FINANCING MEMORANDUM

The European Commission, hereinafter referred to as "THE COMMISSION", acting for and on behalf of the European Community, hereinafter referred to as "THE COMMUNITY"

on the one part, and

The Government of the Republic of Bulgaria, hereinafter referred to as "THE RECIPIENT"

on the other part,

HAVE AGREED AS FOLLOWS:

The measure referred to in Article 1 below shall be executed and financed out of the budget resources of THE COMMUNITY in accordance with the provisions set out in this Memorandum. The technical, legal, and administrative framework within which the measure referred to in Article 1 below shall be implemented is set out in the General Conditions annexed to the Framework Agreement concluded between THE COMMISSION and THE RECIPIENT, and supplemented by the terms of this Memorandum and the Special Provisions annexed hereto.

ARTICLE 1 - NATURE AND SUBJECT

As part of its aid programme, THE COMMUNITY shall contribute, by way of grant, towards the financing of the following MEASURE:

Programme number: BG 0009
Title: Special Programme to Support the Decommissioning of Nuclear Power Plants and Consequential Measures in the Energy Sector - Republic of Bulgaria
Duration: Until 31 December 2002

ARTICLE 2 - COMMITMENT OF THE COMMUNITY

The financial contribution of THE COMMUNITY is fixed at a maximum of € 26.85 million hereinafter referred to as "THE EC GRANT".

ARTICLE 3 - DURATION AND EXPIRY

For the present MEASURE, THE EC GRANT is hereby available for contracting until 31 December 2002 subject to the provisions of his Memorandum. All contracts must be signed by this date. Any balance of funds of the EC GRANT which have not been contracted by this date shall be cancelled. The deadline for disbursement of THE EC GRANT is 31 December 2003. All disbursements must be completed by the deadline for disbursement. THE COMMISSION may however, in exceptional circumstances, agree to
an appropriate extension of the contracting period or of the disbursement period, should this be requested in due time and properly justified by THE RECIPIENT. This Memorandum shall expire at the expiry of the disbursement period of the EC GRANT. All the funds which have not been disbursed shall be returned to the Commission.

**ARTICLE 4 - ADDRESSES**

Correspondence relating to the execution of THE MEASURE, stating THE MEASURE's number and title, shall be addressed to the following:

for the COMMUNITY:

Delegation of the European Commission  
Interpred  
World Trade Center  
36 Blvd Dragan Tsankov  
1040 Sofia  
Bulgaria

Tel: (+359 2) 2-97 33240  
Fax: (+359 2) 2-97 33872

for THE RECIPIENT:

Ministry of Foreign Affairs  
Department for European Integration  
2 Al. Jendov Str.  
1040 Sofia  
Bulgaria

Tel: (+ 359 2) 739 922  
Fax: (+ 359 2) 971 2906

**ARTICLE 5 - NUMBER OF ORIGINALS**

This Memorandum is drawn up in duplicate in the English language.

**ARTICLE 6 - ENTRY INTO FORCE**

This Memorandum shall enter into force on the date on which it has been signed by both parties. No expenditure incurred before this date is eligible for the EC GRANT.

The Annexes shall be deemed an integral part of this Memorandum.
Done at 25.01.2001
Date 25.01.2001

for THE RECIPIENT

Annex 1 Framework Agreement (Annexes A & B)
Annex 2 Special Provisions (Annex C)

Done at 24.12.2000
Date 24.12.2000

for THE COMMUNITY
ANNEX C TO THE FINANCING MEMORANDUM

OBJECTIVES AND DESCRIPTION

General objectives

The overall objective of the ‘Special Programme’ is to assist Bulgaria’s preparation for membership of the EU in relation to the nuclear and energy sectors especially by facilitating the preparation and implementation of Bulgaria’s early closure decision in line with the Understanding of 29 November 1999 and the short-term priorities of the Accession Partnership in these areas.

This will be achieved through support to the first phase of decommissioning of the designated units at the KNPP, and measures required for the necessary restructuring, upgrading and modernisation of the energy production, transmission and distribution sectors, and improving energy efficiency.

The ‘Special Programme’ will contribute to the international efforts to share the financial implications of early closure with the Bulgarian authorities.

Specific objectives

*Project BG0009.01. Contribution to the “Kozloduy International Decommissioning Support Fund”*

The purpose of the Fund is to finance or co-finance, through specific grants, two main areas of work:

(i) decommissioning activities concerning the units K 1-4 of the KNPP (nuclear projects “window”);
(ii) measures which are consequential to the decision taken to close and decommission the units K 1-4 and which would assist the necessary restructuring, upgrading and modernisation of the energy production, transmission and distribution sectors as well as to improve energy efficiency (non-nuclear projects “window”)

through the provision of goods, works and services.

*Project BG0009.02. Institutional Building at the Committee on the Use of Atomic Energy for Peaceful Purposes (CUAEPP) -- Support for Licensing Activity Related to Decommissioning of NPP Kozloduy Units 1 & 2*

The aim of the project is to assist CUAEPP in licensing of decommissioning activities on Kozloduy 1 & 2 and to provide inputs to ensure consistency with Western approaches to decommissioning. It will also transfer know-how to the local Technical Safety Organisation (TSO) supporting the safety authority on a long-term perspective.
Its implementation will be closely linked to the ongoing Phare assistance to the operator to finalise the detailed technical design for the decommissioning of Kozloduy units 1&2.

Technical support for licensing related activities will cover the following areas:
- de-fuelling operations and spent fuel storage;
- modification of the installation in preparation for safe enclosure;
- decontamination and plant removal;
- preparatory steps for operation license of safe enclosure
- radioactive waste treatment and storage.

Kozloduy International Decommissioning Support Fund

The Fund - established with the EBRD Board approval on 12 June 2000 - will be governed by the Assembly of Contributors providing strategic guidance, in a manner compatible with the rules. The Assembly may be supported by an Operating Committee. The EBRD, as Fund Manager, will provide technical, project management, financial, legal and administrative services. Project financing will be conditional upon the Assembly of Contributors being satisfied that Bulgaria is in compliance with its closure commitments. Any member of the EBRD and any interested country may contribute to the Fund. Several countries may pool their contributions. The minimum initial contribution shall be at least € 1.5 million. Contributions may be earmarked for one of the purposes of the Fund but not for specific projects. The Fund will commence operation and a first Assembly of Contributors will be called by the EBRD when a minimum of two contributors (including the Commission) have entered into Contribution Agreements with the EBRD totalling at least € 85 million. For the first two years of the Funds operation, the EBRD will receive full compensation for all costs incurred in connection with the Fund on the basis of annual budgets approved by the Assembly. After expiry of the initial two-year period, the compensation arrangements will be reviewed by the Assembly and the EBRD with the intention of agreeing on a fixed fee of about 2% of total contributions. The EBRD’s procurement policies and rules will apply to the use of funds with the general rule that procurement will be limited to the countries of the contributors or the countries of operations of the EBRD. The Fund remains in force for a period of ten years unless terminated earlier by a decision of the Assembly. The Assembly may also extend the Fund for an additional period, if required to complete the objectives of the Fund.

