



COMMISSION OF THE EUROPEAN COMMUNITIES

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99/0170 (CNS)

Proposal for a

COUNCIL DECISION

concerning the Community position within the Association Council on the participation of Slovenia 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 were invited to make the necessary provisions in their budgets for 1998, 1999 and 2000 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.

In September 1998, Slovenia confirmed to the Commission its willingness to participate in SAVE II and provided the necessary information for its participation as from 1999.

The main issues addressed in the annexed draft Association Council Decision adopting the terms and conditions for the participation of Slovenia in SAVE II programme are the following :

- Slovenia will participate in all activities of SAVE II, in conformity with the objectives, criteria and procedures of the Programme (Annex I, point 1).
- terms and conditions for the submission, assessment and selection of applications will be the same as for Member States (Annex I, point 2).
- a minimum number of partners from EC Member States will be required for all transnational projects proposed by Slovenia (Annex I, point 3).
- Slovenia will ensure national co-ordination and organisation of participation in SAVE II (Annex I, 4).
- financial contributions are defined in Annex I, point 5 and in Annex II to the Decision; in accordance with Article 3 of the Additional Protocol with Slovenia, this country will pay an annual contribution to cover the cost of its participation,

which will be financed from its own national budget in 1999, but which can be partly financed from its Phare allocation.

- Slovenia will participate in the monitoring of its participation in the Programme (Annex I point 7).
- Slovenia will be invited to co-ordination meetings prior to the meetings of the SAVE Committee; it will also be informed of their results (Annex I, point 8).
- the Decision shall apply for the duration of the programme (Article 2 in the Decision).

The adoption of an Association Council decision to allow Slovenia to participate in SAVE II from 1999 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 Slovenia to join SAVE II in the near future, the Council is invited to adopt the annexed proposal for a decision concerning the Community position within the Association Council with Slovenia on their participation in SAVE II.

Proposal for a

COUNCIL DECISION

concerning the Community position within the Association Council on the participation of Slovenia 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 174, in conjunction with Article 300, paragraph 3, 1st alinea thereof,

Having regard to the proposal from the Commission¹,

Having regard to the opinion of the European Parliament²,

- (1) Whereas the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and Slovenia, of the other part, has entered into force on 01.02.1999,
- (2) Whereas, according to Article 106 of the Europe Agreement, Slovenia may participate in Community framework programmes, specific programmes, projects or other actions including those in the field of energy and the terms and conditions for the participation of Slovenia in the activities referred to in the said Article shall be decided by the Association Council,
- (3) Whereas Council Decision (96/737/EC)³ 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.

¹ OJ C

² OJ C

³ OJ L 335 of 24.12.1996, p. 50

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 Slovenia, of the other part, concerning the participation of Slovenia in the Community programme for energy efficiency, SAVE II, is that set out in the attached draft decision of the Association Council.

Done at Brussels,

For the Council
The President

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

THE ASSOCIATION COUNCIL,

Having regard to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and Slovenia, of the other part, and in particular Article 106 thereof⁴;

Whereas according to Article 106 of the said Europe Agreement, Slovenia may participate in Community framework programmes, specific programmes, projects or other actions including those in the field of energy and the terms and conditions for the participation of Slovenia in the activities referred to in the said Article are to be decided by the Association Council,

HAS DECIDED AS FOLLOWS:

Article 1

Slovenia 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.

For the Association Council

Done at

The Chairman

⁴ OJ L

ANNEX I

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

1. Slovenia 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 Slovenia 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 Slovenia 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 Slovenia 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. Slovenia will take all necessary steps to ensure national co-ordination and organisation of participation in SAVE II.
5. Slovenia 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 Slovenia will make every effort, within the framework of existing provisions, to facilitate the free movement and residence of persons moving between Slovenia 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 Slovenia in the programme will be continuously monitored on a partnership basis involving Slovenia and the Commission of the European Communities. Slovenia 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, Slovenia will be invited to co-ordination meetings on any question concerning the implementation of this Decision prior to the regular meetings of the SAVE Committee. The Commission will inform Slovenia 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 Slovenia to SAVE II

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

Should the contribution paid by Slovenia 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 Slovenian 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 Slovenia.

3. Slovenia's annual contribution will be of 57 942 EUR from 1999. From this sum, an amount of 3 942 EUR will cover supplementary administrative costs related to the management of the programme by the Commission stemming from Slovenia'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 Slovenia.

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

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

Slovenia 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 Slovenia on the outstanding amount from the due date. The interest rate corresponds to the rate applied by the ECB for the month of the due date, for its operations in EUR, increased by 1,5 percentage points.

5. Slovenia will pay the supplementary administrative costs referred to in paragraph 3 (3 942 EUR) from its national budget.
6. Slovenia will pay the remaining cost of its participation in SAVE II, i.e. 54 000 EUR from its national budget.

FINANCIAL STATEMENT

1. TITLE OF OPERATION

Opening of Community Programmes in the field of energy to Slovenia (SAVE II)

2. BUDGET HEADING INVOLVED

Slovenia has decided to cover the costs of its participation entirely from its own national budget. Slovenia will be invited to transfer its contribution to item 6091 of the EU's budget receipts.

