar on the Cohesion Fund and the environment in Andalusia**

A day for information, the exchange of experience and consideration of the environmental aspects of projects financed by the Cohesion Fund in Andalusia was held in Seville on 22 June. It was attended by about 130 people from the various sectors involved: municipalities, businessmen, consultants, educational institutions and public bodies concerned with the environment. Its purpose was to provide information on the work of the Cohesion Fund and its assistance to the environment and to look at how it helped the environment and development of Andalusia.

## **5. Seminar on the Cohesion Fund and the real impact on the environment**

A seminar on the impact on the environment of the projects part-financed by the Cohesion Fund in Galicia was held in Santiago de Compostela on 29 and 30 June. It was attended by about 150 people from the various sectors concerned. Its aim was to look at the envi-

ronmental aspects of the projects financed by the Cohesion Fund in Galicia. After a general description of the Union's cohesion policy on the environment, discussions centred on the importance of the Cohesion Fund as a means of implementing the Union's new directives on the management of water and solid waste.

#### **6. *The contribution of the Cohesion Fund to transport and environment infrastructure in Catalonia***

A day devoted to the environmental aspects of projects financed by the Cohesion Fund in Catalonia was held in Barcelona on 22 September. It was attended by about 140 representatives of the public administration (regional and local authorities, potential beneficiaries of assistance), businessmen, chambers of commerce, universities, NGOs, etc. Its main aim was to provide an opportunity for information, the exchange of experience and consideration of best practice with regard to the environmental aspects of the projects financed by the Cohesion Fund in Catalonia. In the field of the environment, projects for the management of urban waste and waste-water treatment, all with innovative features in technical and management terms, were presented. In the field of transport, consideration was given to the importance of measures to offset the impact on the environment. The Commission also spoke about the future prospects for the Cohesion Fund.

#### **7. *Seminar on the environment and the Cohesion Fund***

A day concerned with the environmental aspects of the projects financed by the Cohesion Fund was held in Pamplona on 28 September. It was attended by about 150 people working in the national, regional and local administrations, as consultants on the environment and in NGOs. The seminar was concerned primarily with aspects of the environmental management of sectors likely to be financed by the Cohesion Fund (water treatment and management of solid waste). It stressed the most typical aspects of the projects financed by the Cohesion Fund.

#### **8. *Assessing the impact on the environment of projects financed by the Cohesion Fund***

A day concerned with information, the exchange of experience and assessment of the environmental impact of projects financed by the Community Funds, particularly the Structural Funds and the Cohesion Fund, was held in León on 14 December. It was attended by about 100 people from the various areas concerned. The aim was to inform the environmental authorities about aspects of the legal interpretation of application of the Union directives and national and regional legislation on assessment of the impact on the environment and the countryside. There was also a presentation of the manual on assessing the environmental impact of regional development plans and Structural Fund programmes. A methodology for the environmental strategic assessment of regional development plans (2000–06) was also drawn up.



### **7.4.3. Ireland**

#### **9. *The environmental benefits of Cohesion Fund investments in Ireland***

A day on the environmental benefits of Cohesion Fund investments in Ireland was held in Killarney on 12 October. It was attended by about 200 people from a variety of sectors (national government and local authorities, European Parliament, ministries from a number of Member States, research institutes, the private sector and the press). The seminar provided an opportunity to note that the strategic objectives for the environment laid down in the national development plan were being achieved with the help of assistance from the Cohesion Fund. In 1994–99, about 75 % of investment in water management would be part-financed by the Cohesion Fund. In the transport field, the seminar aimed to identify and discuss the importance of the environmental impact measures resulting from Cohesion Fund investments.

