

COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a
COUNCIL DECISION
concerning the Community position within the Association Council
on the participation of Bulgaria in the multiannual Community programme for
energy efficiency, SAVE II

Proposal for a
COUNCIL DECISION
concerning the Community position within the Association Council
on the participation of Czech Republic in the multiannual Community programme
for energy efficiency, SAVE II

Proposal for a
COUNCIL DECISION
concerning the Community position within the Association Council
on the participation of Lithuania in the multiannual Community programme for
energy efficiency, SAVE II

Proposal for a
COUNCIL DECISION
concerning the Community position within the Association Council
on the participation of Poland in the multiannual Community programme for energy
efficiency, SAVE II

Proposal for a
COUNCIL DECISION
concerning the Community position within the Association Council
on the participation of Romania in the multiannual Community programme for
energy efficiency, SAVE II

Proposal for a
COUNCIL DECISION
concerning the Community position within the Association Council
on the participation of Slovak Republic in the multiannual Community programme
for energy efficiency, SAVE II

(presented by the Commission)

Explanatory Memorandum

In the conclusions of its meeting of 12 and 13 December 1997 in Luxembourg, the European Council stressed the importance of the participation of candidate countries in Community programmes, which will help these countries to familiarise themselves with the Union's policies and working methods.


The Europe Agreements or their Additional Protocols concerning the participation in Community programmes explicitly mention the field of energy as an eligible area. Moreover, they convey the task to define terms and conditions for participation to the Association Councils. Therefore, in preparation of Association Council decisions, the Commission services concerned have held exploratory discussions with the 10 associated countries from central Europe in Brussels in December 1996 and the beginning of 1997 concerning their future participation in the SAVE II programme, which was adopted 16 December 1996, and provides for the participation of associated CEC's and Cyprus.

During these discussions, information was provided on the content of the programme and on conditions and modalities for these countries' participation, including the cost of participation. More particularly, taking into account that, as provided in the Europe Agreements or their Additional Protocols, the CEC's will themselves meet the costs resulting from their participation, they have been invited to make the necessary provisions in their budgets for 1998, on the basis of cost estimates provided by the Commission. Furthermore, the possibility for the CEC's to draw on their national Phare allocation for complementing the contribution from their own budget has been reiterated.

So far, six CEC's confirmed to the Commission in writing their willingness to participate in SAVE II as from 1998, namely Bulgaria, the Czech Republic, Lithuania, Poland, Romania and the Slovak Republic; moreover, they provided sufficient information on how they envisage to pay their financial contribution thereto, allowing the Commission to prepare draft Association Council decisions.

The main issues addressed in the annexed draft Association Council Decisions adopting the terms and conditions for the participation of Bulgaria, the Czech Republic, Lithuania, Poland, Romania and the Slovak Republic in SAVE II are the following :

- the six countries will participate in all activities of SAVE II, in conformity with the objectives, criteria and procedures of the Programme (Annex 1, point 1).
- terms and conditions for the submission, assessment and selection of applications will be the same as for Member States (Annex 1, point 2).
- a minimum number of partners from EC Member States will be required for all transnational projects proposed by Bulgaria, the Czech Republic, Lithuania, Poland, Romania and the Slovak Republic (Annex 1, point 3).
- the six countries will ensure national coordination and organisation of participation in SAVE II (Annex 1, 4).

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- financial contributions are defined in Annex 1, point 5 and in Annex II to the respective Decisions; in accordance with Article 3 of the Additional Protocols with Bulgaria, the Czech Republic, Poland, Romania and the Slovak Republic and with Article 110 of the Europe Agreement with Lithuania, these countries will pay an annual contribution to cover the cost of their participation, which will be financed partly from their own budget, and partly from their Phare allocation.
 - these countries will participate in the monitoring of their participation in the Programme (Annex 1 point 7).
 - they will be invited to coordination meetings prior to the meetings of the SAVE Committee; they will also be informed of their results (Annex 1, point 8).
 - the Decisions shall apply for the duration of the programme (Article 2 in the Decisions).

The adoption of Association Council decisions to allow Bulgaria, the Czech Republic, Lithuania, Poland, Romania and the Slovak Republic to participate in SAVE II from 1998 will offer an opportunity to participate actively in this internal Community instrument, as part of the re-inforced pre-accession strategy. It is, therefore, of considerable political importance.

In order to allow these six candidate countries to join SAVE II in the near future, the Council is invited to adopt the annexed proposals for decisions concerning the Community position within the Association Councils with Bulgaria, the Czech Republic, Lithuania, Poland, Romania and the Slovak Republic on their participation in SAVE II.



98/0120 (CNS)

**Proposal for a
COUNCIL DECISION
ofconcerning the Community position within the Association Council
on the participation of Bulgaria in the multiannual Community programme for
energy efficiency, SAVE II**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 130r and 130s, paragraph 1, in conjunction with Article 228, paragraph 3, 1st alinea thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas the Additional Protocol to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and Bulgaria, of the other part, has been concluded by decision of the Council and the Commission of 4 December 1995,

Whereas, according to Article 1 of the Additional Protocol, Bulgaria may participate in Community framework programmes, specific programmes, projects or other actions including those in the field of energy and pursuant to Article 2, the terms and conditions for the participation of Bulgaria in the activities referred to in Article 1 shall be decided by the Association Council,

Whereas Council Decision (96/737/EC)¹ of 16 December 1996 establishing a multiannual programme for the promotion of energy efficiency in the Community and in particular Article 10 thereof, provides that this programme shall be open to the participation of associated Central European countries in accordance with the conditions set out in the Association Agreements on participation in Community programmes:

HAS DECIDED AS FOLLOWS:

The position to be taken by the Community within the Association Council established by the Europe Agreement between the European Communities and their Member States, of the one part, and Bulgaria, of the other part, concerning the participation of Bulgaria in the Community programme for energy efficiency, SAVE II, is the attached draft decision of the Association Council.

Done at Brussels

For the Council

¹ O.J.N° L 335/50 of 24.12.1996

[REDACTED]

**Draft Decision n°..../97 of the Association Council between the European
Communities and their Member States, of the one part, and Bulgaria, of the other
part of 1998
adopting the terms and conditions for the participation of Bulgaria in the
Community programme for energy efficiency, SAVE II**

THE ASSOCIATION COUNCIL

Having regard to the Europe Agreement between the European Communities and their Member States, of the one part, and Bulgaria, of the other part ¹;

Having regard to the Additional Protocol of the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and Bulgaria, of the other part, concerning Bulgaria's participation in Community programmes, and in particular Articles 1 and 2 thereof ²;

Whereas according to Article 1 of the said Additional Protocol, Bulgaria may participate in Community framework programmes, specific programmes, projects or other actions including those in the field of energy;

Whereas according to Article 2 of the said Additional Protocol the terms and conditions for the participation of Bulgaria in the activities referred to in Article 1 are to be decided by the Association Council,

HAS DECIDED AS FOLLOWS:

Article 1

Bulgaria shall participate in the European Community programme SAVE II according to the terms and conditions set out in Annexes I and II which shall form an integral part of this Decision.

Article 2

This Decision shall apply for the duration of the SAVE II programme.

Article 3

This Decision shall enter into force on the first day of the month following its adoption.

Done at

For the Association Council
The Chairman

¹ O.J. N° L 358 of 31.12.1994

² O.J. N° L 317 of 30.12.1995

Annex I

Terms and conditions for the participation of Bulgaria in the multiannual Community programme for energy efficiency, SAVE II

1. Bulgaria will participate in all actions of the multiannual Community programme for energy efficiency, SAVE II (hereinafter called "SAVE II") in conformity, unless otherwise provided in this Decision, with the objectives, criteria, procedures and time limits laid down in Council Decision (96/737/EC) establishing a five-year programme for the preparation and implementation of measures and actions in a cost-effective manner in order to promote energy efficiency within the Community.
2. The terms and conditions for the submission, assessment and selection of applications related to eligible institutions, organisations and individuals of Bulgaria shall be the same as those applicable to eligible institutions, organisations and individuals of the Community, set within the limits of the financial contribution of Bulgaria less administrative costs as provided in Annex II.
3. Where applicable, to ensure the Community dimension of SAVE II, transnational projects and activities proposed by Bulgaria will be required to include a minimum number of partners from the Member States of the Community. This minimum number will be decided in the framework of the implementation of SAVE II, taking into account the nature of the various activities, the number of partners in a given project, and the number of countries participating in the activity.
4. Bulgaria shall take all necessary steps to ensure national coordination and organisation of participation in SAVE II.
5. Bulgaria shall pay each year a contribution to the general budget of the European Communities to cover the costs resulting from its participation in SAVE II (see Annex II).

The Association Committee is entitled to adapt this contribution whenever necessary.
6. The Member States of the Community and Bulgaria will make every effort, within the framework of existing provisions, to facilitate the free movement and residence of persons moving between Bulgaria and the Member States of the Community for the purpose of participating in activities covered by this Decision.
7. Without prejudice to the responsibilities of the Commission and the Court of Auditors of the European Communities in relation to the monitoring and evaluation of SAVE II pursuant to Article 5 of the Council Decision on SAVE II, the participation of Bulgaria in the programme will be continuously monitored on a partnership basis involving Bulgaria and the Commission of the European Communities. Bulgaria will submit the necessary reports to the Commission and take part in other specific activities set out by the Community in that context.

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8. Without prejudice to the procedures referred to in Articles 4 and 5 of the Decision on SAVE II, Bulgaria will be invited to coordination meetings on any question concerning the implementation of this Decision prior to the regular meetings of the SAVE Committee. The Commission will inform Bulgaria about the results of such regular meetings.

9. The language to be used as regards the application process, contracts, reports to be submitted and other administrative arrangements for the SAVE II programme, will be one of the official languages of the Community.

ANNEX II

FINANCIAL CONTRIBUTION OF BULGARIA TO SAVE II

1. The financial contribution of Bulgaria will cover:
 - subsidies or any other financial support from the programme to Bulgarian participants,
 - supplementary administrative costs related to the management of the programme by the Commission of the European Communities stemming from the Bulgarian Republic's participation.
2. For every financial year, the aggregated amount of subsidies or any other financial support received from the programme by Bulgarian beneficiaries will not exceed the contribution paid by Bulgaria, after deduction of the supplementary administrative costs.

Should the contribution paid by Bulgaria to the general budget of the European Communities, after deduction of the supplementary administrative costs, be higher than the aggregated amount of the subsidies or other financial support received by the Bulgarian beneficiaries from the programmes, the Commission will transfer the balance to the next budgetary exercise, and it will be deducted from the following year's contribution. Should such a balance be left when the programme comes to an end, the corresponding amount will be reimbursed to Bulgaria.
3. Bulgaria's annual contribution will be of 231 768 ECU from 1998. From this sum, an amount of 15 768 ECU will cover supplementary administrative costs related to the management of the programme by the Commission stemming from Bulgaria's participation.
4. The financial regulations applicable to the general budget of the European Communities will apply, notably to the management of the contribution of Bulgaria.

Upon the entry into force of this Decision and at the beginning of each year, the Commission will send to Bulgaria a call for funds corresponding to its contribution to the costs under this Decision.

This contribution will be expressed in ecus and paid into an ecu bank account of the Commission.

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Bulgaria will pay its contribution to the annual costs under this Decision according to the call for funds and at the latest three months after the call for funds is sent. Any delay in the payment of the contribution shall give rise to the payment of interest by Bulgaria on the outstanding amount from the due date. The interest rate corresponds to the rate applied by the European Monetary Cooperation Fund for the month of the due date, for its operations in ecus¹, increased by 1,5 percentage points.

5. Bulgaria will pay the supplementary administrative costs referred to in paragraph 3 from its national budget.
6. Subject to regular Phare programming procedures, the remaining costs of 216 000 ECU for each of the years 1998, 1999 and 2000 will be paid from Bulgaria's annual Phare allocations

¹ Rate published monthly in the *Official Journal of the European Communities* - C series

FINANCIAL STATEMENT

1. TITLE OF OPERATION

Opening of the SAVE II Programme to Bulgaria

2. BUDGET HEADING INVOLVED

B7-503 - Opening of Community Programmes to the associated countries of Central and Eastern Europe

3. LEGAL BASIS

Treaty establishing the European Community, and in particular Articles 130r and 130s, paragraph 1, in conjunction with Article 228, paragraph 3, 1st alinea thereof.

The Additional Protocol to the Europe Agreement with Bulgaria (Articles 228 and 238) of 20 July 1995, providing for the opening-up of Community programmes (OJ No L 317/24 of 30.12.1995) and

Council Decision (96/737/EC) establishing a five-year programme for the preparation and implementation of measures and actions in a cost-effective manner in order to promote energy efficiency within the Community, and Article 10 thereof, which provides that this programme shall be open to the participation of associated Central European countries in accordance with the conditions set out in the Association Agreements on participation in Community programmes.

4. DESCRIPTION OF OPERATION:

4.1 General objective

Bulgaria's participation in SAVE II will assist in preparing its future accession to the Union, which was the aim set by the Copenhagen European Council of June 1993 and confirmed by subsequent European Councils. Its participation will not only contribute towards the implementation of the provisions relating to economic and technical cooperation in the Europe Agreements but will also enable Bulgaria to familiarise itself with the procedures and methods used in Community programmes. The "Agenda 2000" communication from the Commission reiterates the importance of participating in Community programmes as a key feature of a re-inforced pre-accession strategy.

The decision-making process for the opening-up of programmes involves a decision by the Association Council between the Union and the associated country. This decision also lays down the practical conditions and arrangements for participating in the programmes.

The Additional Protocol with Bulgaria entered into force on 1 August 1996 and provides for Bulgaria's participation in community programmes, notably in the field of energy.

SAVE II is one of a number of programmes opening up for the countries of Central and Eastern Europe from 1998 onwards.

4.2 Period covered and arrangements for renewal

For the duration of SAVE II, i.e. until 31 December 2000. The Phare contribution, however, is dependent on decisions taken as regards the budget after 1999.

5. CLASSIFICATION OF EXPENDITURE OR REVENUE

5.1 Types of expenditure involved:

1. Non-compulsory expenditures (NCE)
2. Disassociated credits

5.2 Type of revenue involved:

Since the first paragraph of Article 3 of the Additional Protocol stipulates that Bulgaria itself will meet the cost of its participation, it will be invited to transfer its contribution to item 6091 of the EU's budget receipts. However, as the second paragraph of Article 3 of the Additional Protocol states that the Community may supplement Bulgaria's contribution, Bulgaria will contribute only part from its own budget, with the remainder being charged to heading B7-503. A transfer from the relevant Phare appropriations (heading B7-500) to heading B7-503 will be made upon receipt of the Bulgarian contribution.

