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**ANNUAL REPORT OF THE INSTRUMENT FOR STRUCTURAL POLICY FOR
PRE-ACCESSION (ISPA) 2005**

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Introduction

Following the Brussels European Council in June 2004, which awarded *candidate country* status to Croatia, this country benefits from ISPA since 1 January 2005. Croatia thus joined Bulgaria and Romania which is receiving ISPA assistance since the instrument was launched in 2000. As a result, this report covers the ISPA activities delivered in these three beneficiary countries.

For all of these countries, the year 2005 entailed various challenges. Whereas for Croatia the major goal was the timely adoption of its first projects, Bulgaria and Romania had to accelerate and improve further the implementation of ISPA funds while at the same time start preparing future projects for the Cohesion and Structural Funds to which they are entitled upon accession. From this point of view, 2005 could be concluded successfully. However, as Bulgaria and Romania continued to face administrative weakness, in key areas of staff and procurement which will still require close monitoring by the Commission.

ISPA budget

In accordance with the Commission's activity based accounting system, the budget for the ISPA instrument is provided for by two budget lines: the functional budget line B13.01.04.02 and the operational budget line B13.05.01.01. The first line contains the means for covering Technical Assistance (TA) administrative expenses (mainly for reinforcing EC Delegations), whereas the second line encompasses the appropriations made available for the effective implementation and operation of ISPA. Therefore, the latter budget line covers all expenses for co-financing projects (measures) in the beneficiary countries in the environment and transport domains, as well as for TA measures, irrespective whether these are initiated by the beneficiary country or by the Commission.

For 2005, €525.9 million was allocated from the Commission budget to the ISPA instrument. The B13.01.04.02 budget line received €3.7 million and the B13.05.01.01 budget line €521.95 million.

Table 1: ISPA budget in 2005 – in Euro

Budget line	Commitment appropriations	Commitments implemented	Payments implemented
Functional budget line B13.01.04.02	3 763 290	3 251 762	1 414 187
Operational budget line B13.05.01.01	521 950 000	521 950 000	231 243 551
Total	525 713 290	525 201 762	232 656 738

Project funding

1. NEW ISPA PROJECTS

In 2005, following a positive opinion of the ISPA Management Committee, the Commission adopted a total of 24 new projects. The ISPA contribution to these projects amounted to more than €493 million, representing 69.9% of a total eligible investment cost of over €704.6 million. The remainder was financed from national, regional or local resources of the beneficiary countries which, for this purpose, had regularly recourse to loan-financing from international financial institutions (*IFIs*). Of these projects, 12 concerned environmental protection -8 combined water and wastewater projects, one water supply project, 2 solid waste projects, as well as one TA measure for the preparation of future Cohesion Fund projects. In the transport sector, one motorway bypass, one rail rehabilitation project, one reconstruction of road and rail infrastructure after floods, and one combined road-rail project received assistance. In addition, 7 sector- or project-related TA measures were approved. Nearly 60.7% of the total ISPA contribution was awarded to the environment sector.

Table 2: New projects approved in 2005 – in Euro

	Project decisions n°	Eligible cost	ISPA contribution	Grant rate %	Commitments
Environment	12	424.710.000	299.112.500	70.4	195.489.417
Transport	11	279.886.500	193.850.755	69.2	116.681.100
Horizontal TA	1	20.000	20.000	100.0	10.000
Total	24	704.616.500	492.983.255	69.9	312.180.517

Note: Decision amounts reflect the total ISPA contribution awarded to projects, while commitment amounts give the total of what is yearly committed from the budget (2005 in this case).

Commitments in 2005 totalled €521.9 million and were used for new projects decided in that year (€312 million) as well as for ongoing projects adopted in the previous years.

1. COMMITMENTS FOR ENVIRONMENT

More than three quarters of the budgetary commitments in the environment sector in 2005 were dedicated to projects in the water and wastewater sectors, either to the combined the provision of drinking water (supply and/or treatment and/or distribution) with the collection of sewage (sometimes including its treatment as well) focussing the renewal, repair or extension of sewerage networks, or to the erection of new or the refurbishment/upgrading of existing wastewater treatment

plants. Nearly 14% of the commitments was assigned to solid waste management projects, consisting primarily of closing down old landfills and creating new ones, in conjunction with the introduction of selective waste collection and treatment/recycling systems.

Table 3: Commitments in 2005 – Environment by sub-sector¹

Sub-sector	Euro	%
Water and/or wastewater incl. treatment	134.616.565	68.8
Wastewater treatment plant	25.422.852	13.1
Solid waste collection	26.700.000	13.6
Horizontal	8.750.000	4.5
Total environment sector	195.489.417	100.0

2. COMMITMENTS FOR TRANSPORT

As in the previous years, ISPA assistance in the transport sector in Bulgaria and Romania continued to focus on the extension and improvement of the TINA (*Transport Infrastructure Needs Assessment*) network and its access links with the view to facilitate the connections between the European Union and the candidate countries within the framework of the future trans-European transport network (TEN-T). More than half of the budgetary commitments for transport in 2005 were made in favour of combined road/rail projects, involving reconstruction of road and rail infrastructure damaged by the floods in Romania in the summer of 2005, as well as the construction of a major combined rail/road project. The remaining part of the funds was assigned to a road construction and upgrading project, as well as to a railway rehabilitation and upgrading project on the pan-European transport Corridor X in Croatia.

¹ This includes commitments for projects decided in 2005 as well as tranches committed for projects decided in previous years.

Table 4: Commitments in 2005 – Transport by sub-sector²

Sub-sector	Euro	%
Road	23 825.600	20.4
Rail	37.745.600	32.4
Road and rail	49.717.500	42.6
Inland waterways	1.870.000	1.6
Horizontal	3.522.400	3.0
Total transport sector	116.681.100	100.0

3. PROJECTS FUNDED DURING 2000-2005

Between 2000 and 2005, the Commission approved a total of 96 projects on the basis of proposals submitted by Bulgaria, Croatia and Romania. Of these projects, 65 concerned the environment sector, 28 the transport sector, and three TA measures (two for achieving decentralised implementation (*EDIS*) and one for the organisation of the statutory monitoring committees). Together, these projects represent a total eligible investment cost of €4.3 billion, of which €2.9 billion or 67% has been financed by ISPA. As a result, given that, by the end of 2005, the Commission had allocated more than 97% of the ISPA funds set aside for the three beneficiary countries covering the period 2000 to 2006, these funds are now almost depleted.

Table 5: Projects approved in 2000-2005 – in Euro

Sector	Project decisions n°	Eligible cost	ISPA contribution	Average grant rate %	Commitments
Environment	65	2.021.031.383	1.455.900.551	72.0	1.210.854.471
Transport	28	2.306.715.498	1.457.115.989	63.2	1.189.043.388
Horizontal TA	3	1.633.308	1.633.308	100.0	1.492.308
Total	96	4.329.380.189	2.914.649.848	67.3	2.401.390.167

Note: In some cases, the initially decided ISPA contribution to a project was modified in order to take account of a reduction of the initial project cost.

² This includes commitments for projects decided in 2005 as well as tranches committed for projects decided in previous years.

By the end of 2005, almost 83% of the decided ISPA contribution had been committed, with the commitments distributed in a balanced manner between the environment and transport sectors.

4. PAYMENTS

Generally, payments for each project consist of two advance payments totalling 20% of the ISPA contribution, as well of intermediate payments (i.e. reimbursements) of up to 90% of the contribution. The balance is released after approval by the Commission of the beneficiary's final declaration and final project report. Most of the first advance payments are made in the year following the year of the ISPA decision to grant assistance, because the majority of the ISPA measures are decided in the autumn of each year and account has to be taken of a time-lag for the authorities of the beneficiary countries to countersign these decisions. This is illustrated by the fact that, for projects approved in 2005, virtually no payments were made, whereas for Bulgarian and Romanian projects decided in 2000 payments accounted for 38% of the corresponding ISPA grants.

Significant progress was made in 2005 in implementing ISPA measures. This is reflected by the increasing number of requests received for second advance and intermediate payments. As a result, in 2005, overall ISPA payments totalled €229 million, which represents an increase of 73.5% compared to the payments made in 2004. By the end of the period 2000-2005, almost €559 million had been paid out, representing 23.3% of the budgetary commitments implemented in that period.

Table 6: Payments – in Euro

Sector	2000-2004	2005	Total
Environment	145.549.014	109.694.489	255.243.503
Transport	183.364.692	119.346.710	302.711.402
TA	924.524	58.800	983.324
Total	329.838.230	229.100.000	558.938.230

5. SUMMARY TABLES

Tables 7 and 8 presented below provide an overview of the ISPA interventions for the year 2005 and for the period 2000-2005.

Table 7: Projects decided in 2005 – in Euro					
Sub-sector	N° of projects	Eligible cost	ISPA contribution	Commitments	Payments
Environment					
Water and/or wastewater incl. treatment	8	296.710.000	209.362.500	134.616.565	-
Wastewater treatment plant	1	58.500.000	43.875.000.	25.422.852	-
Solid waste	2	44.500.000	33.375.000	26.700.000	-
Horizontal for sector	1	25.000.000	12.500.000	8.750.000	-
Sector total	12	424.710.000	299.112.500	195.489.417	-
Transport					
Road	3	52.335.500	40.835.075	23.825.600	-
Road and rail	2	105.700.000	85.050.000	49.717.500	-
Rail	4	113.181.000	60.596.180	37.745.600	-
Inland waterways	1	2.750.000	2.337.500	1.870.000	-
Horizontal for sector	1	5.920.000	5.032.000	3.522.400	-
Sector total	11	279.886.500	193.850.755	116.681.100	-
TA					
Management Committee	1	20.000	20.000	10.000	8.000
TOTAL	24	704.616.500	492.983.255	312.180.517	8.000

Table 8: Projects decided in 2000-2005 – in Euro

Sub-sector	N° of projects	Eligible cost	ISPA contribution	2005		2000 – 2005	
				Commitments	Payments	Commitments	Payments
Environment							
Water and sewerage	4	159.855.800	119.891.850	-	16.378.300	90.937.665	23.391.670
Water and/or wastewater incl. treatment	30	1.082.597.492	788.440.001	180.461.416	56.124.274	655.611.273	142.591.806
Wastewater treatment plant	18	434.133.316	312.229.868	61.041.724	16.606.361	262.562.690	43.587.226
Solid waste	9	218.443.775	163.832.832	29.525.482	17.641.357	139.887.443	34.543.903
Air quality	1	72.330.000	36.165.000	7.233.000	-	32.548.500	3.616.500
Horizontal	3	53.671.000	35.341.000	11.034.100	2.944.198	29.306.900	7.512.398
Sector total	65	2.021.031.383	1.455.900.551	289.295.722	109.694.490	1.210.854.471	255.243.504
Transport							
Road	12	861.444.553	642.928.540	94.662.267	36.659.368	533.783.143	157.185.857
Road and rail	4	337.386.452	160.048.000	56.325.500	7.000.000	109.715.900	10.998.400
Rail	8	962.439.358	595.539.949	75.885.600	59.958.952	493.921.945	98.491.896
Inland waterways	2	4.390.000	3.567.500	1.870.000	384.000	3.100.000	984.000
Airport	1	135.135.135	50.000.000	-	15.344.390	45.000.000	35.051.249
Horizontal	1	5.920.000	5.032.000	3.522.400	-	3.522.400	-
Sector total	28	2.306.715.498	1.457.115.989	232.265.767	119.346.710	1.189.043.388	302.711.402
Horizontal							
EDIS	2	1.613.308	1.613.308	178.511	50.800	1.482.308	975.324
TA	1	20.000	20.000	10.000	8.000	10.000	8.000
Sector Total	3	1.633.308	1.633.308	188.511	58.800	1.492.308	983.324
TOTAL	96	4.329.380.189	2.914.649.848	521.750.000	229.100.000	2.401.390.167	558.938.230

Technical assistance

6. FORMS AND DELIVERY OF TECHNICAL ASSISTANCE

The recourse to technical assistance measures constitutes an essential element for ensuring a successful programming and implementation of ISPA projects. These measures focus on project preparation, project implementation, accompanying institutional strengthening, and, more recently, on the structural (re)organisation of certain utilities, thereby enhancing sustainability of project implementation. In addition, by accompanying institutional strengthening and the enhancement of administrative capacity, ISPA contributes to the preparation of the beneficiary countries for implementing the instruments of cohesion policy, in particular the Cohesion Fund.