### **7.4.4. Portugal**

#### **10. *Seminar on the Cohesion Fund and environmental improvements in Portugal***

A day on environmental improvements in Portugal was held in Oporto on 25 May. It was attended by about 150 people (Minister for Transport and Infrastructure, Minister for the Environment, representatives of central and local administrations, business and journalists). The aim of the seminar was to identify the particular features of the environment in Portugal and the efforts being made with Cohesion Fund assistance to make up the initial delays in this sector. The seminar had a number of themes, including environmental priorities in Portugal and compliance with Community directives; financial management and the system for checking and monitoring projects receiving Cohesion Fund assistance; the Cohesion Fund and Agenda 2000 — the prospects for 2000–06 and Portuguese experience in water supply, the treatment of waste water and the treatment of solid urban waste.

## **7.5. Commission publicity and information measures**

The Cohesion Fund contributes to publications on regional policy and cohesion put out by DG XVI. The Cohesion Fund also contributes to publications by the European Regional Development Fund which deal with the Cohesion Fund sectors and countries.

The annual report was published in a convenient format and was also summarised in the *Inforegio* newsletter edited by DG XVI.

Ad hoc material is produced for specific events such as presentations and conferences using portable stands, graphic design by computer, audiovisual material and printed matter.

Under budget heading B2-1600, the Cohesion Fund has produced a number of studies on the Fund and the environment. Most of these will be available during the second quarter of 1999.



## ANNEX I

# Projects completed in 1998

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### Greece

#### Environment

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<b>Project No: 94/09/61/043</b>	Decision: C(95) 3138/f of 12.5.1995
Thessaloniki — Waste-water treatment	
Total cost:	ECU 3 217 000
Assistance granted:	ECU 2 734 450

<b>Project No: 94/09/61/058</b>	Decision: C(97) 1300/f of 5.5.1997
Veria — Water supply	
Total cost:	ECU 1 867 550
Assistance granted:	ECU 1 494 040

### Spain

#### Environment

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<b>Project No: 93/11/61/025-028</b>	Decision: C(93) 3979/3 of 16.12.1993
	Decision: C(97) 4037/F of 12.12.1997
Waste-water treatment system in Ceuta and Melilla	
The project covers the work required to improve the waste-water treatment system in Ceuta and Melilla and rectify existing shortcomings.	
Total cost:	ECU 3 351 962
Assistance granted:	ECU 2 849 164

**Project No: 94/11/61/020**

Decision: C(94) 3339 of 5.12.1994

Decision: C(97) 4042 of 12.12.1997

PITMA 94. Projects grouped in three categories: reduction and reversal of industrial pollution, research and development on the industrial environment and information and publicity on the environment.

Total cost: ECU 16 073 600

Assistance granted: ECU 13 662 560

Assistance paid: ECU 13 383 315

**Project No: 94/11/61/023**

Decision: C(94) 3696 F/2 of 5.12.1994

Decision: C(95) 1944 F/1 of 6.9.1995

Monitoring and surveillance of atmospheric and noise pollution. Group of projects concerning the monitoring and surveillance of atmospheric and noise pollution and the reduction of noise along arterial roads in Spain.

Total cost: ECU 10 831 327

Assistance granted: ECU 9 206 628

**Project No: 94/11/61/030**

Decision: C(94) 3755 F2 of 21.12.1994

Decision: C(96) 3777 F of 12.12.1996

Study: collection of basic information on the environment by remote sensing for the rational management of water resources in Spain.

Total cost: ECU 1 244 257

Assistance granted: ECU 1 244 257

**Project No: 95/11/61/026-4**

Decision: C(96) 549 F of 28.02.1996

First phase of creating green areas and conducting engineering works along the Ter (Gerona).

Total cost: ECU 3 851 353

Assistance granted: ECU 3 081 082

**Project No: 95/11/61/036**

Decision: C(95) 3121 F of 11.12.1995

Construction of collectors and treatment plants in Valencia for the collection and treatment of waste water to avoid the discharge of contaminated effluent into public watercourses.