6. TYPE OF EXPENDITURE OR REVENUE AND DEGREE OF SUBVENTION FOR ACTIVITIES PROPOSED

100% (maximum) subsidy will be allowed on total eligible expenses for the following actions:

- for studies, information dissemination and other actions aimed at the implementation and completion of Community measures such as voluntary agreements, cooperative procurements, mandates to standardisation bodies, legislation, etc. taken to improve energy efficiency.
- for studies on the effects of energy pricing on energy efficiency and studies undertaken with a view to establishing energy efficiency as a criterion within Community programmes.
- for measures proposed by the Commission to foster the exchange of experience aimed at promoting better coordination between international, Community, national, regional and local activities by appropriate means for information dissemination.
- for monitoring of energy efficiency progress in the Community, in individual Member States and in Bulgaria; and for the evaluation and monitoring of actions and measures undertaken under the programme.

[REDACTED]

For the above actions with 100% subsidy, the Council Decision of 16 December 1996 (96/737/EC) may in and of itself be considered a call for tender.

50% (maximum) subsidy on total eligible expenses will be allowed for joint financing with other sources for the following actions:

- for sectoral targeted pilot actions aimed at accelerating energy efficiency investment, and/or improving energy use patterns including specific actions in favour of energy management at the regional and urban level and in favour of greater cohesion between Member States and Bulgaria, and regions thereof, in the field of energy efficiency.
- for measures proposed to promote better coordination of activities for information dissemination.
- for measures, proposed otherwise than by the Commission, to foster the exchange of experience aimed at promoting better coordination between international, Community, national, regional and local activities by appropriate means for information dissemination.

For the above actions, activities may be carried out by organisations or public and private enterprises as well as by existing Community-wide networks or temporary groupings of organisations and/or enterprises formed to accomplish the projects.

For the above actions with 50% subsidy, a call for tender will be published in the Official Journal at the beginning of each year.

The balance of the funding of the actions and measures with a 50% allowable subvention may be made up from either public or private sources or from a combination of the two.

It is understood that all actions undertaken will have a clear and visible European dimension.

As far as revenue is concerned, provision for Bulgaria's contribution to cover the cost of its participation is made under item 6091. The revenue will be allocated to the items for expenditure on SAVE II and, where appropriate, to the relevant items of operating expenditure.

The total revenue expected is given under item 7.2.

7. FINANCIAL IMPACT

7.1 Method of calculating total cost of operation for 1998, 1999 and 2000 financial years (link between individual costs and total cost)

The calculation is based on the following preconditions:

- each partner country's contribution to the financing of the activities referred to in the Protocol is calculated according to the principle that the country bears the cost of participation itself. Heading 6091 has been created in the statement of budget revenue for that purpose;
- the Community may decide on a case-by-case basis to pay a supplement to the partner country's contribution. The supplement may be in the form of a contribution under the partner country's PHARE allocation.

Based on the Additional Protocol with the Bulgarian Republic, the financial and budgetary arrangements for SAVE II are as follows: the costs have been calculated on the basis of various parameters inherent in the programme, i.e. GDP, population, and total inland energy consumption

The cost of the Bulgarian Republic's participation in SAVE II from 1998 will be ECU 231.768 per year.

The administrative costs shall be covered entirely from Bulgaria's national budget. The remaining costs of 216.000 ECU for each of the years 1998, 1999 and 2000 will be paid from Bulgaria's annual Phare allocations, subject to regular Phare programming procedures.

7.2 Itemized breakdown of cost (in ecu) after the administrative costs have been deducted.

SAVE II	1998	1999	2000	Total	of which Bulgaria	of which Phare
	216.000	216.000	216.000	648.000	0	648.000

7.3 Operational expenditure on special studies, expert meetings, etc., included in 10.2.

7.4 Schedule for multiannual operations; amounts to be charged to item B7 503; indicative time schedule (year t =30%; year t+1=30%; year t+2=40%).

	1998	1999	2000	Subsequent years	TOTAL
Committed appropriations	216.000	216.000	216.000		648.000
Disbursed appropriations					
1998	64.800				64.800
1999	64.800	64.800			129.600
2000	86.400	64.800	64.800		216.000
Subsequent years		86.400	151.200		237.600
Total	216.000	216.000	216.000		648.000

The foreseeable annual receipts are as follows:

Item 6091	1998	1999	2000	Total
Operational part	0	0	0	0
Administrative part	15.768	15.768	15.768	47.304
Total	15.768	15.768	15.768	47.304

8. FRAUD PREVENTION MEASURES; RESULTS OF MEASURES TAKEN

All the Commission's contracts, agreements and other legal commitments provide for on-the-spot checks by the Commission and Court of Auditors. Among other things, the beneficiaries of the operations are obliged to file reports and financial statements. These are analysed from the point of view of their content and the eligibility of the expenditure in line with the objective of Community financing.

The anti-fraud provisions of the basic budget headings apply to this heading too when adapted to the case of the countries of Central and Eastern Europe.

9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

9.1. Specific and quantified objectives

The aim of opening up SAVE II to the Bulgarian Republic is to bring it the same benefits as the Member States of the Community already enjoy from this programme. The essential aim of Community action on energy efficiency should be to enable all participating countries to achieve in a cost-effective manner a prudent and rational use of energy resources in all sectors, to reduce the negative impact of energy use on the

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environment and to contribute to a better security of energy supply and to sustainable economic development.

More specific strategies and aims of the programme are:

- to strengthen the energy efficiency infrastructure in participating countries and to encourage investments in energy efficiency by private and public consumers and by industry.
- to stabilize and reduce CO2 emissions in accordance with Community goals
- to develop and pursue actions leading to the strengthening of Community economic and social cohesion, and in particular to reduce disparities between levels of development of the various regions, wherein energy should be an integral part of that effort.
- to complement other programmes for the use and promotion of new energy technologies.
- to improve the energy intensity of final consumption by a further one percentage point per annum over that which would have been otherwise attained.
- to support local energy management programmes.
- to ensure that actions and projects are subject to thorough prior appraisal and systematic monitoring and evaluation.
- to insure that directives on energy efficiency such as those concerning labelling, minimum efficiency standards, CO2 reduction (93/76/EEC), etc. are implemented in accordance with procedures set forth in said directives.

9.2. Grounds for the operation

- *Need for Community financial aid*

Given severe budgetary constraints in the Bulgarian Republic, and the importance of the participation in Community programmes, a part of the re-inforced pre-accession strategy, financing of Bulgaria's financial contribution by means of its Phare allocation is required.

- *Choice of ways and means*

The Bulgarian Republic's integration in SAVE II will put it on a basis similar to the current EU Member States. The integration of Bulgarian nationals in Community networks will make a definite contribution to preparing the Bulgarian Republic for future membership.

- *Main factors of uncertainty which could affect the specific results of the operation*

Since projects will be selected according to qualitative criteria, it will only be possible to measure the real impact on the basis of Bulgarian institutions' and firms' capacity to

respond to the calls for proposal for actions to be launched by the Commission under the programme as set out in Section 6 of this financial statement.

9.3 Monitoring and evaluation of the operation

The monitoring and evaluation procedures included in SAVE II (notably in respect of evaluation, as included in the Article 5, Paragraph 2 of the Decision establishing the programme) will also cover operations financed for Bulgarian Republic beneficiaries. This includes the submission by the selected beneficiaries of a report to the Commission on a six-monthly basis and on completion of the project. As described in Article 6 of this document, certain monitoring and evaluation actions and measures are also eligible for programme subsidies.

10. ADMINISTRATIVE EXPENDITURE

Actual mobilisation of the necessary administrative resources will depend on the Commission's annual decision on the allocation of resources, taking into account the number of staff and additional amounts authorised by the budgetary authority. The supplementary needs can not, in any case, prejudice the decision that the Commission will need to take concerning:

- a) the request of new posts in the framework of the APB
- b) the resources allocation

10.1 Overall impact on the number of posts, calculated on the basis of participation by the Bulgarian Republic

Type of post	Additional staff required to manage the operation		including		duration
	Permanent posts	Temporary posts	using existing resources of the departments concerned	using additional resources	
Officials					
A	0.05		0.05		1998-2000
C	0.03		0.03		
Other resources					
TOTAL	0.08		0.08		1998-2000

10.2 Increase in other yearly and total operating expenses as a result of participation by the Bulgarian Republic (in ecu).

Budget heading (No and title)	Yearly expenses	Total for 1998 - 2000	Method of calculation
A1178/A23 technical assistance	6.268	18.804	Based on share of total additional cost of technical assistance.
A1300 missions	1.500	4.500	1 mission per year.
A2500 meetings with technical committees	3.500	10.500	Participation by Bulgarian République representatives in 2 annual meetings.
A2510 compulsory meetings with SAVE Committee	4.500	13.500	Participation in an average of 3 meetings per year.
Total	15.768	47.304	

The above expenditure will be met from the receipts received from Bulgaria's own financial contribution to the Community programme.

98/0121 (CNS)

**Proposal for a
COUNCIL DECISION
of**

**concerning the Community position within the Association Council
on the participation of the Czech Republic in the multiannual Community
programme for energy efficiency, SAVE II**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 130r and 130s, paragraph 1, in conjunction with Article 228, paragraph 3, 1st alinea thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas the Additional Protocol to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Czech Republic, of the other part, has been concluded by decision of the Council and the Commission of 4 December 1995,

Whereas, according to Article 1 of the Additional Protocol, the Czech Republic may participate in Community framework programmes, specific programmes, projects or other actions including those in the field of energy and pursuant to Article 2, the terms and conditions for the participation of the Czech Republic in the activities referred to in Article 1 shall be decided by the Association Council,

Whereas Council Decision (96/737/EC)¹ of 16 December 1996 establishing a multiannual programme for the promotion of energy efficiency in the Community and in particular Article 10 thereof, provides that this programme shall be open to the participation of associated Central European countries in accordance with the conditions set out in the Association Agreements on participation in Community programmes.

HAS DECIDED AS FOLLOWS:

The position to be taken by the Community within the Association Council established by the Europe Agreement between the European Communities and their Member States, of the one part, and the Czech Republic, of the other part, concerning the participation of the Czech Republic in the Community programme for energy efficiency, SAVE II, is the attached draft decision of the Association Council.

Done at Brussels

For the Council

¹ O.J. N° L 335/50 of 24.12.1996

[REDACTED]

Draft Decision n°..../98 of the Association Council between the European Communities and their Member States, of the one part, and the Czech Republic, of the other part of1998
adopting the terms and conditions for the participation of the Czech Republic in the Community programme for energy efficiency, SAVE II

THE ASSOCIATION COUNCIL,

Having regard to the Europe Agreement between the European Communities and their Member States, of the one part, and the Czech Republic, of the other part¹;

Having regard to the Additional Protocol to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Czech Republic, of the other part concerning the Czech Republic's participation in Community programmes, and in particular Articles 1 and 2 thereof²;

Whereas according to Article 1 of the said Additional Protocol, the Czech Republic may participate in Community framework programmes, specific programmes, projects or other actions including those in the field of energy;

Whereas according to Article 2 of the said Additional Protocol the terms and conditions for the participation of the Czech Republic in the activities referred to in Article 1 are to be decided by the Association Council,

HAS DECIDED AS FOLLOWS:

Article 1

The Czech Republic shall participate in the European Community programme SAVE II according to the terms and conditions set out in Annexes I and II which shall form an integral part of this Decision.

Article 2

This Decision shall apply for the duration of the SAVE II programme.

Article 3

This Decision shall enter into force on the first day of the month following its adoption.

Done at

For the Association Council
The Chairman

¹ O.J. N° L 360 of 31.12.1994

² O.J. N° L 317/44 of 30.12.1995

ANNEX I

Terms and conditions for the participation of the Czech Republic in the multiannual Community programme for energy efficiency, SAVE II

1. The Czech Republic will participate in all actions of the multiannual Community programme for energy efficiency, SAVE II (hereinafter called "SAVE II") in conformity, unless otherwise provided in this Decision, with the objectives, criteria, procedures and time limits laid down in Council Decision (96/737/EC) establishing a five-year programme for the preparation and implementation of measures and actions in a cost-effective manner in order to promote energy efficiency within the Community.
2. The terms and conditions for the submission, assessment and selection of applications related to eligible institutions, organizations and individuals of the Czech Republic will be the same as those applicable to eligible institutions, organisations and individuals of the Community, set within the limits of the financial contribution of the Czech Republic less administrative costs as provided in Annex II.
3. Where applicable, to ensure the Community dimension of SAVE II, transnational projects and activities proposed by the Czech Republic will be required to include a minimum number of partners from the Member States of the Community. This minimum number will be decided in the framework of the implementation of SAVE II, taking into account the nature of the various activities, the number of partners in a given project, and the number of countries participating in the activity.
4. The Czech Republic will take all necessary steps to ensure national coordination and organisation of participation in SAVE II.
5. The Czech Republic will pay each year a contribution to the general budget of the European Communities to cover the costs resulting from its participation in SAVE II (see Annex II).

The Association Committee is entitled to adapt this contribution whenever necessary.

6. The Member States of the Community and the Czech Republic will make every effort, within the framework of existing provisions, to facilitate the free movement and residence of persons moving between the Czech Republic and the Member States of the Community for the purpose of participating in activities covered by this Decision.
7. Without prejudice to the responsibilities of the Commission and the Community's Court of Auditors of the European Communities in relation to the monitoring and evaluation of SAVE II pursuant to Article 5 of the Council Decision on

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SAVE II, the participation of the Czech Republic in the programme will be continuously monitored on a partnership basis involving the Czech Republic and the Commission of the European Communities. The Czech Republic will submit the necessary reports to the Commission and take part in other specific activities set out by the Community in that context.

8. Without prejudice to the procedures referred to in Articles 4 and 5 of the Decision on SAVE II, the Czech Republic will be invited to coordination meetings on any question concerning the implementation of this Decision prior to the regular meetings of the SAVE Committee. The Commission will inform the Czech Republic about the results of such regular meetings.
9. The language to be used as regards the application process, contracts, reports to be submitted and other administrative arrangements for the SAVE II programme, will be one of the official languages of the Community.

ANNEX II

Financial Contribution of the Czech Republic to SAVE II

1. The financial contribution of the Czech Republic will cover:
 - subsidies or any other financial support from the programme to Czech participants,
 - supplementary administrative costs related to the management of the programme by the Commission of the European Communities stemming from the Czech Republic's participation.
2. For every financial year, the aggregated amount of subsidies or any other financial support received from the programme by Czech beneficiaries will not exceed the contribution paid by the Czech Republic, after deduction of the supplementary administrative costs.

Should the contribution paid by the Czech Republic to the general budget of the European Communities, after deduction of the supplementary administrative costs, be higher than the aggregated amount of the subsidies or other financial support received by the Czech beneficiaries from the programme, the Commission will transfer the balance to the next budgetary exercise, and it will be deducted from the following year's contribution. Should such a balance be left when the programme comes to an end, the corresponding amount will be reimbursed to the Czech Republic.

