



Local Governments
Network of Central and
Eastern European
Countries

LOGON REPORT 2000

New Challenges for the Local Level

Experiences made by Associations
of Local and Regional Authorities
in Austria, Finland and Sweden
on Issues related to EU Accession



funded by:

REPUBLIK ÖSTERREICH
Bundesministerium
für auswärtige Angelegenheiten
Austrian Federal Ministry
of Foreign Affairs



INTERREG IIC

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Zentrum für Verwaltungsforschung
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Administration Research



Österreichischer Städtebund
AACT - Association of
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New Challenges for the Local Level

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FOREWORD FOR THE FIRST LOGON-REPORT 1999

The enlargement of the European Union towards the countries of Central and Eastern Europe is currently no doubt the greatest challenge facing the European integration process at the doorstep of the 21st Century. As mayor of the city of Vienna, a city in the very heart of Europe and a traditional meeting point of East and West, and as president of the Austrian Association of Cities and Towns, I deeply believe that this enlargement will contribute, in the long run, to the creation of a Europe of peace, security and prosperity for the benefit of all its citizens.

All decision makers seem to agree that enlargement calls for profound preparatory measures, both on behalf of the EU Member States and the accession countries. Only a thorough, and above all timely preparation will diminish the fears and doubts which currently exist within wide sections of the population and motivate the people to join forces in pushing forward the European integration process.

Here the "young" EU Member States Finland, Austria and Sweden have a special role to play. They are called upon to share the experiences made not so long ago in the course of their own accession process with the next accession candidates, the countries of Central and Eastern Europe. As experiences in Finland, Austria and Sweden have shown, the role of local and regional level is extremely important in this context.

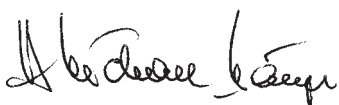
Local authorities have always contributed a great deal to Europe's development and prosperity. Local authorities are the focal points of people's living together and they influence noticeably their quality of life. It is therefore also local and regional authorities who make a considerable contribution to the successful implementation of European integration.

The close involvement of the local and regional level in the preparatory process is a significant precondition for a successful accession, as was demonstrated in the cases of Finland, Austria and Sweden. As Executive President of the Council of European Municipalities and Regions (CEMR), I consider it to be my strong personal concern to encourage and motivate the local authorities in the candidate countries of Central and Eastern Europe to take an active part in the pre-accession preparatory work. The brochure now available, prepared by a CEMR working group, is the first outcome of this co-operation. It comprises the experiences made by local and regional authorities in Finland, Austria and Sweden in the course of the EU-accession process. It should enable local authorities in the candidate countries to get a first impression of the tasks and responsibilities they will have to cope with, but also point out the new perspectives and possibilities offered to them through accession. At the same time this publication should demonstrate to the governments of candidate countries the importance of timely incorporating the local and regional level and their associations in the pre-accession process.

This brochure is at the same time a first step in a series of activities to be carried out during the next two years within the framework of the Local Government Network (LOGON) Project. They all aim at intensifying the exchange of experience and co-operation at local level and thus strive to make a significant contribution to local development and to European integration.

Concluding I would like to thank all the people who have brought in their knowledge and experiences within the CEMR working group and the LOGON Project and wish all of us an ongoing and successful co-operation.

Michael Häupl



Mayor of Vienna
CEMR Executive President

Vienna, January 1999



Chapter 1 INTRODUCTION AND SUMMARY



INTRODUCTION TO THE FIRST LOGON-REPORT 1999

This document reflects the experiences made at local and regional level during the process of accession in the three Member States who joined the European Union in 1995 (Austria, Finland and Sweden). Its main part consists of three reports prepared by the associations of local and regional authorities in these countries.

The report on Austria describes the legal, organisational and financial effects as well as the experiences gained in specific areas of municipal competence, such as the environment, financial matters or urban and regional development. It is understood that due to the federal structure of Austria experience may vary depending on the level of involvement in the decision-making process, as well as on the extent to which local and regional authorities are affected by new provisions. As far as we know, this is the first report of its kind.

The Associations of local and regional authorities in the two other Member States that joined the EU together with Austria in the last enlargement round of 1995 (Finland and Sweden), have also submitted reports which supplement the manifold picture of the European Union. The Swedish report is also used as a basic document at the conferences held by the Committee of the Regions in the candidate countries.

The right of local authorities, regions and Länder to be informed and to submit comments on EU-related issues, combined with a comprehensive partnership-based involvement in the national decision-making process, should be seen as one of the key issues of a successful accession. This system has proved to be able to provide for solutions favourable both for the country as a whole, the citizens and the municipalities.

The present publication is an experiment. Its aim is to assist the associations of local and regional authorities in the candidate countries in preparing for the extensive adjustment process required in the course of their EU accession. But it should also be seen as a contribution to a smooth EU enlargement process for the benefit of both new and current EU Member States and their citizens, faced with so many changes in their daily life.

The framework for this project is provided by a working group, set up on 27 October 1998 by the Council of European Municipalities and Regions (CEMR), the European umbrella organisation of national associations of local and regional authorities. The working group is chaired by the Austrian Association of Cities and Towns in close co-operation with the Association of Austrian Municipalities.

The project is financed to a large extent by the Austrian Federal Chancellery through funds earmarked for co-operation with the Countries of Central and Eastern Europe and implemented through the "Know-How Transfer Centre" of the Austrian Association of Cities and Towns. Additional financial support is provided by EU funds.

Associations of local and regional authorities in the following countries currently participate in this project:

Austria, Bulgaria, Czech Republic, Estonia, Finland, Germany, Greece, Hungary, Latvia, the Netherlands, Poland, Rumania, Slovakia, Slovenia, Sweden and United Kingdom.

Erich Pramböck
Chairman of the LOGON Working Group

Vienna, January 1999

INTRODUCTION TO THE REVISED LOGON REPORT 2000

The LOGON project has achieved its objectives to a large extent:

- providing cities, towns and their associations with relevant information on the effects of enlargement at local level;
- strengthening the awareness of national governments to the necessity of integrating the local level into the preparatory work of the enlargement process.

Exchange of information proceeds successfully

The LOGON report provides an overview of the experiences made by the associations of local and regional authorities during the process of accession in the three Member States who joined the European Union in 1995 (Austria, Finland and Sweden) with regard to the effects of accession at local and regional level. 2.500 copies of the report (in German or English) have been distributed until now to relevant decision makers. A Polish version, as well as a translation into Estonian of parts of the report are available as of February 2000. A 13-page summary outlining the major 9 statements, as well as the two-page final declaration of the LOGON Start Conference of February 1999 are now available in all languages of the accession candidate countries.

Meanwhile working groups meetings have taken place in Bonn and in Helsinki, as well as study visits in Austria and to the European Institutions in Brussels in order to gain an insight into European policies as implemented in one of the Member States, as well as at European level. First seminars and meetings in the candidate countries have already taken place or are currently being prepared. The process of information exchange thus proceeds successfully, yet its intensity varies from one country to another.

Different levels of involvement of local and regional associations in the national accession preparations in their respective countries

Representatives of national governments and parliaments of the accession candidate countries participated at the LOGON Start Conference in February 1999. On this occasion, participants from the three Member States who had joined the Union in 1995 underlined the need to incorporate the local level in the accession preparation process, as it was cities and towns who were obliged to implement a large part of the measures aimed at adapting to EU standards.

The second objective set by the LOGON Project, that is incorporating the local and regional associations, in the internal preparatory process towards EU accession has only been achieved in a small number of cases. It is furthermore disappointing to observe, that EU negotiation partners ignore the necessity to co-operate with the local level while examining the institutional preconditions for adopting the *acquis communautaire*. The chance of further enhancing political acceptance of EU accession among the population of candidate countries is thus given away.

This LOGON Report 2000, updated in spring 2000, is a revised version of the first Report issued at the beginning of 1999. In comparison to the first report, it is notably the chapters on the environment, local finance and the state of the art concerning the accession negotiations which have been considerably amended. The number of authors, who delivered inputs for this publication has increased slightly, several chapters referring to frequently asked questions have been added, such as:

- Experience gained with regional management structures;
- Regional and structural policy in the period 2000 - 2006;
- Pre-accession assistance;
- Important EU Institutions and Organisations providing support for the local level in the candidate countries;
- Overview of key contacts in the candidate countries;
- Overview of EU guidelines and directives which are relevant for the local level.

All LOGON documents, including this report, are available at the LOGON internet site:

<http://www.ceec-logon.net>

The authors wish this report to be considered as their contribution to a smooth and efficient enlargement process.

Erich Pramböck
Chairman of the LOGON Working Group

Vienna, Spring 2000

1.1 SUMMARY OF THE LOGON REPORT 2000

1.1.1 Introduction

Since the early 1990s, the Council of European Municipalities and Regions (CEMR) and its Member Associations, in addition to a large number of other international organisations, have contributed their share in facilitating the process of adjustment to EU standards in the countries of Central and Eastern Europe and supporting the setting up of efficient local authorities and regions and their representative organisations. This was done by establishing working contacts, and notably through the organisation of information events for elected representatives and expert exchanges.

The planned enlargement of the European Union marks a further step towards European integration, with a considerable impact at local and regional level. Being well aware, and in good time, of possible changes may contribute decisively to the successful implementation of the integration process. A report formulated within the framework of a CEMR working group outlines the experiences gathered by associations of local and regional authorities in Finland, Austria and Sweden, which became EU members in 1995. This should facilitate the process of European integration at local and regional level and intensify the co-operation between European cities and regions and their associations.

This summary is based on a comprehensive report, elaborated by local and regional politicians and experts, who were closely involved with their respective countries' accession process.

1.1.2 The co-operation of local authorities and regions with the central government

In principal, it is the national governments and administrations, as well as the Parliaments, who are assigned the key role vis-à-vis the European Union and actively participate in the legislative work, the decision-making process and the activities of the Commission and of other EU institutions. However, the steadily increasing scope of "European law" and the impact of activities and measures undertaken at European level affect local and regional government level as well. It is against this background that local government associations and the representative bodies of the regions and Länder in Finland, Austria and Sweden generated the inclusion of this government level into the relevant information flow between the EU and the central-government level and into the preparation process of various integration-policy decisions.

1.1.3 Report on experiences gained, elaborated within the framework of a CEMR working group

The report comprises a presentation on the experiences made by local and regional government associations in Finland, Austria and Sweden in the course of EU accession. These experiences could also be used as a basis for the preparatory work of other countries seeking accession. The Swedish part of this report is already being used as groundwork for conferences organised by the Committee of the Regions (CoR).

1.1.4 The structure of the summary

It seemed useful to split up the complete summary into two parts. The first describes the experiences gained in the course of preparing for EU accession (starting around 1987 until 1994), whereas the second part will comprise the first experiences gained by the associations of local and regional authorities in the three new Member States (from 1995 up to early 2000).

1.1.5 Preparing for EU membership

The start of the accession process was marked by principle decisions at national level (policy statements), by the establishment of institutions to co-ordinate the processing of information and to adjust the legal system and the administrative structure, as well as by training elected representatives and officers and informing the general public.

Already in the late 1980, the topic of accession to the European Community was taken up in Finland, where appropriate institutions to prepare the negotiations were set up by the government. An advisory council, chaired by the Prime Minister, enabled different associations of local and regional authorities (it was not before 1993 that they merged into the powerful "Association of Finnish Local and Regional Authorities") to participate in the debates and in the preparatory work.

In Austria, the "Working Group on European Integration" was set up in 1987 at the Federal Chancellery, including representatives of the federal government, the Länder, the local government and the social partners. Following the country's official application for membership in 1989, the "Council on Austrian Integration Policy", chaired by the Federal Chancellor, was set up. The Länder and local authorities are appropriately represented in this advisory body as well.

In Sweden discussions on issues related to integration were taken up in 1991. The government set up working groups, at which the Swedish associations of local and regional authorities (the Swedish Association of Local Authorities - SALA and the Federation of Swedish County Councils - FSCC) partly participated. It was difficult, even until recently, to find a common basis for discussions on EU-related topics with the government.

1.1.6 The phases of the accession process

The preliminary stage of EU accession consisted, starting 1984, of negotiations on increased economic co-operation between the European Community and the countries which were still EFTA members in the late 1980s (notably the Nordic countries, Switzerland and Austria). The agreement setting up the European Economic Area (EEA) was signed in 1992 and came into effect on 01.01.1994. In this way, two thirds of the so-called "acquis communautaire" already became common law for all countries in the European Economic Area.

Following the respective applications, the European Community took a decision, in 1992, to take up accession negotiations with the EFTA states. In the case of Finland, Austria and Sweden, this led to accession on 01.01.1995.

1.1.7 Major topics dealt with during the preparatory phase

The following were regarded by the associations of local and regional authorities as priority topics during the preparatory phase:

- What kind of changes should be expected with regards to local and regional tasks and responsibilities?
- Is there a way of minimising or compensating the possible restrictions on local and regional autonomy and on the right to be included in the information processing and decision-making in issues of importance for the local and regional level?
- Which impacts may be expected with regards to the financial resources and the economic activities of local authorities and regions?
- What are the possibilities of proposing candidates to the national government for the committee of local and regional authorities (Committee of the Regions) and how could this body be strengthened?
- What are the best ways of ensuring a continuous and extensive flow of information (from and to Brussels, from and to the national governments, to individual local authorities and regions) and the establishment of contacts and links to experts, to the national administrations and to the European Commission?
- What are the best ways of introducing more transparency into the national preparatory measures and into the decision-making process at EU level, notably with regards to regulations concerning the tasks and responsibilities of local authorities and regions?

1.1.8 Preparatory measures

The major effort during the preparatory phase was focused on the extensive and demanding task of screening and adjusting the national laws and other regulations and the practical course of work, notably at national level, for example in the fields of environmental protection, support for trade and industry and agriculture. Local authorities and regions actively tackled the novelties concerning their interests, for example in the fields of public procurement, subsidies, economic promotion and the right of all EU citizens to vote in municipal elections. The most important preparatory measures towards integration were the following:

- Ensuring the availability of appropriate staff. This refers to setting up political committees - notably the "European Committees" - as well as to personnel employed by the associations, the appointment of "European officers" in the larger cities and regions and the setting up of liaison offices in Brussels. Finland and Sweden set up a joint office in Brussels as early as 1992. The representatives of the Austrian associations and of the Länder were integrated into the Austrian mission in Brussels.
- Initiating and pushing training measures aimed at familiarising politicians, civil servants in local and regional authorities and the associations' staff with the organs and the

functioning of the European Union. Additionally information was provided on the EU regulatory instruments, such as directives and regulations, on funding programmes and on the relevant decision-making processes. Yet another objective, most of all for the Austrians, consisted in ensuring that people involved in European affairs improved their knowledge of English and French.

- Preparing reports on the possible impacts of EU membership, including general information on structural and regional policies and support measures. Special "European sheets" were inserted in the associations' regular information bulletins and European issues, such as new EU directives, were regularly tackled by expert committees and during the annual meetings. Reports on European issues were also made available on the associations' newly-established internet home pages.

Nevertheless, the preparation phase for EU accession also led to some substantial changes.

- Regional (association-like) structures, putting together several local authorities, were established in Finland in 1994 through a special law on regional development. Their main task is to draw up regional development and promotion programmes and co-operate with the EU institutions in charge of regional policy.
- In the course of adjusting the federal constitution as part of the EU accession process, the Austrian local authorities and Länder were granted, in 1995, a right guaranteed by the constitution, to be informed about and participate in the decision-making process regarding integration-policy issues of relevance to their interests (Article 23 c) and d) of the federal constitution).
- In general, the national associations of local and regional authorities in Finland, Austria and Sweden have upgraded their co-operation with institutions at European level considerably. This applies to the Committee of the Regions, the Congress of Local and Regional Authorities of Europe (CLRAE) at the Council of Europe, the Council of European Municipalities and Regions (CEMR) and the Assembly of European Regions (AER).
- It was important, at least in the case of Austria, to increase the financial resources of the associations of local and regional authorities due to the larger scope of their activities. This was achieved by raising the membership fees and through financial support from the national government.

1.1.9 Experiences gained by local authorities and regions following accession - an overview

During several years, covering the period from pre-accession to post-accession, Finland, Austria and Sweden were not only faced with the necessity to familiarise with already well-established Community regulations, for example the ones concerning public procurement, subsidies and Structural Funds, but also needed to tackle the new developments.

Over the last years, the EU focused its efforts on consolidating the Internal Market (e.g. in the fields of electricity and gas), reinforcing the environmental protection policy and putting

into practice the Economic and Monetary Union, whereas the level of dynamism varies considerably from one policy field to another. It was not later than at the special meeting of the European Council in Luxembourg in November 1997, that employment policy has become one of the priority items on the Union's political agenda.

The level at which local authorities and regions are affected by EU accession is determined by the varying grade of their competencies and by the administrative structure of the respective state. Thus the following is merely a general overview:

The scope of adjustment of the legal system

As a rule, local authorities still implement national law, whereas its content often originates from EU level. Only in few exceptional cases EU legislation is being directly implemented. With regards to adopting new EU laws it is important to note, that the process of both formal and informal negotiations and lobbying relating to the their contents now involves more actors than before.

Public procurement

Local authorities and regions are significant public procurers. The large internal market therefore offers ample possibilities for substantial cost savings through EU-wide calls for tenders. Whereas Austrian local authorities reacted with reserve to the internal market regulations, the Finnish legislative determined thresholds for EU-wide bidding, which are yet lower than stipulated by the regulations. Cross-border public procurement is presently of marginal significance, this however may change in the future. For such a change to be achieved, the EU mainly proposes improved information processing for procurers and suppliers, which implies the need on behalf of local authorities to deal even more closely with electronic media and modern communication technologies. More transparency will also be achieved through the introduction of the Euro.

Resulting from the liberalisation of public procurement due to the adoption of the EU regulations, local authorities will be faced with difficulties notably in the context of granting contracts to local businesses and with regards to their own municipal enterprises.

The principles of the Structural Funds

In spite of the fact that partly changed programmes (different emphasis, funding, etc.) are expected to be introduced as of the year 2000, the experiences and findings listed below are still valid. The following are the predominant characteristics of EU regional and structural policies when compared with former national-level support and promotion measures:

- European programmes are strictly objective-oriented;
- they are based on a multi-annual programme planning (systematic approach, that is, measures designed for a period of several years and individual projects within this framework);
- they require compliance with the following principles:
Partnership: close co-ordination between the Commission and all relevant authorities at

national, regional and local level through all phases of the programme planning must be guaranteed. To some extent social partners and Non-Governmental Organisations (NGOs) are included as well;

Co-financing: the EU only finances a part of the costs of a programme or a project, whereas the remaining funding must be guaranteed by the relevant national or public authority, or by private funds;

Subsidiarity: the EU only undertakes measures aimed at achieving goals which can not be achieved at the national level, and which are therefore, due to their scope or impact, more likely to be sufficiently realised at Community level (The Amsterdam EC Treaty, Article 5).

For the local level this means, that local authorities must primarily co-ordinate their activities related to the development and implementation of programmes with their own respective regional and national administrations.

The different co-operation programmes, which exist in addition to the Structural Funds, are of varying importance for local and regional authorities. The following should be mentioned: education and training programmes, the new research and development programmes, as well as the initiatives supporting small and medium-sized enterprises (SMEs), environmental protection, tourism, social policy and the Information Society. The associations of local and regional authorities may help to promote ideas and networking in these fields, which are of strategic importance for local and regional authorities.

Subsidies (economic promotion)

EU law prohibits state subsidies (including the waiving of such costs which are usually carried by the enterprise), which distort, or may handicap free competition. Each subsidy must be reported to the European Commission, which examines it and decides whether or not it is allowable and at which level. There are many exceptions to this rule, though, and it is not easy to draw a clear line. In principle, the private and public sectors must be treated equally. For local authorities and their municipal enterprises (e.g. the energy sector, public transport) this leads to significant changes and restrictions, notably in the case of large-scale investments and within the system of "internal subsidies" (inter-connection between different branches of municipal enterprises, enabling, for example, using the surplus of the electricity enterprise to cover the deficits of the public transport company). A good example for these developments is the provision stipulating that the territorial monopoly of energy supply be restricted or indeed dissolved.

The right of all EU citizens to vote and to stand as a candidate in municipal elections

The right of all citizens of the Union to vote and to stand as a candidate in municipal elections is regarded as a visible element of the development of the EU into a "political" union and should also be seen as a decisive step towards a "Citizens' Europe".

Municipal and regional finances

Both the existing directives (6. VAT directive and the consumer tax system directive), as well as the tax harmonisation policy currently being prepared, are seen by the associations of local

and regional authorities as developments which have so far been largely underestimated. The examination of the EU conformity of the beverage tax may bring about serious financial burdens for Austrian local and regional authorities. Although these charges had been declared to conform with EU law during the accession negotiations, their current status is very unclear in view of the possibility that it may be changed once more. However, a positive result was achieved with regards to the tourism charges.

Yet another general problem, which local and regional authorities may have to face in the future, derives from the Europe-wide pressure to reduce wage-dependent taxes, resulting in substantial financial losses for local authorities. They are well-advised to approach this issue intensively, both at national and European level (European Commission, Committee of the Regions, European Parliament).

In this context it may be of some interest to note that it was in Austria, basically a federal state, that new national co-ordination instruments in the field of public finances were set up in order to achieve compliance with the level of stability criteria required for joining the Economic and Monetary Union ("Maastricht Criteria").

One of these instruments is a "consultative mechanism", guaranteed by the federal constitution. It stipulates that local and regional authorities must be consulted prior to any legislative measures undertaken by one legislative level (for example the national government), which may affect (that is, result in additional expenditure) them and that a consensus of opinion must be sought in such cases or compensation be paid.

Furthermore, Austrian territorial authorities agreed on a so-called National Stability Pact, which provides for co-ordination between all levels when it comes to determining budgetary-policy goals (in the context of reaching the level required by the public-debt criteria). It also stipulates medium-term co-ordination and monitoring of the public financial and budgetary policies.

Local authorities associations were authorised through constitutional laws to reach binding agreements upon these issues with the national government and the Länder on behalf of local authorities.

Environmental policy

Some 200 EU directives apply to or affect the political or technical aspects of environmental protection. This may have a considerable impact at local and regional level, as local and regional authorities are forced to take environmental aspects into consideration. All in all it can be observed that, resulting from EU measures, the national environmental-protection policies, for example in the fields of water, waste water, air and noise, had to be increasingly focused on individual quality standards (such as technical standards, specific emissions, noise level or chemical composition). The associations of local and regional authorities had, and still have to ensure their active participation when it comes to drawing regulations affecting the fields in which local and regional authorities are active, such as waste disposal, the protection of drinking water and sewage treatment. In some cases, like in Austria, new frameworks (such as appropriate funding instruments) had first to be established, in co-operation with the associations of local and regional authorities, in order to provide for the immense investments needed in order to comply with the partly very

stringent environmental regulations. Experience has shown that the financial impacts of implementing EU environmental standards may lead to serious problems.

Problems arising from the integration of EU environmental standards into national law vary considerably as circumstances differ from one country to another. This applies, for example, to the draft Water Framework Directive (prescribing that water management systems be based on river basins, whereas in Central Europe river basins often stretch over the boundaries of several countries with different government structures), or the nitrate directive (partly causing strong opposition in the agricultural sector, which refuses to reduce the use of fertilisers).

Employment policy

Although measures aiming at reducing unemployment, job creation and boosting economic activity are usually the responsibility of central governments due to their general competencies with regards to economic policy, these issues are of high importance for local authorities and regions as well. It is against this background that the associations of local and regional authorities welcome the increasing, though slowly, importance attached to employment and social policy programmes at EU level, as well as the drawing up, as of 1998, of national employment programmes, which must be assessed in Brussels. It is in the first place the initiatives aimed at facilitating the setting up of enterprises, the retraining and employment programmes for the handicapped, long-term unemployed and youth, as well as measures to improve the quality of location, that clearly touch upon the interests of local level. Being involved in co-ordinating and, yet more important, in the decision-making process with regards to these programmes, for example within the framework of territorial and local employment measures, is of importance for local and regional authorities, since this issue closely relates to major financial obligations on their part (e.g. in the field of social welfare).

Urban development - administration development

These policy fields are becoming increasingly more important, as they aim at recording and developing local and regional authorities' own potentials. Urban policy tackles, inter alia, the issue of making best use of the synergy between urban centres and local authorities in their hinterland, as well as between different markets and cultures, in order to strengthen the role of cities as centres of and "logistic systems" for the entire region. This is important also in view of the fact that cities must face specific problems due to their high population density, for example with regards to social issues, traffic and environmental quality.

The objective of setting up of appropriate, indeed future-oriented administrative systems, which are a precondition for the development of the aforementioned synergy effects, must be supported both through national measure and the EU urban policies. Strengthening the political and administrative structures, and thus the innovative and financial capacities of local and regional authorities, also at European level, is an objective worth striving for. These and similar topics can only be approached in connection with an overall policy goal of modernising the administrative structures and of reconsidering the given institutionalised frameworks (for example forms and instruments of inter-municipal co-operation in conurbations, framework provisions for public accountings). Up to now, not much attention has been paid to this issue.

1.1.10 General recommendations to associations of local and regional authorities

- Efforts should be made, as soon as possible, to establish a constructive dialogue on EU-relevant issues between all decision-making bodies. It is important in this context to apply, or indeed to establish the principle of partnership with business and other social partners, with NGOs and, most of all, within the public sector (horizontally between local authorities and regions, vertically between local authorities and regions and the central government).
- The European Union is an alliance of national states. The Member States' individual interests are safeguarded by their representatives in the European Council. Up to now, the local and regional level's interests are formally voiced only within the Committee of the Regions, which is a consultative EU institution. It is therefore indispensable for this level to be included in the national integration process as soon as possible. This not only applies to a smooth and timely flow of information from the national to the local and regional levels, but above all to the formally binding integration of local authorities and regions into the national decision-making process. Here it is of importance for local and regional authorities to be able to bring in their interests and concerns already during the pre-accession process.
- The vast amount of additional information necessitates the wide-scale use of modern information and communication technologies. At the same time, experts and trainer teams should ensure that the complete range of stakeholders - elected representatives, public-service employees, citizens interests groups, etc. - be informed on the appropriate preparatory measures for and the expected consequences of EU accession.
- Competent representation of the interests of local and regional authorities at national and European level requires good and continuous preparatory work, in the course of which the priority issues, the set objectives and the measures to be implemented in order to be included in the decision-making process should be clearly determined. In this sense individual authorities should establish and intensify their links to the national government, which can also be promoted by inviting central government representatives to attend municipal expert meetings and the like. Experience has shown that it is the quality of the experts representing local and regional positions, which makes all the difference. These are after all the same experts, who are later asked to solve problems and who contribute to the identifying of new strategies, both at national and European level.
- The pre-accession preparatory work is only one phase in a continuous process of adjustment and changes. The experiences gathered in Finland, Austria and Sweden however show that this process becomes yet more intensive and sweeping than expected. These experiences further point out that an extensive involvement of local authorities, regions and their representative organisations in the overall EU-relevant decision-making process may contribute considerably to the successful implementation of EU accession.

The "new Europe" will be successful and durable only if all territorial authorities and their representatives, mutually respecting each other's needs and interests, join forces in order to establish these new structures for the benefit of all European citizens.

1.2 MILESTONES OF EUROPEAN INTEGRATION

Internal Market, Economic and Monetary Union

Decisive steps for the deepening of the Community structures were taken with the publishing, in 1985, of the European Commissions White Paper on the Internal Market, the inclusion of the Four Freedoms (movement of goods, services, capital and freedom of establishment) in the Treaties establishing the European Communities, and the coming into effect of the Single European Act (SEA) in 1987. Resulting from this, the local and regional authorities in the then 12 Member States had to deal with the effects of the new objectives of the Community; likewise, the EFTA states (European Free Trade Association), including Austria, had to face this new situation. In order to remain competitive in the future internal market, the EFTA states either had to follow the European Communities (EC) standards autonomously or, alternatively, strive for membership in the EC, which would enable them to take part in the formulation of new regulations.

This problem was compounded by the Treaty of Maastricht, adopted in 1992, which inter alia agreed on the objective of creating a political as well as an economic and monetary union by introducing a common currency (the Euro, as of 1st January 1999) and on the setting up of the Committee of the Regions (CoR), consisting of representatives of local and regional authorities.

European Economic Area

At the beginning of 1989, the President of the European Commission, Jacques Delors, presented the proposal of creating the European Economic Area (EEA) in order to increase co-operation between EFTA and the EC.

The EFTA states concurred with this proposal and agreed, in the course of a conference held in Oslo in 1989, to enter into a partnership with the European Communities, providing for joint decision-making and joint institutions. Following negotiations over several years, the EEA Treaty was signed in Porto on 2nd May 1992 and took effect on 1st January 1994. In this way, two thirds of the *acquis communautaire* already became common law for all countries in the European Economic Area.

At the same time, the EC in 1992 decided, on the basis of corresponding applications, that accession negotiations be initiated with the EFTA states. In the case of Finland, Austria and Sweden, these led to EU accession on 1st January 1995.

In principle, the very arguments then brought forward with respect to the EFTA states, concerning their continuously deepening economic and political relationship with the European Union, apply today to the Central and Eastern European countries, which for this reason have equally concluded association agreements and submitted applications for EU accession.



Chapter 2 EUROPEAN INTEGRATION – EFFECTS ON LOCAL AND REGIONAL AUTHORITIES



2.1 AUSTRIA

2.1.1 The Austrian integration process

The decision of the European Community in the mid 1980s to further intensify its internal integration has led to an increasing discussion in Austria about its relationship with the European Community. As early as 1987, it was by declaration of the Austrian federal government that a "Working Group on Integration" was established, bringing together all federal ministries, the Länder and local authorities, as well as the social partners. It was the task of this group to compare the Austrian legal system with EC law.

Decisions taken at national level

In accordance with the report submitted in 1988, the Austrian federal government decided, on 17th April 1989, to request the Austrian Parliament to approve the country's application for membership in the EC. Extensive political debates followed, finally, on 29th June 1989, the Parliament instructed the federal government to initiate negotiations on Austria's accession to the EC.

At the same time, the "Council on Austrian Integration Policy" was set up. Chaired by the Federal Chancellor, its members include the vice-chancellor, a number of Federal Ministers, representatives of the parliamentary parties, of the social partners, of the Länder and of the local level (the Austrian Association of Cities and Towns and the Association of Austrian Municipalities). This Council advises the federal government, facilitated the mutual exchange of information and provided a basis for consultation with the different stakeholders.

Formal negotiations between Austria and the EC began on 1st February 1993 and were formally concluded on 12th April 1994. The topics dealt with in these negotiations included all areas of the *acquis* not covered in the EEA agreement, in particular sensitive issues such as agriculture, transit traffic or transitional free-movement provisions. Following the adoption of the negotiation outcome by the European Parliament on 4th May 1994, the Austrian Parliament, on 5th May 1994, adopted the federal constitutional law required for accession.

As the accession required a fundamental modification of the Austrian Federal Constitution, a public referendum had to be carried out. It should be borne in mind, that within the area of EC competence an estimated 60 to 90 percent of all regulations are formulated by the Community and not (as in the past) by the national parliament.

On 12th June 1994, the Austrian people, with a majority of 66.58% voted for the accession of their country to the European Union (EU Treaty as amended by Maastricht). After the ratification of the accession agreement by the then 12 EU Member States and a corresponding resolution of the Austrian parliament on 11th November 1994, the accession took effect on 1st January 1995. Austria's preparations for accession to the European Union thus covered a period of seven years (including the preparation for the European Economic Area).

2.1.2 Basic considerations regarding the involvement of local authorities and the Länder in EU issues

a) The political importance of the Länder and of local authorities

No political community can survive in the long run if it is not accepted by citizens and leading decision-makers. For this reason, the European Union propagates the concept of a "Citizens' Europe". In Austria, local and regional authorities are important entities that co-determine the local quality of life and economic development, being the level closest to the citizens. Moreover, municipal decision-makers and their political parties provide information and influence public opinion at local level.

Due to the federal structure of Austria, the nine Länder have great political weight, which they exercise inter alia through the political party organisations.

Beyond their general importance, the involvement of the local authorities and the Länder in the preparation process of Austria's accession was also due to the fact that a public referendum had to be carried out after the conclusion of the accession negotiations. Since the accession to the European Union has manifold effects - both positive ones and others obviously considered negative - the involvement of all key actors was considered to be a useful approach. In this way it was possible to include the opinions of all of these partners into the preparation process, as well as to avoid broad public rejection before the referendum. The high degree of approval of Austria's voters for the EU accession (66%) justified this concept.

b) The legal involvement of local and regional authorities

The European Union is also a legal community that creates European law, the so-called "Community law", in the areas of competence assigned to it. For this purpose, it uses legal instruments - directives, regulations and decisions.

As a result of multilateral agreements - the Treaty of Rome, the Single European Act, the Treaty of Maastricht, the Treaty of Amsterdam - the European Union develops its own "European law". This continuously growing body of "European law" (*acquis communautaire*) constitutes an additional source of legislation for the national level, since the legal instruments of the Community are binding for the Member States.

As integration progresses, local and regional levels are increasingly affected by Community law as the European Union regulates matters in which these bodies are active. In their actions, local and regional authorities must therefore increasingly take account of European law and may not invoke the principle of subsidiarity if exclusive competencies of the Community are concerned.

Community law takes precedence over all national laws, including national constitutional law. Neither does it take account of the internal structures of the Member States, which means that it must be implemented according to the given situation. The European Court of Justice has already clearly proclaimed this in a decision taken in 1982: "No EC Member

State may successfully invoke internal difficulties or provisions of its internal law, even if these have constitutional status, to justify non-compliance with or delayed implementation of provisions of EC law".

Community law is applicable either after formal implementation by national laws (directives) - which permits some leeway for action of the national states - or directly (regulations and decisions) and is enforceable in the same way as national laws.

Legal rules for municipal organisations are not part of Community law. The right to determine the scope of self government of local and regional authorities remains a competence of the Member States.

c) Integration into the information flow and possibilities of tabling comments

Formally, only Member States maintain contacts with the European institutions. It is the task of each Member State to conduct accession negotiations and, following accession, to represent the interests of local and regional government in the EU legislative process.

Before Austria's accession to the EU, the Länder and local authorities, which according to the Austrian constitution have legislative power (the Länder) or autonomy in some sectors, favoured the participation of Austria in the internal market, with the aim of full membership in the European Communities. But at the same time, they demanded that the country's federal structure and autonomy of local authorities be maintained, and that local authorities and the Länder be involved in the integration policy decision-making process in all issues relating to their autonomy or issues of major importance to them.

The participation of the Austrian Länder and local authorities in the accession process to the European Communities was mainly achieved by means of

- participation in the "Council on Austrian Integration Policy" and in the numerous ministerial working groups;
- tabling opinions/ statements;
- developing position papers representing their interests;
- holding expert conferences;
- participating in the process of defining the national (Austrian) interests with regards to EU matters.

The interests of the Länder concerning the European integration process are mainly formulated by the "Conference of Governors of the Länder". Moreover, the Länder have instituted the "Integration Conference of the Länder" to discuss integration policy issues, as well as the "Permanent Integration Committee of the Länder" at official level. The interests of local authorities are safeguarded by the Association of Austrian Municipalities and the Austrian Association of Cities and Towns.

In order to safeguard their interests in the process of negotiating EU accession, the Länder set up an office within the Austrian mission to the European Communities in Brussels. In August 1994 the Austrian Association of Cities and Towns and in 1996 the Association of

Austrian Municipalities delegated one staff member each to Brussels. Both staff members, as well as the Länder representative, are integrated into the mission's organisational system and hold diplomatic status.

In 1995, in the course of the EU adjustment of the Federal Constitution, the Länder and local authorities were given the right of participation in integration-policy issues concerning them (Article 23 c) and d) of the Federal Constitution). Moreover, in areas in which the Länder have legislative and executive power, the federal government may deviate from the positions taken by the Länder only when foreign and integration policy interests are concerned.

The Austrian Association of Cities and Towns and the Association of Austrian Municipalities have the right of information and comment on issues concerning local authorities. Information is channelled through the Federal Chancellery, the Federal Ministry of Foreign Affairs and the other respective federal ministries. They regularly receive a wide variety of documents and participate in the internal preliminary discussions of the ministries.

Provided by a provision in the Austrian constitution, the Länder and the two Associations are additionally entitled to propose to the government delegates to be nominated to the Committee of the Regions of the European Union.

Furthermore, the Austrian Länder have started establishing, in the mid 1990s, their own EU liaison offices outside the Austrian EU Mission. Individual cities have not opened separate offices but are represented through the Austrian Association of Cities and Towns or by their respective Länder offices.

The following shifts within the existing structures have occurred during the years following accession:

- The meetings of "The Council on Austrian Integration Policy" are still being conducted, yet the actual exchange of information and the process of defining the Austrian interests take place during the weekly inter-ministerial discussion round, which are used to prepare the COREPER meetings. Additionally sessions are regularly held to discuss the state of accession negotiations. The participation of representatives of local and regional authorities at the inter-ministerial discussion rounds is guaranteed, yet subject to the availability of staff.
- The information provision and the internal agreements at the Länder level now exclusively take place within the framework of the regular activities of the "Verbindungsstelle der Bundesländer" (the Länder co-ordination bureau).
- Furthermore, staff members of the Austrian Association of Cities and Towns participate in the CEMR working groups meetings and contribute to the drafting of position papers, which are then forwarded to the Commission and/or the Committee of the Regions.

2.1.3 Staff requirements for European issues

Already during the pre-accession process it was necessary to ensure that the required staff would be available as soon as needed.

Nearly the complete requirements were covered by the national government, which was responsible for leading the negotiations. Approximately 300 persons of the federal administration participated in the relevant working groups.

"European Officers" were appointed in each of the nine Länder to make sure that the various issues were covered by the respective departments. Staff amounted to a maximum of five persons per Land.

Following a suggestion by the Austrian Association of Cities and Towns, the bigger cities, too, appointed European Officers. The Austrian Association of Cities and Towns set up a separate working group, providing a platform for the exchange of information between these experts. The Association of Austrian Municipalities intensified its work in the "European Committee", whose members are mainly representatives of the association's organisations in the different Länder.

At the secretariat of the Austrian Association of Cities and Towns two to three persons dealt predominantly with European issues. The Association of Austrian Municipalities, too, adapted its staff to the new requirements.

It has proven useful (at least for bigger cities) to have one staff member deal with EU funding programmes and look for possibilities for the city to make use of such funds. It has to be mentioned, however, that Austria, being a relatively prosperous country, may claim only limited EU subsidies. Cities are almost entirely excluded from EU regional policy funds.

In order to improve the quality of European work, the following basic and advanced training courses were carried out, ensuring that politicians and administrative staff familiarise with the Union's institutions and functioning, as well as with regulatory instruments of the European Communities, such as directives, guidelines and decisions:

- Representatives of Austrian local authorities and of the Länder participated in the following:
 - seminars of renowned institutions, notably the European Institute for Public Administration (EIPA) in Maastricht;
 - basic and advanced training courses at the "Federal Academy for Public Administration";
 - for events held in cities and towns, speakers were provided by the Federal level, by the Austrian Association of Cities and Towns and by the Association of Austrian Municipalities, as well as by other European local authorities' associations;

- In addition to the efforts made to improve the qualification of staff members, the fact that universities had begun teaching European law in the mid-1980s proved to be very helpful;
- Furthermore it became necessary to improve the language skills of staff members assigned with Europe-related tasks in order to raise the level of negotiations. This refers mainly to English and French;
- Yet another objective of these training measures was to ensure that technical terms relating to the European integration process and having a bearing on the activities at local level, such as public procurement, subsidy control, environmental standards be introduced into the regular training curricula of local authorities.

2.1.4 Relaying information to local authorities

The Austrian Association of Cities and Towns organised three general assemblies in 1989, 1991 and 1994 with plenary sessions and working groups on European issues. The working groups intensively discussed issues of specific importance to local authorities, for instance regional subsidies, free movement of goods, services, persons and capital. Moreover, the Kommunalwissenschaftliches Dokumentationszentrum (KDZ), a scientific institute specialised on local-government issues, was commissioned, as early as 1989, to carry out a study on the possible effects of EU membership on the local level. This study was repeated in 1994 on a broader basis. The Association of Austrian Municipalities organised many events on European issues particularly at the regional level.

The expected effects of EU accession were discussed in the regular information magazines of the two Austrian Associations. Local and regional authorities thus gained a wide scope of information on the expected effects of accession. However local and regional authorities did not always fully consider the information provided. In addition, the scope and volume of EC legislation started growing rapidly in the first half of the 1990s, which led to some "surprises" after the accession.

Keeping informed about ongoing events in the European Union is a permanent challenge for the associations of local authorities, with which they try to cope through the following:

- The Austrian Association of Cities and Towns reports monthly, within its publication "Österreichische Gemeinde-Zeitung", on European matters;
- Information is also available on the Internet homepage of the Austrian Association of Cities and Towns: (<http://staedtebund.wien.at>);
- Regular reports on European issues are published in "Kommunal", the newsletter of the Association of Austrian Municipalities;
- Interested cities/towns are provided with separate information from Brussels (approximately twice weekly), including:

- information issued by CEMR ("Brussels Info", "Fax Info");
- by way of exchange, weekly/monthly information material received from other local/regional associations;
- Information published in "Agence Europe", a Brussels-based commercial press service.

New EC legislative documents are discussed in committees and working groups of the Association of Cities and Towns.

Immediately after accession, the "Austrian Conference on Spatial Planning" (Österreichische Raumordnungskonferenz - ÖROK) published a brochure on action programmes and trans-national networks containing some 70 EU subsidies potentially of interest for local authorities.

2.1.5 Co-operation with European organisations

In addition to the EU's role in promoting less developed regions, it is cities and local authorities, being the focal points of economic development, technological innovation and public service, that are increasingly being seen as important actors within the context of the European Union. In order to be able to actively participate in the shaping of European integration policy for the benefit of cities, towns and urban areas, it is inevitable to co-operate with other local-government organisations and institutions representing the interests of cities, towns and municipalities.

a) Council of European Municipalities and Regions (CEMR)

The Council of European Municipalities and Regions (CEMR), which has its headquarters in Paris and an office in Brussels, is the European umbrella organisation of all associations of local and regional authorities. At the same time it is the European section of the "International Union of Local Authorities" (IULA). Established in 1951, the CEMR represents the interests of approximately 100,000 local and regional authorities. The Association of Austrian Municipalities and the Austrian Association of Cities and Towns have been CEMR members since the early 1950s. The CEMR has largely contributed to the establishment of the "Committee of the Regions" by the European Union under the Maastricht Treaty.

A considerable part of CEMR's work is conducted within its committees (e.g. environment, public transport), in the framework of which new "European" developments are regularly being discussed. Major topics are currently the employment policy, as well as the impacts of enlargement, for which a special committee had been set up at the end of October 1998. Several CEMR National Member Associations provide assistance to their counterparts in Central and Eastern Europe in order to increase the efficiency of municipalities and improve the structures and functioning of their associations. Additionally, the regular meetings of ELAN (European Local Authorities Network), comprising the Brussels liaison officers of the CEMR Member National Associations, provide a favourable platform for exchange of information and ensure a coherent approach towards the main topics on the European Commission's agenda.

b) Committee of the Regions (CoR)

Within the institutional system of the EU, the Committee of the Regions (CoR), set up in 1994 under the Maastricht Treaty and composed of representatives of local and regional authorities, is the most important partner.

The CoR meets some 5 times a year for plenary sessions and forwards its positions to the Commission and the Council. The CoR must be consulted on all measures relating to health, culture and Trans-European Networks and additionally, with the Amsterdam Treaty coming into effect, on employment policy, environment, transport and social affairs.

The preparatory work is being conducted in the nine following commissions:

Commission 1: regional policy, Structural Funds, economic and social cohesion, cross-border and inter-regional co-operation

Commission 2: agriculture, rural development, fisheries

Commission 3: Trans-European Networks, transport, Information Society

Commission 4: spatial planning, urban issues, energy, environment

Commission 5: social policy, public health, consumer protection, research, tourism

Commission 6: employment, economic policy, single market, industry, SMEs

Commission 7: education, vocational training, culture, youth, sport, citizens' rights

Commission on Institutional Affairs: perspectives of European integration, fundamental questions relating to local and regional authorities

Commission on rules and procedures

The CoR has furthermore set up a working group on enlargement, which conducts conferences in the candidate countries, providing information on the issue "the EU and local authorities" and aiming at strengthening the role of local and regional authorities within the accession process in the respective country.

Such conferences have already taken place in the six countries of the first accession group ("Ins") and will be held in the other candidate countries as well.

Since the beginning of the screening process/the accession negotiations, the CoR invites representatives of local and regional authorities to participate in the plenary sessions as observers.

According to the accession agreement, Austria delegates 12 representatives to the CoR out of a total of 222 members. Each of Austria's nine Länder delegates one representative. The remaining three are proposed jointly by the Austrian Association of Cities and Towns and the Association of Austrian Municipalities.

Austria moreover holds two seats on the CoR board, one of which is consecutively taken by the Länder, while the second seat changes every two years between the Austrian Association of Cities and Towns and the Association of Austrian Municipalities.

c) European Parliament - Intergroup "Local Policy"

The new intergroup on local policy was established in the European Parliament in December 1999. Its objective is to give special attention to the interests of local authorities and their citizens regardless of the differences between the parliamentary groups. The work programme will include, inter alia, the following major topics:

- European Charter of Fundamental Rights - inclusion of local self government in the Charter;
- Local employment policy;
- Revision of the European environmental policy - sustainable urban development, environmentally-minded public procurement regulations, water policy framework, waste incineration, examination of the level at which Member State implement EU environmental regulations, amendments to the packaging directive, a proposal for introducing the principle of environmental liability;
- Liberalisation in the fields of public passenger transport and regional transport;
- Terms of payment in business transactions;
- Compensation for public sector liabilities, for example in the case of savings banks, mortgage banks, as well as public-owned enterprises;
- European Union budget, notably with regards to support measures of special significance for local authorities, for example URBAN, twinnings and Interreg.

The intergroup will mainly operate as a network. As far as contents are concerned, it will be supported by local authorities associations participating in the ELAN network.

d) Council of Europe - Congress of Local and Regional Authorities of Europe (CLRAE)

The representative organ of the local authorities and regions of the 40 Member States of the Council of Europe (1998) is the "Congress of Local and Regional Authorities of Europe" (until 1994: Standing Conference of Local and Regional Authorities of Europe), which aims at strengthening the position of local authorities and regions in accordance with the Subsidiarity Principle.

Plenary sessions are held once a year, the preparatory work is conducted in the respective commissions. Position papers and comments are forwarded to the national governments.

The "Congress" is subdivided into a regional and a local chamber. CLRAE and its predecessor developed both the "European Charter of Local Self-Government" and a draft for a "Regional Self-Government Charter". Both documents may be regarded as basic instruments for self government at regional and local level.

Furthermore, considerable documentation is produced within the framework of the Council of Europe with regards to the structures and the development problems at local and regional level in the member states.

e) Eurocities

Eurocities is an independent, non-profit association founded in 1986 with the objective of representing the interests of European cities (with more than 250,000 inhabitants) in the EU context. Currently, Eurocities unites roughly 80 cities of 19 European countries. In 1995, Eurocities adopted a charter of European cities dealing with the position of cities in Europe, and in particular in the European Union.

Eurocities operates the following committees: culture committee, economic development and urban renewal committee, east-west committee, environment committee, social issues committee, transport committee and the technological policy forum. Vienna has been a member since 1995.

f) National Associations of Local Authorities - Deutscher Städtetag

In the pre-accession phase, Austrian local authorities benefited greatly from contacts with other European associations of local authorities. These contacts partly resulted from co-operation within the CEMR. It was notably the contacts with the German association Deutscher Städtetag that had proven to be most valuable, as this association continuously supported the pre-accession work of Austrian local authorities by providing documentation and speakers on relevant European topics.

2.1.6 Financing European work

Financing must be provided for the following:

- CEMR membership fee and participation in ten to fifteen sessions per year of its various bodies (3-4 are meetings of the Secretaries General and 2 are sessions of the board);
- financing of the liaison office in Brussels;
- expert opinions on EU legislative measures;
- participation in conferences;
- the entire volume of additional staff expenses.

The costs of participation (of politicians) in the meetings of CLRAE and CoR are covered by the Council of Europe and the European Union respectively and hence do not burden the budgets of the national associations.

Until late 1995, the Austrian Association of Cities and Towns and the Association of Austrian Municipalities had financed their CEMR membership out of their own membership fees.

The Austrian Association of Cities and Towns increased its membership fee in 1991 in order to be able to finance its co-operation project with the newly-established associations of local authorities in CEEC.

In order to meet the higher general administrative costs related to accession, the Austrian Association of Cities and Towns increased its membership fees once again with Austria's EU accession (1995). The association's increased staff costs caused by accession are covered by the City of Vienna.

Since 1 January 1996, the two Associations receive a modest support, amounting to several million ATS annually, to finance their international activities, out of the local authorities' share of the VAT volume. This is done in line with an agreement concluded with the Federal Ministry of Finance and a legislative provision. The funds are used to organise seminars and information events on European measures, to work out expert opinions and cover the costs of participating in international conferences.

In addition, the "Know-How Transfer Centre" (KTC) of the Austrian Association of Cities and Towns is provided with federal funds under individual agreements concluded with the Federal Chancellery. These funds are used to relay Austrian municipal and regional know-how to representatives of the Central and Eastern European Countries and cover the costs of exchanges and visits of experts and politicians. It was furthermore the Federal Chancellery funds which facilitated the Austrian contribution for co-financing the LOGON Project, in the framework of which this report was produced.

2.1.7 Experiences gained in Major Sectors

a) EU structural and regional policies - 3 Structural Funds

The preamble of the EC Treaty expresses the intention to unify the national economies of the Member States and to promote their harmonious development. For this purpose, the economic differences between the individual regions are to be reduced. The EU structural and regional policies mainly aim to achieve the following three goals:

- Strengthen the economic power and thus the integration of disadvantaged regions in the internal market;
- re-integrate problematic groups into the labour market and prevent social exclusion;
- ensure the income of agricultural enterprises, prevent the depopulation of already thinly populated areas, accelerate agricultural structural change.

In order to achieve these targets, various so-called Structural Funds were established:

European Regional Development Fund (ERDF)

The Fund was established in 1975 and it may operate in disadvantaged regions only. The ERDF finances and promotes

- productive investments;
- infrastructure measures for development or restructuring;
- local development initiatives and activities of small and medium-sized enterprises (SME);
- Trans-European Networks (TENs);
- research and development (R&D), as well as measures in the healthcare and education sectors in strongly disadvantaged areas.

European Social Fund (ESF)

The activities of this Fund focus on vocational training and employment assistance. The ESF finances and promotes measures intended to

- facilitate access to the labour market;
- promote equal opportunities;
- develop job qualifications;
- create new employment.

It finances employment subsidies, vocational training, general and vocational training systems as well as research and development projects.

European Agricultural Guidance and Guarantee Fund, Guidance Section (EAGGF-G)

This Fund supports the adjustment of agricultural structures and rural development measures. In 1993, it was supplemented by a financing instrument for the guidance of the fisheries sector to promote the adjustment of structures in this sector.

EAGGF-G finances and promotes

- the adjustment of agricultural structures including marketing and processing;
- agricultural development measures;
- environmental protection measures in agriculture;
- preventive measures against natural catastrophes in extremely peripheral areas;
- measures for village renovation and safeguarding the countryside.

Together with the Member States, these Funds finance various development activities by granting non-repayable subsidies.

b) The budgetary significance of the Structural Funds and the Cohesion Fund

Out of the total annual budget of the EU, amounting in 1998 to EURO 82.9 billion, EURO 40.9 billion (49.4%) have been spent on subsidising agricultural production, while EURO 28.6 billion (34.5%) covered the above-mentioned three structural measures.

In the last programme period (1994 to 1999), the three Structural Funds could grant a total subsidy volume of over EURO 141.5 billion.

In addition to the Structural Funds, the so-called Cohesion Fund was established under the Maastricht Treaty. The Fund is to facilitate the preparation for the Economic and Monetary Union of those countries, whose per-capita GDP is less than 90% of the Community average. These subsidies can be granted to Greece, Portugal, Ireland and Spain. In the context of the Cohesion Fund, special attention is paid to the environment and to trans-European transport infrastructure networks. The Cohesion Fund's budget for the period 1993 to 1999 amounted to EURO 15.5 billion.

c) The Principles of Regional and Structural Policies

The structural and regional policies of the European Union were characterised by the following principles:

Concentration of funds

According to this principle, measures must correspond exclusively to the following, precisely defined objectives of regional, labour-market and agricultural policies:

- Objective 1:** promoting the development and structural adjustment of considerably under-developed regions;
- Objective 2:** restructuring of regions severely affected by industrial decline;
- Objective 3:** fight against long-term unemployment and promoting the integration of young people and groups strongly affected by unemployment into the labour market;
- Objective 4:** promoting adjustment measures of the labour force to industrial change;
- Objective 5a:** promotion of the development of rural areas by means of accelerated adjustment of agricultural structures in the context of the reform of the Common Agricultural Policy (CAP);
- Objective 5b:** promotion of the development of rural areas by means of easing the development and structural adjustment of rural regions;
- Objective 6:** promotion of "sub-arctic" regions (large parts of Finland and Sweden).

Objectives 3, 4 and 5a referred to the entire territory of the Community and are also referred to as "horizontal objectives". Objectives 1, 2, 5b and 6 were limited to certain areas.

The selection of regions qualified for promotion and subsidy follows precisely defined criteria.

In order to achieve clear-cut territorial definitions of the disadvantaged regions, a uniform statistical subdivision of the EC countries was carried out according to the so-called Eurostat-NUTS (Nomenclature des Unités Territoriales Statistiques), which consists of the following hierarchically structured levels:

- NUTS 0:** total territory of a national state (e.g. Austria);
- NUTS I:** regions of the European Communities (Austria is divided into 3, each of them consists of several Länder, for example Eastern Austria, composed of the Länder Burgenland, Lower Austria and Vienna);
- NUTS II:** basic administrative units (for Austria it is the Länder, hence 9 units);
- NUTS III:** subdivisions of the basic administrative units (for Austria, several districts put together, in total: 35 such units).

Thus the NUTS II areas may range from areas with only 270,000 inhabitants (Land Burgenland) to 1.6 million inhabitants (Vienna).

The NUTS III level ranges from 20,000 to 1.6 million inhabitants (Vienna is both a NUTS II and a NUTS III level).

Programme planning

According to the principle of multi-annual planning programmes, the Structural Funds are not assigned to individual projects but granted as co-financing for target-oriented programmes of measures extending over several years, which are developed by the Member States and agreed together with the Commission. It is only from within these programmes that individual projects can be subsidised. This way, a systematic approach is being encouraged.

The subsidiarity principle

All tasks are implemented at the level most familiar with the requirements and best able to effectively solve the problem. The programmes adopted by the EU are therefore not primarily developed and implemented by EU institutions, but above all by the local and regional authorities concerned.

Partnership

According to the partnership principle, all levels of programme planning must be accompanied by close co-operation of the European Commission with all competent national, regional and local authorities designated by the respective Member State.

This also comprises the participation of all competent regional and national institutions in the preparation and implementation of a regional programme. In keeping with the system used in each Member State, it is also planned to extend this principle to the economic and social partners, i.e. the organisations of employers and employees. Thus structural policy is not decreed from above, but its shape and design arise from the co-operation of the actors involved in the implementation and affected by the results. The organisational framework is provided by "Assistant Committees" composed of representatives of the competent institutions of the individual Member States, the regions and the Commission.

Additionality

According to the additionality principle, each Member State is obliged to maintain its public subsidies in all areas, for which Structural Funds subsidies were granted, at least to the extent of the preceding programme-planning period. This provision should ensure that the Community Structural Funds will not replace national subsidies but rather function as an addition to these funds, thereby leading to greater financial input. The Union programmes thus support the efforts of the Member States but do not substitute them. The extent of EU funds increases in parallel with the subsidies granted by the regions and the Member States and with the amount of private capital invested.

It is evident from these principles that the Member States and the other levels of government within each of them - provinces, regions, local authorities - must start by developing subsidy programmes conforming to EU standards on their own (regional and national plans), which then must be approved by the European Commission. These programmes must also provide for adequate national subsidies.

Co-financing

EU grants only cover part of the cost of any project (usually 30 to 50%). In specific cases, however, this share may be up to 80% (e.g. low-income area, great interest on the part of the EU, reduced financial performance of the applicant). This means that at least part of each project must be financed by the Member State as well.