Two types of TA activities can be distinguished:

- technical assistance which is carried out on the initiative of the beneficiary country and which is mostly directly related to project funding, i.e. project identification/preparation, extended decentralisation (EDIS) and enhancing administrative capacity;
- technical assistance which is carried out on the initiative of the Commission and which is mostly let via framework contracts.

For the activities of the first category, the ceilings of the ISPA contribution are usually those applicable to project funding, except for the EDIS measures which benefited from a 100% grant rate, whereas the costs of the activities of the second category are always entirely borne by ISPA.

7. TECHNICAL ASSISTANCE ON THE INITIATIVE OF THE BENEFICIARY COUNTRY

Project preparation and institutional strengthening

TA measures for project preparation have to ensure that, in terms of project concept, management and operation, beneficiary countries present technically and financially sound projects to the Commission for ISPA funding. Where required, these measures can include the elaboration of strategic studies concerning the (sub-)sectors eligible for ISPA funding. Moreover, they are aimed at developing a pipeline of quality projects which is a warrant for the Commission that it identifies and receives a sufficient number of suitable projects in time. Disposing of a strong project pipeline is not only essential for ISPA, but is equally important for the Cohesion Fund (Bulgaria and Romania) and IPA (Croatia), given that these countries will normally qualify for one of these instruments, as appropriate, from 2007 onwards. As a result, all three beneficiary countries submitted TA applications for financing preparatory studies for projects to be presented under these instruments in the future.

In 2005, the Commission decided on 8 TA measures for project preparation in Bulgaria and Romania, of which 7 for transport and one for environment, representing a total eligible cost of €99.7 million with ISPA contributing €74.7

million. The total number of TA measures for project preparation approved since 2000 now stands at 18, representing a total eligible cost of €151.9 million of which €117.6 million (77.4%) was financed by ISPA.

Decentralisation

EDIS (extended decentralised implementation system) is a process which aims at establishing sound financial management and control systems and procedures in the beneficiary countries. Details about this process are provided in chapter 11 *Financial management and control – incl. EDIS*.

Table 9: Technical assistance measures on the initiative of the beneficiary countries 2000-2005 - in Euro

Sub-sector	No of projects	Eligible cost	ISPA contribution	Commitments 2005	Payments 2005	Commitments 2000-5	Payments 2000-5
Environment							
Water and/or wastewater incl. treatment	2	10.500.000	9.625.000	-	1.958.784	7.700.000	4.900.000
Wastewater treatment plant	2	3.310.000	2.482.500	225.000	89.492	2.211.000	1.130.316
Horizontal	3	53.671.000	35.341.000	11.034.100	2.944.198	29.306.900	7.512.398
Sector total	7	67.481.000	47.448.500	11.259.100	4.992.474	39.217.900	13.542.714
Transport							
Road	3	30.051.560	24.122.120	15.303.710	-	16.403.255	900.000
Rail	4	38.220.000	32.407.000	25.445.600	227.625	26.024.975	287.625,00
Road and rail	1	5.880.000	4.998.000	-	-	3.998.400	3.998.400
Inland waterways	2	4.390.000	3.567.500	1.870.000	384.000	3.100.000	984.000
Horizontal	1	5.920.000	5.032.000	3.522.400	-	3.522.400	-
Sector total	11	84.461.560	70.126.620	46.141.710	611.625	53.049.030	6.170.025
TA							
EDIS	2	1.613.308	1.613.308	178.511	50.800	1.482.308	975.324
Horizontal	1	20.000	20.000	10.000	8.000	10.000	8.000
Sector Total	3	1.633.308	1.633.308	188.511	58.800	1.492.308	983.324
TOTAL	21	153.575.868	119.208.428	57.589.321	5.662.899	93.759.238	20.696.063

8. TECHNICAL ASSISTANCE ON THE INITIATIVE OF THE COMMISSION

Since the beginning of ISPA, technical assistance activities on the initiative or on behalf of the Commission have been concentrated importantly on enhancing the beneficiary countries' capacity to prepare, appraise and implement ISPA projects in accordance with the standards required for the management of Community funds.

Payments in 2005 are drawn either from these commitments or from commitments made in previous years.

Technical assistance activities on the initiative of the Commission in 2005 were carried out either through stand-alone actions launched in the early ISPA years (see below under Section A), or in the framework of multi-annual action programmes, namely the *TA Action Programme 2001* (Section B), the *TA Action Programme 2004-2006* (Section C) and the *TA Action Programme 2005-2006 for Croatia* (Section D). The Action Programmes are funded from the operational budget line, whereas the independent actions are funded from the functional budget line.

The financial details of these activities are presented in Tables 10 to 13.

A. Activities undertaken outside the TA Action Programmes

In previous years, activities outside the Action Programmes covered mainly two types of activity:

- local technical *intra muros* assistance (deconcentration activities to EC Delegations), and
- services contracts for providing technical and financial expertise to DG Regional Policy to assist in project appraisal and policy development.

While the latter activity is still ongoing, the first activity was closed in 2004.

Framework contracts for specific technical tasks

Task assignments for the appraisal of ISPA projects continued under the two framework contracts which were signed in 2000 with international consulting firms for a duration of 5 years. Assignments continued to be made as long as expenditure for these services had not depleted outstanding commitments. The contracts came to an end in the course of May 2005. In 2005, payments amounted to €544 628.

Another contract signed in 2000 with the European Investment Bank (EIB) continued to secure access to the expert knowledge of the Bank's technical staff for an initial duration of six years.

The financial details are summarized in Table 10.

B. Technical Assistance activities financed under the “TA Action Programme 2001”

Initially foreseen to cover TA activities during the period 2001-2003 for all 10 ISPA beneficiary countries, the activities for the 8 acceding new Member states ceased by the end of April 2004 and, by the end of 2004 for most of the activities in Bulgaria and Romania. These activities were financed from the commitments allocated during the period 2001-2003 which amounted to €11 860 864. Those activities that were continued during 2005, and of which the financial details are presented in table 11, were the following:

Monitoring Committee

The grant agreement for financing expenditures covering the organisation of statutory monitoring committees and related monitoring expenditures was closed for Bulgaria in 2005. A similar agreement for Romania will be completed in the course of 2006. The amounts committed in 2001 were €130 000 for Bulgaria and €160 000 for Romania. In 2005, payments of €28 928 were made for Bulgaria.

Strategic analysis of Via Baltica

The services contract for the study *Analysis of pan-European transport corridor I (TINA) Helsinki, Tallinn, Riga, Kaunas, Bialystok and Warsaw*, which was signed in December 2003 and for which €379 600 was committed in 2003, will be completed in spring 2006. In 2005, payments amounted to €113 880.

Improvement of public service

Following the grant agreement on a *Pilot study for promoting higher quality of public service deliveries in relation to activities co-financed by EU grants with particular reference to public utilities (e.g. Water, Wastewater and Solid Waste sectors)* signed in December 2003, the study was delivered in August 2004. An amount of €52 700 was committed in 2003, of which 70% was paid out in 2004, the closure payment (€7 876) having been made in 2005.

Public-private partnership

A framework advisory contract on public-private partnership (PPP) was concluded by the end of 2001 for a duration of 3 years with the possibility to extend its duration with another two years. By the end of 2004, the Commission decided to prolong the contract, thereby securing, where required, the delivery of expertise concerning the identification, appraisal, implementation and monitoring of PPP-projects until the end of 2006. This prolongation was concluded with two out of the 4 initial contractors, namely *Parsons & Brinckerof* and *Agriconsulting*. The amount committed was €3 100 000, while €927 749 was paid in 2005.

C. Technical Assistance activities financed under the “TA Action Programme 2004-2006”

This Programme is to be considered as a follow-up of the *TA Action Programme 2001*, albeit focussing only on Bulgaria and Romania, in particular for those activities which require additional resources throughout the 2004-2006 period.

Furthermore, the Programme now incorporates new framework contracts for the quality appraisal of ISPA project proposals which were previously financed outside the Action Programmes.

The financial details of the activities under the 2004-2006 Programme are summarized in Table 12.

Intra muros support to EC Delegations

Additional support for contracting staff in the EC Delegations was necessary in Bulgaria and Romania due to the increased number of ISPA projects at implementation phase and the increased ISPA budgetary allocations for 2005. As a result, a commitment totalling €1 550 000 was earmarked under the functional budget line B-13.01.04.02 for the payment of salaries and overheads for ALATs and local agents. By the end of 2005, €1 284 399 had been paid out of this commitment.

Extra muros support to EC Delegations (SSTA)

For the Delegations in Sofia and Bucharest, resources amounting to €300 000 and €1 000 000, respectively, were made available in 2004 for small-scale technical assistance (SSTA) and short-term expertise managed by the Heads of Delegation. The latter covers, *inter alia*, tendering support, appraisal assistance, small training on public procurement, financial and economic analysis and the like. In 2005, payments of €460 660 were made.

Support to Bulgaria and Romania to improve the quality of environment and transport projects throughout the project cycle

This activity area focuses on improving the beneficiary countries' capacity to identify, prepare and manage large-scale infrastructure projects, in particular as regards their economic and environmental sustainability. In 2004, the Commission concluded a contract with *Ecorys* which is providing training, notably through the organisation of seminars and the production of guidelines. The cost of this services contract amounts to €469 950. The contract is expected to be closed in 2006. In 2005, payments of €187 980 were made.

Assistance and technical support for the appraisal and quality control of projects received by the Commission services – two framework contracts for transport and environment

As indicated in Section A under *Framework contracts for specific technical tasks*, the two ongoing framework contracts expired in 2005. Therefore, the Commission signed two new multiple framework contracts for environment and transport projects, both of which were concluded with *Scott Wilson Kirkpatrick* (main contractor) in November 2004, covering appraisal assignments for projects under ISPA and the Cohesion Fund. By way of anticipation, the Commission entered a commitment of €150 000 in the 2005 budget for the appraisal of ISPA projects the environment sector. A number of assignments were concluded in 2005, but payments were not yet made.

Assistance and technical support for the appraisal and quality control of projects received by the Commission services – framework contract with the EIB

In order to continue to benefit from the technical expertise from the EIB, €50 000 was committed for this activity in 2005.

