STANDARD SUMMARY PROJECT FICHE

1. BASIC INFORMATION

1.1 Désirée Number:

1.2 Title: Enhancement of the administrative capacity for the implementation of Structural Funds-Pilot Project

1.3 Sector: Economic and Social Cohesion

1.4 Location: Planning Bureau, Cyprus

2. OBJECTIVES

2.1 Overall Objective(s):
Effective programming and implementation of Structural and Cohesion Funds.

2.2 Project purpose:
Support to Cypriot officials in the preparation and formulation of Structural Funds' Development Plan and programming documents; enhancement of Structural Funds administrative capacity through the implementation of a pilot regional development programme; enhancement of administrative capacity for the programming and implementation of the Cohesion Fund; preparatory activities for INTERREG III.

2.3 Accession Partnership and NPAA priority

- Accession Partnership
  - Establish a territorial organisation allowing for the effective implementation of the Structural Funds regulations.
  - Prepare a coherent development plan as required by the Structural Funds regulation; define the implementation structures of the final plan; define the Managing and Paying authorities; improve the administrative capacity, in particular in terms of recruitment and training.
  - Set up the required monitoring and evaluation systems for Structural Funds, in particular for ex-ante evaluation and for the collection and processing of the relevant statistical information and indicators.
  - Align with the specific financial management and control procedures for future Structural and Cohesion Funds under the relevant EC Regulations.
  - Develop the technical preparation of projects eligible for Structural and Cohesion Funds assistance (project pipeline).
Chapter 3.5.2 Regional Policy and Co-ordination of Structural Funds

(i) Institution Building Needs

– Setting-up of administrative structures for the certification of compliance with other Community Policies (i.e. Competition, State Aids, Public Procurement and Equal Opportunities Policies), upon accession.

– Under the Financial Regulation (EC) 555/2000, an amount of EURO 0.5 mln is to be committed for the preparation of a Development Plan, to cover up to the period from accession to 2006, as well as the implementation of a pilot project.

– Designation of a Payment Agency(ies) by the middle of 2002.

2.4 Contribution to Development Plan
N/A

2.5 Cross Border Impact
N/A

3. DESCRIPTION

3.1 Background and justification:
After accession, Structural Funds assistance to Cyprus is expected to facilitate the smooth integration of Cyprus to the EU and to address a number of regional disparities on the island. Therefore, the Cyprus authorities need to have the administrative capacity to take on the responsibilities attached to the programming and management of the Structural Funds.

The institutions that are envisaged to be involved in the programming and management of EU Structural Funds are the Planning Bureau, as the inter-ministerial co-ordinating body, the Ministries as well as regional / local authorities and other organisations. The Planning Bureau is the main planning and co-ordinating authority that ensures consistency in the development process.

More specifically, the responsibilities of the relevant authorities upon accession, have been defined as follows:

• The Planning Bureau - will be the single Managing Authority for the Community Support Framework or the Single Programming Document and the lead authority for the European Regional Development Fund (ERDF).

• The Ministry of Agriculture, Natural Resources and Environment - will be the lead authority for the European Agricultural Guidance and Guarantee Fund (EAGGF) - Guidance Section and the Financial Instrument for Fisheries Guidance (FIFG).

• The Ministry of Labour and Social Insurance - will be the lead authority for the European Social Fund (ESF).
The various line Ministries, Departments, Local and Regional Authorities, as well as semi-government organisations - will be the implementing authorities for Structural Funds actions. Other Managing Authorities might be designated depending on the nature and size of the Operational Programmes.

The overall responsibility for the management of the Cohesion Fund will lie with the Planning Bureau. The Ministry of Communications and Works will be responsible for transport infrastructure projects and the Ministry of Agriculture, Natural Resources and Environment will be responsible for environment projects. Financial control, co-financing as well as appraisal and evaluation procedures will be similar to those applied to the Structural Funds.

The administrative capacity of the institutions that will be involved in the operation of the Structural Funds is quite satisfactory. Nevertheless, the Government is promoting all necessary measures in order to be ready upon accession to manage effectively Structural Funds.

In this framework a Special Preparatory Programme for Structural Funds (SPP) is already being promoted, under Twinning Light. The expected results of the SPP include:

- the formulation of a Medium-term Strategic Development Paper
- the formulation of a Regional Operational Programme and Programming Complement
- the designation of Managing Authority and Paying Authority.
- the development of a monitoring appraisal and evaluation system.

