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*(Acts whose publication is obligatory)*

**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**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 235 thereof,

Having regard to the proposal from the Commission <sup>(1)</sup>,

Having regard to the opinion of the European Parliament <sup>(2)</sup>,

Whereas the European Council at its meetings in Lisbon, Corfu and Essen stressed that the Mediterranean constitutes a priority area for the European Union and adopted the aim of establishing a Euro-Mediterranean partnership;

Whereas the Cannes European Council meeting on 26 and 27 June 1995 reaffirmed the strategic importance it attached to adding a new dimension to the European Union's relations with its Mediterranean partners by building on the Council report of 12 June 1995 prepared on the basis, in particular, of the Commission communications of 19 October 1994 and 8 March 1995 on strengthening the Mediterranean policy of the European Union;

Whereas it is necessary to pursue efforts to ensure that the Mediterranean becomes an area of political stability and security and whereas the Community's Mediterranean policy must play a part in achieving the general objective of respect of human rights and fundamental freedoms and of the promotion of good-neighbourly relations, while respecting international law and the territorial integrity and external frontiers of the Member States and Mediterranean non-member countries;

Whereas the ultimate establishment of a Euro-Mediterranean free-trade area is likely to foster stability and prosperity in the Mediterranean region;

Whereas for the Mediterranean partners the establishment of a free-trade area may involve profound structural reforms;

Whereas it is therefore necessary to support the efforts that have been or will be undertaken by the Mediterranean partners to reform their economic, social and administrative structures;

Whereas the dialogue between cultures and between civil societies should be developed, notably by encouraging training activities, development and decentralized co-operation;

Whereas intensified regional cooperation and in particular the development of economic links and trade flows between Mediterranean territories and partners which are conducive to reform and economic restructuring should be encouraged;

Whereas the bilateral protocols on financial and technical cooperation concluded by the Community with Mediterranean partners provided a useful initial basis for cooperation; whereas it is now necessary to build on the experience which has been acquired and to embark on a new stage of relations, in the framework of partnership;

Whereas rules for the administration of such partnership have to be determined, while ensuring the transparency and overall consistency of action undertaken using budget appropriations;

Whereas to this end this Regulation will apply to the range of measures which came under Council Regulation (EEC) No 1762/92 of 29 June 1992 on the implementation of the protocols on financial and technical cooperation concluded by the Community with Mediterranean non-member countries <sup>(3)</sup> and Council Regulation (EEC) No 1763/92 of 29 June 1992 concerning financial co-operation in respect of all Mediterranean non-member countries <sup>(4)</sup> for measures whose scope extended beyond the scope of a single country;

<sup>(1)</sup> OJ No C 232, 6. 9. 1995, p. 5 and OJ No C 150, 24. 5. 1996, p. 15.

<sup>(2)</sup> OJ No C 17, 22. 1. 1996, p. 184 and Opinion delivered on 20 June 1996 (OJ No C 198, 8. 7. 1996).

<sup>(3)</sup> OJ No L 181, 1. 7. 1992, p. 1.

<sup>(4)</sup> OJ No L 181, 1. 7. 1992, p. 5.

Whereas, therefore, this Regulation replaces the above-mentioned Regulations as from 1 January 1997, while it is, however, necessary to maintain Regulation (EEC) No 1762/92 in force for the management of financial protocols still applicable at that date and for the commitment of funds remaining under the expired financial protocols;

Whereas a financial reference amount, within the meaning of point 2 of the Declaration by the European Parliament, the Council and the Commission of 6 March 1995, is included in this Regulation for the period 1995 to 1999, without thereby affecting the powers of the budgetary authority as they are defined by the Treaty;

Whereas in respect of environmental projects the loans granted by the European Investment Bank, hereinafter referred to as 'the Bank', from its own resources under conditions laid down by it, in accordance with its Statute, may receive an interest-rate subsidy;

Whereas in loan operations involving interest-rate subsidies, the granting of a loan by the Bank from its own resources and the granting of an interest-rate subsidy financed by the budgetary resources of the Community must be linked and are conditional on each other; whereas the Bank may, in accordance with its Statute and in particular by a unanimous decision of its Board of Directors in the presence of an unfavourable opinion by the Commission, decide to grant a loan from its own resources, subject to granting of the interest-rate subsidy; whereas, on account of this aspect, it is necessary to ensure that the procedure adopted for granting interest-rate subsidies results in every case in an express decision, whether to grant the subsidy or to refuse it, where appropriate;