The rules of the Fund are attached in Annex 2.

Mobilisation of additional contributors is ongoing and could, if deemed appropriate, lead to the convening of a donor’ conference at a date to be decided. Start of project implementation under the Fund is expected by the beginning of 2001.

Overall programme conditionalities

1 A initial and limited amount of operational costs can be covered from the present Communities’ contribution following the establishment of the Fund in order to advance the mobilisation of resources for preparation and initial period of the Fund’s operation. The budget, herefore, will require the prior approval by the Commission and eventually be taken into account when the first budget is presented to the Assembly.
The granting and disbursement of assistance under the ‘Special Programme’ will be strictly parallel with a timely process of preparation and eventual implementation of the definitive closures of the designated units of the KNPP. Clear provisions to this end have also been included in the Fund rules stating that financing will be conditional upon the Assembly being satisfied that the recipient country is in compliance with its closure commitment as reflected in the Understanding signed between the European Commission and the Bulgarian Government on 29 November 1999.

**BUDGET (million Euro)**

<table>
<thead>
<tr>
<th>Code</th>
<th>Objective and projects</th>
<th>Total Phare Support</th>
<th>Institution building</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>BG0009.01</td>
<td>Kozloduy International Decommissioning Support Fund</td>
<td>25.00</td>
<td></td>
<td>25.00</td>
</tr>
<tr>
<td>BG0009.02</td>
<td>Nuclear Safety Authority</td>
<td>1.85</td>
<td>1.85</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>26.85</td>
<td>1.85</td>
<td>25.00</td>
</tr>
</tbody>
</table>

It is noted that € 3.3 million has already been approved for two institution building projects in the framework of the “Phare 2000 National Programme for Bulgaria” bringing the total allocation for the ‘Special Programme’ in 2000 to € 30.15 million.

**IMPLEMENTATION**

*Kozloduy International Decommissioning Support Fund (Project BG0009.01)*

The funds allocated to support activities in Bulgaria under this project, will be made available to Bulgaria by means of the “Kozloduy International Decommissioning Support Fund”, a grant fund which is managed by the EBRD.

The Commission, on behalf of the European Communities, will transfer funds directly to the EBRD.

The management of the Fund will be undertaken by the EBRD within the framework of its Rules. Final decisions on eligibility as well as project selection will be taken by the Assembly of Contributors of the Fund.

The Fund rules ensure that the Commission retains control of the selection of projects, receives regular progress reports from the Fund’s management through its participation in the governing body of the Fund. The rules also identify roles and responsibilities as well as general conditions related to the disbursement of Phare financial assistance into the Fund. European Commission auditing institutions will be provided sufficient rights to audit the use of the Commission’s contributions to the Fund. Rules on the eligibility of contractors from European Union Member and Partner States are respected.

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1 ‘Institution building at the State Energy Regulatory Commission’ (€ 1.1 mio.) and ‘Institution building at the State Energy Efficiency Agency’ (€ 2.2 mio.)
“Contracting” of the contribution from the European Communities to the Fund must be concluded by 31 December 2002. All disbursement to the Fund must be made by 31 December 2003. Payments from the Fund can be made during the period of the Fund being in force.

Institution Building at the Committee on the Use of Atomic Energy for Peaceful Purposes (project BG0009.02)

This project will be managed in accordance with the Phare Decentralised Implementation System (DIS). The National Aid Co-ordinator (NAC) will have overall responsibility for programming, monitoring and implementation of Phare programmes.

The National Fund (NF) in the Ministry of Finance, headed by the National Authorising Officer (NAO), will supervise the financial management of the programme, and will be responsible for reporting to the European Commission. Appropriate financial control shall be carried out by the competent National Control Authority with respect to the implementation of the programme.

The Commission will transfer funds to the NF in accordance with the Memorandum of Understanding signed between the Commission and the Government of Bulgaria on 2 December 1998. Funds will be transferred following requests from the NAO. A payment of up to 20% of the funds to be managed locally will be transferred to the NF following signature of the Financing Memorandum and the Financing Agreements (FAs) between the NF and the Implementing Agencies (IAs)/Central Finance and Contracts Unit (CFCU). The provisions foreseen in articles 2 and 13 of the Memorandum of Understanding on the NF must also be met. Furthermore, the NAO must submit to the Commission the designation of the PAOs and a description of the system put in place, highlighting the flow of information between the NF and the IA/CFCU and the manner in which the payment function will be carried out.

Four replenishments will be made of up to 20% of the funds to be managed locally or the full balance of the budget whichever is the lesser amount. The first replenishment will be triggered when 10% of the budget has been disbursed by the IAs and the CFCU. The second replenishment may be requested when 30% of the total budget in force has been disbursed. The trigger point for the third replenishment is 50%, and for the final fourth instalment when 70% is disbursed. Save for express prior authorisation from the Commission HQs, no replenishment request may be made if the aggregate of the funds deposited in the NF and the IAs exceeds 10% of the total budget in force of the commitment. Exceptionally the NAO may request an advance payment of more than 20% in accordance with the procedures laid down in the aforesaid Memorandum of Understanding.

The CFCU will be responsible for project BG 0009.02

The EU regulatory authorities – which have been involved in the identification of the assistance needs under this project – will be informed as appropriate of implementation progress.
The National Fund will transfer funds to IAs, including the Central Financing and Contracting Unit (CFCU), in accordance with Financing Agreements (FAs) signed between the NFs and the IAs/CFCU where applicable. Each individual FA will be endorsed in advance by the European Commission. In cases where the NF is itself the paying agent for the CFCU/IA there will be no transfer of funds from the NF to the CFCU/IA. The CFCU and the IAs must each be headed by a Programme Authorising Officer (PAO) appointed by the NAO after consultation with the NAC. The PAO will be responsible for all the operations carried out by the relevant CFCU/IA.

A separate bank account, denominated in euro will be opened and managed by the NF in a separate accounting system in a Bank agreed in advance with the Commission. In principle, all bank accounts will be interest bearing. Interest will be reported to the European Commission. If the Commission so decides, on the basis of a proposal from the NAO, interest may be reinvested in the Programme. The same procedures will apply to any funds transferred to an IA or the CFCU.

The NAO and the PAOs will ensure that all contracts are be prepared in accordance with the procedures set out in the DIS Manual. All contracts will be greater than € 2 million, except in projects involving institution building, where contracts for both services and supplies may be for lesser amounts.

All contracts must be concluded by 31 December 2002. All disbursements must be made by 31 December 2003.

Any funds not used by the expiry date of the programme will be recovered by the Commission.