Within this project the results of the SPP will be used for the preparation of the Development Plan and for the analysis of the functions of the implementing agencies and the lead agencies for the Funds. It should be stressed that in the EU Common Position (CONF-CY 10/00), the EU invites Cyprus to give indications on the preparation and timing of the Development Plan, which will have to cover the period from accession up to end 2006.

Within the framework of the SPP a Regional Operational Programme will also be prepared. This Regional Operational Programme will form the basis for the preparation of a Pilot Regional Development Programme to be implemented through this project.

Furthermore, a number of preparatory activities are needed in order to accommodate the participation of Cyprus in INTERREG III, especially under INTERREG III (A) where Cyprus is expected to participate in the pre-accession period in co-operation with Greece. Preparatory activities are also necessary for the participation of Cyprus in the Cohesion Fund.

3.2 Linked activities:


This project is expected to start being implemented before end 2001. The budget of the project is 170,000 Euro and the activities undertaken, that have been mentioned above, aim at the strengthening of the capacity of Cyprus to manage Structural Funds, upon accession.

3.3 Results:

Development Plan

- Development Plan, covering the period from 2003 to 2006;
- Cypriot officials trained in the formulation of programming documents, according to the relevant EU Regulations;
• Cypriot officials trained in the preparation of feasibility and other studies for programmes/projects of regional/sectoral/human resource development nature;

Pilot Regional Development Programme
• Investment activities within the pilot integrated regional development programme implemented;
• Managing Authority and Paying Authority in place;
• Monitoring Committee and support structures set-up according to EU Regulations;
• Cypriot officials trained in the management and co-ordination of Structural Funds;
• Management Information System in place;
• Cypriot officials trained in the use of the Management and Information System for Structural Funds;

Enhancement of administrative capacity for the programming and implementation of the Cohesion Fund
• Programming documents (identification of projects) for the Cohesion Fund
• Administrative structures for the Cohesion Fund in place;

Preparatory activities for the participation in INTERREG III
• Programming documents (identification of projects) for INTERREG III;
• Structures for the implementation of INTERREG III in place;

3.4 Activities:
The project will focus on the following activities:

3.4.1 Development Plan
The Medium Term Strategic Development Paper, to be prepared under the Special Preparatory Programme for Structural Funds (SPP), will provide the basis for the Development Plan (covering the period from 2003 to 2006) according to the relevant Regulation of the EU.

The Government of Cyprus is committed within the framework of the accession negotiations to submit the Development Plan by accession. The process for the formulation of this Plan will involve the Planning Bureau, as the co-ordinating body for the medium-term development policy, as well as the line ministries.

The officials from the Planning Bureau and the line Ministries, who will be involved in the management of Structural Funds and the formulation of programming documents, need to receive specific training.

This component of the project will provide to the Planning Bureau and the line Ministries the necessary technical assistance to:
• prepare sectoral and regional background studies for the formulation of the Development Plan;
• formulate the Development Plan covering the period from 2003 to 2006, in accordance with EU Regulations;
• prepare programming documents, feasibility studies, cost-benefit analysis, and other studies for various programmes to be included in the Development Plan;
• prepare detailed guidelines for the preparation of programming documents;
3.4.2 Pilot Regional Development Project

The implementation of a pilot regional development programme in accordance with the Structural Funds Regulations, including thus the necessary institutional building measures, will be of most benefit for the Cypriot authorities. More specifically, the administrative capacity of the government authorities can be further enhanced through the implementation of a pilot regional development programme in order to "pilot test" the institutional structures that will be set up and gain also practical experience in the implementation of Structural Funds. The investment activities to be included in the pilot programme will be decided through the Regional Operational Programme, which will be prepared under the SPP.

The pilot programme will also include the relevant institutional measures since certain adjustments are still needed for the efficient management of the Structural Funds upon accession. More specifically, it will be necessary to set up the Managing Authority, the Paying Authority, as well as other structures and mechanisms within the various implementing agencies.

Furthermore, the efficient implementation of the Structural Funds will require the use of advanced information systems, both for the efficient communication between the Managing Authority and the Implementing Authorities, and for the monitoring of structural actions. In this respect, this component will also assist in the development of a Management and Information System that should support the efficient management and monitoring of the pilot programme.