Community Initiatives

In addition to promoting structural policy measures - which are proposed by the individual states, involved regions and local authorities and covered by the three Structural Funds - the EU also subsidises projects of "Community" interest. For the period from 1994 to 1999, 9% of the Structural Funds are available for these Community Initiatives, i.e. EURO 13.45 billion. Of this sum, EURO 8.3 billion is dedicated to underdeveloped regions (Objective 1 area). As examples of the relatively few activities in this context, that are of interest for local

and regional authorities (see ÖROK publication), the following should be mentioned, whereas it must be clearly stated, that their financial volume is very limited.

- **Urban:** subsidies for pilot projects in urban problem zones (only Vienna and Graz);
- **Interreg:** support for transnational programmes in border regions within the European Union and at its outside borders;
- **Now, Horizon, Youthstart:** promotion of employment, in particular through the development of human resources in the areas: equal opportunities in the labour market, fighting exclusion from the labour market, fighting youth unemployment;
- **LIFE:** subsidy instrument for the environmental sector.

d) Experiences made with the Funds and with subsidy measures

For the period 1995 - 1999, Austria was granted a total of ECU 1.623 billion from the Structural Funds.

These funds were distributed as follows:

- Objective 1:** the Land Burgenland, with incomes slightly below 75% of the EU average, total: ECU 184 million;
- Objective 2:** zones of industrial decline, particularly former centres of steel and textile production, total: ECU 101 million;
- Objectives 3+4:** labour market policies, total: ECU 395 million;
- Objective 5a:** structural adjustment in agriculture in the context of the Common Agricultural Policy (CAP), total: ECU 388 million;
- Objective 5b:** facilitating the development and structural adjustment of rural areas, total: ECU 555 million.

- As Austria is a relatively prosperous country, it receives less money from the EU than it pays in membership fees. Moreover, cities receive relatively few subsidies since regional aid is mostly directed to rural areas.
- In the Objective 1 area Burgenland, employment increase in the past five years was 5% higher than the Austrian average. However, it is impossible to say to what extent this positive development was influenced by the opening of Austria's Eastern borders.
- It is the Austrian Conference on Spatial Development (ÖROK) which is responsible for preparing and determining the areas eligible for regional subsidy, as well as for the general organisation of regional aid. The ÖROK was set up as a co-operative instrument for spatial planning in Austria under the political management of representatives from the federal state, the Länder and local authorities and has proved highly effective.

- Defining subsidy areas always triggers discussions because it is necessarily connected with economic advantages for the regions.
- In the case of Community Initiatives, there is often a disproportion between projects submitted and subsidies actually granted (e.g. 10:1), i.e. many projects developed received no assistance.
- The administrative costs of managing subsidies were relatively high, sometimes up to 20% of the project costs.
- The final settling of accounts took up to one year and longer.

General evaluation

- For strongly disadvantaged regions, EU regional policies may be very positive, but they do tie down large part of the qualified staff.
- The principle of co-financing may cause considerable problems. In case of large-scale programmes (e.g. in Objective 1 areas), the necessity to provide the required national funds may create bottleneck situations.
- Problems outside the Objectives areas receive only marginal attention because staff resources and funds are tied up elsewhere.

e) Regional Management in Austria

Development of regions depends on a variety of different factors, which can be summarized in three groups:

- Quantity and quality of enterprises;
- Density and quality of technical infrastructure and services;
- Availability and qualification of human resources.

During Austria's economic development in the 70ies, the need arose for a permanent structure to support enterprises in the regions. As a result, regional management was developed.

Regional Management and EU membership

Regional management gained particular significance after Austria had acceded to the European Union. The European Union and its Structural Funds were the new partners in Austrian structural and regional policies, adding to the list of existing regional and national institutions. These partners, however, brought along their own concepts, rules and methods which added to the complexity of the situation and increased the need for information and consulting on the side of the local and regional actors.

Programming, implementation and assessment of Structural Funds programmes are enormous challenges for public administration, its subsidy instruments and project sponsors. Many of the programmes' task descriptions are aimed at regional sponsors, in particular alliances or co-operations of local authorities as well as private service businesses. Their failure to produce high-quality project initiatives resulted in insufficient utilisation of opportunities for regional development and exploitation of available EU subsidies.

In view of this situation and following an initiative launched by the Federal Chancellery the Austrian Länder began introducing regional management to all Objectives areas and expanding the range of objectives and tasks for existing regional management establishments.

Regional management in the Eastern part of Austria is generally applied to NUTS III regions with 100,000 to 250,000 inhabitants, in the Alpine, Western part of Austria it becomes effective in smaller regions with 20,000 to 80,000 inhabitants.

Main tasks of regional management in the initial phases were:

- information on new EU programmes;
- supporting sponsors in complying with eligibility criteria;
- co-ordination and networking of regional actors and concerns to create consistent and balanced strategies and projects;
- transferring concerns and needs of regional actors to sometimes complicated and complex administrative structures and procedures and vice versa.

Innovative Strategies Were Called For

New, integrative strategic programmes were developed for the regions:

- Regional innovation systems, to promote co-operation of institutions and actors working to raise the degree of innovation of enterprises.
- Territorial employment pacts, to promote co-operation of institutions and actors working to raise employment and qualification of the labour force.
- Local Agenda 21 processes, to support local authorities in developing and implementing programmes for environmentally friendly and sustainable regional development.
- Regional Information Strategies (RIS), and Regional Innovation and Technology Transfer Strategies (RITTS), to support regional actors and service providers in increasing availability and utilisation of new telecommunication systems in regional development.

In many cases, regional management served as a platform for these new strategies of regional development and was thus put in a position to provide central networking and co-ordination services for the regions.

Because of Austria's federal structure, where regional politics lie within the competency of the Länder and local authorities, there is no uniform concept or predetermined uniform legal framework for regional management.

Nevertheless, several common denominators can be identified:

| Common characteristics | |
|---|---|
| Orientation towards integrated, comprehensive regional objectives and tasks: | Regional management is based on a transsectoral "integrated" understanding of regional development, where factual and sectoral approaches are integrated to form a holistic regional focus. |
| Bottom up rather than top down: | Regional management exploits the strengths and potential of regional systems, i.e. regional actors' abilities and skills. As a consequence, regional management is sponsored by the regions. |
| Strengthening regional location quality in the international context: | Regional management aims at strengthening regional cycles as well as at developing regional strengths in a wider context. Regional management pursues sustainable and innovation-oriented regional development. |
| Role of intermediary: | Regional management strengthens regional actors in developing and implementing regional strategies and priorities. At the same time, it transfers programmes developed by superior systems (Land, Federal State, EU) to the regions by way of information, motivation and PR activities. It thus acts as an intermediary and "translation" body in a system of co-operative regional and structural policies. |
| Multi-dimensional services for a variety of target groups (customers): | Regional management is a multi-functional service institution for different target groups. |

Currently, there are 27 regional management institutions operating in Austria:

| Land | Number of legally independent regional management institutions |
|---------------|--|
| Burgenland | 1 |
| Lower Austria | 5 |
| Upper Austria | 3 |
| Salzburg | 3 |
| Tirol | 4 |
| Vorarlberg | 1 |
| Styria | 7 |
| Carinthia | 3 |

The vast majority of regional management institutions is sponsored by local authorities (local authority associations) with the exception of Objective 1 region Burgenland, where regional management is governed by the Land. While most regional management institutions are associations, there is a tendency towards establishing "limited liability companies".

SUCCESS FACTORS

Regional Identity and Commitment of Regional Decision Makers

Regional management performs an intermediary role, acting as a solid bridge between regions and superior systems in a state to create added value. The success of this system is based on comprehensive integration of regional decision makers and actors. Their commitment is measured by their willingness to co-finance regional management.

Clear Objectives and Non-Objectives

Many regional management institutions initially set themselves too many ambitious goals to gain acceptance with relevant regional actors. As expectations are high it is important to define what regional management is **not** responsible for:

- regional co-ordination of **all** activities
- successful implementation of EU programmes
- procuring EU millions for the regions

Well-balanced co-operation with four relevant target groups

- regional initiatives and project sponsors
- decision makers and administration at local authorities
- members of parliament at all levels (Land, Federal State, EU)
- regional sources of knowledge (regional services of the economy)

Regional management means "empowering" rather than "doing"

Regional management means supporting regional partners in developing their own strategies and projects by offering them professional services. It provides maximum support with a minimum of management and bureaucracy.

Regional management must be of a minimum size while retaining a lean networking structure.

f) The new Structural Funds Period 2000-2006

General remarks

The EU "Agenda 2000" was passed in the spring of 1999, providing a reform package with emphasis on the following:

- EU enlargement by a total of 12 accession candidates;
- Reorientation of budgets to meet the requirements of the Economic and Monetary Union, bearing in mind new enlargement conditions;
- Reform of Structural Funds as financing instruments for the period 2000-2006.

Accession negotiations with the first group of candidates (Poland, Estonia, Czech Republic, Hungary, Slovenia, Cyprus) began right away, the second group (Latvia, Lithuania, Bulgaria, Romania, Slovak Republic, Malta) followed suit in February 2000. The EU has made provisions in its budget to cope with accession of new Member States, first accessions can be expected for the current subsidy period 2000-2006.

Subsidy objectives and financing instruments

For the subsidy period 2000-2006, objectives were reduced from six to three to increase transparency and simplify administrative procedures.

The objectives are:

- Objective 1:** Promoting the development and structural adjustment of under-developed regions. This Objective remains a priority and has been expanded to include sparsely populated areas.
- Objective 2:** Supporting economic and social restructuring of regions experiencing structural difficulties. This new Objective 2 was created by consolidating the old Objective 2 (restructuring of regions severely affected by industrial decline) with former Objective 5b (easing the development and structural adjustment of rural regions) and has been expanded to include urban problem regions and crisis regions depending on the fisheries sector.
- Objective 3:** Promoting adjustment and modernisation of education, vocational training and employment policies and systems. This new Objective 3 was created by consolidating former Objectives 3 and 4 and by including employment policies. It also meets with the intentions set out in the Treaty of Amsterdam.

The Structural Funds continue to serve as financing instruments, having undergone minor adaptations with respect to the previous subsidy period. Thus, the financing instrument for the guidance of the fisheries sector is now a Structural Fund too. The following Structural Funds are available to promote Objectives 1 to 3:

- **ERDF:** European Regional Development Fund
- **ESF:** European Social Fund
- **EFF:** European Fisheries Fund
- **EAGF:** European Agricultural Fund

In the current programme period 2000-2006, the Structural Funds can grant a total of 195 billion Euro, as decided by the European Council. These are allocated as follows:

- **Objective 1** 69.7% (135.9 billion Euro)
- **Objective 2** 11.5% (22.5 billion Euro)
- **Objective 3** 12.5% (24.05 billion Euro)

The remaining 4.5% have been earmarked as restricted reserves for accompanying measures in the fisheries sector.

In addition to financing the Objectives the Structural Funds are also available for Community Initiatives (5.35% of the Funds budget), as well as for innovative measures (0.65%).

The reform of the Structural Funds also provided for a drastic reduction of Community Initiatives from 16 to 4:

- **INTERREG III:** cross-border, trans-national and inter-regional co-operation to promote harmonious, well-balanced development and spatial planning.
- **LEADER+:** Development of rural areas.
- **EQUAL:** Combating discrimination and uneven distribution of opportunities with regard to labour market access.
- **URBAN:** Community Initiative for economic and social revitalisation of crisis-ridden cities and urban districts to promote lasting urban development.

g) Subsidies (economic promotion)

Under Article 92(1) of the Treaty of the European Community (TEC), any form of government subsidy is prohibited if it distorts or threatens to distort competition by impairing trade between Member States. However, Article 92, § 2 and 3 contains a number of exceptions to this rule. In any case, the Commission must be informed (notified) of all forms of subsidies and then will decide about their admissibility and extent by way of a review procedure. To ease the administrative input in the field of subsidies for Small and Medium-sized Enterprises (SME) (with a maximum of 50 employees for small and 250 for medium-sized enterprises), the Commission decided that subsidy not exceeding EURO 100,000 does not need to be notified (Communication from the Commission of 28th February 1996, published in the Official Journal C 68 of 6th April 96). Subsidy not exceeding a certain intensity (e.g. 15% or 7.5%) is subject to an accelerated procedure (Community framework for government subsidy to small and medium-sized enterprises, published in the Official Journal C 213 of 23rd July 96).

The extent of the subsidy granted comprises both (possible) EU subsidies and all subsidies granted to authorities at whatever level. All reductions of costs normally applying to enterprises are likewise considered as subsidy. Individual payments granted at various times will be considered in the total.

Council Decision 99/659/EC of March 22nd, 1999 (published in the Official Journal No. L 83/1, March 27th, 1999) includes special provisions with regards to implementing Art. 93 TEC and provides a summary of the way the Commission implements it. This Decision applies to subsidies in all sectors, as long as no other regulations exist in other Decisions applicable to specific sectors (shipping, textile, etc.).

The guidelines for granting government subsidies to regional bodies were published in the Official Journal of March 3rd, 1998 (C 74/06). This document aims at simplifying the procedure and at achieving more transparency in view of the large number of different documents published on this issue in the past by providing a summarised and updated version of the guidelines. The subsidies, to which these guidelines apply, are treated differently than other categories of public subsidies (e.g. for research and development, environmental protection, etc.) They may only be granted in certain regions in order to assist their development through promoting investments and creating new jobs within the a framework of focused, long-term and environment-friendly process.

There is a certain degree of unclarity with regards to services of general economic interest (Article 90, § 2), i.e. all public services that normally do not cover their production cost but are necessary for the proper functioning of society. The deficits of these areas are considered as "aid".

It is, however, difficult to delimit these areas, as there exists no final definition of these services, which (at least partially) remains a national, not a Community issue. Basically, however, the private and public sectors must be given equal opportunities. This issue is still under discussion. However, in those areas where the EU has sole competence, it is impossible to invoke the argument of subsidiarity.

One example is the energy sector, in which area monopolies are restricted or removed by opening up the supply networks for gas and electricity. Discussions on the issue of opening up the sector of public passenger transport to competition have been going on for years now, in the course of which the differences between road and rail transport should also be taken into consideration.

As a result of this regulation, Austrian cities and towns are subject to considerable restrictions, at least when it comes to supporting large-scale investments in the private sector the and the operation of municipal enterprises.

| Admissible subsidy to SMEs, broken down by size of enterprise and location (not applicable to sectors covered by special provisions of the Community on government subsidy) | | | | | | |
|---|--------------------|------------------------------|---|---|--|---|
| Category | Size of enterprise | Turnover (in million ECU) | Balance-sheet total (in million ECU) | Admissible aid | Subsidy area | Remarks |
| Purpose of aid | Employees | | | Non-subsidy area | | |
| "de minimis" | unlimited | unlimited | unlimited | EURO 100,000 within three years after the first "de minimis" aid | | no submission, no effect on other subsidies |
| material investments (=capital investment or take-over of an enterprise threatened by close-down) and intangible assets in the form of technology transfer | = 50 | = 7 | = 5 | 15% gross outside nationally subsidised areas | Admissible maximum regional aid volume (for large-scale enterprises) + - 10% (Art. 92 para 3 lit. c) | Submitted acc. to Art. 93 para 3 of EC Treaty |
| | = 250 | = 40 either/ | = 27 or | 7.5% gross outside nationally subsidised areas | (absolute maximum threshold 30% net) - 15% (Art. 92 para 3 lit. a) absolute maximum threshold: 75% net) | |
| Aid for counselling, training, etc. excluding intangible assets and aid without incentive character | | | | 50% of counselling costs, etc. | | |

h) Public procurement

In order to complete the Internal Market and safeguard free movement of goods, services and persons, public procurement must likewise be opened to general competition. Since 1970, several directives have provided the legal basis for this opening. This basis however remained without effect until additional directives were issued, which enabled enterprises, affected by this disregard, to initiate formal legal proceedings leading to the awarding of damages. However, the directives only apply if the contracts to be awarded exceed a certain volume. The threshold values are Euro 200,000 for public supply and service contracts, and Euro 5 million for public works.

In practice, this means that contracts exceeding these thresholds presuppose a call for tender in the entire EU territory. A specific information procedure was designed for this purpose. While public authorities in the past could apply additional criteria when awarding contracts, e.g. commissioning above all enterprises within their own municipal area or region, thereby safeguarding local employment, competitors from the entire EU must now be taken into account. To avoid problems, the services/works to be executed must be precisely described. Future maintenance and service work, too, may be included in the tender, thereby permitting local entrepreneurs to turn their physical proximity into an advantage.

A separate directive covers public procurement in the water, energy, transport and telecommunications sectors, since these facilities are partly subject to public law and partly to private law. The threshold values for these sectors are: Euro 400,000 for service and supply contracts of operators of energy, transport and drinking water networks and Euro 600,000 for the telecommunications sector. The threshold value for public works contracts remains unchanged at Euro 5 million.

Currently, the following directives should be observed

- Council Directive 93/36/EC of 14th June 1993 concerning the co-ordination of procedures for the award of public supply contracts;
- Council Directive 93/37/EC of 14th June 1993 concerning the co-ordination of procedures for the award of public works contracts;
- Council Directive 93/38/EC of 14th June 1993 concerning the co-ordination of the procurement procedures of entities operating in the water, energy, transport and telecommunications sectors (all published in the Official Journal L 199 of 9th August 1993);
- Council Directive 92/50/EC of 18th June 1992 concerning the co-ordination of procedures for the award of public service contracts (published in the Official Journal L 209/1 of 24th July 1992).

To implement the provisions laid down in the four above-mentioned directives, another two so-called remedy directives were adopted to provide for the establishment of institutions offering legal remedy in case of infringements of public procurement procedures:

- Council Directive of 21st December 1989 on the co-ordination of the laws, regulations and administrative provisions relating to the application of review procedures to the award of public supply and public works contracts (89/665/EC, published in the Official Journal L 395/33 of 30th December 1989);
- Council Directive 92/13/EC of 25th February 1992 co-ordinating the laws, regulations and administrative provisions relating to the application of Community rules on the procurement procedures of entities operating in the water, energy, transport and telecommunications sectors (published in the Official Journal L 76/14 of 23th March 1992).

Two further directives were adopted under the multilateral agreement on public procurement to liberalise and expand world trade, thereby adjusting the prevailing legal system:

- Directive 97/52/EC of the European Parliament and the Council of 13th October 1997 amending directives 92/50/EC, 93/36/EC and 93/37/EC, co-ordinating the procurement procedures for the award of public service contracts, public supply contracts and public works contracts (published in the Official Journal L 328 of 28th November 1997);
- Directive 98/4/EC of the European Parliament and the Council of 16th February 1998, amending directive 93/38/EC, co-ordinating the procurement procedures of entities operating in the water, energy, transport and telecommunications sectors (published in the Official Journal L 101 of 1st April 1998).

The complexity of the procurement provisions provoked vehement criticism on the part of the Member States, so that the Commission felt obliged to propose several modifications in a Green Book. Inter alia, critics complained that the directives were confusing because of numerous amendments; that low thresholds resulted in high administration costs in relation to marginal cost cuts, thus causing more costs than benefits; and finally, that the award procedures in several areas were overly cumbersome. Local authorities additionally complained that they did not conduct large-scale public works very often; as a result, the provisions of the public works directive would not be applied frequently enough to ensure that their staff was familiar with the regulations. Regarding the public supply co-ordination directive, it was criticised that the low threshold did not encourage wide participation of enterprises despite public tenders across the EU. Discussions were also triggered by the abolition of "local preferences", i.e. the prioritisation of local enterprises. This, however, had already been reduced before in the big cities. On the other hand, the increased transparency of contract awarding and pan-European procurement was also explicitly welcomed. The European Commission Communication "Public procurement in the European Union", published on March 11th, 1998, has provisionally put an end to this debate. Therein the Commission outlined several initiatives aimed at "simplifying" the directives, such as through interpretative documents and, should this not meet the expectations, through amending the regulations, conducting training measures, or introducing information and communication technology. The first step in this direction consisted of drafting an

interpretative document with regards to concessions and public-private partnerships, which is currently being discussed.

The Commission intends to propose a number of clarifications regarding the public procurement directives and also to suggest some amendments.

i) The right of all EU citizens to vote and to stand as a candidate in municipal elections

Article 8b of the Treaty establishing the European Union states the Union citizens' right to vote and stand as a candidate in municipal elections. With the votes of all Member States this was adopted as a primary right of the Community. This also curtailed discussions within the Member States and proved that certain issues are difficult to implement politically in the individual Member States, whereas a common approach on Community level is sometimes needed in order to reach decisions on such controversial topics.

Substantively, Article 8b does not aim at harmonising the legal provisions of the individual Member States; it rather intends to eliminate existing legal obstacles and reservations at local or national level. On the basis of the principle of equal treatment of all Union citizens, § 1 of Article 8b states that "every citizen of the Union residing in a Member State of which he is not a national shall have the right to vote and to stand as a candidate at municipal elections in the Member State in which he resides, under the same conditions as nationals of that State".

The provision of Article 8b contains the two classic preconditions for the exercise of the active and passive right of vote: nationality and residence. The important new, "European" element lies in the fact that the concept of nationality is indirectly separated from that of the national state and lifted to a Union level. Thus the actually determining element is no longer nationality of an individual Member State but rather citizenship of the Union. However, nationality of a Member State is still the prerequisite for holding Union citizenship.

The details of the implementation of the provisions contained in Article 8b were laid down in 1994, upon proposal from the European Commission and after consulting the European Parliament, in a separate directive outlining detailed arrangements for the exercise of the right to vote and to stand as a candidate in municipal elections by citizens of the Union residing in a Member State of which they are not nationals (directive 94/80/EC of 19th December 1994). This was to become national law in all Member States by 1st. January 1996 at the latest.

The directive contains the following principles:

- The provisions of the directive only refer to municipal, not to regional or national elections;
- The right to vote and stand as a candidate is voluntary, i.e. it depends on the Union citizen's own initiative whether he/she is entered into the respective voting list or not. For this purpose, the Member State of residence shall inform all persons entitled to vote and stand as candidates in due time and in a suitable manner about the conditions and details of exercising their right of vote in municipal elections;

- The conditions for exercising the right of vote should be the same for non-nationals as for nationals of the country in which the elections take place (principle of equal treatment of nationals and non-nationals). This refers in particular to a possibly prescribed minimum duration of residence in the municipality in which the elections take place;
- The national state's provisions concerning its own nationals are not affected, in particular if these reside outside the territory of their Member State of origin. This permits "parallel voting", i.e. citizens of the Union may participate in municipal elections in their Member State of origin despite being residents of another Member State, in which they likewise are entitled to vote and stand as candidates in municipal elections;
- Under the directive, the right of vote in municipal elections for citizens of the Union is to be implemented in the context of territorial authorities of the lowest level. In keeping with the national legal provisions, these territorial authorities of the lowest level must dispose of organs elected in general, direct elections and have competence for the independent administration of local affairs at the lowest level of political and administrative organisation.

Inter alia, this led to the municipal right of vote being implemented at the district level, e.g. in the German "city-states" Hamburg and Berlin, as well as in Vienna, which is both municipality and Land and where many municipal officials are at the same time officials of the Land Vienna.

Quantitatively, this provision had only slight consequences: of approximately 1.1 million citizens entitled to vote in Vienna, only about 15,000 are EU citizens entitled to vote, while the total number of foreigners living in Vienna (all age groups of EU nationals and non-EU nationals) is nearly 250,000.

The right of EU citizens to participate in municipal elections did not trigger any political discussions in Austria.

Legally speaking, the relevant provisions were merely adapted by extending the right of vote in municipal elections to "citizens of the Union".

In addition to the right to stand as a candidate in direct elections for the European Parliament, the right of citizens of the Union to participate in municipal elections is regarded as a clear and evident element of the development of the European Union towards a "political" Union and may certainly be viewed as an important step towards a "Citizens' Europe".

j) Right of establishment, free movement of workers and acquisition of land by foreigners

The right of establishment refers to the pursuing of activities as self-employed persons and the management of undertakings. Under this right, the citizens of the Union are entitled to set up and manage an enterprise in any Member State; this also relates to the purchase of the required production and accommodation facilities. The right of residence linked to the right of establishment moreover extends to the family and dependants of the self-employed

person. The mutual recognition of professional qualifications and diplomas is also closely linked to the right of establishment.

Under the right of free movement of workers across the Community, workers holding the nationality of a Member State and employed in the territory of another Member State enjoy the same rights and privileges as nationals of that Member State with respect to the accommodation required by them, including the acquisition of a dwelling.

Although the legal provisions on property acquisition, sale and transfer do not constitute a separate matter under EC law, this legal issue is substantially affected by the fundamental freedoms of the EU and by the general prohibition of discrimination laid down in EC law (Art. 6 § 1 TEC).

- To implement the right of establishment, Art. 54 § 2 of TEC stipulates that every citizen of an EU Member State may acquire and use land in the context of the exercise of his/her occupation. According to the jurisprudence of the European Court of Justice (ECJ), the right of foreigners, who are also EU nationals, to acquire land does not only extend to production facilities but also to the private residence of the self-employed person established in another Member State;
- The free movement of workers enables workers from other EU Member States to acquire land in a Member State for the purpose of living there;
- Moreover, the capital movement directive (88/361/EC), adopted to implement the free movement of capital, enables private citizens of any EU Member State to invest in real property in any EU Member State to the same extent as nationals of that Member State.

The free movement of capital, however, can cause problems for the Member States if - e.g. due to dramatic price differences or specific characteristics of the landscape - second homes begin to proliferate while the access to the real property market is limited for local population groups with inferior purchasing power, e.g. as a result of a possible price increase. For this reason, Member States have instituted provisions to regulate the acquisition of land by citizens of the Union for the purpose of establishing second homes. But it is prohibited to prevent the acquisition of land by citizens of the Union for the purpose of capital investment.

Within the scope of application of the EC Treaty, the general prohibition of discrimination under Art. 6 § 1 TEC bans all forms of discrimination on grounds of nationality. This also comprises the so-called "hidden" discrimination which occurs if legal provisions are linked to conditions that can be regularly complied with only, or at least considerably more easily, by nationals. Therefore citizens of the Union legally entitled to stay in the territory of a Member State for a longer period of time (these are retired persons and financially independent persons including their families under the 1990 "residence directives") can not be prevented from acquiring land in that Member State for their main place of residence.

Restrictive provisions on land use - e.g. under regional planning concepts, building codes or land zoning and development plans - remain a national competence but must be applied

equally to foreigners and nationals. This means that restrictions of second homes (must) apply both to citizens of the Union and nationals as stipulated by the prohibition of discrimination.

In the agreement on Austria's accession to the European Union, the following provisions were adopted regarding the problem of second homes in this country:

- Austria may prolong the existing provisions on second homes for a period of five years after the accession date;
- Austria is entitled to apply restrictions regarding second homes if these are required for reasons of regional planning, land use and environmental protection, and if these are applied without direct or indirect discrimination of nationals of other Member States.

Independently of the EU provisions, "special levies" for second homes were introduced in some Länder in western Austria in order to set up an additional instrument. For example, in the Land Vorarlberg, the second-home levy can amount to as much as ATS 85 (Euro 6.2) per square metre and year, depending on the municipality's tourism volume.

By the beginning of 1999, the much-feared "take-over" of Austrian residential land by foreigners has not taken place. However, the fact that Austrian citizens are subject, like other EU nationals, to new restrictions with regards to their second homes, remains a major problem.

k) New framework conditions for local authorities in the environmental sector

The principle guidelines of the EC environmental policy are defined in the "Environmental Action Programmes". The "5. Environmental Action Programme" currently in place was elaborated following the outcome of the 1992 UN Summit in Rio. Its objective is to ensure that European environmental policy operates in accordance with the principle of sustainable development and that this approach is introduced into other Community policy areas, such as economic and regional policy.

The Programme is thus designed to counterbalance the tendency of regarding environmental policy as the only tool for improving or preserving the environment, whilst ignoring the considerable impact of other actors, such as transport, energy and agriculture.

The main principles of the 5. Environmental Action Programme are the following:

- the polluter-pays principle;
- the prevention principle;
- the precaution principle.

Actions were proposed to tackle the following "Themes and Targets": climate change, acidification and air quality, protection of nature and bio-diversity, management of water resources, urban environment, waste management, coastal zones. Special efforts should be made to implement environmental policy primarily in the sectors industry, energy, transport, agriculture and tourism.

The Programme also recommends that new instruments be developed in the field of environmental protections, notably financial instruments. One example is the proposal to identify the "real costs" caused by transport by way of including the "external costs" into the calculation.

According to the evaluation of the achievements, conducted by the European Environment Agency, improvements were registered in several fields (cross-border air pollution, water quality, acidification, ozone-depleting substances), whereas in others, such as climate protection, protection of nature and bio-diversity, the situation remained unsatisfactory.

The "6. Environmental Action Programme" currently under preparation is expected to set the future environmental priorities in a broader context for a larger European Union.

The principles of environmental legislation

The European Union environmental legislation consists of framework legislation (framework directives) in the main fields, complemented by single directives relating to the sub fields. A body to overlook the implementation of environmental law will be soon set up.

The following can be said with regards to the above-mentioned fields and the scope of implementation in Austria:

Waste

Resulting from the perception that dumping waste caused high follow-up costs, that the industry needed to look into more efficient ways of reusing materials from an economic point of view and that the consumer's approach was of high importance as well, the prevailing attitude towards waste management at European level now sets a clear hierarchy of possible measures: first comes waste prevention, followed by recycling, whereas disposal is the least favourable treatment.

Framework Directive on Waste (75/442/ECC amended by 91/156/ECC)

This directive is implemented under the federal waste management law and the corresponding Länder laws. The directive aims at protecting human health and the environment against negative effects of the collection, transport, treatment and disposal of waste. In addition, the recovery of resources is to be promoted and the polluter-pays principle applied. The avoiding of waste is prioritised over its recycling or disposal.

Directive 94/62/EC on packaging and packaging waste

The packaging directive prescribes recycling quotas (regarding both the material itself and through incineration) for packaging waste (50 to 65 percent in weight) as well as material recycling quotas (25 to 45 percent in weight, at least 15 percent for each material). In Austria, the packaging directive is implemented through two packaging ordinances. This presupposes organising the separate collection and recycling of this waste. The local authorities provide space for private collection (sometimes also containers). Packaging waste is usually collected by private companies and in some cases by the municipalities themselves.

Directives on waste incineration (94/67/EC, 89/369/ECC, 89/429/ECC)

The volume of waste incinerated in the EU has more than doubled between 1990 and 2000 from annually 31 Million tons to 65 Million tons respectively. This increase is due to both larger quantities of waste being produced and less waste being dumped. The example of the number of waste incineration plants (400 in the EU, out of which 200 in France) demonstrates the fact that the prevention principle does not always prevail.

There are currently three directives in place on waste incineration (94/67/EC - incineration of hazardous waste; 89/369/ECC - prevention of air pollution from new municipal waste-incineration plants; 89/429/ECC - reduction of air pollution from existing municipal waste-incineration plants). A new directive is currently being prepared, which will set emission limits regardless of the kind of the incinerated waste. The importance of this proposal for local and regional authorities is not only evident with regards to its introducing stringent operating guidelines for the incineration process (temperature, etc.) and the obligatory use of combined heat and power. The proposed directive furthermore provides a clear definition of co-incineration plants, thus ensuring that all kinds of waste incineration are covered by the scope of the new directive. The latter is of high relevance to local and regional authorities, since private incineration plants clearly compete with the ones run by municipalities. While implementing the directive on incinerating hazardous waste, it was necessary to ensure that private co-incineration plants, applying lower standards and operating at lower costs, did not undercut municipal incineration plants applying higher emission standards. It is technically impossible to set absolutely identical emission limits for incineration and co-incineration, yet a regulation was introduced to ensure that limits become more stringent the more waste is being incinerated. The new incineration directive will probably be adopted in 2000 and come into effect in 2005.

Emission limits will be introduced ,inter alia, for CO, dust, heavy metals and dioxin.

Directive on the landfill of waste (99/31/EC)

The directive must be implemented by July 2001 and prescribes:

- treatment of waste prior to landfilling;
- progressive reduction of bio degradable waste;
- collection of landfill gas;
- separation of hazardous from non-hazardous waste;
- landfill pricing should consider the costs for later treatment (e.g. for closure);
- car tyres, hospital waste and liquid waste must not be landfilled.

In general terms, this directive corresponds to the landfill directive already adopted in Austria and to the provisions for existing landfills. The landfill fees charged in Austria are set according to the kind of waste and the site's technical standard and are used to finance the treatment of old damages (landfills and others). Since the start of this programme in 1989, applications for investments totalled ATS 8.8 billion, some ATS 4 billion were granted and ATS 1.5 billion were already paid for rehabilitation projects currently running and/or already completed. These vast follow-up costs have influenced Austrian legislation to the effect that,

starting 2004 (in some exceptional cases as of 2008), all waste will be subject to thermal treatment prior to being landfilled. This again will result in financial setbacks for those municipalities which invested in high-standard landfill sites.

The following proposals are currently being discussed:

The end-of-life vehicles directive, which mainly regulates the take-back schemes and recycling targets of used cars in accordance with the polluter-pays principle.

The batteries directive (amended version of 91/157/ECC, 93/86/ECC, 98/101/EC), mainly aimed at widening the scope of the directive to cover all batteries and accumulators. (limits on cadmium, high targets with regards to collection and recycling of batteries).

The directive on waste from electrical and electronic equipment (WEEE)

Main topics: take-back schemes, eliminating heavy metals, recycling targets.

Being a regulation (not a directive), **the regulation on the shipment of waste** is directly applicable in all Member States. It defines the rules for the shipment of waste inside and outside the European Union and bans any cross-border transport of waste for disposal, yet permits such transport for the purpose of recycling. Austria's principle approach is to solve waste problems on the spot, thus no export nor import of waste is allowed.

Water

A Common Position was reached by 1999 with regards to the proposed **Directive establishing a framework for Community action in the field of water policy (Water Framework Directive)**, covering all aspects of water management. This Directive, which will most probably be adopted in the year 2000, provides a unified instrument in accordance with modern approaches towards water protection and the principles of sustainable water management. Thus water is regarded from an ecological point of view and not solely in relation to its use in different fields.

The Directive aims at achieving the following main objectives:

- high quality of all water bodies in the European Union within 16 years;
- no change for the worse in any of the fields affected;
- sustainable water management based on water basins;
- Measures aimed at achieving high quality and a new approach with regards to some substances (e.g. nitrates);
- cost-covering pricing;
- List of prioritised substances to be eliminated from emissions.

In order to achieve these objectives, a variety of measures will be implemented, which do not always correspond with the traditional Austrian water management concepts. In Austria, municipalities are responsible for the drinking water supply and for the collection and treatment of waste water. They often form associations at administrative level in order to be

able to cope with these tasks. Pricing is calculated in principle to cover the costs, including investments and operating costs, yet, unlike the provisions proposed in the Directive, excluding environmental and resources costs. The latter were included in the Directive in order to avoid subsidies for the agriculture sector and the industry through water pricing in countries facing water problems in terms of quality and/or quantity. The Directive nevertheless provides ways of addressing the social, ecological and economic effects of cost-covering pricing. Local authorities may be faced with a major problem in case the provisions of this Directive were to be strictly implemented. On the one hand, the overall use of water by municipalities (drinking water, hydraulic power, waste water treatment) will need to be priced at a cost-covering level, and on the other hand other users, such as the agriculture sector, whose diffuse pollution can hardly be traced. The Austrian Association of Cities and Towns will therefore pay special attention to these aspects in the negotiations on implementing the provisions of the Water Framework Directive in Austria.

The Directive will at any rate ensure more transparency in water management, also vis-à-vis the citizens. It considers public participation and awareness building measures to be a major element of promoting the idea of sustainability. The Directive should ensure a good quality of all water bodies within the Community within 16 years. Nevertheless, the fact that it does not aim at achieving a very good quality, nor a minimum level of processing (cleaning) for drinking water, calls for criticism. Providing drinking water which does not need processing would correspond to the principles of prevention and avoidance, whereas water processing results in much higher prices and is contrary to the polluter-pays principle.

Drinking Water Directive (98/83/EC)

This Directive must be implemented in Austria by the end of the year 2003 and will necessitate some changes.

Amongst others, the limit values for lead and tri-halogenated methane (decay products of chlorination) will be gradually lowered over a period of 5 (10) years. While the limit values for tri-halogenated methane present no problem in Austria, lead conduits (lead distributors in front of buildings) may require increased investments, since old lead pipes need to be exchanged. Lead enters drinking water predominantly through water remaining in lead pipes for a long period of time.

The Member States have met their obligations if the water in their distribution systems does not exceed the limit value. While exchanging the pipes in the buildings themselves is regarded as desirable, it is not compulsory and probably only makes sense in the context of general rehabilitation measures for entire buildings.

According to an inquiry conducted amongst water providers by the Austrian Association of Gas and Water Companies (ÖVGW), the number of house connections made of lead pipes in Austria in the mid 1990s amounted to approx. 35,000 units, about 22,000 of which were installed in Vienna. However, these are mostly only a few metres long. The cost of exchanging one house connection is estimated at roughly ATS 30,000 (Euro 2,200) per unit. For example, the City of Vienna is conducting a programme to replace approximately 2,500 connections annually.

Across the whole EU, the aggregate cost for such projects is estimated at Euro 70 billion, of which Euro 10 billion must be spent on modernising the distribution systems. With an estimated cost volume of Euro 13 billion, the United Kingdom would be strongly affected.

The limit value for nitrates (50 mg/l) in drinking water can be kept in most parts of Austria.

Directive concerning urban wastewater treatment (91/271 EC)

Already before Austria's accession to the European Union, legal provisions in the wastewater sector had to be adapted. Although strict environmental regulations and their implementation constitute a main prerequisite for good quality of life, they usually entail high costs that are not always easy to finance. Despite the already good standard achieved, Austria's required investment volume in the overall water sector for the next 15 years was estimated at ATS 250 billion (Euro 18.25 billion). This amount comprises both the continuation of the regular investment volume (approx. ATS 10 billion (Euro 730 million) annually) and the adjustment to the EC standards for water and wastewater. To meet this increased volume (of currently ATS 15 - 18 billion (Euro 1.1 - 1.3 billion) annually), it was first of all necessary to create suitable financing instruments, as such amounts cannot be covered by the municipalities and users on their own.

Currently Austria and the European Commission have different perceptions on whether or not this directive may be regarded as actually implemented in Austria. Under Article 169 TEC, Austria was required to answer for certain implementation deficits. According to the EC directive, all municipalities with more than 5,000 inhabitants must be provided with sewage systems until the end of 2000, municipalities with over 2,000 inhabitants must complete this by the end of 2005. This requirement has been met by Austria.

All municipalities with more than 15,000 inhabitants (until the end of 2000) and more than 10,000 inhabitants (until the end of 2005) must dispose of secondary treatment facilities, i.e. a biological purification process. Late 2005 is furthermore the deadline for the introduction of secondary wastewater treatment for all municipalities with 2,000 to 10,000 inhabitants whose wastewater is emitted into inland waters (or estuaries).

According to the Commission, Austria has not fully complied with this requirement with respect to deadlines and municipality sizes. In its turn, Austria argues that its aggregate protection standard is higher than that required under the EC directive, and that the scope of application of the Austrian provisions covers all domestic wastewater, not only that of municipalities with more than 2,000 inhabitants. Moreover, the environmental promotion law safeguards the timely financing, which in turn secures the establishment of municipal wastewater treatment plants.

Of the 631 existing treatment plants in Austria, 626 facilities (99%) comply with the requirements of the municipal wastewater directive (secondary treatment) while 46% of these have even set a higher standard than that stipulated by the directive under the first Austrian wastewater emission ordinance. Austria is still awaiting the answer of the European Commission to these arguments.

In order to comply with the provisions of the guideline all over the European Union, investments in sewage systems (52%) and sewage treatment plants (47%) amounting to Euro 130 billion will be needed between 1993 and 2005.

The increasing number of sewage treatment plants brings about a raise in the volume of sewage sludge produced, accepted to amount to 8.3 million tons of dry substance by the year 2005. The European Commission is currently considering measures to adapt the 1986 Sewage Sludge Directives to the changed circumstances. The use of sewage sludge should be regulated via the introduction of limits on heavy metals and organic compounds, guidelines for its treatment will reduce the hazards of the dissemination of pathogenic agents.

Trans-sectoral regulations

IPPC Directive (Integrated Pollution Prevention Control Directive) (96/61/EC)

The IPPC directive applies both to new and existing facilities. To safeguard a high protection standard for the environment in general, the effects of facilities impacting the environment are to be comprehensively reviewed to prevent the shifting of emissions from one medium (air, water, soil) to another. The stipulations for granting licenses must be based on BAT (Best Available Technique) requirements. The immission-side approach of the IPPC directive caused some discussion, as this would permit to emit more pollutants in less polluted areas than in areas with high levels of pollution.

The provisions of the IPPC Directive, complemented by the amended "Seveso II Directive" and the amended "Directive on the assessment of the effects of certain public and private projects on the environment" will be integrated into a new Austrian law on the operation of plants. The first draft of this legislation was rejected by the Austrian Association of Cities and Towns as its provisions included shifting the competence of granting building permits for plants from the local level (i.e. the mayor) to the Länder.

General problems related to the integration of EC environmental legislation into the Austrian system

The Community environmental standards are largely composed of directives that must be implemented in national law. Only regulations may be directly applied. In practice, this means that provisions strongly influenced by conditions prevailing in another country are more difficult to incorporate into Austrian law. Examples include the framework directive on water management and the IPPC directive.

In general, the fact that regulations originate from European level brings about an increase in the volume of necessary reporting and informing vis-à-vis the citizens, which again calls for extended activities in this field on behalf of local and regional authorities.

l) New framework conditions for local authorities in the fields of electricity and gas management and of public transport

Directive on the internal market in electricity

In 1996, the European Union began an extensive liberalisation move of the energy sector by adopting the Directive concerning common rules for the internal market in electricity (96/92/EC). This entails the possibility of purchasing electricity all over Europe in a free market and transporting this energy, against payment, through existing networks. The main objective was opening up the market for big consumers (more than 100 GW annually) as of February 1999 and for smaller consumers gradually by 2003.

Originally, Austria's structure, with its municipal, regional and national levels and area monopolies, could hardly comply with this directive. A large part of energy supply - in particular in medium-sized and big cities - is implemented by municipal enterprises, which partly produce energy on their own, partly only distribute it. These enterprises are either entirely or partly owned by the respective town or city. It was therefore clear that the interest of these enterprises, and of the towns and cities, was to benefit from the opening up of the energy sector. The objective was to ensure that not only large-scale industry, but also medium-sized companies and private households benefited from lower energy prices. Following long and difficult political debates, the "law on the organisation of electricity management" was adopted by the Austrian Parliament in June 1998.

As far as local authorities' interests are concerned, the following could be reached:

- As of 2003, almost all municipal power supply companies, irrespective of whether they are producers or distributors of energy, may purchase energy in the free market;
- Existing power supply agreements between power supply companies remain in force until the end of 2003. However, the prices will be gradually brought down to market-price level by the year 2004;
- Co-generation plants, which are of great importance for cities, will receive priority within the energy supply network;
- The bodies representing the interests of local authorities (The Austrian Association of Cities and Towns and The Association of Austrian Municipalities) hold one seat each in the advisory board on power management, which deliberates all principal issues of energy management.

Yet another important point lies in the fact that the increased competition will cause the energy prices to fall by estimated 20%, which will make it difficult for local authorities to subsidise public transport out of the profits of their energy supply enterprises, as they have been doing over a long period of time. The amount in question is roughly the same as that provided by the Federal level for supporting public transport companies in the bigger towns and cities (excluding Vienna).

Experience gained up until now shows that a concentration process is currently taking place, in the course of which municipal electricity suppliers are forced to fight for market shares and revenues, at times also in other business fields.

Directive on the internal market in natural gas

The EC directive concerning common rules for the internal market in natural gas (98/30/EC) will soon be implemented in Austria. Similar to the regulations in the directive on the internal market in electricity, here, too, the Member States will be entitled to designate "licensed customers". This should at any rate apply to operators of gas-fired electricity plants and other customers using more than 25 million cubic meters of gas annually.

The first draft for the national regulation in Austria suggested a total (100%) opening up of the market. This would have brought about financial setbacks to the municipal providers, who tend to sign long-term contracts in order to ensure the supply.

The Austrian Association of Cities and Towns thus suggested that a gradual gas-market liberalisation be introduced, making allowance for long-term contracts as well as for technical standards and the obligations of providers to guarantee connections and supply. Municipal gas providers and operators of gas power plants must soon be entitled to act as free customers in the gas market and purchase gas at lower prices for the benefit of consumers and SMEs.

Analogue to the regulations achieved with regards to the energy sector, a multi-stage plan should be elaborated to ensure:

- a fair gas price for municipal suppliers and their customers;
- a supply guarantee and provision of service on the spot.

A new draft of the Austrian implementation is expected by mid 2000.

Impacts on public urban passenger transport

The public urban passenger transport is a major expenditure heading in the budgets of Austrian cities and towns. It is usually run by municipality-owned companies, notably in the bigger Länder capitals. According to a study conducted by the Federal Ministry of Science and Transport, this expenditure amounts to annually more than ATS 5 billions (some Euro 360 million), excluding the investments for constructing the Vienna subway. The Vienna Technical University estimates that some ATS 2 billion (some Euro 145 million) out of the total were financed through the surpluses of municipal energy providers.

The liberalisation of the electricity and gas markets will no doubt lead to lower prices which will jeopardise this system. Municipal providers of public passenger transport will thus be faced with severe financial difficulties.

The European Commission has announced its intention to amend Directive 1191/69/ECC (as amended by 1893/91/ECC), which regulates the subsidies to public services. These amendments should also be applicable to the sector of public passenger transport.

In principle, the European Commission favours the introduction of free-market structures including calls for tenders and cost-covering prices. The Member States are less enthusiastic, as they fear that such an approach might result in reduced quality. Should liberalisation come into power, Austria will no doubt insist on introducing stringent quality standards with regards to consumer friendliness, environmental considerations (air, noise), energy efficiency and security.

m) Financial effects of EU accession

Effects on the budgets of local authorities and the Länder

On the occasion of Austria's EU accession, the federal government insisted that the local authorities and the Länder share the financial burden of accession. This is mainly of importance since Austria is a so-called "net payer", that is, it pays more into the budget than it gets back. With respect to the moneys the country receives, however, it should be borne in mind that only a small part of it returns to the public sector, which is, in fact, the actual payer of the EU contribution. It is others - the agricultural sector, subsidised industrial enterprises - which benefit from the greater part of EU funds. Furthermore, EU subsidies must be supplemented by national funds (co-financing), which causes yet additional budgetary burdens.

The representatives of local authorities opposed this co-financing of Austria's membership in the Union for a long time and eventually achieved an arithmetic reduction of the burden, which is the basis for the figures presented in the following table.

| Financing of EU membership payments (in ATS billion) | | | | | |
|--|-------|-------|-------|-------|-------|
| | 1995 | 1996 | 1997 | 1998 | 1999 |
| Membership payments, total | 18.76 | 26.94 | 31.56 | 26.23 | 29.15 |
| of which by the Länder | 4.13 | 5.57 | 5.70 | 5.44 | 5.88 |
| by local authorities (net) | 0.71 | 0.89 | 0.93 | 1.00 | 1.00 |
| by federal government | 13.92 | 20.48 | 24.93 | 19.79 | 22.27 |

Taking into account the EU membership payments and funds flowing back into the country in favour of the agricultural sector, as well as within the framework of the three Structural Funds (EAGGF, ERDF, ESF) - in the case of Austria, EU regional and structural funding for the programme period 1995 to 1998 amounts to ATS 21.3 billion (Euro 1.5 billion) - the overall balance shows that Austria's annual net contribution to the EU amounts to approximately ATS 12 billion.

Effects related to municipal taxes and services

Basically, the 6th VAT directive and the consumer-tax system directive are of importance for local authorities, since these instruments prohibit the levying of similar charges or prescribe a narrow leeway for such charges.

The 6. VAT directive

In connection with the 6th. VAT directive, the Austrian VAT had to be harmonised. This resulted in changes inasmuch as privileges for services formerly exempt of VAT in Austria and relating to child-care and health-care needed to be reviewed. The VAT paid upon purchase of goods and services in these fields was no longer deductible, which would have naturally increased the prices of these politically highly sensitive goods and services. In order to avoid such developments, extensive reviews of the taxes paid by the health-care sector took place and an internal national system was created to absorb these changes.

The tourism charges, levied in some Länder in order to promote the tourist industry, were examined by the European Court of Justice following a legal procedure instituted by taxpayers. The Court confirmed that the tourism charges comply with Community law.

The Consumer-tax system directive

As to the beverage tax, which is levied by Austrian local authorities both on alcoholic (10%) and non-alcoholic beverages (5%) and on ice cream (10%) upon sale to the end consumer in retail trade and restaurants it has proved to be not compatible with Community law. With respect to this issue, the European Commission clearly emphasised, during the pre-accession negotiations, the EU-conformity of the Austrian system.

Despite this, the European Court of Justice has decided on March 9th, 2000 that the beverage tax as far as alcoholic drinks are concerned does not comply with the Consumer-tax directive. This means a loss of 4.4 billion ATS (some 300 million Euro). Although new revenues will be available, there remains a net loss of more than 1 billion ATS (some 80 million Euro). In addition there is still a problem of repayment of taxes collected since 1995.

The big difficulty is to get sufficient compensation in a time when it is popular to lower or abolish taxes even when it had been promised before to get full compensation in the case of a negative decision. Discussions are (end of March 1999) still going on and it is to hope that an even more severe blow on local finances can be avoided.

The advertisement tax

Reportedly, Austrian enterprises also lodged a complaint with the European Commission with regards to the advertisement tax levied on advertisement.

Municipal taxes - a summary

While the required harmonisation work in the child-care and health-care sectors could be sufficiently clarified during the accession negotiations with the European Union, and partly solved through the introduction of transition periods, no such clarity could be achieved in the accession agreement with regards to the EU-conformity both of some tourism charges and the beverage tax. Looking back, it would have therefore been advisable to have those municipal charges, which were considered EU conform by the European commission during the pre-accession negotiations, explicitly determined and declared as such in the accession agreement itself. Alternatively, transition periods should have been established in order to avoid later interpretation problems and risks for local authorities.

European Monetary Union

As of 1st January 1999, Austria participates in the 3rd phase of the Economic and Monetary Union (EMU) and has introduced the Euro. However, the participation of a state in the EMU presupposes compliance with five stability criteria. Austria had no problems complying with the following criteria:

- the level of long-term interest rates;
- the exchange-rate stability;
- the inflation rate.

Yet it was necessary to make some adjustments with regards to public budgets.

- Firstly, the overall public debt amounting to roughly 70% of gross domestic product (GDP) was higher than the allowed maximum of 60% and thus had to be reduced. The current level in Austria is 64.6%.
- The biggest difficulty however was to reach an annual deficit not exceeding 3% of GDP. Amounting to 5.1% in 1995, the deficit was down to 1,9% in 1997.
- The term "public deficit" comprises the budgets of the federal government, the Länder, the local authorities, as well as some other public institutions, such as social security funds. This means that if public deficit is to be reduced, local budgets may have to be restricted, too.
- The admissible deficit-sharing was politically agreed in February 1996. The federal government was entitled to assume 2.7%, the Länder and local authorities were allowed to "use" 0.3% of the deficit. The admissible deficit for Vienna amounts to 0.09% of GDP, all other local authorities together may use 0.1%. Local authorities' debt policy is thus subject to stringent restrictions.

- Moreover, a stability pact was agreed upon at the end of 1998 between the federal government, the Länder and the local authorities. It contains yet more detailed rules with regards to the co-ordination of budget management of the Länder and local authorities, as well as for the sharing of possible sanction payments in case the 3% margin is exceeded.

n) The scope of adjustment of the legal system required for accession

With the country's accession to the EU, Austria's local authorities, who are assigned large competencies for the implementation of federal and Länder laws, must take account of yet another, new dimension of Community law in their administrative activities. The European level, and thus the European hierarchy, has entered the Austrian local authorities in addition to the well-known federal and Länder levels. For local authorities, this means an increasing volume of accounting and reporting duties, both in terms of additional study of EC law and necessary adjustments vis-à-vis the EC legislative level. However, this does not change much in the purely formal management of administrative action: as with national law, EC law is implemented and enforced through the national structures and according to the national division of competencies. For local level, potential problems resulting from accession are likely to arise from the fact that additional actors are involved in the decision-making process, that is, more lobbyists than before participate in the formal and informal negotiation and bargaining processes.

In this context, it is an important learning process leading local authorities to realise that measures taken by them in their own field and using their own funds, e.g. the promotion of local business, may only be implemented when respecting the Community competition rules and must usually be approved in advance. This applies not only to subsidies in cash, but also to other measures, such as the provision of subsidised land for industrial enterprises. It therefore entails a restriction of local authorities' autonomy regarding economic policy, with the aim of preventing distorted competition in the Community.

Generally speaking, we must therefore accept that the European Union as a supranational organisation restricts the leeway for action of national, regional and local authorities in very many areas, so that the parties concerned must learn to act in keeping with this new situation.

Even before Austria's accession to the European Union, the Austrian local authorities focused their interest mainly on those areas which require adaptation of existing statutory provisions. This presupposed the systematic review of the existing Austrian laws and ordinances. Major areas requiring harmonisation included:

- public procurement;
- subsidy instruments of different territorial authorities;
- municipal taxes;
- environment;
- liberalisation of energy markets (electricity and gas);
- general equality of citizens of the Union and nationals (equal treatment of nationals and EU citizens).

It is important that in the course of EU accession new statutory sources must be used for administrative acts. They must first be identified and then implemented, possibly running counter to the provisions of national law. In this respect, it must be borne in mind that the adjustment process does not end with the adoption of laws, but requires actual implementation. Neither does the process of implementing EC law terminate with accession. The European Commission is continuously preparing new, or amending existing, legislative instruments. Here it is imperative to be informed about the planned new measures, to formulate own interests and try to influence the legislative process. Municipal organisations, such as the Austrian Association of Cities and Towns and the Association of Austrian Municipalities, can play a role in this field. Differentiating interests must be balanced, so as to be able to formulate joint positions vis-à-vis the national and European levels. Being present on-site, in Brussels, has moreover proven useful to advocate specific concerns; thus both the Austrian Länder on the one hand and the Austrian Association of Cities and Towns and the Association of Austrian Municipalities on the other hand maintain their own offices in Brussels. However, the federal government remains the main contact point for local authorities.

o) Employment policy

Over the last couple of years, Austria has adopted, like all other European Union Member States, a National Action Plan (NAP) for employment, which outlines the objectives and measures needed for creating new jobs and reducing unemployment. Meanwhile, "territorial employment pacts", specifying the implementation measures to be undertaken at regional level, were agreed upon with the Länder and, in some cases, with groups of local authorities as well.

The most important feature of these pacts is to guarantee a closer co-operation between the job centres, which are run by the federal government and are independent of the regional level both in terms of legal and administrative structure on the one hand, and the local authorities, the Länder and the representative bodies of employers and of employees, on the other hand.

2.1.8 Summary

In spite of all the presented adjustment processes, some of which are very difficult, it should be kept in mind that many positive effects observed recently, e.g. the reduction of the budget deficit or the avoidance of international crises with their job-killing consequences, would have been impossible or at least difficult to achieve without membership in the EU and in the EMU. After a short period of adjustment, economic growth developed favourably in Austria. The formerly substantial deficit in the balance of payment has decreased considerably and is now rather low. In a time of currency crises in Eastern Asia, Russia and Latin America, the emerging Euro has proven to be a fortress of stability. In the public mind, the significant consequences of the cost-cutting measures implemented to reduce the deficit are long forgotten in face of the success achieved by these measures.

The future work of the EU will have to focus largely on employment policy. Among other things, the EU must ensure that people's identification with this new Europe is not jeopardised by unjustified interference in local issues.

2.2 FINLAND

2.2.1 Introduction: European Union – the Consequences for Finnish Municipalities and Regions

"This Treaty marks a new stage in the process of creating an ever closer union among the peoples of Europe, in which decisions are taken as openly as possible and as closely as possible to the citizen."

Treaty of Amsterdam amending the Treaty on European Union

Generally speaking, the importance of regional and local government in building Europe has been taken into account in EU decision making better in the 1990's than was earlier the case. Examples of this are the inclusion of the principle of subsidiarity in the Treaty on European Union and the establishment of the Committee of the Regions. The essential idea behind the subsidiarity principle is that decisions should be made on the level that is as near as possible to citizens. Often, this level is the local - the municipal - one. The same principle is reflected in the EU's aspiration to develop in the direction of a "Europe of citizens". It also includes the idea of bringing Union institutions and citizens closer together and facilitating a more active participation by citizens in handling Union affairs. Likewise, it is important for citizens to be well informed about matters being dealt with by the Union. The Committee of the Regions is a concrete expression of the principle of subsidiarity. It is a channel through which regional and local government can influence EU decision making. The EU should also explain in advance what effects its decisions will have on regional and local administration. Thus the importance of regions and municipalities in the work of the Union is clearly growing.