3. The Czech Republic's annual contribution will be of 386 280 ECU from 1998. From this sum, an amount of 26 280 ECU will cover supplementary administrative costs related to the management of the programme by the Commission stemming from the Czech Republic's participation.
4. The financial regulation applicable to the general budget of the European Communities will apply, notably to the management of the contribution of the Czech Republic.

Upon the entry into force of this Decision and at the beginning of each year, the Commission will send to the Czech Republic a call for funds corresponding to its contribution to the costs under this Decision.

This contribution will be expressed in ecus and paid into an ecu bank account of the Commission.

The Czech Republic will pay its contribution to the annual costs under this Decision according to the call for funds and at the latest three months after the call for funds is sent. Any delay in the payment of the contribution shall give rise to the payment of interest by the Czech Republic on the outstanding amount from the due date. The interest rate corresponds to the rate applied by the European

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Monetary Cooperation Fund for the month of the due date, for its operations in ecus¹, increased by 1,5 percentage points.

5. The Czech Republic will pay the supplementary administrative costs referred to in paragraph 3 from its national budget.
6. The Czech Republic will pay ECU 210.000 of the remaining cost of its participation in SAVE II from its national budget.

Subject to regular Phare programming procedures, ECU 150.000 will be paid from the Czech Republic's annual Phare allocation.

¹ Rate published monthly in the *Official Journal of the European Communities* - C series

FINANCIAL STATEMENT

1. TITLE OF OPERATION

Participation of the Czech Republic in SAVE II

2. BUDGET HEADING INVOLVED

B7-503 - Opening of Community Programmes to the associated countries of Central and Eastern Europe

3. LEGAL BASIS

Treaty establishing the European Community, and in particular Articles 130r and 130s, paragraph 1, in conjunction with Article 228, paragraph 3, 1st alinea thereof,

The Additional Protocol to the Europe Agreement with the Czech Republic (Articles 228 and 238) of 24 August 1995, providing for the opening-up of Community programmes (OJ No L 317/44 of 30.12.1995) and

Council Decision (96/737/EC) establishing a five-year programme for the preparation and implementation of measures and actions in a cost-effective manner in order to promote energy efficiency within the Community, and Article 10 thereof, which provides that this programme shall be open to the participation of associated Central European countries in accordance with the conditions set out in the Association Agreements on participation in Community programmes.

4. DESCRIPTION OF OPERATION

4.1 General objective

The Czech Republic's participation in SAVE II will assist in preparing its future accession to the Union, which was the aim set by the Copenhagen European Council of June 1993 and confirmed by subsequent European Councils. Its participation will not only contribute towards the implementation of the provisions relating to economic and technical cooperation in the Europe Agreements but will also enable the Czech Republic to familiarize itself with the procedures and methods used in Community programmes. The "Agenda 2000" communication from the Commission reiterates the importance of participating in Community programmes as a key feature of a re-inforced pre-accession strategy.

The decision-making process for the opening-up of programmes involves a decision by the Association Council between the Union and the associated country. This decision also lays down the practical conditions and arrangements for participating in the programmes.

The Additional Protocol with the Czech Republic entered into force on 1 February 1996 and provides for the Czech Republic's participation in Community programmes, notably in the field of energy.

SAVE II is one of a number of programmes opening up for the countries of Central and Eastern Europe from 1998 onwards.

4.2 Period covered and arrangements for renewal

For the duration of SAVE II, i.e. until 31 December 2000. The Phare contribution, however, is dependent on decisions taken as regards the budget after 1999.

5. CLASSIFICATION OF EXPENDITURE OR REVENUE

5.1 Types of expenditure involved:

1. Non-compulsory expenditures (NCE)
2. Disassociated credits

5.2 Type of revenue involved:

Since the first paragraph of Article 3 of the Additional Protocol stipulates that the Czech Republic itself will meet the cost of its participation, it will be invited to transfer its contribution to item 6091 of the EU's budget receipts. However, as the second paragraph of Article 3 of the Additional Protocol states that the Community may supplement the Czech Republic's contribution, the Czech Republic will contribute only part from its own budget, with the remainder being charged to heading B7-503. A transfer from the relevant Phare appropriations (heading B7-500) to heading B7-503 will be made upon receipt of the Czech Republic contribution.

6. TYPE OF EXPENDITURE OR REVENUE AND DEGREE OF SUBVENTION FOR ACTIVITIES PROPOSED

100% (maximum) subsidy will be allowed on total eligible expenses for the following actions:

- for studies, information dissemination and other actions aimed at the implementation and completion of Community measures such as voluntary agreements, cooperative procurements, mandates to standardization bodies, legislation, etc. taken to improve energy efficiency.
- for studies on the effects of energy pricing on energy efficiency and studies undertaken with a view to establishing energy efficiency as a criterion within Community programmes.
- for measures proposed by the Commission to foster the exchange of experience aimed at promoting better coordination between international, Community,

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national, regional and local activities by appropriate means for information dissemination.

- for monitoring of energy efficiency progress in the Community, in individual Member States and in the Czech Republic; and for the evaluation and monitoring of actions and measures undertaken under the programme.

For the above actions with 100% subsidy, the Council Decision of 16 December 1996 (96/737/EC) may in and of itself be considered a call for tender.

50% (maximum) subsidy on total eligible expenses will be allowed for joint financing with other sources for the following actions:

- for sectoral targeted pilot actions aimed at accelerating energy efficiency investment, and/or improving energy use patterns including specific actions in favour of energy management at the regional and urban level and in favour of greater cohesion between Member States and the Czech Republic, and regions thereof, in the field of energy efficiency.
- for measures proposed to promote better coordination of activities for information dissemination.
- for measures, proposed otherwise than by the Commission, to foster the exchange of experience aimed at promoting better coordination between international, Community, national, regional and local activities by appropriate means for information dissemination.

For the above actions, activities may be carried out by organizations or public and private enterprises as well as by existing Community-wide networks or temporary groupings of organizations and/or enterprises formed to accomplish the projects.

For the above actions with 50% subsidy, a call for tender will be published in the Official Journal at the beginning of each year.

The balance of the funding of the actions and measures with a 50% allowable subvention may be made up from either public or private sources or from a combination of the two.

It is understood that all actions undertaken will have a clear and visible European dimension.

As far as revenue is concerned, provision for the Czech Republic's contribution to cover the cost of its participation is made under item 6091. The revenue will be allocated to the items for expenditure on SAVE II and, where appropriate, to the relevant items of operating expenditure.

The total revenue expected is given under item 7.2.

7. FINANCIAL IMPACT

7.1 Method of calculating total cost of operation for 1998, 1999 and 2000 financial years (link between individual costs and total cost).

The calculation is based on the following preconditions:

- each partner country's contribution to the financing of the activities referred to in the Protocol is calculated according to the principle that the country bears the cost of participation itself. Heading 6091 has been created in the statement of budget revenue for that purpose;
- the Community may decide on a case-by-case basis to pay a supplement to the partner country's contribution. The supplement may be in the form of a contribution under the partner country's PHARE allocation.

Based on the Additional Protocol with the Czech Republic, the financial and budgetary arrangements for SAVE II are as follows: the costs have been calculated on the basis of various parameters inherent in the programme, i.e. GDP, population, and total inland energy consumption

The cost of the Czech Republic's participation in SAVE II from 1998 will be ECU 386.280 per year.

The administrative costs shall be covered entirely from the Czech Republic's national budget. The Czech Republic shall pay 58% of the remaining cost of its participation from its national budget, and 42 % from its Phare annual programmes, subject to regular Phare programming procedures.

7.2 Itemized breakdown of cost (in ecu) after the administrative costs have been deducted.

SAVE II	1998	1999	2000	Total	of which the Czech Republic	of which Phare
	360.000	360.000	360.000	1.080.000	630.000	450.000

7.3 Operational expenditure on special studies, expert meetings, etc., included in 10.2.

7.4 Schedule for multiannual operations; amounts to be charged to item B7 503; indicative time schedule (year t =30%; year t+1=30%; year t+2=40%).

	1998	1999	2000	Subsequent years	TOTAL
Committed appropriations	150.000	150.000	150.000		450.000
Disbursed appropriations					
1998	45.000				45.000
1999	45.000	45.000			90.000
2000	60.000	45.000	45.000		150.000
Subsequent years		60.000	105.000		165.000
Total	150.000	150.000	150.000		450.000

The foreseeable annual receipts are as follows:

Item 6091	1998	1999	2000	Total
Operational part	210.000	210.000	210.000	630.000
Administrative part	26.280	26.280	26.280	78.840
Total	236.280	236.280	236.280	708.840

8. FRAUD PREVENTION MEASURES; RESULTS OF MEASURES TAKEN

All the Commission's contracts, agreements and other legal commitments provide for on-the-spot checks by the Commission and Court of Auditors. Among other things, the beneficiaries of the operations are obliged to file reports and financial statements. These are analysed from the point of view of their content and the eligibility of the expenditure in line with the objective of Community financing.

The anti-fraud provisions of the basic budget headings apply to this heading too when adapted to the case of the countries of Central and Eastern Europe.

9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

9.1. Specific and quantified objectives

The aim of opening up SAVE II to the Czech Republic is to bring it the same benefits as the Member States of the Community already enjoy from this programme. The essential aim of Community action on energy efficiency should be to enable all participating countries to achieve in a cost-effective manner a prudent and rational use of energy resources in all sectors, to reduce the negative impact of energy use on the

environment and to contribute to a better security of energy supply and to sustainable economic development.

More specific strategies and aims of the programme are:

- to strengthen the energy efficiency infrastructure in participating countries and to encourage investments in energy efficiency by private and public consumers and by industry.
- to stabilize and reduce CO2 emissions in accordance with Community goals
- to develop and pursue actions leading to the strengthening of Community economic and social cohesion, and in particular to reduce disparities between levels of development of the various regions, wherein energy should be an integral part of that effort.
- to complement other programmes for the use and promotion of new energy technologies.
- to improve the energy intensity of final consumption by a further one percentage point per annum over that which would have been otherwise attained.
- to support local energy management programmes.
- to ensure that actions and projects are subject to thorough prior appraisal and systematic monitoring and evaluation.
- to insure that directives on energy efficiency such as those concerning labelling, minimum efficiency standards, CO2 reduction (93/76/EEC), etc. are implemented in accordance with procedures set forth in said directives.

9.2. Grounds for the operation

- *Need for Community financial aid*

Given severe budgetary constraints in the Czech Republic, and the importance of the participation in Community programmes, a part of the re-inforced pre-accession strategy, partial financing of the Czech Republic's financial contribution by means of its Phare allocation is required.

- *Choice of ways and means*

The Czech Republic's integration in SAVE II will put it on a basis similar to the current EU Member States. The integration of Czech Republic nationals in Community networks will make a definite contribution to preparing the Czech Republic for future membership.

- *Main factors of uncertainty which could affect the specific results of the operation*

Since projects will be selected according to qualitative criteria, it will only be possible to measure the real impact on the basis of Czech Republic institutions' and firms' capacity to respond to the calls for proposal for actions to be launched by the Commission under the programme as set out in Section 6 of this financial statement.

9.3 Monitoring and evaluation of the operation

The monitoring and evaluation procedures included in SAVE II (notably in respect of evaluation, as included in the Article 5, Paragraph 2 of the Decision establishing the programme) will also cover operations financed for Czech Republic beneficiaries. This includes the submission by the selected beneficiaries of a report to the Commission on a six-monthly basis and on completion of the project. As described in Article 6 of this document, certain monitoring and evaluation actions and measures are also eligible for programme subsidies.

10. ADMINISTRATIVE EXPENDITURE

Actual mobilisation of the necessary administrative resources will depend on the Commission's annual decision on the allocation of resources, taking into account the number of staff and additional amounts authorised by the budgetary authority. The supplementary needs can not, in any case, prejudice the decision that the Commission will need to take concerning:

- a) the request of new posts in the framework of the APB
- b) the resources allocation

10.1 Overall impact on the number of posts, calculated on the basis of participation by the Czech Republic

Type of post	Additional staff required to manage the operation		including		duration
	Permanent posts	Temporary posts	using existing resources of the departments concerned	using additional resources	
Officials					
A	0.08		0.08		1998-2000
C	0.05		0.05		
Other resources					
TOTAL	0.13		0.13		1998-2000

10.2 Increase in other yearly and total operating expenses as a result of participation by the Czech Republic (in ecu).

Budget heading (No and title)	Yearly expenses	Total for 1998	Method of calculation
A1178/A23 technical assistance	16.780	50.340	Based on share of total additional cost of technical assistance.
A1300 missions	1.500	4.500	1 mission per year.
A2500 meetings with technical committees	3.500	10.500	Participation by Czech Republic representatives in 2 annual meetings.
A2510 compulsory meetings with SAVE Committee	4.500	13.500	Participation in an average of 3 meetings per year.
Total	26.280	78.840	

The above expenditure will be met from the receipts received from the Czech Republic's own financial contribution to the Community programme.

98/0122(CWS)

**Proposal for a
COUNCIL DECISION
of**

**concerning the Community position within the Association Council
on the participation of Lithuania in the multiannual Community programme for
energy efficiency, SAVE II**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 130r and 130s, paragraph 1, in conjunction with Article 228, paragraph 3, 1st alinea thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and Lithuania, of the other part, has been signed on 12 June 1995,

Whereas, according to Article 110 of the Europe Agreement, Lithuania may participate in Community framework programmes, specific programmes, projects or other actions including those in the field of energy, as laid down in Annex XX, the terms and conditions for the participation of Lithuania in the activities referred to in Article 110 shall be decided by the Association Council,

Whereas Council Decision (96/737/EC)¹ of 16 December 1996 establishing a multiannual programme for the promotion of energy efficiency in the Community and in particular Article 10 thereof, provides that this programme shall be open to the participation of associated Central European countries in accordance with the conditions set out in the Association Agreements on participation in Community programmes.

HAS DECIDED AS FOLLOWS:

The position to be taken by the Community within the Association Council established by the Europe Agreement between the European Communities and their Member States, of the one part, and Lithuania, of the other part, concerning the participation of Lithuania in the Community programme for energy efficiency, SAVE II, is the attached draft decision of the Association Council.

