



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 09.03.1998

COM(1998) 112 final

98/0074 (CNS)

Proposal for a

COUNCIL DECISION

concerning the Community position within the Association Council on the participation of Romania in the financial instrument of the Community in the field of environment (LIFE)

(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 applicant countries in Community programmes, as a key issue of the reinforced preaccession strategy. This will indeed help representatives from these countries to familiarise themselves with the Union's policies and working methods and with adopting the Acquis, in view of future accession. Moreover, in the Commission's opinions on the applications for accession, the environment has been identified as one of the key areas in which very important efforts will be needed in view of full compliance with the environmental standards of the Union, which in any case could only be expected in the long term. In addition to Phare support for acquis related environmental investments and strengthening of administrative capacities for enforcement of legislation, the participation of candidate countries in LIFE will contribute to achieving this objective.

The participation of candidate countries in LIFE indeed aims at achieving similar benefits as for Member States, namely:

- help define the infrastructure investments needed to implement Community environmental legislation and support measures to increase aid efficiency;
- promote sustainable development in industry via demonstration, incentives and technical assistance projects;
- promote better land use by taking environmental considerations into account in the spatial distribution of socio-economic activities;
- conservation of natural habitats and of wild fauna and flora of Community and/or European importance.

The Europe Agreements or their Additional Protocols concerning the participation in Community programmes explicitly mention the field of environment as an eligible area, and convey the task to define terms and conditions for participation to the Association Councils. In view of Association Council decisions, exploratory discussions with the 10 candidate countries from Central Europe were held in Brussels in December 1996 concerning their future participation in LIFE. Taking into account that the CECs will themselves meet the costs resulting from their participation, particular attention was devoted to financial conditions. These countries 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 to draw on their national Phare allocation for complementing the contribution from their own budget has been reiterated.

Romania has been the first country to confirm to the Commission its willingness to participate in LIFE as from 1998, and to provide sufficient information as concerns the way it envisages paying its financial contribution thereto.

The main issues addressed in the annexed draft Decision of the EC - Romania Association Council adopting the terms and conditions for the participation in LIFE are the following :

- Romania will participate in all actions of LIFE, in conformity with its objectives, criteria and procedures (Annex 1, point 1).
- terms and conditions for the submission, assessment and selection of applications will be equivalent to those applicable 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 Romania (Annex 1, point 3).

Romania will provide the appropriate structures and mechanisms at national level and will ensure coordination and organisation of participation in LIFE (Annex 1, point 4).

- the annual financial contribution which Romania will pay to cover the costs of its participation is defined in Annexes I, point 5 and II; this annual contribution will be financed partly from Romania's own budget, and partly from its Phare allocation.
- Romania will be involved in the monitoring of its participation in LIFE (Annex 1 point 7).
- Romania will be invited to coordination meetings prior to the meetings of the LIFE Committee; it will also be informed of their results (Annex 1, point 8).
- the Decision shall apply for the duration of the programme (Article 2, in the Decision).

The adoption of Association Council decision to allow Romania to participate in LIFE 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.

Subject to their capacity to fulfil in time relevant administrative and budgetary requirements, other applicant CECs should also be able to join LIFE from 1999 onwards. Thereby, article 9 of the LIFE regulation which sets 31 July as the ultimate date for project selections should be taken into account.

In order to allow Romania to join LIFE in the near future, the Council is invited to adopt the annexed proposal for decision concerning the Community position within the Association Council with Romania concerning its participation in LIFE.

**Proposal for a
COUNCIL DECISION
of**

concerning the Community position within the Association Council on the participation of Romania in the financial instrument of the Community in the field of environment (LIFE).

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 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 notably in the field of environment and the terms and conditions for the participation of Romania in these activities shall be decided by the Association Council,

Whereas, Council Regulation EEC No 1973/92, as amended by Council Regulation EEC No 1404-96 of 15 July 1996 establishing a financial instrument for the environment (LIFE) and in particular Article 13a 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 Additional Protocols to 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 financial instrument of the Community in the field of environment, is the attached draft decision of the Association Council.

