COMMISSION DECISION

OF 1999

Establishing a programme for the Participation of applicant countries from Central and Eastern Europe (CEECs) in Community programmes in 1999,

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 3906/89 of 18 December 1989 on economic aid to certain countries of Central and Eastern Europe, as last amended by Regulation (EC) No 753/96 of 22 April 1996, and in particular Article 9 thereof,

Whereas the European Council in Luxembourg reiterated the importance of the participation of applicant countries in Community programmes as part of the enhanced Pre-Accession Strategy,

Whereas the provisions of the Europe Agreements and of the Association Council decisions lay down the possibility to use part of the national Phare allocation of these countries to supplement their own financial contribution,

Whereas Regulation No 3906/89 lays down the rules and conditions for the granting of economic aid to certain countries of Central and Eastern Europe,

Whereas the measures provided for by this Decision are in accordance with the opinion of the Committee on Aid for Economic Restructuring in certain countries of Central and Eastern Europe,

HEREBY DECIDES AS FOLLOWS:

Article 1

The programme described in the Annex to the present decision is hereby adopted.

Article 2

The maximum amount of Community assistance shall be € 20 686 170 to be financed through Budget line B7-500.

Done in Brussels,

For the Commission
Participation of applicant countries from Central and Eastern Europe (CEECs) in Community programmes in 1999

1. Identification.

Countries: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Romania, Slovakia and Slovenia.

Programme: Participation of applicant countries from Central and Eastern Europe in the Community programmes Socrates, Leonardo da Vinci and Youth for Europe.

Year: 1999

Budget: € 20 686 170

Budget line: B7-500

Duration: 2 years

Expiry date: 30 June 2001, for contracting

Implementing authority: European Commission with the support -where applicable- of separate technical assistance offices (TAO) for each EC programme. The functioning costs of the TAO are entirely covered by appropriations deriving from the national budget of the associated countries.

Sector: Education, vocational training and youth

Group: C-National Programmes

Task Manager: Mr. Vicente Nieto for matters relating to co-ordination. Funds will be managed by DG XXII who is responsible for the Community programmes concerned.
2. SUMMARY

The European Council in Luxembourg in December 1997 reiterated the importance of the participation of applicant States in Community programmes as part of the enhanced Pre-Accession Strategy; applicant States will be further allowed to complement financial contributions of their own - which should steadily increase - with Phare funds, up to around 10% of the Phare appropriation.

Since August 1997, nine CEECs (the required entry into force of the Europe Agreement with Slovenia took place on 1 February 1999) have increasingly been participating in Community programmes in the fields of education (Socrates), training (Leonardo da Vinci) and youth (Youth for Europe) on the basis of Association Council decisions defining the terms and conditions for such a participation. While Hungary, Romania and the Czech Republic started participating in 1997, Poland and Slovakia joined the programmes in the spring of 1998 and Estonia, Latvia and Lithuania at the end of 1998. Bulgaria for its part has been participating in the Youth for Europe programme since the end of 1998, and has prepared itself for participation in Socrates and Leonardo da Vinci from the first semester of 1999.

Since Slovenia also confirmed its intention to participate in these three programmes, the Commission has tabled a proposal for an Association Council decision to this effect in February 1999, which is expected to be adopted in the following months.

All these countries expressed their wish to use - be it in different degrees - part of their national Phare allocations to supplement their own contributions. The Association Council decisions define the annual financial contributions from these countries and indicate which part comes from the national budget, and which part from the national Phare programme.

A total amount of € 39 204 919 was approved by the Phare Management Committee on 27 March 1998 for supporting the participation of Bulgaria, the Czech Republic, Estonia, Poland, Hungary, Latvia, Lithuania, Romania, and Slovakia in 15 Community programmes. Of that amount, € 28 691 195 were earmarked for supporting the participation of these nine CEECs in one or more of the three programmes in the fields of education, training and youth.

The required Phare support for the participation of these nine countries (including Slovenia and excluding Poland) in the three above-mentioned programmes in 1999 is now proposed to the Phare Management Committee. The amounts concerned are those mentioned, for this year, in the relevant Association Council decisions (or proposals thereto in the case of Slovenia), from which, where applicable, and in accordance with the provisions of the Association Council decisions, left-overs from 1998 have been deducted.

This separate proposal has been prepared for these programmes since they are the only ones in which participation of the applicant countries has really started in 1998 or even 1997. Phare support for such a participation in the remaining programmes will be put forward shortly by means of another proposal. Aggregated Phare amounts proposed for these three programmes (€ 20 686 170) represent around ¾ of the global amount which will be proposed for the participation of the ten CEECs in all Community programmes opened up in 1999.
Phare support foreseen for Slovenia under the present proposal will, of course, be subject to the entry into force of the Association Council decision, which is presently under preparation.