Done at Brussels

For the Council

¹ O.J.N° L 335/50 of 24.12.1996

[REDACTED]

**Draft Decision n°..../98 of the Association Council between the European
Communities and their Member States, of the one part, and Lithuania, of the
other part of1998**

**adopting the terms and conditions for the participation of Lithuania in the
Community programme for energy efficiency, SAVE II**

THE ASSOCIATION COUNCIL,

Having regard to the Europe Agreement between the European Communities and their Member States, of the one part, and Lithuania, of the other part, concerning Lithuania's participation in Community programmes, and in particular Article 110 thereof;

Whereas according to Article 110 of the said Europe Agreement, Lithuania may participate in Community framework programmes, specific programmes, projects or other actions including those in the field of energy;

Whereas according to Article 110 of the said Europe Agreement the terms and conditions for the participation of Lithuania in the activities referred to in Article 110 are to be decided by the Association Council,

HAS DECIDED AS FOLLOWS:

Article 1

Lithuania shall participate in the European Community programme SAVE II according to the terms and conditions set out in Annexes I and II which shall form an integral part of this Decision.

Article 2

This Decision shall apply for the duration of the SAVE II programme

Article 3

This Decision shall enter into force on the first day of the month following its adoption.

Done at

For the Association Council
The Chairman

ANNEX I

Terms and conditions for the participation of Lithuania in the multiannual Community programme for energy efficiency, SAVE II

1. Lithuania will participate in all actions of the multiannual Community programme for energy efficiency, SAVE II (hereinafter called "SAVE II") in conformity, unless otherwise provided in this Decision, with the objectives, criteria, procedures and time limits laid down in Council Decision (96/737/EC) establishing a five-year programme for the preparation and implementation of measures and actions in a cost-effective manner in order to promote energy efficiency within the Community.
2. The terms and conditions for the submission, assessment and selection of applications related to eligible institutions, organizations and individuals of Lithuania will be the same as those applicable to eligible institutions, organisations and individuals of the Community, set within the limits of the financial contribution of Lithuania less administrative costs as provided in Annex II.
3. Where applicable, to ensure the Community dimension of SAVE II, transnational projects and activities proposed by Lithuania will be required to include a minimum number of partners from the Member States of the Community. This minimum number will be decided in the framework of the implementation of SAVE II, taking into account the nature of the various activities, the number of partners in a given project, and the number of countries participating in the activity.
4. Lithuania will take all necessary steps to ensure national coordination and organisation of participation in SAVE II.
5. Lithuania will pay each year a contribution to the general budget of the European Communities to cover the costs resulting from its participation in SAVE II (see Annex II).

The Association Committee is entitled to adapt this contribution whenever necessary.
6. The Member States of the Community and Lithuania will make every effort, within the framework of existing provisions, to facilitate the free movement and residence of persons moving between Lithuania and the Member States of the Community for the purpose of participating in activities covered by this Decision.
7. Without prejudice to the responsibilities of the Commission and the Court of Auditors of the European Communities in relation to the monitoring and evaluation of SAVE II pursuant to Article 5 of the Council Decision on SAVE II, the participation of Lithuania in the programme will be continuously

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monitored on a partnership basis involving Lithuania and the Commission of the European Communities. Lithuania will submit the necessary reports to the Commission and take part in other specific activities set out by the Community in that context.

8. Without prejudice to the procedures referred to in Articles 4 and 5 of the Decision on SAVE II, Lithuania will be invited to coordination meetings on any question concerning the implementation of this Decision prior to the regular meetings of the SAVE Committee. The Commission will inform Lithuania about the results of such regular meetings.
9. The language to be used as regards the application process, contracts, reports to be submitted and other administrative arrangements for the SAVE II programme, will be one of the official languages of the Community.

ANNEX II

Financial Contribution of Lithuania to SAVE II

1. The financial contribution of Lithuania will cover:
 - subsidies or any other financial support from the programme to Lithuanian participants,
 - supplementary administrative costs related to the management of the programme by the Commission of the European Communities stemming from Lithuania's participation.
2. For every financial year, the aggregated amount of subsidies or any other financial support received from the programme by Lithuanian beneficiaries will not exceed the contribution paid by Lithuania, after deduction of the supplementary administrative costs.


Should the contribution paid by Lithuania to the general budget of the European Communities, after deduction of the supplementary administrative costs, be higher than the aggregated amount of the subsidies or other financial support received by the Lithuanian beneficiaries from the programme, the Commission will transfer the balance to the next budgetary exercise, and it will be deducted from the following year's contribution. Should such a balance be left when the programme comes to an end, the corresponding amount will be reimbursed to Lithuania.

3. Lithuania's annual contribution will be of 96,570 ECU from 1998. From this sum, an amount of 6.570 ECU will cover supplementary administrative costs related to the management of the programme by the Commission stemming from Lithuania's participation.
4. The financial regulation applicable to the general budget of the European Communities will apply, notably to the management of the contribution of Lithuania.

Upon the entry into force of this Decision and at the beginning of each year, the Commission will send to Lithuania a call for funds corresponding to its contribution to the costs under this Decision.

This contribution will be expressed in ecus and paid into an ecu bank account of the Commission.

Lithuania will pay its contribution to the annual costs under this Decision according to the call for funds and at the latest three months after the call for funds is sent. Any delay in the payment of the contribution shall give rise to the payment of interest by Lithuania on the outstanding amount from the due date. The interest rate corresponds to the rate applied by the European Monetary Cooperation Fund



for the month of the due date, for its operations in ecus¹, increased by 1,5 percentage points.

5. Lithuania will pay the supplementary administrative costs referred to in paragraph 3 from its national budget.
6. Lithuania will pay 10% (1998), 30% (1999) and 50% (2000) of the remaining cost of its participation in SAVE II from its national budget.

Subject to regular Phare programming procedures, the remaining 90% (1998), 70% (1999) and 50% (2000) will be paid from Lithuania's annual Phare allocation.

¹ Rate published monthly in the *Official Journal of the European Communities* - C series

FINANCIAL STATEMENT

1. TITLE OF OPERATION

Opening of the SAVE II Programme to Lithuania.

2. BUDGET HEADING INVOLVED

B7-503 - Opening of Community Programmes to the associated countries of Central and Eastern Europe

3. LEGAL BASIS

Treaty establishing the European Community, and in particular Articles 130r and 130s, paragraph 1, in conjunction with Article 228, paragraph 3, 1st alineathereof,

The Europe Agreement with Lithuania (Article 110) signed on 12 June 1995, providing for the opening-up of Community programmes and

Council Decision (96/737/EC) establishing a five-year programme for the preparation and implementation of measures and actions in a cost-effective manner in order to promote energy efficiency within the Community, and Article 10 thereof, which provides that this programme shall be open to the participation of associated Central European countries in accordance with the conditions set out in the Association Agreements on participation in Community programmes.

4. DESCRIPTION OF OPERATION

4.1 General objective

Lithuania's participation in SAVE II will assist in preparing its future accession to the Union, which was the aim set by the Copenhagen European Council of June 1993 and confirmed by subsequent European Councils. Its participation will not only contribute towards the implementation of the provisions relating to economic and technical cooperation in the Europe Agreements but will also enable Lithuania to familiarize itself with the procedures and methods used in Community programmes. The "Agenda 2000" communication from the Commission reiterates the importance of participating in Community programmes as a key feature of a re-inforced pre-accession strategy.

The decision-making process for the opening-up of programmes involves a decision by the Association Council between the Union and the associated country. This decision

also lays down the practical conditions and arrangements for participating in the programmes.

The Europe Agreement with Lithuania entered into force on and provides for Lithuania's participation in Community programmes, notably in the field of energy.

SAVE II is one of a number of programmes opening up for the countries of Central and Eastern Europe from 1998 onwards.

4.2 Period covered and arrangements for renewal

For the duration of SAVE II, i.e. until 31 December 2000. The Phare contribution, however, is dependent on decisions taken as regards the budget after 1999.

5. CLASSIFICATION OF EXPENDITURE OR REVENUE

5.1 Types of expenditure involved:

1. Non-compulsory expenditures (NCE)
2. Disassociated credits


5.2 Type of revenue involved:

Since the first paragraph of Article 3 of the Additional Protocol stipulates that Lithuania itself will meet the cost of its participation, it will be invited to transfer its contribution to item 6091 of the EU's budget receipts. However, as the second paragraph of Article 3 of the Additional Protocol states that the Community may supplement Lithuania's contribution, Lithuania will contribute only part from its own budget, with the remainder being charged to heading B7-503. A transfer from the relevant Phare appropriations (heading B7-500) to heading B7-503 will be made upon receipt of Lithuania contribution.

6. TYPE OF EXPENDITURE OR REVENUE AND DEGREE OF SUBVENTION FOR ACTIVITIES PROPOSED

100% (maximum) subsidy will be allowed on total eligible expenses for the following actions:

- for studies, information dissemination and other actions aimed at the implementation and completion of Community measures such as voluntary agreements, cooperative procurements, mandates to standardization bodies, legislation, etc. taken to improve energy efficiency.
- for studies on the effects of energy pricing on energy efficiency and studies undertaken with a view to establishing energy efficiency as a criterion within Community programmes.

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- for measures proposed by the Commission to foster the exchange of experience aimed at promoting better coordination between international, Community, national, regional and local activities by appropriate means for information dissemination.
 - for monitoring of energy efficiency progress in the Community, in individual Member States and in Lithuania; and for the evaluation and monitoring of actions and measures undertaken under the programme.

For the above actions with 100% subsidy, the Council Decision of 16 December 1996 (96/737/EC) may in and of itself be considered a call for tender.

50% (maximum) subsidy on total eligible expenses will be allowed for joint financing with other sources for the following actions:

- for sectoral targeted pilot actions aimed at accelerating energy efficiency investment, and/or improving energy use patterns including specific actions in favour of energy management at the regional and urban level and in favour of greater cohesion between Member States and Lithuania, and regions thereof, in the field of energy efficiency.
- for measures proposed to promote better coordination of activities for information dissemination.
- for measures, proposed otherwise than by the Commission, to foster the exchange of experience aimed at promoting better coordination between international, Community, national, regional and local activities by appropriate means for information dissemination.

For the above actions, activities may be carried out by organizations or public and private enterprises as well as by existing Community-wide networks or temporary groupings of organizations and/or enterprises formed to accomplish the projects.

For the above actions with 50% subsidy, a call for tender will be published in the Official Journal at the beginning of each year.

The balance of the funding of the actions and measures with a 50% allowable subvention may be made up from either public or private sources or from a combination of the two.

It is understood that all actions undertaken will have a clear and visible European dimension.

As far as revenue is concerned, provision for Lithuania's contribution to cover the cost of its participation is made under item 6091. The revenue will be allocated to the items for expenditure on SAVE II and, where appropriate, to the relevant items of operating expenditure.

The total revenue expected is given under item 7.2.

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7. FINANCIAL IMPACT

7.1 Method of calculating total cost of operation for 1998, 1999 and 2000 financial years (link between individual costs and total cost)

The calculation is based on the following preconditions:

- each partner country's contribution to the financing of the activities referred to in the Protocol is calculated according to the principle that the country bears the cost of participation itself. Heading 6091 has been created in the statement of budget revenue for that purpose;
- the Community may decide on a case-by-case basis to pay a supplement to the partner country's contribution. The supplement may be in the form of a contribution under the partner country's PHARE allocation.

Based on the Europe Agreement with Lithuania, the financial and budgetary arrangements for SAVE II are as follows: the costs have been calculated on the basis of various parameters inherent in the programme, i.e. GDP, population, and total inland energy consumption.

The cost of Lithuania's participation in SAVE II from 1998 will be ECU 96.570 per year.

The administrative costs shall be covered entirely from Lithuania's national budget. Lithuania shall pay 10% (1998), 30% (1999) and 50% (2000) of the remaining cost of its participation from its national budget, and 90% (1998), 70% (1999) and 50% (2000) from its Phare annual programmes, subject to regular Phare programming procedures.

7.2 Itemized breakdown of cost (in ecu) after the administrative costs have been deducted

SAVE II Programme	1998	1999	2000	Total	of which Lithuania	of which Phare
	90.000	90.000	90.000	270.000	81.000	189.000

7.3 Operational expenditure on studies, expert meetings, etc., included in Section 10.2.

7.4 Schedule for multiannual operations amounts to be charged to item B7 503; indicative time schedule (year t =30%; year t+1=30%; year t+2=40%).

	1998	1999	2000	Subsequent years	TOTAL
Committed appropriations	81.000	63.000	45.000	0	189.000
Disbursed appropriations					
1998	24.300				24.300
1999	24.300	18.900			43.200
2000	32.400	18.900	13.500		64.800
Subsequent years		25.200	31.500		56.700
Total	81.000	63.000	45.000		189.000

The foreseeable annual receipts are as follows:

Item 6091	1998	1999	2000	TOTAL
Operational part	9.000	27.000	45.000	81.000
Administrative part	6.570	6.570	6.570	19.710
Total	15.570	33.570	51.570	100.710

8. FRAUD PREVENTION MEASURES; RESULTS OF MEASURES TAKEN

All the Commission's contracts, agreements and other legal commitments provide for on-the-spot checks by the Commission and Court of Auditors. Among other things, the beneficiaries of the operations are obliged to file reports and financial statements. These are analysed from the point of view of their content and the eligibility of the expenditure in line with the objective of Community financing.

The anti-fraud provisions of the basic budget headings apply to this heading too when adapted to the case of the countries of Central and Eastern Europe.

9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

9.1. Specific and quantified objectives

The aim of opening up SAVE II to Lithuania is to bring it the same benefits as the Member States of the Community already enjoy from this programme. The essential aim of Community action on energy efficiency should be to enable all participating countries to achieve in a cost-effective manner a prudent and rational use of energy resources in all sectors, to reduce the negative impact of energy use on the environment and to contribute to a better security of energy supply and to sustainable economic development.

More specific strategies and aims of the programme are:

- to strengthen the energy efficiency infrastructure in participating countries and to encourage investments in energy efficiency by private and public consumers and by industry.
- to stabilize and reduce CO2 emissions in accordance with Community goals.
- to develop and pursue actions leading to the strengthening of Community economic and social cohesion, and in particular to reduce disparities between levels of development of the various regions, wherein energy should be an integral part of that effort.
- to complement other programmes for the use and promotion of new energy technologies.
- to improve the energy intensity of final consumption by a further one percentage point per annum over that which would have been otherwise attained.
- to support local energy management programmes.
- to ensure that actions and projects are subject to thorough prior appraisal and systematic monitoring and evaluation.
- to insure that directives on energy efficiency such as those concerning labeling, minimum efficiency standards, CO2 reduction (93/76/EEC), etc. are implemented in accordance with procedures set forth in said directives.

9.2. Grounds for the operation

- *Need for Community financial aid*

Given severe budgetary constraints in Lithuania, and the importance of the participation in Community programmes a part of the re-inforced pre-accession strategy, partial financing of Lithuania's financial contribution by means of its Phare allocation is required.

- *Choice of ways and means*

Lithuania's integration in SAVE II will put it on a basis similar to the current EU Member States. The integration of Lithuanian nationals in Community networks will make a definite contribution to preparing Lithuania for future membership.

