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(Acts whose publication is obligatory)

**REGULATION (EC) No 257/2001 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
of 22 January 2001
regarding the implementation of measures to promote economic and social development in Turkey**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 179 thereof,

Having regard to the proposal from the Commission ⁽¹⁾,

Acting in accordance with the procedure laid down in Article 251 of the Treaty ⁽²⁾,

Whereas:

- (1) Relations between the European Union and Turkey are based mainly on the Association Agreement of 12 September 1963 ⁽³⁾ and the decisions of the Association Council which the Association Agreement set up.
- (2) Turkey is engaged in substantial reform to improve its economy, restructure and increase the efficiency of its public sector, modernise its economic and social infrastructure and develop its manufacturing sector.
- (3) The Cardiff European Council on 15 and 16 June 1998 affirmed the importance it attached to the implementation of the European strategy for Turkey and requested the Commission to table proposals, including proposals on financial matters, in that connection.
- (4) Income is unequally distributed across Turkey's provinces and in order to act on the conclusions of the Cardiff European Council it is, in particular, appropriate that these disparities be remedied by backing the development of regions which are lagging behind and by strengthening economic and social cohesion.
- (5) The conclusions of the Council meeting of 13 September 1999 referred to financial assistance for Turkey.

(6) The Helsinki European Council of 10 and 11 December 1999 stated that Turkey was a candidate State destined to join the Union on the basis of the same criteria as applied to the other candidate States.

(7) The provisions of this Regulation are based on respect for democratic principles, the rule of law, human rights and fundamental freedoms and respect for international law, which underpin the policies of the European Community and its Member States, and on the obligations entered into under the various agreements in those fields.

(8) The Community attaches great importance to the need for Turkey to improve and promote its democratic practices and respect for fundamental human rights, and more closely involve civil society in that process.

(9) The European Parliament has adopted a number of resolutions in particular on the importance of respect for human rights in Turkey to the development of close ties between that country and the European Union, namely those of 13 December 1995 on the human rights situation in Turkey, 17 September 1998 on the Commission reports on developments in relations with Turkey since the entry into force of the customs union, 3 December 1998 on the communication from the Commission to the Council and the European Parliament on the further development of relations with Turkey and on the communication from the Commission to the Council entitled 'European strategy for Turkey: the Commission's initial operational proposals' and 6 October 1999 on the state of relations between Turkey and the European Union ⁽⁴⁾.

(10) The measures necessary for the implementation of this Regulation should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission ⁽⁵⁾.

⁽¹⁾ OJ C 408, 29.12.1998, p. 18 and OJ C 311 E, 31.10.2000, p. 125.

⁽²⁾ Opinion of the European Parliament of 2 December 1999 (OJ C 194, 11.7.2000, p. 48), Council Common Position of 13 June 2000 (OJ C 240, 23.8.2000, p. 25) and Decision of the European Parliament of 6 September 2000 (not yet published in the Official Journal). Council Decision of 28 December 2000.

⁽³⁾ OJ 217, 29.12.1964, p. 1.

⁽⁴⁾ OJ C 17, 22.1.1996, p. 46; OJ C 313, 12.10.1998, p. 176; OJ C 398, 21.12.1998, p. 57; OJ C 107, 3.4.2000, p. 78.

⁽⁵⁾ OJ L 184, 17.7.1999, p. 23.

(11) This Regulation lays down, for the entire duration of the programme, a financial framework constituting the prime reference, within the meaning of point 33 of the Interinstitutional Agreement of 6 May 1999 between the European Parliament, the Council and Commission⁽¹⁾, for the budgetary authority during the annual budgetary procedure.

(12) The projects and programmes financed with this support must further Turkey's economic and social development, help to promote the defence of human rights and respect for, and the protection of, the country's minorities, and contribute to the reform of its development policies and the restructuring of its institutional and legal framework in order to ensure compliance with these principles.

(13) The projects and programmes financed with this support must benefit above all the population affected by Turkey's development lag,

HAVE ADOPTED THIS REGULATION:

Article 1

The Community shall assist Turkey in its efforts to achieve economic and social development.

Article 2

The financial framework for the implementation of this programme for the period 2000 to 2002 is hereby set at EUR 135 million. The annual appropriations shall be authorised by the budgetary authority within the limits of the financial perspective.

