



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 26.04.2000
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2000/0100 (ACC)

Proposal for a

COUNCIL DECISION

concerning the Community position within the Association Council on the participation of Hungary in the “Youth” Community action programme

(presented by the Commission)

EXPLANATORY MEMORANDUM

The Helsinki European Council of December 1999 confirmed the enlargement process launched at its meeting of December 1997 in Luxembourg. The enhanced Pre-Accession Strategy defined in 1997 has been reiterated, which includes the participation of the 13 candidate States in Community programmes as an important part of such strategy.

As regards the ten candidate countries of Central and Eastern Europe (CEECs), participation in Community programmes is provided in their respective Europe Agreements. Pursuant to the Europe Agreements, the conditions and modalities of these countries' participation are defined by the respective Association Councils.

In the case of the education, training and youth programmes, all the CEECs have been participating in 1999 in the first phase of the Leonardo da Vinci and of the Socrates programmes, and in the Youth for Europe programme. For some of them, participation in these programmes started already in 1997, others joined the programmes in 1998 and others in 1999. Their participation in these programmes has been an important element in these countries' pre-accession process. The Association Council decisions setting out the arrangements for this participation expired on 31 December 1999, as did the decisions establishing the programmes themselves.

The second phase of *Leonardo da Vinci*, the second phase of *Socrates*, and a new *Youth* programme, are succeeding the previous programmes. The decisions establishing the second phase of *Leonardo da Vinci* and of *Socrates* provide that the programmes shall be open to the participation of the CEECs. A similar provision is included in the draft decision of the European Parliament and of the Council establishing the Community action programme *Youth*, which is in the process of adoption.

All the CEECs have confirmed their willingness to participate in the new programmes as from 2000, and to pay their financial contribution partly from their national budget, and partly from their annual Phare allocation. As provided in the conclusions of the meeting of the European Council in Luxembourg of 12 and 13 December 1997, these countries' financial contributions of their own are steadily increasing.

Because of the transnational nature of these programmes, it is in the interests of all parties that the activities undertaken within the first generation of programmes could continue within the successor programmes without any interruption.

So as to allow the CEECs to participate in these new programmes since their beginning, the Commission has tabled a proposal for the adoption of two decisions of each Association Council, one for the two programmes already in force, *Leonardo da Vinci II* and *Socrates*, and one for the *Youth* programme. So the proposed decisions concerning *Leonardo da Vinci II* and *Socrates II* could be adopted first, and the proposed decisions concerning *Youth* could be adopted as soon as the decision establishing the programme will enter into force.

The main issues addressed in the proposed draft Decisions of the Association Councils are the following :

- projects and initiatives submitted by participants from the CEECs shall be subject to the same conditions, rules and procedures pertaining to these programmes as are applied to Member States, regarding in particular the submission, assessment, and selection of applications and projects, the responsibilities of the national structures in the implementation of the programmes, and the activities related to the monitoring of their participation in the programmes ;
- the CEECs will pay each year a contribution to the programmes, as established in the Association Council decisions. This contribution will not be reimbursed to the CEEC if, at the end of the year, the results fall short of the contribution paid ;
- as provided in the conclusions of the meeting of the European Council in Luxembourg, the CEECs will be invited to attend the Programme Committees as observers, for the points which concern them ;
- the decisions will apply for the duration of the programmes and will enter into force the day of their adoption.

The early adoption of Association Council decisions would allow the candidate countries to continue being integrated in Community networks and other activities in the fields of education, vocational training and youth without any interruption.

Accordingly, the Council is invited to adopt the annexed proposal for a Council Decision concerning the Community position within the Association Council on the participation of Hungary in the “Youth” Community action programme.

Proposal for a

COUNCIL DECISION

concerning the Community position within the Association Council on the participation of Hungary in the “Youth” Community action programme

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 149, in conjunction with Article 300(2) thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) The Additional Protocol to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Hungary, of the other part, has been concluded by decision of the Council and the Commission of 4 December 1995 ;
- (2) According to Article 1 of the Additional Protocol, Hungary may participate in Community framework programmes, specific programmes, projects or other actions notably in the field of youth and, pursuant to Article 2, the terms and conditions for the participation of Hungary in these activities shall be decided by the Association Council ;
- (3) Following the Decision 1/97 of 4 August 1997 of the Association Council between the European Communities and their Member States, of the one part, and the Republic of Hungary, of the other part¹, Hungary has been participating in the Youth for Europe programme since 1 September 1997 ;
- (4) Decision (.../2000/EC) of ... 2000 of the European Parliament and the Council establishing the “Youth” Community action programme², and in particular Article 11 thereof, provide that this programme shall be open to the participation of associated Central and Eastern European countries in accordance with the conditions set out in the Europe Agreements, in their additional protocols and in the decisions of the respective Association Councils,

HAS DECIDED AS FOLLOWS:

¹ OJ L 260, 23.9.1997, p. 23.

