



COMMISSION OF THE EUROPEAN COMMUNITIES

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VOLUME IV

Proposal for a

COUNCIL DECISION

**Concerning the Community position within the Association Council on the participation
of the Republic of Hungary in the "Culture 2000" 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 for 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.

The "Culture 2000" programme is a new programme, adopted on 14 February 2000, but the CEECs have all taken part in one or more of the previous Community cultural programmes (Ariane, Kaleidoscope and Raphael) during 1998 or 1999. The participation of the CEECs in these programmes has been an important element in these countries' pre-accession process.

Article 7 of Decision N° 508/2000/EC of the European Parliament and of the Council of 14 February 2000 which established the "Culture 2000" programme provides for the participation of the CEECs in the programme. All the CEECs have confirmed their willingness to participate in the new programme as from 2001, 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.

The main issues addressed in the proposed draft Decision of the Association Council are the following:

- projects and initiatives submitted by participants from the CEECs shall be subject to the same conditions, rules and procedures pertaining to this programme as are applied to Member States, regarding in particular the submission, assessment, and selection of applications and projects;
- the CEECs will pay each year a contribution to the programme, as established in the Association Council decision. 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 Management Committee of the "Culture 2000" programme as observers, for the points which concern them ;
- this Decision shall enter into force the first day of the month following its adoption by the Association Council.

The early adoption of the Association Council decision would allow the candidate countries to become integrated in Community networks and other activities in the fields of culture, as quickly as possible.

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 "Culture 2000" programme.

Proposal for a

COUNCIL DECISION

Concerning the Community position within the Association Council on the participation of the Republic of Hungary in the "Culture 2000" programme

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 151, 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 culture, 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) Decision N° 508/2000/EC of the European Parliament and of the Council of 14 February 2000 establishing the "Culture 2000" programme¹ and in particular Article 7 thereof, provides that "Culture 2000" shall be open to the participation of associated Central and Eastern European countries in accordance with the conditions set out in the Europe Agreements, their Additional Protocols and in the decisions of the respective Association Councils,

¹ OJ L 63, 10.03.2000, p.1.

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 the Republic of Hungary, of the other part, concerning the participation of Hungary in the “Culture 2000” programme, is the attached draft decision of the Association Council.

Done at Brussels,

For the Council
The President

Draft

DECISION N°../2001 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

adopting the terms and conditions for the participation of the Republic of Hungary in the “Culture 2000” 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, concerning Hungary’s participation in Community programmes and in particular Articles 1 & 2 thereof,

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 culture;
- (2) According to Article 2 the terms and conditions for the participation of Hungary in this area shall be decided by the Association Council;

HAS DECIDED AS FOLLOWS:

Article 1

Hungary shall participate in the “Culture 2000” programme 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 “Culture 2000” programme, starting from 1 January 2001.

Article 3

This Decision shall enter into force the first day of the month following 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 “Culture 2000” programme

- (1) Hungary will participate in the activities of the “Culture 2000” programme (hereinafter called “the Programme”) in conformity, unless otherwise provided in this Decision, with the objectives, criteria, procedures and deadlines as defined in Decision N° 508/2000/EC of the European Parliament and of the Council of 14 February 2000 establishing this Community action programme.
- (2) 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 programme.
- (3) 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.
- (4) 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.
- (5) The maximum amount of financial support for the activities of the Cultural Contact Points will not exceed 50 % of the total budget for its activities.
- (6) 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 “Culture 2000” programme pursuant to the Decision (Article 8), 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.
- (7) 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 co-operation 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.

- (8) Without prejudice to the procedures referred to in Article 5 of Decision N° 508/2000/EC of the European Parliament and of the Council of 14 February 2000 establishing the “Culture 2000” programme, representatives of Hungary will participate as observers in the Management 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.
- (9) 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 programme, will be one of the official languages of the Community.
- (10) 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 2
Financial contribution of the Republic of Hungary
to “Culture 2000”

1. The financial contribution to be paid by Hungary to the budget of the European Union to participate in the “Culture 2000” programme will be the following (in €):

Year 2001	Year 2002	Year 2003	Year 2004
488 271	488 271	488 271	488 271

2. Hungary will pay the contribution mentioned above, partly from Hungary’s 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:

Year 2001	Year 2002	Year 2003	Year 2004
214 146	214 146	214 146	214 146

The remaining part of the contribution of Hungary will come from Hungary’s 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 8 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 budget of 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 “Culture 2000” 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 Article 151, in conjunction with Article 300(2) thereof;

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

Decision N° 508/2000/EC of the European Parliament and of the Council of 14 February 2000 establishing the “Culture 2000” programme, and in particular Article 7 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 culture is included.