D. Technical assistance activities to be financed under the “TA Action Programme 2005-2006 for Croatia”

This action programme makes resources available to the EC Delegation in Zagreb to perform tasks to supervise ISPA implementation within the rules of deconcentrated management. As it is the case for the EC Delegation in Bucharest and Sofia, these actions cover expenditures for supplementary *intra-muros* staff in the delegation (ALATs and local agents) as well as small-scale technical assistance (SSTA) and short-term expertise. Table D summarises the financial details for these activities.

Intra-muros resources

A commitment of € 100 000 was made in 2005.

Extra-muros resources

A commitment of € 300 000 was made in 2005.

Given that operations in Croatia have just taken off in 2005, no payments were made under this action programme. However, other support activities, such as assistance in project preparation and appraisal, were financed by using CARDS funds allocated to Croatia prior to 2005.

The financial details of this Programme are summarized in Table 13.

Table 10: Budgetary allocation and payments for TA outside the Action Programmes - in Euro

Beneficiary	Type of contract	Activity	Commitments 2000	Commitments 2005	Payments 2005	Payments 2000-2005
Kampsax/ Brown&Root	Framework	Transport	2.000.000	-	334.429	1.337.681
Tractebel/ Halcrow	Framework	Environment	2.000.000	-	210.199	1.475.881
EIB	Framework	Project appraisal	210.000	-	-	72.164
TOTAL			4.210.000	-	544.628	2.885.726

Table 11: Budgetary allocation and payments for TA Action Programme 2001 - in Euro

Area	Activity	Type of contract/ beneficiary	Indicative allocations	Commitments 2001-2003	Status activity*	Payments 2005	Total payments 2001-2005**
3.1	<i>Implementation</i>		5.000.000	5.499.000			
3.1.1	Supplementary support to DEC (SSTA)	Sub-delegation/ EC Delegations		4.499.000	closed	-	2.338.949
3.1.2	Monitoring Committee	Grant financing/ NIC,NAO		1.000.000	completed	28.928	403.928
3.2	<i>Quality Improvement</i>		2.150.000	2.635.057			
3.2.1	Strategic analysis of the Via Baltica	Contract/ Faber Maunsell		379.600	ongoing	113.880	227.760
3.2.1	Improvement of public service	Grant financing/ Transparency International Slovakia		52.500	closed	7 876	44.626
3.2.3	ISPA Partner Meeting 2002	bon de commande		94.060	closed	-	94.060
3.2.3	Riga WFD Seminar	bon de commande		35.160	closed	-	35.160
3.2.3	Prague WFD Seminar	bon de commande		50.231	closed	-	50.231
3.2.3	FIDIC Seminars	Contract/ European Construction Ventures		42.486	closed	-	42.486
3.2.3	ISPA Partner Meeting 2003	bon de commande		250.000	closed	-	155.825
3.2.3	Training Public Procurement	Contracts/ Hyder, Cowi, Ove Arup		1.730.820	closed	-	1.730.820
3.3	<i>Decentralisation</i>	<i>Contract</i>	800.000	-	<i>cancelled</i>	-	-
3.4	<i>Financial Engineering</i>		3.100.000	3.100.000			
3.4.1	Public-private partnership	Multiple framework contract/Parsons & Brinckerof, (Cowi), Agriconsulting, (Deloitte & Touche)		3.100.000	ongoing	927.749	2.126.400
3.5	<i>Information/Communication</i>		950.000	626.807			
3.5.2	Information activities	Contracts/ Aeidl, European Dynamics, OPOCE		181.017	closed	-	6.160
3.5.2	Translation services	DGT Framework Contract		60.000	closed	-	17.001
3.5.2	IT System	Contracts/ Intrasoft , Serco, EC_Doc, Trasy Sword		385.790	-	938	320.664
	TOTAL		12.000.000	11.860.864		1.079.071	7.594.070

* An activity is completed when it has been executed but not been paid out entirely. A closed activity is one which has been completed and for which all payments have been made.

** Some of the payments made prior to 2005 relate to ISPA beneficiary countries that became Member State in 2004.

Table 12: Budgetary allocation and payments for TA Action Programme 2004-2006 – in Euro

Action	Type of contract/beneficiary	Activity	Indicative allocations 2004-2006	Commitments 2004	Payments 2004	Commitments 2005	Payments 2005
3.1.1	EC Delegations (Bulgaria and Romania)	<i>Intra muros</i> support	4.882.680	1.890.000	1.696.088	1.550.000	1.284.399
3.1.2	EC Delegations – SSTA (Bulgaria and Romania)	<i>Extra muros</i> support	2.995.000	690.000	21.270	1.300.000	460.660
3.2	-	Support for Monitoring Committee	200.000	Cancelled	-	-	-
3.3	Contract/Ecorys	Support to Bulgaria and Romania to improve the quality of environment and transport projects throughout the project cycle	520.000	469.950	-	-	187.980
3.4.1	-	Support to Bulgaria and Romania to improve public monitoring and quality control on public service delivery	300.000	Cancelled	-	-	-
3.5.1	Two multiple framework contracts (one for environment and one for transport)/ Scott Wilson Kirkpatrick	Assistance and technical support for the appraisal and quality control of projects received by the Commission services	600.000	300.000	-	150.000	-
3.5.2	Framework contract/EIB	Assistance and technical support from the EIB for the appraisal and quality control of projects received by the Commission services	150.000	-	-	50.000	-
3.6.1	Framework contract/DGT	Preparation of printed information material and translation services	100.000	20.000	-	-	-
3.6.2	-	Information, management tools and website	120.000	-	-	-	-
3.6.3	-	Seminars and conferences	200.000	-	-	-	-
	TOTAL		10.067.680	3.369.950	1.717.358	3.050.000	1.933.039

Table 13: Budgetary allocation and payments for TA Action Programme 2005-2006 for Croatia - in Euro

Area	Type of contract/beneficiary	Activity	Indicative allocations 2005-2006	Commitments 2005	Payments 2005
3.1	Sub-delegation to DG RELEX / EC Delegation (Croatia)	<i>Intra muros</i> support	440.000	100.000	-
3.2	Sub-delegation to EC Delegation EC Delegation – SSTA (Croatia)	<i>Extra muros</i> support	760.000	300.000	-
	TOTAL		1.200.000	400.000	-

Management and implementation

9. PROJECT MONITORING

Overall monitoring and evaluation of the progress and effectiveness of the implementation is supported by regular meetings in the EC Delegation offices, monitoring reports by the implementing bodies, site visits by Commission staff and formal monitoring through the twice yearly ISPA Monitoring committee meetings in each beneficiary country.

Staff of the EC Delegations in the beneficiary countries plays an important role in supervising the daily management, implementation and monitoring of ISPA measures. Apart from exerting the Commission powers for endorsing tendering and contracting, it is best placed to ensure progress on the ground and liaise with national authorities and final beneficiaries on any problem that may arise.

While for Bulgaria and Romania the first ISPA projects were approved by the Commission in 2000, implementation of these projects started at best in 2001, generally, by tendering the service contracts for supervision of the implementation. However, due to regular delays in the tendering and contracting process, the first actual works contracts were not signed until 2002. Progress on the ground has slowly gained pace since then, which is witnessed by the progress in the payments made by the Commission to the national authorities of these two acceding countries.

In 2005, the administrative weakness in these countries remained the main challenge facing the execution of ISPA projects. Despite that the outcome of audit missions undertaken by the Commission in 2005 showed some progress with the ISPA Implementing Agencies, the results achieved in key areas of staff, procurement and financial management required continuous monitoring by the Commission and still need to be enhanced. This is notably witnessed by the fact that, in several cases, delays in the execution of projects had accumulated to more than two years from the initial plans. On many occasions, the Commission insisted with the national authorities that the contracting authorities and, in the environment sector, the final beneficiaries adopt a proactive approach, take effective ownership of the different stages of the project cycle, and enhance co-ordination between the project stakeholders.

As regards Croatia, with the first two projects approved only in December 2005, implementation had not yet commenced.

10. FINANCIAL MANAGEMENT AND CONTROL, INCLUDING *EDIS*

The principal requirements for both the financial management and control and the treatment of irregularities are governed by the provisions of the ISPA Regulation and of Annex III of the Financing Memoranda, as applicable under the regime of *ex ante* control by the Commission. These requirements are close to those applicable to the Cohesion Fund and the Structural Funds. The key elements relate to the establishment of internal financial control systems and procedures that can ensure

transparent and non-discriminatory procurement procedures, the accuracy of declared expenditure, adequate internal audit capability, sufficient audit trail and appropriate treatment of irregularities.

During 2005, the audit work has been substantial and resource intensive, in particular as regards Bulgaria and Romania. It aimed at following up the findings and recommendations of the system audit missions carried out in 2004 and at auditing a sample of projects to ensure that declarations of expenditure to the Commission did not contain a material level of irregularity. The relatively large number of system and projects audit carried out in previous years resulted in agreed action plans and deadlines with the national authorities in order to monitor the implementation of the outstanding system related recommendations. As a result, the audit work in 2005, which included a total of 8 audit missions, focussed to a large extent on close monitoring, on the spot, of the implementation of the action plans and of the progress achieved towards EDIS.

For *Romania*, the level of assurance on the systems in place has radically advanced compared to 2004. An EDIS request for accreditation of all ISPA implementing agencies, based on a positive audit opinion from the external auditor, was submitted to the Commission at the end of 2005. Following a final verification audit, EDIS for ISPA for all agencies concerned was granted by mid 2006.

In parallel with the system audits and EDIS, a number of project audits were carried out in order to verify the legality and regularity of the expenditure declarations submitted to the Commission and the related payments. The main issues in this respect concerned ineligible expenditure certified to the Commission, lack of supporting documents, verification of eligibility of expenditure which was incompletely or not adequately documented, irregular procedures during the tendering and contracting process, lack of experienced staff and insufficient segregation of functions with the Final Beneficiaries.

For *Bulgaria*, as significant efforts were made in 2005 to close the gaps identified in the management and control systems, the EDIS process was eventually put back on track. An EDIS request for accreditation of all ISPA implementing bodies was submitted in late April 2006 and is presently being assessed by the Commission services. However, two particularly serious concerns remain: the issue of public procurement and the shortage of qualified and experienced staff. At this point in time, it is not clear at all whether sufficient administrative and political safeguards are in place or are planned to ensure the correct application of EU procurement legislation. Despite the close supervision of procurement by the EC Delegation, the experience of ISPA in this respect is indeed one that is characterized by frequent complaints, allegations, court cases, etc.

A number of project audits were carried also out in Bulgaria. In general, the main findings were reflecting the shortcomings identified during the system audits, namely the insufficient quality of tendering and contracting dossiers, the need to improve the verification of expenditure declarations and the incomplete adherence to publicity and information requirements.

In *Croatia*, the advice and audit work carried out included two missions and resulted in a positive audit opinion on the set up of the systems which enabled the Commission to decide in February 2006 to confer the management of aid provided under ISPA on a decentralized basis (*DIS* - decentralised implementation system).

In 2006, during the first quarter, the audit work has concentrated on the preparation of EDIS audits in both Romania and Bulgaria. The remaining part of the year will be devoted to monitoring of compliance with public procurement rules and continuing auditing projects in both sectors. Guidance and advice on outstanding system related issues in preparation for accession and strengthening the co-operation with national audit bodies will be given high priority. In Croatia, the scope of a possible pre-accreditation audit for IPA will be examined while the need to audit individual measures will depend on the progress of related payments.

