

## **BULGARIA: 1999 ACCESSION PARTNERSHIP**

### **1. Introduction**

At its meeting in Luxembourg in December 1997, the European Council decided that the Accession Partnership would be the key feature of the enhanced pre-accession strategy, mobilising all forms of assistance to the candidate countries within a single framework. In this manner, the EU targets its assistance towards the specific needs of each candidate so as to provide support for overcoming particular problems in view of accession.

The first Accession Partnerships were decided in March 1998 and this current version represents an up-date, as provided for in the Council Regulation 622/98<sup>1</sup> (article 2) on the establishment of Accession Partnerships, taking into account further developments in Bulgaria. This Accession Partnership has been decided by the Commission, after consulting Bulgaria and on the basis of the principles, priorities, intermediate objectives and conditions which have been decided by the Council. It takes into account the analysis in the 1999 Regular Report on the progress made by Bulgaria towards membership.

An assessment of the progress made in implementing the 1998 Accession Partnership priorities is included in the 1999 Regular Report.

### **2. Objectives**

The purpose of the Accession Partnership is to set out in a single framework the priority areas for further work identified in the Commission's 1999 Regular Report on the progress made by Bulgaria towards membership of the European Union, the financial means available to help Bulgaria implement these priorities and the conditions which will apply to that assistance. This Accession Partnership provides the basis for a number of policy instruments which will be used to help the candidate States in their preparations for membership. These include inter alia the revised National Programme for the Adoption of the Acquis, the Joint Assessment of Medium-Term Economic Policy Priorities, the Pact against organised crime as well as the National Development Plans and other sectoral plans necessary for the participation in Structural Funds after membership and for the implementation of ISPA and SAPARD before accession. Each of these instruments is different in nature and is prepared and implemented according to specific procedures. They are not an integral part of this Partnership but the priorities they contain will be compatible with it.

---

<sup>1</sup> OJ L 85, 20.3.1998, p. 1

### **3. Principles**

The main priority areas identified for each candidate State relate to their ability to take on the obligations of meeting the Copenhagen criteria which State that membership requires:

- that the candidate State has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
- the existence of a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union;
- the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

At its meeting in Madrid, the European Council stressed the need for the candidate States to adjust their administrative structures to ensure the harmonious operation of Community policies after accession and at Luxembourg, it stressed that incorporation of the *acquis* into legislation is necessary, but not in itself sufficient; it is necessary to ensure that it is actually applied.

### **4. Priorities and Intermediate Objectives**

The Commission's Regular Reports have highlighted the extent of the efforts which still have to be made in certain areas by the candidate States to prepare for accession. This situation requires the definition of intermediate stages in terms of priorities, each to be accompanied by precise objectives to be set in collaboration with the States concerned, the achievement of which will condition the degree of assistance granted and the progress of the negotiations under way with some States and the opening of new negotiations with the others. The priorities and intermediate objectives in the revised Accession Partnerships are again divided into two groups - short and medium term. Those listed under the short term have been selected on the basis that it is realistic to expect that Bulgaria can complete or take them substantially forward by the end of 2000. The priorities listed under the medium term are expected to take more than one year to complete although work should, wherever possible, also begin on them during 2000. The progress made in meeting the priorities of the 1998 Accession Partnership is assessed in the 1999 Regular Report. This assessment has been used in formulating the priorities for the current partnership.

Bulgaria submitted a revised version of its National programme for the Adoption of the *Acquis* (NPAA) on 31 May 1999. It sets out a timetable for achieving priorities and intermediate objectives, based on the first Accession Partnership, as well as necessary administrative structures and financial resources.

The Accession Partnership indicates the priority areas for Bulgaria's membership preparations. Bulgaria will nevertheless have to address all issues identified in the

Regular Report. It is also important that Bulgaria fulfils the commitments of legislative approximation and implementation of the *acquis* in accordance with the commitments made under the Europe Agreement and the screening exercise. It should be recalled that incorporation of the *acquis* into legislation is not in itself sufficient; it will also be necessary to ensure that it is actually applied to the same standards as those which apply within the Union. In all of the areas listed below there is a need for credible and effective implementation and enforcement of the *acquis*.