Total cost: ECU 21 636 538

Assistance granted: ECU 17 309 231

**Project No: 95/11/61/039-1**

Decision: C(95) 3255 F of 18.12.1995

Water treatment on the Balearic Islands. The project includes the construction and expansion of five waste-water treatment plants and installation of a collector to serve one of them.

Total cost: ECU 8 386 982

Assistance granted: ECU 6 709 585

**Project No: 95/11/61/041**

Decision: C(95) 3510 F of 11.01.1996

Decision: C(97) 661 F of 12.03.1997

Treatment of urban waste in Catalonia. Group of projects concerning the treatment of special and hazardous urban waste including installation of three treatment lines at El Pont de Vilomora i Rocafort and a fourth at Montmeló.

Total cost: ECU 11 058 199

Assistance granted: ECU 8 846 559

**Project No: 95/11/61/043-2**

Decision: C(95) 3275 of 18.12.1995

Decision: C(97) 611 F of 12.03.1997

Cleaning up of soil contaminated by industrial waste at Boecillo (Valladolid) because of the location of the outfall near to a public watercourse and urban area.

Total cost: ECU 1 780 401

Assistance granted: ECU 1 424 321

Transport

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**Project No: 93/11/65/010**

Decision: C(93) 2378 F/1 of 2.09.1993

Decision: C(97) 3973F of 10.12.1997

M40 Madrid. Western interchange

Total cost: ECU 165 230 005

Assistance granted: ECU 140 445 504

**Project No: 94/11/65/003**

Decision: C(94) 3757 F/2 of 21.12.1994

Decision: C(96) 2056 F of 24.07.1996

Bailén–Albolote section of the Bailén–Motil expressway: 116.2 km section which completes the Madrid–Bailén–Granada–Málaga road.

Total cost: ECU 309 843 265

Assistance granted: ECU 263 366 772

Assistance paid: ECU 258 134 233

**Project No: 94/11/65/008**

Decision: C(94) 3757 F/6 of 21.12.1994

Decision: C(98) 697 of 20.03.1998

San Roque–Guadiaro section of the Costa del Sol expressway to improve communications in southern Spain and so facilitate access to tourist areas (Costa del Sol and Costa Blanca).

Total cost: ECU 40 841 024

Assistance granted: ECU 34 714 870

**Project No: 94/11/65/009**

Decision: C(94) 3757 F/7 of 21.12.1994

Luarca (Canero-Otur) bypass. Bypass at Luarca (Asturias) on an 11.6 km stretch of the CN-634 and CN-632.

Total cost: ECU 28 989 602

Assistance granted: ECU 24 641 160

**Project No: 94/11/65/010**

Decision: C(94) 3753 F of 21.12.1994

Decision: C(97) 4013 F of 12.12.1997

7.4 km stretch of the Gijón ring road between Lloreda and Piles.

Total cost: ECU 59 719 304

Assistance granted: ECU 50 761 408

**Project No: 95/11/65/003**

Decision: C(95) 2939 F of 27.11.1995

Motilla del Palancar–Minglanilla stretch of the Madrid–Valencia expressway.

Total cost: ECU 40 885 097

Assistance granted: ECU 34 752 330

**Project No: 95/11/65/008**

Decision: C(95) 3068F of 11.12.1995

Decision: C(96) 3776F of 12.12.1996

Rajadell-Manresa-Artés and Vic-Manlleu sections of the Lérida-Gerona trans-Catalonia highway, which will offer three links with the trans-European networks, via the A7 motorway at Gerona, via the trans-European E9 at Manresa and via the A2 motorway at Lérida.

Total cost: ECU 53 904 868

Assistance granted: ECU 43 123 894

**Project No: 96/11/65/002**

Decision: C(96) 2626F of 23.09.1996

Artés-Sta Maria de Oló 14.051 km section of the trans-Catalonia highway.

