



Use of Pre-Accession EU Grants by Municipalities

Hasan Çoban
(hcoban@dpt.gov.tr)

04 March 2008
İller Bank Facilities
Ankara

Seminar on “Strengthening the Capacity for Absorption of EU Funds by Municipalities”
co-organized by the Undersecretariat of Treasury and İller Bank Directorate General

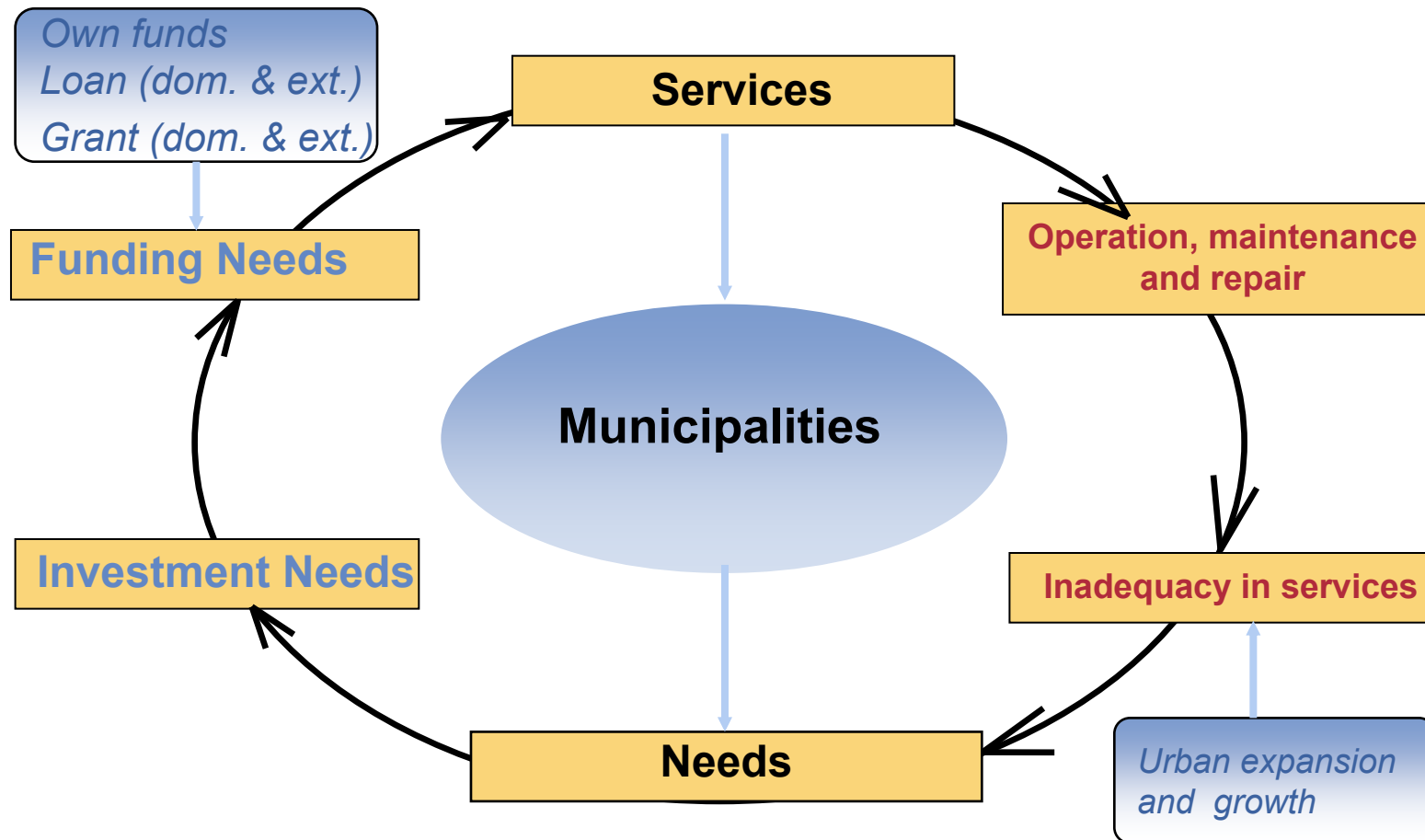
AGENDA



- Funding Needs of Municipalities
- Instrument for Pre-Accession Assistance– IPA
- Scope of IPA
- Operational Programs
- Legal Arrangements
- Fiscal and Administrative Framework
- EU Funds Available to Municipalities