In addition to the above, the officials from the Planning Bureau and the line Ministries, who will be involved in the management of Structural Funds will be trained accordingly.

This component of the project will include the following:

- implementation of investment activities within a pilot integrated regional development programme;
- implement the following institution building measures:
  - set-up the structures in the Managing Authority for the co-ordination and other horizontal competencies relating to Structural Funds;
  - set-up structures for the Paying Authority;
  - set-up structures for the lead authorities for Funds and Community Initiatives;
  - set-up the Monitoring Committee and support structures;
  - design and implement a special training programme for the Planning Bureau and other relevant authorities, in order to improve their knowledge of Structural Funds rules and procedures, the management of the various Funds and certification of compliance with other policies;
- design and develop a Management and Information System,
  - provide associated training of system administrators and end-users;
  - procure specialised hardware for the development and operation of the system.
3.4.3 Enhancement of administrative capacity for the programming and implementation of the Cohesion Fund

This activity will cover the enhancement of the administrative capacity of Cyprus authorities to programme and implement the Cohesion Fund, thus including both the setting-up of organisational structures for the management of Cohesion Fund as well as the preparation of programming documents and identification of eligible (pipeline) projects.

This component of the project will provide the Planning Bureau and other competent authorities (including local authorities) with the necessary technical assistance to:

- identify projects and prepare necessary programming documents to be financed by the Cohesion Fund;
- assess the existing structures regarding programming and management of the Cohesion Fund;
- assess the capacity of the two lead Ministries, i.e. Ministry of Communications and Works and Agriculture, Natural Resources and Environment, as well as the Implementing Agencies;

3.4.4 Preparatory activities for participation in INTERREG III

Cyprus has declared its interest to participate in the Community Initiatives under the EU Social and Cohesion Policy. Already a cross-border programme has been proposed in cooperation with Greece under INTERREG III (A). In order to set-up the structures for the management of the cross-border programme as well as other strands of the INTERREG III Initiative and to identify eligible project a number of preparatory activities are necessary.

This component of the project will provide Planning Bureau and other competent authorities (including local authorities) with the necessary technical assistance to:

- identify project eligible for cross-national cooperation in the ARCHIMED region within the framework of INTERREG III (B) as well as for interregional co-operation within the framework of other Community Initiatives;

4. Institutional Framework

The Planning Bureau is the institution which co-ordinates and manages the administrative co-operation with the EU. The structure and organisation of the Planning Bureau and its functions and responsibilities with respect to the relations between Cyprus and the EU, as described below, allow for the efficient management of the financial and technical co-operation with the EU, with a view to maximise beneficial results for Cyprus.

Structure and Organisation of the Planning Bureau

The Planning Bureau has been in existence since 1961. It is composed of two divisions, each one comprising a number of directorates as follows:

- **Economic Planning Division**
  - Directorate for Economic Relations with the European Union
  - Directorates for Sectoral Economic Policy, Studies and Project Evaluation (2 Directorates)
  - Directorate for Macroeconomic Policy, Research and Studies

- **Economic Co-ordination Service**
  - Directorate for the Public Development Programme of the Budget
  - Directorate for the International Economic Relations and General Administrative Work
Functions and Responsibilities of the Planning Bureau, with respect to Structural Funds

The Planning Bureau is envisaged to be the single Managing Authority for the Structural Funds. These functions will be assumed by a Special Unit for the Management of Structural Funds that has been formulated within the Planning Bureau. The aim of the Special Unit for the Management of Structural Fund is to ensure that all mechanisms will have been put in place for the management of Structural Funds, by accession.

The Directorate for Economic relations with the European Union is furthermore responsible for the following:
- Follow up of the developments in the European Union and evaluation of the implications on the Cyprus economy from the harmonisation process and the future full membership status;
- Co-ordination, at the technocratic level, of the preparation for the accession negotiations;
- Co-ordination of the preparation and final formulation of the National Programmes for the Adoption of the Acquis (NPAA);
- Preparation of studies, policy positions and recommendations for the accession course and the harmonisation of relevant policies in the various sectors with those in the Union;
- Medium-term planning of all the necessary actions for the promotion of the accession course within the Strategic Development Plans;
- Co-ordination of the realisation of the harmonisation process through the development provisions of the Government Budget;
- Co-ordination of the utilisation of the pre-accession aid granted to Cyprus;
- Co-ordination of Cyprus participation in programmes/initiatives, agencies and committees of the European Union.