For those contracts with funds retained for a warranty period extending beyond the end of the disbursement period of the programme, the overall total of funds related to those contracts, as calculated by the PAO and established by the Commission, will be paid to the IA/CFCU before the official closure of the programme. The IA/CFCU assumes full responsibility of depositing the funds until final payment is due and for ensuring that said funds will only be used to make payments related to the retention clauses. The IA/CFCU further assumes full responsibility towards the contractors for fulfilling the obligations related to the retention clauses. Interests accrued on the funds deposited will be paid to the Commission after final payment to the contractors. Funds not paid out to the contractors after final payments have been settled shall be reimbursed to the Commission. An overview of the use of funds deposited on warranty accounts - and notably of the payments made out of them - and of interests accrued will annually be provided by the NAO to the Commission.

**MONITORING AND ASSESSMENT**

*Kozloduy International Decommissioning Support Fund (Project BG0009.01)*

The EBRD will prepare reports and technical documentation, including an Annual Report as required on the operation of the Fund. These reports will provide a comprehensive overview of the implementation of the Fund’s work programme (approved by the Assembly of Contributors) including it’s relation to compliance with closure commitments, the conditionalities set out in the project grant agreements, the
administration of specific projects and eventual problems of relevance to the programme.

General provisions in relation to DIS

A Joint Monitoring Committee (JMC) will be established. It will include the NAO, the NAC and the Commission. The JMC will meet at least once a year to review all Phare funded programmes in order to assess their progress towards meeting the objectives set out in Financing Memoranda and the Accession Partnership. The JMC may recommend a change of priorities and/or the re-allocation of Phare funds.

The JMC will be assisted by Monitoring Sub-Committees (MSC) and will include the NAC, the PAO of each IA (and of the CFCU where applicable) and the Commission Services. The MSC will review in detail the progress of each programme, including its components and contracts, on the basis of regular Monitoring and Assessment reports produced with the assistance of external consultant (in accordance with the provisions of the DIS Manual), and will put forward recommendations on aspects of management and design, ensuring these are effected. The MSC will report to the JMC, to which it will submit overall detailed reports on all Phare financed programmes.

AUDIT AND ASSESSMENT

Kozloduy International Decommissioning Support Fund (Project BG0009.01)

Internal and external auditors of the EBRD shall audit the financial statements of the Fund. The Contribution Agreement will in addition specify audit requirements in accordance with the European Commission’s general provisions and in line with the practice established for similar fund arrangements with the EBRD.

General provisions in relation to DIS

The accounts and operations of the National Fund, and, where applicable, the CFCU and all relevant Implementing Agencies may be checked at the Commission’s discretion by an outside auditor contracted by the Commission without prejudice to the responsibilities of the Commission and the European Union's Court of Auditors as referred to in the General Conditions relating to the Financing Memorandum attached to the Framework Agreement.

The Commission services shall ensure that an ex-post evaluation is carried out after completion of the Programme.

VISIBILITY AND PUBLICITY

The EBRD and the appropriate Programme Authorising Officer will be responsible for ensuring that the necessary measures are taken to ensure appropriate publicity for all activities financed from the programme. This will be done in close liaison with the Commission Delegation. The Fund rules will ensure that the necessary measures are
taken to ensure appropriate publicity for the EU for all activities that it finances. Further details are at the Annex 'Visibility/Publicity

SPECIAL CONDITIONS

In the event that agreed commitments are not met for reasons which are within the control of the Government of Bulgaria, the Commission may review the programme with a view, at the Commission’s discretion, to cancelling all or part of it and/or to reallocate unused funds for other purposes consistent with the objectives of the Phare programme.

ANNEXES

1. Understanding of 29/11/1999

2. Rules of the Kozloduy International Decommissioning Support Fund and Specific Information on Operational issues of the Fund

3. Visibility/Publicity
ANNEX 1

UNDERSTANDING BETWEEN THE EUROPEAN COMMISSION AND THE BULGARIAN GOVERNMENT

On the occasion of the meeting between Mr. Ivan Kostov, Prime Minister of the Republic of Bulgaria, and Mr. Guenter Verheugen, Member of the European Commission, responsible for Enlargement, the two sides reached the following understanding on the issue of the closure and decommissioning of Units 1 to 4 of the Kozloduy Nuclear Power Plant, the elements of which form an integral whole:

The Bulgarian Government fully endorses the conclusions of the Cologne European Council on the importance of high standards of nuclear safety in the context of the European Union's enlargement. It also refers to the National Strategy for the development of the energy sector and for energy efficiency until 2010 approved by the National Assembly in March 1999 as well as to the decision of the National Assembly dated 4 November 1999. The Bulgarian Government is thus committed to definitively close units 1-4 of the Kozloduy Nuclear Power Plant at the earliest possible dates.

In this context, and on the basis of the commitment of the European Commission for financial support as stated below, the Bulgarian Government commits itself to definitively close down Units 1 and 2 of the Kozloduy Nuclear Power Plant before the year 2003.

On the occasion of the updating of the energy strategy which will be completed in 2002, Bulgaria will decide, in agreement with the Commission and taking account of the NSA Agreement and other relevant factors, on the definitive closure dates for Units 3 and 4, which will be before the presently envisaged closure dates of 2008 and 2010, respectively. The Commission's understanding is that the definitive closure of these units will take place in 2006 at the latest.

The Bulgarian Government will take all the appropriate measures so that these decisions, as well as the Commission's assistance commitments will be reflected in the country's energy policy and planning.

The Commission welcomes these decisions by the Bulgarian Government, which it sees as a further sign of Bulgaria's European integration efforts and as meeting the relevant condition for the opening of accession negotiations with Bulgaria stipulated in the 1999 Commission's Composite Paper. The Commission also considers that the closure dates which it details above correspond to a realistic closure timetable, consistent with the NSA Agreement, as requested by the EU.

Taking into account the financial implications of early closures, as well as the need of a competitive energy sector, the Commission will offer a multi-annual assistance package for Bulgaria's energy sector including:

(a) Grant assistance from the Phare programme of €200 million over the period 2000-2006. The provision of the second half of this grant will be confirmed by the
Commission in the year 2002, depending on the confirmation of the understanding on definitive closure dates for units 3 and 4. This grant assistance could include:

- Construction of a radioactive waste disposal unit
- Other nuclear safety-related projects (including for decommissioning)
- Addressing social impact of closures
- Energy efficiency improvement measures
- Modernisation of electricity sub-sector
- Interconnection of energy network projects
- Environmental projects related to conventional energy sector, to the extent that they are not eligible for financing by ISPA

(b) A loan (Euratom) of up to €250 million for the modernisation and safety upgrading of Units 5 and 6 of Kozloduy NPP to be signed in the year 2000.

The Commission will also take the initiative in 2000 to mobilise International Financial Institutions and other international donors for additional funds.

The above financial package leaves open the possibility of continued financial support to Bulgaria’s energy sector after the year 2006, in accordance with the then prevailing financial rules.