**Process of
Absorbing
EU Financial
Assistance**

Service Cycle of Municipalities



Instrument for Pre-Accession Assistance– IPA



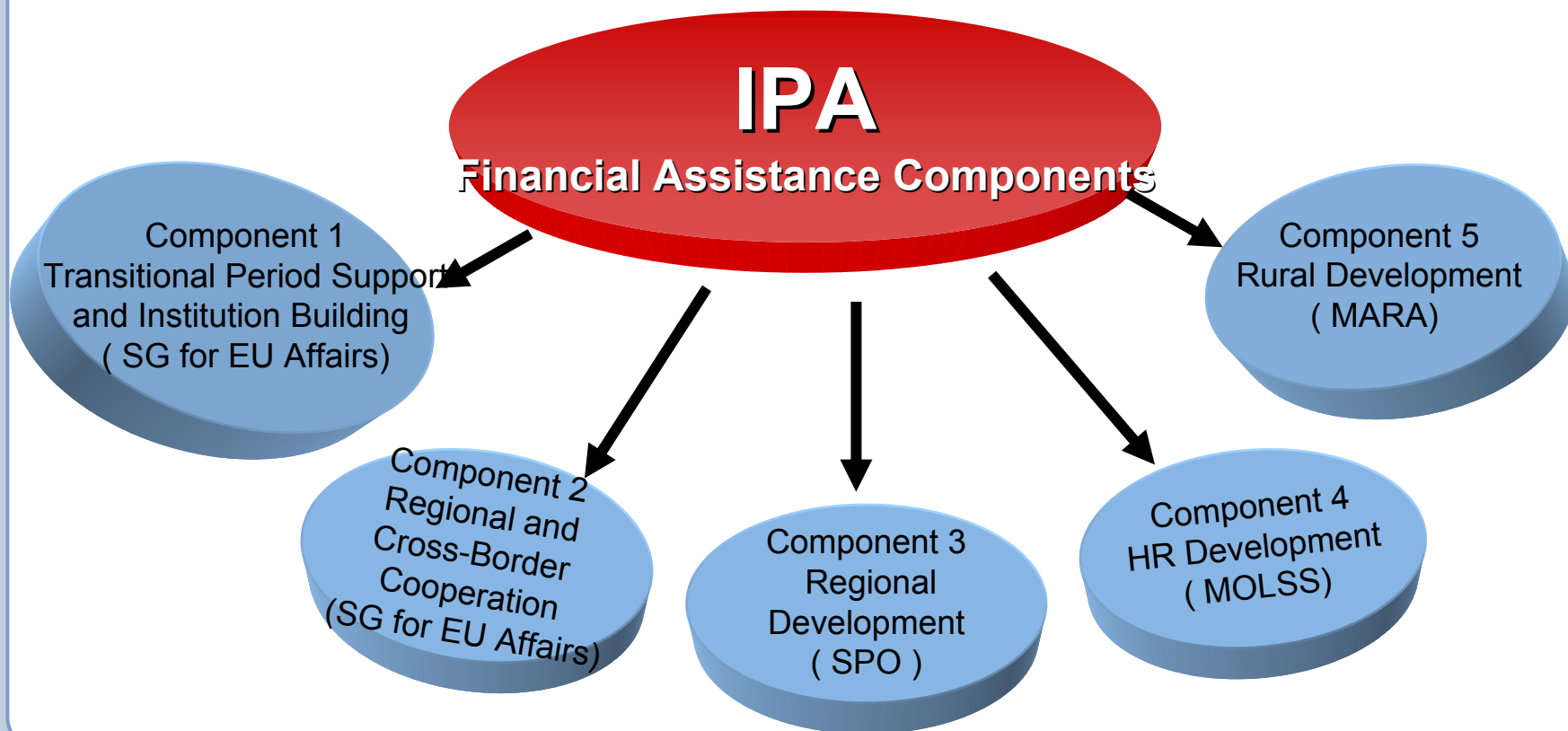
- Instrument for Pre-Accession Assistance – IPA: an instrument that determines the framework for the use of EU funds in the period 2007-2013.
- **Objective:** To ensure that candidate states progress in line with the EU policies and standards; support the Harmonization Policy and assist them adopt the Acquis Communautaire, including the instruments on the path for membership.
- **Implementation method:** according to the IPA Regulation adopted by the EU Council on 17 July 2006.
- **Covered states :** candidate and potential candidate states.

