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 Czech Republic, 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 of 6th August 1997 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: CZ01.13
Title: 2001 Phare Cross-border Co-operation Programme for the Czech Republic-Poland
Duration: Until 30/11/2003

ARTICLE 2 - COMMITMENT OF THE COMMUNITY

The financial contribution of THE COMMUNITY is fixed at a maximum of 10 MEUR 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 30/11/2003 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 30/11/2005. 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:

European Commission Delegation in the Czech Republic
Pod Hradbami 17
160 00 Praha 6
Czech Republic
Tel: +420-2-2431 2835
Fax: +420-2-2431-2850

for THE RECIPIENT:

Ministry of Finance of the Czech Republic
National Aid Co-ordinator,
Letenska 15
118 10 Praha 1
Czech Republic.

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 Prague
Date 13-12-2001

for THE RECIPIENT

Tomas Potmesil
The Deputy-Minister of Finance of the Czech Republic

for THE COMMUNITY

Ramiro Cibrian
Head of the Commission Delegation

Encl
1. Framework Agreement (Annexes A & B)
2. Special Provisions (Annex C)
3. Visibility/Publicity (Annex D)
ANNEX C – SPECIAL PROVISIONS

4. OBJECTIVES, DESCRIPTION AND CONDITIONALITY

The general objective of the Phare cross border co-operation programme (Article 3, Commission Regulation No. 2760/98) is to promote co-operation of border regions in Central and East European Countries with adjacent regions in a neighbouring country. The programme seeks to help these regions to overcome specific development problems resulting, inter alia, from their relative isolation in the framework of national economics, in the interest of the local population and in a manner compatible with the protection of the environment. It also supports the establishment and development of co-operative networks on either side of the border and the creation of linkages between these networks and wider Community networks.

4.1.2 Specific Objectives

More specifically, the objectives of the 2001 Phare Cross Border Co-operation Programme for the Czech Republic and Poland are:

- To support the Czech Republic’s and Polish Republic’s transformation process and to facilitate the process of European integration;
- To support the further development of the economic potential of border regions by strengthening existing structures, increasing the competitiveness of enterprises, and reviving the overall economy on both sides of the border;
- To overcome problems burdening the border areas, including pollution of the environment and inadequate infrastructure that has an impact on both sides of the border;
- To reduce the peripheral character of these areas, thereby improving the quality of life and creating a co-operative network on both sides of the border.

4.2 Programme Description

In accordance with the Joint Programming Document, the 2001 programme for Polish-Czech cross-border cooperation identifies three priority areas for measures on both sides of the common border. The following priorities have been selected:

- Environment: provision of efficient sewers and sewage treatment systems
- Economy: development of efficient and dense road network for local cross-border traffic
- Social Sphere: social activation of local population centres based on the advantages of their cross-border location (people-to-people and institution building)

The preparation process for the 2001 programme, involved an overall review of the economic and social situation in the border regions and a programming workshop with the regional stakeholders, supported these priorities. The programme includes allocations for large infrastructure projects in the above priority areas (transport on both the Czech and on the Polish side) and for a Joint Small Projects Fund. All projects to be supported under the programme will be co-financed from Czech and Polish sources, primarily from resources of the communities in the Czech - Polish border region and of the respective Czech and Polish Governments. The Joint Co-operation Committee (JCC), established on 9th April, 1999, agreed on the programme composition at its meeting in Prague on
26th April, 2000. The criteria for project selection include the cross border impact of projects, methods of project co-financing, and project impact on the environment.

An initial screening has been carried out to assess the programme’s effect on Small and Medium Enterprises. As a result, a fuller assessment is not required. The implementation of the investment projects and of the small projects fund will contribute indirectly to the creation and growth of small and medium businesses.

The JCC approved the following projects (the projects are summarised in fiche format in annex to this document).