Sofia, 29 November 1999

For the Republic of Bulgaria For the European Commission

Nadezhda Mihailova Guenter Verheugen
ANNEX 2

OFFICIAL COPY

RULES

of

THE KOZLODUY INTERNATIONAL DECOMMISSIONING SUPPORT FUND

Dated: 12 June 2000
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RULES OF THE KOZLODUY INTERNATIONAL DECOMMISSIONING SUPPORT FUND

PREAMBLE

WHEREAS in 1999, in pursuit of its policy to accede to the European Union, three Central European countries, namely Lithuania, Slovakia and Bulgaria, undertook firm commitments to close and decommission specified nuclear power plant (NPP) units by certain dates and, as in the case of Bulgaria, confirmed this commitment by entering into a bilateral ‘Understanding’;

WHEREAS these countries, apart from making these specific closure commitments, have adopted or are elaborating or about to amend national energy strategies and draw up respective implementing plans as well as, where necessary, decommissioning laws and decommissioning programmes for the nuclear power plants concerned;

WHEREAS the Governments of Lithuania, Slovakia and Bulgaria are responsible for the implementation of the closure and decommissioning commitments and related programmes;

WHEREAS the public administration and respective specialised agencies are responsible to act in the execution of implementation steps and the operators of the respective nuclear power plants are charged with the execution of the NPP closure and the elaboration of pre-decommissioning and decommissioning projects in line with the countries’ closure commitments;

WHEREAS a number of international donors intend to provide financial assistance to these countries to support the implementation of its closure and decommissioning commitments and have requested the Bank to establish three country-specific Funds (herein called the ‘International Decommissioning Support Fund’ or the ‘Fund’ for each of the respective countries) to be governed by the rules set forth below (herein called the ‘Rules’);

WHEREAS each Fund is designed to pool donors’ contributions and to ensure a harmonised and effective delivery of such international support over several years;
WHEREAS these Funds will be governed by an Assembly of Contributors providing strategic guidance, in a manner compatible with the Rules, supported by an Operating Committee which will exercise routine guidance such as project selection and the monitoring of progress and results of the Funds’ work, and a Fund Manager will manage and administer the Funds and the contracts under the Grant Agreements undergone by the Funds, on behalf of the Contributors;

WHEREAS therefore the management of these Funds will be undertaken against a complex background situation of numerous actors with a variety of roles and responsibilities;

WHEREAS therefore the Rules of each of these Funds consist of General Provisions (Part A) identical for all three Funds and allowing for synergy measures in the execution of the Funds’ management, and Specific Provisions (Part B) for each of the three countries;

WHEREAS, in consideration of the above, the Rules contained in this document refer to the Fund relating to international grant support to Bulgaria;

WHEREAS the European Bank for Reconstruction and Development (herein called the “Bank” or the “Manager”) has been created by the Agreement Establishing the European Bank for Reconstruction and Development, dated 29 May 1990 (herein called the “Agreement establishing the Bank”) to assist certain members of the Bank which are recipient countries (herein called the “Countries of Operations”);

WHEREAS the Bank is empowered under Article 20.1 (viii) of the Agreement establishing the Bank to conclude with public or private entities agreements of cooperation under which the Bank administers funds provided by such entities for purposes consistent with the purpose and functions of the Bank.

ACCORDINGLY, the Board of Directors of the Bank has established the Fund and accepted the administration of the Fund by the Bank in accordance with the present Rules.
PART A – GENERAL PROVISIONS

ARTICLE I - THE FUND

Section 1.01. Establishment of the Fund

The Fund is hereby established as of the date on which these Rules are approved by the Board of Directors of the Bank. These Rules shall thereupon enter into force.

Section 1.02. Purpose of the Fund

The purpose of the Fund is to accept and make use of funds provided by Contributors for the provision of technical assistance, public information, consultancy, civil works and engineering services and the acquisition, installation and placing into operation of equipment:

(a) to finance or co-finance, through specific grants, the provision of goods, works and services necessary to support the decommissioning work at the NPP specified in paragraph d) of Part B;

(b) to finance or co-finance, through specific grants, the provision of goods, works and services in the energy sector of the recipient country in support of measures which are consequential to the decision taken by the beneficiary country to close and decommission the relevant NPP units and which would assist the necessary restructuring, upgrading and modernisation of the energy production, transmission and distribution sectors as well as to improve energy efficiency; and

(c) to pay for the costs and expenses arising from or in connection with the carrying out of such activities and incurred in accordance with these Rules.

Section 1.03. Commencement of Operations

The Fund will begin its operations and the first meeting of the Assembly of Contributors will be called by the Manager once the conditions set out in paragraphs (a) and (b) of Part B are fulfilled.
Section 1.04. Application of Rules

The Fund and its resources shall be governed by, and such resources shall be received, administered, used and disposed of in accordance with the Rules.

Section 1.05. Administration of the Fund

The Fund and its resources will be administered by the Manager acting on behalf of the Contributors and in accordance with the provisions of the Rules and other guidelines adopted by the Assembly of Contributors in accordance with the Rules.

ARTICLE II - RESOURCES OF THE FUND

Section 2.01. Resources and Expenditure

The resources of the Fund shall consist of:

(a) amounts accepted by the Manager for inclusion in the Fund pursuant to Sections 2.02 and 2.03;

(b) income derived from investment of the resources of the Fund in accordance with Section 5.01;

Unless otherwise approved by the Assembly of Contributors, commitments for expenditure will only be made on the basis of grants and budgets approved by the Assembly of Contributors or the Operating Committee in accordance with the Rules.

Section 2.02. Contributions

(a) Any member of the Bank and any interested country may contribute funds (a "Contribution") to the Fund. Upon establishment of the Fund, such funds shall be contributed pursuant to an agreement ("Contribution Agreement") between such member of the Bank or country (a "Contributor") and the Manager, and shall specify the amount committed, the currency, the year or years of such Contributions and the manner in which payments thereof shall be made to the Manager. The Contribution Agreement shall, in principle, follow the standard format set out in Annex 1 and may contain such other matters as may be required or permitted by the Rules.
(b) For any increase of existing contributions or any contribution by a new Contributor to the Fund after the commencement of operations according to Section 1.03., the Contribution Agreement shall also be approved by the Assembly of Contributors.

(c) The minimum initial amount of a Contribution Agreement is determined in paragraph (c) of Part B.

(d) By entering into a Contribution Agreement, the Contributor shall be deemed to accept the application of the Rules to the resources contributed under such Contribution Agreement.

(e) Several countries may enter into a single Contribution Agreement. In such case, their respective obligations to pay Contributions shall be several, unless the relevant Contribution Agreement specifies otherwise.

(f) Contributions may not be earmarked for specific projects. However, Contributions may be earmarked for one of the purposes of the Fund specified in Section 1.02.

(g) A Contributor may at any time propose an increase in the amount of its Contribution. Such an increase will be effected by amending the relevant Contribution Agreement or by entering into another Contribution Agreement. The provisions of these Rules relating to Contributions shall apply equally to increased amounts so contributed.