Countries Covered by IPA and Funds Allocated



Candidate states	Turkey Croatia
Potential candidate states	Albania, Kosovo Bosnia and Herzegovina, Serbia, Monte Negro and Macedonia
IPA draft budget	11.5 billion Euro (2007-2013) 3.96 billion Euro (2007-2009)
Funds that can be allocated to Turkey under IPA	1.6 billion Euro (2007-2009)

Instrument for Pre-Accession Assistance - Components



Instrument for Pre-Accession Assistance (Scope of Components)



- Transitional Period Support and Institution Building : This component covers the provision of technical assistance for improving the capacities of agencies and institutions.
 - Regional and Cross-Border Cooperation: This component contributes to social and economic development through incentivizing entrepreneurship in border regions and increasing access to border regions.
 - Regional Development
 - Human Resources Development
 - Rural Development: This component supports SMEs in rural areas and transportation and environmental protection infrastructure in rural areas (IPARD).
- Strategic Framework Document and Operational Plans (OPs) prepared

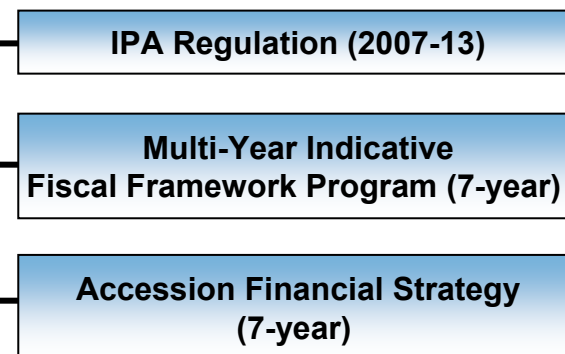
Legal, Regulatory and Administrative Structure of IPA



