

Proposal for a Council Regulation (EC) amending Regulation (EC) No 1488/96 on financial and technical measures to accompany (MEDA) the reform of economic and social structures in the framework of the Euro-Mediterranean partnership

(2000/C 89 E/03)

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(Submitted by the Commission on 20 October 1999)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 308 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas:

- (1) Article 15(6) of Council Regulation (EC) No 1488/96 ⁽¹⁾, as amended by Regulation (EC) No 780/98 ⁽²⁾, provides that it is to be reviewed by the Council before 30 June 1999 and that the Commission will, if necessary, submit the amendments to be made to it;
- (2) The Mediterranean region constitutes a priority area for the European Union and the political, economic and social development of the Mediterranean partners is a challenge of ever-increasing proportions;
- (3) It is important to pursue and intensify the cooperation launched within the Euro-Mediterranean Partnership which was established by the Barcelona Declaration adopted at the Euro-Mediterranean Conference of 27 and 28 November 1995;
- (4) New Euro-Mediterranean association agreements are now starting to come into force and their preparation and implementation require major adjustment efforts by the Mediterranean partners. Those efforts should be supported by the European Community;
- (5) Over the period 1995-1998, Regulation (EC) No 1488/96 has been implemented satisfactorily but it is now necessary to streamline decision-making procedures in order to permit more efficient implementation of Community assistance;
- (6) Indicative programming should therefore express more clearly the envisaged impact of planned MEDA-funded operations in the context of Mediterranean partners' reform processes and the establishment of the Euro-Mediterranean partnership;
- (7) Council Decision 96/706/EC ⁽³⁾ contains the guidelines for the indicative programmes concerning financial and technical measures to accompany the reform of economic and social structures in the framework of the Euro-Mediterranean partnership;
- (8) The national and regional indicative programmes define the main objectives of, the guidelines for, and the priority sectors of Community support;
- (9) The introduction of national and regional financing plans based on the indicative programmes facilitates the streamlining of decision-making procedures;
- (10) Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities' financial interests ⁽⁴⁾ establishes a common legal framework for all the fields of the Communities' own resources and expenditure. Council Regulation (EC, Euratom) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities ⁽⁵⁾ applies to all areas of the Communities' activity without prejudice to the provisions of the Community rules specific to the different policy areas;
- (11) Since the measures necessary for the implementation of this Regulation are management measures within the meaning of Article 2 of Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission ⁽⁶⁾ they should be adopted by use of the management procedure provided for in Article 4 of that Decision;
- (12) The Commission and the European Investment Bank are committed to ensuring further improvement in their collaboration on the implementation of risk capital operations and interest subsidies;
- (13) Regulation (EC) No 1488/96 should therefore be amended accordingly;
- (14) The Treaty does not provide, for the adoption of this Regulation, powers other than those under Article 308,

⁽¹⁾ OJ L 189, 30.7.1996, p. 1.

⁽²⁾ OJ L 113, 15.4.1998, p. 3.

⁽³⁾ OJ L 325, 14.12.1996, p. 20.

⁽⁴⁾ OJ L 312, 23.12.1995, p. 1.

⁽⁵⁾ OJ L 292, 15.11.1996, p. 2.

⁽⁶⁾ OJ L 184, 17.7.1999, p. 23.

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 1488/96 is hereby amended as follows:

1. In Article 1, paragraph 3 is deleted.
2. Article 5 is amended as follows:
 - (a) In paragraph 2, the following subparagraph is added:

'These programmes describe the reforms to be implemented by the partners in the priority sectors and shall include an evaluation of progress made in this respect.'
 - (b) Paragraphs 2a and 2b are inserted:

'2a National and regional financing plans shall, as a rule, be adopted annually, on the basis of the indicative programmes referred to in paragraph 2. The plans shall include a list of projects to be financed. The contents of the plans shall be determined in sufficient detail to enable the Committee set up by Article 11(1) to deliver its opinion.

2b The Commission and the Bank shall ensure that programming of measures concerning risk capital and interest rate subsidies is complementary to and consistent with the national and regional indicative programmes and with the national and regional financing plans.'
 - (c) Paragraph 3 is replaced by the following:

'3. Financing decisions shall be based on the indicative programmes or financing plans.'
3. Article 6 is amended as follows:
 - (a) In paragraph 1, the third sentence is replaced by the following:

'Depending on market conditions, the subsidy shall be between 1% and 3%.'
 - (b) In paragraph 3, the first subparagraph is replaced by the following:

'Financing decisions and any financing agreements and contracts resulting therefrom shall provide, *inter alia*, for supervision and financial control by the Commission, including on-the-spot checks and inspections pursuant to Council Regulation (EC, Euratom) No 2185/96 (*), and audits by the Court of Auditors, where appropriate, to be carried out on the spot.