Section 2.03. Payment of Contributions

(a) Each Contribution shall be denominated in Euro or any other freely convertible currency and shall be made available to the Manager in cash or in promissory notes or other obligations issued by the Contributor. Such notes or obligations shall be non-negotiable, non-interest bearing and payable to the Manager at par value upon demand. Calls for payment shall be made as required to meet disbursements for the subsequent six months, or for an alternative period as determined by the Assembly of Contributors as described in Section 4.01.
(b) A Contribution Agreement may provide for the settlement of payment obligations of the Contributor in a currency (as specified in Section 2.03(a)) other than Euro on the basis of the average exchange rate of such currency in terms of Euro as determined by the Manager for the period from 1 November 1999 to 30 April 2000 inclusive, or such other period as may be determined by the Assembly of Contributors.

(c) All payments not made in Euro will be converted upon receipt into Euro.

Section 2.04. Separation of Resources

(a) The resources of the Fund shall be separate from the ordinary capital resources of the Bank and from the Special Funds resources of the Bank as such terms are defined or referred to in the Agreement establishing the Bank.

(b) Under no circumstances shall the ordinary capital resources of the Bank or the Special Funds resources of the Bank be charged with, or used to discharge, losses or liabilities arising out of the operations or other activities for which resources of the Fund were originally used or committed.

ARTICLE III – PRINCIPLES

Section 3.01. General Principles

(a) The activities of the Fund shall be administered by the Manager on behalf of and under the supervision of the Assembly of Contributors and in accordance with the Rules.

(b) The Fund will co-ordinate its activities with bilateral direct financial assistance programmes administered outside this Fund, in particular to support the nuclear regulatory authorities, as well as measures financed by the recipient country from its own resources.

(c) No project will be undertaken without the consent of the recipient country.

(d) Financing under Section 1.02 through specific Grant Agreements will be conditional upon the Assembly of Contributors being satisfied that the recipient country is in compliance with its closure commitments reflected in paragraph (e) of Part B.
Section 3.02. Country Specific Principles

The country specific principles and provisions relating to the activities of the Fund are set out in Part B of the Rules.

ARTICLE IV – GOVERNANCE

Section 4.01. Assembly of Contributors

The Assembly of Contributors shall be the governing body of the Fund. It shall be responsible for the overall policy of the Fund and will supervise its implementation.

(a) In particular, the Assembly of Contributors shall:

(1) determine the principal orientations and strategies of the activities financed or to be financed with the resources of the Fund and generally supervise their implementation by the Manager;

(2) authorise grants financed from the resources of the Fund;

(3) monitor the payment of the committed Contributions to the Fund, having regard to project implementation and disbursements;

(4) review the effectiveness of the activities financed with the resources of the Fund;

(5) approve the annual budget and financial statements of the Fund;

(6) discuss and endorse guidelines to be prepared by the Manager on the basis of existing practises, including:

(i) guidelines for payment of promissory notes pursuant to Section 2.03(a);

(ii) guidelines for the management of the liquid assets of the Fund;

(iii) implementation and monitoring guidelines (Operations Manual, Disbursement Handbook etc.);

(7) monitor disbursements of grants by the Manager;
(8) determine whether there are special circumstances that would make it appropriate to authorise procurement from sources other than those referred to in Section 5.05;

(9) provide guidance to the Manager in the carrying out of its function in accordance with Section 4.03;

(10) review on an annual basis the procurement actions in respect of contracts financed by the Fund, including the distribution of procurement;

(11) approve the work programmes for the activities of the Fund;

(12) ensure that the appropriate visibility is given to the activities financed by the Fund, taking into account the needs of the various Contributors; and

(13) periodically review progress by the recipient country in the implementation of its closure and decommissioning commitments, and approve measures to be undertaken by the Manager under specific grant agreements to address implementation issues, giving due regard to ensuring the conditionality of these agreements with the recipient country’s compliance with its commitments.

(b) Each Contributor shall have the right to be represented in the Assembly of Contributors and to participate in its meeting provided that such Contributor has, at the date of the meeting of the Assembly, met its obligations under its Contribution Agreement.

(c) Each Contributor shall have the right to be represented in the Assembly of Contributors by one representative, who shall serve at the pleasure of such Contributor without remuneration from the Fund. Each representative can be accompanied by advisory staff also without remuneration from the Fund. Participants to the Assembly of Contributors will cover their own costs of participation. An individual may at the same time serve as representative of more than one Contributor in the Assembly of Contributors if such Contributors shall have so agreed and notified the Manager and the Assembly of Contributors in advance.
(d) The Assembly of Contributors shall hold a regular annual meeting at which the financial statements for the previous fiscal year of the Fund shall be submitted for approval. The Assembly of Contributors may also decide to hold other meetings as necessary or expedient. Special meetings of the Assembly may be called by the Chair at any time or shall be called by the Chair if so decided by the Assembly, or at the request of the Manager or Contributors which account for not less than one-third of the aggregate amount of all Contributions to the Fund at the date of such request.

(e) The representative of the largest Contributor as of the date of commencement of operations of the Fund shall be the first Chair. The Chair will hold office until the Assembly of Contributors votes for a succeeding Chair.

(f) Contributors representing not less than one-half of the aggregate amount of all Contributions shall constitute a quorum at meetings of the Assembly of Contributors.

(g) The Chair may invite representatives of governments, other institutions and entities to attend specific agenda items of meetings of the Assembly of Contributors as observers.

(h) The recipient country may be invited to attend the meetings of the Assembly of Contributors as an observer, without remuneration from the Fund.

(i) When not specified otherwise in these Rules, decisions of the Assembly of Contributors shall be adopted by consensus.

(j) If failure by a Contributor to meet its obligations under its Contribution Agreement shall, in the judgement of the Chair, materially interfere with or prejudice the operations of the Fund, the Chair shall call a special meeting of the Assembly of Contributors to consider the taking of appropriate measures.

(k) The meetings of the Assembly of Contributors shall be held at the Manager’s headquarters or in such other place as may be agreed between the Chair and the Manager.

(l) The Manager shall be present at the meetings of the Assembly of Contributors in his capacity as Manager of the Fund in fulfilment of his responsibilities under these Rules.

(m) The Assembly of Contributors will decide on its own Rules of Procedure in line with the present Rules.
Section 4.02. Operating Committee

(a) The Assembly of Contributors may establish an Operating Committee and/or other subsidiary bodies to carry out such functions as the Assembly may determine with respect to the operation and supervision of the Fund. The powers, functions and membership of an Operating Committee or other subsidiary bodies shall be determined by the Assembly of Contributors pursuant to these Rules. In particular, the Operating Committee shall:

(1) authorise the use of the resources of the Fund to support the selected projects through specific grants taking into account the approved work programme and progress in the effective implementation of the closure commitment by the recipient country;

(2) monitor the administration of the Fund by the Manager;

(3) ensure that each project proposal and Grant Agreement will foresee appropriate on-site technical and administrative supervision for its implementation as well as adequate provisions for industrial management to ensure the cost-effective and technically optimal execution of projects;

(4) review and evaluate the progress on and the results of the projects, and the overall effectiveness of the Fund’s activities.

