



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 30.09.1998
COM(1998) 551 final

98/ 0094 (CNS)

Amended proposal for a

COUNCIL REGULATION (EC)

**on coordinating aid to the applicant countries
in the framework of the pre-accession strategy**

(presented by the Commission pursuant to Article 189 a (2)
of the EC-Treaty)

EXPLANATORY MEMORANDUM

On 18 March the Commission adopted two proposals for Council Regulations, on an agricultural and a structural instrument respectively, to provide aid to the applicant countries in the framework of the pre-accession strategy.

It also adopted a proposal for a Regulation on coordination between operations under the above two instruments and those under the Phare programme (doc. COM(98) 150 final).

When the latter proposal was discussed in the Council, the majority of Member States asked for the respective areas of intervention of the three pre-accession instruments to be better defined and for the coordination procedure to be simplified.

In the light of these comments, the areas of intervention of the Phare programme vis-à-vis the other two instruments have been clarified in Article 4 of this new amended proposal for a Regulation. It also proposes that the Phare committee set up by Regulation (EC) No 3906/89, as last amended by Regulation (EC) No 753/96, rather than a new *ad hoc* committee, should be responsible for coordination and coherence between operations as well as with those funded by the EIB and the international financial institutions.

In Agenda 2000 the Commission stated that the effectiveness of pre-accession aid would be enhanced by decentralising its management to the beneficiary countries. Parliament has expressed an opinion to similar effect.

A new Article 11 is therefore included in this amended proposal for a Regulation providing for decentralisation on these lines and an inspection and evaluation procedure.

**Amended proposal for a
COUNCIL REGULATION (EC)
on coordinating aid to the applicant countries in the framework of the pre-
accession strategy**

The Council of the European Union,

Having regard to the Treaty establishing the European Community and in particular Article 235 thereof,

Having regard to the ~~proposal from the Commission,~~

Having regard to the ~~opinion of the European Parliament,~~

Whereas the Luxembourg European Council advocated a ~~substantial increase in pre-~~ accession aid so as to include, in addition to the Phare programme, aid to agriculture and for structural measures;

Whereas Regulation (EC) No 622/98 of 16 March 1998 on assistance to the applicant countries in the framework of the pre-accession strategy provides for the creation of Accession Partnerships which provide a single framework for programming the priorities and financial resources of pre-accession aid;

Whereas Regulation No .../.. set up an agricultural instrument for application mainly in areas such as modernising the structure of agricultural holdings, improving processing and distribution structures, developing inspection activities and rural development;

Whereas the structural instrument created by Regulation No .../.. (the ISPA), is intended to finance infrastructure in the transport and environment fields;

Whereas the Phare programme set up by Regulation (EEC) No 3906/89, as last amended by Regulation (EC) No 753/96, will in future focus on the essential priorities linked to adoption of the *acquis communautaire*, i.e. building up the administrative and institutional capacities of the applicant countries and financing investments designed to help them comply with Community law as soon as possible;

Whereas it is important to ensure that Community operations under the three pre-accession instruments achieve optimum economic impact;

Whereas the above instruments should remain distinct but there must be coordination between operations under them as well as with operations funded by the European Investment Bank, the European Bank for Reconstruction and Development, the Community's other financial instruments and the other international financial institutions;

Whereas it is necessary to foresee reciprocal information and cooperation between the Commission and the candidate countries for on the spot control and verification to ensure efficient protection of the financial interests as well as to combat fraud and other irregularities;

Whereas management of pre-accession assistance should gradually be decentralised to the applicant countries themselves, taking account of their management and financial control capacities, so that they can be more closely involved in the pre-accession aid process;

Whereas the Commission should submit regular reports on pre-accession aid to the applicant countries,

HAS ADOPTED THIS REGULATION:

Article 1

Coordination and coherence between assistance granted in the framework of the pre-accession strategy under Phare, the agricultural and rural development instrument (hereinafter the 'agricultural instrument') and the structural instrument shall be ensured in accordance with this Regulation.

