

## MEMORANDUM OF UNDERSTANDING

between the European Community and the Republic of Croatia

on the participation of the Republic of Croatia in the second Programme of Community action in the field of Health (2008- 2013)

THE COMMISSION OF THE EUROPEAN COMMUNITIES, hereinafter referred to as 'the Commission', on behalf of the European Community,

of the one part, and

THE REPUBLIC OF CROATIA, hereinafter referred to as 'Croatia',

of the other part,

Whereas:

- (1) the Framework Agreement between the European Community and the Republic of Croatia on the General Principles for the participation of the Republic of Croatia in Community Programmes<sup>1</sup>, signed on 22 November 2004, (hereinafter referred to as the 'Framework Agreement') establishes the general principles for the participation of Croatia in Community programmes, leaving the Commission and the competent authorities of Croatia to determine the specific terms and conditions, including Croatia's financial contribution, with regard to such participation in each particular programme.
- (2) Pursuant to Article 1(2) of the Framework Agreement, Croatia is allowed to participate in Community Programmes established or renewed after the entry into force of the Agreement containing an opening clause providing for the participation of Croatia.
- (3) The second programme of Community action in the field of health (2008-2013) was established by Decision No 1350/2007/EC of the European Parliament and of the Council of 23 October 2007<sup>2</sup>.

Pursuant to article 11(b) of the above-mentioned Decision, the programme is open to the participation of third countries, in particular countries to which the European Neighbourhood Policy applies, countries that are applying for, are candidates for, or are acceding to, membership of the European Union, and the western Balkan countries included in the stabilisation and association process, in accordance with the conditions laid down in the respective bilateral or multilateral agreements establishing the general principles for their participation in Community programmes.

HAVE AGREED AS FOLLOWS:

<sup>1</sup> OJ L 192, 22.7.2005, pp. 15, 16, 82;

<sup>2</sup> OJ L 301, 20.11.2007, p. 3

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## *Article 1*

### **Programme**

Croatia shall participate in the second programme of Community action in the field of health (2008-2013), hereinafter called 'the Programme', in accordance with the conditions laid down in the Framework Agreement and under the terms and conditions referred to in Article 2 of this Memorandum of Understanding.

## *Article 2*

### **Terms and conditions with respect to participation in the Programme**

1. Croatia shall participate in the activities of the Programme in conformity with the objectives, criteria, procedures and deadlines as defined in Decision No 1350/2007/EC of the European Parliament and of the Council of 23 October 2007 and under the terms and conditions set out in Annexes I and II to this memorandum of Understanding.
2. The terms and conditions applicable to the submission, assessment and selection of applications by eligible institutions, organisations and individuals of Croatia shall be the same as those applicable to eligible institutions, organisations and individuals of the Member States of the European Union.
3. To participate in the Programme, Croatia shall pay every year a financial contribution to the General Budget of the European Union in accordance with Article 3 below. The financial contribution of Croatia in respect of its participation and implementation of the Programme shall be added to the amount earmarked each year in the General Budget of the European Union for commitment appropriations to meet the financial obligations arising out the various measures necessary for the execution, management and operation of the Programme.
4. One of the official languages of the Community shall be used for procedures related to requests, contracts and reports, as well as for other administrative aspects of the Programme.

## *Article 3*

### **Financial contribution**

The rules governing the financial contribution of Croatia are set out in Annex I. Part of that financial contribution may be financed under the relevant Community external aid instrument, if Croatia so requests<sup>3</sup>.

<sup>3</sup> The total amount of assistance from Community external aid will be indicated in the Financing Memorandum on the annual National Programme regarding this assistance (specific pre-accession funds)



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## *Article 4*

### **Reporting and evaluation**

Without prejudice to the responsibilities of the Commission and the Court of Auditors of the European Communities in relation to the monitoring and evaluation of the Programme, the participation of Croatia in the Programme shall be continuously monitored on a partnership basis involving the Commission and Croatia. Croatia shall submit to the Commission relevant reports and take part in other specific activities provided for by the Community in that context.

In accordance with Regulations (EC, Euratom) No 1605/2002 of 25 June 2002<sup>4</sup> and (EC, Euratom) No 2342/2002 of 23 December 2002<sup>5</sup> and with other rules referred to in Annex II to this Memorandum of Understanding, the contracts concluded with beneficiaries of the programmes established in Croatia shall provide for financial or other audits, on the basis of documents and on the spot, to be conducted at any time by Commission agents or by other persons mandated by the Commission.