Article 3

1. The beneficiaries of cooperation projects and operations may include not only the Turkish state and regions but also local authorities, regional organisations, public bodies and departments, including the customs administration, local or traditional communities, business support organisations, cooperatives and civil society, in particular associations, foundations and non-governmental organisations.

2. Where an essential element for the continuation of assistance to Turkey is lacking, in particular in the case of violation of democratic principles, the rule of law, human rights and fundamental freedoms and international law, the Council, acting by qualified majority on a proposal from the Commission, may decide upon appropriate measures.

3. The Commission shall pass information on its indicative programme to the committee referred to in Article 7 ('MED Committee') and to the joint parliamentary committee and the EU-Turkey joint economic and social committee.

⁽¹⁾ OJ C 172, 18.6.1999, p. 1.

Article 4

1. Cooperation projects and operations may be financed in the following indicative areas:

- (a) modernising manufacturing, improving institutional and infrastructure capacity in areas including the environment, energy and transport, excluding the development of nuclear power, especially in earthquake zones;
 - (b) promotion of industrial cooperation by methods including support for diversification in industry and the establishment of small and medium-sized enterprises;
 - (c) cooperation in telecommunications, infrastructure, rural development and social services;
 - (d) boosting the capacity of the Turkish economy, *inter alia* by measures to encourage the restructuring of the country's public sector and private initiative;
 - (e) cooperation in protecting health;
 - (f) cooperation in the field of education and training;
 - (g) regional and cross-border cooperation;
 - (h) any form of cooperation seeking to defend and promote democracy, the rule of law, human rights, respect for minorities and the protection and recognition of their cultural identity, and support for measures seeking to abolish capital punishment;
 - (i) any form of cooperation seeking to resolve the Kurdish problem;
 - (j) cooperation on humanitarian issues;
 - (k) measures to promote the development of social dialogue within Turkey and between Turkey and the European Union;
 - (l) all forms of assistance aimed at promoting the development of relations between the European Union and Turkey;
 - (m) promotion of cooperation between the two parties' public administrations with a view to the approximation of legislation and the training of staff, including customs officers.
2. Where appropriate, measures could be taken to underpin a structural adjustment programme on the basis of the following principles:
- (a) support programmes must be tailored as far as possible to Turkey's particular circumstances and take account of economic and social conditions;
 - (b) support programmes must include measures to alleviate any negative impact of the structural adjustment process in social and employment terms, in particular for the most disadvantaged sectors of the population;
 - (c) account must be taken of Turkey's economic situation, and in particular regional economic imbalances, its level of indebtedness, debt servicing charges, balance of payments and foreign currency supply, monetary situation, per capita gross domestic product and unemployment level.

Article 5

1. Financial support under this Regulation shall take the form of grants.
2. The instruments to be employed in the course of the operations covered by this Regulation shall include, within the limits established by the budgetary authority during the annual budget procedure, technical assistance, training or other services, supplies and works, along with audits and evaluation and monitoring missions.
3. Community financing may cover investment, with the exception of the purchase of buildings, and recurring costs (including administrative, maintenance and operational costs), taking account of the fact that the project must aim to have the recurring costs taken over by the beneficiaries.
4. A financial contribution from the partners defined in Article 3 shall be sought for each cooperation operation. The contribution requested shall be within the means of the partners concerned and shall depend on the nature of the operation. In specific cases where the partner is a non-governmental organisation or a community-based organisation, a contribution in kind may be made.
5. Opportunities may be sought for cofinancing with other providers of funds, especially with Member States.
6. The necessary measures shall be taken to emphasise the Community character of the aid provided under this Regulation.
7. In order to achieve the objectives of coherence and complementarity referred to in the Treaty, and with the aim of guaranteeing optimum efficiency for these actions as a whole, the Commission will take all necessary coordination measures, notably:
 - (a) the establishment of a system for systematic exchange and analysis of information on the planning of operations to be carried out, the approval of each individual operation the financing of which is under consideration by the Community and the Member States, and the development of the operations already approved;
 - (b) on-the-spot coordination of these operations by means of regular meetings and exchange of information between the representatives of the Commission and Member States in the beneficiary country.
8. The Commission, in conjunction with the Member States, may take any initiatives necessary for ensuring proper coordination with the other providers of funds involved.