As provided in all Association Council decisions, financial contributions from a participating country will be used to cover the costs for any subsidies or other financial support from the Community programmes to individual or institutional participants from that country. Applicant countries will, in principle and within the limits of their financial contributions, participate in all activities of the programmes, as much as possible on the same footing as the Member States of the Union. Projects and initiatives submitted by applicant countries shall be subject to the same conditions, rules and procedures pertaining to each programme as are applied to Member States, regarding:

- the submission, assessment, and selection of applications and projects,
- the responsibilities of the national structures in the implementation of the programmes,
- the activities related to the monitoring of their participation in the programmes.

3. BACKGROUND

The European Council, at its meeting in Luxembourg of 12-13 December 1997, reiterated the importance of the participation in Community programmes as part of the enhanced Pre-Accession Strategy.

Europe Agreements - or Additional Protocols concerning participation in Community programmes - are now in force for all applicant countries from Central and Eastern Europe and provide the following:

- these countries may participate in Community programmes in a wide range of areas enumerated in a non-exhaustive manner;
- it will be up to each Association Council to decide the terms and conditions of participation;
- applicant countries will themselves bear the cost of their participation. The Community may, however, decide to provide complementary financial support which, in practice, will come from the national Phare appropriations.

In this connection, the Luxembourg European Council indicated that applicant States should steadily increase their own financial contribution, but agreed that Phare, if necessary, would continue to part-finance these countries’ financial contributions; such support should, however, “remain at around 10% of the Phare appropriation, not including participation in the research and development framework programme”.

The Socrates, Leonardo da Vinci and Youth for Europe programmes have been the first Community programmes to provide for applicant countries’ participation. Association Council decisions establishing the conditions for participation in these three programmes were adopted
in the course of 1997 for Romania\(^1\), Hungary\(^2\), and the Czech Republic\(^3\). Similar decisions were taken in 1998 for Poland\(^4\), the Slovak Republic\(^5\), Bulgaria (only *Youth for Europe*)\(^6\), Estonia\(^7\), Latvia\(^8\) and Lithuania\(^9\). The relevant Decision for Slovenia is expected before summer 1999.

According to the Association Council decisions in force in 1998, the 1998 financial contributions of these nine countries for participating in the activities of the three programmes (not including the part covering the supplementary administrative costs) amounted to € 55 468 000, funded partly by their national budget, and partly by PHARE. From this amount, and after the selection procedures carried out in accordance with the rules applying to the three programmes, € 45 250 140 were contracted, of which € 26 434 386 came from Phare funds. Pursuant to the provisions of the Association Council decisions, the balance will be deducted from the contributions of the countries concerned for 1999. The left-over is mainly due to the date of entry into force of the Association Council decisions for Bulgaria, Estonia, Latvia, Lithuania (1\(^{st}\) November), and, to a lesser extent, for Poland and Slovakia (1\(^{st}\) March and 1\(^{st}\) April), which prevented these countries from participating in some selection procedures taking place in the beginning of the year for *Socrates* and *Youth for Europe*. For the countries which were participating in the programmes for the second year (Romania, Hungary and the Czech Republic), the rate of utilisation of their financial contribution was quite satisfactory, ranging from 87% to 99% (see table 1)

4. **POLICY ASSESSMENT**

Participation of applicant countries from Central and Eastern Europe in Community programmes has been confirmed by the European Council as one of the key-features of the enhanced Pre-Accession Strategy. Their participation will not only contribute towards the implementation of the provisions relating to economic and cultural co-operation in the Europe Agreements; it will also enable these countries to familiarise themselves with the Union policies and working methods.

In its Regular Reports of November 1998, the Commission noted that this type of participation had been actively pursued allowing onwards citizens and national administrations of CEECs to

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1 OJ No L 229/5 of 20.8.1997
4 OJ No L 76/33 of 13.3.1998
5 OJ No L 88/49 of 24.3.1998
7 OJ No L 307/19 of 17.11.1998
8 OJ No L 313/17 of 21.11.1998
9 OJ No L 307/15 of 17.11.1998
join in, mainly from 1999, co-operation and exchange networks in, among others, these particular fields.