Done at Brussels

For the Council

[REDACTED]

**Draft Decision n°.../98 of the EC-Romania Association Council of1998
adopting the terms and conditions for the participation of Romania in
the financial instrument of the Community in the field of environment**

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 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 thereof;²

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

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 shall be decided by the Association Council;

HAS DECIDED AS FOLLOWS:

Article 1

Romania shall participate in the European Community financial instrument for environment LIFE 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 financial instrument for the environment LIFE.

Article 3

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

For the Association Council

Done at

The Chairman

¹ OJ No L 357, 31.12.1994, p.2.

² OJ No L 317, 30.12.1995, p. 40

ANNEX I

Terms and conditions for the participation of Romania in LIFE

1. Romania will participate in all actions of the Community financial instrument of the environment LIFE (hereinafter called 'LIFE') in accordance with the objectives, criteria, procedures and time limits laid down in Council Regulation EEC No 1404-96, amending Council Regulation EEC No 92/1973 establishing a financial instrument for the environment (LIFE).

2. - The terms and conditions for the submission, assessment and selection of applications related to eligible institutions, organisations and individuals of Romania will be the same as those applicable to eligible institutions, organisations and individuals of the Community.

- Language preparation and training activities concern the official languages of the Community. In exceptional circumstances, other languages could be accepted if the implementation of LIFE so requires.

3. To reflect the Community dimension of LIFE, transnational projects and activities proposed by Romania should, whenever relevant, include partners from the Member States of the Community.

4. In conformity with the terms of the relevant provisions of the Regulation on LIFE, Romania will provide the appropriate structures and mechanisms at national level and will take all other necessary steps to ensure national coordination and organisation of the implementation of the Programme.

5. Romania will pay each year a contribution to the budget of the Community to cover the costs resulting from its participation in LIFE (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 to facilitate the free movement of eligible persons between Romania and the Community in activities covered by this Decision.

7. Without prejudice to the responsibilities of the Commission and the Community's Court of Auditors in relation to the control and monitoring of LIFE pursuant to Articles 10, 11 and 12 of the Regulation on LIFE, the participation of Romania in LIFE will be continuously monitored on a partnership basis involving the Commission and Romania. Romania will submit to the Commission relevant reports and take part in other specific activities undertaken by the Community to this end.

8. Without prejudice to the procedures referred to in article 13 of the Regulation on LIFE, Romania will be invited to coordination meetings on any question concerning the implementation of this Decision prior to the regular meetings of the Committee. The Commission will inform Romania about the results of such regular meetings.

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

[REDACTED]

ANNEX II

FINANCIAL CONTRIBUTION OF ROMANIA TO LIFE

1. The financial contribution of Romania will cover:
 - subsidies or any other financial support from LIFE to Romanian participants;
 - supplementary administrative costs related to the management of LIFE by the Commission stemming from Romania's participation.
2. For every financial year, the aggregated amount of subsidies or any other financial support received from LIFE 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 budget of the Community, 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 LIFE, the Commission of the European Communities 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 LIFE comes to an end, the corresponding amount will be reimbursed to Romania.
3. Romania's annual contribution will be of 2,200,000 ECU per annum for both 1998 and 1999. From this sum, an annual amount of 110,000 ECU will cover supplementary administrative costs related to the management of LIFE by the Commission stemming from Romania'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 Romania.

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

This contribution will be expressed in ECU 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 will give rise to the payment of interest by Romania on the outstanding amount from the due date. The interest rate will correspond to the rate applied by the European Monetary Cooperation Fund, for the month of the due date, for its operations in ECU¹, increased by 1,5 percentage points.

5. Romania will pay the supplementary administrative costs referred to in paragraph 3, from its national budget.
6. Of the remaining costs of its participation in LIFE, Romania will pay 832,857 Ecu in 1998 and 1,251,905 Ecu in 1999 from its national budget.
7. Subject to regular Phare programming procedures, 1,257,143 Ecu will be paid from Romania's Phare National Programme in 1998 and 838,095 Ecu in 1999.