Drawing on the analysis of the Commission's Regular Report, the following short and medium term priorities and intermediate objectives have been identified for Bulgaria.

#### **4.1. Short-term (2000)**

##### **Political criteria**

- start implementation of the Roma Framework Programme and strengthen the National Council on Ethnic and Demographic Issues including provision of necessary financial support; implement measures aimed at fighting discrimination (including within the public administration); foster employment opportunities and increase access to education;

##### **Economic criteria**

- promote competitiveness through market-based enterprise restructuring; take measures to improve the business environment and stimulate domestic and inward investments, in particular through simplification of legal and administrative procedures;
- ensure transparent privatisation of state owned enterprises and banks;
- improve bankruptcy and liquidation procedures and streamline implementation;
- adopt a restructuring plan for the steel sector.

##### **Internal Market**

- *Public procurement*: align public procurement procedures;
- *Intellectual and industrial property rights*: align and enforce industrial property right and trade mark legislation, including fight against piracy;
- *Data protection*: adopt national legislation and establish a monitoring body;
- *Free movement of goods*: adopt a framework law on technical requirements implementing all New and Global Approach principles, enforce the new law

on standardisation and reinforce newly established infrastructure, adopt framework laws on chemicals, foodstuffs and pharmaceuticals;

- *Free movement of capital*: liberalise direct investment abroad and investment in foreign securities by residents; establish a timetable for the liberalisation of the remaining restrictions on capital movements including acquisition of real estate sector;
- *Free movement of services*: strengthen supervisory bodies;
- *Competition*: adopt legislation on state aid; improve state aid report; establish a state aid inventory; adopt secondary legislation on antitrust;
- *Taxation*: align VAT legislation and develop a time-table for alignment of excise duties; ensure that new tax measures comply with the principles of the Code of Conduct for business taxation; improve tax collection system at national and regional level, in particular through strengthened VAT information processing;
- *Customs*: ensure enforcement of the new Customs code and its implementing provisions.

## **Agriculture**

- continue alignment of the veterinary and phytosanitary legislation and upgrade inspection arrangements, in particular at future external borders;
- modernise meat and dairy plants to meet EU hygiene and public health standards;
- establish a vineyard register.

## **Energy**

- implement the energy law and adopt related secondary legislation; prepare legislation by sector and related reform plans (electricity and gas) and strengthen the regulatory bodies;
- establish a price and tariff structure leading to cost based and transparent energy prices;
- start to implement an energy strategy with particular attention to energy efficiency, revise energy demand forecasts on the basis of more realistic growth and energy intensity scenarios;

- adopt and implement a realistic timetable for closure and decommissioning of units 1, 2, 3 and 4 of Kozloduy Nuclear Power Plant; monitor management of spent fuel and radioactive waste;
- continue strengthening the independence and technical capability of the nuclear safety authority.

### **Transport**

- align legislation on maritime safety.

### **Employment and Social Affairs**

- support social partners' capacity-building efforts, notably in bipartite social dialogue, to develop and implement the acquis;
- prepare a national strategy, with the help of the Joint Employment Policy Review, with a view to later participation in the European Employment strategy.

### **Environment**

- continue transposition of framework legislation in the water, air and waste sectors, prepare and implement detailed directive specific approximation programmes; strengthen implementation structures, particularly at the regional level;
- develop a plan for financing investments (directive specific), based on estimations of costs of alignment and realistic sources of public and private finance year-by-year;
- complete transposition and enforce the Environmental Impact Assessment Directive.

### **Justice and Home Affairs**

- implement effective border management control systems and coordination of services to prevent illegal immigration and to enable full participation in Schengen Information System;
- implement and enforce new legislative framework relating to migration and asylum procedures;
- upgrade law enforcement bodies and the judiciary (staff numbers, recruitment, training and equipment) to continue the fight against organised crime, drug

trafficking and corruption, reinforce police and customs authorities and ensure better coordination between law enforcement bodies;

- develop national strategy to combat corruption and strengthen capacity to deal with money laundering; ratify the European convention on laundering of proceeds of crime and the European criminal law convention on corruption, sign the OECD convention on bribery.