Whereas it is necessary to make provision for a Committee composed of representatives of the Member States to assist the Bank in the tasks attributed to it to implement this Regulation;

Whereas to ensure effective management of the measures provided for in this Regulation and to facilitate relations with the beneficiary countries a multiannual approach is required;

Whereas the measures under this Regulation go beyond the framework of development assistance and are intended to apply to countries only in part classifiable as developing countries; whereas, therefore, this Regulation cannot be adopted other than on the basis of the powers provided for in Article 235 of the Treaty,

HAS ADOPTED THIS REGULATION:

#### *Article 1*

1. The Community shall implement measures in the framework of the principles and priorities of the Euro-

Mediterranean partnership to support the efforts that Mediterranean non-member countries and territories listed in Annex I (hereinafter referred to as 'Mediterranean partners') will undertake to reform their economic and social structures and mitigate any social or environmental consequences which may result from economic development.

2. The beneficiaries of support measures may include not only States and regions but also local authorities, regional organizations, public agencies, local or traditional communities, organizations supporting business, private operators, cooperatives, mutual societies, associations, foundations and non-governmental organizations.

3. The financial reference amount for the implementation of this programme for the period 1995 to 1999 shall be ECU 3 424,5 million.

The annual appropriations shall be authorized by the budgetary authority within the limits of the financial perspective.

#### *Article 2*

1. The purpose of this Regulation is to contribute, through the measures provided for in paragraph 2, to initiatives of joint interest in the three sectors of the Euro-Mediterranean partnership: the reinforcement of political stability and of democracy, the creation of a Euro-Mediterranean free-trade area, and the development of economic and social cooperation, taking due account of the human and cultural dimension.

2. These support measures shall be implemented taking account of the objective of achieving long-term stability and prosperity, in particular in the fields of economic transition, sustainable economic and social development and regional and cross-border cooperation. The objectives and details of the relevant procedures shall be as set out in Annex II.

#### *Article 3*

This Regulation is based on respect for democratic principles and the rule of law and also for human rights and fundamental freedoms, which constitute an essential element thereof, the violation of which element will justify the adoption of appropriate measures.

#### *Article 4*

1. The Commission shall, in agreement with the Member States and on the basis of a reciprocal and regular exchange of information, including exchange of information on the spot, especially with regard to the indicative programmes and projects, ensure the effective coordination of the assistance efforts undertaken by the

Community and individual Member States, in order to increase the coherence and complementarity of their cooperation programmes. In addition, the Commission shall promote coordination and cooperation with international financial institutions, the United Nations cooperation programmes and other donors.

2. The measures referred to in this Regulation may be adopted by the Community either independently or in the form of co-financing with the Mediterranean partners themselves or with public or private bodies of the Member States and the Bank, on the one hand, or multi-lateral bodies or third countries, on the other.

#### Article 5

1. Measures to be financed under this Regulation shall be selected taking account, *inter alia*, of the beneficiaries' priorities, evolving needs, absorption capacity and progress towards structural reform.

Selection shall also be based on an assessment of the effectiveness of those measures in achieving the objectives aimed at by Community support, in line, where appropriate, with the provisions of Association or Cooperation Agreements.

2. Indicative programmes covering three-year periods shall be established, in liaison with the Bank, at national and regional level. They shall take into account the priorities identified with the Mediterranean partners, including the conclusions of the economic dialogue. They shall be updated annually, as necessary.

The programmes shall define the main objectives of, the guidelines for and the priority sectors of Community support in the areas referred to in Section II of Annex II, together with factors for the evaluation of the programmes. The programmes shall include indicative amounts (overall and by priority sector) and list the criteria for funding the programme concerned, taking account of the need to allow for an appropriate reserve for implementation of the MEDA heading.

The programmes may be amended taking into account experience acquired, the progress achieved by the Mediterranean partners in structural reform, macroeconomic stabilization and social progress as well as the results of economic cooperation under the new Association Agreements.

3. Financing decisions shall be based chiefly on the indicative programmes.

#### Article 6

1. Community financing shall notably be in the form of grants or risk capital. Concerning cooperation measures in the field of the environment it may also take the form of interest rate subsidies for loans granted by the Bank from its own resources. The subsidy rate shall be 3 %.