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

FINANCIAL STATEMENT

1. TITLE OF OPERATION

Participation of Romania in LIFE

2. BUDGET HEADING INVOLVED

B7-503 - Opening of Community programmes to the associated countries of Central Europe

3. LEGAL BASIS

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

Additional Protocol to the Europe Agreement with Romania of 30.6.1995, providing for the opening-up of Community programmes (OJ No L 317 , 30.12.1995), entered into force on 1 August 1996.

Council Regulation EEC N°1404/96 of 15 July 1996 (OJ N° L 181 of 20.07.96, p.1), amending Regulation EEC N° 1973/92 establishing a financial instrument for the environment (LIFE) and in particular Article 13a thereof,

4. DESCRIPTION OF OPERATION:

4.1 General objective

Romania's participation in LIFE will contribute to preparing it for 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. According to the Commission's communication Agenda 2000, the participation of candidate countries in Community programmes will be a key feature of the reinforced pre-accession strategy. Its participation will not only contribute towards the implementation of the provisions relating to economic and environmental cooperation in the Europe Agreement but will also enable Romania to familiarise itself with the procedures and methods used in Life.

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 arrangements for opening up the programmes.

Romania's participation in the financial instrument as provided for in the present decision, should become operational from 1998 onwards.

4.2 Period covered and arrangements for renewal

From 1998 onwards, up to the end of validity of the LIFE Regulation, i.e. 31 December 1999. The Phare contribution, however, is dependent on decisions concerning the budget after 1999.

5. CLASSIFICATION OF EXPENDITURE OR REVENUE

5.1 Non-compulsory expenditure

5.2 Differentiated appropriations

5.3 Type of revenue involved:

Since the first paragraph of Article 3 of the Additional Protocol stipulates that Romania 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. However, as the second paragraph of Article 3 states that the Community may supplement Romania's contribution (through its national Phare allocation), Romania will contribute only part from its national budget, with the remainder being charged to heading B7-503. A transfer from the relevant Phare appropriations (article B7-500) to article B7-503 will be made upon receipt of the Romanian contribution.

6. TYPE OF EXPENDITURE OR REVENUE

- 100% subsidy
- subsidy for joint financing with other sources in the public and/or private sector
- no provision for all or part of the Community contribution to be reimbursed

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 administrative expenditure and, where appropriate, to the relevant items of operational expenditure.

The total revenue expected is given under item 7.4.

7. FINANCIAL IMPACT

7.1 Method of calculating the total cost of operation for the 1998 and 1999 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 Europe Agreement 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 will be in the form of a contribution under the PHARE national programme.

Based on the Additional Protocol to the Europe Agreement with Romania, the financial and budgetary arrangements for participation of associated countries of central Europe in LIFE are as follows: the costs have been calculated on the basis of GDP per capita weighted with purchasing power parities.

The annual cost of Romania's participation in LIFE in both 1998 and 1999 will be Ecu 2 200 000 per annum.

The above-mentioned figures, after the deduction of the supplementary administrative costs related to the management of the programme and to be borne exclusively by Romania, are divided per year as follows: Romania shall pay 832,857 Ecu in 1998 and 1,251,905 Ecu in 1999 from its national budget; subject to regular PHARE programming procedures, 1,257,143 Ecu will be paid from Romania's annual PHARE Programme in 1998 and 838,095 Ecu in 1999.

7.2 Itemised breakdown of cost (commitments) after the administrative costs have been deducted

in ECU

	1998	1999	Total	of which Romania	of which Phare
LIFE	2,090,000	2,090,000	4,180,000	2,084,762	2,095,238

7.3 Operational expenditure on studies, expert meetings, etc., included in Part B: None

7.4 Schedule for multiannual operations

Amounts to be charged to item B7-503

	1998	1999	Subsequent years	TOTAL
Commitment appropriations	1,257,143	838,095		2,095,238
Payment appropriations^(*)				
1998	502,857			502,857
1999	377,143	335,238		712,381
subsequent years	377,143	502,857		880,000
Total	1,257,143	838,095		2,095,238

(*) Schedule based on the method of payment currently applying to these programmes.