### **Reinforcement of administrative and judicial capacity, including the management and control of EU funds**

- PHARE,<sup>2</sup> ISPA<sup>3</sup> and SAPARD<sup>4</sup>: further develop the National Development Plan and the Rural Development Plan; adopt the legal, administrative and budgetary framework (audit manual and audit trail) to programme and manage ISPA and SAPARD, including a mechanism for systematic environmental impact assessment and EU compatible public procurement rules for projects co-financed by Community Funds; and the establishment of a functioning paying agency for SAPARD;
- complete legislative framework and strengthen internal and external financial control bodies including regional control units, in particular through use of a comprehensive information technology system and clear separation of ex-ante control and approval and internal financial control; establish "functional independence" for national internal controllers/auditors at central and local level including "ex-ante" financial control;
- implement civil service law;
- strengthen the independence of magistrates, judges and the efficiency of the court system, including case treatment and alternative dispute resolution mechanism; strengthen enforcement of civil and penal judgments;
- strengthen the capacity to assess the financial and institutional impact of new legislation.

---

<sup>2</sup> PHARE = Action plan for coordinated aid to Poland and Hungary.  
<sup>3</sup> ISPA = Instrument for Structural Policies for Pre-Accession.  
<sup>4</sup> SAPARD = Special Accession Programme for Agriculture or Rural Development.

## 4.2 Medium-term

### Political criteria

- continue to implement Roma framework programme .

### Economic criteria

- maintain overall macro-financial stability; improve competitiveness through market-based restructuring, including small and medium-sized enterprises; complete the privatisation process; strengthen market economy institutions; improve the legal and regulatory framework for enterprises;
- establish an annual fiscal surveillance procedure aimed at bringing the reporting, monitoring and control of public finances, specifically fiscal positions, in line with EU procedures;
- implement the steel restructuring programme;
- establish a functioning land market and finalise the land and property register.

### Internal Market

- *Public procurement*: ensure transparent public procurement procedures at central and regional level;
- *Intellectual and industrial property rights*: complete alignment and implement industrial property rights (trade marks, geographical destinations and industrial designs), including effective border control measures;
- *Data protection*: implement legislation;
- *Free movement of goods*: start implementation of new approach legislation; pursue alignment of traditional technical legislation; implement market surveillance system;
- *Free movement of persons*: complete alignment of mutual recognition of diplomas;
- *Free movement of services*: complete alignment and implement banking law, pledges law, law on securities; guarantees and facilitation of lending and title procedures;
- *Competition*: reinforce antitrust and state aid authorities and procedures;
- *Telecommunication*: strengthen the capacity of the national regulatory authorities;

- *Taxation*: full alignment of the tax acquis including the Community's transitional VAT regime; review existing laws and ensure compatibility with the Code of Conduct for business taxation; strengthen administrative capacity and control procedures including administrative cooperation and mutual assistance;
- *Consumer protection*: continue alignment and strengthen market surveillance and enforcement authorities;
- *Customs*: strengthen border control; develop an integrated tariff; develop operational capacities and computerisation of the customs administration; reinforce fight against fraud and corruption.

### **Agriculture**

- reinforce Common Agricultural Policy management mechanisms and administrative structures (monitor agricultural markets and implement structural and rural development measures, set up bodies and control mechanisms);
- continue restructure the agri-food sector; reinforcement food control administration;
- complete system of animal identification; implement quality control system (Hazard Analysis Critical Control Point), animal waste treatment, residue and zoonosis control programmes; complete inspection systems on future external borders.

### **Fisheries**

- develop the capacity to implement and enforce the common fisheries policy, particularly by providing the adequate institutional resources and equipment relating to inspection and controls; set up an adequate fleet registration system; promote quality standards.

### **Energy**

- align oil stock requirements and continue to improve energy efficiency;
- prepare for the internal energy market, notably the electricity and gas directives (including adaptation of energy prices to cost levels);
- adopt and implement secondary legislation for the internal gas and electricity market.