Article 2

Measures to improve the structure of agricultural holdings, the processing and marketing of agricultural and fisheries products, phytosanitary and veterinary inspection and the quality of foodstuffs shall be financed by the agricultural instrument set up by Regulation No/. Funding shall also be provided for integrated rural development, including rural infrastructure and agri-environment schemes.

Article 3

Investment projects in the following areas shall be financed from the pre-accession aid structural instrument established by Regulation No ...:

- measures in the environment sector which allow the beneficiary countries to comply with the requirements of the *acquis* in relation to the environment and with the objectives of the Accession Partnerships;
- measures relating to transport infrastructure designed to promote sustainable modes of transport, in particular those that constitute projects of common interest based on Council Decision 1692/96 and measures allowing the beneficiary countries to comply with the objectives of the Accession Partnerships; this shall include inter-connection and interoperability of national networks as well as with the trans-European networks together with access to such networks.

Article 4

1. Funding under the Phare programme shall focus on the main priorities for the adoption of the *acquis communautaire*, i.e. building up the administrative and institutional capacities of the applicant states and investment, except for the type of investments covered by the two instruments referred to in Articles 2 and 3 above.
2. However, Phare funding may also be used to finance the measures in the fields of environment, transport and agricultural and rural development which form an indispensable part of integrated industrial reconstruction or regional development programmes.

Article 5

Aid for schemes or measures financed in the framework of pre-accession aid may be granted from one only of the instruments referred to in this Regulation.

Article 6

Financing of the schemes or measures provided for in this Regulation shall be subject to compliance with the conditions laid down in Regulation (EC) No 622/98 of 16 March 1998 and in the Accession Partnerships and to the relevant provisions of Regulations (EEC) Nos 3906/89 of 18 December 1989, as last amended by Regulation (EC) No 753/96 of 22 April 1996, .../.. (SAPARD) and.../.. (ISPA) and of this Regulation.

Article 7

Beneficiary states shall contribute to the financing of investments.

Article 8

1. Schemes or measures financed under the three instruments referred to in Articles 2, 3 and 4 above shall be decided in accordance with the provisions laid down in the relevant Regulation relating to that instrument.

Article 9

1. The Commission shall be responsible for coordinating operations under the three instruments, and in particular for establishing the pre-accession aid guidelines for each country. It is assisted, for this purpose, by the committee set up by Regulation (EEC) No 3906/89, as last amended by Regulation (EC) No 753/96, in accordance with the following procedure.
2. The representative of the Commission shall submit to the committee a draft of the measures to be taken. The committee shall deliver its opinion on the draft, within a time-limit which the chairman may lay down according to the urgency of the matter if necessary by taking a vote.

3. The opinion shall be recorded in the minutes; in addition, each Member State shall have the right to ask to have its position recorded in the minutes.
4. The Commission shall take the utmost account of the opinion delivered by the committee. It shall inform the committee of the manner in which its opinion has been taken into account.

Article 10

The Commission shall ensure coordination and coherence between operations undertaken pursuant to this Regulation under the Community budget, operations funded by the European Investment Bank or other financial instruments of the Community, and operations funded by international financial institutions.

Article 11

1. The Commission shall implement the Community aid in accordance with the rules of transparency and the Community's financial regulation and without prejudice to this Regulation.
2. Pre-accession aid shall also cover expenditure relating to the monitoring, inspection and evaluation of operations.
3. Financing decisions and any contracts or implementing instruments resulting therefrom shall expressly provide for inspection by the Commission and the Court of Auditors to be carried out on the spot, if necessary.

Article 12

1. The applicant countries may manage the aid granted to them on a decentralised basis subject to specific provisions concerning, *inter alia*, invitations to tender, scrutiny and evaluation of tenders and the award of contracts.
2. The above specific provisions shall be laid down in financing agreements with the beneficiary countries and shall take account of their management and financial control capacities.
3. The Commission shall adopt rules governing inspection and evaluation.

Article 13

Every two years the Commission shall present a report on the overall pre-accession aid for each country to the Council and to Parliament.

Article 14

This Regulation enters into force on the third day following that of its publication in the Official Journal of the European Communities.

This Regulation is binding in its entirety and directly applicable in all Member States.

Done at Brussels

For the Council,
The President

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DOCUMENTS

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