2.2.2 Local and regional government in Finland

Finland is a republic with a population of about five million. Finland is one of the biggest countries in Europe, covering 338.000 km². One third of the country lies north of the Arctic Circle. Population density is 16 inhabitants /km². Finland is a bilingual country, 93 % of the population speak Finnish as their native language, 6 % Swedish.

a) Local government

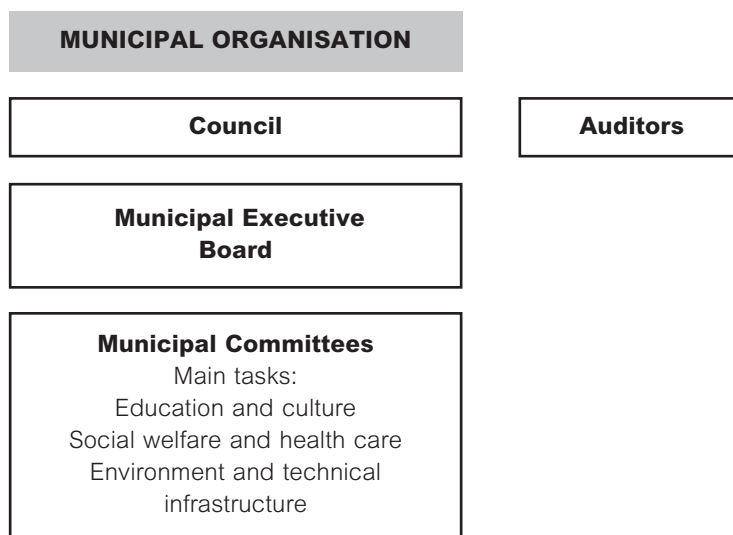
The local government is based on self-government of the residents of a municipality. Local self-government is guaranteed in the Finnish Constitution. There are 452 municipalities in Finland. The average population is 11.300.

| Examples of differences between municipalities | | | |
|--|-----------|----------|------------|
| | Average | Smallest | Largest |
| Population | 11.415,00 | 126,00 | 546.317,00 |
| Population density inh. / km ² | 16,90 | 0,20 | 2.962,00 |
| Area (net of water areas) km ² | 674,00 | 6,00 | 15.173,00 |
| Economic structure | | | |
| * Agriculture and forestry % | 6,10 | 0,20 | 47,10 |
| * Manufacturing % | 26,80 | 3,90 | 54,50 |
| * Services % | 65,10 | 31,00 | 84,70 |
| Age structure | | | |
| * 0-14 year-olds % | 18,40 | 9,50 | 32,40 |
| * 15-64 year-olds % | 66,90 | 53,20 | 71,50 |
| * 65 and over % | 14,70 | 4,90 | 30,20 |
| Local tax rate 1999, % of taxable income | 17,67 | 15,50 | 19,75 |

Finnish municipalities have wide responsibilities. Municipalities provide basic services for their residents. The most important services provided by local authorities concern education, social welfare and health care, protection of environment and maintenance of technical infrastructure such as street maintenance, water supply and sewerage and the coordination of waste management and energy supply. Local authorities run comprehensive schools, upper secondary schools and vocational institutes. They also provide adult education, art classes, libraries, and cultural and leisure services. Other responsibilities are children's day care, care for the elderly and disabled, and a wide range of social services. They provide preventive and basic health care, specialist medical care and dental care. They also seek to promote a healthy human environment.

Municipalities co-operate in the provision of many services. Hospitals, for instance, are usually run by joint municipal authorities. Finnish municipalities have 400.000 employees, 80 % of whom are engaged in social welfare, health and education. The share of local government consumption is roughly 2/3 of the total public consumption in Finland. Municipalities have the right to levy income taxes. The average local tax rate is 17-18 % of income.

Every four years, the residents of a municipality elect a local council, which is the supreme local authority. The board, elected by the council, is responsible for general administration. In addition, the council elects committees to administrate a sector of municipal activities.



b) Regional administration

There are 19 Regional Councils in Finland. Regional Councils are intermunicipal joint authorities formed by their member municipalities. They have statutory responsibility for regional development and regional land use planning. They also promote the interests of their regions and perform a broad variety of non-statutory functions, such as promotion of tourism and cultural activities. Regional Councils are responsible for drafting regional development programmes carried out in cooperation with the EU. The highest decision-making body of a Regional Council is the assembly, the members of which are elected by the councils of the municipalities that form the region in question.

c) The Association of Finnish Local and Regional Authorities

The Association of Finnish Local and Regional Authorities is an interest organisation for all the local authorities and cities in the country. The Association also serves Regional Councils, hospital districts and other joint municipal authorities.

The Association promotes the interests of local authorities and joint municipal authorities, and supports and develops their operations. It plays an active role in municipal legislation, guides and advises its members, engages in research, writes reports and produces publications and information on current issues.

The Association's special areas of expertise include finance, education and culture, welfare and health, labour relations, structural policy and EU affairs, town planning and infrastructure, environmental protection, legal matters, research and development, information and international relations. The Association is represented in the municipal labour market by the Commission for Local Authority Employers.

The Association's companies – Audiator (auditing services), Efektia (consulting and research), KL-Kustannus (publishing and marketing), Local Government Training Company (training services), Gustavelund (congress and training centre) and Plancenter (architectural and engineering firm) – provide local authorities and joint municipal authorities with further services.

The Association of Finnish Local and Regional Authorities employs 300 experts and its companies 400.

The Association is represented on the Executive Committee of the International Union of Local Authorities (IULA) and in its Council of European Municipalities and Regions (CEMR). The Association has an office in Brussels.

The Association acts as the secretariat for the Finnish Delegation to the Committee of the Regions (CoR). Finnish local authorities and regions are also represented on the Congress of Local and Regional Authorities of the Council of Europe (CLRAE). In addition, Finnish Regional Councils are members of the Assembly of European regions (AER).

2.2.3 Finland's geographical status in the EU – the northern dimension

The accession of Sweden and Finland gave the European Union a distinct Northern Dimension. A large amount of territory with both climatic and geoeconomic features that had not existed within the Union until then was added when the two countries joined. The Union likewise acquired a common border with Russia, which meant a new geopolitical situation.

From the perspective of municipalities and regions it is important that the Northern Dimension be seen in a broad sense in the EU's policy. The Northern Dimension includes recognition of the special features of northern circumstances and of the needs and opportunities that arise from them, the influence of the Baltic Sea and Barents Sea regions and the opportunities that they offer, as well as of the importance of cross-border cooperation between regions.

2.2.4 Preparations for the Finnish EU membership

Finland joined the European Union at the beginning of 1995 and thus has very recent experience with preparations for EU membership, and with the enforcement and implications of EU legislation.

Discussion of European integration and its impacts on Finland began at the end of the 1980's. In the autumn of 1991, the Finnish government began assembling clarifications whose purpose was to assess the implications of possible EU membership from the

standpoint of foreign and security policy, economic and social policy, the legal system and the political decision-making system. - To be precise, the question at that time was still one of membership in the European Community, not the Union. Even in the initial phase of these clarifications, it was evident that the membership would have a direct impact on Finnish legislation. Approval of the Treaty of Accession required that a significant part of the legislation in effect in Finland would have to be amended.

A national preparatory-work apparatus was created for the membership negotiations. Both ministers and civil servants within the ministries participated in the preparatory work, and Parliament was informed regularly. The central organizations of municipalities, as well as representatives of the state administration, participated in the work of the Advisory Committee on European Integration, which was headed by the prime minister.

Implementation of the EU's legislation required a review of a great part of Finland's legislation. Innumerable changes in the statutes had to be made. Adapting national legislation to Community legislation requires careful preparatory work and precise clarifications. The process is hard. In Finland, expert civil servants in the various ministries performed the basic work.

While the Member States' central administration occupies a key position in the EU's decision-making and legislative process, the implications of the Union's legislation are felt extremely often at the regional and local levels. Furthermore, the importance of the regions within the Union is becoming more pronounced all the time. For that reason it is important that the regional and local levels in the applicant countries are aware of the implications of EC legislation and involve themselves in the membership preparations.

Participation by an applicant country's central administration in the legislative preparatory work required by membership is essential and in a sense automatic. Membership is not possible without actions taken at the national level in each country. At the sub-national level the situation is somewhat different: Preparing the sub-national level for EU membership requires initiative above all. The regional and local levels must take it upon themselves to play an active role in the application of Community legislation. It is important to seek cooperation with the national level.

Preparing for the EU membership requires purposeful work at the local and regional levels, too. In Finland, preparations for possible Finnish membership in the European Community began in 1989, several years before that membership became a reality. The central organizations of municipalities and regions took the initiative. Later, in 1993, those organizations joined forces, becoming the Association of Finnish Local and Regional Authorities. The central organizations established the so-called European Community follow-up group, whose tasks were to get to know the Community's objectives and policies, and to clarify the impacts of Finnish EC membership at the regional and local levels.

The follow-up group organized informational meetings and seminars for regional and municipal representatives, published a quarterly bulletin, and drafted manuals which dealt with Community membership from the standpoint of the municipalities and regions. The follow-up group's most important task, however, was to examine the implications of

Community legislation on the municipalities and regions. This examination was performed systematically, by comparing the Community's competences with those of Finland's municipalities and regions. All of the Community's policy areas were reviewed, and it was determined whether these areas were associated with legislation whose application in Finland would lie with the sub-national level. Clarifying the implications of Community legislation requires a great deal of work, and it is essential that experts in each field concerned perform the work. It may not be worthwhile to undertake such a project separately in every municipality or region. There is definitely a need to collaborate.

The importance of contacts between local and regional authorities and state authorities can not be emphasised enough. These contacts are essential during the membership negotiations.

European Union membership and the legislative questions related to it are important and far-reaching matters from the sub-national standpoint, too. The experience of Finland's regional and local administration, at least, is that preparations for membership should commence at the earliest possible stage.

2.2.5 Impact of the European Union on local and regional authorities

The effects of the Union on municipalities and regions can be examined in the light of the obligations that arise from membership and the opportunities that it offers. The obligations that the municipal sector must observe mainly relate to Community legislation. Examples of the opportunities include EU cooperation programmes, which enable municipalities to participate in international exchanges of experience and obtain financing for projects. Indeed, Finnish municipalities and regions have increased their international contacts since Finland joined the EU. Activity and initiative are essential prerequisites for being able to avail oneself effectively of the opportunities that the EU offers.

Municipalities and regions direct different expectations at the European Union. The supports granted by the EU are of particular interest to municipalities and regions. The supports provide opportunities for various types of development projects. The Union should not however be perceived solely as a distributor of supports. The local and regional levels should also be aware of the general objectives of European integration, as well as the obligations that EU membership brings with it, specifically the enforcement of Community legislation. Municipalities and regions play an important role in enforcing Community legislation.

In speaking about the impacts of Community legislation on the sub-national level, we must remember that the powers of municipalities and regions vary from country to country. In Finland, as in the other Nordic countries, it is typical that the municipalities enjoy broad autonomy and a great number of statutory tasks. The most important task of Finland's municipalities is to provide their residents with social-welfare services. Because of the differences in the municipalities' and regions' powers, also the impacts of Community legislation on municipalities and regions may vary from country to country. In Finland, where the municipalities' sphere of activity is broad, there is a lot of Community legislation which affects them.

2.2.6 Main aspects of EU policy in terms of local government in Finland

a) Structural policy in Finland

In a geographically large and sparsely populated country such as Finland it has been necessary to focus on regional development and on the arrangement of services provided to citizens during the entire 20th century. The extension of the rail and road network to the entire country and of higher education to the northern and eastern parts of the country (the less developed parts of Finland) had a significant impact on the development of the different parts of the country. In the late 1940s a significant part of the population was relocated in a country that had lost a substantial part of its territory. The migration caused by extensive industrialisation was directed towards the cities and to the rural industrial centres especially in the 1960s and 1970s. Late in the century the dramatic development and introduction of information technology, the opening of borders and a general internationalisation – even a globalisation – again caused important changes in the Finnish societal structure.

Until the 1980s Finnish regional policy was mainly based on investments by the public sector and on service development in the eastern and northern parts of the country. The role of the central administration was to build a communications infrastructure, develop higher education, and to establish industry mostly through state enterprises. The main role of the municipalities was to provide basic services to the citizens, e.g. education and health care, often with the aid of considerable state contributions. Regional development usually fell within the domain of state regional administration, i.e. of the provinces.

As a membership first of the European Economic Area and later of the European Union was discussed in Finland in the early 1990s, a comparison of regional and structural development – of its goals, procedures and organisation – between Finland and the EU (then the EC) had to be made. A more regional approach to the development was needed. There was so much to change that it was regarded as necessary to regulate regional development through a particular act.

In EU policy regional development and progress is based on and stems from the regions themselves. Partly influenced by this the establishment of a system of regional councils covering the entire country was completed in Finland in the early 1990s. As the members of the organs taking decisions in the regional councils are appointed by municipal councils amongst people elected in municipal elections, the new regional councils were politically firmly on the regional level. The Regional Councils were given two important statutory duties: the role of a regional development authority and the responsibility for regional land-use planning.

The role of the Regional Councils was laid down in the Regional Development Act, which entered into force on 1st January 1994, i.e. in the year Finland became a member of the European Economic Area and a year before EU membership. The Act also regulated the procedures and goals of regional development, and these provisions were compatible with a Finnish participation in EU regional policy.

b) Use of funding from structural funds in Finland

When Finland entered the European Union on 1st January 1995 the structural fund period in the EU was 1994 - 1999. In the membership negotiations it was agreed that a new objective 6 programme was to be established for the very thinly populated northern regions of Finland and Sweden. Finland also received funding pursuant to objectives 2, 5a, 5b and 6. Interreg became the most important community initiative; in particular as Finland has fairly long external borders not only to the EU member Sweden but to Norway, Russia and Estonia outside the Union too. Finland and Estonia however only have a sea frontier between them.

The regional councils drew up the first regional development programmes on a very tight schedule. On the basis of these programmes the Ministry of the Interior compiled proposals for objective 6, 2 and 5b programmes for Finland. The Ministry of Labour saw to the objective 3 and 4 programmes. The same procedure was applied when the programmes for the new period beginning in 2000 were drawn up.

The state, municipalities and the private sector have seen to the national funding required by the programmes. The municipalities have used more EU funding and reserved more own resources for the national funding of the programmes than what was planned in the beginning of the period 1995 – 1999. They have thus been quite active participants in regional development programmes. The projects implemented by the municipalities have often either been related to training in order to improve employment or to providing a better business environment. With the exception of some cases, no large investments in e.g. infrastructure have been made within the framework of the Finnish programmes.

During the structural fund period 2000 – 2006 Finland will receive funding from all Union objectives (1, 2 and 3). The former objective 6 areas in northern and eastern Finland have been approved as objective 1 areas. This was one of the most important goals of Finland in the Agenda 2000 negotiations. Interreg will remain the most important community initiative during the new period too.

c) Administration of funding from structural funds in Finland

In the beginning of the period 1995 - 1999 the Finnish Government decided that no new special legislation was to be enacted for the administration of the funding from the structural funds – the legislation in force was to suffice. With the benefit of hindsight new provisions would however have been needed. As there were no particular provisions on e.g. regional cooperation between the parties in the implementation of the programmes, the Regional Councils established unofficial cooperation groups in each region. In these the parties have been able to discuss the implementation of the programmes in the regions.

Approximately a year before the new structural fund period the Association of Finnish Local and Regional Authorities and the chairs of the boards of the Regional Councils proposed that the administration of structural fund projects and funding be laid down in law. Consequently, a bill was drafted as a result of extensive cooperation between the ministries and the other parties in 1999. The new act entered into force on 1st January 2000.

This act acknowledges the role of the municipalities and of the Regional Councils in the implementation of regional development programmes that receive funding from a structural fund. It is for instance prescribed that a particular Regional Management Committee be established in each region. Its members comprise political representatives of the regional administration, officials of the state regional administration and representatives of labour market organisations and of other societal parties, all with an equal share. The chair of the Regional Management Committee is a politician, normally the chair of the board of the Regional Council.

The central duty of the Regional Management Committee is to draft a plan for next year's development measures on the basis of an adopted target programme, and to make an assessment of the need for funding from structural funds and for national funding, i.e. a regional cooperation document. On the basis of this proposal the state includes the funding needed in the state budget. The municipal sector follows an identical procedure.

Together with the national contribution the funding from the structural funds are parts of the yearly state budget of Finland. Therefore, during the period 1995 – 1999 the state had an extremely strong role in deciding on the funding of projects. In the period 2000 – 2006 the role of the regions has been strengthened through the official acknowledgement of the Regional Management Committees and through the procedure including a cooperation document. Thus the regions may influence the drafting of the state budget as regards the funding from the structural funds.

The Regional Management Committees also coordinate the projects within their area, and decide on the implementation of regionally important and interregional projects. In addition, the Regional Development Act is being amended, so that the regional development authority, i.e. the regional council, would grant the funding from a structural fund to projects whose national sponsor is a municipality.

Experiences:

The administration of the funding from the Union structural funds and of the projects financed with it requires special legislation laying down the organisation of the cooperation between the parties.

Municipal and regional representatives have to be closely tied to the drafting of and to the initial stages of the enforcement of the act in question, so that regional development is firmly anchored in the regions themselves in practice too.

d) Some practical experiences of structural funds

The fact that the funding from the structural funds is directed to the most disadvantaged regions (EU principle of concentration) was known. Being part of the EU regional policy also required the adaptation of new lines of action. In contrast to the earlier Finnish practice each region had to draft a particular regional development plan, which presented the strategic development goals of the region and the guidelines for achieving those goals. Furthermore, these plans had to be approved by the European Commission. Another novelty was the supervision of the implementation of the plan, and that its implementation would

later be assessed. This is inherent in the programming principle of the EU. The programmes had to be drawn up and implemented through cooperation between different societal partners. This is the substance of the concept "partnership". Part of the funding for the implementation of the regional development measures had to stem from the national public or private sector. The Union funding had to produce added value in comparison to what had earlier been done for regional development in the country. This last principle is called additionality.

Experiences:

As far as the municipalities were concerned a fairly fundamental reform was necessary, although municipal administration and regional development have a long tradition in Finland. A new regional division was needed – new actors whose authority not only stemmed from particular legislation but from the region too, in Finland from the municipalities within the region. New legislation also had to be enacted, the Regional Development Act. Lastly, a new way of action in conjunction with other participants based on programming and on result-orientation had to be adopted.

Quickly it also became clear that the Union regional and structural policy does not provide answers to all problems brought about by the ever-changing environment the municipalities have to function in. The funding from the EU structural funds thus has to be regarded as part of a number of solutions, when a better future is being built on the basis of strategies and guidelines decided on by the regions themselves.

e) Economic and Monetary Union and the introduction of the Euro in municipal administration

Municipal finances as part of Finnish public finances

As an EU member Finland is participating in the Economic and Monetary Union. In the EMU the criteria for the assessment of the financial state of the Member States are interest rate, inflation and the balance in public finances. When the third stage of the EMU began on 1st January 1999, Finland together with ten other Member States introduced a single currency, the euro. Simultaneously the surveillance of the development of the public finances of all MS was intensified. The supervision is based on stability programmes drawn up by the countries participating in the single currency area, and on convergence programmes as regards the other states. The provisions on this have been laid down in Council Regulation No. 1466/97.

According to the Stability and Growth Pact specifying the Treaty on European Union the medium-term public finances have to be in balance or in surplus. Within the framework of the programme for decreasing state indebtedness followed by the Government, Finland will easily be able to fulfil the requirements of the Stability and Growth Pact for balance in public finances. Thanks to the partly funded employment pension system included in the Finnish public finances, the social security funds will show a surplus of approximately 3.5 % in relation to total production in the future too. Local finances (mainly municipalities) are in balance on average. The surplus of the entire public finances is predicted to be roughly 3 % in relation to total production in 2000.

Under the circumstances, satisfying EMU conditions will be more important to Finland than adhering to the formal monetary union rules relating to stability control. Adapting taxation to the monetary union's standards and maintaining competitiveness under the conditions of a deepening internal market will perhaps be the decisive issue for Finland. Opportunities to reduce the aggregate tax rate are limited because Finland wishes to maintain the North European model of a welfare state in which tax revenues are used to provide basic social, health care and educational services to all citizens, irrespective of the municipality in which they live. In Finland, the organisation and provision of these services is almost completely the responsibility of municipalities.

The harmonisation of taxation within the EU does not concern the taxation of earned income or social security contributions. Taxation has not had a notable effect on the mobility of labour force between the EU countries to date. A single currency will make it easier to compare wages and salaries as well as prices and social security benefits, which may encourage mobility, particularly among those with higher qualifications.

Finland is known for its high tax rate as well as for good social welfare, health care, educational services and public infrastructure, which is financed mainly from tax revenues. The government is for many reasons under pressure to reduce income taxation. However, it is difficult to cut tax on earned income without affecting municipal income taxation, which is the most important source of income for municipalities. The largest scope for expanding the tax base is in capital income taxation. The capital income tax rate and corporate tax rate are relatively competitive in Finland. Public financing will be affected most by the pressure to harmonise value added tax, alcohol tax, tobacco tax and, possibly at a later stage, the taxation of cars. To sum up various estimates, tax losses due to the pressure to cut taxes in Finland for reasons of European harmonisation would amount to eight billion Finnish marks, or a little more than 1.3 billion euro. This is almost one fourth of the annual aggregate capital income and corporate tax revenues. The need for harmonisation, including the need to harmonise taxes collected by the State, will probably also be reflected in the financial relationship between municipalities and the State, because government grants paid to municipalities account for such a large part of total government expenditure.

Impact of EMU on financial markets and procurement

On the financial markets the cross-border mergers of financial institutions and ever expanding and opening markets mean that the municipalities will have better possibilities of actively turning to new international markets in the future.

The Finnish accounting legislation has been amended to comply with the EU directives. The municipalities also observe the general Accounting Act where applicable. Thus the balance sheet of a municipality largely corresponds to that of any company in the EU. This may aid the municipalities in taking action on the new uniform financial markets of the euro area. Within their sector the Finnish municipalities may freely invest assets or take out loans. However, it has to be noted that the financial instruments on offer are not necessarily comparable or usable in Finnish municipalities as such, or that risks related to the provisions in the other countries are involved in them.

Most cities, municipalities and their associated entities are too small to directly enter into the capital markets. Individual municipalities neither have the volume nor the resources to deal with all market participants. Municipalities are not always able to get the best rating as they are regarded as too small by the rating agencies.

The recent creation of the euro has dwarfed the individual capital needs of these entities in relation to the huge size of normal euro transactions. At the same time there has been a dramatic fall in the number of banks and a strong growth in bank balance sheets.

Only the very largest cities and regions in the major European countries have the size necessary for regular successful measures on the institutional markets. Within Europe, the debt of municipal governments is modest compared to the debt of central governments. With the exception of Germany, UK, France, Spain and Italy, the debt of most central governments is small compared to the current optimal size necessary for the efficient use of the capital markets.

It is only natural that municipalities have created public funding agencies to take advantage of joint efficiencies. In order to establish a credible and secure rating, municipalities have to combine their strength and form a joint funding system.

Municipal and public funding agencies exist throughout Europe and the United States and in Australia and Asia as well. In many countries they have existed for over a hundred years, and they are still influential and important market participants. They are a diverse group with different histories, statutes and combinations of activities. However, they share the same essential characteristics in their ultimate objectives with regard to public finance.

The agencies are to achieve savings for their members through organisational efficiency, the creation of a more competitive environment and through joint guarantee systems that enable the entire group to benefit from a higher credit rating than the individual parts.

Municipality Finance Plc. established in 1989 is a credit institution owned by the Local Government Pensions Institution. The company represents the Finnish municipal sector both on the domestic and on the international capital markets. The company's main objective is to provide cost-efficient financing for Finnish municipalities, joint municipal authorities and municipality-controlled entities, whose loans are guaranteed by a municipality.

The funding of Municipality Finance is guaranteed by the Municipal Guarantee Board, a public organisation consisting of 421 member municipalities. Municipal bonds and municipal notes are important forms of funding for the company on the domestic market. Funding on the international capital markets is mainly raised under the EMTN programme listed on the London Stock Exchange. Municipality Finance is a non-profit company.

The EMU will open up new and expand the possibilities within procurement as well (the municipal procurement is discussed in detail under Public Procurement), and a single currency will make it easier to ask for and compare offers. The disappearance of exchange rate risks and of foreign exchange costs within the euro area will bring about savings. The new electronic methods – Internet and E-commerce – taken into use on the financial

markets and in procurement abolish geographical borders in Europe and on earth as well as the importance of time, time zones and weekdays.

Introduction of the Euro – technical transition from Finnish Marks to Euros

On 1st January 1999 the transition to a single currency, the euro, was initiated, and the introduction of the euro on 1st January 2002 is a technical measure as regards the conversion from marks. This conversion is laid down in two Council Regulations: Council Regulation (EC) No. 1103/97 on some provisions relating to the introduction of the euro, and Council Regulation (EC) No. 974/98 on the introduction of the euro. In the latter a six-number conversion rate is fixed for the national currencies within the EMU. This guarantees a sufficiently exact conversion in all countries. The conversion rates of the participants in the third stage of the EMU were fixed on 31st December 1998. The final, irrevocable rate for the Finnish mark is 1 euro = 5.94573 FIM.

In Finland the Ministry of Finance initiated the preparations for the transition to the euro on the national level. A legislative working group within the ministerial EMU project went through all Finnish legislation in force. By 1st January 1999 all necessary amendments were made. The transition to the euro does not, however, necessitate any amendments to several acts and statutes with references or values in Finnish marks. What has been decreed in marks or ecus still holds true after 1st January 2002. The same applies to agreements.

According to the national transition plan the public sector including the municipalities and joint municipal authorities convert to the euro on 1st January 2002. At that time the bookkeeping, account ledgers, bills and payment programmes for social welfare and assistance as well as the programmes within personnel administration will be converted to the euro. The budget for 2002 is drafted in euros well in advance in 2001.

Already during the transition period municipalities have to be able to work with the euro, as according to the principle 'no compulsion – no prohibition' it may be used on financial markets, in bills, different types of income declarations and in agreements. Bank transfers in euros or marks will automatically be converted by the banks to the currency unit of the receiver, if need be.

In the municipalities the transition to the euro requires extensive updating of the data systems. In several municipalities this issue is made more complicated by the fact that the system in its entirety is built up of products and applications from different companies – all connected to a common accounting system. The municipalities also use mechanical appliances and machines functioning with coins or bills. Such are for instance ticket machines and fare collection appliances within public transport, parking meters, door locks, and vending machines. The disappearance of the mark renders these machines useless. This also applies to several cash registers. Even the tills may be rendered useless as the bills and coins change size.

The transition to a new currency is ideal for the introduction of different types of cash card applications. In this connection such applications are increasingly being taken into use within different services.

In addition, the introduction of the euro forces the municipalities to check price lists, forms, brochures and economic directions. During the transition period it is recommended that parallel entries be used on bills and price lists. The conversion often results in a number with cents instead of an exact amount in marks. Thus there evidently is a strong temptation to raise the prices somewhat. However, it has to be remembered that the euro conversion has to be performed as decreed in law. It is extremely important that the citizens' trust in the euro is maintained, and that the goals of the euro area – price stability and a low inflation rate – are guaranteed.

It has been decided that the conversion period in Finland will be two months. During that period from 1st January 2002 when the euro is introduced as a cash currency to 28 February 2002, customers are legally entitled to use bills and coins in Finnish marks alongside with euros as means of payment. The change will always be in euros. The brief currency exchange period is justified with the avoidance of confusions related to the simultaneous use of two currencies and with savings. A possibility of fraud is also inherent in the currency exchange period.

Measures of the Association of Finnish Local and Regional Authorities in municipalities and joint municipal authorities in connection with the introduction of the Euro

In early 1998 the Association of Finnish Local and Regional Authorities published two guides to the effects of the euro for the use of the municipalities and joint municipal authorities: the introduction of the euro, and a case study. The latter included an example of a project plan drawn up for the City of Hyvinkää for 1998 – 2002. The plan comprises a list of tasks required by the introduction of the euro and a schedule for the tasks, and it determines a person responsible for each task.

In early 1998 extensive training was initiated in cooperation with representatives of the banks and of the data systems. In addition to the general goals of the EMU the training comprised information about national preparatory measures and an assessment of the impact of the euro on municipal duties and services. Besides general training, specialised training is needed within the different sectors. The euro has to be raised as a separate theme in connection with cash flow, customer service, education, children's day care, care of the elderly and long-term nursing. The specialised organisations within the fields will work with introducing the euro among the elderly and the visually impaired.

f) Information society

The municipality has an important role in information society that covers e.g. the following aspects:

- Services to local residents (new and better services, new distribution channels, joint services);
- Regional development (rapid growth in information industry, importance of know-how in information technology for employment and business, local supply of telecommunications services, regional structure);

- Efficiency in municipal activities (automation of routines, E-commerce, more effective processes);
- Equality (local contents of information society, accessibility of information, know-how);
- Democracy (local information society forums, supporting participation).

Thus the municipality is central to information society. The Association of Finnish Local and Regional Authorities tries to influence the goals and actions of the European Union in all these areas. Central means are for instance:

- Participation in the work of the Committee of the Regions (<http://www.cor.eu.int/>) as experts consulted in the reports submitted by the Finnish delegation.
- Common action with the central municipal associations of other European countries and with organisations representing the municipalities and regions. The most important are the Council of European Municipalities and Regions, CEMR, (<http://www.ccre.org/>) and the information society network ELANET affiliated with it (<http://www.elanet.org>).
- Continuous interaction with the experts of the central DGs of the Commission such as Information Society (<http://europa.eu.int/comm/dg13/index.htm>) and Regional Policy (http://europa.eu.int/comm/regional_policy/index_en.htm), and thus providing first-hand information on the needs of the municipalities and regions.
- Direct participation in European projects serving the interests of the members of the Association. The most important has been the two-stage LOCREGIS project (<http://www.locregis.net>) coordinated by the Association. This project charts the impact of regional and local information society projects on regional development in Austria, Sweden and Finland in conjunction with some regions representing other countries.

In 1999 – 2000 the Association of Finnish Local and Regional Authorities has paid particular attention to that the EU competition policy concerning telecommunications does not guarantee service development in all regions. On the contrary the supply of new technical solutions is being concentrated to places with the best customer basis.

g) Employment policy

Local economic development and the promotion of employment have become centres of interest in municipalities and regions. Finnish municipalities are themselves major employers, but their main interest lies in actively searching for new partners and for new working methods in order to activate local business, tempt new enterprises to settle down and to create new jobs. The public-private partnership is regarded as an important method to gain sustainable results. Local partnership projects have opened up new possibilities and good results are expected.

Unemployment, especially long-term and youth unemployment, and a low employment level are common problems of the Member States. The European Employment Strategy has been

developed to direct common interest and resources to effective actions. However, the responsibility for an employment policy lies with the Member States. The European Employment Strategy was completed during the long process that culminated in the Amsterdam European Council in 1997 and in the Extraordinary Job Summit in Luxembourg in 1998.

The European Employment Strategy is a structure that consists of annual Employment Guidelines drawn up by summits, National Action Plans (NAP) formulated by the Member States, a joint employment report written by the European Commission, and of recommendations to the Member States proposed by the Council of Social and Labour Affairs and accepted by the summit. An essential part of the execution of the employment strategy is the European Social Fund. This Fund finances projects that create new solutions and methods to solve employment problems. The priorities and target groups of the employment guidelines and programmes of the ESF are in harmony.

Employment guidelines have been drawn up since 1998, and the latest one concerns the year 2000. Their structure and priorities have remained the same even though there have been some novelties. The essence of the guidelines lies in four pillars promoting:

- Employability
- Adaptability
- Entrepreneurship
- Equality

The role of the local and regional level has explicitly been recognised in the guidelines for 2000. There seems to be a general consensus on the importance of their role, but in several Member States the municipalities are still not heard when the national action plan is drawn up. Yet participation in decision-making is an essential part of shouldering responsibility. This also leaves the guidelines and the NAPs unfamiliar to the municipalities, which directly face the problems of citizens and should solve the problems together with them, protecting the rights of the weakest groups on the labour market. The local and regional levels may contribute considerably when sustainable solutions are identified – locally, nationally and on the European level too.

In the combat against unemployment the local and regional levels play a decisive role. The best expertise in finding solutions to the problems affecting is to be found on the local and regional levels. Action on these levels is also emphasised by the Territorial Employment Pact, TEP – an initiative submitted by the European Commission. Such pacts have been implemented in 89 regions within the EU. Their purpose is to develop new approaches and to visualise the value added by local partnership projects to the promotion of employment. In 1997 the Finnish Ministry of Labour approved 26 partnership projects – seven of them were picked as particular TEP pilot projects. Approximately a hundred municipalities from Finland participate in a partnership project. The partnership idea has got off well in Finland. The partnerships have generated roughly 300 - 500 subprojects from which three central themes emerge: third sector employment, entrepreneurship and individual solutions for the unemployed. The employment effects are estimated at 15,000 jobs and about 30,000 individuals have been involved in the activities.

h) Social dialogue on the European level

When the Single Market programme was launched, the European Commission saw fit to reinforce the social dimension of the Union. The European Social Charter of Workers' Rights, approved in 1989, was supplemented in the Maastricht Treaty with an agreement on social policy. These documents greatly strengthened the social dimension and the position of the social partners.

Nationally speaking, the requirements of Directives based on labour market agreements are implemented in the normal way – in Finland usually through legislation. Issues concerning terms of employment may still be subject to national negotiations vis-à-vis any changes needed in municipal-sector collective agreements for civil servants and other employees.

In Europe, the municipal sector employs an average of 10% of the workforce, while the corresponding figure in Finland and Sweden is over 20%. Even on the European level, municipal employers are an important grouping, and they have organized themselves into the Employers Platform of the Council of European Municipalities and Regions (CEMR), which consults with the European Federation of Public Service Unions (EPSU), representing municipal employees. Some national central organizations in the municipal sector have furthermore joined the CEEP (Centre Européen des Entreprises Publiques), which consults across sectoral boundaries with the European Trade Union Centre (ETUC), representing wage-earners.

Municipal employers consider it important to engage in social dialogue. In this way, advance information can be acquired on legislative proposals which will affect municipalities and their employees, Commission issues can be influenced at the preparatory stage, and there is the option of taking part in negotiations on labour market agreements. Both the Directives on labour law and labour market agreements on the European level have prompted amendments in national laws and collective agreements concerning municipal civil servants and other employees.

Monitoring and applying EU legislation has come to be part of the everyday work of some staff at the Commission for Local Authority Employers (the employer unit of the Association of Finnish Local and Regional Authorities), and this naturally calls for new information and expertise, such as better language skills and familiarity with both the EU legal system and labour law systems, and with municipal-sector employment relationships in other Member States.

i) Social services and health care

The Nordic Countries have a social welfare system based on the municipality of domicile or residence. The municipality is principally responsible for the arrangement of social and health services. The services are mainly financed with tax revenues. Although comparisons are never easy to make, there are certain factors that distinguish the Nordic Countries from other ones. The difference is particularly evident in social policy concerning people outside the labour market.

Outside the Nordic Countries social security is mainly based on the following factors: employment, insurance, family, church and non-governmental organisations. Family holds a key position, as the social security of other family members is dependent on the breadwinner. Municipalities supplement existing services or provide last-resort services.

Within the EU the role of social and health policy is gaining in importance. The Treaty of Amsterdam, which entered into force on 1st May 1999, delegated the European Community new authority in social and health policy. The Treaty grants powers to submit proposals for the prevention of discrimination based not only on gender but also on age, disability, race, ethnic origin and religion, and for the development of programmes concerned with this issue.

In the EU Summit of June 1999 it was decided that the drafting of a European charter of fundamental rights be initiated. Before 2001 the drafting of the charter should be completed, and social rights will be a central part of the agenda as part of it.

It is also noteworthy that the structural funds will most likely play a bigger role in the implementation of the goals of the social and health policy. The amendment of the funds will create a new framework for this. In European labour policy and in refugee policy a number of social policy issues are raised.

Increasingly the development of national social and health policy is directly influenced by the guidelines of EU financial policy. Their aim is to ensure that the EMU will be a success and to guide the financial and structural policies of the Member States. When for instance the goals of fiscal harmonisation are assessed, the differences in the financing of the social security systems have to be taken into account in extreme detail, i.e. whether the system is based on public tax revenues or on insurance.

j) Free movement of people

The principle of free movement of people has been one of the main aims of the European Community since the very start. This principle has been followed in the Nordic Countries for a long time now, and the experiences have mainly been positive. As the social security systems of the Nordic Countries are similar, the coordination of social welfare and health care has been fairly easy.

Free movement leads to that the different systems within the EU have to find solutions to new situations. It is probable that the movement of EU citizens from one EU country to another will be fairly minimal. This is also probable as regards third country citizens legally residing in the Union. On the other hand third country citizens (immigrants, refugees) may however be more mobile than EU citizens who have become rooted to their own country.

In the assessment of free movement it has to be noted that the Treaty of Amsterdam transferred immigration and refugee issues to the competence of community law. These provisions enter into force after a five-year transition period from the ratification of the Treaty. The Schengen Agreement and other measures in order to promote free movement abolish border controls. Thus in part the municipal authorities will be the "controllers". This is especially explicit in the work of the social welfare and health care authorities.

k) Education

Education is central to the strategy of the European Union – it fulfils the requirements of the economy and of working life. Through it the Trans-European labour market is supported, economic growth is boosted and the competitiveness of the economy strengthened. Education is also used to alleviate different kinds of societal problems: employment is improved, exclusion prevented and equality and equal opportunities promoted. In addition, it is used to strengthen integration and a European identity.

The Maastricht Treaty extended Union competence to all education. The authority however still is clearly restricted: community action supports and complements the measures taken by the Member States within their territory. The Member States decide themselves on the organisation and substance of the education – the intention is not to harmonise the educational legislation.

The European Union is preparing itself for the challenges of the new millennium by the gradual construction of an open and dynamic European educational area based on a commitment to lifelong learning, encouraging the citizens to acquire new information and skills, and on the use of all learning possibilities.

Central goals of the EU educational policy is to assist in a continuous improvement of educational quality, strengthening the European dimension on all educational levels, and in making it easier for the citizens to use the educational possibilities in Europe. Union action is to promote cooperation between educational authorities and organisations, exchange between educational institutions, open and distance education, the recognition of degrees and study periods, and innovation related to the development of educational methods and material.

More and more the EU educational policy explicitly stresses the importance of the participation of all cooperation partners. When education is developed it is necessary to also take into account other educational partners, social partners such as different types of organisations, local and regional authorities as well as economic partners, in particular business and the small and medium size enterprise (SME) sector.

The most noticeable impact of the EU membership on municipal education is perhaps the participation in the education, training and youth programmes. Through the Socrates and Leonardo da Vinci programmes students, teachers and other personnel may participate in a European exchange of people and experts, and the educational institutions may develop their teaching in European network projects. The programmes also provide an opportunity to exchange information and experiences, and to conduct research and analyse the educational systems. Moreover, on the basis of particular agreements educational cooperation is possible with countries outside the Community, inter alias with countries in the Mediterranean area, North and Latin America, and with several Asian states. The youth programme correspondingly provides young people an opportunity to cooperate in Europe.

In addition to the actual educational programmes several other community programmes have connections to education, e.g. the Culture 2000 programme and the 5th Framework Programme for Research and Technological Development (RTD).

Education is also central to the implementation of the Union structural policy. A considerable part of the measures – especially those taken by the Social Fund – has to do with the education of unemployed or with other measures related to know-how and professional skills.

The Association of Finnish Local and Regional Authorities supports the Union's desire to create an open and dynamic European education arena which would offer all citizens, regardless of age, social standing or situation, better opportunities to obtain information and knowledge. The education arena would also support the principle of lifelong learning.

1) Cultural policy

Culture is important in the European Union, it is an integral part of European integration; it strengthens the consolidation and vitality of the European social model. Entering into the new millennium culture has been afforded an ever more important role in Union actions. Thus within culture it has been regarded as important to increase the efficiency and coherence of Union level actions. In the Treaty of Amsterdam the European Union undertook to increasingly take into account views related to culture in the other policies of the Community.

However, the EU is not trying to harmonise the cultural life or legislation of the Member States. Union competence in cultural issues is restricted: Union action is supposed to encourage cooperation between the Member States and, if need be, to support and complement their measures, for instance in order to safeguard and protect the cultural heritage important to Europe, to promote art and literature, and to increase cultural exchange. The Amsterdam Treaty especially emphasises the value of cultural diversity.

The European Union supports European cultural cooperation through a new Culture 2000 programme, which is the first framework programme for culture. Its purpose is to promote creativity and cooperation, safeguard the European cultural heritage and to increase the awareness of that heritage and of the history of the European peoples. The programme covers all forms of art and cultural heritage, with the exception of movies and television that are supported through a separate programme – Media.

Within the cultural programme the municipalities may participate in European joint projects, e.g. organising cultural events together, shedding light on cultural sights and monuments, promoting mobility amongst people within the field of culture, and developing further education for cultural professionals.

Other EU programmes support culture too, for instance the 5th Framework Programme for Research and Technical Development. Its sub-programme Energy, Environment and Sustainable Development includes key functions, which support the sustainable development of European cities and urban areas, and the protection, safeguarding and

preservation of the European cultural heritage. In addition, the sub-programme Information Society Technologies supports the development of interactive electronic publications, the digital heritage and of the cultural substance.

Considerably more money is however channelled to cultural projects through the structural funds, in particular through the European Regional Development Fund, ERDF, and through the European Social Fund. These grant support to cultural projects intimately connected to the development plans for the region. Funding is thus not granted only on the basis of reasons of cultural policy – the project also has to be justified in another manner, e.g. that it has a positive impact on employment, the development of cultural tourism or on the business of SMEs.

The Association of Finnish Local and Regional Authorities supports the general EU view that cultural services must be developed as part of economic and employment policy, and that cultural traditions should be taken into account in, for instance, building projects and housing policy. The Association of Finnish Local and Regional Authorities feels that cultural projects should also be included in regional development programmes.

Municipalities should also actively apply for support through the EU's actual cultural programmes for the preservation of their cultural heritage and the creation of cooperation networks.

The Association of Finnish Local and Regional Authorities would also like to draw attention to the position of public libraries in EU cultural policy. In Finland – and indeed in the other Nordic countries – public libraries are an important part of the traditional local cultural environment, and they are rapidly becoming part of the new flexible learning environment. The position of public libraries should be reinforced on a European level.

m) Equal opportunities

The Finnish Constitution includes statutes concerning citizens' basic rights. These prohibit discrimination on the basis of sex and oblige administration to promote gender equality in the public sector as well as the labour market, particularly with regard to pay and other terms of employment. Legislation pertaining to terms of employment forbids officials to place job applicants or tenured staff in an unfavourable position on the basis of sex without good reason. The Act on Equal Opportunities stipulates that employers, educational institutions and other such actors have an obligation to promote equality. Systematic measures should be taken to promote equality. An employer which regularly has at least 30 persons on the payroll must include this perspective in annual personnel and training plans.

75 % of the employees in Finland's local authorities are women. Directives on equal opportunities have been implemented to Finnish legislation. Local authorities play an important role in the practical application of these directives.

Additionally, the Finnish equality act decrees that both genders have to be represented in state committees, advisory boards and other comparable organs, and in municipal organs with the exception of the municipal council, so that both have at least 40 % of the chairs,

unless something else is required by specific reasons. The gender division in appointed organs shows that this provision has been observed. The share of women was 47 % in municipal committees and 45 % in municipal executive boards after the municipal elections in 1996.

The Association of Finnish Local and Regional Authorities has passed on information to local authorities in equality matters. It is particularly important to supply up-to-date information on current legislative projects in the EU and Finland which have a bearing on local authorities' activities to promote equality.

n) Urban policy

Urban policy on the national and EU level is becoming a system for creating the conditions and incentives for independent local-level development. The incentives available to urban policy are briefly the following:

Urban policy must be based on independent initiative.

A. Cities themselves should boost their own urbanization features:

- economies of scale,
- the inner synergy of cities:
 - city centres and environments
 - varied markets
 - subcultures
 - opportunities for special services and talents
 - expertise in the widest sense
- cities as nodes for networks, including network synergy
 - internationalization
 - logistics

B. Cities deal with their own problems:

- traffic, environment, social problems;

The role of national and EU urban policies is to complement each other in providing resources and incentives.

1. Do urban areas have the economic potential for functioning in a way which benefits the whole, both boosting their urbanization features and dealing with their problems?
2. Do urban areas have adequate administrative systems for these activities, and do they have enough incentives to take the actions mentioned?
3. Do urban areas have access to enough information and functioning examples of projected actions?

In some sectors in Finland, cities' financial resources may not be adequate in normal economic conditions. The main questions are, however, whether the cities' independent activity sharpens urbanization features enough and whether the cities handle their problems adequately on their own even if they do have the resources. Intermunicipal cooperation in funding social policy, housing policy and infrastructure planning should be considered a merit in granting cities different types of pilot funding for development.

The third aim of national and EU urban policy is to ensure that cities get enough information and that functional examples are passed on through an exchange of experiences. Individual cities do not have adequate incentives for this type of action, and funding should therefore be provided under national and EU urban policy.

In Finland the Union has most visibly supported the solution of urban problems through the Community initiative concerning economic and social regeneration of cities and of neighbourhoods in crisis in order to promote sustainable urban development, URBAN. During the structural fund period that just ended, the EU granted funding to two Finnish action programmes within URBAN. The goal of the programmes is to find practical solutions to the problems of city neighbourhoods in decline. The total funding of the Finnish URBAN programmes was 14.87 million euros in 1996 - 1999 (the share of the EU funds was 7.9 million euros). The programmes were initiated in Joensuu in 1995 (Rantakylä and Utra neighbourhoods), and in Helsinki and Vantaa as cooperation between the two cities in 1997 (Myllypuro, Kontula, Koivukylä and Havukoski neighbourhoods). The URBAN programme in the Helsinki region is divided into three main approaches: the promotion of the local economy (employment and business), social development (social functionality and preventing exclusion), and the improvement of the environment. The URBAN programme for the structural fund period 2000 – 2006 is being drafted. The funding received by Finland will decrease, and a new project will be initiated in the Helsinki region.

o) Agriculture and rural development

The European Union's decisions on agricultural policy are of great importance to Finland, the most rural country in EU. Rural areas in Finland are subject to powerful pressure for structural change caused by a number of factors. Internal migration has increased and the economic structure is changing, one reason being that the number of farmers has fallen sharply. The declining rural population is making it more difficult for the municipalities to operate, too.

The cold climate in Finland is a special problem for agriculture. The length of the thermal growing season (days with a mean temperature of over +5°C) is more than two months shorter than in western Europe and five months shorter than in southern Europe. The growing season in Finland varies between 180 and 100 days, compared with anything from 200 days to all year round in central and southern parts of Europe. Crop yields in northern agricultural areas such as Finland are fairly low, while production costs are high. This applies particularly to cereal crops.

It is important for Finnish agriculture for continued agricultural production in northern regions and other unfavourable areas to be safeguarded. Continued production of clean food products is in the interests of the entire Union.

The regional development programme pursuant to the Union rural regulation is intended for 2000 – 2006. This programme is included in the guidelines of the objective 1 programme. The development programme is in force in rural areas outside objective 1 too. In addition to the development of agriculture and forestry it comprises other kind of rural development. A rural development programme has to be based on development plans worked out by the Regional Councils. Moreover there is a separate community initiative, Leader+, designed for the development of rural areas.

To the rural municipalities it is important that in particular the emphasis of the programme for objective 2 areas is justly divided between urban and rural areas and that the specific problems of rural areas are sufficiently taken into account. As rural areas are much more than just agriculture, other types of development, such as the development of villages, improvement of the infrastructure, safeguarding of the cultural heritage and rural tourism, have to sufficiently be taken into account in the targeting of the rural programme. The nationally determined assignment of allocations will have a central impact on the future of the rural areas. A pluralistic, vital countryside is the goal of the municipal sector as regards the Union rural policy.

p) Environment

Municipalities have an effect on the environment in many ways. For example, when providing energy supplies, water supplies and waste management services, municipalities use natural resources, the use of which places a strain on the environment. Municipalities provide the prerequisites for the overall development in the municipality by means of industrial policy, land use policy and via their sustainable development programmes. Finnish municipalities also function as environmental protection authorities which grant and supervise environmental permits, give instructions and orders, and monitor the condition of the environment.

The principle of sustainable development, a high level of environmental protection, improving the state of the environment and including environmental protection in all forms of activity have been expressed in the European Union's goals. Objectives are implemented through directives and regulations on the quality of the environment, emissions, procedures and products as well as environmental action programmes and various funding programmes. Around 200 directives touch on environmental matters: water protection, air quality, chemicals, nature protection, noise prevention and waste management.

Links between environmental protection and quality of life, production, products and infrastructure projects also explain the large scope of environmental legislation at the Union level. The Union environmental policy has earlier mainly concentrated on redressing environmental hazards, but a point of view stressing prevention and a more general policy of sustainable development is gaining in strength. The integration of the goals of the environmental policy and of sustainable development into the structural, rural, traffic and energy policies and into tourism has been initiated with independent surveys conducted by the different sectors. In 1999 the Helsinki summit decided that a strategy for sustainable development be prepared for the European Union.

Changes in Finland's environmental policy as a result of accession to the EU have included the shifting of the focus towards quality standards (air quality, noise, water quality) and technical standards (specific emissions, noise levels, chemical composition) instead of objectives for total emissions, and the formulation of Finland's international environmental policy mainly through the EU.

In preparing the EU's environmental policy measures, consideration should be given to the fact that objectives at the European level must be adapted to national systems as well as to national, regional and local conditions and objectives. Openness and transparency must be ensured in preparing and executing measures.

The goal of the Association of Finnish Local and Regional Authorities is to see that special factors affecting municipalities and regions are taken into account when legislation is prepared. Legislative work continues all the time in waste management, water protection, air protection and noise prevention. It is indispensable for regional and local perspectives to be taken into consideration in preparing legislation at the Union level.

q) Energy

The energy policy of the Association of Finnish Local and Regional Authorities is based on a close link with environmental policy. The aim is to produce energy in an economical way through the cogeneration of electricity and heat, and to expand the district heating grid. The municipalities in Finland are well equipped to implement these aims and to be involved in similar projects in other countries.

Where sources of energy are concerned, the aim is to promote actions and programmes designed to cut down CO₂ emissions. An important aspect in Finland is the use of wood as a source of heating both in industry and in municipal heating plants and individual buildings. Another aim is to replace coal with natural gas.

Finnish municipalities and Finland as a whole are in a position to increase the efficiency of energy use and to conserve energy using various technical methods. The aim is to improve the efficiency of energy use in Finland and to use the methods developed for this purpose in projects to increase energy efficiency in other countries, too, and in EU-funded development projects in general.

In order to promote the use of renewable sources of energy, and energy production methods which are efficient and have a low environmental impact, and to make the municipalities' own energy use more efficient, local and regional advisory and information services are being expanded. Such services should cover both the municipal sector and individuals and companies in Finland, and the entire EU.

r) Traffic policy

Removing obstacles to movement is one of the EU's ideological principles. This means increasing traffic, and also to certain undesirable environmental and other effects. Actual EU traffic policy is still in the process of development.

The EU influences Finnish municipalities' attitudes to traffic issues in many ways, mostly by guiding national solutions which in turn influence the municipalities' actions. Examples of issues where the EU has a strong influence on Finland's solutions include the development trends for the Finnish national road network, pricing of use of the traffic infrastructure, VAT on traffic, and the introduction of competition into public transport.

Street maintenance and public transport technology and telematics development projects have a direct impact on the municipal operations in creating opportunities for new operations.

s) TEN networks

Transeuropean Networks (TEN) in traffic, energy and communications are essential if the internal market is to operate efficiently. They are also intended to help increase economic and social cohesion between richer and poorer areas within the EU, to help construct basic infrastructure in poor areas, and to improve economic competitiveness.

A special European TEN network to serve international traffic has also been defined in the EU. The aim here is to achieve a network promoting a combination of different modes of transport, which will ensure sustainable transportation for passengers and goods within the Community in the best possible social and security conditions. The TEN network is already mapped out and is given priority in project funding.

Traffic projects which are part of TEN networks are eligible for TEN support. The most extensive TEN network possible will give regions and municipalities the best possible opportunities for future regional development. An extensive and comprehensive TEN network is also necessary because of Finland's low population density and the long distances involved. The network is also thought to have importance for the standing of regions and municipalities. The TEN network should also support connections with Russia, Finland's neighbour, because of the considerable transit traffic to Russia and in order to support development in border regions. Other international connections are also important, including contacts with the Baltic republics and other countries around the Baltic Sea.

t) EU impact on land-use planning

The EU Member States and the Commission have reached an understanding about the goals of and the future prospects for the European Union. These were presented in the European Spatial Development Perspective (ESDP) Guidelines adopted in spring 1999. Its three basic objectives are economic and social cohesion, the safeguarding, care and use of the natural resources and cultural heritage, and the equal competitiveness of Europe.

The goal is to achieve sustainable and equal development in Europe. In Finland the regions and municipalities will still be solely responsible for land-use planning, despite the ESDP and the European Union. Although the EU has no authority as regards land-use planning, the provisions within the different policy sectors do indirectly direct the planning of the regions and municipalities. In principle the ESDP is a document voluntarily agreed upon by the

states, and each country has undertaken to abide by it. In the ministerial meeting of autumn 1999, the ministers responsible for regional planning decided to develop this issue further with the aid of twelve development measures, which certain Member States shall see to.

The ESDP has three basic guidelines related to land-use planning. All authorities and sectors on all administrative levels may take these into account in their work, and simultaneously support their promotion on the European level. These are:

- The development of a balanced city system with several centres, and the strengthening of the interaction between urban and rural areas;
- The promotion of coordinated traffic and communications systems, which support the development above and are equally accessible;
- The development of the natural and cultural heritage, and caring for them.

In addition to this the European Union supports the work of the local communities for the development of the living environments in several manners, inter alia through development and pilot projects financed by different financial instruments. At the same time it disseminates information on successful projects.

u) Public procurement

In Finland, municipalities and joint municipal authorities are responsible for a remarkable part of public procurement. The EU's goal of opening the Single Market has improved local authorities' chances to achieve significant savings by putting purchases to tender. The Act on Public Procurement was passed on the basis of Union directives. This Act obliges local authorities to allow tenders from anywhere in the EU for purchases above specific thresholds. Finnish legislation acknowledges the principle of adequate competition in public procurement. Finnish legislation places even stricter obligations on local authorities than EC legislation with regard to tendering. For example, the Act on Public Procurement imposes lower thresholds in some cases. Increasing openness in purchasing activities makes it possible to take full advantage of the market. Those submitting tenders must be treated equally and non-discriminatively. Local authorities have reacted well to the new procedures, which have been quite productive especially on the domestic market.

The European Commission has surveyed the public procurement situation in the EU. The Commission has noted that the number of cross-border purchases is still low. Suggested means to increase cross-border competition have included improving the availability of information to suppliers and purchasers. In Finland the emphasis has been placed on training and the better use of electronic media so that information on current purchasing projects can be spread sufficiently so as to attract tenders from a wider area. There are several ongoing projects for the promotion of E-commerce on the basis of the needs of municipalities. Another goal is to integrate the information systems within financial administration into the system of E-commerce in order to save administrative procedural costs.

With certain exceptions, Finland's local authorities can still choose whether they wish to take care of production themselves or through tenders. The success of purchasing projects is improved by quality management, which has been extended to the local level. Legislation supports the inclusion of quality factors and systems when decisions are made to open purchasing to tenders. Bottom price is seldom the best criterion. The careful planning of purchases is extremely important.

Public procurement can be regarded as functioning well in the Finnish municipal sector. Problems have arisen mainly with regard to municipal-owned companies' right to produce services directly for local authorities.

v) EU programmes from the point of view of municipalities and regions

The aim of all EU programmes is to support the Union's general aims – including the promotion of European competitiveness – to foster sustainable development, to reduce regional and social differences and to increase equality between women and men. Increasing employment, preventing social exclusion and protecting the European cultural heritage have also taken on increasing importance recently. Implementation of the information society is seen as a way of improving competitiveness and employment. These aims are supported by developing joint legislation, on the one hand, and by implementing programmes which receive financial support from the EU, on the other. In addition to measures related to structural policy (roughly 34 % of the EU budget), the EU finances community programmes and programmes for technical assistance (approx. 12 % of the EU budget). The municipalities and joint municipal authorities may use these in the implementation of their internationalisation goals.