Finally, as mentioned before, a recurring problem regarding the implementation of ISPA is the lack of qualified and experienced personnel -including their high turnover- in the beneficiary countries. Consequently, bottlenecks occur in particular in the sensitive procurement process and in the internal audit function. As this situation is likely to be a major constraint for the effective utilisation of the future Cohesion and Structural Funds as well, analyses of staff needs will be regularly monitored taking account not only of remaining ISPA workloads but also of likely future workloads under the future Funds. Close monitoring of progress in this respect will therefore be ensured.

11. RISK ASSESSMENT

The audit work planned for 2006 and the subsequent years is based on the results of the audit work to date and the related objectives of the Audit Directorate of DG Regional Policy. The audit strategy sets out the objectives which are defined by the senior management of DG Regional Policy. These objectives are defined on the basis of detailed discussions with the operational directorates during which information on potential risk is shared. The audit strategy then sets out the actions to achieve the objectives, taking account of the risks identified. In general, risk is minimized by implementing this strategy.

With respect to the beneficiary countries, this strategy is largely focussed on prevention. Under the system of *ex ante* approval, priority is given to ensuring that each country put in place sufficient control procedures regarding project implementation and payments. However, the management of pre-accession funds carries an inherent risk since the funds are delivered by a variety of organisations and systems. Eligibility of expenditure is determined by compliance with rules and conditions fixed at Community and national level which can lead to complexity and risk of misinterpretation.

The prime risk to the European Commission is that it will not obtain the annual discharge for its management of the funds by failing to satisfy the discharge authorities that it has properly fulfilled its responsibilities to ensure smooth functioning of systems by the beneficiary countries, and to initiate financial corrections in case of irregular expenditure.

The risk to the Authorising Officer is that he or she will authorise payments in respect of irregular expenditure declared by the beneficiary country and will not have the reasonable assurance on the underlying transactions as required for the declaration in the Commission's Annual Activity Report. The risk presented by each category of expenditure is a function of:

- the materiality of the expenditure concerned;
- the reliance which can be placed on the beneficiary countries' management and control systems;
- the quality and quantity of audits undertaken by the beneficiary countries' audit bodies;
- the sensitivity of the sector concerned for the reputation of the DG/Commission;
- the complexity and nature of operations co-financed.

This risk is mitigated by:

- the *ex ante* controls carried out by the EC Delegations (pre-EDIS);
- sound financial management and control systems (post EDIS);
- the certification of the regularity of expenditure by the responsible authority in the beneficiary country;
- the financial circuits of the DG for processing payment claims;
- the application of the provisions of the Charter of Authorising Officers by Delegation, which sets out the Commission's responsibilities as regards checks on operations;
- exercise of the power of the Commission to suspend payments or to make financial corrections in the light of *ex post* audit findings.

12. EUROPEAN COURT OF AUDITORS FINDINGS

The Court of Auditors, in its annual report concerning the financial year 2004, concluded that, in respect of the *pre-accession instruments as a whole*:

- supervisory and control systems were basically sound and worked in practice, although risks continue to exist at the level of implementing organisations for all programmes;
- no material errors in transactions were identified.

For *ISPA*, the Court has performed a limited review at the Commission in 2005, involving mainly an examination of the Commission activities concerning management and control systems in the beneficiary countries, including an examination of the advancement of EDIS for Bulgaria and Romania.

In this context, the Court confirmed that the EC Delegations' *ex ante* control of the tendering and awarding of contracts under decentralised management continued to be an effective key control to ensure the legality and regularity of the underlying transactions. While referring to the fact that the EDIS accreditation process in Bulgaria and Romania was further delayed, the Court noted that there was an inadequate segregation of duties between the operational and paying functions in Bulgaria, whereas the national coordinating office in Romania was inadequately resourced. It concluded that, overall, taking into account the audit scope, the transactions audited were not materially affected by error. While the Court acknowledged improvements in the supervisory and control systems at the level of the Commission, important weaknesses were noted at national level. However, the Court agreed that the relatively high frequency of these weaknesses was compensated by corrective action resulting from the Delegations' *ex ante* controls. As a result, the Court recommended that the Commission:

- monitors closely the effective functioning of national supervisory and control systems, notably as far as award and payment procedures are concerned;
- clearly defines the procedures to be applied by the Delegations in the *ex ante* process.

In this respect, it should be emphasized that the concerns of the Commission do not differ from those of the Court. As mentioned in chapter 11, the Commission has intensified its audit work by agreeing with Bulgaria and Romania on action plans in which the specific recommendations of the Commission relating to identified deficiencies in the management and control systems are to be addressed according to a specific timetable. Also, the Commission monitors continuously the implementation of the action plans, together with the progress achieved towards EDIS. In this way, it continued its work to ensure that appropriate systems for the management of Community funds are in place before of accession. Finally, concerning the procedures applying to the *ex ante* control exerted by the Delegations, these have been further refined.

13. CO-FINANCING PARTNERS – EIB, EBRD AND KfW

Given their expertise in project preparation and implementation, the Commission regularly met these lending institutions, both at horizontal level to co-ordinate policy and methodological issues related to programming and implementation, and at country level. The Banks' specialist skills in structuring grant/loan combinations of funding, including public-private partnership arrangements, continued to be useful for improving the quality of projects funded from ISPA. Where possible, joint project identification and appraisal missions were organised for projects for which loan financing was sought.

The projects decided in 2005 that benefited from loan-financing from the *EIB* are presented in the following table:

Table 14: Projects co-financed by the EIB in 2005

Country	Environment
Bulgaria	- Rehabilitation, upgrade/extension of the Sofia wastewater treatment plant water line - Integrated Water Project for the Town of Sliven

As regards the *EBRD*, the Bank can lend directly to municipalities and utility companies without a sovereign guarantee which adds an element of flexibility to the co-operation with ISPA. In 2005, the projects concerned were the following:

Table 15: Projects co-financed by the EBRD in 2005

Country	Environment
Bulgaria	- Integrated Water Project Bourgas - Integrated Water Project - Town of Rousse
Romania	- Galati upgrading of Water and Sewerage Networks-Construction of a new Wastewater - Regional Waste Landfill in Bacau - Integrated Management of Solid Waste and Sludge from WWTP in Arges County
Croatia	- Karlovac Water and Wastewater Programme

From its side, the *Kreditanstalt für Wiederaufbau* provided loans for the following projects in Romania.

Table 16: Projects Financed by the KfW

Country	Environment
Romania	- Rehabilitation and Upgrading of the Water and Wastewater System in Deva and Hunedoara - Rehabilitation and upgrading of the water supply and wastewater systems in Suceava

Contribution to Community policies

14. PUBLIC PROCUREMENT

From the start of ISPA, the fulfilment of legal requirements for sound, fair and transparent public procurement as enshrined in the PRAG has proved to be a major challenge. In many cases, ensuring compliance with EU procurement principles has led to delays in the implementation of ISPA projects. Commission services - especially the EC Delegations- had to intervene frequently, not only to check that procedures were correctly applied but also to rectify errors, to liaise with dissatisfied bidders, and to explain to implementing agencies how the procedures concerned were to be implemented. Regularly, the quality of the tender documents needed to be enhanced and the evaluation of bids to be repeated, whereas in some instances –in case of irregularities- tenders needed to be cancelled and re-launched.

The *ex ante* approval by the Commission which governs the tendering and contracting of ISPA projects is, therefore, entirely justified. Under this system of approval, local recipients and final beneficiaries are in the role of Contracting authority responsible for project implementation, whereas the Commission endorses each step of the procurement process. It follows that, although the Commission is not a contracting partner, it bears shared responsibility for the procedural correctness of the procurement process (without the Commission's approval, contracts concluded between beneficiaries and contractors are not valid). This responsibility is entrusted to the EC Delegations in the beneficiary countries.

Training on specific procurement issues was launched and practical tools (guides) were published with a view to have tendering and contracting carried out in accordance with national law harmonized according to EU standards (e.g. standard clauses for contracts, standardised templates, guidance documents for national implementing bodies tailored to the particular conditions in each country). As a result, in general, tender documents are better drafted, contracts more consistent, and the management and supervision of works during the implementation phase more professional. However, as indicated before, delays and deficiencies continue to subsist and therefore require monitoring and further strengthening of public procurement systems and procedures.

15. COMPETITION POLICY

As the ISPA assistance is directed primarily to cover public expenditure -or equivalent- concerning utility projects, this does not generally raise problems of incompatibility with the Community rules on competition. Unless the rules on public procurement are infringed, and provided free access to such infrastructure is guaranteed for all operators meeting the necessary technical and legal conditions, such assistance does not confer any special advantage to specific firms.

16. ENVIRONMENT POLICY

During the year 2005, 12 new ISPA projects for environment were approved, 1 of which concerned a technical assistance measure for the preparation of future Cohesion Fund projects in this domain (integrated water projects, wastewater treatment plants, solid waste projects) in Romania. These projects represented a total grant amount of €299 million, the corresponding assisted investment amounting to €425 million. With a share of nearly 84% of the assistance, it was the water and wastewater sectors that benefited predominantly from ISPA.

By providing direct assistance to priority projects for environment, ISPA also contributes to the implementation of environmental policy and to the compliance with EU standards in the beneficiary countries. Experience gained through project development and implementation reinforces administrative capacity and accelerates sector reform in the environment sector. In particular, administrative capacity has been strengthened in regard to environmental investment planning and prioritization. Steady progress has also been made in proper implementation of the EIA directive, including aspects related to public consultation. Whilst ISPA has in these ways contributed towards significant progress in environmental protection in the candidate countries, there subsists a series of weaknesses which needs to be addressed as a matter of priority by these countries. Indeed, problems still exist in relation to the difficulties of environmental authorities in obtaining adequate funding and staffing - the high turnover of staff annihilates the benefits of provided training and of gained experience- as well as to a persistent lack of co-ordination between policy fields and of strategic planning.

In this respect, it is important to emphasize that, as far as Bulgaria and Romania are concerned, within the perspective of accession, the binding nature of the transition period targets and final deadlines for directives for which transition periods were awarded require from these countries to reserve adequate financial and human resources for implementation at national level, including for monitoring, inspections, permits and reporting. Anticipated financing should therefore also secure loans from international financial institutions, national budgets and private sector investment.

17. TRANSPORT POLICY

During the year 2005, 11 new ISPA projects in the transport sector representing a total grant amount of €194 million were approved, the corresponding assisted investment amounting to €280 million.

The transport networks in the beneficiary countries, agreed in accordance with TINA (Transport Infrastructure Needs Assessment), were constructed around the framework of pan-European corridors. Several of them include branches running across the territory of Bulgaria, Croatia and/or Romania, i.e. Corridor IV *Dresden-Praha-Bratislava/Wien-Budapest-Arad*, Corridor V *Venezia-Trieste/Koper-Ljubljana-Budapest-Uzgorod-Lviv*, incl. branches Va, Vb and V.c, Corridor VII *Danube river*, Corridor VIII *Durres-Tirana-Skopje-Sofija-Varna/Burgas*, Corridor IX *Helsinki-St.Petersburg-Pskov/Moskva-Kiev-Ljubasevka-Chisinau-Bucuresti-Alexandroupolis* and Corridor X *Salzburg-Ljubljana-Zagreb-Beograd-Nis-Skopje-Veles-Thessaloniki*, including branche X.a.. These networks were used as the

planning basis for the national transport strategies for ISPA purposes and, therefore, each ISPA transport project needs to form part of the TINA network, i.e. concern the construction or rehabilitation of a section, nodal point or access relating to the networks. As the acceding countries are concerned, these networks will be used as well for future Cohesion Fund purposes and will fulfil a core function in these countries' National Strategic Reference Frameworks (*NSRFs*), which will be the planning tool for the future use of the Cohesion and Structural Funds.