All applicant countries have shown a very strong interest in participating in these three specific Community programmes as much as possible on the same footing as Member States. Confirmations of actual interest thereto are taken at Government level, as is the case for the budgetary appropriations, which they have to earmark for this purpose. For 1999, the appropriations deemed necessary for their participation in these three programmes will be much more significant than those needed for similar participation in the remaining programmes, except the 5th Framework Programme for research and development.

The possibility to use part of the national Phare allocations (up to around 10%) for supporting these countries’ participation in Community programmes (except those for research and development) has been reconfirmed by the European Council in Luxembourg. This will also contribute to progressively achieving the goal of training personnel for the public administrations involved in the Community programmes concerned and thus correspond to “Institution Building”, a major priority for Phare in the context of the Pre-Accession Strategy.

5. INSTITUTIONAL ASSESSMENT

As is the case for Member States, entities from applicant countries wishing to participate in Community programmes can be either from the public or private sector, and can be institutions, organisations, enterprises or individuals, depending on the programmes or parts of the programmes concerned.

The role of the national authorities of participating countries i.e. normally the relevant sectoral ministries will be, as indicated in most Association Council decisions,

• to ensure national co-ordination and organisation of participation in the programmes;

• to facilitate, within the framework of existing provisions, the free movement and residence of persons moving between the applicant country and the Member States of the Union for the purpose of the participation in the programmes concerned;

• to take part, on a partnership basis with the Commission, in the monitoring of the participation of their entities in the programmes.

For these specific programmes in the fields of education, vocational training and youth, ministries will also finance the national agencies or co-ordination offices that will play an important role as concerns information, awareness and management of some parts of the programmes.
6. OBJECTIVES

The aim of the participation of applicant countries in Community programmes is:

- to contribute to implementing economic and cultural co-operation provisions of the Europe Agreements;
- to become acquainted with Community working methods and procedures in a wide range of areas, and to contribute to “Institution building”, as part of the enhanced Pre-Accession Strategy;
- to bring about, for participating enterprises, institutions, universities, NGO’s, individuals, etc. from applicant countries the same benefits as for those from the Member States of the Union.

7. PROGRAMME DESCRIPTION

Community programmes in which applicant countries intend to participate and for which Phare support is envisaged under the present decision are in areas mentioned in the Europe Agreements or their additional protocols.

Entities from applicant countries will, in principle, and within the limits of these countries’ financial contributions, participate in these programmes on the same footing as those from the Member States of the Union. More particularly, they will:

- participate in all activities of the programmes, unless otherwise provided in the Association Council decisions;
- be subject to the same rules and criteria as concerns application, evaluation and selection of project proposals.

The level of subsidies from the programmes which they may receive for selected projects will, pursuant to the provisions of the Europe Agreements and of the Association Council decisions, be limited to the level of their financial contribution, minus the contribution for extra administrative costs stemming from their participation. In return, non-utilised parts from their financial contribution will be transferred to the next budgetary exercise, and be deducted from their contribution for that year.

All applicant countries have chosen to make use of the possibility to use part of their national Phare allocation to supplement their own financial contribution. The level up to which Phare funds will be used differs country by country, but the 10% ceiling applicable to all Community programmes will not be exceeded.

8. OTHER DONORS’ ACTIVITIES AND COORDINATION

As provided in the Europe Agreements or their Additional Protocols, applicant countries have to pay themselves the cost of their participation, and the Community can decide to pay a
supplement to these countries’ own contribution (in practice, part of their national Phare allocation which these countries earmarked thereto). Contributions from these countries’ own budgets cover at least the administrative costs (+/- 7% of the total financial contribution); in most cases - be it in different degrees - they also cover a substantial part of the operational costs. Applicant countries facing severe budgetary constraints and whose own contribution is limited during the first year of participation, are encouraged to steadily increase their own financial effort, whereby the contribution from Phare can decrease correspondingly.

At the level of the selected projects, subsidies received by final beneficiaries of the programmes cover only part of the costs arising from their participation in a project or exchange. The basic principle of co-financing applies to all the Community programmes. When submitting their project proposals, applicants must provide information about sources of funding to cover the remaining costs. As is the case for applicants from Member States, finding other resources from the public or private sector is up to the initiative of the applicants. In the case of the applicant countries, this may create a severe problem, especially for those activities, for which subsidies from the programmes are limited. Complementary support will thus be required to allow potential participants from these countries to benefit from certain activities. Such complementary support should be made available from the national budgets or through the national Phare allocation (subject to Phare national programming procedure) or from any other possible source.