- *Main factors of uncertainty which could affect the specific results of the operation*

Since projects will be selected according to qualitative criteria, it will only be possible to measure the real impact on the basis of Lithuanian institutions' and firms' capacity to respond to the calls for proposal for actions to be launched by the Commission under the programme as set out in Section 6 of this financial statement.

9.3 Monitoring and evaluation of the operation

The monitoring and evaluation procedures included in SAVE II (notably in respect of evaluation, as included in the Article 5, Paragraph 2 of the Decision establishing the programme) will also cover operations financed for Lithuanian beneficiaries. This includes the submission by the selected beneficiaries of a report to the Commission on a six-monthly basis and on completion of the project. As described in Article 6 of this document, certain monitoring and evaluation actions and measures are also eligible for programme subsidies.

10. ADMINISTRATIVE EXPENDITURE

Actual mobilisation of the necessary administrative resources will depend on the Commission's annual decision on the allocation of resources, taking into account the number of staff and additional amounts authorised by the budgetary authority. The supplementary needs can not, in any case, prejudge the decision that the Commission will need to take concerning:

- a) the request of new posts in the framework of the APB
- b) the resources allocation

10.1 Overall impact on the number of posts, calculated on the basis of participation by Lithuania.

Type of post	Additional staff required to manage the operation		including		duration
	Permanent posts	Temporary posts	using existing resources of the departments concerned	using additional resources	
Officials					1998-2000
A	0,02		0,02		
C	0,01		0,01		
Other resources					
TOTAL	0,03		0,03		1998-2000

10.2 Increase in other yearly and total operating expenses as a result of participation by Lithuania (in ecu).

Budget heading (No and title)	Yearly expenses	Total for 1998-2000	Method of calculation
A1178/A23 technical assistance	2.770	8.310	Based on share of total additional cost of technical assistance.
A1300 missions	500	1.500	1 mission per year.
A2500 meetings with technical committees	1.800	5.400	Participation by Lithuanian representatives in 1 annual meeting.
A2510 compulsory meetings with SAVE Committee	1.500	4.500	Participation in an average of 1 meeting per year.
Total	6.570	19.710	

The above expenditure will be met from the receipts received from Lithuania's own financial contribution to the Community programme.

[REDACTED]

98/0123 (CNS)

**Proposal for a
COUNCIL DECISION
of**

**concerning the Community position within the Association Council
on the participation of Poland in the multiannual Community programme for
energy efficiency, SAVE II**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 130r and 130s, paragraph 1, in conjunction with Article 228, paragraph 3, 1st alinea thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas the Additional Protocol to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and Poland of the other part, has been concluded by decision of the Council and the Commission of 4 december 1995,

Whereas, according to Article 1 of the Additional Protocol, Poland may participate in Community framework programmes, specific programmes, projects or other actions including those in the field of energy and pursuant to Article 2, the terms and conditions for the participation of Poland in the activities referred to in Article 1 shall be decided by the Association Council,

Whereas Council Decision (96/737/EC)¹ of 16 December 1996 establishing a multiannual programme for the promotion of energy efficiency in the Community and in particular Article 10 thereof, provides that this programme shall be open to the participation of associated Central European countries in accordance with the conditions set out in the Association Agreements on participation in Community programmes

HAS DECIDED AS FOLLOWS:

The position to be taken by the Community within the Association Council established by the Europe Agreement between the European Communities and their Member States, of the one part, and Poland, of the other part, concerning the participation of Poland in the Community programme for energy efficiency, SAVE II, is the attached draft decision of the Association Council.

Done at Brussels

For the Council

¹ O.J.N° L 335/50 of 24.12.1996

[REDACTED]

**Draft Decision n°..../98 of the Association Council between the European
Communities and their Member States, of the one part, and Poland, of the other
part of1998
adopting the terms and conditions for the participation of Poland in the Community
programme for energy efficiency, SAVE II**

THE ASSOCIATION COUNCIL

Having regard to the Europe Agreement between the European Communities and their Member States, of the one part, and Poland, of the other part¹

Having regard to the Additional Protocol to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and Poland, of the other part concerning Poland's participation in Community programmes, and in particular Articles 1 and 2 thereof²;

Whereas according to Article 1 of the said Additional Protocol, Poland may participate in Community framework programmes, specific programmes, projects or other actions including those in the field of energy;

Whereas according to Article 2 of the said Additional Protocol the terms and conditions for the participation of Poland in the activities referred to in Article 1 are to be decided by the Association Council,

HAS DECIDED AS FOLLOWS:

Article 1

Poland shall participate in the European Community programme SAVE II according to the terms and conditions set out in Annexes I and II which shall form an integral part of this Decision.

Article 2

This Decision shall apply for the duration of the SAVE II programme.

Article 3

This Decision shall enter into force on the first day of the month following its adoption.

Done at

For the Association Council
The Chairman


¹ O.J. N° L 348 of 31.12.1993

² O.J. N° L 317 of 30.12.1995

Annex I

Terms and conditions for the participation of Poland in the multiannual Community programme for energy efficiency, SAVE II

1. Poland will participate in all actions of the multiannual Community programme for energy efficiency, SAVE II (hereinafter called "SAVE II") in conformity, unless otherwise provided in this Decision, with the objectives, criteria, procedures and time limits laid down in Council Decision (96/737/EC) establishing a five-year programme for the preparation and implementation of measures and actions in a cost-effective manner in order to promote energy efficiency within the Community.
2. The terms and conditions for the submission, assessment and selection of applications related to eligible institutions, organizations and individuals of Poland will be the same as those applicable to eligible institutions, organisations and individuals of the Community, set within the limits of the financial contribution of Poland less administrative costs as provided in Annex II.
3. Where applicable, to ensure the Community dimension of SAVE II, transnational projects and activities proposed by Poland will be required to include a minimum number of partners from the Member States of the Community. This minimum number will be decided in the framework of the implementation of SAVE II, taking into account the nature of the various activities, the number of partners in a given project, and the number of countries participating in the activity.
4. Poland will take all necessary steps to ensure national coordination and organisation of participation in SAVE II.
5. Poland will pay each year a contribution to the general budget of the European Communities to cover the costs resulting from its participation in SAVE II (see Annex II).
The Association Committee is entitled to adapt this contribution whenever necessary.
6. The Member States of the Community and Poland will make every effort, within the framework of existing provisions, to facilitate the free movement and residence of persons moving between Poland and the Member States of the Community for the purpose of participating in activities covered by this Decision.
7. Without prejudice to the responsibilities of the Commission and the Community's Court of Auditors of the European Communities in relation to the monitoring and evaluation of SAVE II pursuant to Article 5 of the Council Decision on SAVE II, the participation of Poland in the programme will be continuously monitored on a partnership basis involving Poland and the Commission of the European Communities. Poland will submit the necessary reports to the Commission and take part in other specific activities set out by the Community in that context.



8. Without prejudice to the procedures referred to in Articles 4 and 5 of the Decision on SAVE II, Poland will be invited to coordination meetings on any question concerning the implementation of this Decision prior to the regular meetings of the SAVE Committee. The Commission will inform Poland about the results of such regular meetings.

9. The language to be used as regards the application process, contracts, reports to be submitted and other administrative arrangements for the SAVE II programme, will be one of the official languages of the Community.

ANNEX II

FINANCIAL CONTRIBUTION OF POLAND TO SAVE II

1. The financial contribution of Poland will cover:
 - subsidies or any other financial support from the programme to Polish participants,
 - supplementary administrative costs related to the management of the programme by the Commission of the European Communities stemming from Poland's participation.
2. For every financial year, the aggregated amount of subsidies or any other financial support received from the programme by Polish beneficiaries will not exceed the contribution paid by Poland, after deduction of the supplementary administrative costs.

Should the contribution paid by Poland to the general budget of the European Communities, after deduction of the supplementary administrative costs, be higher than the aggregated amount of the subsidies or other financial support received by the Polish beneficiaries from the programme, the Commission will transfer the balance to the next budgetary exercise, and it will be deducted from the following year's contribution. Should such a balance be left when the programme comes to an end, the corresponding amount will be reimbursed to Poland.
3. Poland's annual contribution will be of 1 081 584 ECU from 1998. From this sum, an amount of 73 584 ECU will cover supplementary administrative costs related to the management of the programme by the Commission stemming from Poland's participation.
4. The financial regulation applicable to the general budget of the European Communities will apply, notably to the management of the contribution of Poland.

Upon the entry into force of this Decision and at the beginning of each year, the Commission will send to Poland a call for funds corresponding to its contribution to the costs under this Decision.

This contribution will be expressed in ecus and paid into an ecu bank account of the Commission.

[REDACTED]

Poland will pay its contribution to the annual costs under this Decision according to the call for funds and at the latest three months after the call for funds is sent. Any delay in the payment of the contribution shall give rise to the payment of interest by Poland on the outstanding amount from the due date. The interest rate corresponds to the rate applied by the European Monetary Cooperation Fund for the month of the due date, for its operations in ecus¹, increased by 1,5 percentage points.

5. Poland will pay the supplementary administrative costs referred to in paragraph 3 from its national budget.
6. Poland will pay 3% (1998), 13% (1999) and 23% (2000) of the remaining cost of its participation in SAVE II from its national budget.

Subject to regular Phare programming procedures, the remaining 97% (1998), 87% (1999) and 77% (2000) will be paid from Poland's annual Phare allocation.

¹ Rate published monthly in the *Official Journal of the European Communities* - C series

FINANCIAL STATEMENT

1. TITLE OF OPERATION

Participation of Poland in SAVE II

2. BUDGET HEADING INVOLVED

B7-503 - Opening of Community Programmes to the associated countries of Central and Eastern Europe

3. LEGAL BASIS

Treaty establishing the European Community, and in particular Articles 130r and 130s, paragraph 1, ,
in conjunction with Article 228, paragraph 3, 1st alinea thereof,

The Additional Protocol to the Europe Agreement with Poland (Articles 228 and 238) of 17 July 1995, providing for the opening-up of Community programmes (OJ No L 317 of 30.12.1995) and

Council Decision (96/737/EC) establishing a five-year programme for the preparation and implementation of measures and actions in a cost-effective manner in order to promote energy efficiency within the Community, and Article 10 thereof, which provides that this programme shall be open to the participation of associated Central European countries in accordance with the conditions set out in the Association Agreements on participation in Community programmes.

4. DESCRIPTION OF OPERATION:

4.1 General objective

Poland's participation in SAVE II will assist in preparing its future accession to the Union, which was the aim set by the Copenhagen European Council of June 1993 and confirmed by subsequent European Councils. Its participation will not only contribute towards the implementation of the provisions relating to economic and technical cooperation in the Europe Agreements but will also enable Poland to familiarize itself with the procedures and methods used in Community programmes. The "Agenda 2000" communication from the Commission reiterates the importance of participating in Community programmes as a key feature of a re-inforced pre-accession strategy.

The decision-making process for the opening-up of programmes involves a decision by the Association Council between the Union and the associated country. This decision also lays down the practical conditions and arrangements for participating in the programmes.

The Additional Protocol with Poland entered into force on 1 March 1997 and provides for Poland's participation in Community programmes, notably in the field of energy.

SAVE II is one of a number of programmes opening up for the countries of Central and Eastern Europe from 1998 onwards.

4.2 Period covered and arrangements for renewal

For the duration of SAVE II, i.e. until 31 December 2000. The Phare contribution, however, is dependent on decisions as regards the budget after 1999.

5. CLASSIFICATION OF EXPENDITURE OR REVENUE

5.1 Types of expenditure involved:

1. Non-compulsory expenditures (NCE)
2. Disassociated credits

5.2 Type of revenue involved:

Since the first paragraph of Article 3 of the Additional Protocol stipulates that Poland itself will meet the cost of its participation, it will be invited to transfer its contribution to item 6091 of the EU's budget receipts. However, as the second paragraph of Article 3 of the Additional Protocol states that the Community may supplement Poland's contribution, Poland will contribute only part from its own budget, with the remainder being charged to heading B7-503. A transfer from the relevant Phare appropriations (heading B7-500) to B7-503 will be made upon receipt of the Polish contribution.

6. TYPE OF EXPENDITURE OR REVENUE AND DEGREE OF SUBVENTION FOR ACTIVITIES PROPOSED

100% (maximum) subsidy will be allowed on total eligible expenses for the following actions:

- for studies, information dissemination and other actions aimed at the implementation and completion of Community measures such as voluntary agreements, cooperative procurements, mandates to standardization bodies, legislation, etc. taken to improve energy efficiency.
- for studies on the effects of energy pricing on energy efficiency and studies undertaken with a view to establishing energy efficiency as a criterion within Community programmes.
- for measures proposed by the Commission to foster the exchange of experience aimed at promoting better coordination between international, Community, national, regional and local activities by appropriate means for information dissemination.
- for monitoring of energy efficiency progress in the Community, in individual Member States and in Poland and for the evaluation and monitoring of actions and measures undertaken under the programme.

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For the above actions with 100% subsidy, the council decision of 16 december 1996 (96/737/EC) may in and of itself be considered a call for tender.

50% (maximum) subsidy on total eligible expenses will be allowed for joint financing with other sources for the following actions:

- for sectoral targeted pilot actions aimed at accelerating energy efficiency investment, and/or improving energy use patterns including specific actions in favour of energy management at the regional and urban level and in favour of greater cohesion between Member States and Poland and regions thereof in the field of energy efficiency.
- for measures proposed to promote better coordination of activities for information dissemination.
- for measures, proposed otherwise than by the Commission, to foster the exchange of experience aimed at promoting better coordination between international, Community, national, regional and local activities by appropriate means for information dissemination.

For the above actions, activities may be carried out by organizations or public and private enterprises as well as by existing Community-wide networks or temporary groupings of organizations and/or enterprises formed to accomplish the projects.

For the above actions with 50% subsidy, a call for tender will be published in the Official Journal at the beginning of each year.

The balance of the funding of the actions and measures with a 50% allowable subvention may be made up from either public or private sources or from a combination of the two.

It is understood that all actions undertaken will have a clear and visible European dimension.

As far as revenue is concerned, provision for Poland's contribution to cover the cost of its participation is made under item 6091. The revenue will be allocated to the items for expenditure on SAVE II and, where appropriate, to the relevant items of operating expenditure.

The total revenue expected is given under item 7.2.

7. FINANCIAL IMPACT

7.1 Method of calculating total cost of operation for 1998, 1999 and 2000 financial years (link between individual costs and total cost)

The calculation is based on the following preconditions:

- each partner country's contribution to the financing of the activities referred to in the Protocol is calculated according to the principle that the country bears the cost of participation itself. Heading 6091 has been created in the statement of budget revenue for that purpose;
- the Community may decide on a case-by-case basis to pay a supplement to the partner country's contribution. The supplement may be in the form of a contribution under the partner country's PHARE allocation.