Table 17: ISPA transport investment projects by pan-European transport corridor (2005)

Corridor	ISPA project
IV Dresden-Praha- Bratislava/Wien-Budapest- Arad	1. Construction of road and rail to the cross-border road/rail bridge over the Danube river at Vidin-Calafat (Romania)
	2. Construction of Lugoj motorway bypass (Romania)
IX Helsinki-St.Petersburg- Pskov/Moskva-Kiev- Ljubasevka-Chisinau- Bucuresti-Alexandroupolis	3. Reconstruction of rail and road infrastructure sections damaged by floods in Summer 2005
X Salzburg – Zagreb – Belgrade – Thessalonika	4. Vinkovci to Tovarnik to State border railway habilitation

The final TEN-T networks for Bulgaria and Romania are based on the TINA process, and were agreed and included in the Accession Treaty for these countries.

With the adoption in April 2004 of the revised Community guidelines for the development of the trans-European transport network (TEN-T guidelines) by the Council and the Parliament, the Community disposes of a legal framework governing the development of the TEN-T network in the enlarged EU. The guidelines include a list of 30 priority projects which are declared to be of European interest and are to be realised with the horizon of 2020. The list of projects aims at contributing to a modal shift and more sustainable mobility patterns by focussing investments in rail and waterborne transport. Cross-border projects are similarly present as these are typically the most difficult ones to implement. Of these projects, three concern axes including Bulgaria and Romania, i.e. priority project n° 22 the railway axis *Athina-Sofia-Budapest-Wien-Praha-Nürnberg/Dresden*, project n° 7 the motorway axis *Igoumenitsa/Patras-Athina-Sofia-Budapest* and project n° 18 the inland waterway axis *Rhine/Meuse-Main-Danube*, and one including Croatia, i.e. project n° 6 railway axis *Lyon-Trieste-Divaca/Koper-Divaca-Ljubljana-Budapest-Ukrainian border*.

Table 18: ISPA transport investment projects relating to the TEN-T priority projects (2005)

Priority project (n°)	ISPA project
<i>Motorway axis</i> Igoumenitsa/Patras-Athina-Sofia-Budapest (7)	Construction of road and rail to the cross-border road/rail bridge over the Danube river at Vidin-Calafat (Romania)
<i>Railway axis</i> Athina-Sofia-Budapest-Wien-Praha-Nürnberg/Dresden (22)	
<i>Motorway axis</i> Igoumenitsa/Patras-Athina-Sofia-Budapest (7)	Construction of Lugoj motorway bypass (Romania)

Co-ordination among pre-accession instruments

As required by the Coordination Regulation³, the Commission ensures close co-ordination among the three pre-accession instruments, PHARE, SAPARD and ISPA. In line with the provisions of this Regulation, the PHARE Management Committee plays a special role in general co-ordination of the three pre-accession instruments.

Co-ordination with the (PHARE) Joint Monitoring Committee

The Joint Monitoring Committee is responsible for co-ordinating the monitoring of each pre-accession instrument and for assessing the overall progress of EU-funded assistance in the beneficiary countries. The Committee issues recommendations to the ISPA Committee or to the Commission when relevant.

Co-ordination with EC Delegations

Periodic meetings were organised by the Commission services (DGs Enlargement, External Relations and Regional Policy) with the experts in the Delegations responsible for PHARE and ISPA to discuss programming and implementation issues, in particular those related to tendering and contracting.

³ Council Regulation (EC)N° 1266/1999 of 21 June 1999 on co-ordinating aid to the applicant countries in the framework of the pre-accession strategy.

Country profiles and tables

18. BULGARIA

In 2005, Bulgaria received a total commitment of € 149 million of ISPA assistance. Of the 2005 allocation, €103.168.222 were assigned to environmental projects and €45.788.267 to transport. Of these commitments, technical assistance measures accounted for € 11.576.711. Considering the years 2000–2005, the total amount of grant decisions in Bulgaria corresponds to €867.396.930, from which the amount of commitments to date represents €711.922.613. Thus, virtually the whole of the available ISPA allocations for the period were committed in Bulgaria. These commitments were equally balanced between the environment sector, with 50.7%, and the transport sector, with 49.2%.

Programming

A total of 8 new projects were approved in 2005. In the transport sector, 2 technical assistance projects were adopted, both targeting the railway system: one relating to feasibility studies for the modernization of the Sofia-Vidin railway line, the other for the rehabilitation of the Plovdiv-Burgas and Mezdra-Gorna Oryahovitsa railway lines. In the environment sector, five investment projects were approved. All the projects targeted the sector of water and wastewater management. Four were integrated water projects for the towns of Sliven, Bourgas, Rousse and Kyustendil. The fifth concerned Sofia with the rehabilitation of sewerage and water supply, the extension of the wastewater treatment plant, and the construction of the new drinking water treatment plant. In addition to these projects, there was one technical assistance project supporting the organization of the ISPA Monitoring Committees in Bulgaria.

Implementation

While during 2000-2005 the available ISPA allocations were fully committed to 34 projects, payments up to end 2005 amounted to €176.462.711, representing 25% of total ISPA grant committed. The payments total has increased each year as projects have reached the implementation stage. In 2005, total payments amounted to €74.487.355, representing 42% of the committed amounts of that year.

Although the annual increase in payments reflects some progress in the contracting of works, the overall pace of project implementation remains slow and needs to be increased.

By the end of 2005 four projects, out of 6 approved, had been contracted in the transport sector (Sofia Airport, Danube Bridge TA; Transit Roads III and phase 1 of Plovdiv Svilengrad railway rehabilitation). In the case of the environment sector, five projects out of 19 approved had been contracted (Regional Landfills; Maritsa Basin, Pazardjik, Gorna and Blagoevgrad water projects).

Administrative weakness is the main challenge facing the implementation of ISPA, in particular in procurement and financial and contract management. Even if the outcome of the audit missions undertaken by the Commission in Bulgaria in 2005 showed some progress in ISPA Implementing Agencies, the results achieved in key areas of staff and procurement need to be continuously monitored and enhanced.

Procurement ratio

Calculated as the total contracted amount against the total eligible cost for the period 2000-2005, the procurement ratio amounted to 23%.

Monitoring and Evaluation

In 2005, the ISPA Monitoring Committee met twice, respectively in June and December. Attention of the Bulgarian authorities was drawn to the need to speed up the implementation of all projects. Nearly every project has acquired a delay of several months before contracting the TA preparing the works tenders. Delays for more advanced projects accumulate in several cases to more than 2 years from the initial plans. With regard to the environment sector in particular, it was emphasised that the insufficient involvement of the final beneficiaries additionally hinder the implementation of projects.

Co-financing with IFIs

Co-financing with the IFIs has been an important feature of the ISPA projects in Bulgaria especially in the transport sector. Considering that the investment needs of the country largely exceed the ISPA allocation, it is anticipated that this co-operation will have to continue over the period ahead. Among the projects approved in 2005, IFI co-financing was obtained primarily in the case of the water projects. Accordingly, the integrated water projects in Sofia and Sliven will receive loan-financing from the European Investment Bank, while the water projects in Bourgas and Rousse will benefit from loans from the EBRD.

EDIS

Following delays in contracting the technical assistance measure for EDIS preparation, DG Regional Policy initiated a new drive to accelerate the process in 2005. The consultants undertaking Stage 2 of the EDIS exercise (capacity building measures in the implementing agencies, or “gap plugging”) began their work in September 2005 and were expected to continue into early 2006. The 3rd Stage (“compliance assessment”) was then launched in December 2005 with a view to finalizing a report in April 2006 on the basis of which the Bulgarian authorities planned to submit an application to the Commission for EDIS accreditation of all ISPA bodies. The target set for EDIS accreditation is now the last quarter of 2006. The Commission has emphasised on a number of occasions to the Bulgarian authorities that achieving EDIS accreditation would be a good signal of the preparedness of Bulgaria for the future Structural Funds.

Financial Management and Control

The key elements of the ISPA management and control systems relate to the establishment of internal financial control procedures that can ensure transparent and non discriminatory procurement procedures, the accuracy of declared expenditure, adequate internal audit capability, sufficient audit trail and appropriate treatment of irregularities. Audits of both systems and individual projects have revealed a number of deficiencies which the Bulgarian administration has committed itself to address.

An intensified series of audits was initiated in Bulgaria in accordance with an Action Plan agreed with the Bulgarian authorities in July 2005. The Action Plan concerns the remediation of deficiencies in the set up and functioning of management and control systems, with particular attention to procurement, organisation and human resources, financial management and accounting systems, internal control and assessment of final beneficiaries. The audits in the latter half of the year were targeted in particular at preparing the ground for EDIS accreditation.

Table 19: Projects decide 2005 Bulgaria – in Euro

Sub-sector	N° of projects	Eligible cost	ISPA contribution	Commitments	Payments
Environment					
Water and wastewater including treatment	5	168.700.000	121.575.000	80.316.852	-
Transport					
Rail	2	14.520.000	12.342.000	9.873.600	-
Horizontal Support					
TA	1	20.000	20.000	10.000	8.000
TOTAL	8	183.240.000	133.217.000	90.200.452	8.000

Table 20: Projects decided 2000-2005 Bulgaria – in Euro

Sub-sector	N° of projects	Eligible cost	ISPA contribution	2005		2000 – 2005	
				Commitments	Payments	Commitments	Payments
Environment							
Water/ wastewater including treatment	5	135.632.000	96.054.000	56.801.400	-	72.060.600	1.907.400
Wastewater treatment plant	15	314.343.316	233.217.368	37.844.222	9.566.861	195.106.940	33.219.560
Solid waste	2	75.124.675	56.343.507	-	14.815.874	49.618.118	24.993.538
Air quality	1	72.330.000	36.165.000	7.233.000	-	32.548.500	3.616.500
Horizontal for sector	1	15.921.000	12.869.000	1.289.600	2.944.198,15	11.606.400	5.523.398
Sector total	24	613.350.991	434.675.875	103.168.222	27.326.933	360.940.558	69.260.395
Transport							
Road	2	188.450.000	141.337.500	15.356.667	9.457.231	116.070.000	30.041.145
Road & rail	2	231.686.452	74.998.000	6.608.000	7.000.000	59.998.400	10.998.400
Rail	3	354.520.000	165.342.000	23.823.600	15.300.000	129.011.100	30.600.000
Airport	1	135.135.135	50.000.000		15.344.390	45.000.000	35.051.249
Sector total	8	909.791.587	431.677.500	45.788.267	47.101.621	350.079.500	106.690.793
Horizontal Support							
EDIS	1	1.023.555	1.023.555	178.511	50.800	892.555	503.522
TA	1	20.000	20.000	10.000	8.000	10.000	8.000
Sector Total	2	1.043.555	1.043.555	188.511	58.800,00	902.555	511.522
TOTAL	34	1.524.186.133	867.396.930	149.145.000	74.487.35	711.922.613	176.462.711