The Planning Bureau and more specifically the Special Unit for the Management of Structural Funds will support the implementation of this project by assuring the necessary organisational environment, making available the necessary personnel and by covering the cost of the national experts, the required infrastructure and equipment and the related running and administrative costs.

5. Detailed Budget

<table>
<thead>
<tr>
<th>Details of Project</th>
<th>Investment (1)</th>
<th>Institution Building (2)</th>
<th>Total EU financing (= I+IB)</th>
<th>National Co-financing</th>
<th>IFI</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Plan</td>
<td>0.10</td>
<td>0.10</td>
<td>0.12</td>
<td>0.02</td>
<td>0.12</td>
<td>0.26</td>
</tr>
<tr>
<td>Pilot Regional Development Programme</td>
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<td>0.10</td>
<td>0.37</td>
<td>0.07</td>
<td>0.44</td>
<td></td>
</tr>
<tr>
<td>Enhancement of administrative capacity for the programming and implementation of the Cohesion Fund</td>
<td>0.03</td>
<td>0.03</td>
<td>0.03</td>
<td>0.01</td>
<td>0.04</td>
<td></td>
</tr>
<tr>
<td>Preparatory activities for INTERREG III</td>
<td>0.03</td>
<td>0.03</td>
<td>0.03</td>
<td>0.01</td>
<td>0.04</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>0.27</td>
<td>0.26</td>
<td>0.53</td>
<td>0.11</td>
<td>0.64</td>
<td></td>
</tr>
</tbody>
</table>

(1) - In relation to equipment, software, documentation and related services (installation, testing, training etc.);
(2) - In relation to training, changes in organisation, procedures, legislation, etc.
6. **IMPLEMENTATION ARRANGEMENTS**

6.1 **Implementing Agency:**
The Implementing Agency of the Project will be the Planning Bureau. The Ministry of Labour and Social Insurance, the Ministry of Agriculture, Natural resources and Environment and the Treasury Department of the Republic will also be involved. The contact person for the project is Ms. Marina Jensen, Director, Planning Bureau, tel: +357-2-302729, fax:+357-2-666810, e-mail: planning@cytanet.com.cy.

6.2 **Twinning**
N/A

6.3 **Non-standard aspects**
The project will be managed according to the Decentralised Implementation System (DIS) rules.

6.4 **Contracts**
It is envisaged to implement this project through maximum 4 contracts awarded through open tender procedures or through Twinning Light. Such approach will maximise the effectiveness of the project activities, will produce economies of scale, will facilitate the co-ordination and will reduce the administrative burden.

7. **IMPLEMENTATION SCHEDULE**

7.1 **Start of tendering/call for proposals:** March 2002

7.2 **Start of project activity:** June 2002

7.3 **Project completion:** October 2003

8. **EQUAL OPPORTUNITY**

Article 28 of the Constitution safeguards the right of all persons to equality before the law, the administration and justice and of equal protection there of and treatment thereby. Any direct or indirect discrimination against any person on the grounds of his/her sex is prohibited.

Furthermore, the prevailing legislation with respect to equality of treatment for men and women is partly in conformity with the Acquis Communautaire. The following laws currently enforce equal opportunity issues: the Equal Pay between Men and Women for Work of Equal Value Law (158/89), the Protection of Maternity Law (100(I)/97), the Termination of Employment Law (24/67) as amended, and the Commissioner for Administration Law (Law 3/91) as amended.

Cyprus has ratified by the Law 39/62 the European Convention for the Protection of Human Rights and Fundamental Freedoms. Various international Conventions which guarantee equal rights between men and women have also been ratified.

The Planning Bureau is an equal opportunities employer.