- implement commitments on the phased closure and decommissioning of units 1, 2, 3 and 4 of Kozloduy NPP; maintain a high level of nuclear safety for Kozloduy units 5-6;
- strengthen regulatory structures for nuclear safety and radiation protection.

### **Transport**

- align road transport (market access, road safety and taxation), railways; maritime transport, inland waterways (technical requirements for vessels) and air transport (in particular air safety and air traffic management).

### **Employment and social affairs**

- transpose and implement EU legislation in the fields of occupational health and safety, labour law, equal treatment for women and men, and public health; reinforce related administrative structures and those required for the coordination of social security;
- establish an independent guarantee fund for employees in the case of employer's insolvency.

### **Economic and social cohesion**

- develop national policy for economic and social cohesion; prepare for the implementation of regional development programmes as well as Community initiatives; improve administrative procedures and establish a budgetary system allowing for multiannual commitments and manage it according to structural funds standards, including appraisal and evaluation.

### **Environment**

- complete transposition and implementation of framework and sectoral legislation according to pre-defined timetable;
- integrate sustainable development principles into the definition and implementation of all other sectoral policies.

## **Justice and home affairs**

- continue progressive alignment of visa legislation and practice with that of the EU;
- adopt and apply the international instruments related to the fight against drug trafficking, in particular the Agreement on Illicit Traffic by Sea, implementing Article 17 of the UN Convention against Illicit Trafficking in Narcotic Drugs and Psychotropic substances;
- up-grade facilities for asylum seekers and refugees;
- further intensify international coordination and cooperation in the field of combating trans-border crime, especially in the field of transiting, producing and selling drugs as well as money laundering; implement anti-corruption strategy; continue fight against trafficking in women and children;
- reinforce the independence of judiciary.

## **Reinforcement of administrative and judicial capacity, including the management and control of EU funds**

- complete the establishment of a professional and impartial civil service on the basis of the Civil Service Law, establish a civil service management structure and ensure simplification of procedures;
- upgrade teaching of European matters, including training of judges with regard to European Community law;
- strengthen public financial control functions through the provision of adequate staff, training and equipment;
- strengthen statistical capacities.

## **5. Programming**

The PHARE allocation for the period 1995-1999 has totalled EUR 415 million. Following the agreement of the European Council in Berlin on 24-25 March 1999, financial assistance to the candidate countries during the period 2000-2006 will also comprise support for pre-accession measures for agriculture and rural development through the pre-accession instrument SAPARD (Council Regulation (EC) No 1268/99; (OJ L 161, 26.6.1999, p. 87)) and a structural instrument ISPA (Council Regulation (EC) No 1267/99; (OJ L 161, 26.6.1999, p. 73)) which will give priority to measures similar to the cohesion fund in the pre-accession period. Under these national allocations, Bulgaria can also fund part of its participation in community programmes including in the Fifth Research and Technological Development Framework Programme (OJ L 26, 1.2.1999, p. 1). In addition Bulgaria will have

access to funding from multi-state programmes directly related to the *acquis*. Joint financing by the candidate countries is systematically required for all investment projects. Since 1998 the Commission has worked with the European Investment Bank and International Financial Institutions, in particular the European Bank for Reconstruction and Development and the World Bank, with a view to facilitating the co-financing of projects relating to pre-accession priorities.

## 5.1. Phare

The Phare programme is the main financial instrument of the reinforced pre-accession strategy. The overall objective of Phare is to help the candidate countries to prepare for accession by focusing the assistance it provides on the priorities identified in this revised Accession Partnership and in particular on the adoption of Community *acquis*.

During the period 2000-2006, Phare support will focus on two main areas, institution building and investment.