Table 21: Technical assistance measures 2000-2005 Bulgaria – in Euro

Sub-sector	N° of projects	Eligible cost	ISPA contribution	2005		2000 – 2005	
				Commitments	Payments	Commitments	Payments
Environment							
Water and/or wastewater incl. treatment	1	1.500.000	1.125.000	225.000	89.492	1.12.,000	53.,492
Institutional strengthening/ water and waste project preparation.	1	15.921.000	12.896.000	1.289.600	2.944.198	11.606.400	5.52.,398
Sector total	2	17.421.000	14.021.000	1.514.600	3.033.690	12.731.400	6.062.890
Transport							
Road & rail	1	5.880.000	4.998.000	-	-	3.998.400	3.998.400
Rail	2	14.520.000	12.342.000	9.873.600	-	9.873.600	-
Sector total	3	20.400.000	17.340.000	9.873.600	-	13.872.000	3.998.400
Horizontal Support							
EDIS	1	1.023.555	1.023.555	178.511	50.800	892.555	503.522
TA	1	20.000	20.000	10.000	8.000	10.000	8.000
Sector Total	2	1.043.555	1.043.555	188.511	58.800	902.555	511.522
TOTAL	7	38.864.555	32.404.555	11.576.711	3.092.490	27.505.955	10.572.812

19. ROMANIA

In 2005, Romania received a total commitment of €348 million of ISPA assistance. Of the 2005 allocation, €174.2 million was assigned to transport projects and €173.8 million to environment projects. Of these commitments, technical assistance measures accounted for €46 million. Considering the years 2000–2005, the total amount of grant decisions in Romania corresponds to €1 996 million, from which the amount of commitments up to date represents nearly €1 665 million. These commitments are evenly spread between the environment (50.3%) and the transport (49.7%) sectors.

Programming

A total of 14 new projects were approved in 2005 for both sectors. In the transport sector, 3 investment projects were approved: Calafat-Vidin Bridge, Lugoj bypass and one project concerning the reconstruction of rail and road infrastructure sections damaged by the floods of summer 2005. Five new TA measures will support the preparation of Cohesion Fund/ERDF projects as well as the preparation of a Transport Master Plan. In the environment sector, 5 investment projects were approved: 3 concerned the combined investment in the drinking and wastewater sectors in the cities of Suceava, Galati, and Deva & Hunedoara, whereas 2 projects concerned the management of the solid waste in Bacau and the County of Arges. One TA project was adopted for Cohesion Fund project preparation in the environment sector.

Implementation

While during 2000-2005 the available ISPA allocations were fully committed to 60 projects, payments up to end 2005 amounted to €382 million, of which €155 million were made in 2005.

In the period 2000-2005, 18 measures, including TA measures, received one payment, i.e. the first instalment of the advance, 9 measures received the second instalment of the advance, and 19 measures received a total of 31 interim payments (19 first interim, 10 second interim and 2 third interim payments). Regarding the TA measures, one measure received only the first advance payment, one measure received the second advance payment, and 6 measures received a total of 10 interim payments.

In 2005, first advances were paid for 10 measures and second advances for 10 measures, whereas interim payments were made with respect to 11 measures. Although this reflects some progress in the contracting of works, the overall pace of project implementation remains slow and needs to be increased.

Administrative weakness remains the main challenge facing the implementation of ISPA, in particular in procurement and financial management. Despite that the outcome of the audit missions undertaken by the Commission in Romania in 2005 showed some progress with the ISPA Implementing Agencies, the results achieved in key areas of staff and procurement required continuous monitoring and still need to be further enhanced.

Procurement ratio

Calculated as the total contracted amount against the total eligible cost for the period 2000-2005, the procurement ratio amounted to 34%.

Monitoring and Evaluation

In 2005, the ISPA Monitoring Committee met twice, respectively in June and December. Attention of the Romanian authorities was drawn to the need to speed up the implementation of all projects. Nearly every project has acquired a delay of several months before contracting the TA preparing the works tenders. As regards delays for more advanced projects, in several cases these accumulated to more than 2 years from the initial plans. With regard to the environment sector in particular, it was emphasised that the insufficient supervision of contracts by the contracting authorities and the lack of a proactive approach added to hindering the timely implementation of projects.

Co-financing with IFIs

Co-operation with the IFIs is very important in Romania, in particular in the environment sector, where most of the ISPA measures are receiving loan-financing from IFIs. Considering that the investment needs largely exceed the ISPA allocation, it is anticipated that this co-operation will continue until the end of the ISPA programming period. Since 2000, 15 projects benefited from EIB loan-financing - including the Galati water and wastewater project decided in 2005- and a further 12 measures were co-financed with the EBRD -including the Bacau and Arges solid waste projects decided in 2005. Moreover, two projects in the water and wastewater sectors approved in 2005, namely Suceava, and Deva & Hunedoara, will receive loan-financing from the Kreditanstalt für Wiederaufbau (KfW).

EDIS

The EDIS stage 1 (*gap assessment*) was completed in 2002, whereas stage 2 (*gap plugging*) was completed in January 2005. Stage 3 (*compliance assessment*) was carried out in the first half of 2005, but the external auditors delivered a negative opinion. A new contract for a repeat of EDIS Stage III in Romania was then signed in November 2005. Audit work and application checks were completed in December 2005 and a request for extended decentralisation was submitted to DG REGIO early January 2006, leading to a conferral decision to all ISPA implementation agencies on 28 June 2006.

ISPA assisted the Stage 2 exercise with the TA measure which was intended to speed up and improve the quality of implementation of the ISPA implementing agencies in both sectors. The measure was implemented through four service contracts and one supply contract of a total value of €587 640.

Financial Management and Control

System and project audits carried out previously highlighted numerous weaknesses in the field of financial management and control. The conclusions of the April 2005 audit mission pointed to weaknesses in the areas of staff, procurement, internal audit, assessment of final beneficiaries in the environment sector, irregularities and internal procedures. The findings of the October 2005 audit mission showed some progress, however, outstanding recommendations of auditors had been only partly acted upon. These weaknesses have been remedied during the final preparation for EDIS. The progress identified in relation to other ISPA bodies (National ISPA Co-ordinator, National Fund, Central Finance and Contracting Unit, Railways Agency, Danube Agency) needs to be closely monitored in order to ensure that the results achieved so far in the key areas of staff and procurement are confirmed and continuously improved.

Table 22: Projects decided 2005 Romania – in Euro

Sub-sector	N° of projects	Eligible cost	ISPA contribution	Commitments	Payments
Environment					
Water and wastewater	3	150.510.000	109.882.500	67.422.565	-
Solid waste management	2	44.500.000	33.375.000	26.700.000	-
TA	1	25.000.000	12.500.000	8.750.000	-
Sector total	6	220.010.000	155.757.500	102.872.565	-
Transport					
Road & Rail	2	105.700.000	85.050.000	49.717.500	-
Road	3	52.335.500	40.835.075	23.825.600	-
Rail	1	22.900.000	19.465000	15.572.000	-
Inland Waterways	1	2.750.000	2.337.500	1.870.000	-
Horizontal	1	5.920.000	5.032.000	3.522.400	-
Sector total	8	189.605.500	152.719.575	94.507.500	-
TOTAL	14	409.615.500	308.477.075	197.380.065	-

Table 23: Projects decided 2000-2005 Romania – in Euro

Sub-sector	N° of projects	Eligible cost	ISPA contribution	2005		2000 – 2005	
				Commitments	Payments	Commitments	Payments
Environment							
Water/wastewater including treatment	24	910.965.492	669.886.001	111.360.016	56.124.273	571.250.673	140.684.406
Water and sewerage	4	159.855.800	119.891.850	-	16.378.300	90.937.665	23.391.670
Wastewater treatment plant	3	119.790.000	79.012.500	23.197.502	7.039.500	67.455.750	10.367.667
Solid waste	7	143.319.100	107.489.325	29.525.482	2.825.483	90.269.325	9.550.365
Horizontal for sector	2	37.750.000	22.445.000	9.744.500	-	17.700.500	1.989.000
Sector total	40	1.371.680.392	998.724.676	173.827.500	82.367.556	837.613.913	185.983.108
Transport							
Road	10	672.994.553	501.591.040	79.305.600	27.202.137	417.713.143	127.144.713
Road & rail	2	105.700.000	85.050.000	49.717.500	-	49.717.500	-
Rail	4	532.158.358	401.408.769	39.762.000	44.658.952	352.610.845	67.891.896
Inland waterways	2	4.390.000	3.567.500	1.870.000	384.000	3.100.000	984.000
Horizontal for sector	1	5.920.000	5.032.000	3.522.400	-	3.522.400	-
Sector total	19	1.321.162.911	996.649.309	174.177.500	72.245.089	826.663.888	196.020.609
EDIS							
EDIS	1	589.753	589.753	-	-	589.753	471.802
TOTAL	60	2.693.433.056	1.995.963.738	348.005.000	154.612.645	1.664.867.554	382.475.519

Table 24: Technical assistance measures 2000-2005 Romania – in Euro

Sub-sector	N° of projects	Eligible cost	ISPA contribution	2005		2000 – 2005	
				Commitments	Payments	Commitments	Payments
Environment							
Water and/or wastewater incl. treatment	2	10.500.000	9.625.000	-	1.958.784	7.700.000	4.900.000
Waste Water Treatment Plant	1	1.810.000	1.357.500	-	-	1.086.000	590.824
Horizontal for sector	2	37.750.000	22.445.000	9.744.500	-	17.700.500	1.989.000
Sector total	5	50.060.000	33.427.500	9.744.500	1.958.784	26.486.500	7.479.824
Transport							
Road	3	30.051.560	24.122.120	15.303.710	-	16.403.255	900.000
Rail	2	23.700.000	20.065.000	15.572.000	227.625	16.151.375	287.625
Inland waterway	2	4.390.000	3.567.500	1.870.000	384.000	3.100.000	984.000
Horizontal for sector	1	5.920.000	5.032.000	3.522.400	-	3.522.400	-
Sector total	8	64.061.560	52.786.620	36.268.110	611.625	39.177.030	2.171.625
EDIS							
EDIS	1	589.753	589.753	-	-	589.753	471.802
TOTAL	14	114.711.313	86.803.873	46.012.610	2.570.409	66.253.283	10.123.251

20. CROATIA

In 2005, Croatia received a total ISPA commitment allocation of €24.6 million. This was divided between the transport and environment sectors - €12.3 million and €12.3 million respectively. The allocation for Croatia represents 4.71% of the overall ISPA budget for 2005. For 2005 as a whole the share of budgetary commitments for the transport and environment sectors in Croatia was an equal 50%.

Programming

One wastewater project for the environment sector, aimed at combating river pollution, was approved in 2005 – the Karlovac water and wastewater programme. The project involves the construction of a new wastewater treatment plant and the extension and modernisation of the existing sewer and drinking water networks in the town of Karlovac, which is located in central Croatia. The completion of the project will result in the total elimination of pollution entering the local rivers from sewage generated in the town of Karlovac. In addition it will result in an increase in the supply reliability and quality of the drinking water for the town and a 100% connection rate to the town's inhabitants. The extension and modernisation of the sewerage network will in turn result in an increase in the wastewater network connection rate to inhabitants of the town from 75% to at least 95%.