9. **ENVIRONMENT**
N/A

10. **RATES OF RETURN**
N/A
11. **INVESTMENT CRITERIA**
N/A

12. **CONDITIONALITY AND SEQUENCING**

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**ANNEXES TO PROJECT FICHE**
1. Logical framework matrix in standard format
2. Detailed implementation time chart in standard format
3. Contracting and disbursement schedule by quarter for full duration of project
### LOGFRAME PLANNING MATRIX FOR

**PROJECT:** Strengthening of the programming and management capacity for the implementation of Structural Funds

<table>
<thead>
<tr>
<th>Overall Objective</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective programming and implementation of Structural and Cohesion Funds.</td>
<td>• Economic and Social cohesion policy developed&lt;br&gt;• Regional disparities decreased</td>
<td>• Rate of funds absorption&lt;br&gt;• National and Regional Statistics</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Purpose</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support to Cypriot officials in the preparation and formulation of Structural Funds' Development Plan and programming documents; enhancement of Structural Funds administrative capacity through the implementation of a pilot regional development programme; enhancement of administrative capacity for the programming and implementation of the Cohesion Fund; preparatory activities for INTERREG III.</td>
<td>• Mechanisms in place for the management of Structural Funds</td>
<td>• Implementation of Structural Funds: preparation of NDP, preparation of Operational Programmes and Programme Complements.&lt;br&gt;• Progress reports submitted to the EU, as per the requirements of Structural Funds Regulations.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Plan</td>
<td>• Development Plan, covering the period from accession to 2006;&lt;br&gt;• Detailed guidelines for the preparation of programming documents;&lt;br&gt;• Cypriot officials trained in the formulation of programming documents, according to the relevant EU Regulations;&lt;br&gt;• Cypriot officials trained in the preparation of feasibility and other studies for programmes/</td>
<td>• Development Plan prepared&lt;br&gt;• Guidelines prepared and in use&lt;br&gt;• Cypriot officials trained, applying the acquired knowledge</td>
<td>• Council of Ministers Decision&lt;br&gt;• Published guidelines&lt;br&gt;• Staff job description&lt;br&gt;• Training materials&lt;br&gt;• Certification of attendance</td>
</tr>
</tbody>
</table>
### Activities

<table>
<thead>
<tr>
<th>Development Plan</th>
<th>Pilot Regional Development Programme</th>
<th>Enhancement of administrative capacity for the programming and implementation of the Cohesion Fund</th>
<th>Preparatory activities for INTERREG III</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical assistance to</td>
<td>• Investment activities within the pilot integrated regional development programme implemented;</td>
<td>• Programming documents (identification of projects) for the Cohesion Fund</td>
<td>• Programming documents (identification of projects) for INTERREG III</td>
</tr>
<tr>
<td>- prepare sectoral and regional background studies for the formulation of the NDP;</td>
<td>• Managing Authority and Paying Authority in place;</td>
<td>• Administrative structures for the Cohesion Fund in place;</td>
<td>• Structures for the implementation of INTERREG III in place</td>
</tr>
<tr>
<td>- formulate the NDP;</td>
<td>• Monitoring Committee and support structures set-up according to EU Regulations.</td>
<td>• List of Pipeline projects prepared.</td>
<td>• List of projects prepared</td>
</tr>
<tr>
<td>- prepare programming documents, feasibility</td>
<td>• Management Information System in place;</td>
<td>• Annual budget.</td>
<td>• List submission to the EU.</td>
</tr>
<tr>
<td></td>
<td>• Cypriot officials trained in the use of the Management and Information System for Structural Funds;</td>
<td>• Published organisational structures and staff job description.</td>
<td>• Published project documents.</td>
</tr>
<tr>
<td></td>
<td>• Monitoring Committee and support structures operational.</td>
<td>• Training materials</td>
<td>• Published organisational structures and staff job description.</td>
</tr>
<tr>
<td></td>
<td>• Trained personnel.</td>
<td>• Certification of attendance</td>
<td>• List submission to the EU.</td>
</tr>
<tr>
<td></td>
<td>• Management Information System implemented and in use.</td>
<td>• Progress reports of the project.</td>
<td>• Progress report of the INTERREG III A programme with Greece</td>
</tr>
<tr>
<td></td>
<td>• Cypriot officials trained in the use of the Management and Information System for Structural Funds;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Studies, cost-benefit analysis etc. to be included in the NDP;</td>
<td></td>
<td>Project personnel selected on the basis of skills and experience.</td>
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<tr>
<td>---</td>
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<tr>
<td>- prepare detailed guidelines for the preparation of programming documents;</td>
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</tbody>
</table>