9. COST AND FINANCING PLAN

All applicant countries expressed their willingness to use part of their Phare funds for supplementing their own contributions. The breakdown between financial efforts of their own and support from their national Phare programmes, within the 10% limit, has been defined in relevant Association Council decisions, which cover the lifetime of the Community programmes in which each of these countries participate. This breakdown differs, sometimes substantially, country by country. Some countries have opted for paying each year more or less equal parts from their national budget and from Phare. Others draw heavily on their Phare allocation in the first year of participation, with a steadily increasing effort of their own during the following years.

The financial contribution required for each country to cover the costs of its participation in each of these three programmes has been calculated by the Commission on the basis of objective parameters, such as GDP and population, and other specific parameters with high relevance for the programme concerned.

As provided in the Association Council decisions, financial contributions from participating applicant countries will cover:

- subsidies or any other financial support from the programmes to participants from the applicant country;
- in the case of *Leonardo da Vinci* and *Youth for Europe*, financial support from the programmes to the functioning of the national agencies;
supplementary administrative costs related to the management of the programmes by the Commission stemming from applicant countries’ participation, which will be entirely financed by the applicant countries’ national budgets.

Pursuant to the provisions of the Association Council decisions, for applicant countries that participated in Community programmes in 1998, left-overs from that year are to be transferred to the 1999 budgetary exercise and to be deducted from the respective financial contributions for this year. Phare funds required for 1999 for the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Bulgaria (in the case of Youth for Europe) are thus the Phare parts of the financial contributions for 1999 from which the Phare parts of left-overs from 1998 are to be deducted. The left-overs by countries and by programmes are indicated in table 2. In the case of Poland, funds were still available under its national programme for 1994, which were used in priority. That particular circumstance explains why only a small amount of 1998 Phare funds was used, and why the 1998 left-over is sufficient to cover entirely its participation in 1999. For Bulgaria (as regards Socrates and Leonardo) and Slovenia, for which the Association Council decisions will enter into force in 1999, there is obviously not any left-over from 1998.

Phare funds required for 1999 for the ten countries and the three programmes, and subject to this Financing Proposal, are thus as follows:

<table>
<thead>
<tr>
<th></th>
<th>Socrates</th>
<th>Leonardo</th>
<th>Youth</th>
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<tbody>
<tr>
<td>Bulgaria</td>
<td>3 754 000.00</td>
<td>1 011 000.00</td>
<td>49 160.58</td>
</tr>
<tr>
<td>Czech Rep.</td>
<td>1 539 270.15</td>
<td>1 209 245.00</td>
<td>160 092.24</td>
</tr>
<tr>
<td>Estonia</td>
<td>218 332.71</td>
<td>206 265.16</td>
<td>58 150.72</td>
</tr>
<tr>
<td>Hungary</td>
<td>2 148 585.50</td>
<td>1 206 355.00</td>
<td>361 995.50</td>
</tr>
<tr>
<td>Latvia</td>
<td>294 978.00</td>
<td>378 094.51</td>
<td>34 903.00</td>
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</tbody>
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<tr>
<th></th>
<th>Socrates</th>
<th>Leonardo</th>
<th>Youth</th>
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<tbody>
<tr>
<td>Lithuania</td>
<td>653 725.40</td>
<td>518 661.10</td>
<td>107 641.75</td>
</tr>
<tr>
<td>Poland</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Romania</td>
<td>2 635 693.99</td>
<td>964 241.04</td>
<td>469 348.08</td>
</tr>
<tr>
<td>Slovakia</td>
<td>456 763.00</td>
<td>965 377.50</td>
<td>264 289.00</td>
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<tr>
<td>Slovenia</td>
<td>400 000.00</td>
<td>470 000.00</td>
<td>150 000.00</td>
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**Rounded Up Total: € 20 686 170**
The contracting and disbursement schedule (cumulative in M€) is as follows:

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<tr>
<td>contracting</td>
<td>M€</td>
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<tr>
<td>%</td>
<td>100</td>
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<td></td>
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</tr>
<tr>
<td>disbursements</td>
<td>M€</td>
<td>16.6</td>
<td>18.2</td>
<td>19.9</td>
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<tr>
<td>%</td>
<td>80</td>
<td>88</td>
<td>96</td>
<td>100</td>
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The Phare funds will be transferred from budget line B7-5000 to B7-5030 for management by Commission’s Directorate-General XXII. Phare funds for Slovenia and for the participation of Bulgaria in Socrates and Leonardo da Vinci will only be committed after the entry into force of the corresponding Association Council Decisions.