The foreseeable annual receipts are as follows:

Item 6091	1998	1999	TOTAL
operational part	832,857	1,251,905	2,084,762
administrative part	110,000	110,000	220,000
Total	942,857	1,361,905	2,304,762

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; target population

The aim of opening up the financial instrument LIFE to Romania is to bring about similar benefits as for Member States of the Community.

Where LIFE Nature is concerned, the specific objective will be to promote, as a matter of priority, the measures needed for the maintenance or re-establishment of natural habitats and of wild fauna and flora of Community and/or European importance.

Where measures other than those relating to nature protection are concerned, the objectives are to:

- help define the infrastructure investments needed to implement Community environmental legislation and to undertake preparatory and support measures to increase the efficiency of aid for the environment;
- promote sustainable development in industry via demonstration, incentive and technical assistance projects;
- promote better land use by taking environmental considerations into account in the spatial distribution of socio-economic activities.

Lastly, where the accompanying measures are concerned, the aim is to ensure a better cost-benefit ratio for assistance from the instrument and to prevent any fraud.

As illustrated by the past experience of LIFE, target beneficiaries are the following:

- private sector (companies, business partnerships) such as new technologies and waste recycling;
- public sector (local and central authorities);
- partnership between private and public sector;
- non-governmental organizations and associations, particularly at regional/local level;
- universities and research centres.

9.2. Grounds for the operation

- *Need for Community financial aid*

In view of the high cost of participation in LIFE and Romania's precarious budgetary situation, assistance from PHARE as provided for in Article 3 of the Additional Protocol to the Europe Agreement is essential.

- *Choice of ways and means*

With a contribution from the national budget, supplemented by one from PHARE, Romania's participation in LIFE will be of assistance in familiarising it with the EU Acquis in the sphere of environmental issues. Consequently the programme will serve the dual purpose of providing Romania with an adequate preparatory grounding in this field, while simultaneously shaping it 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 firms' and other entities' capacity to respond to the calls for proposal to be launched by the Commission under the programme.

9.3 Monitoring and evaluation of the operation

The control and monitoring procedures of LIFE (as provided for in the LIFE Regulation) will also apply to Romanian participants.

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. 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 APB,
- b) the resources allocation.

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

Type of post	Staff to be assigned to managing the operation		Source		Duration
	Permanent posts	Temporary posts	Existing resources of the DG or department concerned	Additional resources	1998-1999
Officials					
A	0.2		0.2		
B	0.08		0.08		
C					
Other resources (Technical assistance, item A-7002)		0.9		0.9	
TOTAL	0.28	0.9	0.28	0.9	from 1998

10.2 Overall financial impact of human resources:

in ECU		
	Total	Method of calculation (total cost of the action for the period 1998-1999)
Officials	60,480	0,28 man/year (ECU 108,000 / year) x 2 years
Temporary staff		
Other resources (Technical assistance, item A-7002)	180,000	0,9 man/year (ECU 100,000 / year) x 2 years
TOTAL	240,480	

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 Romanian 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 ECU)

Budget heading (No and title)	Total	Method of calculation (total cost of the action for the period 1998-1999)
A-701 (travel expenditure)	10,000	4 missions per year (each ECU 1,250) x 2 years
A-7030 (meetings in general)	30,000	Participation of 2 Romanian representatives in 10 annual meetings (each ECU 799): 2 x 10 x 799 x 2 years = ECU 31,960 = appr. ECU 30,000
Total	40,000	

The above expenditure will be met from the receipts (art. 4§2, third indent of the Financial Regulation) received from the Romanian participation in Community programmes (see 5.3 of the Financial Statement).

ISSN 0254-1475

COM(98) 112 final

DOCUMENTS

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11 09 14

Catalogue number : CB-CO-98-114-EN-C

ISBN 92-78-31387-4

Office for Official Publications of the European Communities

L-2985 Luxembourg