In addition to the regional measures financed by the structural funds, the EU supports measures on the community level within several sectors important to the municipalities, e.g. within energy, education, culture, traffic, youth, SMEs, social welfare and health care, and environment. Several of these are supported both through the structural funds and through community programmes, for instance energy, education – vocational training in particular – culture, SMEs, information society, employment, and environment. The support from the structural funds, however, often is much larger than the one provided by the programmes.

Community programmes important to the municipalities are inter alias:

- Altener and Save in the field of energy;
- Socrates and Leonardo da Vinci in education and training;
- Public and occupational health programmes, such as health promotion, injury prevention, and the prevention of pollution related diseases;
- The framework programme Culture 2000;
- Youth programme;

- Life and Environment 2000;
- 5th Framework Programme for Research and Technological Development for 1998-2002;
- Equality programmes.

w) Town twinning and the support programme of the European Commission

The roots of the Nordic town twinning tradition reach back to the late 1930s, and it is thus one of the oldest in the world. It is based on neighbourly harmony and mutual assistance, while similar traditions elsewhere in western Europe were designed to help heal the wounds of war and to prevent further conflict. In Finland, the internationalization of municipalities has been increasing very rapidly in the 1980s and 1990s. Municipalities and regions in Finland now have over 1,300 twin towns or similar twinning relationships in about 40 countries. Nearly 90% of Finnish municipalities are involved in twinning. The emphasis in twin town activities so far has been on traditional cultural, sports, youth and student exchanges, but expertise exchanges, business cooperation and many forms of non-governmental organization cooperation are now also part of operations.

Municipalities in Finland are eager to get involved in international projects. The partners in such projects are often their twin towns, but other types of international cooperation networks are also gaining a foothold. Despite the tendency for international cooperation to take the form of projects, the traditional forms of twin town activity have not lost their importance. Indeed, they are the 'backbone' of municipal international interaction, and are the channel through which international cooperation, familiarity with other cultures and peoples, and related efforts to do away with prejudice are brought to the grassroots level in the form of cooperation between individual people.

The Education and Culture Directorate-General of the European Commission is in charge of the Town Twinning Scheme, in which the Association of Finnish Local and Regional Authorities is an international cooperation partner. The aim of the scheme is to involve as many citizens as possible in town twinning activities. Activities are eligible for funding in all EU Member States, as are activities involving an EU Member State and certain countries in Central and Eastern Europe (Albania, Bosnia-Herzegovina, Bulgaria, the Czech Republic, Estonia, Former Yugoslavia Republic of Macedonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia) as well as Cyprus and Malta. Support will be given to three types of activity:

1. Exchanges between citizens from twinned towns.
2. Conferences and meetings on a given subject and activities designed to lend fresh impetus to the twinning concept.
3. Training seminars for organisers of town-twinning schemes.

The amount of the grant is calculated based on an assesment of the purpose of the exchange, the number of aspects involved, the number of participants and the towns involved. No grant may be awarded if the costs of organisation or travel that has been applied for or calculated is less than EURO 750. The highest grant is EURO 50 000 per application and may cover no more than the amount indicated in the application or two thirds of the total cost.

The application form may only be submitted by the town organising the exchange. Applications are to be sent to the European Commission at least three months before the event is scheduled to take place, as evidenced by the postmark.

2.2.7 Influencing EU decision-making

The municipalities and regions do not of course wish simply to obey Community legislation passively: It is also important to them to influence the development of Community actions. Having an impact on new legislative initiatives requires connections with EU institutions. Special mention should be made here of the regions' and municipalities' own organ, the Committee of the Regions – the official channel by which regional and local administration influences the Union's decision-making. The members of the Committee represent local and regional authorities. The Committee of the Regions has the opportunity to express its viewpoints of all legislative initiatives that are important for municipalities and regions. It is also possible, through the Committee, to introduce new ideas for developing Community legislation.

The Finnish delegation to the Committee of the Regions and the Association of Finnish Local and Regional Authorities have worked in close cooperation since the time the first Finnish members were appointed to the Committee of the Regions in 1995. The Association has appointed a secretariat to the Finnish delegation to the Committee of the Regions.

Representatives of the local and regional levels should have contacts with members of the European Parliament. There should be regular contacts with at least the members coming from one's own country. When wishing to get information on future Community legislation at an early stage, links to the European Commission are essential.

When examining either the application of Community legislation at the sub-national level or the opportunities for local and regional administration to influence the development of legislation, we need to emphasize links with each country's national-level authorities and political decision-makers. State authorities in every Member State have regular, official contacts with the decision-making apparatus of the European Union. From the perspective of the sub-national level, collaboration with the state is essential.

In question of articulation between local and regional authorities and EU institutions it is worth to consider cooperation. It is not easy to a single municipality, especially for a smaller one, to try to influence EC legislation. In most of the present Member States the main responsibility for influencing Community actions lies with the organizations representing local and regional authorities. Most of these organizations also have an office in Brussels, which helps in getting information and in building networks.

2.2.8 European Union policy of the Association of Finnish Local and Regional Authorities

a) The goals in the Association's EU policy

The primary objective of the EU policy pursued by the Association of Finnish Local and Regional Authorities is to safeguard and develop the conditions in which the local-government sector in Finland operates. The means by which this goal is striven for include influencing EU actions and making use of the opportunities that membership of the Union offers.

The central goals are

- Consideration of the views of municipalities and regions in EU decision making and national deliberation of EU matters;
- Inclusion of a Northern Dimension in Union policies;
- Greater transparency of EU decision making and national deliberation of EU matters;
- Development of a Europe of Citizens to bring the Union closer to the citizen;
- A more proactive approach to developing EU policies;
- Strengthening of the status of the Committee of the Regions as a channel of influence for municipalities and regions;
- To promote the election of Finnish politicians to central positions in the governing bodies of European organisations representing regions and municipalities;
- To ensure that experts on municipal and regional administration are appointed to positions in Union institutions;
- Increasing and diversifying the Association's links to Finnish state authorities and the European Commission.

b) The Association as a watchdog of members' interests

With the accession to membership, Finland gave part of its lawmaking power to the EU. Several matters that either directly or indirectly affect the activities of Finnish municipalities and their associations are deliberated and decided on by Union institutions. Since Finnish municipalities perform a very broad range of tasks, a large part of EU legislation affects them. Consequently, it is vitally important that the Association is just as effective at safeguarding its members' interests in EU matters as in domestic ones. Important cooperation partners in EU questions are government bodies in Finland, the European Commission and the European Parliament, the Committee of the Regions and European organisations representing municipalities and regions.

c) The Association's most important tasks in EU matters

- Influencing EU decision making
- Presenting initiatives concerning development of EU legislation
- Providing training and expert services
- Making Finnish local government better known
- Helping municipalities and regions to avail themselves of the opportunities offered by the EU

d) Organisation of EU matters within the Association

Since EU-related questions are an aspect of the Association's normal work of watching over and defending its members' interests, responsibility for handling tasks in this category has been assigned in much the same way as in the case of other tasks.

The Board of the Association decides the positions-in-principle to be adopted on EU issues. The department dealing with structural policy has overall responsibility in EU-related questions. The other departments are responsible for EU matters that impinge on their respective remits. A group appointed to deal with categories of matters concerning municipalities and local authorities form the Association's network of EU experts.

The Association serves as the secretariat of the Finnish delegation to the Committee of the Regions. It also provides the delegation with expert assistance in its preparatory work in relation to matters to be considered before the Committee and studies the effects of Union decisions on local administration in Finland.

Together with organisations representing the municipal sector in Sweden, the Association has maintained an office in Brussels since the autumn of 1992. Its main task is to obtain information concerning and exercise influence with respect to EU legislative projects. A second important field of work is raising the Finnish municipal and regional administrative sector's recognition profile in EU circles.

e) The Association of Finnish Local and Regional Authorities' views on the future of the European Union

The Association adopted in 1999 a statement "The Association of Finnish Local and Regional Authorities' views on the Future of the European Union". In this statement the Association wishes to express its ideas on the development of the Union. The goal of the Association of Finnish Local and Regional Authorities is a democratic and open European Union in which the opinions of citizens and local and regional organisations are taken into consideration in decision-making.

A democratic and open Europe of citizens

• Democracy

The implementation of local democracy in the municipalities is one of the most important cornerstones of society. Although democracy is a key principle in the European Union's member states, the EU's activities are characterized by a democratic deficit. The broader

implementation of democracy within the Union is indispensable to maintain the Union's legitimacy. The enlargement of the EU further emphasizes democracy as the key operating principles in the Union's member states. It is important that democracy in the member states is not limited to the national level, but is based on independent and democratic regional and local government.

- **Openness**

The principle of openness is closely related to effective democracy. The European Union's Treaty assumes that decisions will be made as openly as possible. Implementing EU regulations and changing concrete operating procedures in a more open direction requires determined work. The principle of transparency should be applied in practice in all the EU's activities.

- **Subsidiarity**

The purpose of the principle of subsidiarity is to ensure that decisions are made as close to citizens as possible. Decisions should be made at the local level as often as possible. The European Union's activities should strengthen the opportunities of the local and regional levels to meet citizens' needs in an equal manner in different circumstances. The member states should negotiate with local and regional authorities in preparing positions on EU matters which concern the municipalities and regions.

Regional balance

- **The direction of regional policy and connecting peripheries with Europe's core regions**

Regional policy has been used in the EU's member states and at the Union level to try to balance differences in prosperity and development between regions. The emphasis in balancing regional differences and in creating equal living conditions should be shifted to the regions' own development efforts. National and European systems should support the regions' own development work. A special challenge for regional cooperation is Finland's location on the periphery of Europe. Transport connections must be rapid and logistical systems must be modern and efficient.

- **Urban and rural policy**

Around 80% of Europeans live in urban areas. The quality of life in Europe depends decisively on the future of urban areas. Challenges include globalization and economic restructuring, social changes and the threat of marginalization, and pressures on the environment. The goal should be a strategy of sustainable development for urban areas. The European Union's decisions concerning rural policy are important for Finland, since Finland is the most rural country in the EU. The decline in the rural population practically everywhere in Europe also makes it more difficult for local authorities to operate. Coordinating the goals of urban and rural policies is necessary both in the European Union and in the member states.

- **The living environment**

The living environment should be planned and built on the basis of local needs in an ecologically, economically, socially and culturally sustainable manner, interacting with citizens. The EU's role in the planning of land use should remain unchanged. The EU's

task is to support the work of local communities in developing the living environment with the help of different financing tools and pilot projects. The EU should promote cross-border cooperation between the municipalities to allow the exchange of experiences and should encourage good planning practices and increased participation opportunities for citizens.

- **The northern dimension**

The special conditions in the northern parts of the EU should be recognized in the Union's internal and external policies. Special features related to the environment, construction, agriculture and service production in northern regions should be taken into consideration in Union legislation. Long distances from core markets pose special problems for business. The EU's northern dimension strategy provides a good basis for developing cooperation between the EU and Russia. Making use of the natural resources in the northwestern parts of Russia would benefit not only northern regions, but also the entire Union.

The welfare society in the Europe of the future

- **Educating Europe's citizens**

Education policy should have a clear national and regional dimension and independence. Joint European lines are still needed, however. Educational cooperation should be promoted locally, nationally and internationally. There is a need for cooperation in anticipating education needs, arranging instruction and evaluating education. In order to increase international activities, the recognition of certificates should be clarified. European discussion should also focus attention on educational equality.

- **A multi-cultural Europe**

The European Union is not striving to harmonize the member states' cultural life or legislation, but is focusing on supporting cultural projects through various programmes. The EU is trying to encourage cultural exchanges between the member states. Culture should remain within the sphere of the member states in the future as well. Cultural services are being developed as part of business and employment policy. Cultural values should be taken into account for instance, in building projects and housing policy.

- **Social welfare and health services and their financing**

Although each of the EU's member states decides on how it will arrange social security, many supranational factors can influence the formation of each country's social security. In the EU such factors include meeting the criteria for EMU, the harmonization of taxes, free movement and changes in values. The differences between the welfare systems in the Union's member states clearly hamper the EU's activities. Pressures to harmonize employment, welfare and tax policies will grow. The Nordic model with its emphasis on local authorities is caught between demands for harmonization and the traditional tax financing model. The present system enjoys citizens' broad support, however, and any change towards a central or southern European model is not within sight anytime soon, although the member states receive influences from one another with deepening integration. It is important to ensure the financial possibilities of different systems in developing the member states' tax and payment systems.

Working life

- **Employment**

Common challenges facing Europe include the ageing of the labour force and long-term unemployment. International competition and technological development create new demands for professional skills. Europe's employment strategy focuses on improving the preconditions for enterprise. Working life must be able to meet these challenges by implementing lifelong learning models in practice. In local government tasks the emphasis is on developing education systems and preventing the marginalization of the long-term unemployed. Local government must be provided the operating possibilities to prevent these problems. At the EU level measures should focus more clearly on the prevention of long-term unemployment and marginalization. The member states' regional and local authorities should show initiative in developing local economic life. In Finland maintaining welfare services requires raising the employment rate from about 65% at present to nearly 70%, which is also the goal elsewhere in Europe.

- **Social dialogue**

The municipal sector employs around 10% of the labour force in Europe on average. In Finland and Sweden the figure is over 20%. Municipal employers are an important group in decision-making at the European level as well. It is indispensable for municipal employers to be included in social dialogue structures and to be taken into consideration in the European Union's activities as a separate employer group like employers in the private sector.

Equal opportunities

- The EU's member states are at quite different levels in matters related to gender equality. All the member states should adopt the mainstreaming principle in achieving equality. Goal-directed and systematic activities to promote equality should extend to all parts of public administration. This means the equal representation of women and men in decision-making bodies. Equality goals should be clearly expressed in technological and economic policy and age-related programmes, for example. The coordination of work and family life should be supported. The European Union should strive to promote equality in all areas.

Sustainable development

- **The environment**

In the EU's environmental policy, effective environmental regulation and the promotion of sustainable development are important for local and regional authorities. Environmental regulation cannot be left up to the market. The preparation of legislation related to environmental protection should be continued in the EU, but greater attention should be paid to special conditions in municipalities and regions in different countries and room should be provided for different means to achieve commonly agreed objectives. The member states must also be ensured an opportunity to proceed in environmental policy at a faster pace than other countries. The EU needs an environmental programme which is constantly in force. The preconditions for sustainable development are civic action and

the taking of responsibility for worldwide environmental and development problems. The significance of environmental taxes and charges should be emphasized. In this respect a common line should be adopted and the EU should also work jointly and actively in international connections.

- **Energy**

In the production and consumption of energy, support should be provided for development trends which promote the competitive use of technology in utilizing renewable sources of energy and which reduce energy consumption. Special attention should be given to different regions' natural conditions and opportunities so that local resources can be utilized in the best possible way.

f) The information society

Information will be a key element of society in the future. The private supply of advanced services and inexpensive telecommunication links will be focused in the most densely populated areas. In other areas public support measures will be required to ensure equal opportunities. Electronic business and commerce require standards which will ensure citizens' free movement and the internal market. New information and communication technology will also provide plenty of opportunities to arrange public administration's activities in an entirely new way.

g) Enlargement of the European Union

The enlargement of the European Union to the east will be a very demanding process for both the Union and applicant countries. The thorough reform of structural and agricultural policy will be indispensable. Attention will also have to be paid to the Union's cohesion. There is still a clear political will for enlargement to the east, however. In preparing enlargement, the Association of Finnish Local and Regional Authorities believes that special attention should be given to the effectiveness of the applicant countries' administration systems. Local and regional government should be included in the development of the applicant countries' administration. Effective regional and local government is the precondition for democracy and a market economy.

Further information

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2.3 SWEDEN

2.3.1 Foreword

This report is being published as a result of the decision of the Committee of the Regions (CoR) to support the candidate countries in their preparations for accession to the EU. The support is primarily intended for elected representatives and officials in the candidate countries' regional and local authorities.

The report deals with Sweden's pre- and post-accession experiences, in particular from the point of view of the Federation of Swedish County Councils (FSCC) and Swedish Association of Local Authorities (SALA).

In 1998 and the spring of 1999 CoR arranges conferences in the first group of the candidate countries, i.e. the Czech Republic, Hungary, Estonia, Cyprus, Poland and Slovenia. The focus of these conferences will be on information and the various conditions and requirements associated with membership of the EU and, in particular, on communicating the experiences of the most recent EU Member States – Finland, Sweden and Austria. The aim of the conferences is to assist the candidate countries' regional and local authorities in their pre-accession preparations.

After an evaluation conference in Brussels, which is planned to be held in the autumn of 1999, the intention is to go ahead with conferences in the second group of candidate countries – Latvia, Lithuania, Slovakia, Romania and Bulgaria. Other more concrete measures are also being considered.

The original plan was to use this material as non-published, supporting data for the Swedish Delegation participating in the conferences arranged by the Committee of the Regions in co-operation with associations of local authorities in the candidate countries.

However, we have come to the conclusion that the material should be elaborated and published in order to make some of Sweden's pre- and post- accession experiences on local and regional level readily available to the present candidate countries.

I hope this booklet will prove useful to elected representatives and officials in the candidate countries' regions and local authorities in their preparations for accession to the EU.

Roger Kaliff
Chairman of the Swedish Delegation to the Committee of the Regions

Stockholm in January 1999

2.3.2 The Swedish EU-Accession timetable

- **1995** The accession treaty takes effect;
- **1994** The Swedish Parliament ratifies the accession treaty and the EU-accession law;
- **1994** The Swedish EU-referendum;
- **1994** The Swedish government EU-membership - proposition;
- **1994** The Swedish government sets out its consequence studies concerning a Swedish membership;
- **1993** Membership negotiations begin;
- **1992** The EEA Agreement is ratified by the Swedish Parliament;
- **1991** Sweden applies for membership to the EC;
- **1990** Negotiations concerning the EEA Agreement - begin;
- **1988** The Swedish Parliament reaches a decision - concerning further participation in the West - European integration.

2.3.3 Introduction

Matters to consider on the basis of experiences in Sweden

- See to it that a constructive dialogue on EU matters is established between the different decision-making levels in your country as soon as possible.
- Make a serious effort to disseminate information about the EU system – not only the formal system! regions and local authorities is to ensure that the local and regional levels derive the greatest possible benefit from membership of the EU. This applies both to pre-accession preparations, the purpose of which must be to ensure the best possible accession agreement, and to membership itself, where the focus will be on ensuring that, wherever possible, changes in EU rules benefit the local and regional levels. These efforts will have to be made primarily through the national government. It is the government that has the strongest representation in EU bodies, and conducting a dialogue with one's own government is better than doing so with EU bodies, both from a cultural and a linguistic point of view. But it is also very important to maintain a presence in Brussels. This is difficult and demanding work; it is best to perform it with the help of alliances with others or of the national EU representation.

- Making one's influence felt in Brussels requires great competence and thorough preparations; you must do your homework well to have any chance of success. Those who have the best prospects of influencing the Commission and other bodies are the experts in the national organisation, i.e. those who "own" the issues. The task of the Brussels representation is to systematically supply information and identify useful contact paths.
- The representation in Brussels should therefore be regarded as a necessary complement and a support function for the national organisation, not as an alternative to a dialogue with the national government. Think carefully about the purpose of having a representation in Brussels and see to it that you have a strong national base that controls the activities of the representation.
- Make every effort to ensure that local and regional authorities can always make their views known to your government when it comes to all planned pre-accession decisions that will affect local and regional bodies. Assert thereby – in line with the European Charter of Local Self Government – the "financing principle", which means that if the government makes agreements with the EU meaning a transfer of new tasks to lower levels of government, it has to secure economical means for the new tasks. However, the most important thing of all is to take part in the decision-making process at the earliest possible stage. That is when you have the greatest chance of having a say.
- It is important to promote open participation in the Commission's expert groups and to ensure that the Commission is informed about experts from local and regional authorities who can be used as resources. It is also important that the experts are experienced and have the ability to assess proposals in a broader societal perspective.
- Make a thorough assessment of the co-operating organisations and issues that should be given priority both prior to accession and later!
- Defend your own local and regional political structure against the Commission's attempts to establish territorial divisions on statistical grounds as a basis for the dialogue on structural funds etc.
- Build up informal networks with representatives of sister organisations both in Member States and in the candidate countries.
- The pre-accession preparations are a phase in a continuous process rather than a series of projects. The process will continue with increased intensity after accession. Therefore, long-term strategies are needed and must be evaluated and revised from time to time.

2.3.4 The Swedish Local and Regional Authorities' pre-accession preparations

a) The FSCC's and SALA's preparations and impact studies

How we started

Swedish Association of Local Authorities (SALA) and the Federation of Swedish County Councils (FSCC) started back in 1991 to discuss the possible consequences for Sweden's local and regional authorities (i.e. municipalities and county councils) of the so-called EEA Agreement.

For the purposes of negotiations between the Swedish Government and the EC, the Government established an organisation involving reference groups. The FSCC and SALA participated in reference groups that dealt with issues of particular regional or local interest, e.g. in the areas of social and environmental policies.

The efforts of both FSCC and SALA focused initially on preparing information about the EC and the EEA Agreement, which was the subject of the negotiations between the Swedish Government and the Community, and documenting assessments of the impact of an EEA Agreement on local and regional authorities.

Impact studies

As mentioned above, work commenced at an early stage on analysis of the potential consequences for local and regional authorities of an EEA Agreement, i.e. integration of Sweden into the EC's single market system. Both FSCC and SALA presented reports which were circulated to local and regional authorities and were used as background material for conferences, seminars etc.

In 1994 FSCC and SALA presented their analyses on the agreement of the Swedish EU-membership. The reports contained overall assessments of issues for which local and regional authorities are responsible in Sweden. They dealt, in particular, with the potential effects for local self-government. One conclusion that was drawn was that local and regional authorities would be affected by a large number of the decisions taken by the EC's decision-making bodies, and that in some cases these effects would be detrimental to self-government, but in other cases they would be favourable.

In 1993, work commenced in the Government Offices on a series of studies of the impact of an EEA Agreement or future membership of the EU on Swedish society in various areas. One of these studies dealt with the consequences for local and regional authorities. FSCC and SALA were represented in that study by experts. The material that we had already collected proved useful for the purposes of the study.

The main conclusions of the Government's impact study was that co-operation within the EC/EU framework:

1. offers local and regional authorities the opportunity to participate fully in the EC's development programmes and projects;
2. involves certain restrictions as regards public procurement, industrial policy and environmental policy, but that these restrictions are scarcely such as to limit local self-government in any vital sense;
3. that membership of the EC/EU would give Sweden seats in the Committee of the Regions and the possibility for our regional and local elected representatives to have a say; and
4. that developments in the EC/EU indicate that it is moving towards the adoption of values with respect to subsidiarity and transparency in important decision-making processes that are generally accepted in Sweden and towards the view that a market economy must be accompanied by sufficiently strong social safety nets.

FSCC and SALA noted that the Government's views were consistent with the organisations, but that the Government had a marked tendency to play down the impact of membership on regional and local self-government.

As mentioned above, our preparations not only provided the material for FSCC's and SALA's own information activities but also part of that used in Sweden's negotiations on the EEA Agreement and subsequently on accession to the EU. As a result of these preparations, the elected representatives and officials in local and regional authorities had a basic knowledge of the integration process before it was implemented. The Government's negotiators and Sweden's Parliament realised, on the basis of the impact studies, that accession to the EEA Agreement or the EU would not involve any great consequences for democracy.

According to the government study, the main immediate effects were likely to be indirect, as a result of the systems for public procurement, regional policy, environmental policy and certain other policy areas. It is essential to bear in mind that this conclusion is valid for the Swedish conditions with advanced regulation and legislation in all fields of society also before the discussions of EU-membership, not the least concerning environment that causes major problems for all of the present accession countries.

Contacts and representation in Brussels

Much of the work of preparation was devoted to study visits to the Commission and other institutions in Brussels. Such visits were made both by the FSCC's and SALA's own politicians and officials and by other groups from local and regional authorities. The effectiveness of these activities may be questioned, but it was obviously worthwhile studying the environment in which Sweden and the Swedish local and regional authorities were to work.

FSCC and SALA noted as early as 1993 that even if Sweden's integration process went no further than accession to the EEA Agreement, it was important to maintain a presence in Brussels, at least at the initial stage, so as to obtain information about the processes in the EU and the EU bodies' methods of work. In 1993, a joint Brussels office was set up for the SALA, FSCC and the Finnish Association of Local Authorities. It was already clear that a permanent presence in Brussels would be necessary in the event of a later accession to the EU.

The task in Brussels was defined as the need to learn the system, how the EU bodies worked and to inform interested parties at home about various high-priority matters at an early stage. Having a presence in Brussels would also make it possible to assist experts and also delegations from Swedish regional and local authorities with the content of study programmes and with finding their way in the EU- bureaucracy.

All this was important at an early stage. Today, the situation has changed since a large number of Swedish regions have their own representations in Brussels. The main objective for FSCC and SALA is still the same – to monitor legislative issues and attend to our interests in other respects – but the task of helping individual Swedish regional/local authorities or groups of authorities with information and contacts has largely been assumed by the regional offices.

The knowledge and contacts acquired in Brussels are of course increasing the credibility when it comes to expressing views about the Government's conduct of negotiations with the EU. Furthermore, the presence in Brussels allows for the building up of contacts, relations and for the possibility to present points of view in the EU's decision-making bodies, especially the Commission and the Parliament. Another important argument for maintaining a physical presence is that it facilitates the building up of networks and alliances with representations from other Member States.

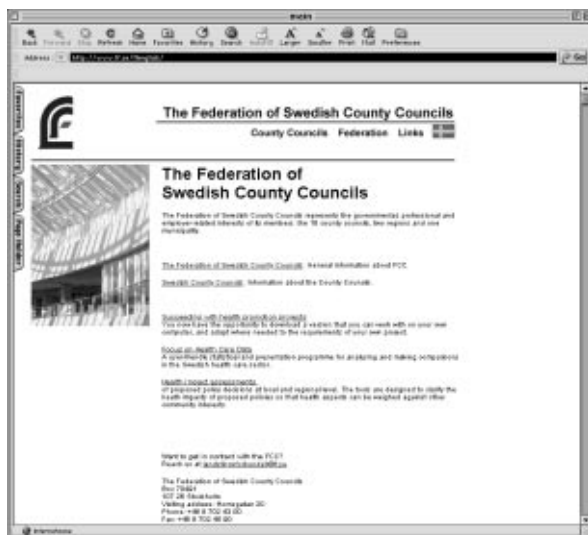
Now that Sweden is a member of the EU, the FSCC's and SALA's elected representatives and officials must learn to interact in a much more complex reality than used to be the case; it is no longer possible to separate Sweden's policies from those of our European partners.

Information to members

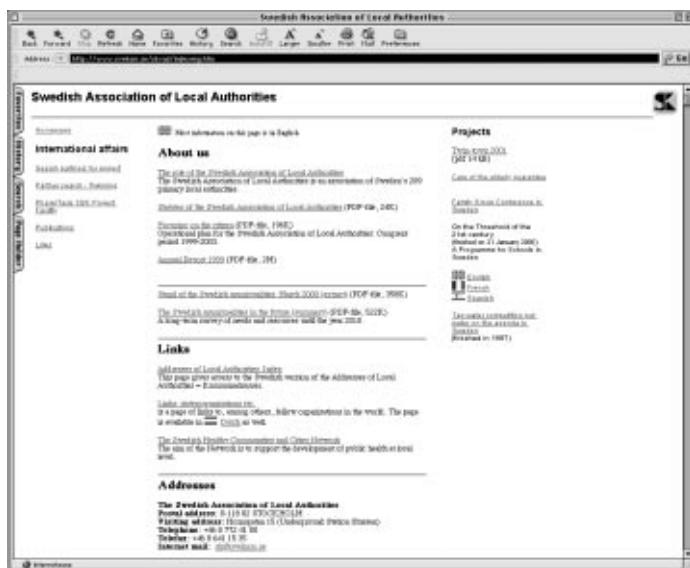
FSCC and SALA have also made a good deal of effort to provide written information to their members. Newsletters have been circulated containing the latest news about decisions and initiatives from the Commission and other EU bodies, as well as information about the status of negotiations, including our own comments and analyses. We have used the traditional channels, i.e. circulars to local and regional authorities, and a number of impact studies have been performed. We have also produced a number of reports on various matters, such as social welfare in the EU, environmental policy in the EU etc.

Nowadays, such information is increasingly circulated by means of modern information technology. The use of Internet is undergoing explosive development in our country at the moment.

Another important task for the two Swedish federations after the Swedish referendum in 1994 on EU-membership was to give the local and regional authorities information in a co-ordinated manner about the EU's structures for providing financial aid for development projects in various sectors.



The FSCC's international web-site.
<http://www.lf.se/lf/english>



The SALA's international web-site.
<http://www.svekom.se/skvad/indexeng.htm>

b) Preparations undertaken by individual local and regional authorities

Representation in Brussels

The Swedish regional and local bodies have gradually acquired expertise of their own in EU matters. To start with, FSCC and SALA played an important part for the members, and they still do, but their role has changed. Some regions and large local authorities have acquired substantial expertise of their own. Today, most local authorities and all the county councils are represented in Brussels, not only by the FSCC and SALA offices, but also by a number of regional offices. The degree of their commitment varies, but the offices are open to all should the need arise.

As a result of the developments mentioned above, individual local and regional authorities now have channels of their own for obtaining information and knowledge about the EU. While the task of FSCC and SALA is largely to monitor the EU's legislative measures and political discussions on a general level, the regional offices are mainly there to help obtaining their share of the EU's funds for the development of their own region or municipality and to build networks with other regional and local authorities in the EU. There are, however, no fixed demarcation lines between these two activities, and the FSCC and SALA office and the regional representations co-operate in pursuing the interests of the regional and local levels.

Regions in Sweden represented in Brussels

- Sydsam
- West Sweden
- East Sweden
- Central Sweden
- Stockholm



Information and knowledge

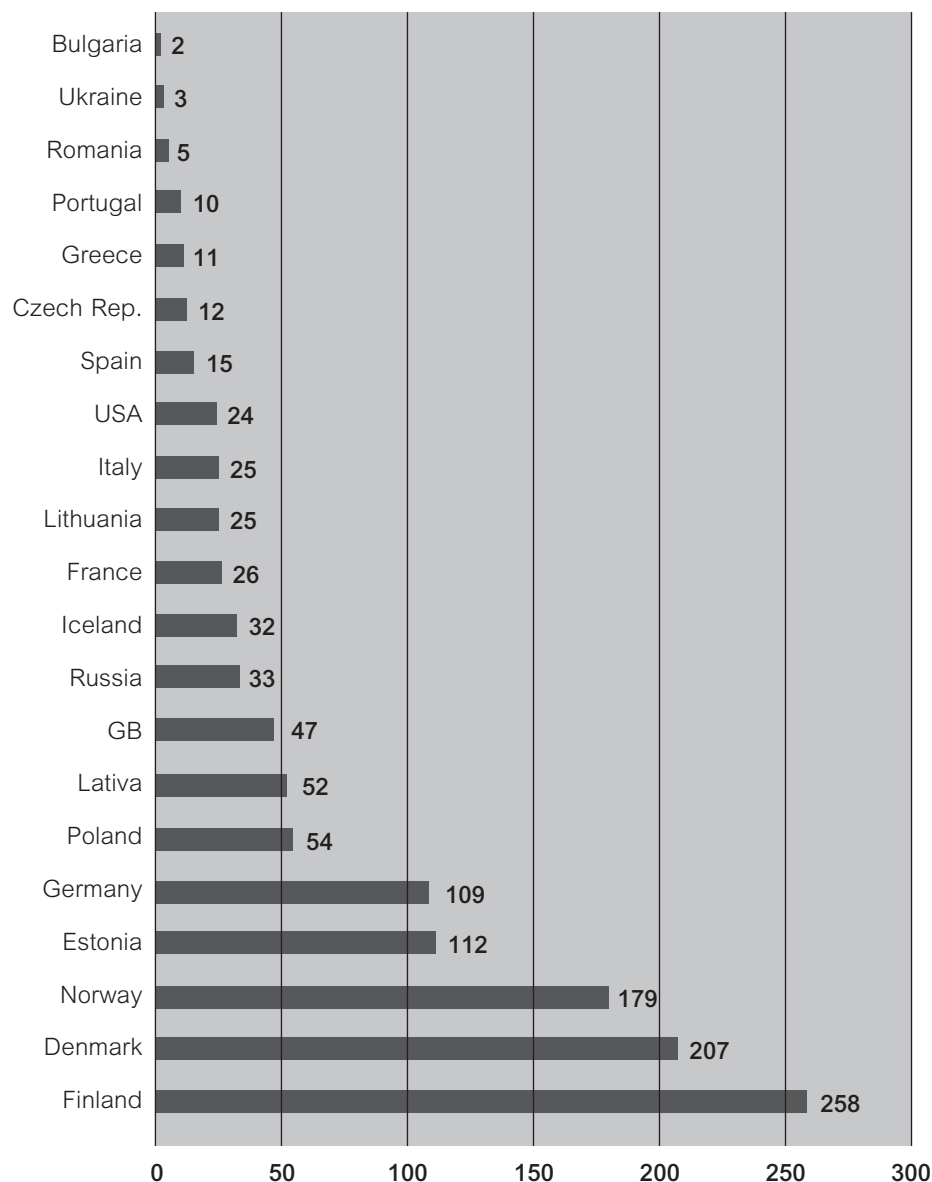
Another element of the regional and local authorities' preparations has been to seek to acquire useful knowledge through seminars, courses and conferences. At the start, they relied on FSCC and SALA for this service, but nowadays they are much more selective and use the central organisations as just one among many sources of information. Today, the role of FSCC and SALA is rather to give impulses, but these organisations also play a part in building up contacts and networks – with researchers, politicians etc. – which can be useful as a source of state-of-the-art knowledge and analytical capacity.

Twinning arrangements

An important element of the pre-accession preparations undertaken by individual local and regional authorities in Sweden consisted in seeking one or more partners (twin towns etc.) in other Member States. Twinning has proved to be a valuable tool in the pre-accession and membership process. This applies both to the large number of twinning arrangements with local authorities and regions in Finland and Denmark (and in Norway too, although it has stayed out of the EU) which go back to the late 1940s when our Nordic neighbours were still recovering from the war, and the new twinning arrangements that have resulted from the accession process and, not least, the new political situation in Europe after the collapse of the Eastern bloc almost ten years ago.

All the county councils have also established extensive international contacts and are all members of the AER (the Assembly of European Regions) and other transboundary networks in which more or less close co-operation has been established.

Swedish municipalities have extensive contacts with cities/municipalities in other countries, particularly in adjacent countries but also in other parts of Europe. These contacts constitute a considerable factor in supporting the development of democracy and infrastructure in the Baltic States, Poland and the North Western parts of Russia.

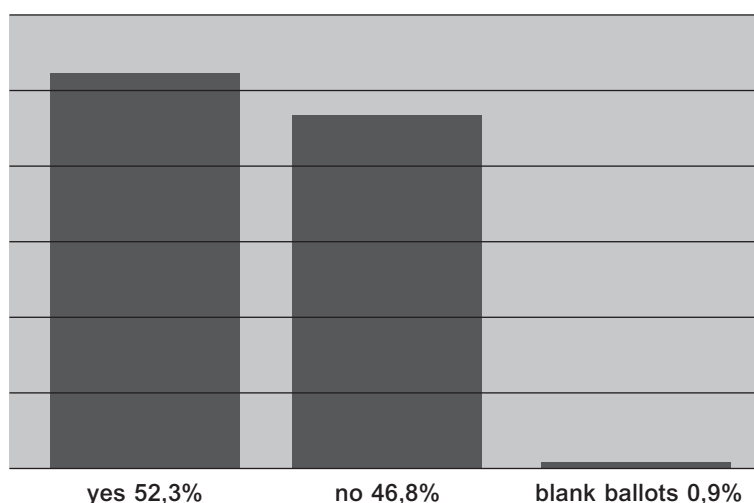


c) Relations with central government during the pre-accession phase

Negotiations and the referendum

We have already dealt with our relations with central government during pre-accession preparations. It may be noted, in addition, that even if the Swedish Government prepared the actual negotiations thoroughly, it would have benefited from an even more open and objective dialogue with interested parties and organisations outside government administration.

The result of the Swedish EU-referendum in 1994



On the other hand, due to the vehement political discussions prior to accession (there were great differences of opinion in Sweden regarding the benefits of membership), the Government did not organise and prepare itself for accession sufficiently effectively. The object was to organise the preparations for future membership only if and when the referendum vote gave the all clear for accession to the EU. Even when this happened, the issue was considered so sensitive that the existing organisation was never upgraded.

Lame management, lack of transparency and democratic influence

The result is that even today a great deal remains to be done before the Swedish Government is in a position to manage EU membership effectively. This means that local and regional authorities and their federations, like other sectors, find it difficult to establish a working dialogue with the Government on Sweden's position on EU issues. To a large extent, EU issues have so far been dealt with as an internal government affair, with surprisingly little transparency by Swedish standards.

A further complication is the fact that officials from government agencies have represented Sweden in all the working parties at the Commission that prepare Commission proposals. Such narrow representation is alien to Sweden's political culture, which is otherwise characterised by close co-operation and broad-based discussions between all parties who are affected by planned decisions and far-reaching transparency in the decision-making process.

Local and regional authorities have had a minimum of access to information and government experts have often not been capable of making broader, cross-sectoral assessments of the effects on the local and regional bodies of the proposals that have been drafted. This has undoubtedly led to tension and irritation in relations between central government and Sweden's local and regional authorities.

Finland accepted the consequences of membership by adopting a different and more radical approach. It reorganized parts of the public administration in order to adapt it to the demands of the new international co-operation. In Sweden, however, changes are being driven from below, i.e. by local and regional authorities.

Changes are now taking place, and we can see how the Swedish system of managing regional policy is influenced by the EU's approach to partnerships between the state and representatives of local and regional government.

2.3.5 Post-accession Strategies and Activities

a) Strategies and activities

It may be useful to consider long-term strategies and activities before embarking on pre-accession preparations.

Lobbying and pursuing our interests – both in relation to Brussels and to the national government – are matters, which should be given careful thought.

The FSCC has, following Sweden's accession, identified five priority issues, which should be given special consideration in European co-operation:

- **Regionalisation**

The need to take advantages of and contribute to the development of the work of the Swedish delegation in the Committee of the Regions.

The need to support the process of regionalisation in Europe in various organisations such as the Committee of the Regions, CLRAE, CEMR, and also in bilateral contacts.

The need to support the county councils' own interregional contacts at European level.

- **The principle of subsidiarity and structural funds**

The need to ensure that the principle of local self-government is implemented in practice in the Swedish Government's relations with the EU.

The need to ensure that the principle of partnership is developed and applied fully in the regional partnerships associated with the structural funds.

- **Enlargement**

The need to act as a meeting-place for the county councils in matters relating to eastern Europe and the Baltic Sea region.

The need to emphasise the local and regional perspective in national and European co-operation on Eastern Europe.

The need to support democratisation and regionalisation processes in eastern and central Europe.

- **Public health**

The need to increase the impact of public health in various areas in the EU.

The need to provide a meeting-place for exchanges of experience on international public health matters.

The need to enhance skills in the health and medical services by establishing contact with authorities and organisations in other countries.

- **Employers**

The need to promote the traditional Swedish negotiating model in the labour market.

The need to monitor the management of labour law issues in the EU through membership of CEEP and CEMR.

The need to ensure that equality issues are given higher priority in the EU.

The need to ensure that the problem of the ageing of Europe and its consequences for social welfare systems remains in focus.

SALA's priorities are very similar to those of the FSCC as regards the principle of subsidiarity and the structural funds, eastward enlargement of the EU and issues relating to employers. SALA has also prioritised the following issues:

- **Analysis of the deepening of the single market due to EMU.**

- **Developing the EU's social dimension through the social dialogue.** SALA regards this as an element of the Union's increased commitment to the welfare state, in which employment policy, social security and the working of the labour market are areas that have now been placed on the European agenda.

- The local authorities' commitment to the **Fifth Framework Programme for Research and Technology Development**.
- **Proposals to develop partnerships** in connection with Agenda 2000 and future structural policy.
- Local and regional development issues as a result of **the Union's increasing influence on local government policies** with regard to spatial planning, urban policy and the environment etc.

The EU's complicated regulatory framework

FSCC and SALA are pressing for simplification of the rules governing the EU's funds. We have adopted a policy concerning the formulation of the EU's structural policy, i.e. the policy determining the aids granted to the Member States, in future. Naturally, this policy determines FSCC's and SALA's stance in our contacts with the Swedish Government and meetings with representatives of the Commission and other EU bodies for the purpose of pursuing our member interests.

Baltic Sea Region policy

As a result of FSCC's and SALA's policy in the Baltic Sea region, the Swedish Government through its Agency for International Development and Co-operation (Sida) has allocated a substantial amount (considerably more than 10 million EURO up to 1998) to multiannual concrete projects within the framework of the very active and extensive bilateral twinning arrangements between Swedish local and regional authorities and their counterparts, especially in the Baltic states, Poland and north-western Russia. SALA is also managing and implementing own Sida-financed bilateral projects mainly in co-operation with sister-organisations in the Baltic states and Poland and north western parts of Russia but also in Ukraine, Belarus and Romania.

EU-financed projects are also rapidly growing in number all over the region – both Euroregion and other multilateral projects financed from Interreg 2 or Article 10, and smaller projects financed from ECOS-Ouverture, Phare Baltic Project Facility and Tacis Small Project Facility. SALA has in co-operation with FSCC a special programme office – financed by the EU-commission – for the three latter funds.

The role of this programme office is to support Swedish municipalities and regional authorities in their ideas or plans on bilateral or multilateral co-operation projects in the Baltic Sea region.

It is a central task for SALA and the FSCC to give professional support to municipalities and regions in order to facilitate funding of interesting Swedish-led project proposals.

The activities of the two Associations are furthermore aiming at influencing the direction and scope of the EU support to local and regional co-operation between EU- and Eastern and Central European partners during the next programme period.

In 1997 FSCC and SALA were also instructed by the Prime Minister to investigate the possibility of establishing an institute for the training of local and regional elected representatives and senior officials in the three Baltic States. FSCC and SALA have proposed that three such institutes should be set up for the purpose of training local politicians and officials and thus facilitating decentralization in these countries. The Swedish Government has welcomed the proposal. Funds have been set aside for the project and discussions are now in progress with the governments and federations of the other Nordic countries on co-operation, co-financing and implementation.

One important reason why the Government has recognised that the local and regional authorities and their national federations are valuable partners in the co-operation with eastern and central Europe is closely linked to the objectives of Sweden's policy on Eastern Europe. Many-faceted local and regional co-operation is an important element in the achievement of these objectives, i.e. the objectives relating to security, democracy, the environment, economic development with basic social welfare provision and, to some extent, the objective of equality between men and women.

Local and regional authorities

A large number of local authorities and all the county councils have, in mid-1998, two and a half years after Sweden's accession to the EU, elaborated their own international strategies in order to explain to politicians and to the public how international commitment can also contribute to local and regional development. Obviously, these strategies vary in quality. But it is clear that the local and regional authorities no longer work on such an ad hoc basis as before in international co-operation issues. The priority of the proposed measures is better defined and they are often placed in a context of broader development for the region or local authority area.

"The idea of Europe and the new regional work has led us to see numerous opportunities for collaboration, where we may previously have only seen limits."

(Lars Isaksson, chairman of the Federation of Swedish County Councils in the journal, Regional Vision of Sweden.)

"Internationalisation and the Common market have confronted cities to new demands and increased international competition. This new context has to be tackled by a holistic approach and increased co-operation between municipalities."

(Margot Wikström, president of the Swedish Association of Local Authorities, in a dialogue with Commissioner Wulf-Mathies, February 1998)

b) What should local and regional authorities do to take advantage of the opportunities offered by membership?

As regards the structural funds, Swedish local and regional authorities have, after a slow start, become increasingly active.

Concerning the EU's programmes for co-operation in the Baltic Sea region, progress has continued to be fairly slow even if we now can notice increasing activities. This is partly because the Swedish Government's support for bilateral projects in the Baltic Sea region has been substantial and has benefited the local authorities through twinning and other local co-operation projects. The municipalities have consequently found it simple to apply for grants from the Swedish funds.

The rules on eligibility for EU funds often require co-operation between three parties. The requirements as regards applications, monitoring and evaluation are much more complicated.

Furthermore, the trend as regards EU-financed projects is towards fewer and larger projects, which is not such a good thing in a local or regional perspective, where we focus on diversity and the need to test many different ideas.

The conclusions drawn by FSCC and SALA are that it is important to press for simplification of the rules applying to EU programmes and funds and also to invest in training, in particular for the officials concerned in local and regional authorities, so as to enable them to better take advantage of the opportunities offered by the present system.

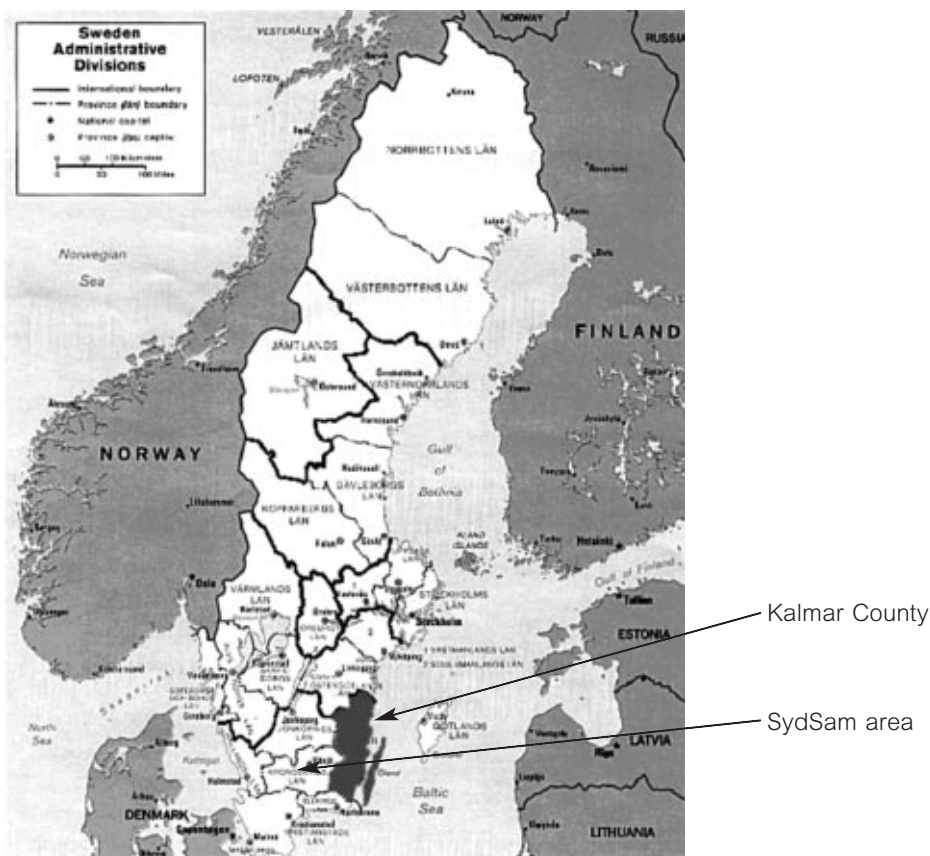
However, the volume of participation by local and regional authorities in various EU-financed projects has constantly increased. Sweden receives about 260 MECU/year in support from the EU. Sweden's co-financing is mainly provided by central government. We have as well requested that the rules should also allow for private sector co-financing.

During 1998 approximately 70 projects within Eastern Europe in co-operation with Swedish municipalities and county councils received EU-funding from the Ecos-Ouverture and Phare/Tacis programmes. In comparison to the other concerned countries within the EU, Swedish applications are the most approved during 1996 and 1998. The projects cover almost all local and regional development, environment, tourism and local democracy/administration.

As regards EU-financed projects, there is still a great need of training in Swedish local and regional authorities for the purpose of achieving better results within the framework of the EU's strict rules.

2.3.6 A Regional Example: SydSam and Kalmar County

SydSam is a co-operation body for local authorities, county councils and their respective associations in southern Sweden. SydSam's role is to assert southern Sweden's common interests, in particular in international fora, and to promote co-operation on matters of overall regional interest. Kalmar County is one of six counties in SydSam.



a) SydSam's activities

In 1993/94 SydSam drafted a strategy called "South Sweden Vision". In this vision, which extended to the year 2009, it was declared that three objectives should be achieved by that year:

- Southern Sweden should then be an active and integrated part of Europe and southern Swedish enterprises and politicians should maintain a forceful presence in the European arena.
- The Baltic Sea region would have the highest rate of growth in the EU and southern Sweden is an important and active part of northern Europe and the southern Baltic Sea region.
- Eastern and central Europe have great potential for trade in the neighbouring region.
- As a result of the work on this vision SydSam signed a co-operation agreement in 1993 with the federal German states of Schleswig-Holstein and Hamburg. Following the agreement, SydSam moved the European office for southern Sweden to the Hanse-Office as of January 1st, 1994. Hanse-Office is the two German states' joint representation office in Brussels. Sharing an office with the German states helps us to pursue our interests in the EU and is a manifestation of our long-term interest in establishing cross-border co-operation around the Baltic Sea. Representatives of Copenhagen, Fyn and Sønderjylland, Denmark, Vaasa, Finland, and other regions are now also installed at this office.

b) Future activities – new rules and a new approach

Sweden's membership of the EU has led to new rules and methods. The following examples may be mentioned.

Domestic policy today is influenced both by the Swedish Government and the EU's decision-making bodies. This creates a need for active efforts to pursue our interests in both Stockholm and Brussels.

SydSam's Brussels office and home-based organisation must work together. To achieve success in our lobbying efforts, we must complement the operations of the Brussels office with activities by people in southern Sweden who have first-hand knowledge of conditions in the region and access to the operational resources that are needed for implementation at home. This ensures credibility in relation to the various EU bodies.

The increasingly tight deadlines affect both our methods and the prospects for the political process. While it is true that the EU's mills grind slowly, interested parties such as SydSam must be able to prepare material and proposes at very short notice. This may make it difficult to gain acceptance for specific measures in advance, and SydSam's board must therefore continuously discuss strategic matters and have a political position to fall back on.

c) Kalmar County – a sub-region in the south

Kalmar county's pre-accession preparations commenced in 1990 immediately following the Swedish Government's decision to submit an application for membership. The board of the Kalmar County Association of Local Authorities decided to perform a study – The Impact of the EU on the Local Authorities in Kalmar County – on how the region and the local authorities in the county were likely to be affected by the EEA Agreement or by membership of the EU. The conclusions of this study were later made the basis of a number of concrete measures in the following areas, among others:

- The role of Kalmar County and its local authorities in the Europe of the future;
- Public procurement;
- Research and education;
- The EU's regional and industrial policies;
- Environmental policy;
- Energy policy;
- Democratic aspects.

Following the study, the county association of local authorities issued a special publication in the spring of 1992 in order to give a picture of the EU and its impact on Kalmar County and to stimulate interest in the county in learning more about the EU and the international issues from a local government perspective.

The study also resulted later in the drafting of The Impact of the EU on the Local Authorities in Kalmar County, an action plan and a strategy for work on international matters in the county. Furthermore, an analysis was carried out of the potential benefits of EU funds and programmes for Kalmar County and its local authorities.

Concerning the role of Kalmar County and its local authorities in the Europe of the future, one of the conclusions was that internationalisation and the restructuring of central government in Sweden created new conditions for co-operation between counties and regions. SydSam is one such example of interregional co-operation.

d) In summary

Both SydSam and Kalmar county have implemented various training measures and developed close contacts with various regions, particularly in the Baltic Sea region, in order to strengthen our position in an international perspective.

In conclusion, it should be emphasised that the measures undertaken both by SydSam and Kalmar county complement rather than compete with the measures taken by SALA and FSCC at the central level. Possibly, the "geographical dimension" is more marked in the regional measures, for obvious reasons. Naturally, the interests of southern Sweden as a European region can only be protected by representatives from the region – SydSam and Kalmar County – since they are the ones who are experts on southern Sweden.

2.3.7 Some Swedish Experiences

It has been a substantial problem to achieve a close dialogue with the Government, which would allow representatives of local and regional authorities and regional bodies to participate at an early stage in the drafting of Swedish positions prior to negotiations with EU bodies. This is due in particular to the fact that, according to its own experts, the Government itself acts reactively rather than proactively.

From the point of view of FSCC and SALA, the absence of a satisfactory co-operation partner in the Government Offices, who is willing to listen to us and who understands our views, has definitely been a problem. This is an unusual situation for us and can only be explained by the new decision-making and co-operation arrangements following accession to the EU, which are very different from the previous Swedish ones.

In our modern society, it is essential to work actively through the information – knowledge – influence chain. To participate in central decision-making groups is a question of exert influence and forming a picture of what is possible to realize. Therefore, it is very important for representatives of regional and local bodies to see to it that they are represented in such groups.

The fact that the Swedish Government appoints the representatives in all committees and working parties related to the Commission from an expert-oriented and often narrow circle, and the difficulties that local and regional representatives experience when it comes to obtaining a seat in such groups, are evident weaknesses. FSCC and SALA must do what we can to remedy this situation.

Hopefully, the preparations now under way in Sweden with a view to achieving an effective Swedish machine for Sweden's presidency in the first half of 2001 will lead to changes for the better.

In this context, as in others, knowledge is the key to convincing your opposite numbers, whether the European Commission or your national government. FSCC and SALA have not been able in this area to build on the natural respect that Swedish local and regional authorities enjoy due to the fact that they have statutory responsibility for provision of most of the Swedish welfare services. Instead, the Government bases its choice of spokesmen for Swedish positions in the EU on formal criteria.

One notable success that we have achieved is communication of the Swedish position, in particular by local and regional authorities – in the Committee of the Regions and other forum – as regards the importance of the EU committing itself to development of the Baltic Sea region. Many parties have contributed to this success, not least those representing Swedish local and regional interests. FSCC and SALA have taken every opportunity to emphasise the importance of the extensive twinning arrangements in the region and to show that this has been very beneficial, which is borne out by the evaluations of these arrangements that have been performed by government bodies.

FSCC and SALA have pursued far-sighted policies in many areas, for example, in addition to Baltic policy, research and development, spatial planning and urban planning.

FSCC and SALA have also made mistakes – for example underestimating the importance of the EU structural funds for our own regional and industrial policies. We were aware of the amounts that were eligible for Sweden, but we did not realise the favourable effects that the EU's structural policies would have on the implementation of Sweden's regional policy. The local and regional authorities, which were previously rather passive advisory partners in national policymaking in this area, whose main focus was on direct business aid schemes, now take part, in accordance with EU principles, in partnerships with central government regarding regional development programmes. The regional and local elected representatives are now automatically party to agreements on procedures for how the Swedish political system should contribute to regional growth. In this sense, membership of the EU has led to a decentralisation, which not has been achieved in decades of debate in Sweden.

It is also clear that we have not attached sufficient importance to the need to make accurate assessments of the effects on expenditure and income as a result of membership and EU policies. We can now see a number of indirect effects of membership of which we were previously unaware.

The reason for attaching importance to an issue such as public procurement was basically that this was a concrete issue. But we know today that other aspects that are much more important for local and regional authorities were given very special treatment. One example of this is taxation, which is now coming increasingly into focus in the light of EMU.

It is not surprising that this situation arose. EMU was a project for the future, and one that was also associated with several question marks. There was, of course, no way of knowing exactly what would happen. Generally speaking, we must be aware that the EU is a process and impact studies must therefore be closely linked to developments in the EU, and the last few years have been particularly eventful. Furthermore, these effects are also linked to our own behaviour as an EU Member State.

Nor have we attached sufficient importance to the considerable differences in cultures between the various Member States and, in particular, the bureaucratic systems. In our view, much remains to be done in order to reduce the substantial and cumbersome bureaucracy of the EU-bodies.

Another area where membership has already had an impact, which is likely to increase, is labour legislation, which makes it necessary for employers to familiarise themselves at first hand with the discussions taking place within the framework of the EU's social dialogue. The general attitude of employers in Sweden is that the EU's influence should be minimised in this area. At the same time, we must realise that strong political forces and the trade union movement are keen to assert their interests at the European level in relation to an increasingly internationalised private company structure. Given this situation, we would be burying our heads in the sand if we did not pay due attention to European co-operation between the Commission and the social partners within the Social Dialogue.

One consequence of membership of the EU was that representatives of elected local and regional authorities were given seats in the EU's recently established Committee of the Regions. For Sweden, this meant that the two federations had to assume the task of providing service and administrative support to the Swedish delegation. This meant in turn that the office of FSCC and SALA in Brussels was assigned a very concrete task – providing on-the-spot support for members of both the plenary assembly and the committees and maintaining contacts with other delegations and offices.