10. IMPLEMENTATION ARRANGEMENTS

The programmes will be implemented by the Commission in close co-operation with the national authorities. The same arrangements will apply as for the Member States of the Union, taking into account the specificity of the financial contributions. For these programmes the decentralised structures designated by participating countries (the Socrates and Youth for Europe Agencies, the Leonardo da Vinci National Co-ordinating Units) have an essential role to play in the implementation of the programmes and will work in close co-operation with the national authorities responsible for education, training and youth. The national structures are in particular responsible for the selection and management of the decentralised part of the programme activities. They operate according to programme guidelines defined by the European Commission in consultation with the programme Committees and on the basis of a contract with the Commission, which is subject to presentation of their Work Plan including a detailed budget.

The capacity of the applicant countries to participate in the programmes depends to a large extent on the capabilities of the National Agencies and National Co-ordinating Units. In the course of the preparatory phase 1996-1998, the Commission has financed training measures and seminars for the staff of these national structures with a view to making them acquainted with the operational functions of the programmes.

11. AUDIT, MONITORING AND EVALUATION

For these programmes, the Commission services shall monitor the implementation of the Programme on the basis of the regular reports. In order to facilitate this, a detailed set of indicators of achievement will be defined according to the objectives and targets of the Programme.
The monitoring procedures applied in the programmes (notably as included in the decisions establishing the programmes concerned) will also cover operations financed for applicant country beneficiaries. Moreover, the participation of applicant countries in the programmes will be monitored on a partnership basis involving the Commission and these countries. They will submit to the Commission relevant reports and take part in other specific activities set out by the Community to this end.

All contracts, agreements and legal commitments between the Commission and recipients of payments provide for in situ checks by the Commission and the Court of Auditors. The accounts and operations of the programme may be checked at the Commission's discretion by an outside auditor contracted by the Commission without prejudice to the responsibilities of the Commission and the European Union's Court of Auditors.

Recipients of support under specific actions are under the obligation to provide a report and financial statement which are analysed from the point of view of content and eligibility of expenditure in accordance with the objective of Community funding and bearing in mind the contractual obligations and the principles of sound and efficient management.

12. SPECIAL CONDITIONS

- As for the Member States, projects involving applicant countries will be selected according to qualitative criteria. Nevertheless, the costs resulting from applicant countries’ participation in the programmes must be covered entirely by their financial contributions, as provided in the Association Council decisions. Thus the level of subsidies received by applicant country beneficiaries can not exceed the amount of that country’s financial contribution. On the other hand, should the participation of these countries fall short of that amount in a given budget year, the balance will be transferred to the next budget year, and deducted from the contribution for that year.

- To ensure the Community dimension of the Programmes, trans-national projects and activities proposed by applicant countries will be required to include a minimum number of partners from the Member States of the Union.

- The applicant countries will not attend the programme management committees, but their representatives will be invited to co-ordination meetings prior to the regular meetings of the committees, and will be informed of their results.

13. RISKS

- As reiterated in the conclusions of the Luxembourg European Council, the participation of the applicant countries in Community programmes is considered to be an important element of the Pre-Accession Strategy and that it will enable them to familiarise themselves with the Union’s policies and working methods in a wide range of areas. The national governments concerned have made the necessary arrangements to reserve funds for this purpose in their own budget to the best of their ability. The contribution from the respective Phare budgets, which is the purpose of the present Financing Proposal, is necessary in the initial stages. Any
further delay in the necessary internal decision making process of the Community could jeopardise the applicant countries’ possibilities for meeting the deadlines for calls for proposal and selection procedures for 1999. Such a delay could cause considerable disappointment on a political and individual participants’ level.

- In addition to the use of Phare funds to meet the costs due to be covered by the governments of the applicant countries, complementary funding for individual or institutional participants in certain activities will be required. Subsidies received from the programmes cover only part of the costs for participation in a trans-national project or exchange, the remainder having to be met by the final beneficiaries. Many otherwise qualified individuals may not be in a position to do so. Such additional funds may come from the national budgets or the annual Phare allocation or any other possible source.

- Projects will be selected according to qualitative criteria and thus the real impact will only be measurable on the basis of the applicant countries’ capacity to respond to calls for proposal launched by the Commission under the programmes. Since some applicant countries lack experience in participating in Community programmes they may not be able to present adequate proposals in sufficient number to absorb all funds available. Therefore Phare funds may remain unused and would have to be transferred to the subsequent year.

- Participants from within the Union in these programmes face certain difficulties in terms of social security coverage, accident insurance and work permits when required. Non-EU citizens are likely to face similar problems, only more so, in addition to having to comply with visa requirements in some cases.