2. Grants may be used to finance or co-finance activities, projects or programmes which contribute to the realization of the objectives defined in Article 2. The financing ceiling for each grant for activities, projects or programmes shall also depend on those grants' ability to yield a financial return. The financing made available to the private sector shall in general be on commercial terms, in order to avoid distortions of local financial markets as far as possible.

3. Financing decisions and any financing agreements and contracts resulting therefrom shall provide, *inter alia*, for supervision and financial control by the Commission and audits by the Court of Auditors, where appropriate, to be carried out on the spot.

The Court of Auditors' supervision of operations financed under this Regulation and managed by the Bank shall be carried out according to the procedures agreed between the Commission, the Bank and the Court of Auditors.

4. Risk capital shall be used, first and foremost, to make available own funds, or funds regarded as such, to undertakings (private or mixed) in the production sector, in particular those that can bring together natural or legal persons who are nationals of a Community Member State and of Mediterranean non-member countries or territories.

Risk capital provided and managed by the Bank may take the form of:

- (a) subordinated loans, for which reimbursement and any interest payments shall be effected only after settlement of other banking claims;
- (b) conditional loans the repayment or duration of which depend on fulfilment of the conditions laid down when the loans are granted;
- (c) temporary minority holdings on behalf of the Community in the capital of undertakings established in the Mediterranean non-member countries or territories;

(d) financing of holdings in the form of conditional loans granted to the Mediterranean partners or, with their consent, to undertakings in those Mediterranean partner countries, either directly or through the intermediary of their financial institutions.

#### Article 7

1. Measures under this Regulation may cover expenditure on imports of goods and services and local expenditure needed to carry out the projects and programmes. Taxes, duties and charges shall be excluded from Community financing.

Contracts for the implementation of Community-funded measures under this Regulation shall receive, from the partner concerned, fiscal and customs treatment no less favourable than that which it applies to the most-favoured State or most-favoured international development organization.

2. Costs incurred in preparing, initiating, following up, monitoring and implementing support measures may also be covered.

3. Operating and maintenance costs, in particular those to be financed in foreign currency, may be covered within the framework of training, communications and research programmes and within that of other projects. As a general rule, such costs may be covered only in the start-up stage and shall be progressively reduced.

4. For investment projects in the production sector, Community financing shall be combined with the beneficiary's own resources or with financing on market conditions, taking into account the nature of the project. The recipient's contribution or that represented by financing on market conditions should be maximized. In any case Community financing, including that involving the Bank's own resources, shall not exceed 80 % of total investment costs. That ceiling shall be of an exceptional nature and shall be duly justified by the nature of the operation.

#### Article 8

1. Invitations to tender and contract shall be open on equal terms to all natural and legal persons in the Member States and the Mediterranean partners.

2. The Commission shall ensure:

- the widest possible participation under equal conditions in shortlists and tenders for supplies, works and services,
- the necessary transparency and rigour in the application of the selection and evaluation criteria,
- effective competition among firms, organizations and institutions interested in participating in the initiatives financed by the programme,
- the urgent submission, to the MED Committee, of a procedures guide concerning the detailed implementation of these objectives, which will be examined in accordance with Article 11.

3. In the *Official Journal of the European Communities* the Commission shall publish, indicating the subject, the content and the value of the contracts provided for:

- once a year, forecasts of contracts for services and technical cooperation activities to be awarded after invitations to tender for the 12 months following publication,
- once every three months, any amendments to the above forecasts.

4. The Commission shall provide, in liaison with Member States, on request, to all interested firms, organizations and institutions throughout the Community, documentation on the general aspects of the MEDA programmes and the requirements for participation in the programmes.

5. Financing proposals shall include indications of the contracts to be expected, including the estimated values, the procedure for awarding them and the planned dates for the invitations to tender.

6. Contracts shall be awarded to companies in accordance with the relevant provisions of the Financial Regulation applicable to the general budget of the European Communities.

7. The results of the invitations to tender shall be published in the *Official Journal of the European Communities*. The Commission shall submit to the Article 11 Committee, every six months, specific detailed information on the contracts concluded in implementation of MEDA programmes and projects.

8. In the case of co-financing, participants from countries other than the Mediterranean partners concerned in invitations to tender and contracts may be authorized by the Commission on a case-by-case basis. In these cases participation of undertakings from third countries shall be acceptable only if reciprocity is granted.