The Committee of the Regions should be regarded as an important means for regional and local politicians to influence EU decision-making. One side-effect of their work in the Committee is that local politicians have learnt about the workings of the EU and new opportunities have opened for establishing horizontal alliances as a means of influencing the Union's institutions in a more direct and co-ordinated manner with respect to issues that are of special interest to various groups and members of the Committee.

We concluded at an early stage that membership would weaken our democratic functions, since EU legislation takes precedence over national legislation in many areas, and that we would thus be subject to an order where law is more important than politics. But, as has already been mentioned, we did not then realise clearly that there are also counterbalancing forces in the EU. One important example of this is the ideas about partnership in development which are being applied increasingly often in almost all policy areas. Partnerships allow representatives of civil society and industry etc. to take an active part in the implementation of EU policies.

Naturally, we must also remember that drawing conclusions about the weakening or strengthening of democracy as a result of EU membership is not a simple matter. It is not relevant to claim that the EU is less democratic than the system in a given Member State. The EU is not a parliamentary system; it is a co-operation arrangement between states and must be judged in that light. The interesting question is whether transferring jurisdiction to the EU level benefits the individual Member State, taking into account the fact that the state has lost the possibility of deciding its economic policy or controlling capital movements etc. in an increasingly globalised environment.

But it is also important to be able to vigorously assert the principle of subsidiarity as a guiding principle for the work of the EU in the areas where the EU's institutions do not have exclusive jurisdiction. These efforts must be given high priority now and in the future. If they are successful, they may – compared with the alternative of not joining the EU or of becoming a member in name only – help to strengthen democracy not only in general but also locally and regionally.

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**Chapter 3 STRATEGY FOR THE
ENLARGEMENT OF THE
EUROPEAN UNION –
STATUS AS OF MARCH 2000**



3.1 GENERAL PRECONDITIONS

The accession strategy of the Commission is agreed with the Council and also involves the European Parliament according to Art. 235 TEC.

The European Council voted for bilateral accession partnerships to enable the states to adapt as soon as possible to EU requirements. The official accession negotiations, comprising six bilateral government conferences, began on 31st March 1998. Following the decision taken in Helsinki, accession negotiations were taken up, on February 15th, 2000, with the candidate countries of the second group (the former "Pre ins") as well.

In keeping with the obligations of membership, the issues covered in the enlargement negotiations will be based on the so-called Copenhagen criteria:

- institutional stability as guarantor of democratic order and the rule of law, defence of human rights and respect and protection of minorities;
- a functioning market economy and ability to withstand the competitive pressures and market forces within the Union;
- the ability to assume the obligations arising out of membership and to internalise the objectives of the political Union as well as of the Economic and Monetary Union.

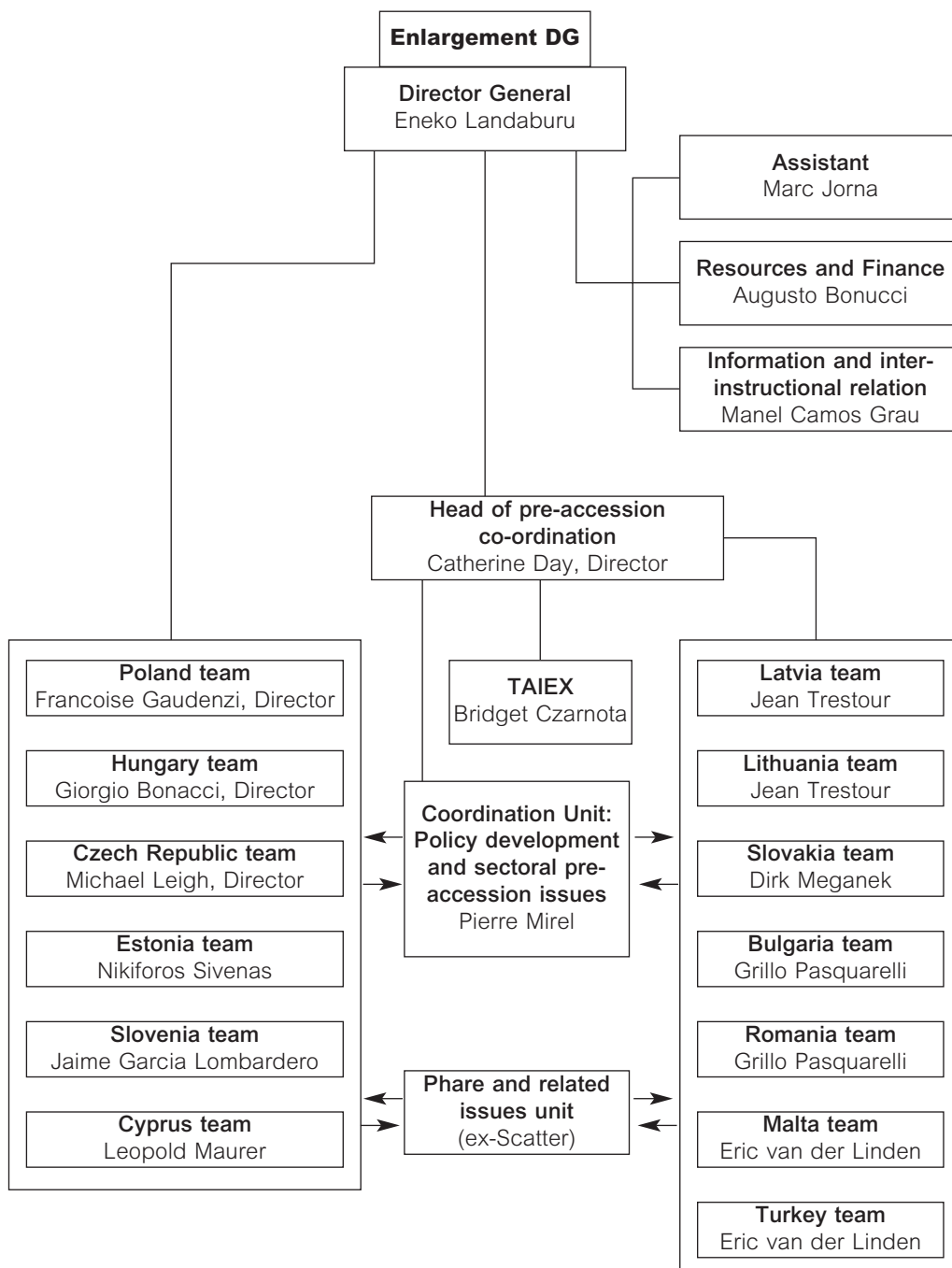
The evaluation of the applicant countries according to these three groups of criteria - political and economic as well as the ability to implement the *acquis communautaire* (see below)- also extends to the ability of the administrative and judiciary systems to implement the principles of democracy and market economy as well as to practically apply and enforce the *acquis communautaire*.

3.2 ORGANISATION OF THE ENLARGEMENT PROCESS

Following the re organisation of the European Commission through President Romano Prodi, the new "Directorate General Enlargement" has been set up to deal with the overall enlargement process (DGs have no longer numbers, their names relate to the activities they are in charge of). The former Commission services "Task Force Enlargement" and DG I A have thus become part of DG Enlargement.

The new DG Enlargement is headed by Mr Eneko Landaburu (former Director-General of DG Regional Policy), its staff will increase up to a level of 300 members in the future. This DG will deal with all agendas related to the enlargement process. The accession negotiations are being conducted at several levels: ministers, officials and informal meetings. DG Enlargement will function as mediator between the parties involved.

Organigramme of DG Enlargement



3.3 ACCESSION STRATEGIES

Since the Helsinki European Council Meeting in December 1999, no differentiation is being made between the first ("Ins") and the second ("Pre-ins") group of candidate countries. The former separate screening for the "Pre-ins" has been replaced by the actual screening and is already focused on preparing "real" accession negotiations.

The separate screening consisted of so-called "pedagogical" multi lateral meeting on the overall aspects of the chapters, which were followed by bi-lateral meetings. During the multi lateral phase the Commission services presented and explained the chapters of the acquis communautaire to the representatives of the accession countries.

The enlargement process comprises of two different phases with regards to the acquis communautaire (31 chapters, some 80.000 pages):

- screening
- negotiations proper

3.4 SCREENING

The term "screening" generally refers to an analytical review of the acquis communautaire of each accession candidate in various areas. With the lessons drawn from the screening the Commission reviewed and updated, in October 1999, the progress reports and revised the "Accession Partnerships" accordingly.

DG Enlargement chairs all the screening sessions.

Two principal questions are asked during each screening process:

- Do you accept the acquis communautaire in this specific area?
If the answer is in the affirmative, the next question is:
- Do you dispose of the necessary provisions and institutions to implement this acquis?

Since 3rd April 1998, the Commission has been conducting multilateral and bilateral screening and, since 27th April 1998, special screenings. The whole process is scheduled to be completed by spring of the year 2000.

The Commission is obliged to forward a report and an evaluation with regards to each screening to the Council. The evaluation of screenings is a novelty, which was not practised at the last enlargement round (Austria, Finland and Sweden). The Council has by now received screening reports on 29 chapters (total: 31). The two missing are "institutions" and "other", which will be completed towards the end of the process. These reports may be considered as updates of the Commission's positions forwarded in previous years (first presented at the 1997 Luxembourg Council).

In line with the procedure conducted on November 4th, 1998, the Commission again issued, on October 13th, 1999, an update on the achieved progress in the thirteen accession candidates countries, which was presented to the European Parliament on its plenary session and forwarded to the Council. Additionally the Commission revised the Accession Partnerships and presented a summarised document ("composite paper"). It includes remarks on points of progress and deficiencies and suggestions for future improvement.

For interested parties:

These documents may be found at the following Internet address:

http://www.europa.eu.int/comm/enlargement/report_10_99/intro/index.htm

The evaluation and comments of the Commission constitute factual reports. The Commission does not submit recommendations on the viability of opening actual accession negotiations. The accession candidates only receive the report of the Commission but not the comments, which are not destined for a general public.

3.5 NEGOTIATIONS PROPER

3.5.1 General remarks

After opening the "real" negotiations, the screening will not be repeated. In these "real" negotiations, the accession candidates may also, for the first time, request transition rules in their written statements

The Commission must be empowered by the Council to embark on this procedure. Unanimity is required for the decisions of the Member States in the Council.

The "real" negotiations with the accession candidates of the former first group were initiated on 10th November 1998 at ministerial level. The negotiations were conducted in the form of consecutive ministerial meetings of the EU with each of the accession candidates. Each negotiation round was concluded with a press conference.

At the Helsinki Council in December 1999, the heads of states and governments of the European Union adopted a decision to extend the accession negotiations to all twelve candidate countries (Poland, Czech Republic, Hungary, Cyprus, Estonia, Slovenia, Bulgaria, Romania, Slovakia, Latvia, Lithuania and Malta). The official ceremony marking the start of negotiations with the countries of the former second group took place on 15th February 2000. Substantial discussions will start in March 2000, yet this will have no bearing on the negotiation process of the former first group.

The candidate countries of the former first group have by now submitted their position papers on nearly all relevant chapters. The Commission intends to issue, in the summer of 2000, a first overview of the state of the negotiations, which will conclude the first phase of negotiations with the former first group countries.

3.5.2 Amended negotiation strategy

Following the extension of negotiations to all candidate countries, the Commission will adopt a more differentiated, country-specific approach. This means that negotiations on single chapters will only start, or be concluded, after each candidate country had achieved sufficient progress in adopting the *acquis communautaire* in the relevant field. Furthermore it should be guaranteed, that each candidate country may start, or conclude, negotiations over various chapters in accordance with its level of preparedness and without the need to wait for the others. The procedure of negotiating the same chapters with all candidates will not be continued as there will be a clear correlation between the state of adopting and implementing the *acquis* on the one hand and the negotiations on the other hand. Thus all chapters which had been provisionally concluded in negotiations with the former first group had to be reopened at the beginning of the year 2000 in order to allow for the progress achieved in these countries and also to incorporate the *acquis* which had been taken on board by the EU in the meantime.

Demands for transition rules will be treated differently as well.

With regards to issues closely related to the smooth functioning of the internal market, only a few very short transition rules will be approved. Yet transition periods will be accepted when it comes to areas, in which substantial adaptation requires a considerable financial input, like environment, energy and infra structure. This will nonetheless be subject to an obligation on behalf of the candidate country to draw up feasible and realistic time schedules for adopting the relevant *acquis* and to provide for the needed investments.

At the Helsinki summit, Turkey was granted the status of a candidate country, which it accepted (after having rejected it three times already), yet accession negotiations have not started as yet. As a candidate country, Turkey is committed to pursue the process of reforms with a view to complying with the Copenhagen criteria. As part of the current European strategy, Turkey will benefit, like all other candidate countries, from the approximation strategy, which will stimulate and support reforms (this will include an enhanced political dialogue and measures to comply with the political accession criteria).

Annex: Chapter headings of the screening exercise

- 1) Free movement of goods
- 2) Freedom of movement for persons
- 3) Freedom to provide services
- 4) Free movement of capital
- 5) Company law
- 6) Competition policy
- 7) Agriculture
- 8) Fisheries
- 9) Transport policy
- 10) Taxation
- 11) Economic and monetary union
- 12) Statistics
- 13) Social policy and employment
- 14) Energy
- 15) Industrial policy
- 16) Small and medium-sized undertakings
- 17) Science and research
- 18) Education and training
- 19) Telecommunications and information technologies
- 20) Culture and audiovisual policy
- 21) Regional policy and coordination of structural instruments
- 22) Environment
- 23) Consumers and health protection
- 24) Cooperation in the fields of justice and home affairs
- 25) Customs union
- 26) External relations
- 27) Common foreign and security policy
- 28) Financial control
- 29) Financial and budgetary provisions
- 30) Institutions
- 31) Other



**Chapter 4 IMPLEMENTING THE
EU ACQUIS AT LOCAL
AND REGIONAL LEVEL –
EU-DIRECTIVES AND
-REGULATIONS**



INTRODUCION

This chapter has been prepared by the LOGON Working Group Vienna and LRPP – Local and Regional Phare Partnership Working Group of Eurocities.

The implementation of approximately 60 per cent of all mandatory European-law based regulations has to be carried out by local governments. This is an attempt to give an overview on the major fields of local actions requested by European Union's legislation. However, it has to be considered that in most cases the said formal legal actions are preceded or paralleled by a variety of legally still not binding, but politically important steps, to mention only the EC communication "Sustainable Urban Development in the European Union: a Framework for Actions" (KOM/98/06055, final version 28.10.1998).

Above all, the White Book of the European Commission on the completion of the Single Market in 1985 (KOM(85)310 final) and the following directives and preliminary decisions gave a major impetus to the European integration on a local level. A shining example for regulations concerning the Single Market having immediate local effect is the public contract awarding.

The continuously proceeding integration aiming at the implementation of the known four freedoms has evolved further political fields on the European as well as on the local/regional level. In fact, an increasing number of political realms of the European Union of high local significance.

The enlargement of the European Union represents a major challenge for the Union as a whole, as well as for each applicant country at a national as well as at a regional and local level. Local and regional authorities will not only have to implement a major part of the *acquis communautaire* and may even be held responsible for failure to do so ("direct effect"), they will also have to cope with the social, economic and ecological challenges of membership.

- Cities/Regions have to implement EU legislation incorporated into national law and in some well-defined cases ("direct effect" of primary and secondary legislation, see below) need to adhere to EU law even if it is not – or not properly transposed - into national law.
- Cities/Regions have to implement or administrative provisions within their areas of competence.

The current EU funding available for sub-national institution-building is, however, not adequate and does not systematically address the problems and needs of the sub-national level in the candidate countries.

One of the most distinctive features of the EU is that in many policy areas it does not have its own machinery for implementing the decisions it takes. It is customary to say that the Union's decisions are implemented by the Member States.

Nevertheless, closer examination reveals that, since the scope of its decision-making powers has expanded to include virtually all sectors of economic and social policy, the Union's decisions are now in practical terms increasingly implemented by local and regional authorities even if the legal responsibility lies with the Member States. Moreover, the role of local and regional authorities is not confined solely to implementing legislation; rather, they often play a key role in initiating and maintaining a desired course of development.

In this context it is necessary to note that due to its peculiar structure and evolution, the EU system does not only operate on the basis of legally binding primary and secondary legislation and case law, but is also based on providing certain incentives (programmes and other funding opportunities) to actors of civil society in order to better attain the European model of society as outlined in the common provisions of the EU Treaty.

In areas such as in the field of social inclusion, integration of minorities or employment, cities and regions play a major role in helping to attain EU standards and in contributing to the "process of creating an ever closer union among the peoples of Europe". The EU related activity of cities and regions goes far beyond the purely legalistic implementation of EU law which in many cases does in itself not provide the desired impact on the living conditions and quality of life of EU citizens.

It is also important to note that cities and regions provide the level of government the closest to the citizens and local businesses. Accordingly cities and regions have a task/responsibility as information provider to the general public about the impact of EU membership and the legal, economic and social changes going with it.

Due to the restricted and rather narrow approach of this overview such fields of legislation with an indirect but nonetheless profound impact on local authorities have not been included in this background document. It has been clear to the authors of this paper that responsibilities and tasks as well as constitutional or delegated powers of cities and regions vary from country to country. Therefore also the direct impact of EU legislation may vary from country to country.

4.1 LEGISLATION AND FRAMEWORK CONDITIONS IN THE ENVIRONMENTAL SECTOR

Community policy, and environmental policy in particular, aims to achieve sustainability. The principles underlying that policy are set out in Article 174 of the Treaty of Amsterdam.

The Commission's opinions identified, for all the applicant countries, a need to strengthen the administrative structure necessary for environmental management. This general weakness varies in level from country to country and some further investigation is needed in order to identify the precise scope of the problem and to develop solutions.

Implementation and enforcement of environmental legislation is often delegated to regional or local authorities or other institutions responsible for monitoring, issuing of permits and inspection. In many cases, the work of these bodies will be seriously affected by the new

legislation, with additional obligations requiring more efficient management and additional staff training. The development of regional and local environmental administrations will need specific attention in all the candidate countries.

A recent report summarises the findings of a coping exercise of the European Sustainable Cities and Towns Campaign. According to this report only a minority of local authorities of the associated countries is fully aware of EU environmental legislation issues: appropriate knowledge in the associated countries is still not commonplace.

Gaps in knowledge seem to be mainly the result of inadequate and weak communication structures and national governments withholding this information from the local level. Even if national governments do have the necessary information, transfer to local authorities does not always occur. This can be attributed to a number of reasons, such as lack of appropriate resources, lack of staff, poor targeting of information, lack of responsibility of local authorities in these fields and low overall attention to the issue.

4.1.1 Waste management

The overall structure for an effective waste management regime is set out in the Waste Framework Directive and the complementary Hazardous Waste Directive. These directives establish the framework for waste management structures, which has been elaborated by two types of "daughter" directives: one group sets down requirements for the permitting and operations of waste disposal facilities. The other group deals with specific types of waste such as oils, packaging and batteries.

Overview of the EU Waste Management System

Waste framework:

- Waste Framework Directive (75/442/EEC amended by 91/156/EEC)
- Hazardous Waste Directive (91/689/EEC)

Special wastes:

- Titanium Dioxide (78/176/EEC and 82/883/EEC)
- Packaging (94/62/EC)
- Waste Oils (75/439/EEC)
- PCB's and PCT's (96/59/EC)
- Batteries (91/157/EEC)
- Sewage Sludge (86/278/EEC)

Processing and disposal facilities:

- Municipal Waste Incineration (89/369/EEC & 89/429/EEC)
- Hazardous Waste incineration (94/67/EC)
- Landfill (99/31/EC)

Transport/import/export:

- Shipment of waste (259/93/EEC)

Therefore, the following statutory documents of the European Union are of main importance for local authorities with respect to waste:

Waste Framework Directive (75/442 EC amended by 91/156 EC). The directive aims at protecting human health and the environment against negative effects of the collection, transport, treatment and disposal of waste. As there is no blueprint which solves everything, the EU works with a set of principles:

- **Prevention:** waste production must be reduced and avoided where possible
- **Polluter pays:** those who generate waste pay the full cost of their actions
- **Precautionary** : rather than waiting for problems to appear, they need to be anticipated
- **Proximity:** waste should be dealt with as close as possible where it is produced.

The national competent authorities under the Directive must draw up waste management plans as soon as possible, covering the wastes to be recovered or disposed of, technical requirements, special arrangements for particular wastes, and suitable disposal sites or installations. The national authorities also serve as the permit authorities for establishments carrying out disposal or recovery operations.

- **Hazardous Waste Directive (91/689/EEC).** The principal aim of the directive is to formulate a common definition of hazardous waste and introduce greater harmonisation of the management of such waste. It lists hazardous wastes, constituents and properties which render waste hazardous. Establishments which carry out their own waste disposal will need a license. Hazardous waste management plans have to be published by the competent authorities, either as part of the general waste management plan (according to 75/442/EEC) or separately. The competent authorities must inspect installations producing and receiving hazardous waste as well as means of transporting the waste. Stricter control procedures such as inspection of installations are also required.

The so called 'daughter' Directives can be divided into Directives setting requirements for specific waste streams and those setting requirements for disposal facilities:

Special wastes

- **Titanium Dioxide (78/176/EEC and 82/883/EEC).** These Directives aim to prevent and progressively reduce pollution caused by waste from processing of titanium dioxide. Member States must submit plans to the Commission showing how they will achieve the directive's aims. Administrative and technical bodies will be needed to manage the strict permitting procedures and the technical controls.
- **Packaging and packaging waste (94/62/EC).** The packaging directive prescribes recycling quotas (regarding both the material itself and through incineration) for packaging waste (50 to 65 percent in weight) as well as material recycling quotas (25 to 45 percent in weight, at least 15 percent for each material). This presupposes organising the separate

collection and recycling of this waste, which has to be organised (and paid for) by local authorities. Packaging waste is usually collected by private companies and in some cases by the municipalities themselves. Existing systems would have to be assessed to ensure compliance with EU requirements and avoid distortions of the free market.

- Disposal of Waste Oils (75/439/EEC). This Directive aims to create a harmonised system for the collection, treatment, storage and disposal of waste oils; Member States must ensure the safe collection and disposal of waste oils. Adequate disposal structures and strict control procedures have to be put in place in order to avoid illegal or inadequate disposal of waste oils.
- Disposal of PCB's and PCT's (96/59/EC). The Directive aims at the elimination of PCB's and PCT's and at the decontamination of equipment containing them. Strict regulations and enforcing instruments have to be created or strengthened in order to ensure the enforcement of the requirements of the Directive.
- Batteries and accumulators containing dangerous substances (91/157/EEC). Member States must draw up programmes to reduce their heavy metal content, to promote the marketing of improved batteries and accumulators, to gradually reduce the phased out products, to promote research and favour the use of less-polluting substitute substances in them. Consumers must be fully informed about aspects of the risks and disposal opportunities.
- Sewage Sludge used in agriculture (86/278/EEC). The Directive aims to control the use of sewage sludge in agriculture by establishing maximum limit values for concentrations of heavy metals in the soil and in the sludge, and maximum quantities of heavy metal (cadmium, copper, nickel, lead, zinc and mercury) which may be added to the soil. The authorities responsible for water treatment, waste management, agriculture and enforcement will need to work together to achieve the aims of the directive.

Processing and disposal facilities

- Waste Incineration from New and Existing Installations (89/369/EEC and 89/429/EEC). These Directives apply parallel sets of permitting requirements and operating restrictions to new and to existing municipal waste incineration plants. They are daughter directives to the Framework Directive 84/360/EEC on the combating of air pollution from industrial plants. They regulate the permitting design, equipment, operation and reporting of municipal waste incineration plants.
- The Hazardous Waste Incineration Directive (94/67/EEC). This directive defines thresholds values for the emission of substances into the air. The problem of industrial incineration be it domestic or industrial, clearly affects the interests of municipalities operating waste-incineration plants. The strict threshold applying for municipal waste-incineration plants must certainly be met by the ones applying for the co-incineration of waste in industrial plants. Otherwise, the capacity utilisation of the high-standard plants would be endangered, and the cheap industrial co-incineration would lead to more pollution, to the disadvantage of local population.

- Landfill Directive (99/31/EC). The Directive intends to prevent or reduce the adverse effects of the landfill of waste on the environment, in particular on surface water, groundwater, soil, air and human health. It defines the different categories of waste (municipal waste, hazardous waste, non-hazardous waste and inert waste) and applies to all landfills, defined as waste disposal sites for the deposit of waste onto or into land. A standard waste acceptance procedure is laid down so as to avoid any risks:
 - waste must be treated before being land-filled;
 - hazardous waste within the meaning of the Directive must be assigned to a hazardous waste landfill;
 - landfills for non-hazardous waste must be used for municipal waste and for non-hazardous waste;
 - landfill sites for inert waste must be used only for inert waste.

The Directive sets up a system of operating permits for landfill sites. Applications for permits must contain the following information:

- the identity of the applicant and, in some cases, of the operator;
- a description of the types and total quantity of waste to be deposited;
- the capacity of the disposal site;
- a description of the site;
- the proposed methods for pollution prevention and abatement;
- the proposed operation, monitoring and control plan;
- the plan for closure and aftercare procedures;
- the applicant's financial standing;
- an impact assessment study, where required under Council Directive 85/337/EEC on the assessment of the effects of certain public and private projects on the environment.

Member States must ensure that existing landfill sites may not continue to operate unless they comply with the provisions of the Directive as soon as possible. Member States must report to the Commission every three years on the implementation of the Directive. On the basis of these reports, the Commission must publish a Community report on the implementation of the Directive. Local and regional authorities have a major role to play in implementing this directive and in reporting to their national authorities.

Additionally the issue of transport, import and export of waste is dealt with under a specific Regulation.

- Shipment of Waste. This Regulation (259/93/EEC) on the supervision and control of shipments of waste within, into and out of the European Union establishes a system for controlling the movement of waste. Member States must identify the appropriate competent authority or authorities to control the movement of wastes under the regulation. Special training is likely to be necessary to supplement procedural information.

Concerning other waste related legislation, the following proposals are currently under discussion:

- a draft directive on the incineration of non-hazardous domestic waste to replace the existing, not updated directive;
- a proposal for a directive on the recycling of used vehicles (published in the Official Journal C 337/3, 1994).

4.1.2 Water Quality - drinking water, waste water

Water is one of the most comprehensively regulated areas of EU environmental legislation. Early European water policy began already in the 1970s, since then it had become clear that an efficient protection of water need emission limit value legislation as well as water quality standards legislation, i.e. a so-called "combined approach". In the following you will find the main Community legislation in the field of water policy.

- Drinking water directive (80/778/EC). This Directive is designed to safeguard human health by establishing strict standards for the quality of drinking water. Member States have to monitor drinking water quality and take the necessary steps to ensure compliance with the mandatory standards. Amongst others, the limit values for lead and tri-halogenated methane (byproducts of chlorination) may require increased investments, since old lead pipes need to be replaced. The Member States have met their obligations if the water in their distribution systems does not exceed the limit value.
- Urban Waste Water Directive (91/271/EEC). This Directive aims to protect surface inland waters and coastal waters by regulating collection and treatment of urban waste water and discharge of certain biodegradable industrial waste water (basically from the agro-food industry). All municipalities with more than 15,000 inhabitants (until the end of 2000) and more then 10,000 inhabitants (until the end of 2005) must dispose of secondary treatment facilities, i.e. a biological purification process. 2005 is furthermore the deadline for the introduction of secondary wastewater treatment for all municipalities with 2,000 to 10,000 inhabitants whose wastewater is emitted into inland waters (or estuaries). More advanced treatment is required for so-called sensitive areas (i.e. water bodies subject to eutrophication or in danger to become so). For certain marine waters, primary, i.e. mechanical treatment might be sufficient, provided it can be proved that the water quality is not adversely affected.

In co-operation with their national governments, cities and regions need to:

- Identify agglomerations, which need a sewerage system and/or a treatment plant or its improvement.
- Establish a phased implementation programme for sewerage and treatment systems.
- Develop detailed capital investment strategies in order to cope with the expenditures needed to construct, improve or replace sewerage and/or treatment systems.
- Assess costs for users, develop strategies for cost recovery (cf. also Water Framework Directive on full cost recovery).

- Develop and implement strategies for the reuse and/or disposal of sewage sludge from waste water treatment, including where necessary the phasing-out of discharge or dumping to waters.
 - Assess the need for training the necessary staff for maintenance of sewerage systems and treatment plants.
- Nitrates from Agricultural Sources Directive (91/676/EEC) concerning the protection of water against pollution caused by nitrates from agricultural sources complements the Urban Waste Water Directive by reducing and preventing the nitrates pollution of water from agricultural sources, i.e. chemical fertiliser and livestock manure, both to safeguard drinking water supplies and to protect fresh water and marine waters from eutrophication.
 - Dangerous Substances Discharges Directive (76/464/EEC) on pollution caused by certain dangerous substances discharged into water requires Member States to control all emissions of dangerous substances by a permit or authorisation system. Daughter Directives have so far covered 18 substances at a Community level. The Directive obliges Member States to set maximum emission limit values established in these Directives.
 - Surface Water for Drinking Water Abstraction Directive (75/440/EEC) concerning the quality required of surface water intended for the abstraction of drinking water lays down requirements to ensure that it meets certain minimum standards specified in the Directive. Wherever a water body used or intended for use in drinking water abstraction does not meet the requirements, Member States have to establish and implement plans of action.
 - Measurement and Sampling of Surface Waters Directive (79/869/EEC) establishes the sampling and measurement procedures for the waters covered by Directive 75/440/EEC).
 - Decision 77/795/EEC on Information Exchange establishes a common procedure of exchange of information on the quality of surface fresh waters in the EU. The Decision establishes a network of monitoring points with a monitoring regime covering several parameters.
 - The Fish Water Directive (78/659/EEC) seeks to protect those fresh water bodies identified by Member States as fish waters. It sets water quality standards for salmonid waters and cyprinid waters.
 - The Shell Water Directive (79/923/EEC) seeks to protect those coastal and brackish water bodies identified by Member States as shellfish waters. For those it sets water quality standards.
 - Groundwater Directive (80/68/EEC) on the protection of groundwater pollution caused by certain dangerous substances will be integrated in the forthcoming Water Framework Directive. The Directive seeks to control the direct and indirect discharge of certain

substances into the groundwater. This is to be achieved primarily by an authorisation system for discharges as well as disposal or tipping. For certain substances and groups of substances any discharge to groundwater is prohibited, whilst others must be subject to an elaborate authorisation procedure.

- Bathing Water Directive (76/160/EEC) on the quality of bathing waters seeks to ensure the quality of bathing water throughout the EU, both for fresh water and coastal waters bathing areas. Member States have to take all appropriate measures in order to comply with the mandatory quality standards laid down in the Directive.
- Draft framework directive on water policy (Council Directive on the establishment of a regulatory framework for Community measures in the field of water policy). The hitherto use-oriented rules for water management will soon be replaced by this comprehensive framework directive on water management. For the first time, emission and immission standards will be combined with an ecological orientation (biological water quality). Principally, the new instrument provides for cost-coverage prices for all forms of water use, including drinking water supply and wastewater. It is not yet clear whether these measures will be implemented on a voluntary or on a compulsory basis. The idea behind this future Directive is that it will form the very basis of the European water strategy. It will aim to bring considerable improvements in sustainable and integrated management of our water resources. For the first time it will, in a single legal text, cover all types and uses of water. Once adopted it will repeal no less than six existing European water Directives (dangerous substances; surface water; fish water; shellfish water; groundwater and information exchange).

The purpose of this Directive is to establish a framework in order to achieve the following four main objectives of a sustainable water policy:

- sufficient provision of drinking water;
- sufficient provision of water for other economic requirements;
- protection of the environmental;
- alleviation of the adverse impact of floods and droughts.

Member States will have to ensure that services to water users are paid at full cost recovery prices (basically prices for water supply and waste water collection and treatment). The programme of measures will have to be based on all relevant water-related legislation, be it Community, national, regional or local legislation and will have to be legally binding.

With the Framework Directive the European Commission follows the pattern it has established in the fields of waste and airquality which are also governed by a single integrated framework Directive supported by a series of technical Directives setting specific limitations and requirements.

4.1.3 Air quality

Directive 96/62/EC on ambient air quality assessment and management, known as the Air Quality Framework Directive, aims to set the basic principles of a common strategy which:

- Defines and establishes objectives for ambient air quality in the Union in order to avoid, prevent or reduce harmful effects on human health and the environment as a whole;
- Assesses the ambient air quality in Member States on the basis of common methods and criteria;
- Produces adequate publicly available information about ambient air quality and ensures that it is available to the public by means of alert thresholds, etc.;
- Maintains ambient air quality where it is good and improves it in other cases.

The Framework directive sets key pollution management parameters for the private sector. New standards will be adopted under the directive which will replace earlier directives concerning sulphur dioxide and particulates, lead and nitrogen oxide, described below. Over a period of ten to fifteen years, optimal ambient air quality limit values, margins of tolerance, assessment procedures and reporting requirements will be established for individual pollutants through a series of daughter directives. The first of these daughter directives (99/30/EC) concerning NO₂, SO₂/particulates and lead was adopted in 1999.

Once limit values and alert thresholds have been determined, ambient air quality will have to be assessed. Action plans must be drawn up for zones which do not meet the limit values. Measures must integrate the protection of air, water and soil and be aimed at meeting deadlines. The public must be informed when alert thresholds are exceeded.

The directive's requirements presuppose adequate administrative systems, scientific know how and standards-based regimes for the management of ambient air quality. Often new procedures of consultation between authorities, alignment of monitoring and measuring methodologies, reporting and assessment will be needed. Laboratories must be accredited in a manner consistent with European standards for quality assurance. Both laboratories and measuring sites must have organised systematic internal quality controls. Air quality improvement plans must be developed for areas of poor air quality with specific improvement deadlines. The plans may provide for measures to control or suspend activities such as motor vehicle traffic which contribute to the limit values being exceeded. Representatives from air polluting industries as well as other interested parties should be consulted on implementation requirements, especially on the drawing up of the improvement plans so as to smooth the way to compliance with air quality standards. Existing Air Quality Standards which will progressively be replaced by Daughter Directives under the Framework Directive.

4.1.4 Trans-sectoral regulations

- IPPC Directive (Integrated Pollution Prevention Control Directive) (96/61/EC of 24th September 1996, published in the Official Journal L 257 of 10th October 1996):
The IPPC directive applies both to new and existing facilities. To safeguard a high protection standard for the environment in general, the effects of facilities impacting the environment are to be comprehensively reviewed to prevent the shifting of emissions from one medium (air, water, soil) to another. The stipulations for granting licenses must be based on BAT (Best Available Technology) requirements. The immission-side approach of the IPPC directive caused some discussion, as this would permit to emit regulation ordinaries more pollutants in less polluted areas than in areas with high levels of pollution.
- Directive 85/337/EEC (Environmental Impact Assessment - EIA)). Regional and local authorities have major competencies in spatial development and land use planning. The EIA obliges them to assess the impact of infrastructure and other projects on the environment. The responsibility for the formal implementation of the Directive therefore rests not only with the national Governments but also with regional or local authorities.
- A recent report suggests that every EIA requires a number of steps, so the minimum level of costs is likely to be in the range of 10,000 to 20,000 ECU. The main costs arise from the use of internal staff time, payments for expert advice and consultancy time and publicity and publications. Of these the staff and consultancy costs account for over 90 %. Evidence suggests that introduction of strategic environmental assessments to regional and local land-use planning may increase the costs by 5 to 10 %.

4.2 LEGISLATION AND FRAMEWORK CONDITIONS CONCERNING PUBLIC PROCUREMENT

In order to complete the Internal Market and safeguard free movement of goods, services and persons, public procurement must likewise be opened to general competition. Since 1970, several directives have provided the legal basis for this opening. This basis however remained without effect until additional directives were issued, which enabled enterprises, affected by this disregard, to initiate formal legal proceedings leading to the awarding of damages. However, the directives only apply if the contracts to be awarded exceed a certain volume. The threshold values are Euro 200,000 for public supply and service contracts, and Euro 5 million for public works.

In practice, this means that contracts exceeding these thresholds presuppose a call for tender in the entire EU territory. A specific information procedure needs to be designed by the national authorities for this purpose. While public authorities in the past could apply additional criteria when awarding contracts, e.g. commissioning above all enterprises within their own municipal area or region, thereby safeguarding local employment, competitors from the entire EU must now be taken account of. To avoid problems, the services/works to be executed must be precisely described. Future maintenance and service work, too, may be included in the tender, thereby permitting local entrepreneurs to turn their physical proximity into an advantage.

A separate directive covers public procurement in the water, energy, transport and telecommunications sectors, since these facilities are partly subject to public law and partly to private law. The threshold values for these sectors are: Euro 400,000 for service and supply contracts of operators of energy, transport and drinking water networks and Euro 600,000 for the telecommunications sector. The threshold value for public works contracts remains unchanged at Euro 5 million.

Currently, the following directives should be observed:

- Council Directive 93/36/EC of 14th June 1993 concerning the co-ordination of procedures for the award of public supply contracts;
- Council Directive 93/37/EC of 14th June 1993 concerning the co-ordination of procedures for the award of public works contracts;
- Council Directive 93/38/EC of 14th June 1993 concerning the co-ordination of the procurement procedures of entities operating in the water, energy, transport and telecommunications sectors (all published in the Official Journal L 199 of 9th August 1993);
- Council Directive 92/50/EC of 18th June 1992 concerning the co-ordination of procedures for the award of public service contracts (published in the Official Journal L 209/1 of 24th July 1992).

To implement the provisions laid down in the four above-mentioned directives, another two so-called remedy directives were adopted to provide for the establishment of institutions offering legal remedy in case of infringements of public procurement procedures:

- Council Directive of 21st December 1989 on the co-ordination of the laws, regulations and administrative provisions relating to the application of review procedures to the award of public supply and public works contracts (89/665/EC, published in the Official Journal L 395/33 of 30th December 1989);
- Council Directive 92/13/EC of 25th February 1992 co-ordinating the laws, regulations and administrative provisions relating to the application of Community rules on the procurement procedures of entities operating in the water, energy, transport and telecommunications sectors (published in the Official Journal L 76/14 of 23rd March 1992).

Two further directives were adopted under the multilateral agreement on public procurement to liberalise and expand world trade, thereby adjusting the prevailing legal system:

- Directive 97/52/EC of the European Parliament and the Council of 13th October 1997 amending directives 92/50/EC, 93/36/EC and 93/37/EC, co-ordinating the procurement procedures for the award of public service contracts, public supply contracts and public works contracts (published in the Official Journal L 328 of 28th November 1997);

- Directive 98/4/EC of the European Parliament and the Council of 16th February 1998, amending directive 93/38/EC, co-ordinating the procurement procedures of entities operating in the water, energy, transport and telecommunications sectors (published in the Official Journal L 101 of 1st April 1998).

The complexity of the procurement provisions provoked vehement criticism on the part of the Member States, so that the Commission felt obliged to propose several modifications in a Green Book. Inter alia, critics complained that the directives were confusing because of numerous amendments; that low thresholds resulted in high administration costs in relation to marginal cost cuts, thus causing more costs than benefits; and finally, that the award procedures in several areas were overly cumbersome. Local authorities additionally complained that they did not conduct large-scale public works very often; as a result, the provisions of the public works directive would not be applied frequently enough to ensure that their staff was familiar with the regulations. Regarding the public supply co-ordination directive, it was criticised that the low threshold did not encourage wide participation of enterprises despite public tenders across the EU. Discussions were also triggered by the abolition of "local preferences", i.e. the prioritisation of local enterprises. This, however, had already been reduced before in the big cities. On the other hand, the increased transparency of contract awarding and pan-European procurement was also explicitly welcomed.

The Commission intends to propose a number of clarifications regarding the public procurement directives and also to suggest some amendments.

4.3 LEGISLATION AND FRAMEWORK CONDITIONS CONCERNING STATE AID

Under Article 87(1) of the Treaty of Amsterdam, any form of government subsidy is prohibited if it distorts or threatens to distort competition by impairing trade between Member States. However, Article 87(2) and 87(3) contains a number of exceptions to this rule. In any case, the Commission must be informed (notified) of all forms of subsidies and then will decide about their admissibility and extent by way of a review procedure.

To ease the administrative burden in the field of subsidies for Small and Medium-sized Enterprises (SME) the Commission has decided that subsidies not exceeding ECU 100,000 do not have to be notified (Communication from the Commission of 28th February 1996, published in the Official Journal C 68 of 6th April 96).

Subsidies not exceeding a certain intensity (e.g. 15% or 7.5%) are subject to an accelerated procedure (Community framework for government subsidy to small and medium-sized enterprises, published in the Official Journal C 213 of 23rd July 96).

In some cases, services of general economic interest are excepted from this rule (Article 87(2)), i.e. all public services that normally do not cover their production cost but are necessary for the proper functioning of society. The deficits of these areas are considered as "aid".

It is, however, difficult to delimit these areas, as there exists no definition of these services, which (at least partially) remain a national, not a Community issue. Basically, however, the private and public sectors must be given equal opportunities. This issue is still under discussion. However, in those areas where the EU has sole competence, it is impossible to invoke the argument of subsidiarity.

4.4 FRAMEWORK CONDITIONS FOR LOCAL AUTHORITIES IN THE FIELD OF ELECTRICITY AND GAS MANAGEMENT

Directive on the internal market in electricity (96/92/EC). This entails the possibility of purchasing electricity all over Europe in a free market and transporting this energy, against payment, through existing networks. The main objective was opening up the market for big consumers as of Feb. 1999 and which must be completed for smaller consumers by 2003.

As in most countries a large part of energy supply - in particular in medium-sized and big cities - is provided by municipal enterprises or enterprises which are partly owned by local and regional authorities.

This legislation had and still has a major impact on a sector in complete transformation forcing local authorities to restructure or sell off municipally owned utility companies, which were often used for generating finance for other public utilities such as public transport (internal subsidies). A very important impact of this legislation has also been noted in the field of municipal finance and pricing as big clients can buy cheaper energy from big providers.

EC directive concerning common rules for the internal market in natural gas (98/30/EC). Similar to the regulations in the directive on the internal market in electricity, here, too, the Member States will be entitled to designate "licensed customers". It must be the objective of local authorities and their representative organisations, to secure this status of "licensed customers" for municipal gas providers, so they can enjoy the advantages of free market for the benefit of the citizens.

4.5 FRAMEWORK CONDITIONS FOR PUBLIC UTILITIES

In most cases the state participates in the economic process in order to pursue public interests rather than to realise profit-oriented objectives. It thus ensures the provision of services which are essential for the European Commission and cannot be rendered at a socially tolerable price by private enterprises.

The aim is to reduce existing differences between public-owned and private enterprises within the European internal market. For this reason it is basically stated in article 86(1) of the Treaty of Amsterdam that public enterprises shall not hold a privileged position. This means that besides the prohibition of discrimination also EC regulations on competition shall be applied to public enterprises.

These regulations include following prohibitions:

- Cartel and other agreements leading to uncompetitive practises
- Misuse of market-dominating positions
- Dumping
- Subsidisation

Special regulations for public enterprises

Following coinciding conditions exempt public enterprises from EC competition regulations:

- The relevant enterprises render services of common economic interests. These do not only include public utilities, but also state financial monopolies. However, this applies exclusively to public-owned production monopolies; state trade monopolies cannot hold a privileged position (Article 31 Treaty of Amsterdam).
- The application of the competition regulations would prevent public enterprises from performing the tasks they have been entrusted with.
- The development of trade between the member states must not be impaired to an extent running against to EC interests.

The Directive on the Transparency of Financial Relations between Member States and Public Undertakings (80/273/EEC) is of special interest for public-owned undertakings. Pursuant to this directive not only active assignments (principals), but also passive assignments (renunciation of profit or interest on spent public funds) have to be laid bare in certain economic fields. The range of application of the Transparency Directive was extended by a further Directive (85/413/EEC) to water and energy management, post and communications as well as the transport sectors. On the basis of this directive especially chronically deficitary enterprises will have to clarify if the assignment of public funds can be justified by one of the exemptional regulations mentioned above. In case there is none of these exemptional clauses are to be applied the probably sole solution will be to redefine the enterprise's status, i.e. its denationalisation or integration into the general administration.

4.6 LEGISLATION AND FRAMEWORK CONDITIONS CONCERNING ANTI-DISCRIMINATION AND FREE MOVEMENT OF PEOPLE

In the case of the free movement of people, a distinction must be made between the free movement of workers (Article 39 Treaty of Amsterdam - ToA) and the freedom of establishment for independent natural or legal persons (Article 43 ToA). Sub-national authorities are confronted by these Treaty provisions when they set rules or operate a policy in these areas. In addition, the free movement of workers is also important to them in their role as employers.

Within the scope of application of the EC Treaty, the general prohibition of discrimination under Article 12 ToA bans all forms of discrimination on grounds of nationality. This also comprises the so-called "hidden" discrimination which occurs if legal provisions are linked to conditions that can be regularly complied with only, or at least considerably more easily, by nationals.

The right of establishment refers to the pursuing of activities as self-employed persons and the management of undertakings. Under this right, the citizens of the Union are entitled to set up and manage an enterprise in any Member State; this also relates to the purchase of the required production and accommodation facilities. The right of residence linked to the right of establishment moreover extends to the family and dependants of the self-employed person. The mutual recognition of professional qualifications and diplomas is also closely linked to the right of establishment.

Under the right of free movement of workers across the Community, workers holding the nationality of a Member State and employed in the territory of another Member State enjoy the same rights and privileges as nationals of that Member State with respect to the accommodation required by them, including the acquisition of a dwelling.

The rights of migration, as outlined in Article 39 ToA, can be restricted on the grounds of public order, public security and public health. Finally, the Treaty contains an exception, with respect to positions in government, which applies to both the abrogation of discrimination and the rights of migration. For sub-national authorities in their role as employer, it is of primary importance that the exception for employment in government is interpreted by the Court in a narrow manner. The exception only covers positions in government with a direct or indirect involvement in exercising public authority and those functions in which one has the responsibility to protect the interest of the state or that of the other public bodies. It follows that the rules of free movement of workers will apply to many functions within sub-national authorities.

The abrogation of discrimination in Article 39(2) ToA, makes clear that the government as employer cannot in this case require that the teacher to be appointed has the nationality of the Member State concerned. Such forms of direct discrimination are banned and that is self-evident. But according to the jurisprudence of the ECJ, the abrogation of discrimination has wider repercussions. The abrogation also includes conditions which are not based on a distinction between nationalities but nevertheless put subjects of other Member States at a disadvantage. An example of this was a provision by the Italian legislature which, without any reference to nationality, determined that employment contracts for foreign language teachers could be for a fixed period while this did not apply to other employees. According to the Court, this constituted a prohibited indirect discrimination. It will be clear that such forms of indirect discrimination in particular, which are not immediately obvious, may pose problems for sub-national authorities.

Article 7 of Regulation (EEC) No 1612/68 on freedom of movement for workers within the Community provides for equality of treatment in respect of any conditions of employment and work for migrant workers that are EU citizens, in particular as regards remuneration, dismissal and, should workers become unemployed, reinstatement or re-employment. Where labour law is concerned migrant workers are subject to the legislation of the country of employment.

4.7 ACQUISITION OF LAND BY FOREIGNERS

Although the legal provisions on property acquisition, sale and transfer do not constitute a separate matter under EC law, this legal issue is substantially affected by the fundamental freedoms of the EU and by the general prohibition of discrimination laid down in EC law (Art. 12 and Art. 13 Treaty of Amsterdam - ToA).

- To implement the right of establishment, Art. 44(2) ToA stipulates that every citizen of an EU Member State may acquire and use land in the context of the exercise of his/her occupation. According to the jurisprudence of the European Court of Justice (ECJ), the right of foreigners, who are also EU nationals, to acquire land does not only extend to production facilities but also to the private residence of the self-employed person established in another Member State.
- The free movement of workers enables workers from other EU Member States to acquire land in a Member State for the purpose of living there.
- Moreover, the capital movement directive (88/361/EC), adopted to implement the free movement of capital, enables private citizens of any EU Member State to invest in real property in any EU Member State to the same extent as nationals of that Member State.

The free movement of capital, however, can cause problems for the Member States if - e.g. due to dramatic price differences or specific characteristics of the landscape - second homes begin to proliferate while the access to the real property market is limited for local population groups with inferior purchasing power, e.g. as a result of a possible price increase. For this reason, Member States have instituted provisions to regulate the acquisition of land by citizens of the Union for the purpose of establishing second homes. But it is prohibited to prevent the acquisition of land by citizens of the Union for the purpose of capital investment.

Within the scope of application of the EC Treaty, the general prohibition of discrimination under Article 136 ToA bans all forms of discrimination on grounds of nationality. This also comprises the so-called "hidden" discrimination which occurs if legal provisions are linked to conditions that can be regularly complied with only, or at least considerably more easily, by nationals. Therefore citizens of the Union legally entitled to stay in the territory of a Member State for a longer period of time (these are retired persons and financially independent persons including their families under the 1990 "residence directives") can not be prevented from acquiring land in that Member State for their main place of residence.

Restrictive provisions on land use - e.g. under regional planning concepts, building codes or land zoning and development plans - remain a national competence but must be applied equally to foreigners and nationals. This means that restrictions of second homes (must) apply both to citizens of the Union and nationals as stipulated by the prohibition of discrimination.

4.8 LEGISLATION AND FRAMEWORK CONDITIONS CONCERNING SOCIAL POLICY

4.8.1 Health and Safety at Work

Legislation in place mainly concerns local and regional authorities as employers (public administration, municipal utilities, other services).

Relevant EU legislation in force:

- Safety signs in the workplace (DIR 77/576/EEC; OJ L 229 of 1977)- requires clear safety signs to be put up in every workplace, warning people of dangers and pointing to safety measures (such as first-aid supplies, exit doors to be used in case of emergencies) - updated in 1992: Safety signs at work (DIR 92/58/EC; OJ L245 of 1992) - this updates and replaces the 1977 Directive;
- Protection against vinyl chloride monomers (DIR 78/610/EEC; OJ L 197 of 1978) - established atmospheric limit values, technical preventive measures and personal protection measures;
- First Framework Directive (DIR 80/1107/EEC; OJ L 327 of 1980) on protecting workers from all dangerous, physical, chemical and biological agents - consolidated in 1988 (DIR 88/642/EEC; OJ L 356 of 1988) - sets out limit values for exposure and requires employers to take preventive, protection and emergency measures, inform workers and monitor their health;
- Exposure to metallic lead and its ionic compounds (DIR 82/605/EEC; OJ L 247 of 1982) - sets out exposure limit values and imposes regular monitoring and clinical assessments of the workers exposed;
- Exposure to asbestos (DIR 83/447/EEC; OJ L 263 of 1983) - sets limits on the concentration of asbestos dust in the workplace and measures on the best way to avoid it Revised in 1991 (DIR 91/382/EEC; OJ L206 of 1991);
- Exposure to noise (DIR 86/188/EEC; OJ L137 of 1986) - sets out the maximum admissible level of sound emissions and the average acoustic pressure;
- Banning certain agents and work activities (DIR 88/364/EEC; OJ L 179 of 1988) - bans the production of four aromatic amines;
- 1989 Framework Directive (DIR 89/391/EEC OJ L183 of 1989);

- Minimum safety and health requirements for the workplace (DIR 89/391/EEC; OJ L393 of 1989) - provisions include the requirement for the employer to keep all escape routes and emergency exits clear, to keep workplaces clean, to regularly maintain and check safety equipment, ensure that the workplace is equipped with appropriate fire-fighting equipment, that the room temperature is adequate and that the surfaces of floors, walls, etc. are safe and hygienic;
- The use of personal protective equipment (DIR 89/391/EEC; OJ L 393 of 1989) - lays down minimum requirements for personal protective equipment to be used by workers exposed to dangerous machinery, substances or processes, such as headgears, goggles, heat-resistant shoes;
- The use of work equipment (DIR 89/391/EEC; OJ L 393 of 1989) - means that employers must take the necessary measures to ensure that the work equipment made available to workers may be used without impairment to their health and safety;
- The manual handling of heavy loads (DIR 90/269/EEC; OJ L156 of 1990) - lays down minimum health and safety requirements to reduce risks, especially of back injury, involved in the handling of heavy loads;
- Work with display screen equipment (DIR 90/270/EEC; OJ L156 of 1990) - sets out standards including requiring employers to test workers' eyesight and allowing workers' activity to be organised in such a way that the daily working time on a DSE includes regular breaks or changes in activity;
- Exposure to carcinogens (DIR 90/394/EEC; OJ L 196 of 1990) - sets out the obligation for the employer to use, whenever this is technically feasible, non-carcinogenic substitutes, imposes restrictions on access to places where carcinogenic agents are used, and describes measures for personal hygiene and protective equipment;
- Protection from biological agents (DIR 90/679/EEC; OJ L 374 of 1990) - classifies them in to four categories and covers prevention, hygiene and protection measures (eg arrangements for their safe transport) to avoid or reduce the risk of exposure;
- Health and safety of temporary workers (DIR 91/383/EEC; OJ L 206 of 1991);
- Medical treatment on vessels (DIR 92/29/EC; OJ L 113 of 1992) - aimed at securing a minimum standard of medical care for seafarers, by for example listing the medical stores to be carried on board;
- Protection of pregnant women at work and women who have recently given birth (DIR 92/85/EEC; OJ L 348 of 1992);
- Organisation of working time (DIR 93/104/EC; OJ L 307 of 1993);
- Protection of young people at work (OJ L 216 of 1994).

Relevant legislation action under consideration:

- Transport activities and workplaces on means of transport (OJ C 294 of 1993) - covers minimum health and safety requirements and working conditions on board all means of transport;
- Protection from exposure to physical agents at work (OJ C 77 of 1993; amended proposal OJ C 230 of 1994) - covers protection from over-exposure to noise, vibrations and electric or magnetic fields and waves;
- Protection from chemical agents at work (OJ C 165 of 1993; amended proposal C191 of 1994) - consolidates existing measures and establishes minimum requirements for protection against all chemical agents at work;
- Mobility and safe transport of workers with reduced mobility (OJ C 15 of 1992).

4.8.2 Equal opportunities

The Directive on Equal Pay (DIR 75/117/EEC; OJ L45 of 1975) creates the obligation to apply the principle of equal pay for the same work at piece rates calculated on the basis of the same unit of measurement and equal pay for work at time rates for the same job.

The Directive on the principle of equal treatment for men and women as regards access to employment, vocational training and working conditions (DIR 76/207/EEC; OJ L39 of 1976) states that equal treatment means the absence of any discrimination on the grounds of a person's sex, including indirect discrimination based on marital or family status.

4.8.3 Social security, pension and retirement

Article 141 of the Treaty of Amsterdam, which established the principle of equal pay, covers not only wages and salaries, but also overtime, bonus payments, sick pay and benefits payable through occupational pensions. The EU has undertaken considerable work relating to equal opportunities in the area of pensions, social security and retirement. Relevant legislation includes the Directive on equal treatment in statutory social security schemes (DIR 79/7/EEC; OJ L6 of 1979).

Whilst EU law permits Member States to operate differing ages of retirement for men and women, the European Court of Justice (ECJ) has established that all women employed in the public sector have the right to retire at the same age as the men with whom they work. Furthermore, the UK Government has proposed that the pension age should be equalised at 65 from the year 2010. In the Marshall case, a woman had been head dietician with the Southampton and South West Hampshire Health Authority for over 13 years, when she was dismissed in 1980 at the age of 62. The ECJ ruled that the dismissal was made entirely on the grounds that she was beyond the normal retirement age for women (60) and amounted to sexual discrimination. Mrs Marshall was awarded compensation. This case confirmed that an employer contravenes the 'Equal Treatment' Directive when setting different retirement ages for male and female workers. Furthermore, state sector employees can rely upon this legislation to counteract such discrimination (Case 152/84 1986; OJ C79 of 1986).

Directive on the protection of pregnant women at work and women who have recently given birth (DIR 92/85/EEC; OJ L 348 of 1992). It established a minimum 14 week period of leave, the right to time off for ante-natal examinations and the prohibition of dismissal on the grounds of maternity. It therefore gives all British women the right to 14 weeks' leave regardless of their length of service, in addition to the longer period of absence (up to 29 weeks after the baby is born) for those who have two years' service. It also specifies that pregnant women should not be exposed to certain dangerous substances.

The Directive on parental leave (DIR 96/34/EC; OJ L 145 of 1996) was adopted by the Council of Ministers in 1996. Workers of both sexes are guaranteed a minimum of three months unpaid leave to care for young children up to the age of eight. Similarly, workers may take time off for 'urgent family reasons in cases of sickness or accident'.