4.2.1 **CZ – Praded Euroregion – Communal Waste Water Treatment – CZ01.13.01**

The aim of this project is to reduce the contamination of the watercourses flowing into Poland that are being used as water supply sources on the Polish side of the border. The project should reduce the load substance amounts in wastewater in and around the towns and villages of Albrechtice, Javorník, Úvalno, Mikulovice, Krnov, Bernartice, Bruntál, Dívčí hrad and Zlaté Hory, thus improving the Jeseníky Protected Landscape Area underground water protection. Refurbishing and increasing the treatment capacity of the wastewater treatment plant in Bruntál should contribute to the reduction of the contamination by municipal wastewater of Černý potok and, effectively, the Moravice river feeding into the Slezská Harta water reservoir which, along with the Kružberk reservoir, is the major drinking- water supply source for the entire Ostrava agglomeration, as well as for some towns and villages in Poland. The activities to benefit from Phare co-financing under this project should result in the completion of the local sewerage and WWTP development in Praded Euroregion towns and villages, and include all relevant construction work and supplies of technology to achieve this goal.

4.2.2 **CZ – Reconstruction of access roads II/311 and II/319 to Orlicke Zahori – Mostowice border crossing - CZ01.13.02**

The aim of this project is to improve access to the border-crossing on the road from Orlicke Zahori to the border crossing at Mostowice, and constitutes a continuation of a project financed under the 2000 CR-PL CBC programme. It should result in the renovation of roads II/311 and II/319 for a total length of 19.27 km and 6 bridges for a total length of 21.15 metres. Activities co-financed by Phare under this project should include construction works, such as the removal of the existing road surface (milling), renovation and recovery of the existing bituminous layers, deepening of ditches and modification of the existing drainage system, renovation of passes, bridge repair works, ground works and green areas recovery. More specifically, the activities to benefit from Phare co-financing under this project should include all necessary construction works required as part of the renovation scheme, i.e. 19.27 km of secondary road bitumen surface (total surface area of 115.620 m² and minimum paving width of 5 m, and 21,15 m bridges (total surface area of 149,22 m²).

The cross-border impact of the two above projects under the respective JPD priorities has been confirmed explicitly by the Polish side. In addition, the projects will be co-financed by the Czech authorities and have been confirmed as ready for implementation.

4.2.3 **PL – Kamienna Gora By-pass – PL01.09.01**
The project will result in the construction of the 3.3 km by-pass for the town of Kamienna Gora by-pass (stage I) in the course of the national road No 5 from Jeleniogórskaa street to Przedwojowa street. Construction of the by-pass along the section from Jeleniogórskaa street (road No 367) to the junction with the modernised section of the road in the area of Przedwojów will significantly improve access to the PL-CZ border crossing in Lubawka. Currently heavy traffic is slowed down and severely congests the centre of Kamienna. This traffic is very detrimental for the natural environment, the dwelling houses and the urban canalization / piping. The works include the construction of a road section of class GP/1/2, a carriageway width 7.00m with 2.0m hard shoulders on both sides, construction of bridge structures, protection of existing underground infrastructure.

4.2.4 PL – Raciborz BCP link – PL01.09.02

The project will result in the construction of the ring road and Voivod road 916 located in and around the town of Raciborz, close to the PL-CZ border. The construction is in line with the traffic study funded by bilateral assistance from Netherlands. The Statement for supporting the modernization of the road no 1/46 Opava-Sudice and road no 916 Pietraszyn-Raciborz has been signed by Polish and Czech local authorities, dated 3.12.1999. Modernization of theses roads will considerable increase traffic safety and limit congestion. Construction of new 866,22m road section will form centre ringroad and local road communication intersection. There are two linked investments. The first is the construction of the Raciborz’ centre ringroad by the construction of a new 866,22m road section, reconstruction of sewege systems, reconstruction of 1362 m rainfall drains, providing information centres, reconstruction of the bus station. Secondly comes the modernization of a 3.12km section of the voivodship road no 916 (Raciborz-state border) including adjustment of verges, pavements, driveways to estates and fields and raising them up to road level, regulation of drainage ditches, and road surfacing and drainage.

The cross-border impact of the two above projects under the respective JPD priorities has been confirmed explicitly by the Czech side. In addition, the projects will be co-financed by the Polish authorities and have been confirmed as ready for implementation.