² OJ L ...,2000, p.. [*agreement reached by the Conciliation Committee on 29 February 2000*]

Sole Article

The position to be taken by the Community within the Association Council established by the Europe Agreement between the European Communities and their Member States, of the one part, and the Republic of Hungary, of the other part, concerning the participation of Hungary in the “Youth” Community action programme, is the attached draft decision of the Association Council.

Done at Brussels,

*For the Council
The President*

Draft

DECISION N° .../ 2000 OF THE ASSOCIATION COUNCIL

between the European Communities and their Member States, of the one part, and the Republic of Hungary, of the other part

of

adopting the terms and conditions for the participation of the Republic of Hungary in the “Youth” Community action programme

THE ASSOCIATION COUNCIL

Having regard to the Additional Protocol to the Europe Agreement between the European Communities and their Member States, of the one part, and the Republic of Hungary, of the other part, concerning Hungary’s participation in Community programmes, and in particular Articles 1 and 2 thereof³;

Whereas :

- (1) According to Article 1 of the Additional Protocol, Hungary may participate in Community framework programmes, specific programmes, projects or other actions notably in the field of youth ;
- (2) According to Article 2 of the Additional Protocol, the terms and conditions for the participation of Hungary in these activities shall be decided by the Association Council ;
- (3) Following the Decision 1/97 of 4 August 1997 of the Association Council between the European Communities and their Member States, of the one part, and the Republic of Hungary, of the other part⁴, Hungary has been participating in the Youth for Europe programme since 1 September 1997, and has expressed the wish to participate in the new Youth programme.

HAS DECIDED AS FOLLOWS:

Article 1

Hungary shall participate in the “Youth” Community action programme (hereinafter called Youth) according to the terms and conditions set out in Annexes I and II which shall form an integral part of this Decision.

³ OJ L 317, 30.12.1995, p. 30.

⁴ OJ L 260, 23.9.1997, p. 23.

Article 2

This Decision shall apply for the duration of the Youth programme, starting from 1 January 2000.

Article 3

This Decision shall enter into force the day of its adoption by the Association Council.

Done at Brussels,

*For the Association Council
The President*

ANNEX I

Terms and conditions for the participation of the Republic of Hungary in the Youth programme

1. Hungary will participate in the activities of the Youth programme (hereinafter called “the Programme”) in conformity, unless otherwise provided in this Decision, with the objectives, criteria, procedures and deadlines as defined in Decision (.../2000/EC) of ... 2000 of the European Parliament and of the Council establishing this Community action programme.
2. In conformity with the terms of Article 5 of the Decision establishing the Youth programme and with the provisions relating to the responsibilities of the Member States and of the Commission concerning the Youth National Agencies adopted by the Commission, Hungary shall establish the appropriate structure for the coordinated management of the implementation of the programme actions at national level, and take the measures needed to ensure the adequate funding of this Agency, which will receive programme grants for its activities. Hungary will take all other necessary steps for the efficient running of the Programme at national level.
3. To participate in the Programme, Hungary will pay each year a contribution to the general budget of the European Union according to the modalities described in Annex II.

If necessary in order to take into account programme developments, or the evolution of Hungary’s absorption capacity, the Association Committee is entitled to adapt this contribution, so as to avoid budgetary imbalance in the implementation of the programmes.

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

Hungarian experts may be taken into consideration by the Commission when appointing independent experts according to the relevant provisions of the decision establishing the programme to assist it in the project evaluation.