(b) The Operating Committee shall elect its Chair. The representative of the largest Contributor shall be the first Chair.

(c) The Operating Committee will comprise representatives of all Contributors unless there are more than five Contributors in which case the Assembly of Contributors may decide to appoint not more than five representatives of Contributors to the Operating Committee. In appointing members, the Assembly of Contributors shall take due regard of the size of Contributions and other relevant factors. A representative of the recipient country may be invited as an observer to the meetings of the Operating Committee.

(d) The Operating Committee will meet as often as necessary, but as a rule quarterly. Its meetings will be called by the Chair.

(e) The Secretariat of the Operating Committee will be ensured by the Manager.

(f) The members of the Operating Committee will bear their own costs of participation in its activities.

(g) The Operating Committee will adopt its own Rules of Procedure.
The Chair of the Operating Committee will report to the Assembly of Contributors.

Section 4.03. Administrative and Operational Support by the Manager

(a) The Manager shall administer the Fund and the implementation of the approved projects in accordance with these Rules and shall provide, within approved budgets, administrative and operational support to the Fund. In particular, the Manager shall fulfil its role by:

1. submitting in due time, to the Operating Committee members specific project proposals prepared on the basis of the work programmes approved by the Assembly of Contributors and developed in close co-operation and consultation with the recipient country and NPP operator;

2. making available Manager staff and other experts with the skills and competence required to implement the activities of the Fund;

3. preparing, making, disbursing and administering grants, making calls for payment of promissory notes as required to make disbursements, and otherwise operating the Fund in accordance with the provisions of the Rules;

4. liaising, to the extent necessary to fulfil its managerial role, with the Contributors, the Government of the recipient country, concerned authorities and utilities in the recipient country and other public and private entities and reporting thereon to the Assembly of Contributors;

5. preparing annual financial statements of the Fund and a report on such financial statements and on the activities financed with the resources of the Fund during the period covered by such statements for review and approval by the Assembly of Contributors;

6. preparing the meetings of the Assembly of Contributors and the Operating Committee and serving as secretariat of such meetings;

7. drawing up work programmes of activities of the Fund for approval by the Assembly;

8. submitting to the Assembly of Contributors and the Operating Committee all necessary reports and technical documentation, including an Annual Report. Such reports will provide a comprehensive overview of the implementation of the Fund’s programme including its relation to the recipient country’s
compliance with its closure commitment and the conditionalities set out in grant agreements or other agreements with the Fund, the administration of specific projects and eventual problems of relevance to the programme;

(9) the Manager will ensure that in its publications (Annual Report, newsletters etc.), in its communications with the recipient country and the media, as well as on the construction sites established for projects implemented with the support of the Fund, appropriate visibility is given to the Fund and its Contributors; due account will be taken of the relative size of contributions to the Fund when developing and implementing the visibility policy of the Fund;

(10) carrying out such other functions as may be necessary for the efficient administration of the Fund, except for functions which pertain to the competence of the Assembly of Contributors and have not been delegated to the Manager.

(b) The Manager may adopt such internal operating procedures, compatible with the Rules, as shall be considered necessary or appropriate for the efficient administration of the Fund.

Section 4.04. Compensation

(a) The Manager shall receive for the first two years after commencement of operations of the Fund full compensation from the resources of the Fund for all costs and expenses incurred by it, including the fees and expenses of consultants engaged by the Manager, in connection with the Fund except for activities compensated pursuant to paragraphs (b) or (c). Compensation shall be on the basis of annual budgets approved by the Assembly of Contributors pursuant to paragraph (a) (5) of Section 4.01.

(b) For the management of pre-investment Technical Co-operation studies and related consultancy services in the commercial non-nuclear area the Manager shall receive a fixed fee of 2% of the total amount of funding allocated for such activities.

(c) For the management of co-financing investment projects in the non-nuclear area jointly undertaken by the Fund and the Bank with its ordinary resources, the Manager shall receive a fixed fee of 1.25% of the total amount allocated by the Fund for such activities.
(d) After expiry of the initial two year period after commencement of operations, the compensation arrangement under (a) above shall be reviewed by the Assembly of Contributors and the Manager on the basis of the experience gained as to the costs incurred, with the intention to agreeing on a fixed fee of about 2% of total Contributions in respect of which no fee pursuant to (b) or (c) above is payable.

(e) The compensation arrangements in this section shall be subject to Section 2.05 and shall under no circumstances entail the use of ordinary capital resources of the Bank to finance or subsidise Fund activities.

ARTICLE V - OPERATION OF THE FUND

Section 5.01. Investment

The Manager may invest any resources of the Fund which are not immediately required for use. Except as otherwise authorised by the Assembly of Contributors, investments shall be made in accordance with investment guidelines prepared by the Manager and approved by the Assembly of Contributors. The income derived by the Fund from such investments shall be added to the resources of the Fund.

Section 5.02. Payment of Manager’s Compensation and Expenses

The compensation due to the Manager pursuant to Section 4.04 shall be charged to the Fund and paid to the Manager quarterly, promptly after the end of the calendar quarter to which it relates.

Section 5.03. Valuation of Currencies

Except as provided in Section 2.03, whenever it shall be necessary for purposes of preparation or presentation of financial statements to determine the value of any currency in terms of another currency or of the unit of account of the Manager, the valuation shall be made by the Manager, using the same principles as the Manager applies for its ordinary operations.
Section 5.04. Accounts and Audit

(a) The Manager shall maintain the accounts of the Fund in Euro in accordance with the same accounting principles which it follows in respect of its own books and accounts.

(b) The financial statements of the Fund shall be audited by internal and external auditors of the Manager in a manner consistent with that applied to the Manager’s ordinary capital resources.

(c) In case Contributors are subject to specific auditing requirements under their respective statutes, their Contributions may be subject to auditing requirements that shall be agreed under the respective Contribution Agreement.

(d) The fiscal year of the Fund shall be the calendar year. The first fiscal year of the Fund shall end on 31 December 2000.

Section 5.05. Procurement

(a) The Bank’s Procurement Policies and Rules shall apply to grants made from the resources of the Fund, except that, subject to paragraph (c) below, procurement shall be limited to goods and services produced in or supplied from the countries of the Contributors or the Countries of Operations of the Bank (see Annex 2).

(b) The Manager will review and report on the balance of procurement of the various Contributors and the capacities of the Countries of Operations. The Manager, with the assistance of the Contributors, will further endeavour to address possible imbalances in the distribution of procurement, provided that such endeavours do not contravene the procurement rules applicable to the Fund.

(c) Upon proposal by the Fund Manager, the Assembly may determine whether there are special circumstances that would make it appropriate to authorise procurement from sources other than those referred to this Section.