Based on the Additional Protocol with Poland, the financial and budgetary arrangements for SAVE II are as follows: the costs have been calculated on the basis of various parameters inherent in the programme, i.e. GDP, population, and total inland energy consumption

The cost of Poland's participation in SAVE II from 1998 will be ECU 1.081.584 per year.

The administrative costs shall be covered entirely from Poland's national budget. Poland shall pay 3% (1998), 13% (1999) and 23% (2000) of the remaining cost of its participation from its national budget, and 97% (1998), 87% (1999) and 77% (2000) from its Phare annual programmes, subject to regular Phare programming procedures.

7.2 Itemized breakdown of cost (in ecu) after the administrative costs have been deducted.

SAVE II	1998	1999	2000	Total	of which Poland	of which Phare
	1.008.000	1.008.000	1.008.000	3.024.000	393.120	2.630.880

7.3 Operational expenditure on special studies, expert meetings, etc., included in 10.2.

7.4 Schedule for multiannual operations; amounts to be charged to item B7 503; indicative time schedule (year t =30%; year t+1=30%; year t+2=40%).

	1998	1999	2000	Subsequent years	TOTAL
Committed appropriations	977.760	876.960	776.160		2.630.880
Disbursed appropriations					
1998	293.328				293.328
1999	293.328	263.088			556.416
2000	391.104	263.088	232.848		887.040
Subsequent years		350.784	543.312		894.096
Total	977.760	876.960	776.160		2.630.880

The foreseeable annual receipts are as follows:

Item 6091	1998	1999	2000	Total
Operational part	30.240	131.040	231.840	393.120
Administrative part	73.584	73.584	73.584	220.752
Total	103.824	204.624	305.424	613.872

8. FRAUD PREVENTION MEASURES; RESULTS OF MEASURES TAKEN

All the Commission's contracts, agreements and other legal commitments provide for on-the-spot checks by the Commission and Court of Auditors. Among other things, the beneficiaries of the operations are obliged to file reports and financial statements. These are analysed from the point of view of their content and the eligibility of the expenditure in line with the objective of Community financing.

The anti-fraud provisions of the basic budget headings apply to this heading too when adapted to the case of the countries of Central and Eastern Europe.

9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

9.1. Specific and quantified objectives

The aim of opening up SAVE II to Poland is to bring it the same benefits as the Member States of the Community already enjoy from this programme. The essential aim of Community action on energy efficiency should be to enable all participating countries to achieve in a cost-effective manner a prudent and rational use of energy resources in all sectors, to reduce the negative impact of energy use on the environment and to contribute to a better security of energy supply and to sustainable economic development.

More specific strategies and aims of the programme are:

- to strengthen the energy efficiency infrastructure in participating countries and to encourage investments in energy efficiency by private and public consumers and by industry.
- to stabilize and reduce CO2 emissions in accordance with Community goals
- to develop and pursue actions leading to the strengthening of Community economic and social cohesion, and in particular to reduce disparities between levels of development of the various regions, wherein energy should be an integral part of that effort.
- to complement other programmes for the use and promotion of new energy technologies.
- to improve the energy intensity of final consumption by a further one percentage point per annum over that which would have been otherwise attained.
- to support local energy management programmes.
- to ensure that actions and projects are subject to thorough prior appraisal and systematic monitoring and evaluation.
- to insure that directives on energy efficiency such as those concerning labelling, minimum efficiency standards, CO2 reduction (93/76/EEC), etc. are implemented in accordance with procedures set forth in said directives.

9.2. Grounds for the operation

- *Need for Community financial aid*

Given severe budgetary constraints in Poland, and the importance of the participation in Community programmes, a part of the re-inforced pre-accession strategy, partial financing of Poland's financial contribution by means of its Phare allocation is required.

- *Choice of ways and means*

Poland's integration in SAVE II will put it on a basis similar to the current EU Member States. The integration of Polish nationals in Community networks will make a definite contribution to preparing Poland for future membership.

- *Main factors of uncertainty which could affect the specific results of the operation*

Since projects will be selected according to qualitative criteria, it will only be possible to measure the real impact on the basis of Polish institutions' and firms' capacity to respond to the calls for proposal for actions to be launched by the Commission under the programme as set out in Section 6 of this financial statement.

9.3 Monitoring and evaluation of the operation

The monitoring and evaluation procedures included in SAVE II (notably in respect of evaluation, as included in the Article 5, Paragraph 2 of the Decision establishing the programme) will also cover operations financed for Polish beneficiaries. This includes the submission by the selected beneficiaries of a report to the Commission on a six-monthly basis and on completion of the project. As described in Article 6 of this document, certain monitoring and evaluation actions and measures are also eligible for programme subsidies.

10. ADMINISTRATIVE EXPENDITURE

Actual mobilisation of the necessary administrative resources will depend on the Commission's annual decision on the allocation of resources, taking into account the number of staff and additional amounts authorised by the budgetary authority. The supplementary needs can not, in any case, preclude the decision that the Commission will need to take concerning:

- a) the request of new posts in the framework of the APB
- b) the resources allocation

10.1 Overall impact on the number of posts, calculated on the basis of participation by Poland

Type of post	Additional staff required to manage the operation		including		duration
	Permanent posts	Temporary posts	using existing resources of the departments concerned	using additional resources	
Officials					
A	0.21		0.21		1998-2000
C	0.14		0.14		
Other resources					
TOTAL	0.35		0.35		1998-2000

10.2 Increase in other yearly and total operating expenses as a result of participation by Poland (in ecu).

Budget heading (No and title)	Yearly expenses	Total fo 1998 2000	Method of calculation
A1178/A23technical assistance	64.084	192.252	Based on share of total additional cost of technical assistance.
A1300 missions	1.500	4.500	1 mission per year.
A2500 meetings with technical committees	3.500	10.500	Participation by Polish representatives in 2 annual meetings.
A2510 compulsory meetings with SAVE Committee	4.500	13.500	Participation in an average of 3 meetings per year.
Total	73.584	220.752	

The above expenditure will be met from the receipts received from Poland's own financial contribution to the Community programme.

98/0124 (CNS)

**Proposal for a
COUNCIL DECISION
of**

**concerning the Community position within the Association Council
on the participation of Romania in the multiannual Community programme for
energy efficiency, SAVE II**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 130r and 130s, paragraph 1, in conjunction with Article 228, paragraph 3, 1st alinea thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas the Additional Protocol to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and Romania, of the other part, has been concluded by decision of the Council and the Commission of 4 December 1995,

Whereas, according to Article 1 of the Additional Protocol, Romania may participate in Community framework programmes, specific programmes, projects or other actions including those in the field of energy and pursuant to Article 2, the terms and conditions for the participation of Romania in the activities referred to in Article 1 shall be decided by the Association Council,

Whereas Council Decision (96/737/EC)¹ of 16 December 1996 establishing a multiannual programme for the promotion of energy efficiency in the Community and in particular Article 10 thereof, provides that this programme shall be open to the participation of associated Central European countries in accordance with the conditions set out in the Association Agreements on participation in Community programmes

HAS DECIDED AS FOLLOWS:

The position to be taken by the Community within the Association Council established by the Europe Agreement between the European Communities and their Member States, of the one part, and Romania, of the other part, concerning the participation of Romania in the Community programme for energy efficiency, SAVE II, is the attached draft decision of the Association Council.

Done at Brussels

For the Council

¹ O.J.N° L 335/50 of 24.12.1996

[REDACTED]

**Draft Decision n°.../98 of the Association Council between the European
Communities and their Member States, of the one part, and Romania, of the other
part of1998
adopting the terms and conditions for the participation of Romania in the
Community programme for energy efficiency, SAVE II**

THE ASSOCIATION COUNCIL

Having regard to the Europe Agreement between the European Communities and their Member States, of the one part, and Romania, of the other part ¹,

Having regard to the Additional Protocol to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and Romania, of the other part concerning Romania's participation in Community programmes, and in particular Articles 1 and 2 thereof²;

Whereas according to Article 1 of the said Additional Protocol, Romania may participate in Community framework programmes, specific programmes, projects or other actions including those in the field of energy;

Whereas according to Article 2 of the said Additional Protocol the terms and conditions for the participation of Romania in the activities referred to in Article 1 are to be decided by the Association Council,

HAS DECIDED AS FOLLOWS:

Article 1

Romania shall participate in the European Community programme SAVE II according to the terms and conditions set out in Annexes I and II which shall form an integral part of this Decision.

Article 2

This Decision shall apply for the duration of the SAVE II programme.

Article 3

This Decision shall enter into force on the first day of the month following its adoption.

Done at

For the Association Council
The Chairman

¹ O.J. N° L 357 of 31.12.1994

² O.J. N° L 317 of 30.12.1995

Annex I

Terms and conditions for the participation of Romania in the multiannual Community programme for energy efficiency, SAVE II

1. Romania will participate in all actions of the multiannual Community programme for energy efficiency, SAVE II (hereinafter called "SAVE II") in conformity, unless otherwise provided in this Decision, with the objectives, criteria, procedures and time limits laid down in Council Decision (96/737/EC) establishing a five-year programme for the preparation and implementation of measures and actions in a cost-effective manner in order to promote energy efficiency within the Community.

2. The terms and conditions for the submission, assessment and selection of applications related to eligible institutions, organizations and individuals of Romania shall be the same as those applicable to eligible institutions, organisations and individuals of the Community, set within the limits of the financial contribution of Romania less administrative costs as provided in Annex II.

3. Where applicable, to ensure the Community dimension of SAVE II, transnational projects and activities proposed by Romania will be required to include a minimum number of partners from the Member States of the Community. This minimum number will be decided in the framework of the implementation of SAVE II, taking into account the nature of the various activities, the number of partners in a given project, and the number of countries participating in the activity.

4. Romania shall take all necessary steps to ensure national coordination and organisation of participation in SAVE II.

5. Romania shall pay each year a contribution to the general budget of the European Communities to cover the costs resulting from its participation in SAVE II (see Annex II).

The Association Committee is entitled to adapt this contribution whenever necessary.

6. The Member States of the Community and Romania will make every effort, within the framework of existing provisions, to facilitate the free movement and residence of persons moving between Romania and the Member States of the Community for the purpose of participating in activities covered by this Decision.

7. Without prejudice to the responsibilities of the Commission and the Community's Court of Auditors of the European Communities in relation to the monitoring and evaluation of SAVE II pursuant to Article 5 of the Council Decision on SAVE II, the participation of Romania in the programme will be continuously monitored on a partnership basis involving Romania and the Commission of the European Communities. Romania will submit the necessary reports to the Commission and take part in other specific activities set out by the Community in that context.

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8. Without prejudice to the procedures referred to in Articles 4 and 5 of the Decision on SAVE II, Romania will be invited to coordination meetings on any question concerning the implementation of this Decision prior to the regular meetings of the SAVE Committee. The Commission will inform Romania about the results of such regular meetings.

9. The language to be used as regards the application process, contracts, reports to be submitted and other administrative arrangements for the SAVE II programme, will be one of the official languages of the Community.

ANNEX II

FINANCIAL CONTRIBUTION OF ROMANIA TO SAVE II

1. The financial contribution of Romania will cover:
 - subsidies or any other financial support from the programme to Romanian participants,
 - supplementary administrative costs related to the management of the programme by the Commission of the European Communities stemming from Romania's participation.
2. For every financial year, the aggregated amount of subsidies or any other financial support received from the programme by Romanian beneficiaries will not exceed the contribution paid by Romania, after deduction of the supplementary administrative costs.

Should the contribution paid by Romania to the general budget of the European Communities, after deduction of the supplementary administrative costs, be higher than the aggregated amount of the subsidies or other financial support received by the Romanian beneficiaries from the programmes, the Commission will transfer the balance to the next budgetary exercise, and it will be deducted from the following year's contribution. Should such a balance be left when the programme comes to an end, the corresponding amount will be reimbursed to Romania.
3. Romania's annual contribution will be of 560 106 ECU from 1998. From this sum, an amount of 38 106 ECU will cover supplementary administrative costs related to the management of the programme by the Commission stemming from Romania's participation.
4. The financial regulation applicable to the general budget of the European Communities will apply, notably to the management of the contribution of Romania.

Upon the entry into force of this Decision and at the beginning of each year, the Commission will send to Romania a call for funds corresponding to its contribution to the costs under this Decision.

This contribution will be expressed in ecus and paid into an ecu bank account of the Commission.

████████████████████

Romania will pay its contribution to the annual costs under this Decision according to the call for funds and at the latest three months after the call for funds is sent. Any delay in the payment of the contribution shall give rise to the payment of interest by Romania on the outstanding amount from the due date. The interest rate corresponds to the rate applied by the European Monetary Cooperation Fund for the month of the due date, for its operations in ecus¹, increased by 1,5 percentage points.

5. Romania will pay the supplementary administrative costs referred to in paragraph 3 from its national budget.
6. Romania will pay ECU 104 400 (1998), ECU 261 000 (1999) and ECU 417 600 (2000) of the remaining cost of its participation in SAVE II from its national budget.

Subject to regular Phare programming procedures, the remaining ECU 417 600 (1998), ECU 261 000 (1999) and ECU 104 400 (2000) will be paid from Romania's annual Phare allocation .

¹ Rate published monthly in the *Official Journal of the European Communities* - C series

FINANCIAL STATEMENT

1. TITLE OF OPERATION

Participation of Romania in SAVE II

2. BUDGET HEADING INVOLVED

B7-503 - Opening of Community Programmes to the associated countries of Central and Eastern Europe

3. LEGAL BASIS

Treaty establishing the European Community, and in particular Articles 130r and 130s, paragraph 1,
in conjunction with Article 228, paragraph 3, 1st alinea thereof,

The Additional Protocol to the Europe Agreement with Romania (Articles 228 and 238) of 30 June 1995, providing for the opening-up of Community programmes (OJ No L 317/39 of 30.12.1995)

Council Decision (96/737/EC) establishing a five-year programme for the preparation and implementation of measures and actions in a cost-effective manner in order to promote energy efficiency within the Community, and Article 10 thereof, which provides that this programme shall be open to the participation of associated Central European countries in accordance with the conditions set out in the Association Agreements on participation in Community programmes.

4. DESCRIPTION OF OPERATION:

4.1 General objective

Romania's participation in SAVE II will assist in preparing its future accession to the Union, which was the aim set by the Copenhagen European Council of June 1993 and confirmed by subsequent European Councils. Its participation will not only contribute towards the implementation of the provisions relating to economic and technical cooperation in the Europe Agreements but will also enable Romania to familiarize itself with the procedures and methods used in Community programmes. The "Agenda 2000" communication from the Commission reiterates the importance of participating in Community programmes as a key feature of a re-inforced pre-accession strategy.