A further project was also approved in the transport sector – Vinkovci to Tovarnik to State Border Railway rehabilitation. This project involves the comprehensive modernisation of a 34 km section of the main Zagreb to Belgrade railway line located on TEN Corridor X – the most important traffic corridor in Croatia. The project will result in a considerable increase in journey speeds for freight and passenger traffic, the reduction of journey times and an increase in the level of safety.

Implementation

Since the only two ISPA projects so far in Croatia were approved in November 2005, implementation of the projects has not yet commenced. The two Financing Memoranda for the projects were counter-signed by Croatia in January 2006 following parliamentary ratification. Implementation of the projects has not been delayed as this depended upon the ISPA Implementing Agency first being awarded DIS accreditation by the Commission, which decided on the accreditation in February 2006. In the meantime, in order not to lose time, the two project beneficiaries have been preparing the tender documentation in cooperation with the Implementing Agency and the EC Delegation in Zagreb.

Procurement

No procurement has taken place so far in Croatia. DIS accreditation for the ISPA implementing agency is a condition for implementation.

Co-financing with IFIs

Only one project in Croatia is to be co-financed using an IFI, namely the Karlovac water and wastewater programme. The project is loan-financed by the EBRD whose contribution to the project is 27.7% of eligible costs compared with an EU contribution of 62.5% of eligible costs. Due to the requirement for the Implementing Agency to be DIS accredited as the only Contracting Authority for ISPA in Croatia, the use of EBRD procurement procedures was not possible, as subsequent expenditure would be regarded as ineligible. The matter was acted by mutual agreement in February 2006.

Monitoring and Evaluation

No ISPA Monitoring Committee meetings have been held yet. The first one is planned to be held during the second quarter of 2006.

DIS

The requirement for the DIS accreditation of the ISPA Implementing Agency in Croatia, the CFCU (Central Financing and Contracting Unit), follows the stipulations of Article 164 of the Financial Regulation. Croatia applied for ISPA accreditation on 18th July 2005. The request followed the positive opinion of external auditors on the implementing structures set up by the Croatian authorities to manage and control ISPA funds. As a result of the request, DG Regional Policy carried out an audit of the Croatian implementing structures. The outcome of the audit was the recommendation to award DIS accreditation by the Commission contained in its report of 24th October 2005. The report's recommendations were accepted by Croatia and subsequently the decision on DIS accreditation was finally adopted by the Commission on 13th February 2006.

Financial Management and Control

No project audits have taken place so far in Croatia as project implementation has yet to commence. In addition, since no ISPA funds have yet been transferred to Croatia, no financial controls have been carried out.

Table 25: ISPA projects decided in 2005 - Croatia - in Euro

Sub-sector	N° of projects	Eligible cost	ISPA contribution	Commitments	Payments
Environment					
Wastewater	1	36.000.000	22.500,000	12.300.000	-
Transport					
Rail	1	75.761.000	28.789.180	12.300,000	-
TOTAL	2	111.761.000	51.289.180	24.600.000	-

List of abbreviations

ALAT	Local agent for technical assistance
CARDS	Community Assistance for Reconstruction, Development and Stabilisation
CFCU	Central Financial and Control Unit
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EDIS	Extended Decentralised Implementation System
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EU	European Union
FIDIC	International Confederation of Consulting Engineers
IFI	International Financial Institution
ISPA	Instrument for Structural Policy for Pre-Accession
KfW	Kreditanstalt für Wiederaufbau
LA	Local Agent
PHARE	Community programme for assistance for economic restructuring in the countries of Central and Eastern Europe
PPP	Public Private Partnership
PRAG	Practical Guide to PHARE, ISPA and SAPARD contract procedures
SAPARD	Special Accession Programme for Agriculture and Rural Development
SSTA	Small-scale Technical Assistance
TEN-T	Trans-European Transport Network
TINA	Transport Infrastructure Needs Assessment
WFD	Water Framework Directive

Useful information sources

ISPA on-line:

http://www.europa.eu.int/comm/regional_policy/funds/ispa/ispa_en.htm

DG Regional Policy on-line:

http://www.europa.eu.int/comm/regional_policy/index_en.htm

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European Union website:

www.europa.eu.int

DG Enlargement website:

<http://europa.eu.int/comm/enlargement/index.htm>

DG Environment website:

http://europa.eu.int/comm/environment/index_en.htm

DG Transport and Energy website

http://europa.eu.int/comm/transport/index_en.html

The EBRD website:

www.ebrd.com

The EIB website:

www.eib.org

The KfW website:

www.kfw.de

Project list

Sub-sector	Reference Number	Project	Eligible cost	ISPA grant	2005		2000-2005	
					Committed	Paid	Committed	Paid
Water and sewerage	Environment							
	2000RO16PPE008	Cluj: rehabilitation and modernisation of water supply and sewerage system for this area	46.755.800	35.066.850	-	7.895.799,66	31.560.165	14.909.170
	2004RO16PPE001	Botosani Rehabilitation and Modernisation of the Water System	42.500.000	31.875.000	-	3.187.500	22.312.500	3.187.500
	2004RO16PPE002	Ramnicu Valcea Rehabilitation of the Water System	29.000.000	21.750.000	-	2.175.000	15.225.000	2.175.000
	2004RO16PPE008	Rehabilitation and extension of the water supply and sewerage system in the City of Drobeta	41.600.000	31.200.000	-	3.120.000	21.840.000	3.120.000
	Sub-total	4		159.855.800	119891850	-	16.378.300	90937665

Sub-sector	Reference Number	Project	Eligible cost	ISPA grant	2005		2000-2005	
					Committed	Paid	Committed	Paid
	Environment							
Water and wastewater including treatment	2002BG16PPE016	Asparuhovo : Waste water treatment plant	25.432.000	19.074.000	1.907.400	-	17.166.600	1.907.400
	2001RO16PPA003	Technical Assistance for completion and upgrading the water management facilities in Baia Mare Municipality	3.500.000	2.625.000	-	558.784,35	2.100.000	2.100.000
	2003RO16PPA012	Technical assistance for institutional capacity strengthening of ISPA projects in the field of water management	7.000.000	7.000.000	-	1.400.000	5.600.000	2.800.000
	2000RO16PPE002	Craiova city, rehabilitation of sewerage network and wastewater treatment facilities to prtect the River Danube	70.378.000	52.783.500	-	-	47505150	14.451.630
	2000RO16PPE003	Constanta sewerage and wastewater treatment rehabilitation	86.877.177	65.157.883	949138	15.760.292,98	57.933.992,00	36.622.816
	2000RO16PPE004	Timisoara: Rehabilitation of wastewater treatment technology, drinking water supply and sewerage improvements for the population	45.363.012	32.207.739	-	3.413.680	30.723.120	6.827.360
	2000RO16PPE005	Pascani: Upgrading the water and wastewater system	19.053.680	14.290.260	1.219.650	1.219.650	12.196.500	2.439.300
	2000RO16PPE006	Iasi: Upgrading the water and wastewater system	46.240.200	34.680.150		4.007.342,06	34.680.150	14.374.985

2000RO16PPE007	Brasov: Treatment of drinking water and wastewater and neighbouring localities	52.837.762	37.514.811	-	7.946.101,23	37.514.811	12.114.413
2000RO16PPE010	Municipality Braila: Integrated Sewerage Development and Wastewater Treatment Project	49.104.400	36.828.300	3.320.250	4.490.805	32.337.495	8.981.610
2000RO16PPE011	Arad City: Rehabilitation of sewerage network and provision of wastewater treatment facilities in order to protect the River Mures	16.374.644	12.280.983	1.350.000	3.242.956,27	12.150.000	5.942.956
2001RO16PPE012	Focsani City: Rehabilitation of the sewerage network and wastewater treatment plant	15.876.500	11.748.610	-	1.746.056,65	9398888	4.846.588
2001RO16PPE013	Oradea: Rehabilitation of the sewerage network and wastewater treatment plant	22.084.622	15.459.235	2.071.875	1.673.420	15459235	3.346.840
2001RO16PPE015	Rehabilitation of the drinking water supply and waste water collection and treatment for the City of Targu Mures	27.909.400	20.932.050	-	2.093.205	18.838.845	4.186.410
2002RO16PPE018	Bacau : Rehabilitation of the sewerage network and waste water treatment plant	52.006.000	39.004.500	7.800.900	3.900.450	35.104.050	3.900.450
2002RO16PPE019	Satu Mare : Improvements to water supply and waste water collection and treatment systems	37.355.000	26.522.050	7.485.487	-	23.869.845	2.652.205
2002RO16PPE021	Buzau: Rehabilitation of the waste water treatment plant, sewerage system and distribution network	35.433.550	26.220.827	5.244.165	-	23.598.744	2.622.082

2002RO16PPE022	Sibiu : Modernisation of the water supply and sewerage system	37.588.000	25.559.840	5.111.968	-	23.003.856	2.555.984
2002RO16PPE023	Piatra Neamt : Improvement of water supply system, sewerage and waste water treatment	28.594.545	21.159.963	4.231.993	-	19043967	2.115.996
2003RO16PPE025	Bistrita Catchment Areas: Rehabilitation and extension of the water supply and sewerage system	22.500.000	16.875.000	-	1.687.500	13.500.000	1.687.500
2003RO16PPE026	Pitesti: Rehabilitation of the waste water treatment plant, sewerage network and water supply system	41.750.000	31.312.500	5.152.025	-	28.181.250	3.131.250
2004RO16PPE004	Baia Mare rehabilitation and modernisation of water and sewerage public services	42.629.000	29.840.300	-	2.984.030	21.088.210	2.984.030
2004RO16PPE005	Galati upgrading of Water and Sewerage Networks- Construction of a new Wastewater	60.000.000	42.000.000	29400000	-	29400000	-
2005RO16PPE002	Rehabilitation and Upgrading of the Water and Wastewater System in Deva and Hunedoara	45.920.000	34.440.000	24.108.000	-	24.108.000	-
2005RO16PPE004	Rehabilitation and upgrading of the water supply and wastewater systems in Suceava	44.590.000	33.442.500	13.914.565	-	13.914.565	-
2005HR16PPE001	Karlovac Water and Wastewater Programme	36.000.000	22.500.000	12.300.000	-	12.300.000	-
2005BG16PPE001	Integrated Water Project for the Town of Sliven	21.200.000	15.900.000	12.720.000	-	12.720.000	-
2005BG16PPE003	Integrated Water Project Bourgas	21.000.000	10.080.000	8.064.000	-	8.064.000	-