The Commission shall take measures, in accordance with the procedure set out in Article 11(2) of this Regulation, in order to provide for the proper protection of the financial interests of the European Community in accordance with Regulation (EC, Euratom) No 2988/95 (**).

(*) OJ L 292, 15.11.1996, p. 2.

(**) OJ L 312, 23.12.1995, p. 1.

4. Article 7 is amended as follows:

- (a) The first subparagraph of paragraph 1 is replaced by the following:

'Measures under this Regulation may cover expenditure on imports of goods and services and local expenditure needed to carry out the projects and programmes. Direct budgetary support in favour of the beneficiary partner may also be covered to support economic reform. Taxes, duties and charges shall be excluded from Community financing.'
- (b) Paragraph 2 is replaced by the following:

'Costs incurred in identifying, preparing, managing, monitoring, auditing and controlling programmes or projects may also be covered. This may include costs related to technical and administrative assistance when such assistance is to the mutual benefit of the Commission and the beneficiaries of the activity and does not belong to the permanent tasks of the public service.'

5. Article 9 is amended as follows:

- (a) Paragraphs 2, 3 and 4 are replaced by the following:

'2. The indicative programmes, the financing plans and any amendment to them shall be adopted by the Commission in accordance with the procedure referred to in Article 11(2).

3. Financing decisions, other than those relating to interest-rate subsidies on Bank loans and risk capital, that are not covered by the national or regional financing plans, shall be adopted individually in accordance with the procedure laid down in Article 11(2), subject to paragraph 4 of this Article.

4. Financing decisions referred to in paragraph 3 not exceeding 2 000 000 euro shall be adopted by the Commission if they form part of an overall allocation. An overall allocation shall be adopted in accordance with the procedure referred to in Article 11(2). The Committee established by Article 11(1) shall be informed systematically and promptly and in any event before its next meeting, of financing decisions not exceeding 2 000 000 euro.'

- (b) Paragraphs 5 and 6 are deleted.

6. In Article 10, paragraph 2 is replaced by the following:

'2. In financing decisions taken under this Regulation and the assessments mentioned in Article 15, the Commission shall abide by the principles of sound financial management and, in particular, those of economy and cost-effectiveness referred to in the Financial Regulation.'

7. In Article 11, paragraphs 1, 2 and 3 are replaced by the following:

‘1. The Commission shall be assisted by the MEDA Committee (hereinafter referred to as “the Committee”).

2. Where reference is made to this Article, the management procedure laid down in Article 4 of Decision 1999/468/EC shall apply, in compliance with Article 7(3) thereof.

3. The period provided for in Article 4(3) of Decision 1999/468/EC shall be three months.

3a. A representative of the Bank shall take part in the proceedings within the Committee without a right to vote.’

8. Article 15 is amended as follows:

(a) In paragraph 1, ‘30 April’ is replaced by ‘30 June’.

(b) The first sentence of paragraph 2 is replaced by the following:

‘The Commission and the Bank shall evaluate the main projects and sectors of intervention that concern each of them in order to determine whether the objectives have been achieved and to establish guidelines for increasing the effectiveness of future activities.’

(c) Paragraph 6 is deleted.

9. Annex II is amended as shown in the Annex to this Regulation.

Article 2

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

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

ANNEX

Annex II is amended as follows:

1. Part I(b) is replaced by the following:

'(b) Operations in support of reform programmes of the partners, implemented on the basis of the following principles:

- the support programmes shall be designed to restore, or as the case may be, the consolidation of the major financial balances and to create an economic environment favourable to accelerated growth, while at the same time improving the well-being of the population; the support programmes may also target assistance to reforms in key sectors with a view to the creation of a free trade area with the Community;
- the support programmes shall be adapted to the particular situation of each country and take account of economic and social conditions;
- the support programmes shall lay down measures intended, in particular, to alleviate the negative effects which the process of economic transition and the accomplishment of a Euro-mediterranean free trade area may have on social conditions and employment, especially for underprivileged sections of the population;
- disbursement of the support will be implemented in tranches in the form of direct budgetary support according to the compliance with the objectives and/or sectoral targets agreed within the support programme.

The following eligibility criteria must be satisfied:

- the country concerned must undertake a reform programme approved by the Bretton Woods institutions or implement programmes recognised as analogous, in coordination with those institutions, but not necessarily financially supported by them, in accordance with the scope and effectiveness of the reforms;
- account must be taken of the economic situation of the country, at the macro-economic level (indebtedness, cost of debt-servicing, the balance of payments, the budget situation, the monetary situation, the level of per capita income and the unemployment level) and at the level of sectoral reforms with a view to creating a free trade area with the European Community.'

2. The eleventh indent of Part II is replaced by the following:

- cooperation and technical assistance in order to strengthen cooperation in the area of migration and the combat against illegal migration, including repatriation of illegal residents and trafficking in human beings, reinforcement of judicial cooperation in civil matters as well as cooperation to prevent and to combat crime, including illegal drug trafficking.'
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