5. With a view to ensure the Community dimension of the Programme, to be eligible for Community financial support, projects and activities will have to include at least a partner from one of the Member States of the Community.
6. For the actions to be managed on a decentralised basis, as well as for financial support to the activities of the National Agency set up in accordance with point 2 above, funds will be allocated to Hungary on the basis of the annual programme budget breakdown decided at Community level and the Hungary’s contribution to the programme. The maximal amount of financial support to the activities of the National Agency will not exceed 50 % of the budget for the National Agency’s work programme .
7. The Member States of the Community and Hungary will make every effort, within the framework of existing provisions, to facilitate the free movement and residence of young people and other eligible persons moving between Hungary and the Member States of the Community for the purpose of participating in activities covered by this Decision.

- 8.** Activities covered by this Decision shall be exempt from imposition by Hungary of indirect taxes, customs duties, prohibitions and restrictions on imports and exports in respect of goods and services intended for use under such activities.
- 9.** Without prejudice to the responsibilities of the Commission of the European Communities and the Court of Auditors of the European Communities in relation to the monitoring and evaluation of the programme pursuant to Article 13 of the decision establishing it, the participation of Hungary in the programme will be continuously monitored on a partnership basis involving the Commission of the European Communities and Hungary. Hungary will submit to the Commission relevant reports and take part in other specific activities set out by the Community in that context.
- 10.** In conformity with the Community's Financial Regulations, contractual arrangements concluded with, or by, entities of Hungary shall provide for controls and audits to be carried out by, or under the authority of, the Commission and the Court of Auditors. As far as financial audits are concerned, they may be carried out with the purpose of controlling such entities' income and expenditures, related to the contractual obligations towards the Community. In a spirit of cooperation and mutual interest, the relevant authorities of Hungary shall provide any reasonable and feasible assistance as may be necessary or helpful under the circumstances to perform such controls and audits.

The provisions relating to the responsibilities of the Member States and of the Commission concerning the Youth National Agencies adopted by the Commission will apply to the relations between Hungary, the Commission and the Hungarian National Agency. In the event of irregularity, negligence or fraud imputable to the Hungarian National Agency, the Hungarian authorities shall be responsible for the funds not recovered.

- 11.** Without prejudice to the procedures referred to in Article 8 of the Decision establishing the Youth programme, representatives of Hungary will participate as observers in the Programme Committee, for the points which concern them. This committee shall meet without the presence of representatives of Hungary for the rest of the points, as well as, at the time of voting.
- 12.** The language to be used in all sorts of contacts with the Commission, as regards the application process, contracts, reports to be submitted and other administrative arrangements for the programmes, will be one of the official languages of the Community.
- 13.** The Community and Hungary may terminate activities under this Decision at any time upon twelve months' notice in writing. Projects and activities in progress at the time of termination shall continue until their completion under the conditions laid down in this Decision.

ANNEX II

Financial contribution of the Republic of Hungary to the Youth programme

1. The financial contribution to be paid by Hungary to the budget of the European Union to participate in the Youth programme in 2000 will be 1 539 000 €.

The contribution to be paid by Hungary for the following years of the programme will be decided by the Association Council in the course of the year 2000.

2. Hungary will pay the contribution mentioned above, partly from the Hungarian national budget, and partly from Hungary's PHARE National Programme. Subject to a PHARE separate programming procedure, the requested PHARE funds will be transferred to Hungary by means of a separate Financing Memorandum. Together with the part coming from Hungary's State budget, these funds will constitute Hungary's national contribution, out of which it will make payments in response to annual calls for funds from the Commission.

3. PHARE funds will be requested according to the following schedule :

- 760 000 € for the contribution to the Youth programme in 2000 ;

The remaining part of the contribution of Hungary will be covered from the Hungarian State budget.

4. The financial regulation applicable to the general budget of the European Union will apply, notably to the management of the contribution of Hungary.

Travel costs and subsistence costs incurred by representatives and experts of Hungary for the purposes of taking part as observers in the work of the committee referred to in Annex I, Point 11 or other meetings related to the implementation of the Programme shall be reimbursed by the Commission on the same basis as and in accordance with the procedures currently in force for nongovernmental experts of the Member States of the European Union.

5. After the entry into force of this Decision and at the beginning of each following year, the Commission will send to Hungary a call for funds corresponding to its contribution to the programme under this Decision.

This contribution shall be expressed in Euros and paid into an Euro bank account of the Commission.