Commission agents and other persons mandated by the Commission shall have appropriate access to documents and to all the information required in order to carry out such audits, including in electronic form. This right of access shall be stated explicitly in the contracts concluded to implement the instruments referred to in this Memorandum. The European Court of Auditors shall have the same rights as the Commission.

## *Article 5*

### **Final provisions**

This Memorandum of Understanding shall apply for the duration of the Programme. Nevertheless, should the European Community decide to extend the duration or adopt a new follow-up programme without any substantial change to the Programme, this Memorandum shall also be extended correspondingly and automatically if no Party denounces it within one month following the extension decision.

Projects and activities in progress at the time of termination shall continue until their completion under the conditions laid down in this Memorandum of Understanding as well as the contractual arrangements applying to these projects and activities and the provisions of Annex II.

The annexes form an integral part of this Memorandum of Understanding.

This Memorandum of Understanding may only be amended in writing by common consent of the Parties.

<sup>4</sup> OJ L 248, 16.9.2002, p. 1. Regulation as last amended by Regulation (EC) No 1525/2007 (OJ L 343, 27.12.2007, p. 9).

<sup>5</sup> OJ L 357, 31.12.2002, p. 1. Regulation as last amended by Regulation (EC, Euratom) No 478/2007 (OJ L 111, 28.4.2007, p. 13).

This Memorandum of Understanding shall enter into force on the date of the receipt of the written notification through diplomatic channels by which Croatia notifies the Commission that its internal legal requirements for its entry into force have been fulfilled.

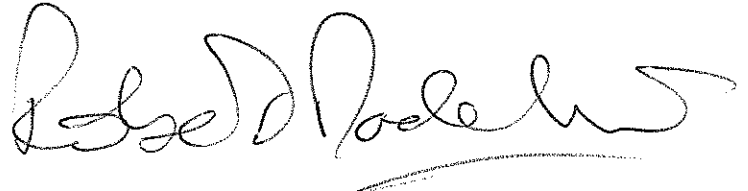
Done at Brussels on 30 September 2008 in two originals in English language

For the Republic of Croatia

For the Commission,  
on behalf of the European Community,



**Branko Baričević**  
*Ambassador Extraordinary and Plenipotentiary  
Head of Mission of the Republic of Croatia to  
the European Communities*



**Robert Madelin**  
*Director General for Health and Consumers*



## ANNEX I

### **Rules governing the financial contribution of Croatia to the second programme of Community action in the field of Health (2008-2013)**

#### **1. CALCULATION OF CROATIA'S FINANCIAL CONTRIBUTION**

1. The financial contribution to be paid by Croatia to the General Budget of the European Union to participate in the second programme of Community action in the field of Health (2008-2013) is EUR 138 646 per year.
2. Croatia's contribution is determined by establishing the ratio between the gross domestic product of Croatia at market prices in 2006 and the sum of the gross domestic products, at market prices of the same year, of the Member States of the European Union and Croatia:

(GDP at market prices for Croatia) / (GDP at market prices for EU 27 + Croatia) =  
proportionality factor

(Proportionality factor) x (2008 allocation for the Programme in the general budget of EU)  
= Croatian annual contribution to the Programme

This ratio is calculated on the basis of the latest statistical data pertaining to 2006 from the Statistical Office of the European Communities (Eurostat), available at the time of publication of the preliminary draft budget of the European Union.

3. Croatia's contribution shall cover costs related to the preparation, feasibility, development and execution of the projects of common interest, as well as for the development and implementation of horizontal measures as provided for in the Programme.
4. Travel costs and subsistence costs incurred by representatives and experts of Croatia in order to take part as observers in the work of the Committee referred to in Article 10 of Decision N°1350/2007 of the European Parliament and of the Council of 23 October 2007 establishing the second Programme of Community action in the field of Health (2008-2013), or other meetings related to the implementation of the Programme, shall be reimbursed by the Commission on the same basis as and in accordance with the procedures currently in force for representatives of the Member States of the European Union.
5. The Financial Regulation applicable to the General Budget of the European Union shall apply to the management of the contribution of Croatia.

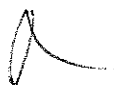
#### **2. PAYMENT OF CROATIA'S FINANCIAL CONTRIBUTION**

1. When this Memorandum of Understanding enters into force, and at the beginning of each subsequent budgetary year, the Commission shall send a call for funds to Croatia expressed in euros, corresponding to its contribution to the costs covered by this Memorandum of Understanding.