4.2.5 Joint Small Projects Fund (JSPF) – CZ01.13.03 & PL01.09.03

The Joint Small Projects Fund (JSPF) supports the key objectives of the Polish-Czech CBC Programme, namely to help the border regions to overcome specific development problems resulting from their relative isolation in the framework of national economics; the JSPF also supports the establishment and development of co-operative networks on both sides of the border and the creation of linkages between these networks and wider European Union networks. The purpose of the support of these projects is to encourage local involvement and to facilitate the implementation of small-scale actions, which may constitute the basis for larger cross-border cooperation projects. Priority will be given to projects that are planned, selected and realised jointly by Czech and Polish partners and supported from both JSPFs on the Czech and on the Polish side. The JSPF aims also at the building and developing of specialist resources for local and regional institutions involved in regional development, groundwork and implementation of cross-border projects in line with EU practice.

The JSPF shall support local and regional development across the border through small-scale activities in the fields mentioned in Article 5.1 j) to n) of the Commission Regulation No. 2760/98 of
18 December 1998. Special attention will be given to measures with a strong cross-border cooperation character which are planned in close cooperation between the regional and local authorities in the border areas and which include the establishment or development of shared management structures intended to widen and deepen cross-border cooperation between public and para-public agencies as well as non-profit organisations. Only non-profit making entities are eligible.

The maximum grant per project (Phare contribution) is 50,000 EUR, and the minimum grant is 1,000 EUR and the beneficiary’s co-financing contribution to the project is min. 10% of the budgeted project cost.

The Small Projects Facility will not include physical investments other than small infrastructure not generating substantial net revenue.

Up to 7% of the Phare contribution may be used for expenditure relating to the preparation, selection, appraisal and monitoring of the assistance.

The JSPF will be implemented in accordance with Commission Regulation 2760/98, article 5.1 and 2; the Practical Guide to Phare, ISPA and SAPARD contract procedures, Section 6; the Phare 2000 Review communication, section 5.1.5, para 6, in conjunction with section 5.1.4; and the Phare Programming Guide 2001, in particular sections 8.2.3 f), 9 and 9.1, and its annex 4 (grant schemes checklist). Implementation of the JSPF is conditional on prior verification and approval of the scheme by the Delegation.

A Regional Steering Committee has been established for the whole Czech-Polish border region and is the principle responsible institution for the operation of the JSPF, under the auspices of the relevant Implementing Agencies identified in Section 6. An operational Agreement has been signed between the two Implementing Agencies for the implementation of the JSPF.

All investment projects, which according to the rules stipulated in Directive 85/337/CEE, as amended by Directive 97/11, require an Environmental Impact Assessment, should be the subject of an Environmental Impact Assessment. If the directive has not yet been fully transposed, the procedure should be similar to that established by the above-mentioned directive.

All investment projects shall be carried out in compliance with the relevant Community environmental legislation. The Project Fiches will contain specific clauses on compliance with the relevant EU-legislation in the field of the environment according to the type of activity carried out under each investment project.
5. Budget

The total financial commitment under the Phare CBC Programme 2001 Czech Republic - Poland in support of the projects described in section 4 above amounts to 10 MEUR, as follows:

<table>
<thead>
<tr>
<th>No.</th>
<th>Projects</th>
<th>Total Cost (M€)</th>
<th>Phare Allocation (M€)</th>
<th>CZ / PL co-financing Allocation (M€)</th>
<th>Indicative Split Between IB / Inv.</th>
</tr>
</thead>
<tbody>
<tr>
<td>CZ01.13.01</td>
<td>Praded Communal WWT</td>
<td>4,092</td>
<td>2,300</td>
<td>1,792</td>
<td>2,300</td>
</tr>
<tr>
<td>CZ01.13.02</td>
<td>Orlicke Zahorí- Mostowice – Road</td>
<td>3,185</td>
<td>2,200</td>
<td>0,985</td>
<td>2,200</td>
</tr>
<tr>
<td>CZ01.13.03</td>
<td>JSPF</td>
<td>0,575</td>
<td>0,500</td>
<td>0,075</td>
<td>0,500</td>
</tr>
<tr>
<td>CZ01.13</td>
<td>Sub-programme CZ</td>
<td>7,852</td>
<td>5,000</td>
<td>2,852</td>
<td>4,500</td>
</tr>
<tr>
<td>PL01.09.01</td>
<td>Kamienna Gora By-pass</td>
<td>4,800</td>
<td>2,500</td>
<td>2,300</td>
<td>2,500</td>
</tr>
<tr>
<td>PL01.09.02</td>
<td>Raciborz BCP link</td>
<td>4,167</td>
<td>2,000</td>
<td>2,167</td>
<td>2,000</td>
</tr>
<tr>
<td>PL01.09.03</td>
<td>JSPF</td>
<td>0,660</td>
<td>0,500</td>
<td>0,160</td>
<td>0,500</td>
</tr>
<tr>
<td>PL01.09</td>
<td>Sub-programme PL</td>
<td>9,627</td>
<td>5,000</td>
<td>4,627</td>
<td>4,500</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>17,479</td>
<td>10,000</td>
<td>7,479</td>
<td>9,000</td>
</tr>
</tbody>
</table>