4.9 FRAMEWORK CONDITIONS CONCERNING LOCAL AND REGIONAL FINANCES

With regard to this point it has to be noted that the public sector, which is the actual payer of the EU membership/fee, gets back only a small part in terms of structural funds and other funding schemes. It is particularly the agricultural sector or subsidised industrial enterprises which benefit from the greater part of EU funds. In addition local and regional authorities have to muster provide considerable funds for modernising their infrastructure and administration in order to comply with EU law. Furthermore it has been mentioned that EU subsidies must be supplemented by national, regional and local funds (co-financing), which puts even more strain on public finance.

4.9.1 Effects related to local taxes

Basically, the 6th VAT directive (91/680/EEC) and the consumer-tax system directive are of importance for local and regional authorities, depending on local and regional tax systems, since these instruments prohibit the levying of similar charges or give only a narrow leeway for such charges. It is of great importance, that those municipal charges, where the slightest doubt exist about their compliance with Community Law must be carefully checked not only with the negotiation representatives of the European Commission but also be incorporated in the Accession Treaty.

4.9.2 European Monetary Union (EMU)

This part of the EU *acquis communautaire* does not require immediate action for the countries accessing the EU. But local and regional governments of those countries participating in the EMU will be directly affected by the public deficit criteria and the conditions of the stability pact concerning public debt as well as by the requirements for the introduction of the Euro.

The term "public deficit" comprises the budgets of central government as well as local and regional authorities and some other public institutions, such as social security funds. This means that if public deficit is to be reduced, local budgets will be affected as well.

4.10 LEGISLATION CONCERNING LOCAL ELECTIONS

Article 19 of the Treaty of Amsterdam (invented in Maastricht 1992 as Article 8b) establishes Union citizens' right to vote and stand as a candidate in municipal elections. Substantively, Article 8b does not aim at harmonising the legal provisions of the individual Member States; it rather intends to eliminate existing legal obstacles and reservations on local or national level. On the basis of the principle of equal treatment of all Union citizens, Article 19(1) ToA states that "every citizen of the Union residing in a Member State of which he is not a national shall have the right to vote and to stand as a candidate at municipal elections in the Member State in which he resides, under the same conditions as nationals of that State".

The provision of Article 19 ToA contains the two classic preconditions for the exercise of the active and passive right of vote: nationality and residence. The important new, "European" element lies in the fact that the concept of nationality is indirectly separated from that of the national state and lifted to a Union level. Thus the actually determining element is no longer nationality of an individual Member State but rather citizenship of the Union. However, nationality of a Member State is still the prerequisite for holding Union citizenship.

The details for the implementation of the provisions contained in Article 19 ToA were laid down in 1994 in a separate directive outlining detailed arrangements for the exercise of the right to vote and to stand as a candidate in municipal elections by citizens of the Union residing in a Member State of which they are not nationals (directive 94/80/EC of 19 December 1994). This was to become national law in all Member States by 1. January 1996 at the latest.

The directive contains the following principles:

- The provisions of the directive only refer to municipal, not to regional or national elections;
- The right to vote and stand as a candidate is voluntary, i.e. it depends on the Union citizen's own initiative whether he/she is entered into the respective voting list or not. For this purpose, the Member State of residence shall inform all persons entitled to vote and stand as candidates in due time and in a suitable manner about the conditions and details of exercising their right of vote in municipal elections;
- The conditions for exercising the right of vote should be the same for non-nationals as for nationals of the country in which the elections take place (principle of equal treatment of nationals and non-nationals). This refers in particular to a possibly prescribed minimum duration of residence in the municipality in which the elections take place;
- The national state's provisions concerning its own nationals are not affected, in particular if these reside outside the territory of their Member State of origin. This permits "parallel voting", i.e. citizens of the Union may participate in municipal elections in their Member State of origin despite being residents of another Member State, in which they likewise are entitled to vote and stand as candidates in municipal elections;

- Under the directive, the right of vote in municipal elections for citizens of the Union is to be implemented in the context of territorial authorities of the lowest level. In keeping with the national legal provisions, these territorial authorities of the lowest level must dispose of organs elected in general, direct elections and have competence for the independent administration of local affairs at the lowest level of political and administrative organisation.

Inter alia, this led to the municipal right of vote being also implemented at the district level, e.g. in the German "city-states" Hamburg and Berlin, as well as in Vienna, which is both municipality and Land and where many municipal officials are at the same time officials of the Land Vienna.

In addition to the right to stand as a candidate in direct elections for the European Parliament, the right of citizens of the Union to participate in municipal elections is regarded as a clear and evident element of the development of the European Union towards a "political" Union and may certainly be viewed as an important step towards the "Europe of citizens".

4.11 LEGISLATION AND FRAMEWORK CONDITIONS CONCERNING STRUCTURAL FUNDS AND REGIONAL POLICY

The forthcoming enlargement of the EU is remarkable for the socio-economic problems of the applicant countries and the fact that the essential structural policies are virtually or completely non-existent. This means that, as in the new German Länder, Community assistance will go hand-in-hand with the introduction of these policies. However, by contrast with the situation in the new Länder and previous rounds of enlargement, for the first time specifically targeted structural aid will be granted to the future Member States before their accession (pre-accession aid).

Regional and local government are vital for regional development, particularly in support for small businesses, local development schemes and the establishment of partnership. Yet progress with regard to decentralisation in CEE Countries is low and communication between central and local government or with regional government, where existent, is usually not very developed.

Most Accession Countries will need to strengthen project development and management capacity to be able to absorb increased pre-accession aid and to prepare for their participation in the Structural Funds. They also have to involve regional and local authorities, which currently lack the necessary fund and technical experience, to absorb and manage structural funding and to build up a partnership culture. In order to positively contribute to this process local and regional authorities in Accession Countries need training and preparation as much as central government.

The EU has already established various programmes to assist the candidate countries in their preparation for an EU-membership; the main programmes within the so called pre-accession aid are the following:

4.11.1 EU Pre-Accession Aid: ISPA, SAPARD and PHARE 2000

The EU decided to set up (by 1st January 2000) three pre-accession funds to co-finance accession-related projects as part of Agenda 2000 (the political and financial reform package for the years 2000 - 2006). These funds support projects in the candidate countries dealing with transport and environment (ISPA), agriculture (SAPARD) and on other membership-oriented projects, mainly institution building (PHARE 2000). These three instruments will provide the ten candidate CEECs with 3,12 billion Euro per year, i.e. a total of around 22 billion Euro between 2000 - 2006. The Commission decided indicative allocation for ISPA and SAPARD, while the national Phare programmes for 2000 are being approved separately.

The candidates will have to come up with appropriate, well prepared projects that are not only in line with the respective guidelines but that are also in line with both the priorities of the Accession Partnerships (AP) and the National Programme for the Adoption of the Acquis (NPAA). Well prepared projects are a prerequisite for a successful participation in the pre-accession aid programmes of the European Union.

The Accession Partnerships provide a single framework for the programming of the priorities of each candidate country the programming of the financial means available to implement those priorities.

Thus, no more than 20 pages in length, the APs aims to mobilise all forms of EU support within a single framework for each country. The APs are multi-annual and will last until accession. Each country's AP is completed by its own National Programme for the Adoption of the Acquis (NPAA). For its part, the NPAA gives details of each country's commitments with regard to achieving the Copenhagen criteria and adopting the *acquis communautaire*. In this way, the NPAA complements the AP: it contains a timetable for achieving the priorities and objectives and, where possible and relevant, indicates the human and financial resources to be allocated.

4.11.2 ISPA - Instrument for Structural Policies for Pre-Accession

This aid is mainly directed towards aligning the applicant countries on Community infrastructure standards, particularly in the transport and environmental sector and therefore finances major environmental and transport infrastructure projects. Thus, ISPA has an annual budget of 1.040 billion Euro. ISPA is under the responsibility of former DGXVI, now DG Regional Policy.

Projects have to have a minimum financial volume of 5 million Euro, although some smaller projects could be combined to a bigger one. ISPA is funding a maximum of 75 percent of a project. Council Regulation 1267/1999 EC of 21st June 1999 establishing an Instrument for Structural Policies for Pre-accession is the legal basis.

4.11.3 SAPARD - Special Accession Programme for Agriculture and Rural Development

SAPARD aims to help candidate countries deal with the problems of the structural adjustment in their agricultural sectors and rural areas, as well as the implementation of the *acquis communautaire* concerning the Common Agricultural Policy (CAP) and related legislation. SAPARD has come into effect on January 1st, 2000, and is budgeted until 2006. Thus, SAPARD finances major agricultural and rural development projects and has an annual budget of 520 million Euro. SAPARD is under the responsibility of former DGVI, now DG Agriculture.

The legal basis is Council Regulation 1268/1999 EC of 21st June 1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of Central and Eastern Europe in the pre-accession period. However, candidate countries may only benefit through SAPARD between the year 2000 and the time they join the Union.

In addition, Council Regulation 1266/1999 EC of 21st June 1999 on co-ordinating aid to the applicant countries in the framework of the pre-accession strategy and amending Regulation 3906/89 EEC has to be mentioned here.

4.11.4 Phare Programme

In Agenda 2000, the European Commission proposed to focus the Phare Programme on preparing the candidate countries for EU membership by concentrating its support on two crucial priorities in the adoption of the *acquis communautaire*: Institution building and investment support.

Institution building helps CEEC to reinforce their institutional and administrative capacity, developing the structures, human resources and management skills. Administrative and technical expertise is made available to the candidate states mainly through Twinning at national level. About 30 percent of the annual budget of the Phare programme, about 500 million Euro, could be used for measures within the institution building scheme. About 70 percent are used to improve the legal system as well as to foster the economic and social cohesion and therefore to make the implementation of the *acquis communautaire* in the candidate countries easier.

Twinning

The European Commission's Twinning instrument was launched in 1998 as the principal mechanism of the Institution Building process, to help the candidate countries in their development of modern and efficient administrations with the structures, human resources and management skills needed to implement the *acquis communautaire* to the same standards as Member States. Currently, twinning focuses on four key areas of the *acquis communautaire* in each candidate country: agriculture, environment, finance, justice and home affairs. Additional areas may be added to meet specific needs of each country and the twinning process will gradually be extended to cover the whole of the *acquis communautaire*.

For more information see the Commission's publications on:

- "Guidelines for Phare Programme implementation in candidate countries for the period 2000 - 2006" in application of Article 8 of Regulation 3906/89 EEC (that is the Regulation on economic aid to the Republic of Hungary and the Polish People's Republic);
- "Preparing Candidate Countries for Accession to the EU; Phare Institution Building - A Reference Manual on Twinning Projects" (February 2000, new edition).

Besides these three main pre-accession aid tools of the Commission the following two have to be mentioned as well.

4.11.5 Phare Cross-Border Co-operation Programme / Interreg III

Recognising the central importance of the border regions between the Member States and the CEEC, the EU has already since 1992 financed several measures to enhance cross-border co-operation, and notably to improve border crossings. Such support includes the exchange of information and experience across the border regions, as well as joint measures in transport, environment, energy, telecommunications, business, technology and tourism. The budget line provides co-financing for projects linked with measures supported by the European Union's Interreg initiative, which stimulates funding for neighbouring Member States.

The Community Initiative Interreg III (2000-2006) aims at promoting cross-border, transnational and interregional co-operation and balanced development; the budget is about 4,9 billion Euro for the whole period of seven years. The Commission envisages the following objectives and strands:

- promoting integrated regional development between border regions, including external and maritime borders (Interreg IIIA);
- contributing to harmonious territorial integration across the EU (Interreg IIIB);
- expanding the development potential for EU regions lagging behind and those undergoing conversion, through transnational/interregional co-operation to improve regional development and cohesion policies and techniques (Interreg IIIC).

For more information:

- Commission Regulation 2760/98 EC of 18th December 1998 concerning the implementation of a programme for cross-border co-operation in the framework of the Phare programme;
- Communication from the Commission to the Member States laying down the guidelines for a Community Initiative concerning trans-European co-operation intended to encourage harmonious and balanced development of the European territory (INTERREG) - COM(1999)479 final.

4.11.6 Tacis City Twinning

Tacis City Twinning is a partnership twinning between local and regional authorities of the EU and those of the New Independent States (NIS) and Mongolia, wishing to improve their management and reform their structures to become more efficient and democratic. This aim is developed by means of practical and continuous training of managerial staff of NIS local and regional authorities, followed by implementation of reform projects.

4.12 FRAMEWORK CONDITIONS CONCERNING CONSUMER PROTECTION

An area requiring particular consideration is public health which, following the Amsterdam Treaty, now acquires a new prominence in European affairs. Local authorities are typically enforcement bodies, monitoring compliance and taking enforcement action where appropriate. Local authority environmental health officers are usually responsible for enforcing food safety and hygiene legislation.

Several Member States have a strong tradition in public health analyses and actions, e.g. Scandinavia, whereas others have a poor understanding of these issues. Already within the EU Consumer protection is still far from meeting the *acquis communautaire*.

With the enlargement of the EU, there needs to be a new emphasis on public health because there is a very large number of structural factors which have a major impact on consumer health and well-being, e.g. water, sanitation, housing, industry, transport, local planning and other environmental policies which have received too little attention in relation to health.

Local authorities are very important information providers: as the enforcement of food law is often entrusted to local authorities, local and regional authorities carry out inspection services and usually have the necessary powers to enforce regulation and to take appropriate measures in case of hazard to public health or non-conformity with legislation.

There remains however confusion about the exact scope and objectives of consumer policy. This in part explains difficulties in the effective enforcement of consumer laws. Other factors which need to be addressed include a lack of expert staff, organisational deficits, and a lack of sensitivity to consumer questions.

4.13 LEGISLATION AND FRAMEWORK CONDITIONS CONCERNING TRANSPORT

Since transport is the backbone of the internal market it is of particular importance for the EU and the effects of enlargement on this sector will be considerable. Given that in the EU in 1996 some 87% of total passenger transport was carried out on land, the bulk of this in private cars, and some 75% of freight transport by land, with road transport taking 58% of the total, we can already see the impact this policy field will have on the regional and local situation. As neither the transport infrastructure nor the environmental impact of road transport is the subject of this overview, we will stick to the purely legislative impact of the transport *acquis communautaire*.

Apart from

1. granting transit rights regional and local authorities will be confronted with the need to enforce European regulations in the following areas:
2. Public service: liberalising market access (see public procurement), public service obligations, state aid (cross subsidising);
3. Road safety (registration signs, driving licenses, use of safety belts, roadworthiness of vehicles, transport of dangerous goods;
4. Social legislation for drivers (regions/local authorities as employers of municipal utilities) and harmonisation of professional standards.

Most important legislation with relevance for local/regional authorities:

- Council Regulation (EEC) 881/92 of 26th March 1992 on access to the market in the carriage of goods by road within the Community to or from the territory of a Member State or passing across the territory of one or more Member States.

Common rules for access to the Community international road freight transport markets, where principles of freedom, non-discrimination and equality of conditions in service provisions are valid. International carriage of goods by road is based on a quota-free Community transport authorisation.

- Council Regulation (EEC) No 3820/85 of 20th December 1985 on the harmonisation of certain social legislation relating to road transport.

Any driver of a vehicle used for the carriage of passengers or goods by road within the Community, subject to certain general exemptions and derogations which Member States may introduce.

- Council Directive 88/599/EEC on standard checking procedures for the implementation of Regulation (EEC) no. 3820/85 on the harmonisation of certain social legislation relating to road transport and Regulation (EEC) no. 3821/85 on recording equipment in road transport.

Establishes uniform minimum requirements for checking.

- Council Directive 96/26/EC of 29th April 1996 on admission to the occupation of road haulage operator and road passenger transport operator and mutual recognition of diplomas, certificates and other evidence of formal qualifications intended to facilitate for these operators the right of freedom of establishment in national and international transport operations.

Tightens the standards for access to the profession and harmonises the application of the three qualitative criteria – good repute, financial standing and professional competence.

- Council Directive 76/914/EEC on the minimum level of training for some road transport drivers.

Mutual recognition of training and the appropriate national driving licences.

- Council Regulation (EEC) no. 1191/69 of 26th June 1969 on action by Member States concerning the obligations inherent in the concept of a public service in transport by rail, road and inland waterway (Council Regulation (EEC) no. 3572/90 (OJ L 353 of 17.12.90).
- Council Regulation (EEC) no. 1893/91 (OJ L 169 of 29.6.91).

Eliminates disparities causing distortion in competition conditions, regulating public service obligations and minimising scope for cross-subsidising.

- Council Directive 93/89/EEC of 25th October 1993 on the application by Member States of taxes on certain vehicles used for the carriage of goods by road and tolls and charges for the use of certain infrastructures.

Regulates road tolls and user charges.

- Council Directive 96/53/EC of 25th July 1996 laying down the maximum authorised dimensions in national and international traffic and the maximum authorised weights in international traffic for certain road vehicles circulating within the Community.

Gives certain technical specifications for operating road vehicles in passenger and freight transport.

- Council Directive 91/439/EEC of 29th July 1991 on driving licenses.

Facilitates recognition of driving licences and the movement of persons settling in another Member State without passing a new driving test, harmonisation of categories of vehicles, prescribing minimum requirements for obtaining the licence, specific provisions for handicapped persons.

- Council Directive 91/671/EEC on the approximation of the laws of the Member States relating to compulsory use of safety belts in vehicles of less than 5 tons.

Harmonising the compulsory use of safety belts in the Member States.

- Council Directive 96/96/EC of 20th December 1996 on the approximation of the laws of the Member States relating to roadworthiness tests for motor vehicles and their trailers.

Aiming at similar safety and competitive conditions, it lists categories of vehicles to be tested, defines the frequency of tests and the items to be tested.

- Council Directive 94/55/EC on the approximation of the laws of the Member States with regard to the transport of dangerous goods by road.
- Council Directive 95/50/EC of 6th October 1995 on uniform procedures for checks on the transport of dangerous goods by road.

4.14 LEGISLATION AND FRAMEWORK CONDITIONS CONCERNING POLICE AND JUDICIAL CO-OPERATION

In Agenda 2000 the Commission concluded that some of the central challenges of accession lie in the field of justice and home affairs, especially in the areas of asylum policy, organised and serious crime and the establishment of freedom of movement.

The ongoing creation of an area of freedom, security and justice within the borders of the EU impacts mainly upon regional and local authorities with competencies in home and justice affairs (e.g. the interior and judicial ministries of the German and Austrian Bundesländer) and as well as policing (most local authorities).

The Commission considers the existence of organised crime and the related corruption to be a particular problem. Combating organised crime and corruption therefore features as a further priority in the accession partnerships. Another problem in the view of the Commission is the inefficiency and ineffectiveness of the relevant institutions (police, justice, border surveillance) in the majority of applicant countries.

Since the Schengen 'acquis' has been integrated into the framework of the European Union at Amsterdam (Treaty of Amsterdam), this 'acquis' as well as further measures taken by the institutions relating to the free movement of people must be accepted in full by all applicant countries. This means that, in principle, on accession the free movement of persons between the joining countries and the Member States that are a party to Schengen co-operation (at present all except for the UK and Ireland) should be a reality.

This places a particular challenge to the establishment of effective structures on national, regional and local level, particularly for combating organised crime, money laundering, drug-trafficking and terrorism. According to the latest progress reports, the applicant countries have displayed clear evidence of problems in this area. They are major fields of activity for organised crime and some are transit countries for international drug-trafficking and/or drug-producing countries. Since the restructuring of the PHARE programme the area of justice and home affairs has become an explicit priority in connection with the consolidation of democratic institutions and of public administration.

4.15 FINAL CONSIDERATIONS

With the country's accession to the EU local as well as regional authorities must take account of yet another, new dimension of Community law in their administrative activities. For local/regional authorities, this means an increasing volume of accounting and reporting duties, both in terms of additional study of EC law and necessary adjustments vis-à-vis the EC legislative level. However, this does not change much in the purely formal management of administrative action: as with national law, EC law is implemented and enforced through the national structures and according to the national division of competencies. For the local level, potential problems resulting from accession are likely to arise from the fact that additional actors are involved in the decision-making process, that is, more lobbyists than before participate in the formal and informal negotiation and bargaining processes.

In this context, it is an important learning process leading local/regional authorities to realise that measures taken by them in their own field and using their own funds, e.g. the promotion of local business, may only be implemented when respecting the Community competition rules and must usually be approved in advance. This applies not only to subsidies in cash, but also to other measures, such as the provision of subsidised land for industrial enterprises. It therefore entails a restriction of local authorities' autonomy regarding economic policy, with the aim of preventing distorted competition in the Community.

Generally speaking, it has to be accepted that the European Union as a supranational organisation restricts the leeway for action of national, regional and local authorities in very many areas, so that the parties concerned must learn to act in keeping with this new situation.

In the view of all these manifold impacts of EU accession at local and regional level, it has to be pointed out very clearly, as already done in the Final Declaration of the LOGON-Conference "European Union Enlargement - A Challenge For The Local Level", held in the Vienna City Hall on February 25-26, 1999 that "the national governments of the accession countries" provide for a direct and active involvement of their regions and local authorities in the integration process as soon as possible, and that the European Union, too, ensures that the concerns of regions and local authorities in the accession countries be appropriately taken into consideration."

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*) LRPP - Local and Regional Phare Partnership Working Group aims at the evaluation with the Phare Institution Building Process and tries to encourage regions and cities to participate in the Twinning programme. The core members are Berlin, Hessen, the Eurocities Office and the Tacis City Twinning Office.

The LOGON Working Group Vienna as well as the LRPP Working Group encourages regional and local actors and their experts to provide a feedback on the various fields of legislation touched upon in this report. It is the intention of the working group to modify and amend the paper based on practical experience with the implementation and enforcement of particular legislation at the local level. The Working Group also wants to include illustrations of specific case studies to further enrich the value of this paper. Please contact any member of the working group to give us your comments on the content of this paper.

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Chapter 5 CEMR-GUIDE ON EU FUNDING FOR ACCESSION COUNTRIES



CEMR



Rat der Gemeinden und
Regionen Europas

Council of European
Municipalities and
Regions

Europæiske kommuners
og regioners råd

Συμβούλιο των Ευρωπαϊ-
κών Δήμων και Περιφερει-
ων

Euroopan kuntien ja
alueiden neuvosto

Consejo de municipios
y regiones de europa

Conseil des Communes
et Régions d'Europe

Rådet för Europas
Kommuner och Regioner

Conselho dos municípios
e regioes da Europa

Raad der Europese
gemeenten en regio's

Consiglio dei comuni e
delle regioni d'Europa

GUIDE ON EU FUNDING FOR ACCESSION COUNTRIES

February 2000

**COUNCIL OF EUROPEAN MUNICIPALITIES
AND REGIONS**

EDITORIAL

Since our first edition of this guide events have moved ahead and some long-term developments are becoming clearer.

The European Union has now opened the process of membership for the following twelve countries: Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia and Turkey.

For the structural funds, this year marks a new phase: that of enlargement. The political and financial significance of the funds as internal support mechanism for less favoured regions has asserted itself over the last decade. For this new programming period until 2006 support for a number of regions is being phased out, as these are now deemed able to compete on equal grounds with others, in a single market environment. This has allowed opening up to Central and Eastern Europe with more significant funding.

Structural fund procedures have been simplified and streamlined for the accession process and bridges have been built between internal EU and CEEC support mechanism. ISPA acts as the corollary of the EU Cohesion Fund, while SAPARD will encourage restructuring in rural areas to smooth accession. What CEMR had been asking for many years - improved programme links between western and eastern Europe - is now a reality. The INTERREG III Community initiative and Phare CBC facility are co-ordinated and a host of smaller and larger EU programmes allow for participation from accession countries.

The fact that EU structural fund support is mostly implemented at regional level may also have encouraged a long-term political process of regionalisation. All European union countries have now introduced an upper level of government, with the exception of Portugal where a recent government proposal for creating elected regional authorities was surprisingly defeated. A similar process is coming under way in the accession countries with elected regional structures being introduced or already operating in Poland, Hungary and the Czech Republic.

All these developments have prompted us to produce this 2000 version of our guide and I hope it will prove useful for you in finding EU support for your activities and European wide co-operations.

Walter Wenzel

Director General

5.1 THE ENLARGEMENT PROCESS - INTRODUCTION

The European Union has been strongly supporting the desire and intensive striving of Central and Eastern European Countries (CEEC) to resume their key role in Europe and rejoin the economies and societies of Western Europe. During the past decade the EU, international organisations and other institutions have supported the political and economical transition process.

The last year has brought to an end many successful EU initiative and programme for both, Western and Eastern local authorities. With the new period of structural funds we witness many changes in the European Commission's approach on how to handle its funding policy, not all favourable for the sub-national level. Nevertheless, for the first time there is a well-structured and jointly co-ordinated approach on the support instruments for local and regional entities in the EU and the CEECs.

The negotiations with the next members have started and are well advanced in some areas. The *Acquis Communautaire** has become more than just a key word, it is increasingly implemented in the accession countries. Recent changes in national administrative structures and the establishment of regions (Poland) or else the creation of their legal base (Hungary, Czech Republic) makes the dynamic development for the sub-national level evident.

The Accession Partnerships

In "Agenda 2000", the European Commission has made a series of proposals for the reinforcement of the pre-accession strategy for all Central and Eastern European applicant Countries. The general objective of the strategy is to offer a coherent programme to prepare these countries for accession to the EU and:

- to bring together the different forms of support provided by the EU to these countries within a single framework, the Accession Partnerships;
- to familiarise the applicants with the policies and procedures of the European Union through the possibility of their participation in Community Programmes.

The purpose of the Accession Partnerships is therefore to set out, in a single framework, the priority areas for further work identified in the European Commission's Opinions on the measures needed for each candidate country in view of accession, the financial means available to help the candidate countries implement these priorities and the conditions which will apply to that assistance.

* The *Acquis Communautaire* includes the directives, regulations, and decisions adopted on the basis of the various Treaties, which together make up the primary law of the European Union and Communities. It is in the term used to describe all the principles, policies, laws and objectives that have been agreed by the European Union. In short, it reflects the spirit of the European Union.

Accession Partnerships involve:

- Precise commitments on the side of the applicant country relating in particular to democracy, macroeconomic stabilisation and nuclear safety, and an NPAA within a precise timetable.
- Mobilisation of all resources available to the European Union for preparing the applicant countries for accession.
- The assessment of short-term priorities for each applicant country mainly focuses on the following critical areas:
 - Economic reform
 - Reinforcement of institutional and administrative capacity
 - Internal Market
 - Justice and Home Affairs
 - Environment

One aim of the Accession Partnerships will be to ensure close co-ordination of the three instruments providing pre-accession aid: ISPA, SAPARD, and the new Phare Programme.

General information on the process of enlargement can be obtained from:

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 Fax: +32 - 2 - 545.90.11
 E-mail: Phare.tacis@mail.interpac.be
<http://europa.eu.int/comm/dg1a/index.htm>

5.2 NEW INSTRUMENTS IN VIEW OF ENLARGEMENT

The period between the year 2000 and accession

Starting from the year 2000 until the date of accession, the pre-accession structural assistance programme proposed by the Commission will support various projects in the applicant countries in order to familiarise the responsible authorities and economic and social actors with the methods used to implement Community assistance. This assistance will come from the following three pre-accession financial instruments:

- The new Phare programme;
- Instrument for Structural Pre-Accession (ISPA);
- Special Action Programme for Pre-accession Aid for Agriculture and Rural Development (SAPARD).

5.2.1 The New Phare Programme

The Phare Programme is by far the largest European Community initiative that supports the development of membership in the European Union in a stable and democratic context. It has the aim to help the countries of Central and Eastern Europe (CEEC) prepare for European Union membership. Phare does this by providing financial assistance to support its partner countries through the process of economic development whereby they are ready to assume the obligations involved in joining the EU. The main priorities for Phare funding are common to all countries. Most Phare projects will provide aid in the following areas:

- include restructuring state enterprises
- private sector development
- institutional reform, legislation and public administrations
- reform of social services
- employment
- education
- health
- development of energy
- transport
- telecommunications infrastructure
- environment
- nuclear safety

The Accession Countries, who have signed Europe Agreements, will be able to use Phare as the financial instrument for their pre-accession strategy.

The Phare programme was established as a grant programme in 1989 to support the process of economic and social reform in Poland and Hungary. As the political situation in Central and Eastern Europe developed, Phare's geographical coverage was gradually extended and its budget increased. There are currently 13 countries eligible for Phare assistance.

The nature of Phare has also evolved. The emphasis has shifted from focusing on the immediate needs of transition economies to addressing longer-term economic development and investment requirements. This shift will become even more evident in the implementation of pre-accession strategies.

Until the end of the period 2000-2006, the Phare programme will remain the main Community instrument for co-operation with the CEEC. In each accession country, Phare will have virtually the same scope as Objective 1 of the Structural Funds (see Annex I), which will later take over. During this period, funding for Phare will be increased from an average of € 1 bn to € 1.5 bn per year. Phare will focus on accession by setting two priority aims:

- reinforcement of administrative and legal infrastructure, institution building (30%)
- investments related to the adoption and application of the acquis (70%)

Although Phare has successfully provided in its first two phases local and regional actors with support mechanisms and acknowledged the increased need of adjusting the sub-national level to the up-coming accession it somewhat missed this target in the new period. The opportunities for municipalities is rather limited, at this stage focusing strongly on institution building at the central level. There are some domains reserved for municipal actors for instance in improving the performance of public utilities, traditionally owned by local and regional authorities or projects in cross-border co-operation. Local politicians have very often initiated the later but when kept alive it will eventually develop into trade and joint business along and across the border and thus aid the development of the whole border region. The European Commission has established additional programmes supporting cross-border co-operation among local and regional authorities.

Further detailed information can be obtained from the Phare Website:

<http://europa.eu.int/Phare>

Or at:

The Phare and Tacis Information Centre
19, rue Montoyer
B-1000 Brussels
Tel: +32 - 2 - 545 90 10
Fax: +32 - 2 - 545 90 11
E-mail Phare.tacis@mail.interpac.be

5.2.2 ISPA (Instrument for Structural Pre-Accession)

ISPA is a new instrument to assist the applicant countries to meet the high levels of expenditure that will be required to bring their transport and environmental infrastructure up to Community standards. In the funding period of 2000-2006 ISPA will be operating in a way similar to the objectives of the Cohesion Fund (see Annex I), which currently supports environmental and infrastructure development in the poorest countries of the European Union (Greece, Spain, Portugal and Ireland).

In environmental issues the applicant countries face big problem from which ISPA will focus its support on the following areas:

- Drinking-water supply
- Treatment of waste water
- Management of solid waste and air pollution

In transport the priority is to establish an efficient infrastructure encouraging sustainable forms of moving people and goods, especially within priority projects as identified at the Helsinki and Crete conferences. Therefore ISPA will contribute to the development of railways, roads, ports and airports and the aspects of sustainability and modal change.

A small part of the ISPA budget is available for technical assistance and preparatory studies for projects in the above mentioned fields.

The ISPA budget amounts to some € 1.04 billion. The budget allocation will be based on the relevant country's GDP, population, size, etc.; thus poorer countries will receive most of the aid. The financial means are distributed to the central governments of the candidate countries to whose agencies interested applicants for financial assistance will have to turn to. This support will subsequently also be accessible for local and regional authorities. Actors from the Central and Eastern European countries are encouraged to develop their own approaches with their Western counterparts, based on local traditions and culture rather than waiting for a pre-set model from the European Commission. In general the assistance of ISPA will amount up to 75% of eligible public expenditure.

The application form and further information can be accessed under:

http://www.inforegio.cec.eu.int/wbpro/ispa/ispa_en.htm

Or at:

European Commission, Directorate General Regional Policy and Cohesion
Friedemann Allgayer - Head of Unit
Tel: +32 - 2 - 299 43 89
Fax: +32 - 2 - 296 51 84
E-mail: requests@lists.inforegio.org

For the applicant countries additional information can also be obtained at the EC delegation of the relevant country (see Annex II).

5.2.3 SAPARD (Special Action Programme for Pre-Accession Aid for Agriculture and Rural Development)

From 2000, this fund will provide m€ 500 per year for agriculture (modernisation of agricultural holdings and the agri-food industries) and rural development. This new fund will prepare the various elements of the European Agricultural Guidance and Guarantee Fund (EAGGF) for application within pre-accession countries.

SAPARD aims to solve priority and specific problems for the sustainable adaptation of the agriculture and food industries and to promote the integrated development of rural and coastal areas in the applicant countries in order to meet the challenges created by ongoing structural changes. It also contributes to the implementation of the acquis communautaire concerning the common agricultural and fisheries policies and internal market requirements.

In accordance with the priorities defined by the applicant countries this support may relate to a range of rural development measures. These measures are the subject of an integrated multi-annual rural development programme to be drawn up at the most appropriate geographical level in each country and to be co-financed by EAGGF. This programming

approach is similar to the instruments used by the Structural Funds and enables the applicant countries to become acquainted with the instruments in operation in the EU Member States. The support through SAPARD will correspond to national actions; it will be based on a close co-operation between the Commission, the applicant country, the competent authorities as well as the relevant economic and social partners.

Support for agriculture and rural development is particularly designed to:

- improve the processing and marketing of agricultural and fishery products;
- improve structures for quality, veterinary and plant-health controls in the interests of food quality and consumer protection;
- design agricultural production methods to protect the environment and maintain the countryside;
- support development and diversification of economic activities;
- assist in renovation and development of villages and protect and conserve the rural heritage;
- animate land improvement and reparation; establishment and updating of land registers;
- improve vocational training;
- develop and improve rural infrastructure;
- establish an efficient water resources management;
- offer technical assistance including studies to assist with the preparation and monitoring of the programme and information.

More detailed information can be obtained under:

<http://www.europa.eu.int>

5.2.4 Institution Building

Following the specific objectives of the Accession Partnerships, the Commission will support types of action, which contribute to institution building. Institution building will involve the strengthening of democratic institutions, rule of law, public administration and all entities responsible for public services in order to establish the necessary structures and train the people required to apply the *acquis communautaire*. Institution building support will be implemented, *inter alia*, through training actions, technical assistance and twinning of institutions and administrations in the applicant CEECs with relevant bodies in the Member States.

At this stage there is no direct action line designed specifically for institution building activities within the sub-national level. In general also municipal and regional institutions are eligible for support, however in reality it is still heavily focused on the central level. The animation of local and regional institution building has therefore to come from the sub-national entities and their representative organs. Especially activities supporting economic and social cohesion would be a good opportunity to access relevant funding.

These actions will include the development of capacities for:

- identification of regional disparities and creation of statistical databases at regional level;
- introduction of legal bases for structural policy, introducing a comprehensive and integrated structural policy and a set of guiding priorities and objectives;
- design of a national development strategy and, in line with this, a national concept for regional development;
- establishment of efficient administrative structures at central level;
- development of a programming capacity at national and regional level;
- introduction of budgetary procedures;
- establishment or strengthening of regional/local bodies;
- introduction of efficient implementation procedures.

Designing structural policies:

Support for:

- Elaboration of a draft national development strategy for the period 2000-2006;
- Preparation of law on regional development;
- Decentralisation;
- Other actions for social and rural development.

Programming structural policies:

Support for:

- Strengthening Inter-ministerial co-ordination;
- Reinforcement of programming capacity of the Ministry for Regional Development in order to prepare Objective 1 and cross-border programmes;
- Reinforcement of other Ministries participating in the Objective 1 process (agriculture, labour, transport and environment).

Managing structural policies

Support for:

- Reinforcement of management capacity of the Ministry of Regional Policy, management and financial services;
- Similar operation for the associated Ministries with special consideration for agriculture;
- Preparation of Ministries responsible for transport and environment according to their role;
- Establishing management capacities in the Regions (regional agencies).

Appropriate actions will also cover those promoting the understanding of all aspects of EU structural policy, including: programming; partnership; additionality; co-financing; monitoring and evaluation.

Further information on twinning is available from the National Contact Points in each Member State (including a detailed information pack for national officials and Ministries who are interested in participating) or in the candidate countries.
(See Annex II for details).

In connection with structural policies, priorities for capacity building in programmes such as the SPP* and SIP** will cover a wide range of actions concerning the establishment of a planning, programming and management capacity in the relevant organisations - public administration and social partners - of the candidate countries.

Of particular interest for sub-national entities were the establishing of statistical databases on regional level, the strengthening of local and regional bodies as well as developing programming capacities of regional and municipal bodies and institutions.

5.3 SUPPORT STRUCTURES FOR PROJECTS IN THE ACCESSION COUNTRIES

TAIEX (Technical Assistance Information Exchange Office)

The TAIEX office was set up in early 1996 as the European Commission's services to help the Associated Countries of Central and Eastern Europe in their approximation of legislation for integration into the single Market. The associated countries are: Hungary, Slovakia, Czech Republic, Poland, Estonia, Latvia, Lithuania, Slovenia, Romania and Bulgaria. TAIEX functions as short-term technical assistant in all aspects of EU legislation. It also collects and exchanges information from these countries and from the Member States about assistance that is needed or offered, and about the progress which the countries are making towards aligning their legislation with that of the Union.

* The Special Preparatory Programme (SPP) was to support the preparation of the candidate countries within the field of structural policy with a total allocation of m€ 60 for the period 1997/99. Its implementation has been organized into national and horizontal components.

** The Structural Institution-building Programme (SIP) aimed at preparing the country concerned to introduce appropriate structural policies and eventually participate in EU Structural Funds.

What service does it provide?

The office offers a range of services, including advice on transposition and acquis implementation, providing texts of Single Market legislation, texts from the Member States, experts from the European Commission and from the Member States who can visit a country which needs short-term help, workshop sessions in Brussels and in the Associated Countries on key Single Market issues, and short study visits or placements in Brussels and in the Member States. It furthermore acts as a database tool to the associated countries and helps identifying needs for technical assistance.

How is it different from existing Phare initiatives?

The Office is additional to existing Phare programmes, and does not replace or overlap with them. The Office is staffed and run by the Commission, and offers advice and help coming mainly from the European Commission and the administrations from the Member States. The Office is intended to increase transparency for all that supply and use technical assistance in the area of approximation of legislation. Its activities are focused on the Single Market, and particularly on the application and enforcement of that legislation by the Member States, once it has been transposed.

5.3.1 TAIEX assistance for the sub-national level

TAIEX has increasingly often raised the issue of local and regional authorities as implementing actors to the central governments of the associated countries. The main target groups for the sub-national level are:

- civil servants of local and regional authorities in charge of implementing legislation at sub-national level;
- civil servants of decentralised department of the central administration.

The office's assistance to the sub-national level focuses at this stage on environment, public procurement, social issues, transport and state aid. It does not cover aspects of other support means such as cross-border co-operation, regional development and access to structural funds and programming. A specific team within TAIEX offers support in agriculture and rural development.

Contact:

European Commission, TAIEX
 Mrs. Bridget CZARNOTA
 Avenue de Cortenbergh, 80
 B-1049 Brussels
 Tel: + 32 - 2 - 296 73 07/8
 Fax: + 32 - 2 - 296 68 40
 Internet site: <http://www.cadmos.carlbro.be>

5.3.2 The Phare and Tacis Information Centre

The centre is the EC's response to the many requests of the business community, smaller NGOs and other actors. It offers information services on the latest developments in the EU's support programmes for the CEECs and the NIS. It centralises the essential documents and informs on requests in individual meetings or seminars on relevant issues or provides speakers for outside events. The staff assists in establishing contacts to task managers in the European Commission and other European institutions. In its office it has Internet computers available for public use.

Contact:

Phare and Tacis Information Centre
19, rue Montoyer
B-1000 Brussels
Tel: +32 - 2 - 545 90 10
Fax: +32 - 2 - 545 90 11
E-mail: Phare.tacis@mail.interpac.be
<http://europa.eu.int/comm/dg1a/index.htm>

5.3.3 European Training Foundation (ETF)

The European Training is an agency of the European Union and began its work in 1995. It promotes and assists in the co-operation of vocational training activities in the CEECs, the NIS and Mongolia. The ETF is also the technical assistance office of the Tempus programme.

Although it supports various bi- or multi-lateral projects it mainly operates within the framework of the Phare and Tacis programme. The activities of the Foundation target retraining of adults and young people, management training, assistance in defining training priorities as well as the dissemination of information and experience. It offers its support in the development and the preparation of joint training ventures and assist in the monitoring and evaluation of these activities.

The Foundation has supported a variety of projects on managerial competence development in public administration, SME development, labour market and related training services or regional reforms in VET funding mechanisms.

For further information please contact:

European Training Foundation
Villa Gualino – Viale Settimio Severo, 65
I – 10133 Torino
Tel: +39 - 001 - 630 22 22
Fax: +39 - 011 - 630 22 00
<http://www.etf.it>

5.4 ACCOMPANYING MEASURES

5.4.1 The Phare Cross-Border Co-operation Programme (CBC)

In recognition of the need to reinforce co-operation and stimulate integration of the CEECs into the EU and inspired by the Interreg Initiative, the EU established in the 1994 Budget of the Community a Cross-Border Co-operation Initiative, within the framework of the Phare Programme - the Phare CBC Programme. A new budget line was introduced with m€ 150 for the promotion of cross-border co-operation between regions of the EU and CEEC, and particularly for financing operations under Interreg Programmes.

Following their initial positive experience with the operation of Phare CBC, the CEECs supported its continuation beyond 1995. The EU considers that cross-border co-operation represents an important aspect of the pre-accession strategy for CEECs aiming for membership of the EU. Therefore, the CBC Initiative was extended until 1999, to coincide with Interreg, with indicative financial allocations of MECU 169 in 1995 and MECU 180 per annum 1996-99.

5.4.2 Eligibility

In 1994, Albania, the Baltic States, Bulgaria, the Czech Republic, Poland and Slovenia were eligible for support under the CBC Initiative. With the accession of Austria, Finland and Sweden to the European Union in 1995, additional borders have been included in the 1995 programme, namely those of the Czech Republic, Slovakia, Hungary and Slovenia with Austria, as well as the possibility of a full multi-country programme around the Baltic Sea. Finally, the Former Yugoslav Republic of Macedonia became eligible for Phare CBC in 1996. Thus only Romania and Bosnia, which are eligible under Phare, are not eligible under Phare CBC, as they do not share a common border with an EU Member State.

The following actions can be financed through Phare CBC:

- alleviation of administrative and institutional obstacles to encourage free trade;
- developments in energy, telecommunications and transport to support TENs;
- improvements to infrastructure; local water, gas and electric utilities;
- improvement of waste and environmental management and pollution prevention;
- promotion of tourism;
- agricultural and rural development measures;
- promotion of business co-operation;
- training and employment measures;
- measures to promote co-operation in health, particularly on a cross-border basis.

5.4.3 Programme Management Units (PMUs)

Implementation of the Phare CBC programme is undertaken within the context of the Phare Decentralised Implementation System (DIS) for most eligible countries (except Baltic States and Slovenia). The overall co-ordination and financial responsibility for each programme rests with the implementing authority that is the nominated national authority in each of the CEECs.

How to Apply?

There is no standard Phare CBC application form or procedure for applying for funds from Phare CBC. Organisations in the eligible border regions who are interested in Phare CBC funding should contact the CBC PMU/PIU in their country for further information on specific procedures for their National CBC Programme. In general, all Phare CBC Programmes select projects for funding as follows. In line with general Phare procedures, project selection is carried out on an annual basis. The implementing authority (via the PMU/PIU) requests potential beneficiaries in the eligible border regions to prepare project proposals based on a standardised "project niche". Project proposals need to specify the overall objective of the project and need to include the precise activities to be undertaken, the funding required (both Phare funding and national/local co-finance), the timescale as well as organisational aspects. A more technical project is required for infrastructure projects, including a feasibility study and an environmental impact analysis.

General programme information:

Mr. Willy VANDENBERGHE
Phare CBC Programme Co-ordinator, DG1A/B.1
Rue de la Loi 200,
B-1049 Brussels,
Belgium
Tel: +32 - 2 - 296 57 29
Fax: +32 - 2 - 296 95 01
E-mail: willy.vandenberghes@dg1a.cec.be

5.5 TOWN-TWINNING

The idea to increase a European inter-municipal co-operation dates back to the first twinning arrangements between German and French cities in the 1950s. CEMR has animated the twinning movement as a unique occasion for exchange and close contact between populations to cross cultural and social boundaries. Twinning contributed to the process of European integration through concrete forms of international co-operation at grass roots level. Twinning can also be a vehicle for local groups and local authorities from different countries to share their experience and propose solutions.

Over the past decade increasingly more twinning arrangements were made between cities from EU member states and their CEEC counterparts. CEMR has lobbied in the wake of the transformation process for a support from the European institutions. Kicking off with a budget of MECU 3 in 1989 these actions are funded with € 10 m by the European Commission in 2000.

During the past forty years, the twinning movement has considerably developed. Today, more than 8,000 towns and local and regional authorities of the Council of Europe member countries are twinned. Since the early 1990's, the countries of Central and Eastern Europe have become increasingly involved in the twinning movement. Twinning between Western, Central and Eastern Europe are particularly important in the process of building a united Europe. CEMR therefore promotes the creation of East-West twinning and supports the already existing ones.

Points of Contact

CEMR is at the origin of twinning between European local authorities. The National Associations of CEMR are at your disposal to help you in your search for a partner and to advise you at each stage of the evolution of your twinning. They also provide support for local and regional authorities in obtaining Community aid for inter-urban and inter-regional co-operation programmes.

For additional information, please contact the CEMR National Association in your country or e-mail the CEMR Secretariat General in Paris: cemr@ccre.org. (See also list of Twinning Officers in Annex II).

5.6 PARTICIPATION OF CANDIDATE COUNTRIES FROM CENTRAL AND EASTERN EUROPE IN COMMUNITY PROGRAMMES

The principle of opening up Community Programmes to the associated countries of Central and Eastern Europe was decided by the European Council meeting in Copenhagen in June 1993, and reconfirmed on several occasions, notably at its meeting in Essen in December 1994. The objective was to familiarise candidate countries with the way Community policies and instruments are put into practice.

Agreements have consequently been signed with several candidate countries. They provide the following:

- These countries may participate in Community Programmes in a wide range of fields;
- Each meeting of the Association Council will decide the terms and conditions of participation;
- The candidate countries will bear the cost of their participation. The Community may decide to provide complementary financial support coming from the national Phare Programme funds allocated to each country.

This means that the candidate countries can now participate in a large number of Community Programmes on a similar level as Member States of the European Union. A precondition for this is a contribution (which can partly come from the country's Phare funding) to the Programme, which is equivalent to the funds received for the implementation of a particular programme.

5.6.1 General hints for project application

The competition for project funding is rather tough and requires not only a very good project but also an excellent project application. Following some tips on how to apply:

a) Technical

- establish a well functioning, reinforcing partnership which takes into consideration the specific circumstances in the Eastern country and is beneficial for all participants;
- if possible involved partners with significant EU project experience; if no partner has been involved in an EU-funded project keep in close contact with the managing agency, the relevant civil servants of the European Commission or work closely with an experienced consultant;
- have the necessary political back-up;
- the partners should meet prior to the application and divide the tasks amongst each other, a written agreement on the co-operation amongst the partners should be signed;
- the working programme of the project should be agreed on by all partners with a clear split of the tasks;
- if the programme offers a so-called Micro Facility take advantage of it to prepare the project appropriately.

b) Administrative

- it is necessary to follow the instruction of the application forms since there is still a very high number of project applications, which are not selected because of incomplete or incorrect forms;
- follow the guidelines and adopt the project presentation to the requirements of the application, not the other way around;
- although mostly all EU languages can be used it is expedient to fill in the forms in English; however make sure it is a good level of English, try to have it read by a native speaker;
- if the application is filled in another language but English it is advisable to add an English summary.

c) Financial

- make sure the co-financing is secured within the authority and check the budgetary procedures;
- all partners should be financially committed to the co-financing;
- check the eligibility of costs and in-kind contribution;
- evaluate the costs, see if the expected output has long-term effects and justifies the input (compare with EC publications on experts rates);
- remember that the Final Report is part of the project activity – you should allocate sufficient time and cash for it at the end of the project;
- be aware that the money is paid out in tranches, the last one only arrives when the project is completely evaluated.

Further in this guide you will find outlined EU programmes which offer support for sub-national actors in the applicant countries. However, some well-established programmes are coming to an end and will be replaced by other actions. For the latest up-dates and information please enquire at the Phare and Tacis Centre or the European Commission:

General Questions, Phare
 DG Enlargement/Char 10/114
 Mr Andrew RASBASH, Dep. Head of Unit
 Rue de la Loi 175
 1049 Brussels, Belgium
 Fax: +32 - 2 - 296 9501
 E-mail: andrew.rasbash@cec.eu.int

5.7 PROGRAMMES

In principle, examples of the Community Programmes in which the local and regional authorities of candidate countries are able to participate in 1999/2000 are the following:

5.7.1 ACCESS

Uniting the old LIEN and Phare Partnership programme ACCESS targets the important area of institution building. It aims to strengthen Civil Society and its preparation for the accession. With a budget of m€ 20 until 2002 this programme will support projects and initiatives of NGOs and non-profit organisations through grants and will also cover costs for the participation in EU-wide NGO and NPO networks.

Access will strengthen the operational capacity of its target organisation through the exchange of know-how and experience through transnational or interregional partnerships; it

will also fund direct actions and the promotion of the access in policy areas underrepresented by governmental activities. The areas of such activities may be found in environmental protection or in socio-economic development such as social dialogue as well as actions on the reintegration of marginalised groups of the population (e. g. minorities groups, disabled people, victims of addiction, AIDS, crime, unemployed, homeless and other).

Projects with EU partners will be funded up to 80% for the Phare partners with a maximum contribution of € 200.000 within a two-year period. In the case of all partners being located in the CEECs the contribution of ACCESS may be raised up to 90%. The facility for micro projects will allow a maximum funding of € 50.000 for the project implementation within 12 months but there is no requirement for a partner organisation.

Info:

Local and regional authorities are welcome as partners in the projects under ACCESS. However, they can not participate as lead applicant.

Contact:

Mr. Jari HAAPALA
European Commission,
Directorate General Enlargement
Rue d'Arlon 88
B-1040 Brussels
Tel: +32 - 2 - 299 53 57
Fax: +32 - 2 - 295 74 70

5.7.2 ACE (Action for Co-operation in the field of Economics)

The ACE-programme provides support for the exchange of know-how and information of Eastern and Central European academic and professional economists with their EU counterparts. It promotes an extensive co-operation in economic research and aids in the complicated process of transformation into market economies.

ACE contributes to the institution-building objective of the Phare programme and therefore funds projects dealing with trade and investment, labour markets, regional development, transport and communication and other. Participants from the non-candidate countries Albania, Bosnia and Herzegovina, and the Former Yugoslav Republic of Macedonia will have to illustrate how the project will contribute to the preparation for accession.

Contact:

ACE-Programme, GOPA - Cartermill International LTD-PMU,
Mrs. Angelica MAGNI, Programme Manager
Mrs. Cathy DOCKERILL, Project Administrator
Rue de la Loi 26 box 1
1040 BRUSSELS, Belgium
Tel: +32 - 2 - 280 17 40, 280 17 37
Fax: +32 - 2 - 280 14 06
E-Mail: cdockerill@gopa-brussels.com

5.7.3 ALTENER

ALTENER aims to develop the use of renewable energy sources in the European Community by: promoting the market for renewable energy and its integration into the internal energy market; financial and economic measures; training, information and outreach activities; and co-operation with countries beyond the Community.

Actions and measures relating to renewable energy sources, which will be financed under Alterner II, will include:

Studies and other actions intended to implement or complement Community measures taken to develop the potential of different sources of renewable energy; Development of harmonised standards for products and equipment in the RES market; Actions to increase confidence and RES market penetration and improve the sector's competitiveness through the development of new financial arrangements, such as third party financing, and the diversification of financial instruments; Pilot actions aimed at creating or extending infrastructures for the development of RES in local and regional planning, design and evaluation, information, education and training; Improved information dissemination and co-ordination between international, Community, national, regional and local activities, and exchange of experience and know-how; Targeted actions facilitating the penetration of RES and encouraging investment by assisting the preparation and presentation of implementation projects.

Info:

Apart from a national approach and information of the public in general on matters of renewable energy ALTENER has some specific target groups such as energy companies, financial institutions and local authorities. Sub-national entities are particularly interesting as promoters of renewable energy and taken on a pioneering role e. g. in the operation of municipal small heating systems. The programme also targets the local level in activities of information and training, for which almost 30% of the financial support has been spent.

Contact:

Mr. Rex BAILEY
European Commission
Directorate General Energy
200 rue de la Loi
B-1049 Brussels
Tel: +32 - 2 - 295 28 69
Fax: +32 - 2 - 295 58 43

For more information on the European Commission's ALTENER II Programme, see the following website: http://www.europa.eu.int/dgs/energy/index_en.htm

5.7.4 CONSENSUS III

The implementation of the social acquis is one of the main areas for the applicant countries for which reason the Consensus programme has now entered its third phase. An overall sum of almost € 19 million will strengthen the social protection systems, enhance a public dialogue among governments, NGOs and social partners on aspects of reforming and modernising social protection in the target countries. Therefore Consensus will assist in the development of an inter-institutional social protection reform policy and relevant strategies and tools. It will further support the transfer of knowledge and expertise as a platform linking social actors in the Eastern and Western countries. The programme enhances dialogue between governments and social partners, NGOs and the public in general about reforming and modernising social protection and adopting the social acquis.

The programme's objectives are based on a twinning approach. So far the programme supported the monitoring of social policy development in the CEECs. At local level it has furthermore supported a social crisis centre in Latvia, training of health care administrators as well as the improvement of the social security statistics in some of the accession countries. Among the new priorities the following are of special importance to local authorities:

- Enforcement of equal opportunities
- Bringing the public health standard in line with EU norms
- Further development of an autonomous social dialogue

Info:

Since the national Phare programmes will be supporting the implementation of Consensus, the Central Financing and Contracting units in the partner countries are responsible for the procurement of contracts and payments in relation to the grant-funding component of the programme. The ministries of labour and social affairs in the accession countries will prepare the relevant twinning fiches.

Contact:

Mr. Jari HAAPALA
European Commission,
Directorate General Enlargement
Rue d'Arlon 88
B-1040 Brussels
Tel: +32 - 2 - 299 53 57
Fax: +32 - 2 - 295 74 70

5.7.5 CULTURE 2000

The European Union's support instrument for cultural activities will be put into place during this year. It will be the first framework programme of the EU for cultural activities reflecting the new community approach. Culture 2000 will be running until 2004 and has an overall budget of € 167 m. It supports five "Europe Days" per year as well as twice per year a European City of Culture, linked to the presidency of the Council. Furthermore it will not only support "highbrow culture" but will also cover mass-produced, everyday culture. The programme will host under its umbrella the phasing out of the previous three cultural programmes Ariane, Kaleidoscope and Raphael (see Outphasing programmes).

The objectives of the programme are the encouragement of the understanding of a common history and culture of Europeans, thus revealing our cultural heritage and enforcing a broad international cultural dialogue. The programme will also act as a support instrument for a greater movement of artists and the broader dissemination of their creations. The programme promotes cultural diversity, new forms of cultural expression and contributes to the socio-economic development.

In the previous programmes the support of EU finances was rather small, with an average support for a Kaleidoscope project of ECU 38.000 and ECU 8.500 within the Ariane programme. Raphael funded project received on average ECU 72.000. In all three programmes some 9000 projects submitted proposal, many involving local authorities through museums, restoration of sites and buildings and cultural events. From all the applications 15% received Community funding.

Contact:

Mrs. Enrica VAREZE
European Commission,
Directorate General Education and Culture
200 rue de la Loi
B-1049 Brussels
Tel: +32 - 2 - 299 94 19
Fax: +32 - 2 - 299 92 83

5.7.6 Drugs

The overall aim of the programme is to assist the central and eastern European countries (CEECs) in developing effective drug policies and measures. The activities of the programme are based on a multi-disciplinary approach, thus providing assistance in the fields of policy development, demand reduction and supply reduction. Due to the cross-border nature of the drug problem, the promotion of co-operation both at an intra-regional level and with the EU and its Member States is prior within the programme.

Apart from transposing EU legislation on drug policy it is highly important in the accession countries to establish a broad basis for the problem in the civil society. Within this context, the priorities are on approximation of legislation and establishment of the necessary

institutional structures, in compliance with EU standards, as well as the strengthening of the administrative and operational capacities of the competent authorities in the partner countries in central and eastern Europe.

Info:

Local authorities can involve themselves in the development of information systems for the collection, analysis and distribution of objective, comparable and reliable data on drugs. The programme aims to reinforce drug demand reduction networks in all partner countries and link them with EU networks as well as strengthening of experts' capacity in this field. It provides training to administrators and decision-makers. Priority is given to innovative large-scale projects, especially when combining public bodies and NGOs in a pluridisciplinary co-operation.