3. LEGAL BASIS

Treaty establishing the European Community, and in particular Articles 174 and 175, paragraph 1, in conjunction with Article 300, paragraph 3, 1st alinea thereof,

Article 106 of the Europe Agreement with Slovenia providing for the opening-up of Community programmes, entered into force on 01.02.1999,

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

Slovenia's participation in SAVE II will contribute to assist Slovenia 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 co-operation in the Europe Agreement but will also enable Slovenia 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 Europe Agreement with Slovenia entered into force on 01.02.1999 and provides for Slovenia'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. Slovenia's participation is expected from 1999 onwards.

4.2 Period covered and arrangements for renewal

For the duration of SAVE II, i.e. until 31 December 2000.

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 Europe Agreement, Article 106, stipulates that the Republic of Slovenia itself will meet the costs resulting from its participation, it will be invited to transfer its contribution to item 6091 of the EU's budget receipts.

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, co-operative 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 co-ordination 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 Slovenia; 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 Slovenia, and regions thereof, in the field of energy efficiency.
- for measures proposed to promote better co-ordination of activities for information dissemination.
- for measures, proposed otherwise than by the Commission, to foster the exchange of experience aimed at promoting better co-ordination 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 Slovenia'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 7.4.

7. FINANCIAL IMPACT

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

The calculation is based on the following preconditions:

- Slovenia'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 national PHARE programme.

Based on the Europe Agreement with Slovenia, 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 Slovenia's participation in SAVE II from 1999 will be 57 942 EUR per year.

The above-mentioned figure, from which the supplementary costs of an administrative nature amounting to 3 942 EUR are and to be borne exclusively by Slovenia have to be deducted, are divided per year as follows: Slovenia shall pay 100% of the operational costs of its participation from its national budget.

7.2 Itemised breakdown of cost (in EUR) after the administrative costs have been deducted.

| SAVE II | 1999 | 2000 | Total | of which Slovenia | of which Phare |
|---------|--------|--------|---------|-------------------|----------------|
| | 54 000 | 54 000 | 108 000 | 108 000 | 0 |

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

7.4 The foreseeable annual receipts are as follows:

| Item 6091 | 1999 | 2000 | Total |
|---------------------|--------|--------|---------|
| Operational part | 54 000 | 54 000 | 108 000 |
| Administrative part | 3 942 | 3 942 | 7 884 |
| Total | 57 942 | 57 942 | 115 884 |

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 Slovenia 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 the magnitude of the cost of Slovenia's participation in SAVE II (under 100 000 EUR per year), financing of Slovenia's financial contribution by means of its Phare allocation is not required for the present.

- *Choice of ways and means*

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

The administrative resources required will actually be mobilised following the annual Commission Decision on the allocation of resources, taking account in particular of manpower and additional amounts granted by the budgetary authority.

10.1 Effect on the number of posts (in man/years)

| Type of post | Staff required to manage the operation | | Source | | duration |
|---|--|-----------------|--|----------------------|-----------|
| | Permanent posts | Temporary posts | Existing resources of the DG or department concerned | Additional resources | |
| Officials or temporary staff | | | | | |
| A | 0,01 | | 0,01 | | |
| B | 0,01 | | 0,01 | | |
| Other resources (Technical assistance, item A-7002) | | | | 0,0272 | |
| TOTAL | 0,02 | | 0,02 | 0,0272 | from 1999 |

10.2 Overall financial impact of the human resources

(in EUR)

| | Total | Method of calculation (total cost of the action for the period 1999-2000) |
|---|-------|---|
| Officials * | 4 320 | 0,02 man/year x 108.000 EUR x 2 years |
| Temporary staff | | |
| Other resources (Technical assistance, item A-7002) | 5 440 | 0,0272 man/year x 100.000 EUR x 2 years |
| TOTAL | 9 760 | |

* By using existing resources required to manage the operation (calculation based on A-1, A-2, A-4, A-5, A-7).

The expenditure of item A-7002 (technical assistance) will be met from the receipts (art. 4§2, third indent of the financial regulation) received from the Slovenian participation in Community programmes (see § 5.3 of the financial statement).

10.3 Increase in other administrative expenditure as a result of the operation

(in EUR)

| Budget heading (No and title) | Total | Method of calculation (total cost of the action for the period 1999-2000) |
|-------------------------------|-------|---|
| A-701 -travel expenditure | 1.000 | 1 mission per year 1 x 500 EUR x 2 years = 1.000 EUR |
| A-7030 - meetings in general | 2.884 | Participation in an average of 1.4 meetings per year 1.4 meetings x 1000 EUR/meeting x 2 years = 2.800 EUR |
| A-7031-compulsory meetings | 4.000 | Participation in 2 annual meetings 2 meetings x 1000 EUR/meeting x 2 years = 4 000 EUR |
| Total | 7.884 | |

The above expenditure will be met from the receipts (article 4§2, third indent of the financial regulation) received from the Slovenian participation in Community Programmes (see § 5.3 of the financial statement).