ARTICLE VI – TERMINATION
Section 6.01. Termination

(a) The Fund shall remain in force for a period of ten years after the date of commencement of operations. Prior to the end of this period, Contributors shall consult with the Manager about the advisability of extending the operations of the Fund for an additional period, if required to complete the objectives of the Fund as defined in Section 1.02. The Assembly of Contributors may extend the Fund for an additional period, if required to complete the objectives of the Fund.

(b) Notwithstanding paragraph (a) above, the Fund may be terminated at any time by a decision of the Assembly taken with the unanimous consent of Contributors.

(c) This Fund shall terminate automatically upon termination by the Manager of its operations pursuant to Article 41 of the Agreement establishing the Bank.

(d) The Manager may cease to perform the functions conferred upon it pursuant to these Rules at one year’s notice after consultation with the Assembly and pursuant to a decision of the Board of Directors of the Manager. It shall do so if directed pursuant to a resolution of the Assembly of Contributors.

Section 6.02. Disposal of Resources on Termination

Upon termination of the Fund, the following provisions shall apply with respect to the resources of the Fund:

(a) The Manager shall forthwith cease all activities relating to such resources, except those incidental to the orderly realisation, conservation and preservation of such resources and the settlement of the direct or contingent obligations to which they may be subject.

(b) Subject to subsection (c) below, the Manager shall distribute the Total Net Assets of the Fund (total net assets of the Fund as shown on the accounts of the Fund as of the date of termination) to the Contributors in proportion to the amounts each made available to the Fund. Such distribution shall be effected at such times, in such currencies and in such types of assets as the Assembly of Contributors shall deem fair and equitable, preferably in the currency in which the respective Contributions were made. Distribution need not be uniform as to type of asset or as to currency.
(c) No distribution shall be made until all liabilities of the Fund (including payments due to the Manager) shall have been discharged or provided for, and until the Board of Directors of the Bank shall have decided that such distribution should be made. Any distribution to a Contributor shall be subject to prior settlement of all outstanding claims by the Manager against such Contributor in respect of its Contribution.

(d) Until final distribution of the assets of the Fund, all rights and obligations of the Manager and of the Contributors under these Rules and the relevant Contribution Agreement shall continue unimpaired.

ARTICLE VII – AMENDMENTS

Section 7.01. Amendments

These Rules may be amended only pursuant to a unanimous decision of the Assembly of Contributors. Amendments of the Rules shall enter into force upon their approval by the Board of Directors of the Bank.
PART B – COUNTRY SPECIFIC PRINCIPLES AND PROVISIONS

(a) To fulfil the conditions to commence operations according to Section 1.03., a minimum number of two Contributors must have entered into Contribution Agreements. Notwithstanding this provision, the Fund Manager may receive the contribution of a Contributor and may invest this contribution prior to and in awaiting of the commencement of operations in order to accumulate the Fund’s means under conditions to be specifically laid down in their Contribution Agreements.

(b) To fulfil the conditions to commence operations according to Section 1.03., Contributors must have entered into Contribution Agreements totalling at least Euro 85 million.

(c) The minimum initial amount of a Contribution shall be equal to at least Euro 1.5 million in one or more instalments.

(d) NPP subject to the decommissioning

Closure and decommissioning activities referred to in these Rules are those to be undertaken at the Kozloduy Nuclear Power Plant in Bulgaria, consisting of power units 1, 2, 3 and 4.

(e) Closure Commitment

The purpose of the Fund will be pursued with regard to Bulgaria’s closure commitment. This commitment is contained in the Understanding signed between the European Commission and the Bulgarian Government on 29 November 1999 (“the Understanding”) (attached as Annex 3).

(f) National Energy Strategy and Action Plan

The purpose of the Fund will be pursued with regard to Bulgaria’s National Energy Strategy, which, in accordance with the Understanding, will be amended to reflect the new closure dates for the Kozloduy plant. It will also be pursued with regard to the work plans, policy frameworks and other documents elaborated by the Bulgarian authorities in agreement with the European Commission for the implementation of the Understanding.

(g) National entities

In the exercise of their duties, the governing bodies of the Fund and the Fund Manager will need to maintain close and co-operative links with national entities engaged in the implementation of pre-accession assistance, of the closure and decommissioning decisions, and of the National Energy Strategy. In particular, the national entities of relevance are the Council of Ministers of Bulgaria, the State Agency for Energy and Energy Resources, the Committee for Peaceful Use of Nuclear Power, the State Energy Regulation Commission, the State Energy Efficiency Agency, the National Electricity Company (NEK), as well as, if and when applicable, the independent legal entity, other than the NEK, managing the Kozloduy NPP.
ANNEX 1 - PROVISIONS OF CONTRIBUTION AGREEMENT

A. Form of Letter by Contributor to President of Bank

[LETTERHEAD OF CONTRIBUTOR]

Dear Sir,

I am writing to acknowledge your communication regarding the establishment of the Kozloduy International Decommissioning Support Fund (the "Fund") and the entry into force of the Rules of the Fund as adopted by the Board of Directors of the European Bank for Reconstruction and Development (the "Bank").

1. I am pleased to confirm that [name of country] wishes to make a Contribution to the Fund in accordance with the Rules in the aggregate amount of [ ] Euro/other freely convertible currency on the basis of domestic laws and regulations and in accordance with annual budgetary appropriations.

2. To the extent it is available by legislative action the Contribution will be paid in cash/in non interest bearing promissory notes in Euro/other freely convertible currency in one or more instalments during the period of calendar year(s) [ ] [ ], or in instalments which allow a faster encashment at the request of the Bank by notice in writing delivered to us at least 60 days before the date on which such payments are due.

3. I confirm that the terms used herein have the meaning attributed to them in the Rules.

Sincerely yours,

____________________
B. Form of Reply by President of Bank

[LETTERHEAD OF EUROPEAN BANK]

Dear Sir,

Thank you for your letter of ___________ concerning your contribution to the Kozloduy International Decommissioning Support Fund in the aggregate amount of ________ [Euro].

This is to confirm that the European Bank for Reconstruction and Development will be pleased to accept this contribution for inclusion in the Fund pursuant to the Rules governing the Fund.

Sincerely yours,

[President]
ANNEX 2 - LIST OF COUNTRIES ACCORDING TO SECTION 5.05(a)

1. Contributors to the Fund

In case the European Commission enters into a Contribution Agreement, all European Union Member States and all so-called PHARE countries *.

* partially identical with the countries of operation of the Bank

2. Countries of Operation of the Bank

Albania
Armenia
Azerbaijan
Belarus
Bosnia and Herzegovina
Bulgaria
Croatia
Czech Republic
Estonia
Former Yugoslav Republic of Macedonia
Georgia
Hungary
Kazakhstan
Kyrgyzstan
Latvia
Lithuania
Moldova

Poland

Romania

Russian Federation

Slovak Republic

Slovenia

Tajikistan

Turkmenistan

Ukraine

Uzbekistan
ANNEX

Visibility/Publicity

INFORMATION AND PUBLICITY FOR THE PHARE PROGRAMME OF THE EUROPEAN COMMUNITIES

1. Objective and scope

Information and publicity measures concerning assistance from the European Community Phare Programme are intended to increase public awareness and transparency of EU action and to create a consistent image of the measures concerned in all applicant countries. Information and publicity shall concern measures receiving a contribution from the Phare Programme.