Its participation will not only contribute towards the implementation of the provisions relating to economic and cultural co-operation 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 Community cultural programmes in the past. In line with the Commission communication “Agenda 2000” of 16.7.1997 and of the conclusions of the European Council in Luxembourg, Hungary’s participation in these programmes has been part of the reinforced pre-accession 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.

This draft Association Council Decision aims at allowing Hungary's participation to benefit from the possibilities offered by "Culture 2000". The draft Association Council Decision lays down conditions, notably as concerns Hungary's financial contribution, and practical arrangements for participating in this programme.

4.2 Period covered and arrangements for renewal

Until the end of the Community programme concerned, i.e. 31.12.2004.

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 stipulates that Hungary itself will meet the costs resulting from its participation, it will be invited to pay a contribution for participating in the "Culture 2000" 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 "Culture 2000" programme are as follows: Hungary's contribution takes into account three elements:

- the foreseeable operational costs, which have been calculated on the basis of the programme budget, as well as the GDP of the country as weighted by its Purchasing Power Parity.

- the contribution for a Cultural Contact Point.

- the foreseeable administrative costs, corresponding to the meetings and missions. These estimated administrative costs amount yearly to 10 250€.

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 (in €)

	2001	2002	2003	2004	Total
Culture 2000	488 271	488 271	488 271	488 271	1 953 084
Origin: National budget	274 125	274 125	274 125	274 125	1 096 500
of which administrative costs Part B (see point 7.3)	19 000	19 000	19 000	19 000	76 000
of which administration costs Part A (see point 10)	10 250	10 250	10 250	10 250	41 000
Origin: PHARE funds	214 146	214 146	214 146	214 146	856 584

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

p.m.: in proportion to the appropriations of that kind in the EUR 15 allocations for the "Culture 2000" 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

	2000	2001	2002	2003	2004	TOTAL
Comm. app.	214 146	214 146	214 146	214 146		856 584
Pay. app.		214 146	214 146	214 146	214 146	856 584

The foreseeable annual receipts are as follows:

Item 6091	2001	2002	2003	2004	TOTAL
Operational part	478 021	478 021	478 021	478 021	1 912 084
Administrative part	10 250	10 250	10 250	10 250	41 000

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 "Culture 2000" programme to Hungary is to bring about similar benefits as for Member States of the Community. The Culture 2000 programme contributes to the promotion of a cultural area common to the peoples of Europe. In this context, it encourages co-operation between artists and others involved in culture, private and public promoters, cultural networks, and other partners in addition to cultural institutions from Member States and other participating countries to meet the following objectives:

- promotion of cultural dialogue and of mutual knowledge of the culture and history of the European peoples ;
- promotion of creativity and the transnational dissemination of culture and the movement of artists, creators and other cultural operators and professionals and their works, with a strong emphasis on young and socially disadvantaged people and on cultural diversity;
- the highlighting of cultural diversity and the development of new forms of cultural expression;
- sharing and highlighting, at the European level, the common cultural heritage of European significance; disseminating know-how and promoting good practices concerning its conservation and safeguarding;
- taking into account the role of culture in socio-economic development;
- the fostering of intercultural dialogue and mutual exchange between European and non-European cultures;

- explicit recognition of culture as an economic factor and as a factor in social integration and citizenship;
- improved access to and participation in culture in the European Union for as many citizens as possible.

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 Hungary's 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 "Culture 2000" programme (notably in respect of evaluation, as included in the decisions establishing the programme) will also cover operations financed for Hungary's 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	2001-2004
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 2001-2004)
Officials (*)	432 000	1 official x 4 years x 108 000
Temporary staff		
Other resources		
Total	432 000	

(*) 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 (total for the period 2001-2004)
A 7010 -missions	8 000	Travel allowance and subsistence for 2 yearly missions on average
A 7031 -committees	6 000	Travel allowance and subsistence allowance for one participant to attend two yearly meetings of one day on average
A 7030 - other meetings	6 000 21 000	Travel allowance and subsistence allowance for one participant to attend two yearly meetings of one day on average Travel allowance and subsistence allowance for 3 participants to attend 1 yearly meeting of four days on average
Total	41 000	

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).