Hungary will pay its contribution according to the call for funds :

- by 1 May for the part financed from its national budget, provided that the call for funds is sent by the Commission before 1 April, or at the latest one month after the call for funds is sent if later ;

- by 1 May for the part financed from PHARE, provided that the corresponding amounts have been sent to Hungary by this time, or at the latest in a period of 30 days after these funds have been sent to Hungary.

Any delay in the payment of the contribution shall give rise to the payment of interest by Hungary on the outstanding amount from the due date. The interest rate corresponds to the rate applied by the European Central Bank, on the due date, for its operations in EURO, increased by 1.5 percentage points.

FINANCIAL STATEMENT

1. TITLE OF OPERATION

Participation of Hungary in the Youth programme

2. BUDGET HEADING INVOLVED

B7-030 Economic aid to the associated countries of Central and Eastern Europe
6091 Revenue accruing from the participation of the associated countries of central Europe in Community programmes

3. LEGAL BASIS

Treaty establishing the European Community, and in particular Articles 149, in conjunction with Article 300(2) thereof ;

the Additional Protocol to the Europe Agreement with Hungary, providing for the participation in Community programmes ;

Decision of the European Parliament and of the Council (.../2000/EC) of ... 2000 establishing the Youth programme, and in particular Article 11 thereof.

4. DESCRIPTION OF OPERATION

4.1 General objective

The Additional Protocol to the Europe Agreement with Hungary provides for Hungary's participation in Community programmes in a wide range of areas, among which youth.

Its participation will not only contribute towards the implementation of the provisions relating to economic and cultural cooperation in the Europe Agreement, but will also enable Hungary to familiarise itself with the procedures and methods used in Community programmes.

Hungary has been participating in the Youth for Europe programme since 1 September 1997. In line with the Commission communication "Agenda 2000" of 16.7.1997 and of the conclusions of the European Council in Luxemburg, Hungary's participation in this programme has been part of the reinforced preaccession strategy which assist this country in its preparation for future accession to the Union.

The decision-making process for the opening-up of programmes involves a decision by the Association Council between the Union and Hungary. The decision of the Association Council of 4 August 1997 establishing the participation of Hungary in this programme has expired on 31 December 1999.

This new draft Association Council Decision aims at allowing the Hungarian participation to be carried on and to ensure continuity between the new Youth

programme and its predecessor. Like the first one, it lays down conditions, notably as concerns Hungary's financial contribution, and practical arrangements for participating in the programme.

4.2 Period covered and arrangements for renewal

Until the end of the Community programme concerned, i.e. 31.12.2006.

5. CLASSIFICATION OF EXPENDITURE OR REVENUE

5.1 Non-compulsory expenditure

5.2 Differentiated appropriations

5.3 Type of revenue involved

Since Article 3 of the Additional Protocol to the Europe Agreement stipulates that Hungary itself will meet the costs resulting from its participation, it will be invited to pay a contribution for participating in the programme. As the same article states that the Community may supplement Hungary's contribution, Hungary will contribute only part from its national budget. The remaining part of its contribution will be taken from its PHARE National Programme. The required PHARE funds will be charged to heading B7-030, and transferred to Hungary by means of a separate Financing Memorandum. Together with the part coming from Hungary's State budget, these funds will constitute Hungary's national contribution, out of which it will make payments in response to annual calls for funds from the Commission. The total contribution, once paid by Hungary, will be transferred to item 6091 of the EU's budget receipts.

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 Hungary'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 the programme in question 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 (relation between individual and total costs)

Based on the Additional Protocol to the Europe Agreement with Hungary, the financial and budgetary arrangements for the programme concerned are as follows: the Hungary's contribution takes into account two elements :

- the foreseeable operational costs, which have been calculated on the basis of the programme's budget (the draft preliminary budget for Youth for 2000), the country's estimated take-up capacity, and previous experience of its participation in the Youth for Europe programme,

- the foreseeable administrative costs, corresponding to the meetings and missions. These estimated administrative costs amount yearly to 19 000 € .

Hungary will use part of its national PHARE annual programme as a complement to its state budget to finance its contribution to the operational costs.

7.2 Itemised breakdown of cost

1 539 000 € for 2000, of which 779 000 will be financed from the Hungarian national budget, and 760 000 from Phare.