6. IMPLEMENTATION ARRANGEMENTS

Czech Republic:

The programme will be managed in accordance with the Phare Decentralised Implementation System (DIS) procedures. The National Aid Co-ordinator (NAC) will have overall responsibility for programming, monitoring and implementation of Phare programmes. The National Aid Co-ordinator and the National Authorising Officer shall be jointly responsible for co-ordination between Phare (including Phare CBC), ISPA and SAPARD.

A National Fund (NF) in the Ministry of Finance, headed by the National Authorising Officer (NAO), will supervise the financial management of the Programme. The National Authorising Officer shall have overall responsibility for financial management of the PHARE funds. He shall ensure that the PHARE rules, regulations and procedures pertaining to procurement, reporting and financial management, as well as Community State aid rules, are respected, and that a proper reporting and project information system is functioning. The National Authorising Officer shall have the full overall accountability for the PHARE funds of a programme until the closure of the programme.

Appropriate financial control shall be carried out by the competent National Financial 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 the Czech Republic on 12 October 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 by the EC to the NF following signature of the Financing Memorandum and the Financing Agreement (FA) between the NF and the Implementing Agency (IA). The provisions foreseen in articles 2 and 13 of the MoU on the NF must also be met. Furthermore, the NAO must submit to the Commission the designation of the PAO and the description of the system put in place, highlighting the flow of information between the NF and the IA 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 total budget has been disbursed by the IA. 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 HQ, no replenishment request may be made if the aggregate of the funds deposited in the NF and the IA 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 Ministry for Regional Development in conjunction with its Centre for Regional Development will be the IA for the entire Programme.

The NF will transfer funds to the IA in accordance with the Financing Agreement (FA) signed between the NF and the IA. Each individual FA will be endorsed in advance by the European Commission. In cases where the NF is itself the paying agent for the IA there will be no transfer of funds from the NF to the IA. The IA will be headed by a Programme Authorising Officer (PAO) nominated by the Minister for Regional Development and appointed by the NAO after consultation with the NAC. The PAO will be responsible for all the operations carried out by the IA.

A separate bank account, denominated in EUR will be opened and managed by the NF in a separate accounting system in the Central Bank. 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 the IA.

The NAO and the PAO will ensure that all contracts are prepared in accordance with the procedures set out in the DIS Manual if not otherwise stated in the Financing Memorandum. The project as described under point 4.2.3 (JSPF - CZ01.13.03) will be implemented in accordance with the General Guidelines of the Commission for Small Projects Funds and with the Czech Guidelines for the SPF endorsed by the Commission.

All funds must be contracted by 30 November 2003. All disbursements must be made by 30 November 2005. Any funds not used by the expiry date of the programme will be recovered by the Commission.
The final deadline for signature of contracts is 30 November 2003. However, in order to ensure that projects are implemented as quickly as possible, all tender dossiers (or, where applicable, requests for services or contract dossiers) must be submitted to the Commission within 6 months of signature of the FM. Any project for which the relevant documents are not submitted within the deadline specified will be cancelled and the money made available for reallocation. If funds are reallocated to a new project, the tender dossier (or other documents as applicable) must be submitted to the Commission within 3 months of the re-allocation decision or by 31 May 2003, whichever is the earlier. The legal duration of all projects will expire by 30 November 2005. Any funds not used by the expiry date of the programme will be recovered by the Commission.