Total cost: ECU 19 365 914

Assistance granted: ECU 15 492 731

**Ireland****Environment**

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**Project No: 93/07/61/012/015  
and 94/07/61/001**

Decision C(93) 3357/1 of 15.11.1993

Decisions C(94) 3298/2 of 8.4.1994, C(94) 3298/2 of 2.12.1994 and C(95) 3250 final/3 of 18.12.1995

Dublin regional water supply scheme, Stage I & II

The project is the first stage of a major scheme for the development and upgrading of the water supply to the Dublin region. The work involved planning and construction of the development and refurbishment of the existing water-treatment works at Leixlip, planning and construction of new reservoirs, distribution mains and pipeline rehabilitation to upgrade the supply network and planning to ensure production stability of the entire supply.

Total cost: ECU 53 582 000

Assistance granted: ECU 45 544 700

**Project No: 93/07/61/035**

Decision C(93) 3257/11 of 15.11.1993

Decisions C(94) 2684/final 13 of 14.10.1994 C(97) 2609 final/7 of 29.7.1997

Limerick city main drainage – Stage I

First planning phase of an overall project to provide interceptor sewers to connect the existing piped systems, pumping stations and secondary waste-water treatment including sludge treatment for Limerick.

Total cost: ECU 1 698 000

Assistance granted: ECU 1 443 300

**Project No: 93/07/61/025**

Decision C(93) 3257/5 of 15.11.1993

Decisions C(94) 2684 final/13 of 14.10.1994 C(96) 2954 final of 24.10.1996

Wicklow town sewerage

First planning phase of a project to provide secondary waste-water treatment for the town of Wicklow and the adjacent villages of Ashford and Rathnew.

Total cost: ECU 500 000

Assistance granted: ECU 425 000

**Project No: 93/07/61/034**

Decision C(94) 668/5 of 8.4.1994  
 Decisions C(95) 3008 final of 6.12.1995  
 C(97) 2609 final/6 of 29.07.1997

Galway main drainage – Stage I

Planning and some initial construction of sewerage collection systems to serve Galway city, the surrounding area and the town of Oranmore.

Total cost: ECU 2 757 000

Assistance granted: ECU 2 343 450

**Project No: 94/07/61/002**

Decision C(94) 3070 final of 16.11.1994  
 Decisions C(97) 2643 of 31.7.1997  
 C(97) 4090 final/4 of 15.12.1997

Leakage control scheme

The project concerns leakage control studies in the towns of Galway and Waterford and includes installation of control and measuring equipment to identify and monitor leakages in the water-supply network and prioritisation of the future water-mains rehabilitation needed to reduce leakages.

Total cost: ECU 1 370 000

Assistance granted: ECU 1 164 500

**Project No: 93/07/61/040**

Decision C(93) 4039/3 of 20.12.1993  
 Decision C(97) 2609 final/10 of 29.7.1997

Tralee landfill site

Planning and construction of a modern contained disposal site with a capacity of 20 000 tonnes per annum including facilities for the segregation of materials for recycling. The site will serve the town of Tralee and adjoining areas.

Total cost: ECU 1 945 000

Assistance granted: ECU 1 653 250

**Project No: 93/07/61/010/022/026**

Decision C(93) 4039/7 of 20.12.1993  
 Decisions C(94) 668/4 of 8.4.1994,  
 C(95) 817 final of 19.4.1995,  
 C(95) 1641 final/1 of 13.7.1995 and  
 C(97) 4090 final/2 of 15.12.1997

River Barrow water quality improvement scheme

Planning and construction of sewerage collection systems for the town of New Ross and of sewerage networks and secondary waste-water treatment plants for the towns of Muinebheag and Athy.

Total cost: ECU 11 718 000

Assistance granted: ECU 9 960 300

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 Transports
 

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**Project No: 93/07/65/0026**

Decision C(96) 2113/2 of 29.7.1996

Waterford port: Belview Quay extension

The project provides a 150-metre extension of the quay which is needed to accommodate future container and bulk traffic using longer and deeper ships.