Anyone seeking further information on the Community's priorities for the prevention of drug dependence, or wishing to obtain a grant application form should write to the following address:

Mr. Michael SORENSEN
European Commission
Directorate-General Enlargement
Tel: +32 - 2 - 296 7219
Fax: +32 - 2 - 296 8040

5.7.7 European Initiative for Human Rights and Democracy

This programme originates in the Democracy programme that was established in 1994 in reaction to the difficult process of creating a civil-society in the countries of Central and Eastern Europe. It encourages the establishment of non-governmental organizations and supports their activities to foster democracy in their countries by offering grants to projects that fulfill certain conditions. Eligible for funding support are: regional or international organizations, non-governmental organizations, national, regional and local authorities and official agencies and other. The programme is also active in supporting local and regional bodies and organizations in their communication with the central level. The priorities of the programme have shifted in the process of its duration; currently projects with the following themes will be given priority:

- Education and awareness raising of civil society;
- Protection and promotion of the Rights of the Child;
- Innovative actions in the field of conflict prevention and resolution in countries in crisis;
- Promotion of inter-ethnic and inter-racial tolerance in view of the preparation of the World Conference on Racism (2001) and support for indigenous people;
- Good governance – measures to promote transparency, accountability and the fight against corruption as well as strengthen co-operation and dialogue between the EU and its partners.

In the last call of the programme in 1999 priority was furthermore given to larger proposals of at least € 500,000 with a maximum lifetime of 36 months. However, a limited number of proposals for small (€ 50,000 - € 150,000) or medium-sized (€ 150,000 - € 500,000) actions were considered for funding up to 30% of the total amount available for this call for proposals.

Contact:

Mrs. Christel van VAERENBERGH
European Commission/SCR E1
Rue Belliard 28
B-1040 Brussels
Tel: +32 - 2 - 299 49 30
Fax: +32 - 2 - 296 68 81

5.7.8 Environment

Environmental legislative approximation is becoming increasingly important for the accession countries. The high environmental standard of the EU member states demands significant changes in the private and public sector in the CEECs. Although there is no direct budget-line for this programme there is in general a very positive response for environmental projects. The objective of the multi-country programme is to foster region-wide co-operation in environmental protection and the transfer of the relevant know-how among the CEECs and the EU countries. It supports the implementation of international conventions as well as an increased European co-operation.

The programme has established strong network of Regional Environmental Centres. It aims to provide assistance to develop the environmental sector thus targeting NGOs and the general public in accessing training and services. It is supportive to capacity building and awareness raising on environmental issues. The programme animates an intense and open dialogue between the central government and other actors in the environmental sector.

Info:

The environment programme offers a local grant facility in support of NGOs, a training program, an information dissemination programme and other. One of the main projects is the environmental programme for the Danube River.

Contact:

Mr. Kalin BORRISOV
Ministry of Environment of Hungary
Fő utca 44-50, POB 351
1011 Budapest, Hungary
Tel: +36 1 202 25 82
Fax: +36 1 201 57 80

Or the national delegations of the European Commission in the applicant countries (see Annex II).

5.7.9 Information

A special information and communication programme, which will ensure the mechanisms and objectives of the EU, accession policies. It will provide means of communication and services in audio-visual production, training and research. Its target audience are political decision-makers, academics, the business community and NGOs. Through this the EU wants to improve the knowledge on accession and EU issues in opinion formers to increase the general understanding of the Union and its objectives among the population.

Targeting event management the programme offers communication training as well as a media programme.

Contact:

Mr. Thomas GLASER
European Commission, SCR
Tel: +32 2 295 43 78
Fax: +32 2 295 05 80

5.7.10 Information Society Technologies (IST)

IST is an integrated programme that reflects the convergence of information processing, media technologies and communication. Being part of the 5th Framework Programme on Research, Technological Development and Demonstration IST supports international co-operation between legal entities. Until 2002 it has a budget of € 3.6 bn for project support in:

- Systems and services for the citizen – to meet the needs and expectations of European citizens for high quality and affordable services of general interest such as health, persons with special needs, administrations, environment and transport;
- New methods of work and electronic commerce – to enable both individuals and organisations to innovate and be more effective and efficient in their work and businesses. RTD will support the identification of new organisational paradigms as well as the development of tools required in organisational environments;
- Multimedia content and tools – to confirm Europe as a leading force in this field and enable it to realise the potential of its creativity and culture. It will address issues such as interactive electronic publishing, digital heritage and cultural content, education and training, human language technologies and information access, filtering and handling;
- Essential technologies and infrastructure– to further the development of these technologies and infrastructures common to more than one application, enhance their applicability and accelerate their take-up in Europe. RTD will cover areas such as the convergence of information technology and communications; mobile and personal communications, microelectronics and other.

Info:

The programme encourages projects to work together, to pool and to collectively build on their individual results when being beneficial to the partners. Project clusters, each with their own specific objective, will be actively supported and encouraged in so far as they add value to the results of the IST programme seen as a whole. These clusters may centre on a specific key action, but most are expected to be Cross Programmes in nature. These will span more than one key action and may include one or more external bodies as target recipients for their results.

More information on support concerning the various fields within the information society are available under the following e-mail:

IST Infodesk

Tel: + 32 – 2 296 88 00

Fax:: +32 – 2 296 83 88

E-Mail: ist@cec.eu.int

<http://www.cordis.lu/ist/home.html>

5.7.11 LEONARDO DA VINCI

On December 6th, 1994, the Council of Ministers of the European Union adopted the Leonardo da Vinci programme for the implementation of a Community vocational training policy.

This programme has a key objective of supporting the development of policies and innovative action in the Member States, by promoting projects in the context of transnational partnerships that involve different organisations with an interest in training. The programme has a total budget of € 1.15 bn for the period 2000-2006 and is open to the 15 Member States, the 3 States of the European Economic Space and more recently to Cyprus and the CEECs.

Leonardo da Vinci clearly announces a training policy in its own right at Community level. However, this policy operates in close liaison with European Union's other priorities, in the first place with education and the SOCRATES programme. There are also close links between training and research and development and with policies for economic and social cohesion. Vocational training is also an important way of contributing to regional development and therefore opens interesting opportunities for local and regional authorities.

Info:

In its last round Leonardo supported 471 projects in the accession countries. The majority of was financed in Romania (105) and Hungary while Cyprus was only selected in 12 cases. Bulgaria and Slovenia were not involved in any Leonardo projects.

Contact:

Mrs. Marta LAURENCO FERREIRA
European Commission, DG Education and Culture
200 rue de la Loi
B-1049 Brussels
Tel: +32 - 2 - 296 2658
Fax: +32 - 2 - 295 5704

For more information on the European Commission's LEONARDO DA VINCI Programme, see website: <http://europa.eu.int/comm/education/leonardo/valor.html>

5.7.12 LIFE

LIFE is a financial instrument for three major areas of action: Environment, Nature and Third Countries, which allow the participation of all the accession countries. While all three areas aim to improve the environment, each has its specific priorities. LIFE dates back to 1992.

Actions eligible for LIFE funding:

Environment innovative and demonstration actions for industry; demonstration, promotion and technical assistance actions for local authorities; and preparatory actions to support community legislation and policies. Nature actions aiming at the conservation of natural habitats and of wild fauna and flora of EU interest.

The new phase (2000 – 2004) will have an overall a total budget of at least € 600 m; it will be approved in the near future. Some 6% of the budget are reserved for Phare participants. However, only very few accession countries have officially declared their participation in LIFE thus at this stage only Romania is fulfilling all the requirements. It is understood that other countries will join very soon, front-runner being Slovenia. Maximum rates of support: 50% of the eligible costs. Exceptions: 30% of eligible costs for income generating actions.

75% of eligible costs for actions concerning priority natural habitats or priority species as defined in Directive 92/43/EEC, or species of birds in danger of extinction;

Info:

LIFE is open to all "natural or legal persons", targeting especially administrations. The aim of the funded actions must comply with the aims of the Community policy and legislation. In the previous rounds of the programme the European Commission supported annually 120 projects, more than the half involved local and regional authorities.

Contact:

Mr. Anastosias NYCHAS
European Commission,
Directorate General Environment
200 Rue de la Loi
B-1049 Brussels
Tel: +32 - 2 - 296 8716
Fax: +32 - 2 - 296 9561

For further information on the European Commission's LIFE Programme, see the website:
<http://www.europa.eu.int/comm/life/home.htm>

5.7.13 MEDIA II

The essential aim of Community action in the audio-visual field is to adapt the skills and talents of the audio-visual sector to the profound changes occurring in the market and to promote the production and distribution of European audio-visual works. The Media II programme aims at contributing to the training of professionals, the development of production projects and independent production companies as well as transnational distribution of European works in an effort to achieve significant and more structurally oriented results.

The Media II programme is composed of 2 sub-programmes (Development and Distribution, and Training) which were both adopted in 1995 and cover the 1996-2000 period. Budgets allocated for that period are € 265 m and € 45 m respectively.

Support under the programme concerns:

- The development of drama, documentaries and animation (cinema and television);
- Subsidies for cinema distributors and video publishers of European films;
- Co-operation of at least two television broadcasters from several Member States belonging to different linguistic zones;
- Improving European and world market access, training in economic and commercial management;
- Training on new technologies.

The specificity of Community audio-visual policy, which is made up of complementary objectives and elements, requires a high degree of legislative alignment with Council Television without Frontiers Directive, before participation of an applicant country of Central Europe in MEDIA II can be considered. Currently Hungary and Bulgaria have accomplished the requirements on adopting their legislation in line with the "Television without Frontiers" Directives but have not signed a co-operation agreement with the EU and its members.

So far the only accession candidate who is eligible for participation is Cyprus. Other partners are the 15 EU members as well as Norway and Iceland.

Contact:

Mr. Jacques DELMOLY
European Commission
200 rue de la Loi
B-1049 Brussels
Tel: +32 - 2 - 295 84 06
Fax: +32 - 2 - 299 92 14

5.7.14 Phare/Tacis CBC Project Facility

This special programme was set-up in 1995 and is designed to develop and strengthen cross-border co-operation among local authority partners in Phare and Tacis countries and their EU counterparts. It offers up to 80% of co-financing and is open to all EU municipalities as long as the core partners share a common border with a Phare or Tacis partner. The programme offers therefore support to EU-Phare co-operation, Phare-Tacis co-operation, EU-Tacis co-operation. Since its first call for proposal the programme has channelled more than € 18 m into municipalities and counties.

The support is given through five strands

- Phare-Interreg
- Baltic Small Projects
- Phare Micro Project Facility
- Tacis Small Project Facility
- Tacis Micro Project Facility

The programme encourages cross-border projects in the field of local and regional democracy, local economic development, urban & regional services and environment and energy. The approval of project application for financial support was especially successful in environment and services of municipal actors (each above 30%). For the new funding period the projects have the opportunity to involve NGOs into their projects, however the team leader and applicant has to be a municipality.

Particular interesting is the existence of the Small Project Facility that offers potential partners to meet and develop their project proposal in an appropriate way. The maximum support for this activity is € 10.000; there is a constant open call for proposals within the Micro Facility for both Phare and Tacis partners. The programme supports training activities, sectoral and regional studies as well as study visits.

For detailed information on new calls and project information:

Mr. Sören ADAMSEN
County of West Zealand
Alleen 15, DK – 4180 Sôro
Tel: +45 57 87 23 15
Fax: +45 57 87 23 25
<http://www.svecom.se/cbcpf>

5.7.15 SAVE II

SAVE II is European Union's Action on Regional and Urban Energy Management. The Community action on regional and urban energy management (Setting up Local and Regional Energy Management Agencies) has now been incorporated into the SAVE II initiative. The aim is to stimulate a "bottom-up" approach to energy management by encouraging local and regional action for energy efficiency, the use of local energy resources, and the creation of optimum energy-supply conditions at the local level. Most of the accession candidates are expected to be able to participate this year in the programme; Malta, Cyprus and Turkey are currently preparing their participation.

To achieve this aim, SAVE II is co-funding the collaborative creation of autonomous Energy Management Agencies at the local and regional level; establishing networks to disseminate information to local and regional authorities throughout Europe with the help of:

- FEDARENE (Networks for Regions)
- ENERGIE-CITES (Network for Cities)
- ISLENET (Network for Islands)

ENERGY-MANAGEMENT AGENCIES

Functions:

Provide information, advice and training on energy management issues and techniques; Give technical advice on the design of energy management projects; Link people/organisations with similar problems; Undertake independent audits of local energy producers or equipment manufacturers; Contribute to the setting up of relevant projects; Stimulate economic activity; Act as intermediary between the local/regional authority and local/regional players in the energy market; Develop relevant European links to stimulate information exchange and technology transfer.

Spheres of action:

Housing; The public and private service sector; The small and medium-sized business sector; Local/regional development and planning; Travel and transportation planning; The

local/regional administration's infrastructure; Energy supply, including the development of regional energy systems using local and renewable resources.

Key factors for Success

- **Autonomy:** Each agency has to be a neutral, independent, autonomous body with its own permanent staff and budget, but operating under the aegis of the local and regional authorities.
- **Partnership:** Each agency liaising with and involving local public, community, and private players in the energy field.
- **Long-term Commitment:** The long-term political and financial commitment of the local/regional authority to the Agency and its activities.
- **Motivation:** Each Agency team both skilled and highly motivated in terms of energy management, renewable energy and the environment.
- **Communication:** Each Agency publicising the quality services offered and disseminating the results of its activities as widely as possible.

Contact:

Mr. Ismo GRÖNROOS-SAIKKALA
European Commission,
Directorate-General for Energy
226-236 avenue de Tervuren,
B-1150 Brussels
Tel: +32 - 2 – 296 3916
Fax: +32 - 2 – 295 0150

For more information on the European Commission's SAVE II Programme, see the following website: http://www.europa.eu.int/dgs/energy/index_en.htm

5.7.16 Principle actions of the European Union in public health

The Treaty on European Union, better known as the "Maastricht Treaty", includes, for the first time in a European treaty, provisions regarding public health in Europe, in its article 129.

To start the implementation of the principles of Article 129, the European Commission set out a first and global communication establishing the general principles of its action. This communication is summarised here.

- Health promotion, information, education and training;
- Fight against cancer;

- Prevention of drug dependence;
- Prevention of AIDS and certain other communicable diseases.

Contact Address:

COMISSION of the European Communities
 Directorate-General Health and Consumer Protection
 EUROFORUM building
 L-2920 Luxembourg
 Fax: +32 2 296 62 98

For more information on the European Commission's Health Programmes, see the website:
http://www.europa.eu.int/dgs/health_consumer/index_en.htm

5.7.17 Europe Against Cancer

Any organisation or group of organisations wishing to submit a project proposal to the European Commission for funding by the "Europe against Cancer" Programme may do so by responding to calls for proposals that are published in the Official Journal of the European Communities. The deadline for submission of proposals is 15th September of each year (until 1998 there were two deadlines, 15th March and 15th September).

In selecting suitable projects for possible Community funding the Commission services will apply the following criteria. The Commission will take its decision after consulting the Programme Committee, which is composed of official representatives of the Member States.

Main criteria which projects must satisfy:

- 1.) The project must relate to one or more of the actions provided for in the Programme.
- 2.) The project must have a Community dimension and be likely to produce an added value for the European Community, in particular through involving the participation of more than one Member State.
- 3.) Priority will be given to large-scale projects, which are likely to make a real contribution towards the attainment of the Programme's objectives.
- 4.) Priority will be given to projects involving bodies and associations that are able to offer sufficient evidence of competence.
- 5.) Clarity of the objectives, concepts and methods to be used, and detailed description of the specific activities envisaged.
- 6.) Appropriate arrangements for the evaluation, dissemination and exploitation of the results.

Information packs with details of the annual priorities set by the Programme, together with application forms, can be obtained from the following address:

Contact:

Mr. Yves MORETTINI
European Commission
"Europe against Cancer" Programme
Tel: +352 4301 33 465
Fax: +352 4301 34 511

5.7.18 AIDS and communicable diseases

Any organisation or group of organisations wishing to submit a project proposal to the European Commission for financing under the "AIDS and communicable diseases" programme may do so:

- Spontaneously (there are two deadlines for submission of applications each year, namely 15 March and 15 September), or
- in response to calls for proposals which may be published in the Official Journal of the European Communities, and which will relate to specific areas of action of the programme or to specific actions within these areas

Main criteria which projects must satisfy:

- 1.) The project must relate to one or more of the actions provided for in the programme.
- 2.) The project must have a Community-wide dimension.
- 3.) Priority will be given to large-scale projects, which are likely to make a real contribution towards the attainment of the programme's objectives.
- 4.) Priority will be given to projects involving bodies and associations, which are able to offer sufficient evidence of competence.
- 5.) Clarity of objectives, concepts and methods to be used, detailed description of the specific activities envisaged.
- 6.) Appropriate arrangements for the evaluation, dissemination and exploitation of the results.
- 7.) Information packs and application forms can be obtained from the following:

Contact:

Mr. Ronald HAIGH
European Commission
"AIDS and Communicable Diseases" Programme
Tel: +352 4301 32 724
Fax: +352 4301 34 511

5.7.19 Small projects

This is an additional support facility to the national counterpart; it is especially designed for local authorities, universities, international organisation and other non-central governmental institutions with an overall of € 4 m for 2000. The programme offers traineeships, which will allow the placing of officials for a six months period into the European Commission and other European institutions. Each year this programme allows the placements of 50 officials.

The programme's goal is to support furthermore projects raising awareness in the target countries on matters of European integration and improve the visibility of the EU in the accession countries. However, the projects have to meet local needs and will be co-financed to a maximum of 80% for the Phare partners only. In addition it has to involve at least partners from two member states.

Info:

The selection and management will be handled by the EC's Delegation in the recipient countries (see Annex II).

5.7.20 SOCRATES

SOCRATES, the European Community action programme for transnational co-operation in the field of education, was adopted in 1995. It is applicable to the 15 Member States of the European Union, the CEECs as well as to Iceland, Liechtenstein and Norway in the framework of the European Economic Area agreement.

SOCRATES provides that the Community shall contribute to the development of quality education by means of a range of actions, to be carried out in close co-operation with the Member States. These include the development of a European dimension in education, in particular by enhancing the teaching of languages, encouraging the mobility of students and teachers, providing for improved recognition of study abroad, stepping up co-operation in the field of distance education, and intensifying the exchange of information and experience on educational systems across the Community as a whole.

Each university's application for Community support comprises a policy statement on European co-operation, including the university's plans for enhancing the quality of its European operations and its proposals as to the specific co-operation activities envisaged. These may include organisation of student mobility: creation of optimal conditions for students to undertake recognised periods of study at partner institutions in other participating countries; language

preparation for student and teaching staff mobility introduction of the European Credit Transfer System (ECTS), a system of academic credit allocation and transfer which has been developed experimentally over the last five years by 145 universities within the European Union and EFTA countries; teaching staff mobility: short duration, fully integrated teaching assignments at a university in another participating country, and selective teaching fellowships to enable a small member of young academics to spend several months teaching abroad, particularly in aspects of their field which can be shown to contribute to the development of a European dimension.

Mobility grants for students:

These grants are designed to help offset the "mobility costs" of studying in another country, such as travel, language preparation and differences in the cost of living. This Action provides direct financial aid to students carrying out a period of study of between three months and a full academic year in another participating country. They are administered through a network of National Agencies, in all they gave 16.373 mobility grants in 1998/99.

Info:

In the previous round of the Socrates programme local authorities were strongly involved in the sub-programmes on adult education, open and distance learning, COMENIUS and other. Although Socrates targets centres of higher education it supported 292 other training institution, thus 42% of all its projects were lead by other but centres of higher education. In these strands more than 66% of the approved projects were co-ordinated by local authorities, in the regional strand 63.1% of the projects were lead by the regional authorities. The sub-national level also participated very actively as partners representing in both strands more than 65%. In some countries like Cyprus, Czech Republic and Slovakia other institutions outperformed the colleges and universities in obtaining support from Socrates. In Poland on the other hand the higher institutions represented two third of all funded projects.

Contact:

Mrs. Marja KARJALLANEN
European Commission,
Directorate General Education and Culture
200 rue de la Loi
B-1049 Brussels
Tel: +32 - 2 - 295 8382
Fax: +32 - 2 - 299 4150
<http://www.europa.eu.int/comm/education/socrates/new-co.html>

5.7.21 Equal opportunities for women and men

In order to promote equality in practice, the Community has implemented specific action programmes that have had a substantial knock-on effect, particularly by stimulating further action in the individual Member States. Furthermore, the European Council meeting in Essen (December 1994), declared that the promotion of equal opportunities for women and men was a key priority of the European Union and the Member States, on a par with the struggle against unemployment.

Efforts to promote equal opportunities are being strengthened in many aspects of the European Union's policies and programmes. The key to this developing strategy can be summed up as "mainstreaming", a concept that was mentioned in the Third Action Programme and has considerably developed in the Fourth Action Programme. This more global approach to equality calls for the development of a gender perspective and gender analysis of all policies, programmes and actions. "Mainstreaming" is defined as the systematic consideration of the differences between the conditions, situations and needs of women and men in all Community policies, at the point of planning, implementing and evaluation, as applied to Europe, the industrialised countries and the developing countries. From the equality perspective, the most significant development in the Structural Funds was the 1993 revision. Equal opportunities became a principle running through all the three funds, the ESF, ERDF and EAGGF.

In order to reinforce this mainstreaming, the European Commission will open by the end of 2000 a new framework programme on equality. This 5th framework programme will be organised around five pillars:

- equality in the workplace and in economy
- equality in social policy
- equality in daily life
- equality in decision making processes
- changing the roles and models of reference

This programme will have two horizontal dimensions:

- pre-accession countries and
- external co-operation (with developing countries mainly)

Info:

This new programme will emphasise and support networking activities, raising awareness, exchange of best practice. These measures will have a budget of about € 10 bn. The European Council should adopt this programme after the summer 2000 to be operational in early 2001 until 2006.

Contact:

Mrs. Soledad BLANCO
European Commission
Directorate General Employment and Social Affairs.
Tel : +32 2 299 51 82
Fax : +32 2 296 35 62
http://www.europa.eu.int/comm/dg05/equ_opp/index_en.htm

5.7.22 Phare and Small and Medium-Sized Enterprises (SMEs)

Phare provides know-how, including policy advice and training, from a wide range of non-commercial, public and private organisations to its partner countries. It acts as a multiplier by unlocking funds for important projects from other donors through studies, capital grants, guarantee schemes and credit lines.

It makes an increasing number of direct investments in infrastructure, together with international financial institutions, through the European Investment Bank and the European Bank for Reconstruction and Development.

How can SMEs benefit?

Within the overall Phare initiative, the Commission has set up sub-programmes for the development of SMEs. These programmes are managed in a decentralised way by a management unit established in each partner country. The support provided is concentrated on 3 types of measure:

- 1.) Assistance services to SMEs (advice, information and training);
- 2.) Financial instruments (banking services);
- 3.) Guidelines for formulating an enterprise policy.

The services responsible for enterprise policy are closely associated with the establishment of measures in favour of SMEs in the context of the Phare programme. Co-ordination is carried out at several levels, notably through technical assistance to the development of SMEs in the partner countries, contributing to the definition, monitoring and evaluation of calls for tender and joint organisation of seminars.

How to apply

Via the Ministries for Economic Affairs and/or Economic Development in the Phare recipient countries.

Contact:

Mr. Bardo GAVAZZOLI
European Commission DG Enlargement
Tel: +32 - 2 - 299 31 58
Fax: +32 - 2 - 299 17 00

5.7.23 SIGMA Programme

The programme was initiated by the OECD in 1992 and is currently offering support amounting in € 12 m. SIGMA is an initiative of the OECD's Centre for Co-operation with Economies in transition and the Phare programme of the EU. Sigma supports the

re-construction and modernisation of public administration and management systems of government. The programme focuses on:

- Institution building
- Policy making, co-ordination and regulatory management
- Budgeting, financial management
- Public procurement
- Public service management
- Financial control, audit and administrative oversight

The programme work areas are policy-making, expenditure management, administrative organisation and oversight. SIGMA supports the improvement of the CEECs public administration through study visits for civil servants, seminars, panel reviews, provision of information as well as technical assistance and input of external experts. SIGMA operates in the countries of Central and Eastern Europe as well as for the three non-candidate countries in the Balkan region.

Info:

Although the programme mainly targets institutional support on the central level it is also available for projects involving the subnational level. However, it is advisable to apply through a body of the Central government.

Contact:

SIGMA Head Office, OECD
 Mr. Bob BONWITT
 2 rue Andre Pascal
 75775 Paris Cedex 16
 Tel: +33 - 1- 45. 24. 82. 00
 Fax: +33 - 1- 45. 24. 13. 00

5.7.24 YOUTH FOR EUROPE

Youth for Europe, a community action programme for young people, was adopted in March 1995. This programme addresses young people aged between 15 and 25 years resident in the 15 Member States of the European Union and the CEECs, but also in Iceland, Liechtenstein and Norway and the Med-countries. Youth for Europe constitutes an important measure for the promotion of a policy for co-operation in the field of youth; the objective is to contribute to the educational process of young people. This contribution will take the form particularly of exchanges, both intra-Community and with third countries. Youth for Europe itself is in keeping with a general framework of measures taken by the Member States for young people, and which aim to achieve all or part of the following:

- Enabling young people to view the European Union as an integral part of their historical, political, cultural and social environment;
- Promoting an awareness of the dangers relating to exclusion, including racism and xenophobia, through socio-educational measures for and by young people;
- Encouraging young people to find out about, become aware of, and recognise the intrinsic value of cultural diversity;
- Encouraging young people to take an active part in society via non-profit-making associations and organisations;
- Enabling young people to become aware of the importance of democracy in the organisation of society and thus encourage them to play an active part in its institutions, etc.

The Programme's activities are both complementary to those implemented by Member States, and to those envisaged by Community programmes relating to Education and Training, namely Socrates and Leonardo da Vinci. Intra-Community activities directly involving young people: youth exchanges, youth initiatives and periods of voluntary service; youth workers: support for activities directly involving young people and European co-operation on training youth workers; co-operation between Member States' structures; exchanges with non-member countries; information for young people and youth research.

The implementation of the Youth for Europe Programme is partially decentralised, the aim being to take action as close as possible to the beneficiaries and to adapt to the diversity of national systems and situations. National Agencies exist in each Member State; their role is to assist the Commission in the management of the programme, by direct management of certain actions, and particularly by the dissemination of information and advice on the whole Programme.

Info:

There is a constant open call for project proposals, however for the evaluation the EC is working with internal deadlines, the next one may be in mid-spring 2000. The programme start is probably parallel with the news rounds of Socrates and Leonardo in mid-March. The overall budget for the period 2000-2006 will be € 520 m.

Contact:

Mrs. Kamille WIKSTEDT
European Commission, DG Education and Culture
200 rue de la Loi
B-1049 Brussels
Tel: +32 - 2 - 296 29 84
Fax: +32 - 2 - 299 4158
Internet: europa.eu.int/comm/educ/youth.html

5.7.25 Outphasing programmes

Following some programmes from the previous funding period which very successful offered support to municipalities. Some programme still support project work but are unlikely to be continued. Nevertheless, they remain an excellent source of helpful information of other projects in their publication and WebPages. It will furthermore offer a wider view on the approaches taken under structural policy to may act as an example in the period of approximation and preparation of EU legislation.

a) ARIANE

Ariane was a Community programme of support, including translation, in the field of books and reading. The aims of the programme were:

- 1.) To encourage co-operation between Member States in the field of books and reading.
- 2.) To support and complement their activities in this area, by contributing to the development of their cultures while respecting national and regional diversity.
- 3.) To promote a wider knowledge and circulation of European literature and history among the citizens of the European Union by means of assistance for the translation of literary, theatrical and reference works.

Although Ariane supports a wide range of projects such as the translation of high quality 20th century literary works with a view to publication there are some interesting aspects for local authorities. This could be translation of theatrical works with a view to public performance and wider circulation or translation of reference works and studies with a view to wider dissemination of information in the cultural sector. In general, Ariane gave assistance for co-operation projects and partnership initiatives with a view to promote citizens' access to books and reading.

For more information on the European Commission's ARIANE Programme, see website : http://www.europa.eu.int/comm/dgs/education_culture/index_en.htm

b) The Phare Credo Programme

Financed by the European Union's Phare Programme, the Credo Programme is a multi-country grant scheme for cross-border co-operation projects between CEEC-CEEC and CEEC-NIS (New Independent States) border regions. The objective of the Credo Programme is to promote solidarity, social stability and economic development in the border regions by providing funding for projects, which benefit both sides of the border.

The next application round for Phare Credo has not yet been announced.

For further information on the Credo Programme, contact:

Central Programme Office
 Stepanska 16
 110 00 Prague 1
 Czech Republic
 Tel: +420 - 2 - 96.22.62.53
 Fax: +420 - 2 - 26.93.20
 E-mail: credo@credoprogramme.org
 Internet site: www.credoprogramme.org

c) ECOS-Ouverture

ECOS-Ouverture supports "external" inter-regional co-operation projects involving partnerships between local and regional authorities from EU Member States and local and regional authorities from Central and Eastern European Countries (CEECs) and/or the New Independent States (NIS) and/or from the Mediterranean countries (MED). For projects linking EU and CEEC partners, ECOS-Ouverture provides funding from two sources: EC DG XVI Article 10 of the European Regional Development Fund (ERDF) for EU partners and DG I Phare funding for CEEC partner. General information as well as presentation of successful projects is available on the following webpage:

<http://www.credoprogramme.org/regions.htm>.

No further calls for proposals for major or micro projects have been announced at this stage.

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d) KALEIDOSCOPE

Kaleidoscope was the EC's programme in Support of Artistic and Cultural Initiatives of a European Dimension. The Community programme Kaleidoscope was adopted in 1996 for a period of three years (1996-1998) with a total budget of 26.5 MECU.

The aim of the programme was to encourage, by means of co-operation, artistic and cultural creation in Europe. It aimed to support projects with a European dimension i.e. projects involving partnership between organisations from at least three Member States as a means of promoting the knowledge and transmission of culture and of the cultural experience of the European people. The areas covered by the programme were: the performing arts (e.g. dance, music, theatre, opera, etc.), visual or spatial arts (painting, sculpture, carving, engraving), the applied arts (architecture, photography and design), and projects involving multimedia as a form of artistic expression.

For more information on the European Commission's KALEIDOSCOPE Programme, see website: http://www.europa.eu.int/comm/dgs/education_culture/index_en.htm

e) RAPHAEL

The Raphael programme (action programme in the field of cultural heritage) was adopted in October 1997 for a four-year period (1997-2000) with a financial framework of € 30 m. The community contribution to projects can be up to 50%.

Measures eligible for support are projects notably for the conservation and safeguarding of the cultural heritage, which qualify as "European heritage laboratories" by virtue of the interest or exemplary value of their content:

- Projects in connection with common themes to be determined by the Commission;
- Exchange of experiences and the development of techniques applied to heritage;
- Improvement of public access to participation in and awareness of the cultural heritage;

The Raphael programme will be integrated (together with Ariane and Kaleidoscope) into the European Commission's Culture 2000 programme later this year.

For more information on the RAPHAEL Programme, see website:
http://www.europa.eu.int/comm/dg10/culture/raphael/index_en.htm

f) Tempus

The Tempus programme is a trans-European co-operation scheme for higher education. It was the Trans European co-operation scheme for higher education. It was adopted by the Council of Ministers of the European Union in 1990 and has now entered its third phase until the year 2006 (Tempus III).

Tempus was the European Union's major instrument for the development and restructuring of higher education in Central and Eastern Europe and the New Independent States and Mongolia. Since the participation of the CEECs in other educational programmes such as Socrates and Leonardo it is now primarily concentrated on the NIS and Mongolia as well as Albania, FYROM, Bosnia-Herzegovina and Croatia. However, experts from the CEECs can still become involved into the new phase of Tempus.

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ANNEX I

The New Structural Funds

As outlined in Agenda 2000, the budget of the Structural Funds and the Cohesion Fund will rise from currently € 200 bn (for the period 1994 - 1999) to some € 275 bn (for the period 2000 - 2006), out of which some € 45 bn would be dedicated to Enlargement.

Although the European Commission has not fixed any objective areas for the CEECs they are urged to established in their own National Development Plans (NDP) with view to future support from the Structural Funds. Subsequently the governments of the candidate countries are asked to take the structural funds as an orientation and establish within their own NDPs some objective criteria to allocate support from Phare.

In order to streamline activities and simplify procedures, the number of Objective areas were reduced from seven to three. Special attention will be given to the development of human resources throughout the European Union. The Objectives are:

Objective 1: For less developed regions whose per capita GDP is less than 75% of the Union's average.

Objective 2: For all regions with major economic and social restructuring needs, who do not fit into the GDP criteria of Objective 1.

Objective 3: Development of human resources - adaptation and modernisation of education systems, training schemes, access to employment, etc. for regions not eligible under Objectives 1 and 2.

Community Initiatives

The Community Initiatives are the special financial instruments of Structural Funds policy which the European Commission proposes that the Member States adopt in order to support measures that will help resolve socio-economic inadequacies at the European Union level. They tackle targeted priority areas in accordance with the priorities of the Structural Funds for the relevant period.

With the new period the number of Community Initiatives was reduced from 14 and consists of the following four:

- INTERREG III
- URBAN 2
- LEADER+
- EQUAL

Interreg III is the biggest Community Initiative and will re-distribute in the period of 2000 – 2006 some € 4.875 bn. It will continue to support cross-border (strand A) and transnational (strand B) co-operation to stimulate regional economic development and encourage a balanced regional planning. In addition Interreg III will co-finance interregional co-operation hence projects among regional partners who do not share a common border but show similar socio-economic features and strive to exchange their experience amongst each other. This third strand (C) basically supports similar projects, which have been carried out under the "Recite", and "Ecos-Ouverture" programmes. The overall sum available is € 292.5 m and represents 6% of the overall Interreg budget.

The structure of the individual Interreg programmes shall support joint administrative structures and develop common strategies. Furthermore these programmes are to be adjusted to the objectives areas of the structural funds and will have to be co-ordinated with the Union's external support instruments such as Phare, Tacis and Meda.

Urban 2 is the initiative supporting innovative strategies for the economic and social development in urban areas as well as the effective distribution of successful methods and relevant schemes. It will support 50 crisis areas within the EU territory covering small and medium sized towns as well as the certain areas within big cities. The co-operation shall be based on an intense and broad partnership. It is expected that their develop a specific structure to administer the project.

Further information on Interreg III and Urban 2:

<http://info regio.cec.eu.int>

Leader+ supports the capacities of local actors in rural areas. The approach has changed in comparison to the first Leader initiative since it shall encourage and assist the introduction of integrated strategies in rural development. Some € 2.02 bn will strengthen the exchange of experience as well as interregional co-operation of rural areas. The support will furthermore be targeted at innovative pilot action implemented by local action groups.

Further information:

<http://www.rural-europe.aeidl.be>

Equal is the new initiative on trans-national co-operation to combat all sorts of discrimination and inequality preventing access to employment. It is so to speak a combination of the previous initiatives ADAPT and EMPLOYMENT. Equal is financed through the European Social Fund, ESF and will channel € 2.847 bn into projects dealing with problems of "special EU interest". It will thus help combating the limitation to access the labour market on the ground of sexes, poverty and those disadvantaged through their ethnic origin, disability, age, sexual orientation, religion or lack of qualification. The initiative is designed to unite public and private partners in their common fight against discrimination. The first call for project proposal is expected in the second half of 2000.

Further information:

http://europa.eu.int/comm/dg05/empl&esf/news/lmdiscrim_en

The Cohesion Fund

The Cohesion Fund operates alongside the Structural Funds and was set up primarily to help the Objective 1 countries (Greece, Portugal, Spain and Ireland) prepare for Economic and Monetary Union (EMU; i.e. adoption of the Euro in 1999). It offers financial assistance on two conditions:

- The Member State's GNP must be below 90% of the EU average.
- The Member State must introduce a "convergence programme", that is the measures through which it will attain EMU criteria.

The Cohesion Fund will retain its form from the previous funding round. It will continue to provide financial support for Trans-European Networks (TEN) and the completion of environmental projects. Starting in 2000, its allocations to the current beneficiary Member States will amount to € 3 bn per year. Following accession, the new members of the European Union will be fully included into the assistance schemes of the Structural Funds and the Cohesion Fund.

ANNEX II

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Glossary

| | |
|-----------------|--|
| € | Euro |
| "Acquis" | or acquis communautaire French term for body of rules which govern the operations of the EU |
| CBC | Cross-Border Co-operation |
| CEECs | Central and Eastern European Countries |
| DG | Directorate General (of the European Commission) |
| DIS | Decentralised Implementation System |
| EA | Europe Agreement |
| EBRD | European Bank for Reconstruction and Development |
| EC | European Commission |
| EFTA | European Free Trade Association |
| EIB | European Investment Bank |
| EP | European Parliament |
| EU | European Union |
| FDI | Foreign Direct Investment |
| FRC | Foundation of Rural Co-operatives (Poland) |
| GDP | Gross Domestic Product |
| HRD | Human Resource Development |
| IFI | International Financial Institutions |
| IMF | International Monetary Fund |
| IT | Information Technology |
| JEP | Joint European Project |
| JOPP | Joint Venture Phare Programme |

| | |
|----------------|---|
| MCP | Multi-Country Programmes |
| MCEP | Multi-Country Energy Programme |
| MECU | Million ECU |
| NGO | Non-Governmental Organisation |
| OECD | Organisation for Economic Co-operation and Development |
| R&T | Research and Technology |
| SIGMA | Support for Improvement in Governance and Management (in CEECs) |
| SMEs | Small and Medium-Sized Enterprises |
| STRUDER | Regional Development Programme in Poland |
| SOE | State-Owned Enterprises |
| TA | Technical Assistance |
| TENs | Trans-European Networks |
| VAT | Value Added Tax |
| VET | Vocational Education and Training |



Chapter 6 INSTITUTIONS OF THE EUROPEAN UNION

Relevant to the local level



This article aims to give a brief description of the roles played by institutions of the EU and of how they work together.

6.1 EUROPEAN PARLIAMENT

It is the directly elected democratic expression of the political will of the peoples of the European Union, the largest multinational parliament in the world. Its primary objectives are like those of any parliament - to pass good laws and control the executive power. Its responsibilities have been gradually widened and its powers strengthened first by the Single Act of 1987, then by the Treaty on European Union of 1993, and, in 1997, by the Treaty of Amsterdam. As the defender of citizens' rights, the Parliament has also appointed an ombudsman to investigate allegations of maladministration brought by citizens.

The most important powers of the European Parliament fall into three categories:

- legislative power;
- power over the budget;
- supervision of the executive.

Legislative Power

Originally, the Treaty of Rome (1957) gave the Parliament only a consultative role, allowing the Commission to propose and the Council of Ministers to decide legislation. Subsequent Treaties have extended Parliament's influence to amending and even adopting legislation so that the Parliament and Council share the power of decision in a large number of areas.

The consultative procedure requires an opinion from the Parliament before a legislative proposal from the Commission can be adopted by the Council. This applies, for example, to the agricultural prize review.

The co-operation procedure allows Parliament to improve proposed legislation by amendment. It involves two readings, giving members ample opportunity to review and amend the Commission's proposal and the Council's preliminary position on it.

This procedure applies to a large number of areas including the European Regional Development Fund, research, the environment and overseas co-operation and development.

The co-decision procedure shares decision-making power equally between the Parliament and the Council. A conciliation committee – made up of equal numbers of members of Parliament and of the Council, with the Commission present – seeks a compromise on a text that the Council and Parliament can both subsequently endorse. If there is no agreement, Parliament can reject the proposal outright.

The co-decision procedure applies to a wide range of issues such as the free movement of workers, consumer protection, education, culture, health and Trans-European networks. The Treaty of Amsterdam extends this procedure in particular to employment, freedom of establishment, equal pay for men and women etc.

Parliament's assent is required for important international agreements such as the accession of new Member States, association agreements with third countries, the organisation and objectives of the Structural and Cohesion Funds and the tasks and powers of the European Central Bank.

Budgetary Powers

Parliament approves the Union's budget each year. The budgetary procedure allows Parliament to propose modifications and amendments to the Commission's initial proposals and to the position taken by the Member States in the Council. On agricultural spending and costs arising from international agreements the Council has the last word, but on other expenditure – for example, education, social programmes, regional funds, environmental and cultural projects - Parliament decides in close co-operation with the Council.

In exceptional cases Parliament even rejected the budget when its wishes had not been adequately respected. Indeed, it is the President of the Parliament who signs the budget into law.

Monitoring of expenditure is the continuous work of the Parliament's Committee on Budgetary Control which seeks to ensure that money is spent for the purpose agreed upon and to improve the prevention and detection of fraud. Parliament conducts an annual assessment of the Commission's management of the budget before approving the accounts and granting it a "discharge" on the basis of the Annual Report of the Court of Auditors.

Supervision of the Executive

The Parliament exercises overall political supervision of the way the Union's policies are conducted. Executive power in the Union is shared between the Commission and the Council of Ministers and their representatives appear regularly before Parliament.

Parliament and Commission

Every five years Parliament appoints the President and members of the Commission. It exercises detailed scrutiny through a close examination of the many monthly and annual reports which the Commission is obliged to submit to Parliament. Members may also put written and oral questions to the Commission – about 6000 a year – and they regularly interrogate Commissioners at the Question Time during plenary sessions and at meetings of parliamentary committees.

If worst comes to the worst (which actually occurred in 1999), Parliament can pass a motion of censure on the Commission and force it to resign.

Parliament and Council

The President in office of the Council presents his or her programme at the beginning of a presidency and gives an account of it to Parliament at the end of that period. He or she also reports on the results of each European Council and on progress in the development of foreign and security policy.

Ministers attend plenary sessions and take part in Question Time and in important debates. They must also respond to written questions.

At the beginning of each meeting of the European Council, the President of the Parliament presents the institution's main positions on the topics to be discussed by the Heads of State or Government. This speech often sets the tone for the important discussions of the day.

Organisation of the Parliament

All EU major political currents are represented in Parliament, ranging from far left to far right, and numbering close to 100 political parties. These are organised in a limited number of political groups (presently nine).

Overall management of the Parliament's activities is the responsibility of the Bureau which consists of the President and 14 Vice-presidents. All of its members are elected for terms of two and a half years.

The chairpersons of the political groups participate with the President of Parliament in the Conference of Presidents which is responsible for organising the Parliament's work and drawing up the agenda for plenary sessions.

Much of the effective work of Parliament is conducted in its 17 committees covering all areas of the Union's activities, ranging from agriculture to common foreign and security policy, from legal affairs and citizen's rights to overseas co-operation and development.

Relevance to the local level

Concerning public services, all EU decisions have either direct or indirect impact on the local level, this is especially true for environmental policy and public passenger transport.

Lobbying in the Parliament is rather informal and direct, depending on the importance of the Member of Parliament. Adherence to different political groups and countries, and thus to different political traditions is relevant in this context.

Further information: <http://europarl.eu.int>

6.2 COUNCIL OF THE EUROPEAN UNION

The Council of the EU, usually known as the Council of Ministers, has no equivalent anywhere in the world. It is both a supranational body and an intergovernmental organisation, deciding some matters by qualified majority voting, and others by unanimity. In its procedures, its customs and practices, and even in its disputes, the Council depends on a degree of solidarity and trust which is rare in relations between States.

Its democratic credentials should not be in doubt. Each meeting of the Council brings together Member States' representatives, who are answerable to their national parliaments and public opinions. Nowadays, there are regular sessions of more than 25 different types of Council meeting.

Decision-making

The Treaty on European Union based the Union's activities on three "pillars" and established that most decisions be taken either by qualified majority voting or by unanimity.

Pillar One covers a wide range of Community policies (such as agriculture, transport, environment, energy, research and development) designed and implemented according to a well-proven decision-making process which begins with a Commission proposal. Following a detailed examination by experts and the political level, the Council can either adopt the Commission proposal, amend it or ignore it.

In the vast majority of cases (including agriculture, fisheries, internal market, environment and transport), the Council decides by a qualified majority vote with Member States carrying the following weightings:

| | |
|--|-----------------|
| Germany, France, Italy, UK | 10 votes |
| Spain | 8 votes |
| Belgium, Greece, the Netherlands, Portugal | 5 votes |
| Austria, Sweden | 4 votes |
| Ireland, Denmark, Finland | 3 votes |
| Luxembourg | 2 votes |
| | 87 votes |

When a Commission proposal is involved, at least 62 votes must be cast in favour. In other cases, the qualified majority is also 62 votes, but these must be cast by at least 10 Member States. In practise, the Council tries to reach the widest possible consensus before taking a decision.

Those policy areas in Pillar One which remain subject to unanimity include taxation, industry, culture, regional and social funds and the framework programme for research and technology development.

For the other two pillars – common foreign and security policy (Pillar Two) and co-operation in the field of justice and home affairs (Pillar Three), the Council is the decision-maker as

well as the promoter of initiatives. Unanimity is the rule in both pillars, except for the implementing of a joint action which can be decided by qualified majority.

Community Legislation

Community law, adopted by the Council – or by Parliament and the Council in the framework of the co-decision procedure – may take the following forms:

regulations: these are directly applied without need for national measures to implement them;

directives: bind member States as to the objectives to be achieved while leaving the national authorities the power to choose the form and the means to be used;

decisions: these are binding in all their aspects upon those to whom they are addressed. A decision may be addressed to any or all Member States, to undertakings or to individuals;

recommendations and opinions: these are not binding.

Community legislation, as well as the Council's common positions transmitted to the European Parliament, are published in the Official Journal in all the official languages.

Organisation

Each Member State has a national delegation in Brussels known as Permanent Representation. These delegations are headed by Permanent Representatives, who are normally very senior diplomats and whose committee, called Coreper, prepares ministerial sessions. Coreper meets weekly and its main task is to ensure that only the most difficult and sensitive issues are dealt with at ministerial level.

Coreper is also the destination of reports of the many Council working groups of national experts. These groups make detailed examinations of Commission proposals and indicate, among other things, areas of agreement and disagreement.

The Secretariat-General provides the intellectual and practical infrastructure of the Council at all levels. It is an element of continuity in the Council proceedings and has the custody of Council acts and archives. Its Legal Service advises the Council and committees on legal matters. The secretary-general is appointed by the Council acting unanimously.

Relevance to the local level

Lobbying at the Council in Brussels is not effective for the local level. The Council is directly responsible to the national governments, therefore lobbying should be done in the respective countries by the national associations.

Further information: <http://ue.eu.int>

6.3 EUROPEAN COMMISSION

Without the 20 men and women who are its Members and the 16.000 staff who serve it, the Union would not work. The Council and the European Parliament need a proposal from the commission before they can pass legislation. The Commission, in close collaboration with the European Council, frequently provides the impulse towards further integration at the crucial moments when it is needed. Decisive initiatives in recent years have been launching the strategy which culminated in the completion of the single market in 1993, the Commission's role in drawing up a blueprint for the economic and monetary union and its drive to strengthen economic and social cohesion between the regions of Europe.

Members of the Commission

The 20 Commissioners provide political leadership and direction. They are obliged to be completely independent of their national governments and to act only in the interest of the European Union.

The present Commission has five women members. The President is chosen by the heads of State or Government meeting in the European Council after consulting the European Parliament. The other members of the Commission are nominated by the 15 member governments in consultation with the incoming president.

The Commission meets once a week to conduct its business, which may involve adopting proposals, finalising policy papers and discussing the evolution of its priority policies.

Democratic accountability

The Commission's democratic legitimacy is being increasingly strengthened by more determined and thorough Parliamentary vetting of the President and his colleagues. The full Commission has to be approved by the Parliament before its members can take office. They can be required to resign en bloc by a parliamentary vote of censure. In 1999 Parliament refused to grant the Commission a "discharge" on the basis of the Annual Report of the Court of Auditors. Parliament disapproved of the Commission's management of the budget, accused the Commission of fraud and nepotism. Shortly after the Commission resigned for the first time ever.

Organisation

With its staff of 16.000, the Commission is the largest of the Union's institutions. The employment total, however, is modest, given the wide range of its responsibilities and also bearing in mind that one fifth work in the translation and interpretation services.

The Commission is divided in Directorates-General (DGs). They are not numbered anymore but adhere to their respective field of work. Each DG is headed by a director-general, reporting to a Commissioner who has the political and operational responsibility for the work of the DG.

Tasks

The Commission is not an all-powerful institution. Its proposals, actions and decisions are in various ways scrutinised, checked and judged by all of the other institutions, with the exception of the European Investment Bank. Nor does it take the main decisions on Union policies and priorities – this is the prerogative of the Council and, in some cases, of the European Parliament.

The classic description of the Commission's role identifies three distinct functions:

- initiating proposals for legislation;
- guardian of the Treaties;
- the manager and executor of Union policies and of international trade relationships.

Legislative initiative

The legislative process begins with a Commission proposal – Community law cannot be made without one. In devising proposals, the Commission has three constant objectives: to identify the European interest, to consult as widely as is necessary and to respect the principle of subsidiarity.

The European interest means that a legislative proposal reflects the Commission's judgement of what is best for the Union and its citizens as a whole, rather than for sectional interests of individual countries.

Consultation is essential to the preparation of a proposal. The Commission is not an ivory tower. It listens to governments of all levels, industry, trade unions, special interest groups and technical experts before completing its final draft.

Subsidiarity is enshrined in the Treaty on European Union and is applied by the Commission in such a way as to ensure that the Union takes action only when it will be more effective than if left to individual Member States.

Once the Commission has formally sent a proposal to the Council and the Parliament, the Union's law-making process is very dependent on effective co-operation between the three institutions.

The Commission does not have an exclusive right of initiative in the two areas of intergovernmental co-operation covered by the Treaty on European Union – common foreign and security policy and co-operation on justice and home affairs. But it can submit proposals in the same way as national governments and it participates in discussions at all levels.

Guardian of the Treaties

It is the Commission's job to ensure that Union legislation is applied correctly by the member states. If they breach their Treaty obligation, they will face Commission action, including legal procedure at the Court of Justice.

In certain circumstances, the Commission can fine individuals, firms and organisations for infringing Treaty law, subject to their right of appeal to the Court of Justice. Illegal price-fixing and market-rigging cartels have been a constant object of its attention and the subject of very large fines. The Commission also maintains a close scrutiny over government subsidies to industry and certain kinds of state aid must, by Treaty, receive its assent.

Manager and Negotiator

The Commission manages the Union's annual budget which is dominated by farm spending allocated by the European Agricultural Guidance and Guarantee Fund and by the Structural Funds, designed to even out the economic disparities between the richer and poorer areas.

Its executive responsibilities are wide: it has delegated powers to make rules which fill in the details of Council legislation; it can introduce preventive measures for a limited period to protect the Community market from dumping by third countries; it enforces the Treaty's competition rules and regulates mergers and acquisitions above a certain size.

The Union's effectiveness in the world is enhanced by the Commission's role as negotiator of trade and co-operation agreements with other countries, or groups of countries. More than 100 have such agreements with the Union including the developing countries of Africa, the Caribbean and Pacific which are covered by the Lomé Convention, and those of Central and Eastern Europe and the former Soviet Union which receive important technical assistance under PHARE and TACIS programmes. The countries of the southern Mediterranean are also beneficiaries of European development aid.

Relevance to the local level

The Commission is the driving force of the European Union. It is there where all the legislative initiatives are prepared and therefore the Commission should be the main target for contacts. In principle every Directorate General has "national" contact persons who know about the current state of the art of national positions. Another way of influencing legislative proposals lies directly with the specific agenda of a Directorate General. The best input would be over an invitation to participate as a local government association in the numerous (6.000) Commission expert and working groups. The Permanent Representations or European organisations (like CEMR) function as intermediaries in this form of co-operation. A more political approach is possible via the "national" cabinets or the responsible cabinets.

Further Information: <http://europa.eu.int>

6.4 COURT OF JUSTICE OF THE EUROPEAN COMMUNITIES

The Union, like the European Communities on which it is founded, is governed by the rule of law. Its very existence is conditional on recognition by the Member States, by the institutions and by individuals of the binding nature of its rules.

The role of the Court is to provide the judicial safeguards necessary to ensure that the law is observed in the interpretation and application of the Treaties and, generally in all of the activities of the Community.

The success of Community law in embedding itself so thoroughly in the legal life of the Member States is due to its having been perceived, interpreted and applied by the citizens, the administrative authorities and the courts of all Member States as a uniform body of rules upon which individuals may rely in their national courts. The decisions of the Court have made Community law a reality for the citizens of Europe and often have important constitutional and economic consequences.

The Court may be called upon to decide cases brought by the Member States, by the Community institutions and by individuals and companies. It ensures uniform interpretation of Community law throughout the Community by close co-operation with national courts through the preliminary ruling procedure.

The Court of Justice worked alone until 1st September 1989 when the Council attached to it a Court of First Instance in order to improve the judicial protection of individual interests and to enable the Court of Justice to concentrate its activities on its fundamental task, which consists of ensuring uniform interpretation of Community law.

It is composed of 15 judges and 9 advocates general appointed by common accord of the Member States for a renewable term of six years. Their independence must be beyond doubt and they must be qualified for the highest judicial offices in their respective countries or be jurists of recognised competence. The judges elect the President of the Court from among their number for a term of three years. The President directs the work of the Court and presides at hearings and deliberations. The Court is assisted by the advocates general whose task is to deliver independent and impartial opinions on cases brought before it.

The Court of First Instance has jurisdiction to deal with all actions brought by individuals and companies against decisions of the Community institutions and agencies. Its judgements may be subject to an appeal brought before the Court of Justice but only on a point of law.

It has 15 judges appointed by the Member States for the same renewable term of office. This Court also elects its President, however there are no advocates general.

The Court of Justice may sit in plenary session or in chambers of three or five judges. It sits in plenary session when it so decides or if a Member State or an EU institution which is a party to the proceedings so requests. The Court of First Instance sits in chambers of three or five judges. It may sit in plenary session for certain important cases.

Broadly speaking two types of cases may be brought before the Court of Justice:

- Either direct actions may be brought directly before the Court by the Commission, by other Community institutions or a Member State. Cases brought by individuals or companies challenging the legality of a Community act are brought directly before the Court of First Instance. If an appeal is lodged against a decision of the Court of First Instance it is dealt with by the Court of Justice according to a procedure similar to that of other direct actions.
- Or preliminary rulings may be requested by courts or tribunals in the Member States when they need a decision on a question of Community law in order to be able to give a judgement. The Court of Justice is not a court of appeal for the decisions of national courts and can only rule on matters of Community law as laid down by the Court in deciding cases before it.

In a direct action the language of the case is chosen by the applicant whereas in preliminary rulings the Court of Justice uses the same language as the national court which referred the case. Thus any of the Community's language may be used. Written exchanges are an important part of the Court's procedures, both for pleadings and for the submission of observations. After the end of the written phase, cases are argued orally in open court.

Following the hearing, the advocate general delivers an impartial and independent opinion in open court on arguments submitted and on the interpretation of the relevant rules before recommending a decision for adoption by the Court, which the Court most often follows.

The judges consider the case in closed deliberation and then deliver judgement in open court. The text of the judgement includes the reasoning upon which it is based and copies of the text are available in all 11 official languages. Since 1954 almost 10.000 cases have been brought before the Court of Justice which has delivered some 4.500 judgements.

Relevance to the local level

The Court influences local politics as it deals with violation of competition laws which are relevant for public procurement, liberalisation of energy and transport, incineration of waste and wastewater treatment, subsidies etc. Lobbying for local interests to alter Court decisions is rather difficult, yet it is easy to obtain information via the ECJ's press office.

Further information: <http://www.curia.eu.int>

6.5 EUROPEAN COURT OF AUDITORS

This is the taxpayers' representative, responsible for ensuring that the Union spends its money according to its budgetary rules and regulations and for the purpose for which it is intended.

Some see the Court as the "financial conscience" of the Union, others as a "watchdog" over its money. In either case it guarantees that certain moral, administrative and accounting principles are respected. The Court's reports are a rich source of information on the management of the Union's finances, and a source of pressure on the institutions and others with administrative responsibility to manage them soundly.

The Court's function being performed with complete independence presents a vital contribution to transparency in the Union. Objective scrutiny reassures the taxpayer that the Union's money is being managed responsibly – a reassurance which is all the more necessary given the growth of expenditure in recent years over a widening range of policies.

In 1997, the Union's budgetary operations reached ECU 120 billion, including borrowing and lending activities. Every institution and body that has access to Union funds is subject to scrutiny and must provide the Court of Auditors with the information and documents it requires. Not only the European institutions fall within its scope;

The task of the Court and its auditors is to verify that revenues and expenditure observe the legal regulations and are in line with the Community's budgetary and accounting principles. At the same time, the Court is also concerned to make sure that the Community gets value for its money by checking whether and to what extent financial management objectives were achieved and at what price.