	2005BG16PPE004	Integrated Water Project - Town of Rousse	46.800.000	35.100.000	24.570.000	-	24.570.000	-
	2005BG16PPE006	Integrated Water Project - Town of Kyustendil	21.200.000	15.900.000	9.540.000	-	9.540.000	-
	Sub-total	30	1.082.597.492	788.440.001	180.461.416	56.124.273,54	655.611.273	142.591.806
Wastewater treatment plant	2000RO16PPA001	Technical assistance for the completion and upgrading of the Bucharest wastewater treatment plant	1.810.000	1.357.500	-	-	1.086.000	590.824
	2000RO16PPE009	Danutoni: Wastewater Treatment Plant (Valea Jiului)	9.680.000	7.260.000	-	-	6534000	2.737.343
	2004RO16PPE003	Bucharest Wastewater Treatment Plant Rehabilitation - Stage I	108.300.000	70.395.000	23.197.502	7.039.500	59.835.750	7.039.500
	2000BG16PPE001	Rehabilitation , upgrade/extension of the Sofia wastewater treatment plant water line	58.500.000	43.875.000	25.422.852	-	25.422.852	-
	2000BG16PPE003	Construction of Wastewater Treatment Plants for Stara Zagora, Haskovo and Dimitrovgrad	43.399.688	32.549.766	-	4.717.747	29.294.789	7.972.724
	2001BG16PPE005	Waste water treatment plant Gorna Oriahovitza, Liaskovetz, Dolna Oriahovitza	16.633.945	12.475.459	-	2.321.303	11.227.913	6.456.425
	2001BG16PPE006	Waste water treatment plant Pazardjik	19.110.968	12.422.129	-	1.356.389	11.179.916	4.091.985
	2001BG16PPE008	Waste water treatment plant Blagoevgrad	12.580.465	8.806.326	-	1.081.930	7.925.693	1.962.563
	2002BG16PPE009	Waste water treatment plant Bourgas - Meden Rudnik	10.206.220	7.654.665	765.467	-	6.889.199	765.467

2002BG16PPE010	Waste water treatment plant Targovishte	15.235.915	11.426.936	1.142.693	-	10284242	1.142.694
2002BG16PPE011	Waster water treatment plant - Lovech	18.396.575	13.797.431	1.379.743	-	12.417.688	1.379.743
2002BG16PPE012	Waste water treatment plant - Montana	16.741.237	12.555.928	1.255.593	-	11.300.335	1.255.593
2002BG16PPE013	Waste water treatment plant - Smolian	24.471.022	18.353.266	1.835.327	-	16.517.939	1.835.327
2002BG16PPE014	Waste water treatment plant - Sevlievo	13.987.623	10.490.717	1.049.072	-	9.441.646	1.049.072
2002BG16PPE015	Waste water treatment plant - Popovo	11.860.433	8.895.326	889.533	-	8.005.794	889.533
2002BG16PPE017	Balchik : Waste water treatment plant	21.589.225	16.191.919	1.619.192	-	14.572.727	1.619.192
2002BG16PPE018	Shumen : Waste water treatment plant	30.130.000	22.597.500	2.259.750	-	19.501.207	2.259.750
2002BG16PPA002	Technical Assistance for the preparation of a water sector investment project for the Municipality of Sofia	1.500.000	1.125.000	225.000	89.491,50	1.125.000	539.492
Sub-total	18	434.133.316	312.298.868	61041724	16.606.361	262.562.690	43.587.226

Solid waste	2000RO16PPE001	Piatra-Neamt Waste Management Programme	13.846.000	10.384.500	-	-	10.384.500	2.076.900
	2001RO16PPE014	Integrated municipal waste management in Ramnicu Valcea	14.673.100	11.004.825	1.100.482	1.100.483	11.004.825	2.200.965
	2001RO16PPE017	Dambovitva County: Rehabilitation of solid waste collection, transportation, treatment and landfill	25.894.000	19.420.500	-	-	15536400	1.942.050
	2002RO16PPE024	Intgrated waste management system in Teleorman Country	21.406.000	16.054.500	-	-	12.843.600	1.605.450
	2003RO16PPE027	Integrated Waste Management System in Galati and Surroundings	23.000.000	17.250.000	1725000	1.725.000	13.800.000	1.725.000
	2004RO16PPE007	Regional Waste Landfill in Bacau	20.000.000	15.000.000	12.000.000	-	12.000.000	-
	2005RO16PPE001	Integrated Managemant of Solid Waste and Sludge from WWTP in Arges County	24.500.000	18.375.000	14.700.000	-	14.700.000	-
	2000BG16PPE002	Set of 6 Regional Waste Disposal Sites (Montana, Ruse, Pernik, Sevlievo, Silistra, Sozopol)	60.577.513	45.433.135	-	14.815.874	40.889.821	23.902.501
	2003BG16PPE019	Kardjali: Regional Waste Management Center	14.547.162	10.910.372	-	-	8.728.297	1.091.037
	Sub-total	9	218.443.775	163.832.832	29525482	17.641.357	139.887.443	34.543.903

Air quality	2001BG16PPE004	Maritsa East 2 TPP-EAD- Construction of flue gas desulphurisation plants for Units 5 & 6	72.330.000	36.165.000	7.233.000		32.548.500	3.616.500
Horizontal	2003BG16PPA004	Technical Assistance for institutional strengthening of the Ministry of Environment and Water for the ISPA pipeline management	15.921.000	12.896.000	1.289.600	2.944.198,15	11.606.400	5.523.398
	2003RO16PPA013	Technical assistance for a project preparation in the environment sector	12.750.000	9.945.000	994.500	-	8.950.500	1.989.000
	2005RO16PPA001	Technical assistance for project preparation in the environmental sector in Romania	25.000.000	12.500.000	8.750.000	-	8.750.000	-
	Sub-total	3	53.671.000	35.341.000	11.034.100	2.944.198	29.306.900	7.512.398
	Total Environment	64	2.021.031.383	1.455.900.551	289.295.722	109.694.490	1.210.854.471	255.243.503
	Transport							
Road	2000RO16PPA002	Technical assistance for revision of feasibility study and preparation of tender documents, technical project, road section Drobeta	1.466.060	1.099.545	-	-	1.099.545	900.000
	2000RO16PPT002	Widening to 4 lanes of the National road n° 5 Bucharest-Giurgiu	52.648.050	34.747.713	-	-	34.747.696	16.294.878
	2000RO16PPT003	Construction of the Bucharest-Cernavoda motorway	95.616.000	71.712.000	-	15.828.686,54	49.372.000	26.928.687

	2000RO16PPT004	Rehabilitation of the national road DN6- Section Craiova-Drobeta Turnu Severin	93.442.503	70.081.877	-	-	67.270.000	36.867.773
	2001RO16PPT005	Construction of the Sibiu Motorway By-Pass	70.261.600	52.696.200	-	-	41.730.000	20.978.763
	2001RO16PPT006	Rehabilitation of section Drobeta Turnu Severin-Lugoj on the DN 6 road	155.578.840	116.684.130	35.480.000	-	104.100.000	13.801.162
	2004RO16PPT008	Construction of the Deva-Orastie Motorway By-pass in Romania	151.646.000	113.734.500	20.000.000	11.373.450	95.568.302	11.373.450
	2004RO16PPA002	Technical Assistance for the preparation of road projects for the Cohesion Fund	15.834.500	13.459.325	10.767.460	-	10.767.460	-
	2005RO16PPA003	Technical assistance for preparation of road projects for the Structural Funds	12.751.000	9.563.250	4.536.250	-	4.536.250	-
	2005RO16PPT001	Lugoj By-pass	23.750.000	17.812.500	8.521.890	-	8.521.890	-
	2000BG16PPT001	Transit roads rehabilitation Project III in Bulgaria	40.000.000	30.000.000	3.000.000	9.457.231,42	27.000.000	18.907.395
	2001BG16PPT004	Construction of Liulin Motorway, Sofia Ring Road - Daskalovo Road junction	148.450.000	111.337.500	12.356.667	-	89.070.000	11.133.750
	Sub-total	12	861.444.553	642.928.540	94.662.267	36.659.368	533.783.143	157.185.857

Rail	2000RO16PPT001	Rehabilitation of the section Bucharest-Baneasa-Fetesti of the Bucharest-Constanta railway line	308.972.588	231.729.441	24.190.000	29.469.895	231.729.441	52.642.839,37
	2001RO16PPA008	TA for rehabilitation of the railway HU border-Simeria	800.000	600.000	-	227.625	579.375	287.625
	2003RO16PPT007	Rehabilitation of the railway section Campina-Predeal on the Bucharest-Brasov railway line	199.485.770	149.614.328	-	14.961.432	104.730.029	14.961.432
	2004RO16PPA003	Technical Assistance for the preparation of rail projects for the Cohesion Fund	22.900.000	19.465.000	15.572.000	-	15.572.000	-
	2001BG16PPT003	Plovdiv-Svilengrad-electrification and upgrading of Corridors Iv and X	340.000.000	153.000.000	13.950.000	15.300.000	119.137.500	30.600.000
	2005BG16PPA002	Technical assistance for modernization of Vidin-Sofia railway line	4.040.000	3.434.000	2.747.200	-	2.747.200	-
	2005BG16PPA004	Technical assistance for the rehabilitation of railway infrastructure along sections of the Plovdiv-Burgas and Mezdra-Gorna Oryahovitsa railway lines	10.480.000	8.908.000	7.126.400	-	7.126.400	-
	2005HR16PPT001	Vinkovci to Tovarnik to State Border Railway Rehabilitation	75.761.000	28.789.180	12.300.000	-	12.300.000	-
	Sub-total	8	962.439.358	595.539.949	75.885.600	59.958.952	493.921.945	98.491.896,37

Road and rail	2004RO16PPT009	Road and rail to the second bridge over Danube at Calafat-Vidin (Romanian side)	47.950.000	35.962.500	25.173.750	-	25.173.750	-
	2005RO16PPT002	Reconstruction of rail and road infrastructure sections damaged by floods in July and August 2005	57.750.000	49.087.500	24.543.750	-	24.543.750	-
	2001BG16PPA001	Danube bridge technical assistance for recruitment of consultants	5.880.000	4.998.000	-	-	3.998.400	3.998.400
	2004BG16PPT005	Construction:Cross-border,Road/Rail Bridge-Danube River/Vidin-Calafat	225.806.452	70.000.000	6.608.000	7.000.000	56.000.000	7.000.000
	Sub-total	4	337.386.452	160.048.000	56.325.500	7.000.000	109.715.900	10.998.400
Inland waterways	2002RO16PPA011	Technical Assistance for the improvement of navigation conditions on the Danube	1.640.000	1.230.000	-	384.000	1.230.000	984.000
	2005RO16PPA002	Technical Assistance for the improvement of navigation conditions on the Romanian-Bulgarian common sector of the Danube and accompanying studies	2.750.000	2.337.500	1.870.000	-	1.870.000	-
	Sub-total	2	4390000	3567500	1.870.000	384.000	3.100.000	984.000

Airport	2000BG16PPT002	Sofia Airport - Lot B1 New Terminal and Related Infrastructure	135.135.135	50.000.000	-	15.344.390,10	45.000.000	35.051.249
Horizontal	2004RO16PPA001	Technical Assistance for the elaboration of the General Transport Master Plan	5.920.000	5.032.000	3.522.400	-	3.522.400	-
	Total Transport	28	2.306.715.498	1.457.115.989	232.265.767	119.346.710	1.189.043.388	302.711.402
	Technical assistance							
EDIS	2001RO16PPA009	Titre Technical Assistance to strengthen the capacity of ISPA implementing agencies to implement ISPA measures-Stage I - in	589.753	589.753	-	-	589.753	471.802
	2002BG16PPA003	Technical assistance for the preparation of EDIS	1.023.555	1.023.555	178.511	50.800	892.555	503.522
	Sub-total	2	1.613.308	1.613.308	178.511	50.800	1.482.308	975.324
Horizontal	2005BG16PPA001	Support for the organization of the Monitoring Committees in 2005-2006	20.000	20.000	10.000	8.000	10.000	8.000
	Total Technical Assistance	3	1.633.308	1.633.308	188.511	58.800	1.492.308	983.324
	TOTAL	95	4.329.380.189	2.914.649.848	521.750.000	229.100.000	2.401.390.167	558.938.230