The decision-making process for the opening-up of programmes involves a decision by the Association Council between the Union and the associated country. This decision also lays down the practical conditions and arrangements for participating in the programmes.

The Additional Protocol with Romania entered into force on 1 February 1996 and provides for Romania's participation in community programmes, notably in the field of energy.

SAVE II is one of a number of programmes opening up for the countries of Central and Eastern Europe from 1998 onwards.

4.2 Period covered and arrangements for renewal

For the duration of SAVE II, i.e. until 31 December 2000. The Phare contribution, however, is dependent on decisions taken as regards the budget after 1999.

5. CLASSIFICATION OF EXPENDITURE OR REVENUE

5.1 Types of expenditure involved:

1. Non-compulsory expenditures (NCE)
2. Disassociated credits

5.2 Type of revenue involved:

Since the first paragraph of Article 3 of the Additional Protocol stipulates that Romania itself will meet the cost of its participation, it will be invited to transfer its contribution to item 6091 of the EU's budget receipts. However, as the second paragraph of Article 3 of the Additional Protocol states that the Community may supplement Romania's contribution, Romania will contribute only part from its own budget, with the remainder being charged to heading B7-503. A transfer from the relevant Phare appropriations (heading B7-500) to heading B7-503 will be made upon receipt of the Romanian contribution.

6. TYPE OF EXPENDITURE OR REVENUE AND DEGREE OF SUBVENTION FOR ACTIVITIES PROPOSED

100% (maximum) subsidy will be allowed on total eligible expenses for the following actions:

- for studies, information dissemination and other actions aimed at the implementation and completion of Community measures such as voluntary agreements, cooperative procurements, mandates to standardization bodies, legislation, etc. taken to improve energy efficiency.
- for studies on the effects of energy pricing on energy efficiency and studies undertaken with a view to establishing energy efficiency as a criterion within Community programmes.
- for measures proposed by the Commission to foster the exchange of experience aimed at promoting better coordination between international, Community, national, regional and local activities by appropriate means for information dissemination.
- for monitoring of energy efficiency progress in the Community, in individual Member States and in Romania; and for the evaluation and monitoring of actions and measures undertaken under the programme.

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For the above actions with 100% subsidy, the Council Decision of 16 december 1996 (96/737/EC) may in and of itself be considered a call for tender.

50% (maximum) subsidy on total eligible expenses will be allowed for joint financing with other sources for the following actions:

- for sectoral targeted pilot actions aimed at accelerating energy efficiency investment, and/or improving energy use patterns including specific actions in favour of energy management at the regional and urban level and in favour of greater cohesion between Member States and Romania, and regions thereof, in the field of energy efficiency.
- for measures proposed to promote better coordination of activities for information dissemination.
- for measures, proposed otherwise than by the Commission, to foster the exchange of experience aimed at promoting better coordination between international, Community, national, regional and local activities by appropriate means for information dissemination.

For the above actions, activities may be carried out by organizations or public and private enterprises as well as by existing Community-wide networks or temporary groupings of organizations and/or enterprises formed to accomplish the projects.

For the above actions with 50% subsidy, a call for tender will be published in the Official Journal at the beginning of each year.

The balance of the funding of the actions and measures with a 50% allowable subvention may be made up from either public or private sources or from a combination of the two.

It is understood that all actions undertaken will have a clear and visible European dimension.

As far as revenue is concerned, provision for Romania's contribution to cover the cost of its participation is made under item 6091. The revenue will be allocated to the items for expenditure on SAVE II and, where appropriate, to the relevant items of operating expenditure.

The total revenue expected is given under item 7.2.

7. FINANCIAL IMPACT

7.1 Method of calculating total cost of operation for 1998, 1999 and 2000 financial years (link between individual costs and total cost).

The calculation is based on the following preconditions:

- each partner country's contribution to the financing of the activities referred to in the Protocol is calculated according to the principle that the country bears the cost of participation itself. Heading 6091 has been created in the statement of budget revenue for that purpose;
- the Community may decide on a case-by-case basis to pay a supplement to the partner country's contribution. The supplement may be in the form of a contribution under the partner country's PHARE allocation.

Based on the Additional Protocol with Romania, the financial and budgetary arrangements for SAVE II are as follows: the costs have been calculated on the basis of various parameters inherent in the programme, i.e. GDP, population, and total inland energy consumption.

The cost of Romania's participation in SAVE II from 1998 will be ECU 560.106 per year.

The administrative costs shall be covered entirely from Romania's national budget. Romania shall pay 20%, 50%, and 80% of the remaining cost of its participation from its national budget of 1998, 1999 and 2000, respectively, and 80%, 50 % and 20% from its Phare annual programmes of 1998, 1999 and 2000, subject to regular Phare programming procedures.

7.2 Itemized breakdown of cost (in ecu) after the administrative costs have been deducted.

SAVE II	1998	1999	2000	Total	of which Romania	of which Phare
	522.000	522.000	522.000	1.566.000	783.000	783.000

7.3 Operational expenditure on special studies, expert meetings, etc., included in 10.2.

7.4 Schedule for multiannual operations; amounts to be charged to item B7 503; indicative time schedule (year t =30%; year t+1=30%; year t+2=40%).

	1998	1999	2000	Subsequent years	TOTAL
Committed appropriations	417.600	261.000	104.400		783.000
Disbursed appropriations					
1998	125.280				125.280
1999	125.280	78.300			203.580
2000	167.040	78.300	31.320		276.660
Subsequent years		104.400	73.080		177.480
Total	417.600	261.000	104.400		783.000

The foreseeable annual receipts are as follows:

Item 6091	1998	1999	2000	Total
Operational part	104.400	261.000	417.600	783.000
Administrative part	38.106	38.106	38.106	114.318
Total	142.506	299.106	455.706	897.318

8. FRAUD PREVENTION MEASURES; RESULTS OF MEASURES TAKEN

All the Commission's contracts, agreements and other legal commitments provide for on-the-spot checks by the Commission and Court of Auditors. Among other things, the beneficiaries of the operations are obliged to file reports and financial statements. These are analysed from the point of view of their content and the eligibility of the expenditure in line with the objective of Community financing.

The anti-fraud provisions of the basic budget headings apply to this heading too when adapted to the case of the countries of Central and Eastern Europe.

9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

9.1. Specific and quantified objectives

The aim of opening up SAVE II to Romania is to bring it the same benefits as the Member States of the Community already enjoy from this programme. The essential aim of Community action on energy efficiency should be to enable all participating countries to achieve in a cost-effective manner a prudent and rational use of energy resources in all sectors, to reduce the negative impact of energy use on the environment and to contribute to a better security of energy supply and to sustainable economic development.

More specific strategies and aims of the programme are:

- to strengthen the energy efficiency infrastructure in participating countries and to encourage investments in energy efficiency by private and public consumers and by industry.
- to stabilize and reduce CO2 emissions in accordance with Community goals
- to develop and pursue actions leading to the strengthening of Community economic and social cohesion, and in particular to reduce disparities between levels of development of the various regions, wherein energy should be an integral part of that effort.
- to complement other programmes for the use and promotion of new energy technologies.
- to improve the energy intensity of final consumption by a further one percentage point per annum over that which would have been otherwise attained.
- to support local energy management programmes.
- to ensure that actions and projects are subject to thorough prior appraisal and systematic monitoring and evaluation.
- to insure that directives on energy efficiency such as those concerning labelling, minimum efficiency standards, CO2 reduction (93/76/EEC), etc. are implemented in accordance with procedures set forth in said directives.

9.2. Grounds for the operation

- *Need for Community financial aid*

Given severe budgetary constraints in Romania, and the importance of the participation in Community programmes, a part of the re-inforced pre-accession strategy, partial financing of Romania's financial contribution by means of its Phare allocation is required.

- *Choice of ways and means*

Romania's integration in SAVE II will put it on a basis similar to the current EU Member States. The integration of Romanian nationals in Community networks will make a definite contribution to preparing Romania for future membership.

- *Main factors of uncertainty which could affect the specific results of the operation*

Since projects will be selected according to qualitative criteria, it will only be possible to measure the real impact on the basis of Romanian institutions' and firms' capacity to respond to the calls for proposal for actions to be launched by the Commission under the programme as set out in Section 6 of this financial statement.

9.3 Monitoring and evaluation of the operation

The monitoring and evaluation procedures included in SAVE II (notably in respect of evaluation, as included in the Article 5, Paragraph 2 of the Decision establishing the programme) will also cover operations financed for Romanian beneficiaries. This includes the submission by the selected beneficiaries of a report to the Commission on a six-monthly basis and on completion of the project. As described in Article 6 of this document, certain monitoring and evaluation actions and measures are also eligible for programme subsidies.

10. ADMINISTRATIVE EXPENDITURE

Actual mobilisation of the necessary administrative resources will depend on the Commission's annual decision on the allocation of resources, taking into account the number of staff and additional amounts authorised by the budgetary authority. The supplementary needs can not, in any case, prejudice the decision that the Commission will need to take concerning:

- a) the request of new posts in the framework of the APB
- b) the resources allocation

10.1 Overall impact on the number of posts, calculated on the basis of participation by Romania

Type of post	Additional staff required to manage the operation		including		duration
	Permanent posts	Temporary posts	using existing resources of the departments concerned	using additional resources	
Officials					
A	0.11		0.11		1998-2000
C	0.07		0.07		
Other resources					
TOTAL	0.18		0.18		1998-2000

10.2 Increase in other yearly and total operating expenses as a result of participation by Romania (in ecu).

Budget heading (No and title)	Yearly expenses	Total fo 1998-2000	Method of calculation
A1178/A23 technical assistance	28.606	85.818	Based on share of total additional cost of technical assistance.
A1300 missions	1.500	4.500	1 mission per year.
A2500 meetings with technical committees	3.500	10.500	Participation by Romanian representatives in 2 annual meetings.
A2510 compulsory meetings with SAVE Committee	4.500	13.500	Participation in an average of 3 meetings per year.
Total	38.106	114.318	

The above expenditure will be met from the receipts received from Romania's own financial contribution to the Community programme.

[REDACTED]

98/0125(CWS)

**Proposal for a
COUNCIL DECISION
of**

**concerning the Community position within the Association Council
on the participation of the Slovak Republic in the multiannual Community
programme for energy efficiency, SAVE II**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 130r and 130s, paragraph 1, in conjunction with Article 228, paragraph 3, 1st alinea thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas the Additional Protocol to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Slovak Republic, of the other part, has been concluded by decision of the Council and the Commission of 22 April 1996,

Whereas, according to Article 1 of the Additional Protocol, the Slovak Republic may participate in Community framework programmes, specific programmes, projects or other actions including those in the field of energy and pursuant to Article 2, the terms and conditions for the participation of the Slovak Republic in the activities referred to in Article 1 shall be decided by the Association Council,

Whereas Council Decision (96/737/EC)¹ of 16 December 1996 establishing a multiannual programme for the promotion of energy efficiency in the Community and in particular Article 10 thereof, provides that this programme shall be open to the participation of associated Central European countries in accordance with the conditions set out in the Association Agreements on participation in Community programmes

HAS DECIDED AS FOLLOWS:

The position to be taken by the Community within the Association Council established by the Europe Agreement between the European Communities and their Member States, of the one part, and the Slovak Republic, of the other part, concerning the participation of the Slovak Republic in the Community programme for energy efficiency, SAVE II, is the attached draft decision of the Association Council.

Done at Brussels

For the Council

¹ O.J.N° L 335/50 of 24.12.1996

[REDACTED]

Draft Decision n°.../97 of the Association Council between the European Communities and their Member States, of the one part, and the Slovak Republic, of the other part of1997
adopting the terms and conditions for the participation of the Slovak Republic in the Community programme for energy efficiency, SAVE II

THE ASSOCIATION COUNCIL

Having regard to the Europe Agreement between the European Communities and their Member States, of the one part, and the Slovak Republic, of the other part ¹,

Having regard to the Additional Protocol the Europe Agreement establishin an association between the European Communities and their Member States, of the one part, and the Slovak Republic, of the other part concerning the Slovak Republic's participation in Community programmes, and in particular Articles 1 and 2 thereof ²;

Whereas according to Article 1 of the said Additional Protocol, the Slovak Republic may participate in Community framework programmes, specific programmes, projects or other actions including those in the field of energy;

Whereas according to Article 2 of the said Additional Protocol the terms and conditions for the participation of the Slovak Republic in the activities referred to in Article 1 are to be decided by the Association Council,

HAS DECIDED AS FOLLOWS:

Article 1

The Slovak Republic shall participate in the European Community programme SAVE II according to the terms and conditions set out in Annexes I and II which shall form an integral part of this Decision.

Article 2

This Decision shall apply for the duration of the SAVE II programme.

Article 3

This Decision shall enter into force on the first day of the month following its adoption.

Done at

For the Association Council
The Chairman

¹ O.J. N° L 359 of 31.12.1994

² O.J. N° L 115 of 9.5.1996

Annex I

Terms and conditions for the participation of the Slovak Republic in the multiannual Community programme for energy efficiency, SAVE II

1. The Slovak Republic will participate in all actions of the multiannual Community programme for energy efficiency, SAVE II (hereinafter called "SAVE II") in conformity, unless otherwise provided in this Decision, with the objectives, criteria, procedures and time limits laid down in Council Decision (96/737/EC) establishing a five-year programme for the preparation and implementation of measures and actions in a cost-effective manner in order to promote energy efficiency within the Community.

2. The terms and conditions for the submission, assessment and selection of applications related to eligible institutions, organizations and individuals of the Slovak Republic shall be the same as those applicable to eligible institutions, organisations and individuals of the Community, set within the limits of the financial contribution of the Slovak Republic less administrative costs as provided in Annex II.

3. Where applicable, to ensure the Community dimension of SAVE II, transnational projects and activities proposed by the Slovak Republic will be required to include a minimum number of partners from the Member States of the Community. This minimum number will be decided in the framework of the implementation of SAVE II, taking into account the nature of the various activities, the number of partners in a given project, and the number of countries participating in the activity.

4. The Slovak Republic shall take all necessary steps to ensure national coordination and organisation of participation in SAVE II.

5. The Slovak Republic shall pay each year a contribution to the general budget of the European Communities to cover the costs resulting from its participation in SAVE II (see Annex II).

The Association Committee is entitled to adapt this contribution whenever necessary.

6. The Member States of the Community and the Slovak Republic will make every effort, within the framework of existing provisions, to facilitate the free movement and residence of persons moving between the Slovak Republic and the Member States of the Community for the purpose of participating in activities covered by this Decision.