*Article 9*

1. The guidelines for the indicative programmes referred to in Article 5 (2) shall be adopted by the Council, acting by a qualified majority on a proposal from the Commission, following dialogue with the Mediterranean partners concerned.

Together with its proposals, the Commission shall forward for information its overall financial programme planning, indicating in particular the total amount of the national and regional indicative programmes, as well as the allocation by beneficiary country and by priority sector of the overall amount adopted within those programmes.

2. The indicative programmes and any amendments to them, together with financing decisions based mainly on them, shall be adopted by the Commission in accordance with the provisions of Article 11.

3. Financing decisions exceeding ECU 2 000 000 other than those relating to interest-rate subsidies on Bank loans and risk capital shall be adopted in accordance with the procedure laid down in Article 11, subject to paragraphs 4 and 6.

4. Financing decisions on overall allocations shall be adopted in accordance with the procedure laid down in Article 11. Within an overall allocation, the Commission shall adopt financing decisions not exceeding ECU 2 000 000. The Committee provided for in Article 11 shall be informed systematically and promptly and in any event before the next meeting, of financing decisions for measures not involving more than ECU 2 000 000.

5. Decisions amending financing decisions adopted in accordance with the procedure laid down in Article 11 shall be taken by the Commission where they do not entail any substantial amendments or additional commitments in excess of 20 % of the original commitment. The Commission shall inform the Committee referred to in Article 11 immediately of any such decisions.

6. Exchange programmes under decentralized cooperation shall be adopted by the Commission in accordance with the procedure laid down in Article 11.

7. Financing decisions relating to interest-rate subsidies on Bank loans shall be adopted in accordance with the procedure laid down in Article 12. Financing decisions relating to risk capital shall be adopted in accordance with the procedure laid down in Article 13.

*Article 10*

1. Measures referred to in this Regulation which are financed from the general budget of the European Communities shall be administered by the Commission

in accordance with the Financial Regulation applicable to the general budget of the European Communities.

2. In the financing proposals submitted to the Committee referred to in Article 11 and the assessments mentioned in Article 15, the Commission shall abide by the principles of sound financial management and, in particular, those of economy and cost-effectiveness referred to in the Financial Regulation.

*Article 11*

1. The Commission shall be assisted by a Committee, hereinafter referred to as the 'MED Committee', composed of the representatives of the Member States and chaired by the representative of the Commission. A representative of the Bank shall take part in the proceedings, without the right to vote.

2. The representative of the Commission shall submit to the Committee a draft of the measures to be taken. The Committee shall deliver its opinion on the draft within a time limit which the Chairman may lay down according to the urgency of the matter. The opinion shall be delivered by the majority laid down in Article 148 (2) of the Treaty in the case of decisions which the Council is required to adopt on a proposal from the Commission. The votes of the representatives of the Member States within the Committee shall be weighted in the manner set out in that Article. The Chairman shall not vote.

3. The Commission shall adopt the measures envisaged if they are in accordance with the opinion of the Committee. However, if the measures are not in accordance with the opinion of the Committee, or if no opinion is delivered, the Commission shall, without delay, submit to the Council a proposal relating to the measures to be taken. The Council shall act by a qualified majority.

If, on the expiry of a period of three months, the Council has not acted, the proposed measures shall be adopted by the Commission.

4. The Committee may examine any other question relating to the implementation of this Regulation which is put to it by its Chairman, possibly at the request of the representative of a Member State, and in particular any question relating to general implementation, the administration of the programme or the co-financing and coordination referred to in Articles 4 and 5.

5. The Committee shall adopt its rules of procedure by qualified majority.

6. The Commission shall keep the Committee regularly informed and shall supply it with information on the implementation of measures under this Regulation.

7. The European Parliament shall be kept regularly informed of the implementation of this Regulation.

*Article 12*

1. As regards the projects to be financed by subsidized loans in the field of the environment, the Bank shall draw up the financing proposal in accordance with its Statute. The Bank shall seek the opinion of the Commission, in accordance with Article 21 of its Statute, and of the Committee referred to in Article 14.
2. The Committee referred to in Article 14 shall issue an opinion on the Bank's proposal. The Commission representative shall convey to that Committee the position of his institution on the project concerned, and in particular on its conformity with the objectives of this Regulation and with the general guidelines adopted by the Council. In addition, the Committee referred to in Article 14 shall be informed by the Bank of the non-subsidized loans which the Bank envisages granting from its own resources.
3. On the basis of that consultation, the Bank shall ask the Commission to take a financing decision to grant the interest-rate subsidy for the project concerned.
4. The Commission shall submit to the MED Committee a draft decision authorizing or, if appropriate, refusing the financing of the interest-rate subsidy.
5. The Commission shall forward the decision referred to in paragraph 4 to the Bank, which, where the decision grants the subsidy, may grant the loan.