Total cost: ECU 4 005 804

Assistance granted: ECU 3 404 933

**Project No: 94/07/65/005**

Decision C(95) 1874/2 of 25.7.1995

Decision C(96) 3690/2 of 9.12.1996

Galway eastern approach road

This is a small project, only 3.5 km in length, which forms part of the dual carriageway approach road to Galway city from near Oranmore to the east where the roads from Dublin and Limerick meet. The road continues to become the northern bypass of the city. This section is the last link to complete the route.

Total cost: ECU 8 375 000

Assistance granted: ECU 7 118 750

**Project No: 95/07/65/006**

Decision C(95) 3250/5 of 18.12.1995

Decision C(96) 3690/2 of 9.12.1996.

Dublin port access road (Stage I)

The project is a small initial part of the total planning and design of a future road and tunnel link from the northern section of the Dublin ring road to the port area, which will improve access to the port and reduce congestion in Dublin city.

Total cost: ECU 6 882 000

Assistance granted: ECU 5 849 700

**Project No: 95/07/65/003**

Decision C(96) 2113/4 of 29.7.1996

Dunkettle-Carrigtwohill bypass

The project concerns the construction of 11 km of motorway from Carrigtwohill to Dunkettle on the N25 Rosslare-Cork route east of Cork. The assistance provided is for the main pavement work and the construction of nine bridges.

Total cost: ECU 27 327 000

Assistance granted: ECU 23 277 950

**Portugal**

## Environment

**Project No: 93/10/61/02**

Decision No C(93) 2931/1 of 21.10.1993

Increasing the capacity of the Asseiceira treatment station to produce drinking water to meet increased consumption in the Lisbon urban area.

Total cost: ECU 5 393 000

Assistance granted: ECU 4 584 050

Assistance paid: ECU 4 126 512

**Project No: 94/10/61/001-002**

Decision C(94) 3603/1 of 19.12.1994

Decision C(96) 1937/final of 15.7.1996

Studies and projects providing the basis for implementing inter-municipal systems to supply drinking water in the Algarve, which are also being financed by the Cohesion Fund.

Total cost: ECU 2 715 000

Assistance granted: ECU 2 307 750

Assistance paid: ECU 2 307 750

**Project No: 94/10/61/03-04**

Decision C(94) (3603/2) of 19.12.1994

Decision C(96) (1937/1) of 15.7.1996

Studies and projects providing the basis for implementing inter-municipal systems to supply drinking water in northern and southern Oporto.

Total cost: ECU 5 899 000

Assistance granted: ECU 5 014 150

Assistance paid: ECU 5 014 080



<b>Project No: 94/10/61/013</b>	Decision C(94) 3728/2 of 21.12.1994 Decision C(96) 1937/2 of 15.7.1996 Decision C(98) 220 of 2.2.1998 Decision C(98) 3146 of 19.10.1998
Restoration of plant cover in protected areas, including afforestation, replacement of exotic species, restoration of natural vegetation and establishment of nurseries in several protected areas of Portugal.	
Total cost:	ECU 6 379 790
Assistance granted:	ECU 5 422 822
Assistance paid:	ECU 5 422 822
<b>Project No: 94/10/61/015</b>	Decision C(95) 1530 of 30.6.1995 Decision C(97) 1070 of 10.4.1997
Improvements in the water system in the Odeleite-Beliche area to provide a guaranteed source of drinking water supplementing the inter-municipal system in Sotavento (Algarve).	
Total cost:	ECU 101 679 860
Assistance granted:	ECU 71 582 622
Assistance paid:	ECU 71 582 622