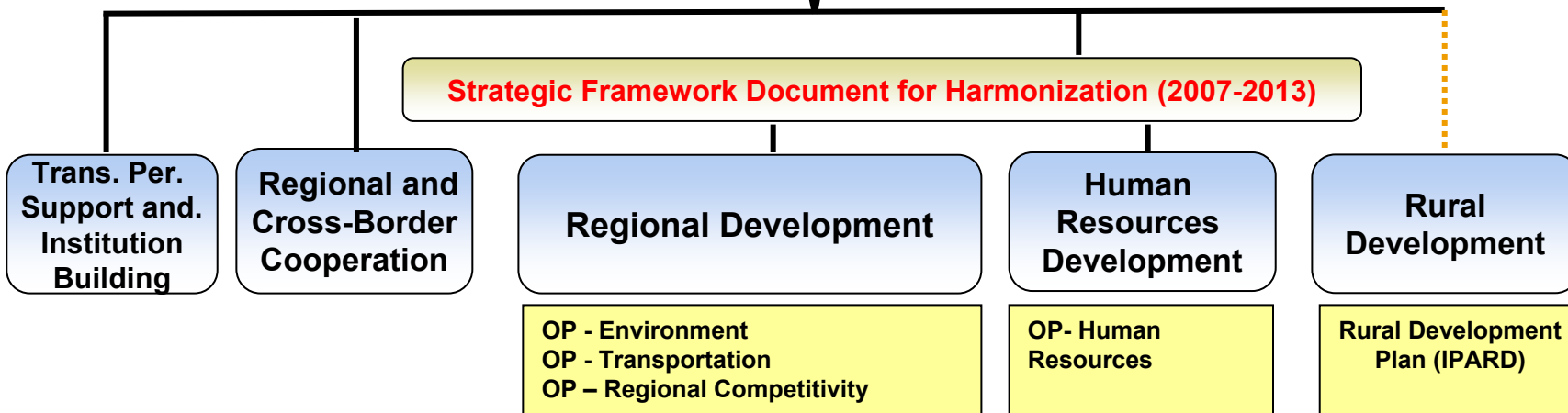
Regulations in Turkey



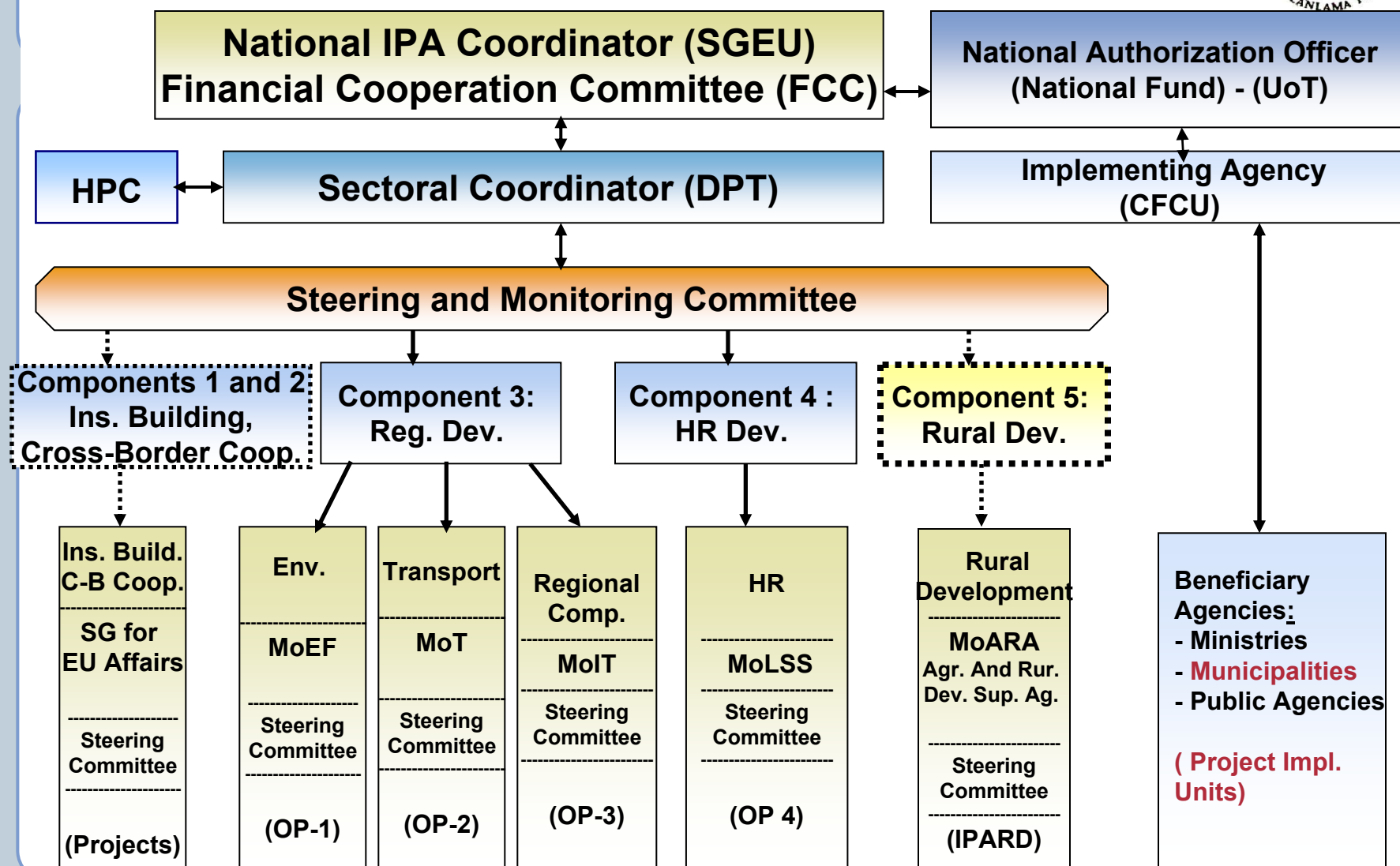
Regulations in the EU



Strategic Framework Document for Harmonization (2007-2013)



Institutional Organization for Use of IPA Funds



Steering and Monitoring Committees



Sectoral Steering and Monitoring Committee	Operational Program Steering Committee
<p data-bbox="283 682 1018 722"><u>State Planning Organization (coordinator)</u></p> <p data-bbox="325 771 976 1307">Ministry of Transportation Ministry of Interior Ministry of National Education Ministry of Labor and Social Security Ministry of Industry Ministry of Environment and Forestry Ministry of Finance Ministry of Health Ministry of Energy Ministry of Culture and Tourism Undersecretariat of Treasury Secretariat General for EU Affairs</p>	<p data-bbox="1113 682 1648 763"><u>Related Ministries or Agencies (coordinator)</u></p> <p data-bbox="1176 812 1816 941">Representatives of agencies and institutions related with Operational Program</p>

Instrument for Pre-Accession Assistance (Funds allocated for OPs between 2007-2009)



	2007		2008		2009		Total
	%	Million Euro	%	Million Euro	%	Million Euro	Million Euro
Regional Development	100	167,5	100	173,8	100	182,7	524,0
Regional Competitvity OP	25	41,9	25	43,5	30	54,8	140,1
Environment OP	40	67,0	40	69,5	37	67,6	204,1
Transportation OP	35	58,6	35	60,8	33	60,3	179,7
HR Development	-	50,2	-	52,9	-	55,6	158,7
Total	-	217,7		226,7		238,3	682,7