*Article 13*

1. The Bank shall submit to the Committee referred to in Article 14, for its opinion, projects concerning risk-capital operations. The Commission representative shall convey to that Committee the position of his institution on the project concerned and in particular on its conformity with the objectives of this Regulation and with the general guidelines adopted by the Council.
2. On the basis of that consultation, the Bank shall forward the project to the Commission.
3. The Commission shall take the financing decision within a period appropriate to the characteristics of the project.
4. The Commission shall forward the decision referred to in paragraph 3 to the Bank, which shall take the appropriate measures.

*Article 14*

1. A Committee consisting of the representatives of the Member States, hereinafter referred to as the 'Article 14 Committee', shall be set up at the Bank. That Committee shall be chaired by the representative of the Member State currently holding the chair of the Board of Governors of the Bank; its secretariat shall be provided by the Bank. A

representative of the Commission shall take part in its proceedings.

2. The rules of procedure of the Article 14 Committee shall be adopted unanimously by the Council.
3. The Committee shall act by a qualified majority in accordance with Article 148 (2) of the Treaty.
4. Within the Article 14 Committee, the votes of the representatives of the Member States shall be weighted in accordance with Article 148 (2) of the Treaty.

*Article 15*

1. The Commission shall, together with the Bank, examine progress achieved in implementing the measures undertaken pursuant to this Regulation and shall submit to the European Parliament and the Council an annual report, no later than 30 April. The report shall contain information on the measures financed during the year, with due regard for confidentiality, and provide an assessment of the results obtained.
2. The Commission and the Bank shall evaluate the main projects that concern each of them in order to determine whether the objectives have been achieved and to establish guidelines for increasing the effectiveness of future activities. The evaluation reports, with due regard for confidentiality, shall be made available to the Council and the European Parliament. For operations managed by the EIB, the reports shall be made available to the Member States.
3. Every three years the Commission shall, together with the Bank, produce an overall assessment report on cooperation policy in favour of the Mediterranean partners and shall submit it without delay to the MED Committee.

Every year, the MED Committee shall receive precise details of the composition and activities of the existing networks.

The Commission shall forward an evaluation of each programme every two years.

4. As regards decentralized cooperation, the Commission shall forward to the MED Committee precise details of the composition and activities of the existing networks each year and on evaluation of each programme every two years.
5. The Commission will inform the Member States each year about resources which are still available or have already been allocated.
6. The Council will review this Regulation before 30 June 1999. To that end, the Commission shall submit to the Council before 31 December 1998 an evaluation report accompanied by proposals regarding the future of the Regulation and, if necessary, the amendments to be made to it.

*Article 16*

The definitive procedure for adopting the appropriate measures where an essential element for the continuation of aid for a Mediterranean partner is lacking shall be determined before 30 June 1997.

*Article 17*

1. Regulation (EEC) No 1763/92 is hereby repealed as from 31 December 1996.

2. As from 1 January 1997, Regulation (EEC) No 1762/92 shall apply for the management of the protocols still in force at that date and for the commitment of funds remaining under the expired protocols.

*Article 18*

This Regulation shall enter into force on the third day following 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, 23 July 1996.

*For the Council*

*The President*

I. YATES

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*ANNEX I***PARTNER TERRITORIES AND COUNTRIES REFERRED TO IN ARTICLE 1**

The People's Democratic Republic of Algeria  
The Republic of Cyprus  
The Arab Republic of Egypt  
The State of Israel  
The Kingdom of Jordan  
The Lebanese Republic  
The Republic of Malta  
The Kingdom of Morocco  
The Syrian Arab Republic  
The Republic of Tunisia  
The Republic of Turkey  
The Occupied Territories of Gaza and the West Bank