#### Transport

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<b>Project No: 93/10/65/027</b>	Decision C(94) 2128 of 27.7.1994 Decision C(95) 2918 of 24.11.1995 Decision C(97) 4187 of 16.12.1997
Preparatory study for the final general unloading terminal in the Port of Sines.	
Total cost:	ECU 292 924
Assistance granted:	ECU 248 985
Assistance paid:	ECU 248 985
<b>Project No: 93/10/65/028</b>	Decision C(94) 3016/2 of 16.11.1994 Decision C(95) 1640 of 12.7.1995 Decision C(96) 2094 of 25.7.1996 Decision C(97) 2140 of 10.7.1997
17.5 km stretch of the IP4 from Penafiel to Amarante.	
Total cost:	ECU 54 359 190
Assistance granted:	ECU 43 487 352
Assistance paid:	ECU 42 547 976
<b>Project No: 93/10/65/032</b>	Decision C(94) 3016/1 of 16.11.1994 Decision C(95) 1640 of 12.7.1995 Decision C(96) 2094 of 25.7.1997
42 km stretch of the IP7 from Marateca to Montemor.	
Total cost:	ECU 46 604 342
Assistance granted:	ECU 37 283 634
Assistance paid:	ECU 29 845 958
<b>Project No: 93/10/65/033</b>	Decision C(94) 3016/3 of 16.11.1994 Decision C(95) 2918 of 24.11.1995 Decision C(96) 2084 of 26.7.1996
17.5 km stretch of the IP6 from Atalaia to Abrantes.	
Total cost:	ECU 33 877 000
Assistance granted:	ECU 28 795 450
Assistance paid:	ECU 28 795 450

**Project No: 94/10/65/006**

Decision C(94) 3650/1 of 19.12.1994

Decision C(96) 2084 of 26.7.1996

'De Freixo' bridge and access viaduct on the IP1 830 m long.

Total cost: ECU 29 951 000

Assistance granted: ECU 17 833 850

Assistance paid: ECU 17 594 793

## **Annex II**

# List of missions in 1998

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## **Greece**

### **February 1998**

The Commission learnt of the difficulties encountered in implementing rail projects in Greece following the transfer of files from OSE to Ergose SA on 31 December 1997 and wished to check in 1998 on the progress of all the projects part-financed by the Cohesion Fund. A specific mission was organised to check that the duties of the project manager laid down in Annex VII to the Commission decisions granting assistance were in line with those assigned by Ergose SA (a subsidiary of OSE — the Greek railways).

### **May 1998**

Projects Nos: 94/04/61/006 and 94/09/61/007 — The projects at Kalohori (waste water and rain water) and treatment of waste water in the tourist area of Thessaloniki (phases 1 and 2)

Project No: 93/09/65/032 — Port of Iraklion

### **June 1998**

Project No: 94/09/61/005 — Major project to supply Thessaloniki with water from the river Aliakmon following a technical report prepared by Knight-Piesold and discussed with the Greek authorities

### **July**

Project No: 94/09/61/016 — Kalamata — Waste water and extension of the waste-water treatment station

Project No: 95/09/61/005 — Pylos — Waste-water treatment station.

Projects Nos: 94/09/65/028, 94/09/65/013, 94/09/65/012 — PATHE motorway

Project No: 93/09/65/001 — Modernisation of air traffic control

Projects Nos: 93/09/65/005, 94/09/65/005, 94/09/65/034, 94/09/65/035, 94/09/65/036 — Port of Piraeus

## **September**

### Rail projects

Projects Nos: 94/09/65/011 — Goods sorting station at Thriassio and link line

95/09/65/034 — Study of the link between Thriassio and the port of Piraeus

94/09/65/010 — Thriassio–Elefsis–Korinthos Line

## **November**

### Rail projects

Project No: 94/09/65/004 — Electrification of the Piraeus–Athens–Thessaloniki line

Project No: 94/09/65/006 — Paleofarsala–Kalambaka

Project No: 94/09/65/008 — Thessaloniki–Alexandroupolis

Project No: 94/09/65/009 — Evangelismos–Leptokarya

## **Spain**

### **16-19 February**

Project No: 94/11/61/029 — Beaches at Garucha and Mojacar

Project No: 95/11/61/002 — Restoration of the coastline, nature park at Cabo de Gata