**Pilot Regional Development Programme**

- implementation of investment activities within a pilot integrated regional development programme;
- implementation of the following institution building measures:
  - set-up the structures in the Managing Authority for the co-ordination and other horizontal competencies relating to Structural Funds;
  - set-up structures for the Paying Authority;
  - set-up structures for the lead authorities for Funds and Community Initiatives;
  - set-up the Monitoring Committee and support structures;
  - design and implement a special training programme for the Planning Bureau and other relevant authorities, in order to improve their knowledge of Structural Funds rules and procedures, the management of the various Funds and certification of compliance with other policies;
- design, development and implementation of a Management and Information System
  - provide associated training of system administrators and end-users;
  - procure specialised hardware for the development and operation of the system
- Framework Contract/Twinning Light
- Service contract awarded as result of open tender procedures.

Full commitment of management and staff.
Timely availability of adequate resources.
Project personnel selected on the basis of skills and experience.
<table>
<thead>
<tr>
<th><strong>Enhancement of administrative capacity for the programming and implementation of the Cohesion Fund</strong></th>
<th></th>
<th><strong>Preparatory activities for INTERREG III</strong></th>
</tr>
</thead>
</table>
| Technical assistance to:  
- identify projects and prepare necessary programming documents to be financed by the Cohesion Fund;  
- assess the existing structures regarding programming and management of the Cohesion Fund;  
- assess the capacity of the Ministry of Communications and Works and of the Ministry of Agriculture, Natural Resources and Environment and the Implementing Agencies. | • Framework Contract/Twinning Light |  
|  |  | Full commitment of management and staff.  
Timely availability of adequate resources.  
Project personnel selected on the basis of skills and experience.  
Preparatory activities for INTERREG III | • Framework Contract/Twinning Light |  |  
| Technical assistance to:  
- identify projects and prepare all relevant documents for cross border cooperation;  
- identify programmes eligible for cross-national cooperation in the *ARCHIMED region* within the framework of INTERREG III (B) as well as for interregional co-operation within the framework of other Community Initiatives; |  | Full commitment of management and staff.  
Timely availability of adequate resources.  
Project personnel selected on the basis of skills and experience. |
## Annex 2

### DETAILED TIME IMPLEMENTATION CHART FOR THE PROJECT

<table>
<thead>
<tr>
<th>COMPONENT</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>J</td>
<td>F</td>
<td>M</td>
</tr>
<tr>
<td>Development Plan</td>
<td>D</td>
<td>D</td>
<td>C</td>
</tr>
<tr>
<td>Pilot Regional Development Programme</td>
<td>D</td>
<td>D</td>
<td>C</td>
</tr>
<tr>
<td>- Framework Contract/Twinning Light</td>
<td>D</td>
<td>D</td>
<td>C</td>
</tr>
<tr>
<td>- Service Contract</td>
<td>D</td>
<td>D</td>
<td>C</td>
</tr>
<tr>
<td>Enhancement of administrative capacity for the programming and implementation of the Cohesion Fund</td>
<td>D</td>
<td>D</td>
<td>C</td>
</tr>
<tr>
<td>Preparatory Activities for INTERREG III</td>
<td>D</td>
<td>D</td>
<td>C</td>
</tr>
</tbody>
</table>

D = Design  
C = Contracting  
I = Implementation  
X = Closure
Annex 3

CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE

(Million EURO)

<table>
<thead>
<tr>
<th></th>
<th>31/12/01</th>
<th>31/03/02</th>
<th>30/06/02</th>
<th>30/09/02</th>
<th>31/12/02</th>
<th>31/03/03</th>
<th>30/06/03</th>
<th>30/09/03</th>
<th>31/12/03</th>
<th>31/03/04</th>
<th>30/06/04</th>
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</thead>
<tbody>
<tr>
<td>CONTRACTED</td>
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<td></td>
<td></td>
<td>0.38</td>
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<tr>
<td>DISBURSEMENT</td>
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<td>0.44</td>
<td>0.51</td>
<td>0.53</td>
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</tbody>
</table>

NB: 1. All contracting should normally be completed within 6-12 months and must be completed within 24 months of signature of the FM.
2. All disbursements must be completed within 36 months of signature of the FM.