

EUROPEAN UNION COMMON POSITION

Chapter 21: Regional Policy and Coordination of Structural Instruments

This position of the European Union is based on its general position for the Accession Conference with Bulgaria (CONF-BG 2/00), and is subject to the negotiating principles endorsed by the Conference (CONF-BG 14/00), in particular:

- "- any view expressed by either party on a chapter of the negotiations will in no way prejudice the position which may be taken on other chapters;
- agreements – even partial – reached during the course of negotiations on chapters to be examined successively may not be considered as final until an overall agreement has been established".

The EU underlines the importance for Bulgaria of compliance with the Europe Agreement as well as the Accession Partnership, which constitute basic elements of the enhanced pre-accession strategy. The EU encourages Bulgaria to accelerate the alignment of its policies with the *acquis* and its effective implementation.

The EU underlines the political and practical importance of this area of the *acquis* and notes that there are sensitivities over the issue of regional policy and coordination of structural instruments.

The EU notes that Bulgaria, in its positions (CONF-BG 56/01 and 66/01), accepts the *acquis* under chapter 21 as in force on 31 December 2000 and that Bulgaria states that it will be able to implement it by 1 January 2007.

The EU states in general that with regard to several substantive issues to be dealt with in this chapter, in particular regarding the Structural and Cohesion Funds, the necessary information is not yet available, and that those issues will therefore have to be examined at a later stage of negotiations.

As regards Bulgaria's request to increase the upper limit of the financial support under the Structural and Cohesion Funds from 4% to 8% of its national GDP, the EU underlines that for the current programming period 2000 – 2006 the provisions of Article 7 (8) of Regulation (EC) 1260/1999 apply whereby the total annual receipts for each Member State from the Structural Funds in combination with receipts from the Cohesion Fund, are limited to a maximum of 4% of national GDP.

With regard to territorial organisation, the EU notes that Bulgaria agreed on a provisional NUTS classification with the Commission in July 2000. The EU underlines that, should Bulgaria intend to make changes to the agreed territorial breakdown, these changes will have to be accepted by the Commission.

While the final calculation of Bulgaria's per capita GDP (measured in purchasing power parities) at regional level has to be awaited before a decision on Bulgaria's eligibility for the Structural Funds can be taken, the EU notes Bulgaria's expectation that its whole territory will be eligible for Objective 1 support upon accession. However as the determination of Bulgaria's eligibility for Structural Funds support will *inter alia* be based on Community figures which are not yet available, the EU considers that this is a matter to be examined at a later stage of negotiations.

With regard to Cohesion Fund support, the EU notes Bulgaria's expectations, but underlines that the final calculation of Bulgaria's per capita GNP (measured in purchasing power parities) has to be awaited before a decision on Bulgaria's eligibility under the Cohesion Fund can be taken. Consequently, the EU considers that this is a matter to be examined at a later stage of negotiations.

The EU takes note of the information provided on Bulgaria's legislative framework. The EU considers that this legislation, which provides the basis for national regional policy, does not yet sufficiently reflect the specific requirements and mechanisms of the Structural Funds regulations. The EU therefore invites Bulgaria to provide a detailed plan and timetable for establishing the legislative framework and for adopting any further legislation required for the practical implementation of the Structural and Cohesion Funds.

With regard to programming, the EU takes note of the information provided by Bulgaria on the preparation of the National Development Plan, the application of the partnership principle, as well as monitoring. The EU invites Bulgaria to provide a detailed plan and timetable for further developing the National Development Plan, towards that required by the Structural Funds regulations. Moreover the EU invites Bulgaria to provide more detailed information on how and at which level it intends to organise the programming process, on the precise role and tasks of all the institutions involved at national and at regional/local level, the date(s) when they will be operational; and on how the wide and effective association of all the relevant bodies and partners at the different stages of programming, financing, monitoring and evaluation of Structural Funds assistance will be ensured. The EU also invites Bulgaria to elaborate on the existing or envisaged legal basis for multi-annual programming as well as on any legislation foreseen in this respect. Finally, the EU encourages Bulgaria to establish a strong link between the national budget and investment planning and the programming of Community assistance.

Furthermore, the EU invites Bulgaria to provide more information on how it intends to implement the requirements on monitoring and evaluation of the Structural Funds, as laid down in Articles 34 to 37 and to 40 to 43 of Regulation (EC) 1260/1999, in particular as regards the *ex-ante*-evaluation of the National Development Plan and the collection and processing of the relevant statistical information and indicators.

With regard to Bulgaria's administrative capacity to apply the *acquis*, the EU considers that the information provided by Bulgaria is largely insufficient. The EU therefore invites Bulgaria to provide detailed information on the institutional framework to be established, in particular on the specific tasks and responsibilities, the required levels of staffing and the training needs of the bodies and institutions responsible for the implementation of Structural and Cohesion Funds assistance, as well as on the mechanisms for inter-ministerial coordination. Finally, the EU invites Bulgaria to provide more information on the location of the future paying authority(-ies) and its (their) inter-relation with the future managing authority(-ies).

With regard to financial management and control and given the importance for the management of the Structural and Cohesion Funds, the EU recalls the need for Bulgaria to comply, upon accession, with the specific financial control provisions applicable to the Structural and Cohesion Funds. The EU, therefore, invites Bulgaria to provide more complete and detailed information on the legislation and procedures adopted or envisaged to ensure full compliance with the specific financial management and control procedures for future Structural and Cohesion Funds support under the relevant EC Regulations.

The EU invites Bulgaria, in the context of the preparation of the National Development Plan, to provide information regarding its estimates on the level of its public or equivalent expenditure on the one hand, and its co-financing capacity under the Structural and Cohesion Funds on the other. Furthermore, with a view to the need to verify within the programming process after accession the respect of the principle of additionality with reference to the level of public or equivalent expenditure in the past, the EU invites Bulgaria to start setting up procedures allowing for the collection of the required data under the rules currently applied in the Member States.

The EU notes that the *acquis* laid down in the Structural Funds and Cohesion Fund Regulations will be the subject of formal reviews in the appropriate framework.

Finally, the EU stresses the importance of the consistent availability of relevant and reliable statistics in the area of regional policy, both for determining eligibility matters and for programming and monitoring purposes.

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The EU will continue to monitor the progress in the adoption and implementation of the *acquis* throughout the negotiations. Particular consideration needs to be given to the links with negotiating chapters on Free Movement of Goods (in particular in the area of public procurement), Competition Policy, Agriculture, Transport Policy, Economic and Monetary Union, Statistics, Social Policy and Employment, Environment, Financial Control, and Financial and Budgetary Provisions. A final assessment of the conformity of Bulgaria's legislation and policies with the *acquis* and its implementation can only be made at a later stage of the negotiations. In addition to all the information the EU may require for the negotiations on this chapter and which is to be provided to the Conference, the EU invites Bulgaria to provide regularly detailed, written information to the Association Council on progress in the adoption and implementation of the *acquis*.

In view of the above considerations, the Conference will have to return to this chapter at an appropriate moment.

Furthermore, the EU recalls that there may be new *acquis* between 1 January 2001 and the conclusion of the negotiations.