Conditions of Eligibility for EU Projects



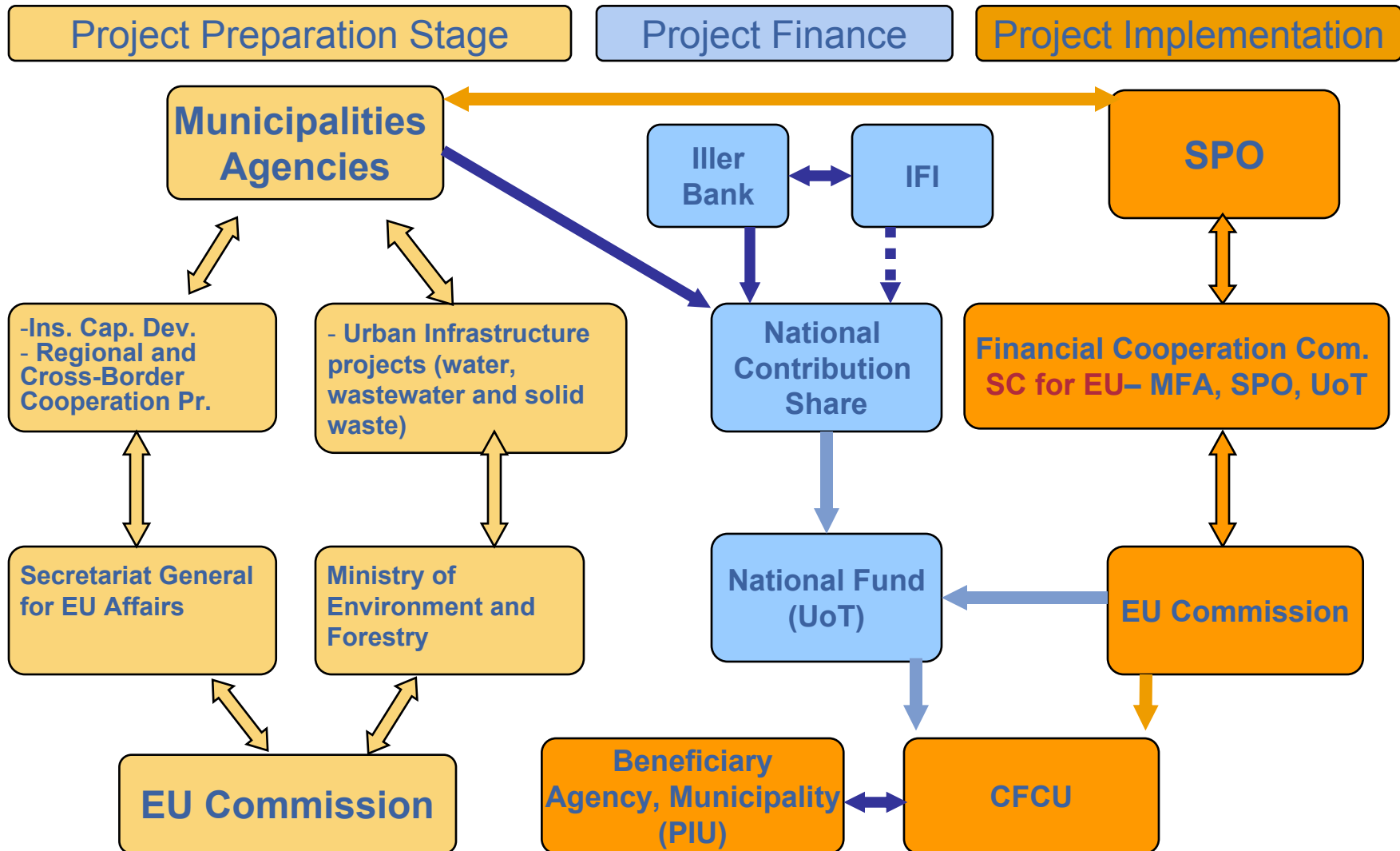
- Funds allocated to infrastructure projects with cost of more than 5 million Euro.
- 75% EU contribution provided to projects approved before 2007.
- For projects approved in 2008 and beyond, 55-75% of project financing deficit will be funded by EU. (EU contribution= (project cost – project revenues) x 0.75)
- Projects linked with investment program.
- National contribution share to willing municipalities will be provided by Iller Bank in the form of loan.
- External loans may be used via Iller Bank as national contribution share.

Selection Criteria in Environmental Protection Projects



1. Compliance with environmental plans, sectoral strategies and policies.
2. Population (municipalities with higher population to be prioritized).
3. Municipalities facing financial constraints (municipalities with co-financing capacities and municipalities capable of meeting operating costs will be prioritized).
4. Financial viability (selection in accordance with cost recovery principles and “user and polluter pays” principles).
5. Environmental priorities (infrastructure projects prioritizing the following objectives will be given priority).
 - Public health improvement.
 - Protection of vulnerable areas.
 - Protection of natural resources.

Project Preparation and Execution Mechanism



Infrastructure Projects under Environment OP



- Environment Operational Program (Environment OP) approved by HPC in 2007.

Environment OP covers the period 2007-2009.

- 4 drinking water projects (70 million Euro)
- 12 wastewater projects (236.7 million Euro)
- 10 solid waste projects (186.3 million Euro)

- These projects, which will cost 493.2 million Euro in total, will be carried out after the preparation of their feasibility reports.

- For the period 2007-2009, 204.1 million Euro EU contribution and 68 million Euro national contribution are needed.

- Beneficiary agencies will be responsible for implementing the services relating to the tender process executed by CFCU.

Expectations - Recommendations



- Municipalities need to take a more active role in project preparation and implementation stages in order to absorb EU funds more efficiently.
- There is a need for implementing circular(s) on co-financing in the use of EU funds.
- International institutions should cooperate with İller Bank to provide loans for EU-supported projects.

Thank you!