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## ANNEX II

## OBJECTIVES AND RULES FOR THE IMPLEMENTATION OF ARTICLE 2

- I. (a) Support for economic transition and the establishment of a Euro-Mediterranean free-trade area shall include in particular:
- job creation and private sector development, including improvement of the business environment and support for SMEs,
  - promotion of investment, industrial cooperation and trade between the European Community and the Mediterranean partners, as well as among the Mediterranean partners themselves,
  - upgrading of economic infrastructure, possibly to include the financial and taxation systems.
- (b) Operations in support of structural adjustment programmes, implemented on the basis of the following principles:
- the support programmes shall be designed to restore the major financial balances and create an economic environment favourable to accelerated growth, while at the same time improving the well-being of the population,
  - the support programmes shall be adapted to the particular situation of each country and take account of economic and social conditions,
  - the support programmes shall lay down measures intended, in particular, to alleviate the negative effects which the process of structural adjustment may have on social conditions and employment, especially for underprivileged sections of the population;
  - the support programmes shall be orientated towards the creation of a free-trade area with the European Community,
  - rapid disbursement shall be one of the main features of the support programmes.
- The following eligibility criteria must be satisfied:
- the country concerned must undertake a reform programme approved by the Bretton Woods institutions or implement programmes recognized as analogous, in coordination with those institutions, but not necessarily financially supported by them, in accordance with the macroeconomic extent and effectiveness of the reforms,
  - account must be taken of the economic situation of the country, and particularly its level of indebtedness and its debt-servicing burden, the state of its balance of payments and the availability of currency, the budget situation, the monetary situation, the level of per capital GNP and the unemployment level.
- II. Support for achieving a better socioeconomic balance shall include in particular:
- the participation of civil society and populations in the planning and implementation of development measures,
  - the improvement of social services, especially in the areas of health, family planning, water supplies, sanitation and housing,
  - the fight against poverty,
  - harmonious and integrated rural development and the improvement of urban living conditions,
  - reinforced cooperation concerning fisheries and the sustainable exploitation of marine resources,
  - reinforced environmental cooperation,
  - upgrading of economic infrastructures, particularly in the sectors of transport, energy, rural development, information technology and telecommunications,
  - integrated development of human resources to complement Member States' programmes, notably with regard to continuing vocational training in the context of industrial cooperation, and improvement of the potential for scientific and technological research,
  - strengthening democracy and respect for human rights,
  - cultural cooperation and youth exchanges,
  - through the above measures, cooperation and technical assistance in order to reduce illegal immigration, drug trafficking and international crime.



III. Regional and cross-border cooperation shall be supported in particular by:

- (a) establishing and developing structures for regional cooperation between Mediterranean partners;
- (b) — establishing the infrastructure necessary for regional trade, including transport, communications and energy,
  - improvement of the regulatory framework and small-scale infrastructure projects in the context of border-crossing facilities,
  - cooperation on the level of large geographic regions as well as measures complementary to those undertaken in this field within the Community, including support for connection between the transport and energy networks of the Mediterranean partners and the trans-European networks;
- (c) other regional activities including the Euro-Arab dialogue;
- (d) exchanges between civil society in the Union and the Mediterranean partners; in this context, decentralized cooperation will:
  - have as its objective to identify the non-governmental beneficiaries of Community aid,
  - will concentrate particularly on the networking of universities and researchers, local communities, associations, trade unions and non-governmental organizations, the media, private business and cultural institutions in the widest sense, and the other bodies listed at IV.

The programmes must concentrate on encouraging information between networks and durable links between network partners.

IV. Good governance shall be promoted by supporting key institutions and key protagonists in civil society such as local authorities, rural and village groups, mutual-aid associations, trade unions, the media and organizations supporting business, and by assisting in the improvement of the capacity of the public administration to develop policies and manage their implementation.

V. Measures taken under this Regulation shall take account of promotion of the role of women in economic and social life. Special importance shall be attached to education and the creation of jobs for women.

The measures shall also take account of the need to promote education and the creation of jobs for young people in order to facilitate their social integration.

VI. The activities financed under this Regulation shall mainly take the form of technical assistance, training, institution-building, information, seminars, studies, projects for investment in micro-enterprises, small and medium-sized undertakings and infrastructures and action designed to highlight the Community nature of the assistance. Recourse should be had to decentralized cooperation where this may prove effective. Risk-capital operations and interest-rate subsidies will be financed in collaboration with the Bank.

VII. Due regard shall be taken of environmental considerations in the preparation and implementation of activities financed by means of this Regulation.

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