7.3 Operational expenditure for studies, experts etc. included in Part B of the budget

p.m : up to a maximum in proportion to the appropriations of that kind in the EUR 15 allocations for the Youth programme, but within the limits allowed by the part of the contribution which comes from the country's national budget

7.4 Schedule of commitment and payment appropriations

Amounts to be charged to item B7-030

760 000 € in 2000 in commitment appropriations and in payment appropriations.

The foreseeable annual receipts are as follows:

1 539 000 € in 2000, of which 1 520 000 € for the operational costs, and 19 000 for the administrative costs

8. FRAUD PREVENTION MEASURES

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 Europe.

9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

9.1 Specific and quantified objectives; target population

The aim of opening up the Youth programme to Hungary is to bring about similar benefits as for Member States of the Community. The essential aim of Community action on youth is to enable all European citizens to achieve their full potential and to

display initiative and creativity so that they can participate fully in society and in the building of Europe. This objective is based on the gradual establishment of an open European area for youth.

The overall objective of the Youth programme is to contribute to the educational process of all young people through activities which complement those taking place in the Member States or provided at Community level in the fields of education and training. The specific objectives of the programme are to:

- promote youth exchanges for young people aged 15 to 25 living in one or several Member States;
- support initiatives and innovative projects of Community interest or of a transnational nature set up by young people for young people, which allow them to play an active and acknowledged role in society and to develop their personal abilities, creativity, sense of solidarity and independence;
- create favourable conditions for meetings of a high standard and ensure the high quality of all measures taken under the programme;
- support the training of youth leaders to enable young people to benefit from high-quality common measures related to the general objectives of the programme;
- step up cooperation among Member States and between them and the Commission through exchanges of experience and joint initiatives at Community level, and thus to support Member States in their endeavours to improve the quality of services and measures for young people, in particular through activities aimed at providing young people with information about the objectives of the programme;
- aim at reinforce the sense of solidarity, promoting the active participation and integration in the society of young people and stimulating the acquisition of new skills and competencies by young people through an informal learning experience by means of participating to transnational European Voluntary Service activities for the benefit of local communities .

9.2 Grounds for the operation

- Need for Community financial aid

In view of the high cost of participation in the programme and Hungary's precarious budgetary situation, assistance from PHARE is essential.

- Choice of ways and means

With a contribution from the national budget, supplemented by one from PHARE, Hungary's integration in the programme will allow its citizens to cooperate with their counterparts in the current EU Member States. The integration of Hungarian nationals in Community networks will make a definite contribution to preparing Hungary 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 Hungarian organisations' capacity to respond to the calls for proposal launched by the Commission under the programme.

9.3 Monitoring and evaluation of the operation

The monitoring and evaluation procedures included in the Youth programme (notably in respect of evaluation, as included in the decision establishing the programme) will also cover operations financed for Hungarian beneficiaries.

10. ADMINISTRATIVE EXPENDITURE (SECTION III, PART A OF THE BUDGET)

Actual mobilisation of the necessary administrative resources will depend on the Commission's annual decision on the allocation of resources, taking into account the number of staff and additional amounts authorised by the budgetary authority.

10.1 Effect on the number of posts

Type of post		Staff to be assigned to managing the operation		Source		Duration
		Permanent posts	Temporary posts	Existing resources in the DG or department concerned	Additional resources	2000-2006
Officials or temporary staff	A B C	1		1		
Other resources						
Total		1		1		

10.2 Overall financial impact of the human resources

EUR

	Amounts	Method of calculation (total cost for the period 2000-2006)
Officials (*)	756 000	1 man x 7 years x 108 000
Temporary staff		
Other resources		
Total	756 000	

(*) By using existing resources required to manage the operation (Calculation based on titles A1, A2, A4, A5 and A7)

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

EUR

Budget heading	Amounts	Method of calculation (yearly cost of the action)
A 7010 -missions	3 000	1100 EURO x 3 yearly missions
A 7031 -committees	4 000	Travel allowance and subsistence allowance for 2 participants in 2 two-days meetings
A 7030 - other meetings	8 000	Travel allowance and subsistence allowance for 2 participants in 4 two-days meetings
	4 000	Travel allowance and subsistence allowance for 1 expert participating in 4 two-days meetings
Total	19 000	

The above expenditure will be met from the receipts (article 4 par.2, third indent of the financial regulation) received from Hungary (see point 5.3 and 7.4 of the financial statement).