7. Without prejudice to the responsibilities of the Commission and the Community's Court of Auditors of the European Communities in relation to the monitoring and evaluation of SAVE II pursuant to Article 5 of the Council Decision on SAVE II, the participation of the Slovak Republic in the programme will be continuously monitored on a partnership basis involving the Slovak Republic and the Commission of the European Communities. The Slovak Republic will submit the necessary reports to the Commission and take part in other specific activities set out by the Community in that context.

[REDACTED]

8. Without prejudice to the procedures referred to in Articles 4 and 5 of the Decision on SAVE II, the Slovak Republic will be invited to coordination meetings on any question concerning the implementation of this Decision prior to the regular meetings of the SAVE Committee. The Commission will inform the Slovak Republic about the results of such regular meetings.

9. The language to be used as regards the application process, contracts, reports to be submitted and other administrative arrangements for the SAVE II programme, will be one of the official languages of the Community.

ANNEX II

FINANCIAL CONTRIBUTION OF THE SLOVAK REPUBLIC TO SAVE II

1. The financial contribution of the Slovak Republic will cover:
 - subsidies or any other financial support from the programme to Slovak participants,
 - supplementary administrative costs related to the management of the programme by the Commission of the European Communities stemming from the Slovak Republic's participation.
2. For every financial year, the aggregated amount of subsidies or any other financial support received from the programme by Slovak beneficiaries will not exceed the contribution paid by the Slovak Republic, after deduction of the supplementary administrative costs.

Should the contribution paid by the Slovak Republic to the general budget of the European Communities, after deduction of the supplementary administrative costs, be higher than the aggregated amount of the subsidies or other financial support received by the Slovak beneficiaries from the programmes, the Commission will transfer the balance to the next budgetary exercise, and it will be deducted from the following year's contribution. Should such a balance be left when the programme comes to an end, the corresponding amount will be reimbursed to the Slovak Republic.

3. The Slovak Republic's annual contribution will be of 154 512 ECU from 1998. From this sum, an amount of 10 512 ECU will cover supplementary administrative costs related to the management of the programme by the Commission stemming from the Slovak Republic's participation.
4. The financial regulation applicable to the general budget of the European Communities will apply, notably to the management of the contribution of the Slovak Republic.

Upon the entry into force of this Decision and at the beginning of each year, the Commission will send to the Slovak Republic a call for funds corresponding to its contribution to the costs under this Decision.

This contribution will be expressed in ecus and paid into an ecu bank account of the Commission.

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The Slovak Republic will pay its contribution to the annual costs under this Decision according to the call for funds and at the latest three months after the call for funds is sent. Any delay in the payment of the contribution shall give rise to the payment of interest by the Slovak Republic on the outstanding amount from the due date. The interest rate corresponds to the rate applied by the European Monetary Cooperation Fund for the month of the due date, for its operations in ecus¹, increased by 1,5 percentage points.

5. The Slovak Republic will pay the supplementary administrative costs referred to in paragraph 3 from its national budget.
6. The Slovak Republic will pay 50% of the remaining cost of its participation in SAVE II from its national budget.

Subject to regular Phare programming procedures, the remaining 50% will be paid from the Slovak Republic's annual Phare allocation.

¹ Rate published monthly in the *Official Journal of the European Communities* - C series

FINANCIAL STATEMENT

1. TITLE OF OPERATION

Opening of the SAVE II Programme to the Slovak Republic

2. BUDGET HEADING INVOLVED

B7-503 - Opening of Community Programmes to the associated countries of Central and Eastern Europe

3. LEGAL BASIS

Treaty establishing the European Community, and in particular Articles 130r and 130s, paragraph 1,
in conjunction with Article 228, paragraph 3, 1st alinea thereof,

The Additional Protocol to the Europe Agreement with the Slovak Republic (Articles 228 and 238) of 11 December 1995, providing for the opening-up of Community programmes (OJ No L 115/96 of 9.5.1996) and

Council Decision (96/737/EC) establishing a five-year programme for the preparation and implementation of measures and actions in a cost-effective manner in order to promote energy efficiency within the Community, and Article 10 thereof, which provides that this programme shall be open to the participation of associated Central European countries in accordance with the conditions set out in the Association Agreements on participation in Community programmes.

4. DESCRIPTION OF OPERATION:

4.1 General objective

The Slovak Republic's participation in SAVE II will assist in preparing its future accession to the Union, which was the aim set by the Copenhagen European Council of June 1993 and confirmed by subsequent European Councils. Its participation will not only contribute towards the implementation of the provisions relating to economic and technical cooperation in the Europe Agreements but will also enable the Slovak Republic to familiarize itself with the procedures and methods used in Community programmes. The "Agenda 2000" communication from the Commission reiterates the importance of participating in Community programmes as a key feature of a re-inforced pre-accession strategy.

The decision-making process for the opening-up of programmes involves a decision by the Association Council between the Union and the associated country. This decision also lays down the practical conditions and arrangements for participating in the programmes.

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The Additional Protocol with the Slovak Republic entered into force on 1 July 1996 and provides for the Slovak Republic's participation in community programmes, notably in the field of energy.

SAVE II is one of a number of programmes opening up for the countries of Central and Eastern Europe from 1998 onwards.

4.2 Period covered and arrangements for renewal

For the duration of SAVE II, i.e. until 31 December 2000. The Phare contribution, however, is dependent on decisions taken as regards the budget after 1999.

5. CLASSIFICATION OF EXPENDITURE OR REVENUE

5.1 Types of expenditure involved:

1. Non-compulsory expenditures (NCE)
2. Disassociated credits

5.2 Type of revenue involved:

Since the first paragraph of Article 3 of the Additional Protocol stipulates that the Slovak Republic itself will meet the cost of its participation, it will be invited to transfer its contribution to item 6091 of the EU's budget receipts. However, as the second paragraph of Article 3 of the Additional Protocol states that the Community may supplement Slovakia's contribution, Slovakia will contribute only part from its own budget, with the remainder being charged to heading B7-503. A transfer from the relevant Phare appropriations (heading B7-500) to heading B7-503 will be made upon receipt of the Slovak contribution.

6. TYPE OF EXPENDITURE OR REVENUE AND DEGREE OF SUBVENTION FOR ACTIVITIES PROPOSED

100% (maximum) subsidy will be allowed on total eligible expenses for the following actions:

- for studies, information dissemination and other actions aimed at the implementation and completion of Community measures such as voluntary agreements, cooperative procurements, mandates to standardization bodies, legislation, etc. taken to improve energy efficiency.
- for studies on the effects of energy pricing on energy efficiency and studies undertaken with a view to establishing energy efficiency as a criterion within Community programmes.
- for measures proposed by the Commission to foster the exchange of experience aimed at promoting better coordination between international, Community, national, regional and local activities by appropriate means for information dissemination.

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- for monitoring of energy efficiency progress in the Community, in individual Member States and in the Slovak Republic; and for the evaluation and monitoring of actions and measures undertaken under the programme.

For the above actions with 100% subsidy, the Council Decision of 16 december 1996 (96/737/EC) may in and of itself be considered a call for tender.

50% (maximum) subsidy on total eligible expenses will be allowed for joint financing with other sources for the following actions:

- for sectoral targeted pilot actions aimed at accelerating energy efficiency investment, and/or improving energy use patterns including specific actions in favour of energy management at the regional and urban level and in favour of greater cohesion between Member States and the Slovak Republic, and regions thereof, in the field of energy efficiency.
- for measures proposed to promote better coordination of activities for information dissemination.
- for measures, proposed otherwise than by the Commission, to foster the exchange of experience aimed at promoting better coordination between international, Community, national, regional and local activities by appropriate means for information dissemination.

For the above actions, activities may be carried out by organizations or public and private enterprises as well as by existing Community-wide networks or temporary groupings of organizations and/or enterprises formed to accomplish the projects.

For the above actions with 50% subsidy, a call for tender will be published in the Official Journal at the beginning of each year.

The balance of the funding of the actions and measures with a 50% allowable subvention may be made up from either public or private sources or from a combination of the two.

It is understood that all actions undertaken will have a clear and visible European dimension.

As far as revenue is concerned, provision for the Slovak Republic's contribution to cover the cost of its participation is made under item 6091. The revenue will be allocated to the items for expenditure on SAVE II and, where appropriate, to the relevant items of operating expenditure.

The total revenue expected is given under item 7.2.

7. FINANCIAL IMPACT

7.1 Method of calculating total cost of operation for 1998, 1999 and 2000 financial years (link between individual costs and total cost)

The calculation is based on the following preconditions:

- each partner country's contribution to the financing of the activities referred to in the Protocol is calculated according to the principle that the country bears the cost of participation itself. Heading 6091 has been created in the statement of budget revenue for that purpose;
- the Community may decide on a case-by-case basis to pay a supplement to the partner country's contribution. The supplement may be in the form of a contribution under the partner country's PHARE allocation.

Based on the Additional Protocol with the Slovak Republic, the financial and budgetary arrangements for SAVE II are as follows: the costs have been calculated on the basis of various parameters inherent in the programme, i.e. GDP, population, and total inland energy consumption

The cost of the Slovak Republic's participation in SAVE II from 1998 will be ECU 154.512 per year.

The administrative costs shall be covered entirely from the Slovak Republic's national budget. The Slovak Republic shall pay 50% of the remaining cost of its participation from its national budget, and 50% from its Phare annual programmes, subject to regular Phare programming procedures.

7.2 Itemized breakdown of cost (in ecu) after the administrative costs have been deducted

SAVE II Programme	1998	1999	2000	Total	of which the Slovak Republic	of which Phare
	144.000	144.000	144.000	432.000	216.000	216.000

7.3 Operational expenditure on studies, expert meetings, etc., included in Section 10.2)

7.4 Schedule for multiannual operations amounts to be charged to item B7 503; indicative time schedule (year t = 30%; year t+1 = 30%; year t+2= 40%)

	1998	1999	2000	Subsequent years	TOTAL
Committed appropriations	72.000	72.000	72.000		216.000
Disbursed appropriations	10.512	10.512	10.512		31.536
1998	21.600				21.600
1999	21.600	21.600			43.200
2000	28.800	21.600	21.600		72.000
Subsequent years		28.800	50.400		79.200
Total	72.000	72.000	72.000		216.000

The foreseeable annual receipts are as follows:

Item 6091	1998	1999	2000	TOTAL
Operational part	72.000	72.000	72.000	216.000
Administrative part	10.512	10.512	10.512	31.536
Total	82.512	82.512	82.512	247.536

8. FRAUD PREVENTION MEASURES; RESULTS OF MEASURES TAKEN

All the Commission's contracts, agreements and other legal commitments provide for on-the-spot checks by the Commission and Court of Auditors. Among other things, the beneficiaries of the operations are obliged to file reports and financial statements. These are analysed from the point of view of their content and the eligibility of the expenditure in line with the objective of Community financing.

The anti-fraud provisions of the basic budget headings apply to this heading too when adapted to the case of the countries of Central and Eastern Europe.

9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

9.1. Specific and quantified objectives

The aim of opening up SAVE II to the Slovak Republic is to bring it the same benefits as the Member States of the Community already enjoy from this programme. The essential aim of Community action on energy efficiency should be to enable all participating countries to achieve in a cost-effective manner a prudent and rational use of energy resources in all sectors, to reduce the negative impact of energy use on the environment and to contribute to a better security of energy supply and to sustainable economic development.

More specific strategies and aims of the programme are:

[REDACTED]

- to strengthen the energy efficiency infrastructure in participating countries and to encourage investments in energy efficiency by private and public consumers and by industry.

- to stabilize and reduce CO2 emissions in accordance with Community goals

- to develop and pursue actions leading to the strengthening of Community economic and social cohesion, and in particular to reduce disparities between levels of development of the various regions, wherein energy should be an integral part of that effort.

- to complement other programmes for the use and promotion of new energy technologies.

- to improve the energy intensity of final consumption by a further one percentage point per annum over that which would have been otherwise attained.

- to support local energy management programmes.

- to ensure that actions and projects are subject to thorough prior appraisal and systematic monitoring and evaluation.

- to insure that directives on energy efficiency such as those concerning labelling, minimum efficiency standards, CO2 reduction (93/76/EEC), etc. are implemented in accordance with procedures set forth in said directives.

9.2. Grounds for the operation

- *Need for Community financial aid*

Given severe budgetary constraints in Slovakia, and the importance of the participation in Community programmes a part of the re-inforced pre-accession strategy, partial financing of Slovakia's financial contribution by means of its Phare allocation is required.

- *Choice of ways and means*

The Slovak Republic's integration in SAVE II will put it on a basis similar to the current EU Member States. The integration of Slovak nationals in Community networks will make a definite contribution to preparing the Slovak Republic for future membership.

- *Main factors of uncertainty which could affect the specific results of the operation*

Since projects will be selected according to qualitative criteria, it will only be possible to measure the real impact on the basis of Slovak institutions' and firms' capacity to respond to the calls for proposal for actions to be launched by the Commission under the programme as set out in Section 6 of this financial statement.

9.3 Monitoring and evaluation of the operation

The monitoring and evaluation procedures included in SAVE II (notably in respect of evaluation, as included in the Article 5, Paragraph 2 of the Decision establishing the programme) will also cover operations financed for Slovak beneficiaries. This includes the submission by the selected beneficiaries of a report to the Commission on a six-monthly basis and on completion of the project. As described in Article 6 of this document, certain monitoring and evaluation actions and measures are also eligible for programme subsidies.

10. ADMINISTRATIVE EXPENDITURE

Actual mobilisation of the necessary administrative resources will depend on the Commission's annual decision on the allocation of resources, taking into account the number of staff and additional amounts authorised by the budgetary authority. The supplementary needs can not, in any case, prejudice the decision that the Commission will need to take concerning:

- a) the request of new posts in the framework of the APB
- b) the resources allocation

10.1 Overall impact on the number of posts, calculated on the basis of participation by the Slovak Republic

Type of post	Additional staff required to manage the operation		including		duration
	Permanent posts	Temporary posts	using existing resources of the departments concerned	using additional resources	
Officials notation removed					1998-2000
A	0.03		0.03		
C	0.02		0.02		
Other resources					
TOTAL	0.05		0.05		1998-2000

10.2 Increase in other yearly and total operating expenses as a result of participation by the Slovak Republic (in ecu).

Budget heading (No and title)	Yearly expenses	Total for 1998-2000	Method of calculation
A1178/A23 technical assistance	1.012	3.036	Based on share of total additional cost of technical assistance.
A1300 missions	1.500	4.500	1 mission per year.
A2500 meetings with technical committees	3.500	10.500	Participation by Slovak representatives in 2 annual meetings.
A2510 compulsory meetings with SAVE Committee	4.500	13.500	Participation in an average of 3 meetings per year.
Total	10.512	31.536	

[REDACTED]

The above expenditure will be met from the receipts received from the Slovak Republic's own financial contribution to the Community programme.

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