- **Institution building** (around 30% of Phare resources) is defined as helping the candidate countries to develop the structures, strategies, human resources and management skills needed to strengthen their economic, social, regulatory and administrative capacity. Institution building support will be given in particular through twinning arrangements between ministries, institutions, professional organisations, agencies, European and regional bodies, in particular through the secondment of officials in Member States. Phare will contribute to the financing of institution building in all sectors to help the candidate countries to
  - a) implement the *acquis* and to prepare for participation in EU policies such as economic and social cohesion
  - b) fulfil the requirements of the first Copenhagen criterion. In this area support may be made available to public authorities or to non-governmental organisations.
- **Investment support** (around 70% of Phare resources) will take two forms :
  - a) investment to strengthen the regulatory infrastructure needed to ensure compliance with the *acquis* and direct, *acquis*-related investments
  - b) investment in economic and social cohesion through measures similar to those supported in Member States through the European Regional Development Fund and the European Social Fund.

Phare will not support investment projects in the areas of transport, environment or agriculture eligible for ISPA or SAPARD respectively. Exceptions may be made where investments in these sectors form an indispensable part of integrated industrial reconstruction or regional development programmes.

## 5.2. ISPA

The new pre-accession instrument for structural policies, ISPA, will provide assistance to Bulgaria during the period 2000-2006 to contribute to the preparation for accession in the area of economic and social cohesion for :

- (a) **environmental measures** enabling the beneficiary countries to comply with the requirements of Community environmental law and with the objectives of the Accession Partnerships;
- (b) **transport infrastructure measures** which promote sustainable mobility, and in particular those that constitute projects of common interest based on the criteria of Decision No 1692/96/EC and those which enable the beneficiary countries to comply with the objectives of the Accession Partnerships; this includes inter-connection and interoperability of national networks as well as with the trans-European networks together with access to such networks.

Measures shall be of a sufficient scale to have a significant impact in the field of environmental protection or in the improvement of transport infrastructure networks. The total cost of each measure shall in principle not be less than € 5 million. In duly justified cases, taking into account the specific circumstances concerned, the total cost of a measure may be less than € 5 million.

### **5.3 SAPARD**

The new pre-accession instrument for sustainable agriculture and rural development, SAPARD, will provide assistance to Bulgaria during the period 2000-2006 in particular in the following two areas:

- (a) contributing to the implementation of the *acquis communautaire* concerning the common agricultural policy and related policies;
- (b) solving priority and specific problems for the sustainable adaptation of the agricultural sector and rural areas in Bulgaria.

### **5.4. Role of International Financial Institutions**

Cooperation between Bulgaria and the International Financial Institutions is receiving an impetus and a new focus through the Accession Partnership. The grant resources made available under the Accession Partnership serve as seed money and a catalyst for larger amounts of development finance from the IFIs. This process is developed by the Commission in liaison with the candidate countries, the EIB and the IFIs, in particular the EBRD and the World Bank with a view to facilitating the co-financing of projects relating to pre-accession priorities.

## **6. Conditionality**

Community assistance for financing projects through the three pre-accession instruments PHARE, ISPA and SAPARD is conditional on respect by Bulgaria of its commitments under the Europe Agreement, further steps towards satisfying the Copenhagen criteria and in particular progress in meeting the specific priorities of this Accession Partnership in 2000. Failure to respect these general conditions could lead to a decision by the Council on the suspension of financial assistance on the basis of Article 4 of Regulation (EC) No 622/98.

## **7. Monitoring**

The implementation of the Accession Partnership is monitored in the framework of the Europe Agreement. As underlined by the European Council in Luxembourg it is important that the institutions of the Europe Agreement continue to be the framework within which the adoption of the *acquis*, can be examined, in accordance with the same arrangements, irrespective of whether or not negotiations have been opened. The relevant sections of the Accession Partnership are discussed in the appropriate sub-committee. The Association Committee discusses overall developments, progress and problems in meeting its priorities and intermediate objectives as well as more specific issues referred to it from the sub-committees.

The PHARE Management Committee ensures that financing decisions under all three pre-accession instruments, PHARE, ISPA and SAPARD, are compatible with each other as well as with the Accession Partnerships as laid down in the Coordinating Regulation (Council Regulation (EC) No 1266/99 (OJ L 161, 26.6.1999, p. 68)).

The Accession Partnership will continue to be amended as necessary in accordance with Article 2 of Regulation (EC) No 622/98.