All tender dossiers (or other documents as applicable) must be accompanied by a logframe matrix, in order to demonstrate the relevance, feasibility and sustainability of the final project design.

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 Implementing Agency before the official closure of the programme. The Implementing Agency 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 Implementing Agency 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.

Poland:

The programme will be managed in accordance with the Phare Decentralised Implementation System (DIS) Procedures. 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 financial 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 Poland on 24 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 Agency (IA). The Implementing Authority for the Phare Cross Border Co-operation Programme will be under the supervision of a Director within the Ministry of Internal Affairs and Administration; the final responsibility lies with the PAO. The Implementing Agency is the Implementing Authority.

The provisions foreseen in articles 2 and 13 of the MoU on the NF must also be met. Furthermore, the NAO must submit to the Commission the designation of the PAO and a description of the system
put in place, highlighting the flow of information between the NF and the IA 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 IA. 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 HQ, 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 National Fund will transfer funds to Implementing Agencies (IA) in accordance with Financing
Agreements (FAs) signed between the NFs and the IA where applicable. Each individual FA will be
endorsed in advance by the European Commission. The IA is to 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 IA.

A separate bank account, denominated in EUR will be opened and managed by the NF in a separate
accounting system in the Central Bank. 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.

The NAO and the PAOs will ensure that all contracts are prepared in accordance with the
procedures set out in the DIS Manual, except for the Joint Small Project Fund for which separate
measures have been defined by the Commission. The General Guidelines of the Commission for
Small Projects Funds and detailed guidelines developed for SPF in Poland, endorsed by the
Commission, will be applied for the JSPF. The tendering and contracting of the works will be carried
out by the recipient in accordance with the national Procurement Law of Poland together with the
following additional conditions which must be observed:

- all work contracts of an expected total value exceeding 50,000 EUR must be awarded following
  an open tendering procedure;
- every such open tender will be announced in the local press, including a publication in a
  European Union language newspaper issued in Poland;
- the Phare Programme rules of eligibility and origin must be complied with which means that
  companies must be registered in an European Union Member State or a Phare beneficiary
country, and all goods supplied must have a certificate of origin to state that the goods were
  manufactured in an European Union Member State or a Phare beneficiary country.

All funds must be contracted by 30 November 2003. All disbursements must be made by 30
November 2005. All projects must be greater than 2 million EUR unless otherwise agreed by the
Commission.

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 Implementing Agency before the official closure of the programme. The Implementing Agency 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 Implementing Agency 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.
7. **MONITORING AND ASSESSMENT**

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) which will include the NAC, the PAO of the CBC Programmes 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 consultants (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.

8. **ANTI-FRAUD MEASURES, AUDIT AND EVALUATION**

All financing memoranda as well as the resulting contracts are subject to supervision and financial control by the Commission (including the European Anti-fraud Office) and the Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out by the Delegation in the Candidate Country concerned and on-the-spot checks.

In order to ensure efficient protection of the financial interests of the Community, the Commission can conduct check-ups and inspections on site in accordance with the procedures foreseen in Council Regulation (Euratom, EC) No. 2185/96 dated from November 11, 1996, concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities.

The procedures foreseen in Art. 15 para 3 of Commission Regulation No. 2222/2000 dated from June 7, 2000, on the communication in case of irregularities and the putting in place of a system to administrate the information in this field shall apply.

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.”

9. **VISIBILITY/PUBLICITY**
The appropriate PAO 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. Further details are at the Annex III “Visibility/Publicity”.

10. **SPECIAL CONDITIONS**

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

INFORMATION AND PUBLICITY FOR THE PHARE, ISPA AND SAPARD PROGRAMMES 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, ISPA or SAPARD:

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

- measures targeting applicants for public aids part-financed by Phare, ISPA or SAPARD in the form of 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, ISPA or SAPARD 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 co-operation 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, ISPA or SAPARD Programmes, is providing financial support. The notification of aid sent to beneficiaries shall mention the amount or percentage of the assistance financed by the Programme in question. 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, ISPA or SAPARD 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, ISPA or SAPARD Programmes 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, ISPA or SAPARD 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, ISPA or SAPARD Programmes, 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 relevant Programme (Phare, ISPA or SAPARD).

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 upon request.