2. That contribution shall be paid in euros to a euro-denominated bank account of the Commission.
3. Croatia shall pay its contribution to the annual costs in accordance with the call for funds no later than three months after the date of the call. Any delay in the payment of the contribution shall give rise to the payment of default interest by Croatia on the outstanding amount from the due date. The interest rate shall be the rate applied by the European Central Bank to its main refinancing operations, as published in the C series of the Official Journal of the European Communities, in force on the first calendar day of the month in which the due date falls, increased by 3.5 percentage points. In the case of a delay in the payment of the contribution by Croatia, the Commission may also suspend payment to Croatian beneficiaries.

If the delay in the payment of the contribution is such that it may significantly jeopardise the effective implementation and management of all or part of the Programme, and in the absence of payment 20 working days after a formal letter of reminder has been sent by the Commission to Croatia, the participation of Croatia in the Programme for the relevant year shall be suspended, without prejudice to the Community's obligations under contracts already concluded for the implementation of selected indirect actions.

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## ANNEX II

### **Financial control, Recovery and other Anti-fraud measures**

#### **1. CONTROLS AND ANTI-FRAUD MEASURES OF THE COMMUNITY**

1. In accordance with the financial regulation applicable to the general budget of the European Union, and with the other rules referred to in this Memorandum of Understanding, the contracts concluded with Programme beneficiaries established in Croatia shall provide for financial or other audits to be conducted at any time on the premises of the beneficiaries and of their subcontractors by Commission agents or by other persons mandated by the Commission.
2. Commission agents and other persons mandated by the Commission shall have appropriate access to sites, works and documents and to all the information required in order to carry out such audits, including in electronic form. This right of access shall be stated explicitly in the contracts concluded to implement the instruments referred to in this Memorandum. The European Court of Auditors shall have the same rights as the Commission.
3. For the purposes of this Memorandum, the Commission/OLAF (the European Anti-Fraud Office) shall be authorised to carry out on-the-spot checks and inspections on the territory of Croatia, in accordance with the procedural provisions of Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996.

These checks and inspections shall be prepared and conducted in close collaboration with the competent authorities of Croatia designated by the authorities of Croatia, which shall be notified in good time of the object, purpose and legal basis of the checks and inspections, so that they can provide all the requisite help.

If the authorities of Croatia concerned so wish, the on-the-spot checks and inspections may be carried out jointly with them.

Where the participants in the Programme resist an on-the-spot check or inspection, the authorities of Croatia, acting in accordance with national rules, shall give Commission/OLAF inspectors such assistance as they need to allow them to discharge their duty in carrying out an on-the-spot check or inspection.

The Commission/OLAF shall report as soon as possible to the authorities of Croatia any fact or suspicion relating to an irregularity which has come to its notice in the course of an on-the-spot check or inspection. In any event the Commission/OLAF shall be required to inform the above-mentioned authority of the result of such checks and inspections.

#### **2. INFORMATION AND CONSULTATION**

1. For the proper implementation of this Annex, the competent authorities of Croatia and the Community authorities shall regularly exchange information and, at the request of one of the Parties, shall conduct consultations.

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2. The competent authorities of Croatia shall inform the Commission without delay of any fact or suspicion which has come to their notice relating to an irregularity in connection with the conclusion and implementation of the contracts concluded to implement the instruments referred to in this Memorandum.

**3. ADMINISTRATIVE MEASURES AND PENALTIES**

Without prejudice to the application of the criminal law of Croatia, administrative measures and penalties may be imposed by the Commission in accordance with the financial regulation applicable to the general budget of the European Union.

**4. RECOVERY**

Decisions taken by the Commission in connection with this Memorandum which impose a pecuniary obligation on persons other than States shall be enforceable in Croatia. Enforcement shall be governed by the rules of civil procedure in force in the State in the territory of which it is carried out. The enforcement order shall be appended to the decision, without any formality other than verification of the authenticity of the decision by the national authority designated by the Government of Croatia for this purpose and notified to the Commission. When these formalities have been completed on application by the Commission, the latter may proceed to enforcement in accordance with national law by bringing the matter directly before the competent authority. The legality of the Commission decision shall be subject to control by the Court of Justice of the European Communities.

Judgments delivered by the Court of Justice of the European Communities pursuant to an arbitration clause in a contract coming under this Memorandum shall be enforceable on the same terms.

**5. DIRECT COMMUNICATION**

The Commission shall communicate directly with the participants in the programme and with their subcontractors. The latter may submit directly to the Commission all relevant information and documentation which they are required to submit on the basis of the instruments referred to in this Memorandum and of the contracts concluded to implement them.