Project No: 95/11/61/013 — Motril-Salobreña treatment plant

Project No: 95/11/61/014 — Campo de Dalias treatment plants

### **11-13 May**

Project No: 93/11/65/021/024/025 — Mediterranean corridor

### **5 June**

#### Valencian coastline

Project No: 95/11/61/003 — Restoration of the beach at Penedo

Project No: 95/11/61/002 — Restoration of the coastline at Devesa del Saler

### **23-24 June**

#### Melonares dam (Seville):

— Meeting of the Water Confederation for the Guadalquivir and EMASESA

— Visit to Melonares

Project No: 93/11/61/079-080 — Water supply to Seville

**27-28 July**

Project No: 94/11/65/005 — Somport tunnel

Project No: 95/11/65/002 — Zaragoza–Huesca expressway

**21-24 September**

Project No: 96/11/61/027 — Environmental restoration of the final section of the River Besos (Consortium for the River Besos basin)

Project No: 97/11/61/056 — Iruña dam (Castile-León)

**29-30 September**

Project No: 95/11/65/007 — Madrid–Barcelona–French border HST: Calatayud–Riela and Zaragoza–Lérida sections

**19 October**

Project No: 96/11/61/034 — Improvements to woodland and River Manzanares

**22 October**

Tagus Water Conference

**22-25 October**

Project No: 98/11/61/005 — Collectors and treatment station at Vélez-Málaga

**24-25 November**

Project No: 98/11/65/005 — Port of Ibiza

**Ireland**

Missions by DG XVI

**2-3 February:**

Project No: 93/07/61/027 — Ballinrobe waste water

Project No: 94/07/61/002 — Leakage control scheme in Galway

Project No: 93/07/61/029 & 94/07/61/018 — Tuam regional water supply

**3-4 April:**

Cork port projects:

Project No: 93/07/65/015 — Ferry terminal

Project No: 93/07/65/016 — Container terminal

Project No: 93/07/65/013 — Tug

Project No: 93/07/65/010 — River Lee tunnel

Project No: 95/07/65/003 — Dunkettle bypass

Project No: 96/07/61/010 — Cork main drainage (site for the future treatment plant)

**28 October:**

Project No: 96/07/61/001 — Dublin water conservation project

**24 November:**

Dublin ring road:

Project No: 93/07/65/032 — Northern Cross

Project No: 94/07/65/010 — Southern Cross

Dublin port projects:

Project No: 93/07/65/017 — North Quay ro/ro berth

Project No: 95/07/65/004 — South Quay container terminal

Dublin Bay Project, site visit at Ringsend waste-water treatment, the upgrading of which is a priority for future Cohesion Fund assistance

Missions by DG XX accompanied by DG XVI

**18 to 20 March:**

Project No: 93/07/61/020 and 95/07/61/015 — Dundalk main drainage

Project No: 93/07/61/018 and 96/07/61/003 — Drogheda sewerage scheme

Project No: 93/07/65/029 — Balbriggan bypass

**Portugal**

Transport

Missions by DG XVI

**2, 3 and 4 March**

Projects Nos: 93/10/65/010, 93/10/65/031, 94/10/65/007, 93/10/65/001, 96/10/65/001, 97/10/65/001, 97/10/65/002 — Rail projects

**29 June**

Projects Nos: 93/10/65/017, 93/10/65/018, 95/10/65/003, 96/10/65/004 — Port projects at Leixões

Mission by DG XVI accompanied by DG XI

**8 March**

Project No: 97/10/65/005 — Port project in Setúbal

Environment

Missions by DG XVI

**20-22 April**

Projects Nos: 95/10/61/009, 96/10/61/015, 95/10/61/008 — Water-supply projects in Oporto

**30 June**

Projects Nos: 93/10/61/016, 94/10/61/026, 95/10/61/023 — Waste projects









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