The Court carries out on-the-spot audits wherever necessary – on the premises of European institutions, in Member States and outside. These do not have to wait until the financial year is over, they can be made at the same time as the funds are being managed.

Primary responsibility for preventing, detecting and investigating irregularities lies with those responsible for managing and executing EU programmes. When the Court identifies errors, irregularities and potential cases of fraud, it makes them known to the relevant administrations and other bodies for action to be taken. It also points out any weaknesses in systems and procedures which may have enabled the particular problems to occur.

Reports, opinions and statement of assurance

The Court's observations on the management of Community finances are published in its Annual Report – together with the replies from the institutions concerned. The Annual Report highlights those areas in which improvements are possible and desirable. Adopted every year in November, the report is examined by the European Parliament on a recommendation of the Council when it is considering whether or not to give a discharge to the Commission for its management of the budget.

However, the Court is not limited to this occasion only if it wants to make its views felt. It can, at any time, issue special reports on specific areas of budget management. Like the Annual Report, these reports are published in the Official Journal. For their part, if the institutions feel they need guidance on some aspects of their management of funds, they can ask the Court for an opinion and must do so before adopting documents relating to financial regulations and own resources (EU budget revenues).

The Court also provides the European Parliament and the Council with a Statement of Assurance. This certifies the accounts as reliable and the operations they relate to as legal and regular. The Statement is the formal declaration to taxpayers that their money was spent for the intended purposes.

Relevance to the local level

The Court of Auditors is of relevance because it verifies and monitors the spending activity of the Structural Funds and of the various programmes; national, regional and local administrations which manage Community funds must satisfy the Court that all is in order, as well as recipients of Community aid, inside and outside the Union.

Further information: <http://www.eca.eu.int>

6.6 THE EUROPEAN SYSTEM OF CENTRAL BANKS (ESCB) AND THE EUROPEAN CENTRAL BANK (ECB)

The Treaty on European Union (generally referred to as the Maastricht Treaty), which was signed in February 1992 and entered into force on 1st November 1993, forms the legal basis for the economic and monetary union (EMU). An annex to the Treaty includes the Statute of the European System of Central Banks and of the European Central Bank. The Maastricht Treaty provides for EMU to be established in three stages: Stage One began on 1st July 1990; Stage Two started on 1st January 1994; and Stage Three began on 1st January 1999.

On 2nd May 1998 the Council of the European Union – in the composition of the Heads of State or Government – unanimously decided that 11 Member States (A, B, D, F, FIN, IRL, LUX, NL, P, and S) fulfilled the necessary conditions for the adoption of the single currency on 1st January 1999. These countries participate in Stage Three of EMU from the outset. On 25th May 1998 the governments of the 11 participating Member States appointed the President, the Vice-President and the four other members of the Executive Board of the ECB. Their appointment came into effect on 1st June 1998 and marked the establishment of the ESCB and the ECB. The ECB was preceded by the Monetary Institute (EMI), which was set up at the start of Stage Two. Its basic mission was to conduct the preparatory work for the ESCB. The EMI ceased to exist upon the establishment of the ECB.

Composition of the ESCB

The ESCB is composed of the ECB and the EU national central banks (NCB's). However, the NCBs of those Member States not participating in EMU have a special status within the

ESCB: they are allowed to continue to pursue their respective national monetary policies and hence participate neither in the decision-making process regarding the single monetary policy for the Euro area nor in the implementation of the corresponding policy decisions.

Basic tasks of the ESCB:

- to define and implement the monetary policy of the Community;
- to conduct foreign exchange operations;
- to hold and manage the official foreign reserves of the Member States;
- to promote the smooth operation of payment systems.

In addition, the ESCB contributes to the smooth conduct of policies pursued by the competent authorities relating to the prudential supervision of credit institutions and the stability of the financial system, while it also has an advisory role vis-à-vis the Community and national authorities on matters which fall within its field of competence, particularly where the Community or national legislation is concerned.

Decision-making bodies of the ECB

The ESCB is governed by the decision-making bodies of the Executive Board and the governors of the NCBs of the Member States without a derogation, i.e. those NCBs fully participating in the monetary union.

The main responsibilities of the Governing Council are:

- to adopt the guidelines and make the decisions necessary to ensure the performance of the tasks entrusted to the ESCB;
- to formulate the monetary policy of the Community, including, as appropriate, decisions relating to intermediate monetary objectives, key interest rates and the supply of reserves in the ESCB, and to establish the necessary guidelines for their implementation.

The Executive Board comprises the President, the Vice-President and four other members, all chosen from among persons of recognised standing and with professional experience in monetary and banking matters.

The main responsibilities of the Executive Board are:

- to implement monetary policy in accordance with the guidelines and decisions laid down by the Governing Council and, in doing so, to give the necessary instructions to the NCBs;
- to execute those powers which were delegated to it by the Governing Council of the European Central Bank.

The General Council comprises the President, the Vice-President and the governors of all NCBs, i.e. the NCBs of member States with and without derogation.

The General Council is responsible for executing the tasks which the ECB took over from the EMI and it also contributes, inter alia to:

- the advisory functions of the ECB;
- the preparation of the ECB's quarterly and annual reports and weekly consolidated financial statements;
- fixing the conditions of employment for the staff of the ECB;
- the necessary preparations for irrevocably fixing the exchange rates against the Euro of the currencies of those Member States with a derogation.

Independence

The ESCB is an independent system. When performing ESCB-related tasks, neither the ECB, nor an NCB, nor any member of their decision-making bodies may seek or take instructions from any external body. The Community institutions and bodies and the governments of the Member States may not seek to influence the members of the decision-making bodies of ECB or of the NCBs in the performance of their tasks.

Capital

The NCBs are the sole subscribers to and holders of the capital of the ECB. The subscription of capital is based on a key established according to the EU Member States' respective shares in the GDP and population of the Community. The Governing Council decided at its first meeting on 9th July 1998 that the 11 NCBs of the Euro area Member States will pay up in full their respective subscriptions to the ECB's capital according to the key. As a result, the ECB is endowed with an initial capital of slightly less than EUR 4.000 million.

Foreign Reserve Assets

The NCBs will provide the ECB with foreign reserve assets other than the Member States' currencies, Euro, IMF reserve positions and special drawing rights (SDRs), up to an amount equivalent to EUR 50 000 million. The contributions of each NCB is credited by the ECB with a claim equivalent to its contribution. The ECB has the full right to hold and manage the foreign reserves that are transferred to it and to use them for the purposes set out in the ESCB Statute. The ESCB Statute contains specific rules with regard to the calculation of those amounts which will ultimately determine the profit distributed to the ECB's shareholders.

Further information: <http://www.ecb.int>

6.7 EUROPEAN INVESTMENT BANK (EIB)

The European Union's financing institution provides long-term loans for capital investment promoting the Union's balanced economic development and integration. The EIB is a flexible and cost-effective source of finance whose volume of annual lending makes it the largest of the international financing institutions in the world.

EIB loans go to projects which fulfil one or more of the following objectives:

- strengthening economic progress in the less-favoured regions;
- improving Trans-European networks in transport, telecommunications and energy transfer;
- enhancing industry's international competitiveness and its integration at a European level and supporting small and medium-sized enterprises;
- protecting the environment and the quality of life, promoting urban development and safeguarding the EU architectural heritage;
- promoting secure energy supplies;
- extending and modernising infrastructure in the health and education sectors as well as assisting urban renewal, under the "Amsterdam special action programme" in support of growth and employment.

The Bank carries out a rigorous appraisal of each investment, not only assessing its consistency with EU policies but also vetting its economic and environmental justification as well as its financial and technical viability.

The EIB is not a bank in which people deposit their money, but one which pays a quality-of-life dividend for millions of citizens. Underpinning regional development is the Bank's priority task and two thirds of its total lending is advanced for productive investment in regions which are lagging behind or facing industrial decline.

Lending outside the Union

While the EU is the main focus of its activities, the EIB also helps to execute the financial aspects of the Union's co-operation policies with non-member states. Currently the Bank operates in more than 100 of these countries:

- in support of economic development projects in the countries of Central and Eastern Europe preparing for EU membership;
- in fostering cross-border infrastructure and environmental projects, as well as developing the productive private sector in Mediterranean non-member countries;

- in contributing to the set-up of the Euro-Mediterranean partnership, launched at the Barcelona Conference and assisting the Middle East peace process;
- in the 70 African, Caribbean and Pacific signatories to the Lomé Convention, long-standing beneficiaries of EIB loans, and in the Republic of South Africa;
- in financing projects of mutual interest in such areas as technology transfer, joint ventures and environmental protection in Asian and Latin American countries which have signed co-operation agreements with the EU.

Source of funds

Projects supported by EIB loans carry the lightest possible interest rate burden. The bank obtains the bulk of its resources on the capital markets where its top credit rating (AAA) enables it to borrow on the best terms available and to pass on the benefit to project promoters.

Through its major presence on the capital markets the EIB plays an important part in their development, particularly for the emerging markets in the candidate countries in Central and Eastern Europe. The bank's borrowing policies also aim at helping to prepare the ground for a large and liquid Euro capital-market, much as it did to support the ECU at the beginning of the 1980s, thus promoting the financial market's confidence in the single currency.

Relevance to the local level EIB loans are available to the local level.

Further information: <http://www.eib.eu.int>

6.8 SOCIAL AND ECONOMIC COMMITTEE

This consultative body was founded by the Treaty of Rome in 1958. Its membership is drawn from a broad cross-section of society and the economy. Some represent employers and employees (the "social partners"), while the daily activities of others range from farming to commerce, transport, the professions, co-operatives, small and medium enterprises and environmental and consumer protection. Members belong to one of three groups of roughly equal size: employers (Group I), employees (Group II) and various interests (Group III).

Opinions

The Treaty requires the Commission and the Council to refer draft legislation in specified policy areas to the Committee and leaves them free to choose whether or not to do so on other matters. Since 1972, the Committee has also had the right to issue opinions on its own initiative on any matter of Community interest. The most recent amendment to the Treaty on European Union, adopted in Amsterdam, now allows the European Parliament to consult the Economic and Social Committee too.

No European law of any significance has been adopted without the Committee's voice being heard. Since it was set up, the Committee has adopted more than 3.000 opinions, all of which have been published in the Official Journal of the European Communities. By requiring its members to find common ground on each issue and to resolve conflicts of interest between economic and social groups, the Committee makes a useful contribution to consensus building.

Limited relevance to the local level.

Further information: www.esc.eu.int

6.9 COMMITTEE OF THE REGIONS (COR)

This is the Union's youngest body whose creation reflects the Member States' strong wish not only to respect regional and local identities and prerogatives but also to involve them in the development and implementation of EU policies. For the first time in the history of the European Union, there is now a legal obligation to consult the representatives of local and regional authorities on a variety of matters that concern them directly.

Created as a consultative body by the Treaty on European Union, the Committee has emerged as a strong guardian of the principle of subsidiarity since its first session in March 1994.

Subsidiarity is enshrined in the Treaty and means that decisions should be taken by those public authorities which stand as close to the citizen as possible. It is a principle which resists unnecessarily remote, centralised decision-taking.

The elected officials to the Committee have a direct experience of how the Union's policies and legislation affect the everyday life of their citizens. With such resources, the Committee is able to bring powerful expertise and influence to bear on the Union's other institutions.

It has many opportunities to do so. The Treaty requires it to be consulted on matters relating to Trans-European Networks, public health, education, youth, culture and economic and social cohesion. But the Committee can also take the initiative and give its opinion on other policy matters that affect cities and regions, such as agriculture and environmental protection.

Organisation

The work of the Committee is organised by the Bureau, elected for a two-year term.

Relevance to the local level:

Although it is called the Committee of the Regions, its members are also from local governments. When an opinion is prepared, local interests are mostly considered. The Committee hopes that it will be given the right to litigate in front of the ECJ.

Further information: www.cor.eu.int

6.10 EUROPEAN OMBUDSMAN

One of the rights of European citizens is to complain to the European Ombudsman. The Ombudsman investigates complaints about maladministration by institutions and bodies of the European Community. He cannot deal with complaints concerning national, regional or local administrations of the Member States.

The European Ombudsman is elected by the European Parliament for the duration of its term of office.

All citizens and residents of a EU Member State, as well as businesses, associations or other bodies with a registered office in the Union may complain about maladministration in the activities of Community institutions and bodies.

Maladministration means poor or failed administration. This occurs if an institution or body fails to do something it should do, if it does it in the wrong way or if it does something that ought not be done. Some examples are:

- administrative irregularities;
- unfairness;
- discrimination;
- abuse of power;
- lack or refusal of information;
- unnecessary delay.

How to complain?

A standard form is available from the Ombudsman's office. The complaint can be written in any of the 11 official languages of the Union, it must set out clearly the identity of the complaining person or entity, which institution or body of the European Community the complaint is directed against and on what grounds. A complaint must be made within two years of the date at which the relevant facts became known. One must not be individually affected by the maladministration, but the institution or body concerned must have been contacted already.

The Ombudsman does not deal with matters are currently in court or which were already settled by a court.

Further information: <http://www.euro-ombudsman.eu.int>



Chapter 7 THE CEEC-LOGON INFO POINT ON THE INTERNET

<http://www.ceec-logon.net>



INTRODUCTION

The CEEC-LOGON Internet-site was launched in January 1999 with the aim to build a common information platform for the local and regional level in the CEEC. The range covers official EU documents, working materials, contact lists, links and much more. Since its foundation the LOGON site has expanded rapidly and now offers different levels of information and communication. The contents of the LOGON-site can be classified as information related to the local level in Europe, although the main focus was set on EU enlargement. As the total LOGON homepage meanwhile contains hundreds of pages, searching for suitable information has become more and more difficult, especially for "first-time-users" and persons who are not used to retrieve documents from the Web.

Therefore this article understands itself as a short guide giving an overview on the main chapters and sources of information, documentation and communication within the LOGON homepage. But also the experienced user will gain profit from the following guide.

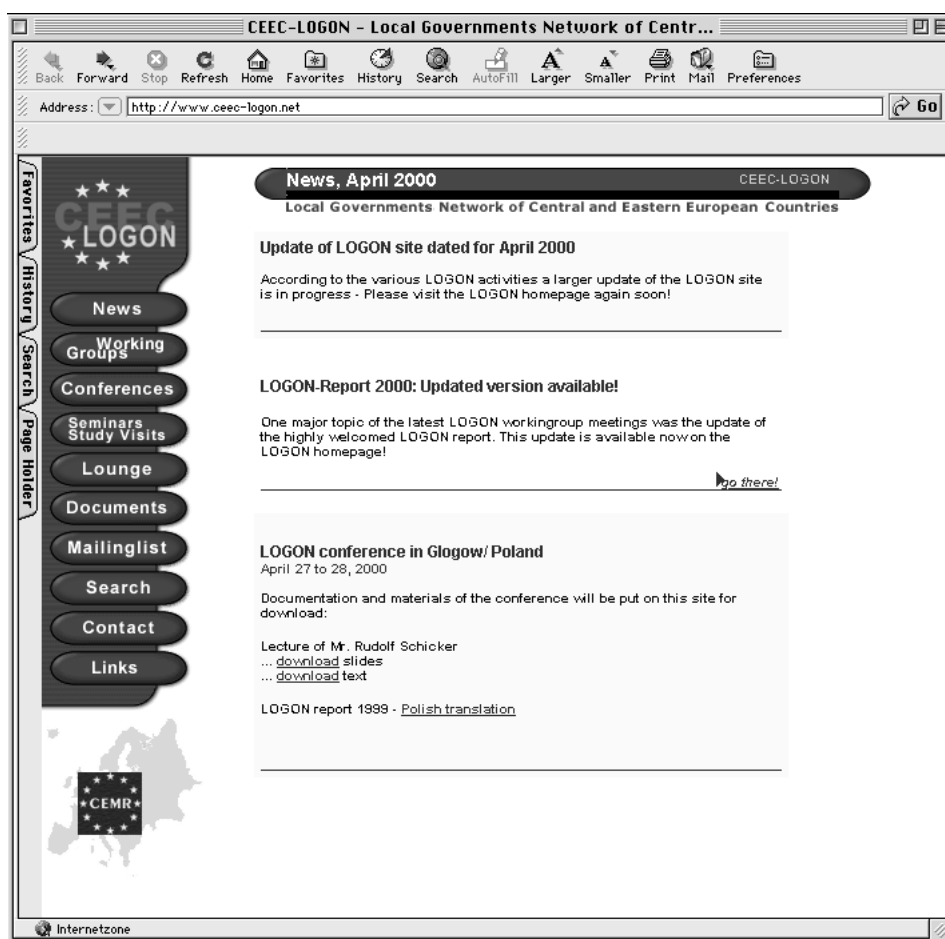
The LOGON homepage, which can be retrieved from the Internet-address

"<http://www.ceec-logon.net>"

is divided into 10 main chapters:

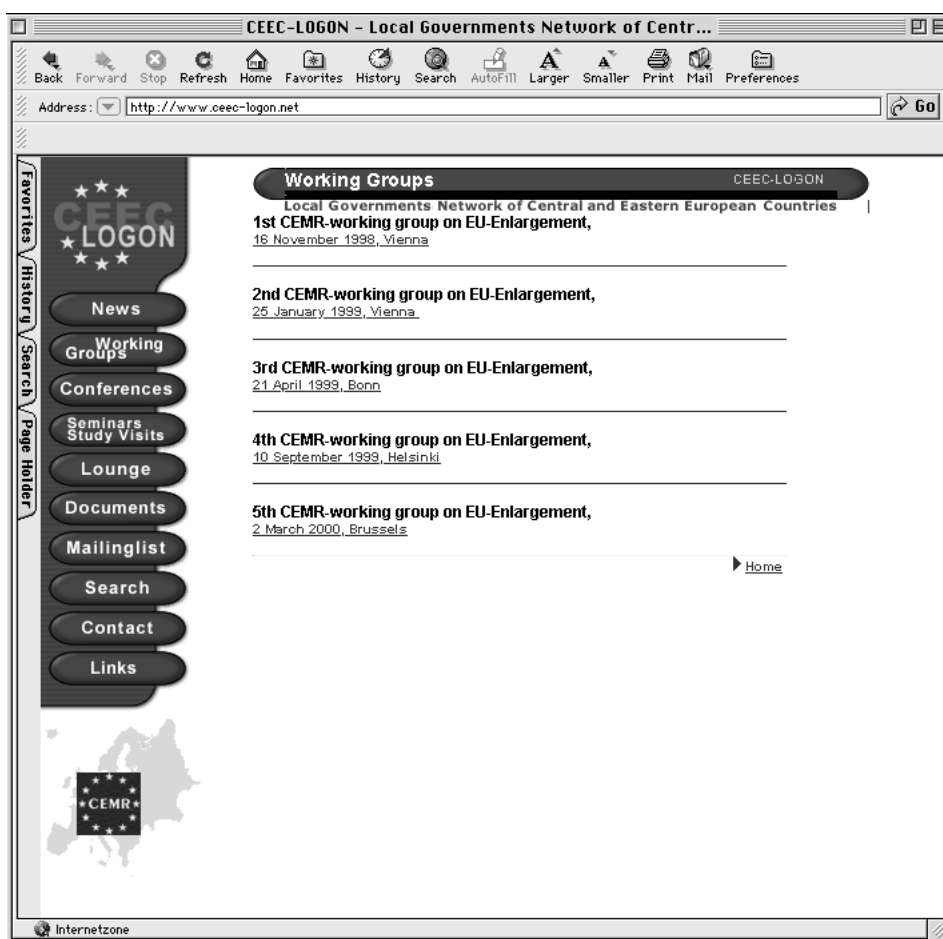
7.1 NEWS

The news chapter gives a short overview on the latest development of the LOGON project. Brief remarks on updated sectors, new documents or changes on the site are concentrated to the news chapter, which was conceived as starting page of the site. The idea was to give users the latest and most important information on the first page. Direct links guide to the chapters where the total information can be retrieved from.



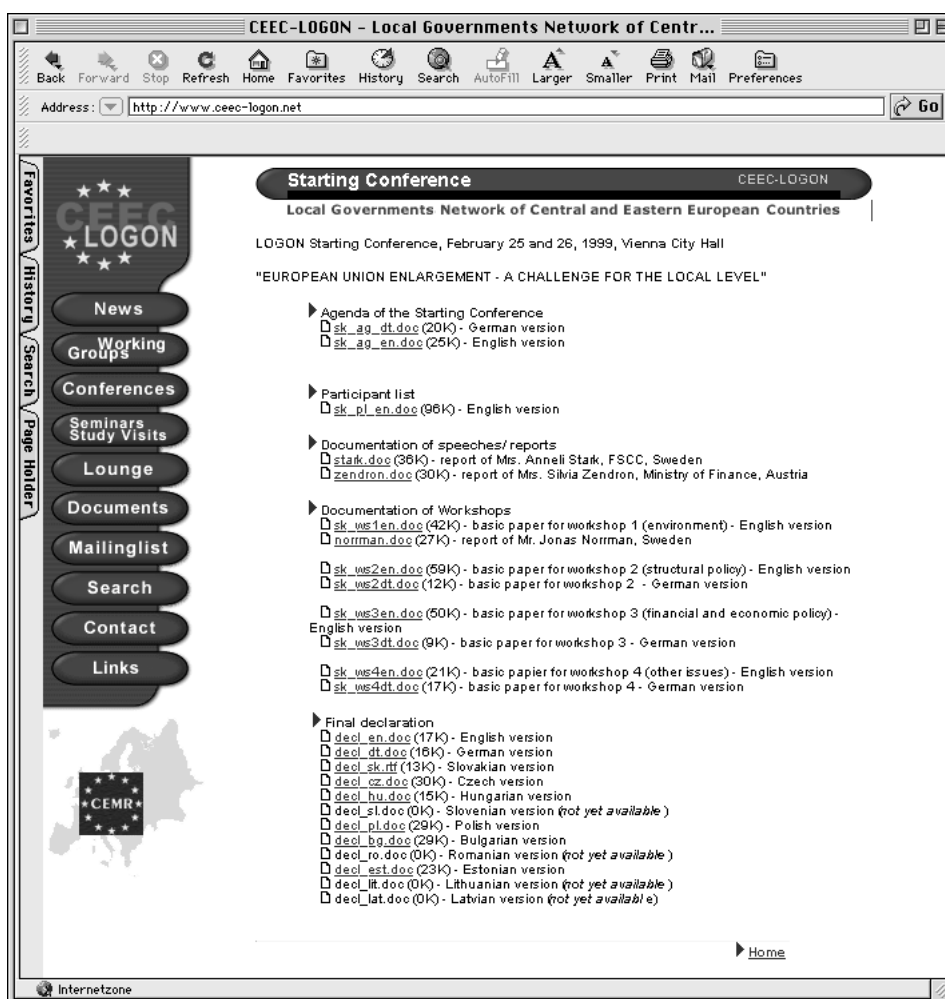
7.2 WORKING GROUPS

The working groups sector contains draft agendas, registration forms, participant lists and minutes of the meetings of all CEMR working groups (steering committee meetings) that have been held since the launch of the project. Most information can either be retrieved as Winword-document or be read online.



7.3 CONFERENCES

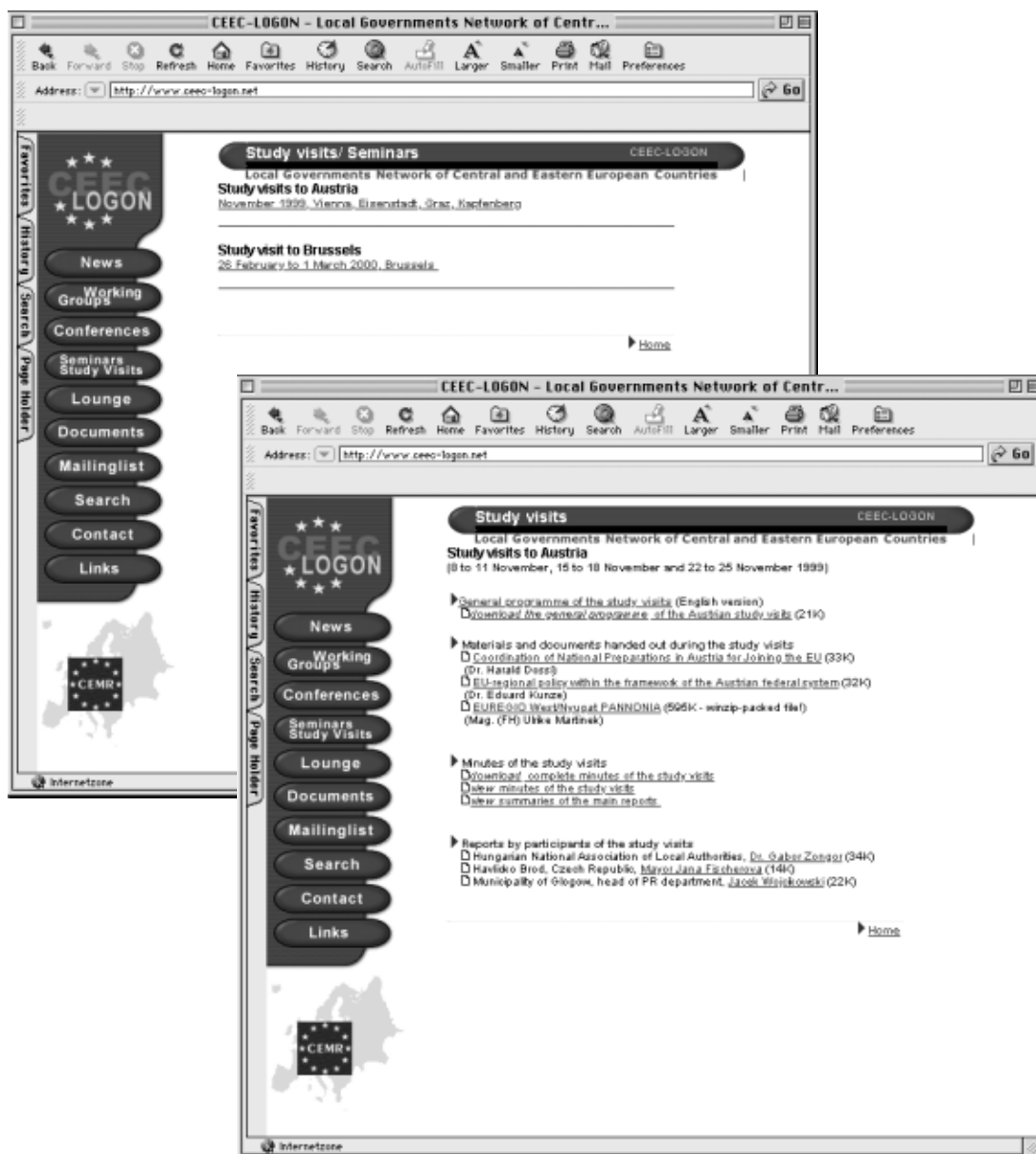
In the conference chapter by now only documents concerning the startup conference of LOGON in February 1999 are stored. It contains the list of participants, the minutes of the conference and of the working groups, lectures of the speakers (if available) and – most important – the final declaration of the conference which was translated into all CEEC-partner countries languages.



7.4 SEMINARS / STUDY VISITS

This chapter is mainly dedicated to the study visits in Austria (November 1999) and Brussels (February 2000) and contains the lists of participants, the programme organised, short reports reviewing the experiences of the Austrian organiser and the impressions of the participants.

Moreover documents of the experts that gave a lecture are stored in this chapter too.



7.5 LOUNGE

The LOGON lounge is one of the youngest and most interactive and dynamic parts of the LOGON site. It was thought as a common forum, where everyone – participants of the project, interested experts, mayors from CEE-countries and the EU, project staff – has the opportunity to put in information, requests and remarks. The LOGON-lounge has to be understood as a blackboard for the enlargement of the EU on the local level. Frequent use of this interactive forum is highly appreciated. For the use of the LOGON lounge no registration is required; the system was adapted to well known e-mail programmes and is easy to use.

The screenshot displays the CEEC-LOGON website interface. The main content area is titled 'LOGON Lounge' and shows a list of messages. The messages are organized in a table with columns for Date/Time, From, and Subject. A 'Post Form' window is open on the right side of the page, allowing users to submit new messages. The form includes fields for Name, E-mail, and Subject, and a 'Send' button. The website also features a navigation menu on the left with links to News, Working Groups, Conferences, Seminars, Study Visits, Lounge, Documents, Mailinglist, Search, Contact, and Links. The CEEC-LOGON logo is visible in the top left corner, and the URL 'http://www.ceec-logon.net' is shown in the address bar.

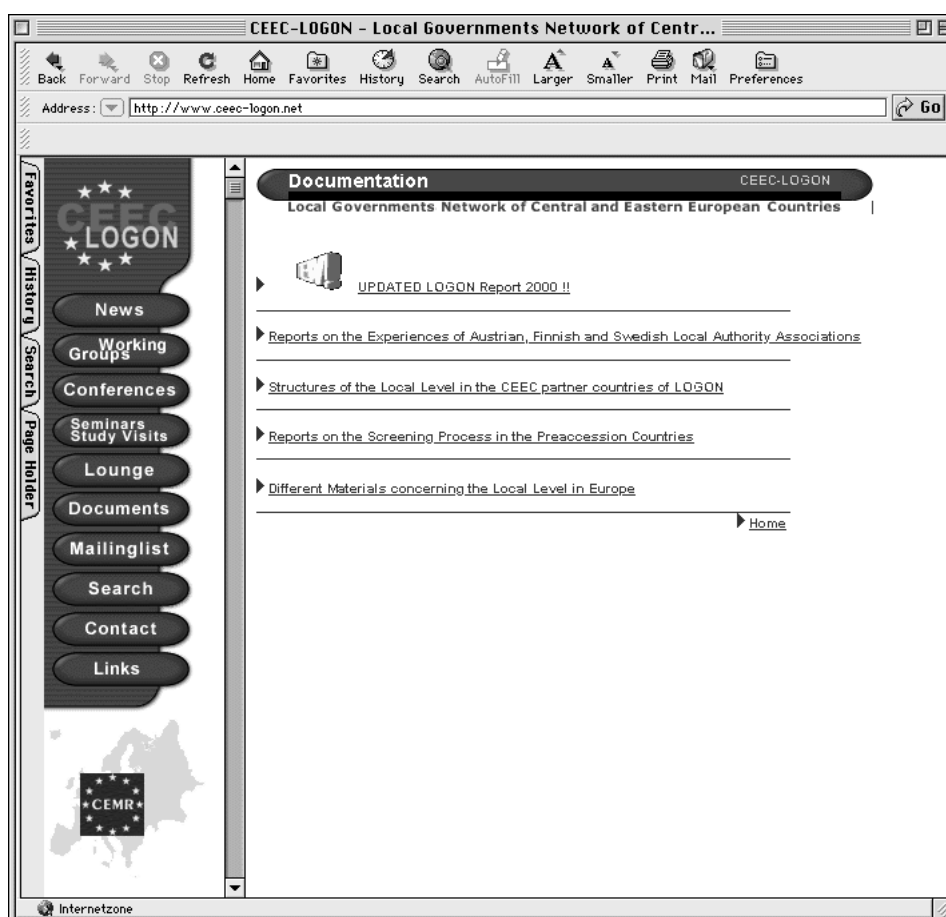
| Date/Time | From | Subject |
|------------------|----------------------------------|--|
| 2000-05-22 09:29 | Simona Wolessa <ceester.stad...> | Libuania & Hungary |
| 2000-03-10 16:07 | Ilie Blahm <beehm@kdz.or.at> | Evaluation and Continuation of LOGON |
| 2000-01-25 14:34 | Ilie Blahm <beehm@kdz.or.at> | Re: Minister of the Study visit to Austria |
| 2000-01-24 11:37 | Tommy Holm <tommy.holm@svk...> | CDR-conference in Latvia |
| 2000-01-12 16:01 | Ilie Blahm <beehm@kdz.or.at> | Minister of the Study visit to Austria |
| 1999-12-29 00:45 | Ilie Blahm <beehm@kdz.or.at> | Re: CEMR vademecum on waste |
| 1999-12-24 10:13 | SIMONA WOLESSA <ceester.stad...> | CEMR vademecum on waste |
| 1999-12-23 15:02 | SIMONA WOLESSA <ceester.stad...> | PHARE-west border programme invitation to... |
| 1999-12-16 15:56 | Tommy Holm <tommy.holm@svk...> | BSSC-resolution |
| 1999-11-30 23:00 | Prambeck <post@stb.or.at> | Re: 27 European Players: brochure |
| 1999-11-26 16:55 | tommy holm <tommy.holm@svk...> | CDR-Resolution |
| 1999-11-23 15:47 | tommy holm <tommy.holm@svk...> | Re: European Players: brochure |
| 1999-11-23 09:08 | Simona Wolessa <ceester.stad...> | Invitation from Commission website |
| 1999-11-18 21:33 | Ilie Blahm <beehm@kdz.or.at> | Study visit to Austria |
| 1999-11-04 21:02 | Erik Prambeck <post@stb.or.at> | European Players: brochure |
| 1999-10-22 15:27 | Simona Wolessa <ceester.stad...> | EU research area open to 11 new countries |
| 1999-10-21 18:40 | Simona Wolessa <ceester.stad...> | EU funding guide for CEEC by CEMR |
| 1999-10-18 12:13 | Salkmann <salkmann@kdz.or.at> | Re: Local gov. project in Belarus |
| 1999-10-15 13:40 | tommy holm <tommy.holm@svk...> | Local gov. project in Belarus |
| 1999-10-14 14:30 | simona wolessa <ceester.stad...> | ATTENTION-IMPORTANT: new Commission Prog... |
| 1999-10-04 12:40 | Ilie Blahm <beehm@kdz.or.at> | Heikini and Talini - documents |
| 1999-10-04 11:24 | Ilie Blahm <beehm@kdz.or.at> | Link requested |
| 1999-10-01 15:39 | E. Prambeck <post@stb.or.at> | (no subject) |
| 1999-10-01 15:27 | E. Prambeck <post@stb.or.at> | Re: Thank you for... |
| 1999-10-01 15:15 | E. Prambeck <post@stb.or.at> | Re: CDR-Conferen... |
| 1999-09-30 11:34 | tommy holm <tommy.holm@svk...> | Link requested |
| 1999-09-30 11:17 | tommy holm <tommy.holm@svk...> | CDR-Conference i... |
| 1999-09-29 15:59 | Tommy Holm <tommy.holm@svk...> | Report CDR-confere... |
| 1999-09-25 09:22 | Erik Prambeck <post@stb.or.at> | speaking an official |
| 1999-09-25 08:13 | Erik Prambeck <post@stb.or.at> | (no subject) |

7.6 DOCUMENTS

The document chapter can be understood as the "electronic archive" of LOGON. There most information about the enlargement process, about the local level in the CEEC and different other materials are stored by categories.

The following categories have been introduced as a first step:

- Reports on the experiences of Austrian, Finnish and Swedish Local Authority Associations with EU accession;
- Structures of the local level in the Central and Eastern European partner countries of LOGON;
- Reports on the screening process in the preaccession countries;
- Different materials concerning the local level in the European Union (Information about the aims of LOGON, information on TAIEX, experiences of the Land Tirol with EU-accession etc.)



The Electronic Archive "Different Materials concerning the Local Level in Europe" is a subpage of the Document section.

The screenshot displays a web browser window titled "CEEC-LOGON - Local Governments Network of Centr...". The address bar shows "http://www.ceec-logon.net". The browser's toolbar includes buttons for Back, Forward, Stop, Refresh, Home, Favorites, History, Search, AutoFill, Larger, Smaller, Print, Mail, and Preferences. A "Go" button is next to the address bar.

On the left side, there is a vertical navigation menu with the following items: Favorites, History, Search, Page Holder, News, Working Groups, Conferences, Seminars, Study Visits, Lounge, Documents, Mailinglist, Search, Contact, and Links. Above this menu is the CEEC LOGON logo, and below it is a map of Europe with the CEMR logo.

The main content area is titled "Electronic Archive" and "Local Governments Network of Central and Eastern European Countries". It lists various documents and reports, each with a download icon and file size:

- Overview on the targets and main focal points of the LOGON project
 - [focus_en.doc](#) (680K) - English version
 - [focus_de.doc](#) (33K) - German version
 - [focus_cz.doc](#) (38K) - Czech version
 - [focus_hu.doc](#) (54K) - Hungarian version
- LOGON- Project description (long version)
 - [cover.doc](#) (17K) - Cover page - English version
 - [logon.doc](#) (17K) - project description - English version
- Introduction of the CEMR working group on EU-enlargement (LOGON)
 - [300998en.doc](#) (17K) - English version
 - [300998fr.doc](#) (27K) - French version
- Greek reports
 - [str_gren.doc](#) (50K) - Basic information on the Greek Local Authorities structures
 - [strfd_gr.doc](#) (23K) - Experiences gained from participation in Structural Fund programmes in Greece
- Municipal cooperation with Accession-states in the Netherlands (GST-Programme)
 - [gst_prog.doc](#) (137K)
- Experiences of the "Land Tirol" with EU accession (Amt der Tiroler Landesregierung)
 - [tirol_eu.doc](#) (1.420K) - German version
- "Austria and the enlargement of the EU" (Institut für den Donauraum und Mitteleuropa - IDM)
 - [rep_idm.rtf](#) (209K) - German version
- The main issues of TAIEX as technical assistance office for candidate countries
 - [taieix.doc](#) (15K) - German version
- Involvement of National and International organisations in Local Authorities' work in the CEEC
 - [involy_ceec.pdf](#) (172K) - English version
- Main Targets of the Structural Funds for the Period 2000 - 2006
 - [\(edited by Mr. Rudolf Schidker, Austrian Spatial Conference\)](#) (19K) - English version
- Experiences of Structural Funds Interventions in East Germany
 - [\(edited by Mrs. Kathleen Toepel, German Institute for Economic Research\)](#) (47K) - English version
- Guidelines for providing an European Information Service in the applicant countries
 - [\(edited by Mr. James Beadle, LGIB, London\)](#) (16K) - English version

At the bottom right of the main content area, there is a "Home" link. The footer of the browser window shows "Internetzone".

7.7 MAILING LIST

The mailing list can be used by all subscribed members for automatic distribution of information like articles, invitations or agendas to all other subscribed members. First subscription has been done by the LOGON staff for all project partners. The advantage of the mailinglist is the very simple use as a distribution tool.

The screenshot shows a web browser window titled "CEEC-LOGON - Local Governments Network of Centr...". The address bar shows "http://www.ceec-logon.net". The browser's toolbar includes buttons for Back, Forward, Stop, Refresh, Home, Favorites, History, Search, AutoFill, Larger, Smaller, Print, Mail, and Preferences. The address bar also shows a "Go" button.

The website layout features a left sidebar with a "Favorites" section containing buttons for News, Working Groups, Conferences, Seminars, Study Visits, Lounge, Documents, Mailinglist, Search, Contact, and Links. Below these buttons is a map of Europe with the CEMR logo.

The main content area is titled "Mailinglist" and "CEEC-LOGON Local Governments Network of Central and Eastern European Countries". It contains two forms:

SUBSCRIBE to the LOGON mailinglist to receive up-to-date information via e-mail:

Surname:

Name:

Your e-mail:

UNSUBSCRIBE to the LOGON mailinglist. Please make sure to use the same e-mail you used for subscribing to this list.

Your e-mail:

If you encounter problems using this form, you can easily subscribe or unsubscribe via mail:

To subscribe: Send a mail to majordomo@listsenv.ceec-logon.net including the following words in the message body:

SUBSCRIBE logonlist SURNAME NAME

To unsubscribe: Send a mail to majordomo@listsenv.ceec-logon.net including the following words in the message body:

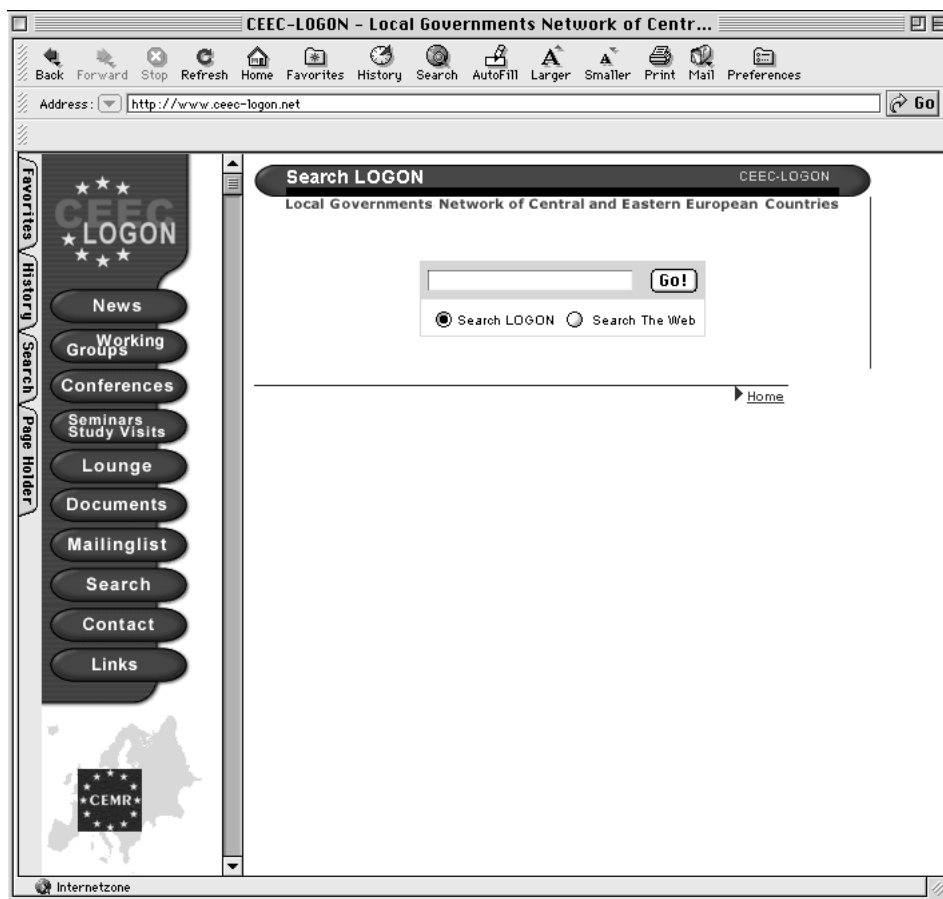
UNSUBSCRIBE logonlist

[Home](#)

The browser's status bar at the bottom shows "Internetzone".

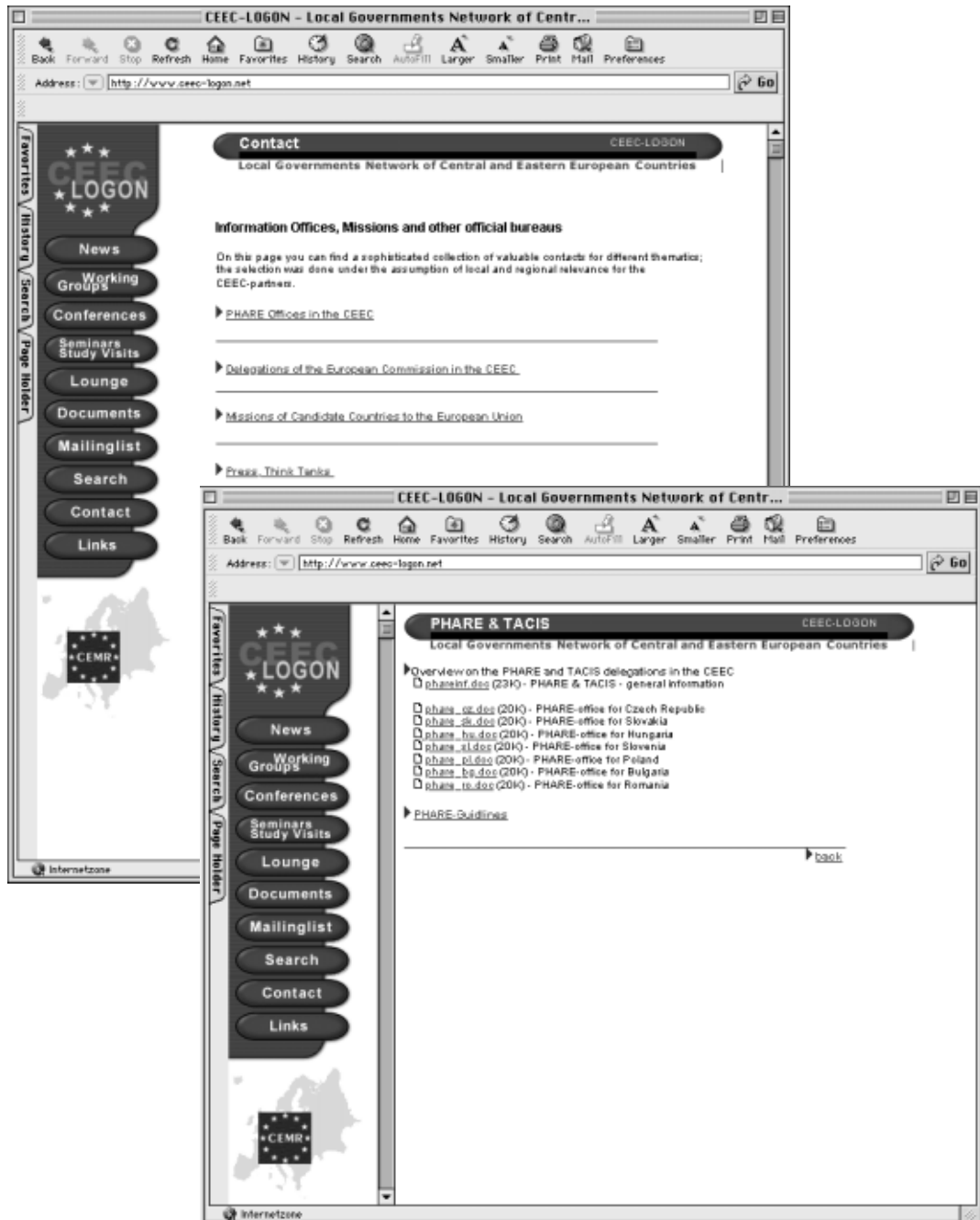
7.8 SEARCH

The LOGON search engine gives the opportunity to search within the site only or to widen the search field to the total web.



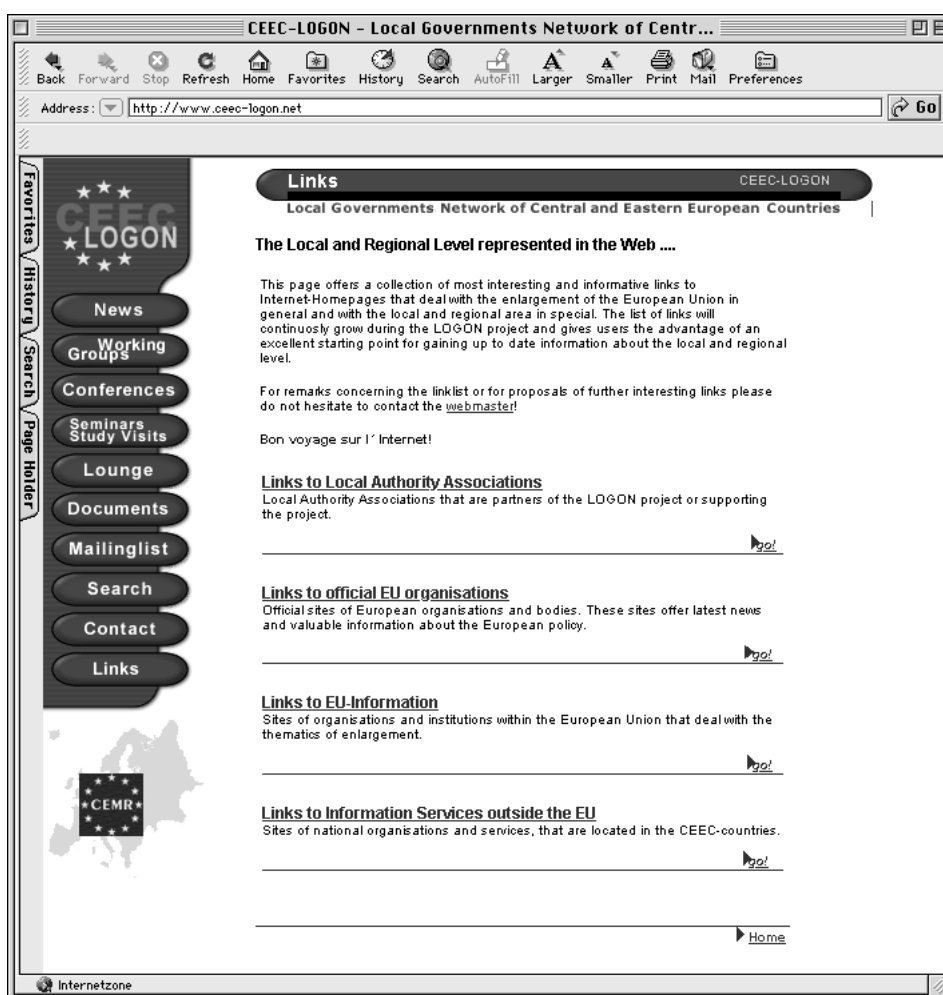
7.9 CONTACT

The contact area contains a sophisticated collection of names and addresses of different organisations that might be of interest for the LOGON partners.



7.10 LINKS

This section contains a collection of links to homepages concerning the enlargement process of the European Union in general and the local and regional area in special. It consists of the parts: links to local authority associations, links to official EU organisations, links to EU-information and links to information-services outside the EU.



Links subpage (2nd Level): Local Authority Association

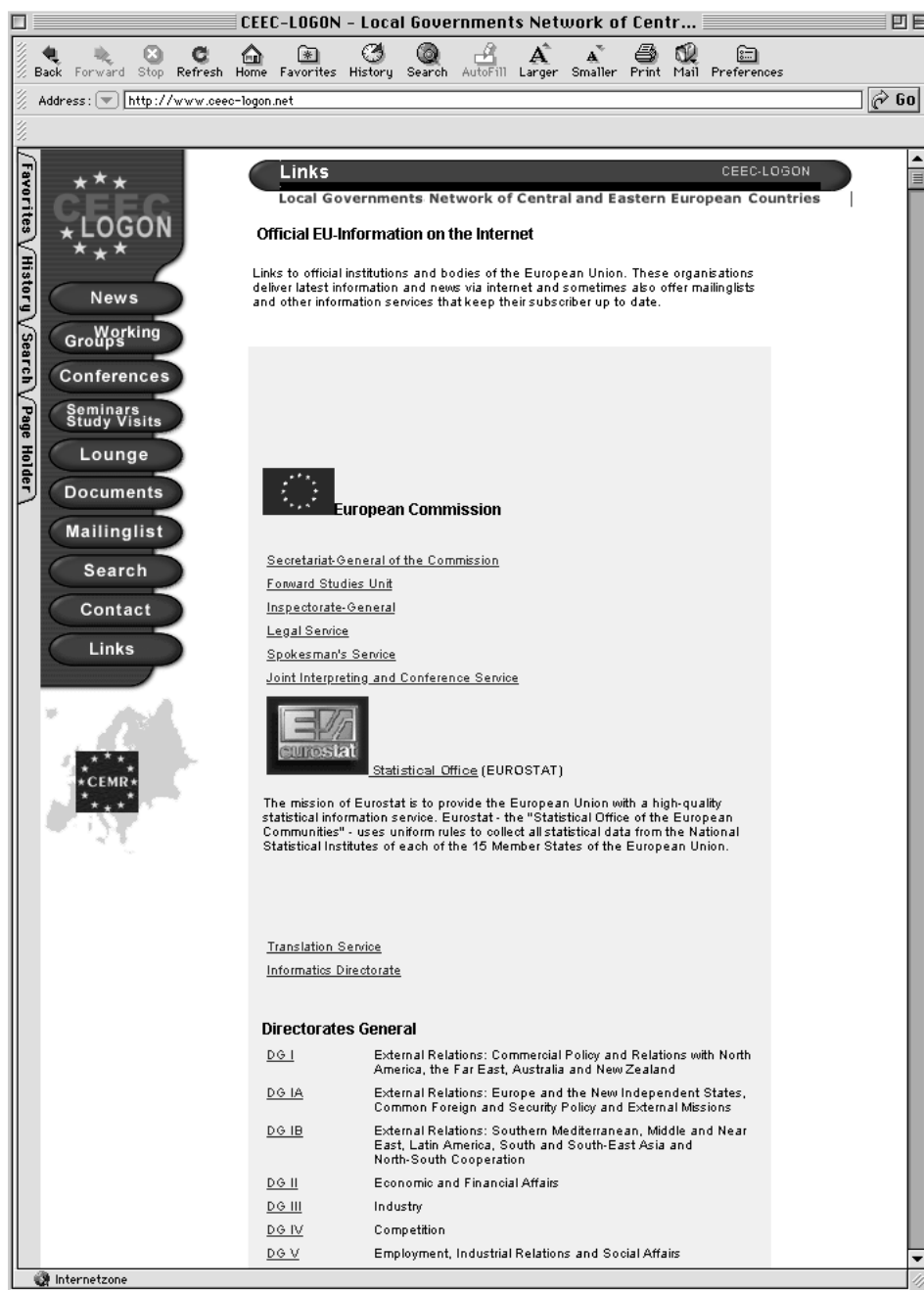
This list of links is a first collection and will be regularly enlarged.

(Total length of page cut - clipping for demonstration reasons only.)



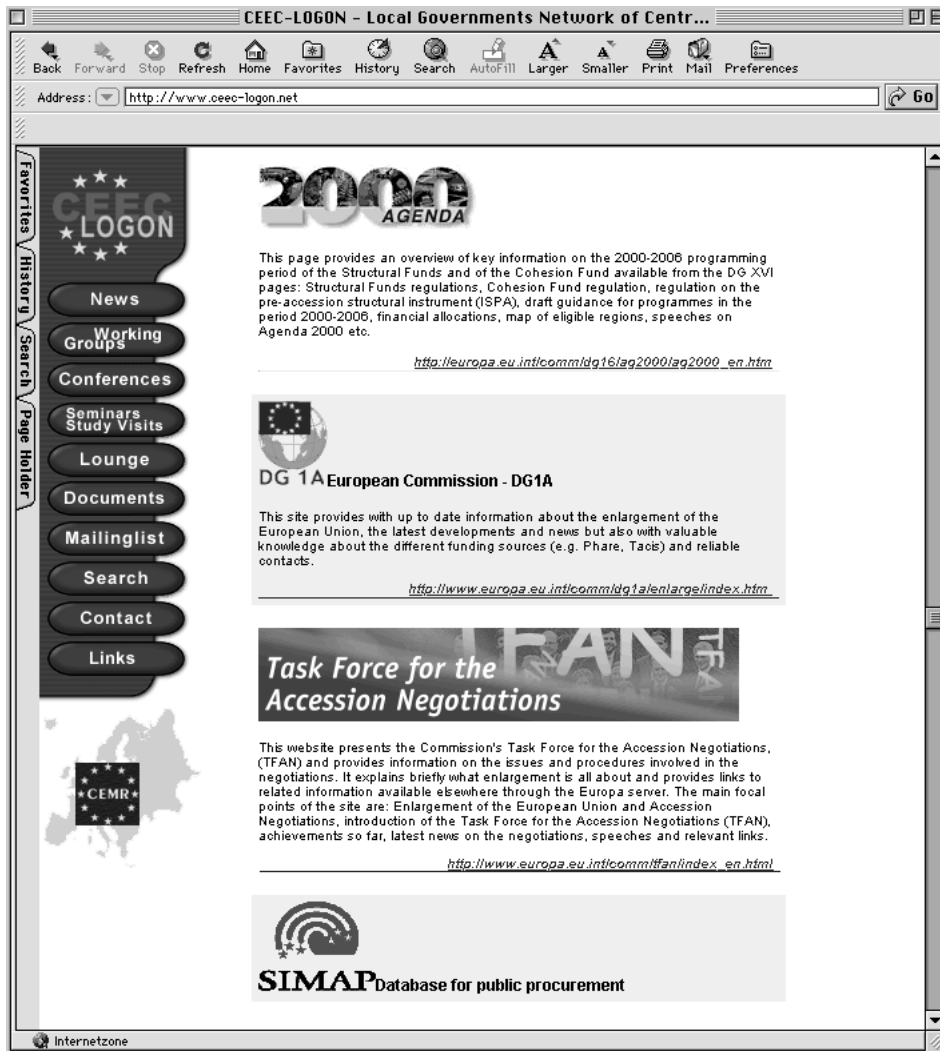
Links subpage (2nd Level) - Official EU-Sites

(Total length of page cut - clipping for demonstration reasons only.)



Links subpage (2nd Level) - EU Information on the Internet

(Total length of page cut - clipping for demonstration reasons only.)



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