Article 6

1. The Commission shall examine, approve and administer operations covered by this Regulation according to the budgetary procedures in force, and in particular those laid down in

the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities ⁽¹⁾.

2. Project and programme appraisal shall take into account the following factors:
 - (a) effectiveness and economic viability of operations;
 - (b) cultural, social and gender aspects;
 - (c) conservation and protection of the environment on the basis of the principles of sustainable development;
 - (d) institutional development necessary to achieve project goals;
 - (e) experience gained from operations of the same kind.
3. Decisions relating to grants of more than EUR 2 million for individual operations financed under this Regulation shall be taken under the procedure laid down in Article 7(2).

The Commission shall inform the MED Committee succinctly of any financing decisions it intends to take with regard to projects and programmes equal to, or less than, EUR 2 million in value. The information shall be made available at least one week before the decision is taken.

The Commission shall take all necessary steps to facilitate take-up of grants by small, non-profit-making NGOs.

4. Where the overrun or additional requirement is equal to, or less than, 20 % of the initial commitment fixed by the financing decision, the Commission shall be authorised to approve, without seeking the opinion of the MED Committee, any additional commitments needed for covering expected or real cost overruns in connection with the operations.

Where the additional commitment referred to in the previous subparagraph is less than EUR 4 million, the MED Committee shall be informed of the decision taken by the Commission. Where the said additional commitment is more than EUR 4 million but less than 20 %, the Committee's opinion shall be required.

5. All financing agreements or contracts concluded under this Regulation shall provide for the Commission and the Court of Auditors to conduct on-the-spot checks according to the usual procedures laid down by the Commission under the rules in force, and in particular those of the Financial Regulation.
6. Where operations are the subject of financing agreements between the Community and Turkey, such agreements shall stipulate that the payment of taxes, duties or any other charges is not to be covered by the Community.
7. Participation in invitations to tender and the award of contracts shall be open on equal terms to all natural and legal persons in the Member States and Turkey.

8. Supplies shall originate in the Member States or Turkey.

⁽¹⁾ OJ L 356, 31.12.1977, p. 1. Regulation as last amended by Regulation (EC) No 2673/1999 (OJ L 326, 18.12.1999, p. 1).

Article 7

1. The Commission shall be assisted by the committee set up by Regulation (EC) No 1488/96⁽¹⁾, called the 'MED Committee'.

2. Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.

The period laid down in Article 4(3) of Decision 1999/468/EC shall be set at three months.

3. The MED Committee shall adopt its rules of procedure.

Article 8

An exchange of views shall take place, once a year, on the basis of a presentation by the Commission's representative of the indicative programme for the operations to be carried out in the year ahead, in a meeting of the MED Committee.

The European Parliament shall be informed of the proposals and of the outcome of the discussions.

Article 9

The Commission shall submit an annual report to the European Parliament and to the Council during the first quarter of each year. This report shall contain at least the following:

- (a) a detailed summary of the operations financed during the previous financial year;
- (b) the planned indicative programme for the current financial year and a statement of the progress made with regard to the operations included therein;

- (c) the forecasts for the programme and the operations to be undertaken during the following financial year;
- (d) a summary of any evaluations made, including those relating to specific operations;
- (e) information on the bodies with which the agreements or contracts have been concluded.

Article 10

The Commission shall regularly evaluate operations financed by the Community with a view to establishing whether the objectives of the operations have been achieved and to provide guidelines for improving the effectiveness of future operations.

The Commission shall submit to the MED Committee a summary of the evaluations made, which the latter may, if necessary, examine.

Evaluation reports shall be made available to any Member States requesting them.

Article 11

Six months before the end of the three-year financial framework, the Commission shall submit to the European Parliament and the Council an overall assessment of the operations financed by the Community under this Regulation, together with suggestions regarding the future of this Regulation and, where necessary, proposals for amending it.

Article 12

This Regulation shall enter into force on the third day following that of its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 22 January 2001.

For the European Parliament

The President

N. FONTAINE

For the Council

The President

A. LINDH

⁽¹⁾ Council Regulation (EC) No 1488/96 of 23 July 1996 on financial and technical measures to accompany (MEDA) the reform of economic and social structures in the framework of the Euro-Mediterranean partnership (OJ L 189, 30.7.1996, p. 1). Regulation as amended by Regulation (EC) No 780/98 (OJ L 113, 15.4.1998, p. 3).