2. General principles

The appropriate Programme Authorising Officer in charge of the implementation of Financing Memoranda, and other forms of assistance shall be responsible for publicity on the spot. Publicity shall be carried out in co-operation with the EC Delegations, which shall be informed of measures taken for this purpose.

The competent national and regional authorities shall take all the appropriate administrative steps to ensure the effective application of these arrangements and to collaborate with the EC Delegations on the spot.

The information and publicity measures described below are based on the provisions of the regulations and decisions applicable to the Structural Funds. They are:


Information and publicity measures must comply with the provisions of the above mentioned regulation and decision. A manual on compliance is available to national, regional and local authorities from the EC Delegation in the country concerned.

3. Information and publicity concerning Phare programmes

Information and publicity shall be the subject of a coherent set of measures defined by the competent national, regional and local authorities in collaboration with the EC Delegations for the duration of the Financing Memorandum and shall concern both programmes and other forms of assistance.
The costs of information and publicity relating to individual projects shall be met from the budget for those projects.

When Phare programmes are implemented, the measures set out at (a) and (b) below shall apply:

(a) The competent authorities of the applicant countries shall publish the content of programmes and other forms of assistance in the most appropriate form. They shall ensure that such documents are appropriately disseminated and shall hold them available for interested parties. They shall ensure the consistent presentation throughout the territory of the applicant country of information and publicity material produced.

(b) Information and publicity measures on the spot shall include the following:

(i) In the case of infrastructure investments with a cost exceeding EUR 1 million:

- billboards erected on the sites, to be installed in accordance with the provisions of the regulation and decision mentioned in paragraph 2 above, and the technical specifications of the manual to be provided by the EC Delegation in the country concerned.

- permanent commemorative plaques for infrastructures accessible to the general public, to be installed in accordance with the provisions of the regulation and decision mentioned in paragraph 2 above, and the technical specifications of the manual to be provided by the EC Delegation in the country concerned.

(ii) In the case of productive investments, measures to develop local potential and all other measures receiving financial assistance from Phare:

- measures to make potential beneficiaries and the general public aware of Phare assistance, in accordance with the provisions cited at paragraph 3(b)(i) above.

- measures targeting applicants for public aids part-financed by Phare through an indication on the forms to be filled out by such applications, that part of the aid comes from the EU, and specifically, the Phare Programmes in accordance with the provisions outlined above.
4. Visibility of EU assistance in business circles and among potential beneficiaries and the general public

4.1 Business circles

Business circles must be involved as closely as possible with the assistance which concerns them most directly.

The authorities responsible for implementing assistance shall ensure the existence of appropriate channels for disseminating information to potential beneficiaries, particularly SMEs. These should include an indication of the administrative procedures to be followed.

4.2 Other potential beneficiaries

The authorities responsible for implementing assistance shall ensure the existence of appropriate channels for disseminating information to all persons who benefit or could benefit from measures concerning training, employment or the development of human resources. To this end, they shall secure the cooperation of vocational training bodies involved in employment, business and groups of business, training centres and non-governmental organisations.

Forms

Forms issued by national, regional or local authorities concerning the announcement of, application for and grant of assistance intended for final beneficiaries or any other person eligible for such assistance shall indicate that the EU, and specifically the Phare Programme, is providing financial support. The notification of aid sent to beneficiaries shall mention the amount or percentage of the assistance financed by the Phare Programme. If such documents bear the national or regional emblem, they shall also bear the EU logo of the same size.

4.3 The general public

The media

The competent authorities shall inform the media in the most appropriate manner about actions co-financed by the EU, and Phare in particular. Such participation shall be fairly reflected in this information.

To this end, the launch of operations (once they have been adopted by the Commission) and important phases in their implementation shall be the subject of information measures, particularly in respect of regional media (press, radio and television). Appropriate collaboration must be ensured with the EC Delegation in the applicant country.

The principles laid down in the two preceding paragraphs shall apply to advertisements such as press releases or publicity communiqués.
Information events

The organisers of information events such as conferences, seminars, fairs and exhibitions in connection with the implementation of operations part-financed by the Phare Programme shall undertake to make explicit the participation of the EU. The opportunity could be taken of displaying the European flags in meeting rooms and the EU logo upon documents depending on the circumstances. The EC Delegation in the applicant country shall assist, as necessary, in the preparation and implementation of such events.

Information material

Publications (such as brochures and pamphlets) about programmes or similar measures financed or co-financed by Phare should, on the title page, contain a clear indication of the EU participation as well as the EU logo where the national or regional emblem is used.

Where such publications include a preface, it should be signed by both the person responsible in the applicant country and, for the Commission, the Delegate of the Commission to ensure that EU participation is made clear.

Such publications shall refer to the national and regional bodies responsible for informing interested parties.

The above-mentioned principles shall also apply to audio-visual material.

5. Special arrangements concerning billboards, commemorative plaques and posters

In order to ensure the visibility of measures part-financed by the Phare Programme, applicant countries shall ensure that the following information and publicity measures are complied with:

Billboards

Billboards providing information on EU participation in the financing of the investment should be erected on the sites of all projects in which EU participation amounts to EUR 1 million or more. Even where the competent national or regional authorities do not erect a billboard announcing their own involvement in financing the EU assistance must nevertheless be announced on a special billboard. Billboards must be of a size which is appreciable to the scale of operation (taking into account the amount of co-financing from the EU) and should be prepared according to the instructions contained in the technical manual obtainable from EC Delegations, referred to above.

Billboards shall be removed not earlier than six months after completion of the work and replaced, wherever possible, by a commemorative plaque in accordance with the specifications outlined in the technical manual referred to above.
Commemorative plaques

Permanent commemorative plaques should be placed at sites accessible to the general public (congress centres, airports, stations, etc.). In addition to the EU logo, such plaques must mention the EU part-financing together with a mention of the Phare Programme.

Where a national, regional or local authority or another final beneficiary decides to erect a billboard, place a commemorative plaque, display a poster or take any other step to provide information about projects with a cost of less than EUR 1 million, the EU participation must also be indicated.

6. Final provisions

The national, regional or local authorities concerned may, in any event, carry out additional measures if they deem this appropriate. They shall consult the EC Delegation and inform it of the initiatives they take so that the Delegation may participate appropriately in their realisation.

In order to facilitate the implementation of these provisions, the Commission, through its Delegations on the spot, shall provide technical assistance in the form of guidance on design requirements, where necessary. A manual will be prepared in the relevant national language, which will contain detailed design guidelines in electronic form and this will be available.