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: CZ9901 TO CZ9905
Title: 1999 Czech Republic National Programme
Duration: Until 31 December 2000

ARTICLE 2 - COMMITMENT OF THE COMMUNITY

The financial contribution of THE COMMUNITY is fixed at a maximum of € 16 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 2000 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 2001. 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: +4202-2431 2835
Fax: +4202-2431-2850

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 23/707/99

for THE RECIPIENT

Irmá ZLATOHŁAVKOVÁ
Deputy Minister of Finance
of the Czech Republic

for THE COMMUNITY

Ramiro Cibrian
Head of the Commission Delegation

Annex 1 Framework Agreement (Annexes A & B)
Annex 2 Special Provisions (Annex C)
ANNEX C – SPECIAL PROVISIONS

4. Objectives and Description

The 1999 Programme consists of the following Sub-Programmes and Projects:

4.A. Sub-Programme CZ9901: Strengthening the Democratic System, the Rule of Law, Human Rights and the Protection of Minorities

Project CZ9901.01: Improvement of Relations between the Roma and Czech Communities

The project will support:

1. Improvement of Relations between the Roma and Czech Communities: this will involve Phare support to ensure compliance with the Copenhagen ”political criteria” via the reinforcement of activities to support the integration of the Roma community into Czech society. Phare support will assist the Commissioner for Human Rights via the financing of multi-cultural educational activities in the State educational system (in pedagogical, philosophical and social sciences faculties; selected secondary schools, particularly vocational/professional schools; primary schools in selected regions); the training of Roma advisors and assistants employed in the State system; the financing of sociological research and of a media-based public awareness campaign.

Co-financing from the Czech Republic will be ensured for funding of the public awareness campaign.

The Project will be administered via the Central Financing and Contracting Unit (CFCU),

4.B. Sub-Programme CZ9902: Economic and Social Cohesion

Project CZ9902.01: Strengthening Competitiveness

The Project will support:

1. Restructuring of the steel industry - this will involve Phare support for the preparation of a detailed restructuring plan, based on the analysis of developments within the steel products market, of investment needs and financing possibilities, and of EC requirements in the sphere of state aids (including respect of the Europe Agreement) and environmental standards. The restructuring plan, to be approved by the Government, will result in the overall improved competitiveness of the steel industry, with suitable policy instruments in support of the necessary investments, in conversion or other measures to decrease redundant steel capacity and re-training and associated social programmes for released staff.

2. Supplier linkage and upgrading programme - with the objective of improving the competitiveness of the Czech economy through higher quality standards, this Sub-Project will involve Phare support for the facilitation of contacts between foreign investors present in the Czech Republic and potential suppliers based in the country. Foreign investors would normally prefer to source their supplies locally for cost reasons, but often import from abroad in order to ensure sufficient quality. The Sub-Project will help foreign investors to explain their requirements to potential local suppliers, and help local suppliers to meet those standards. Companies which are able to rise to the challenge will have not
only a secure market in the Czech Republic, but normally also a product which will meet
global standards for export.
3. **SME/ business support policy** - this will involve Phare support to improve the business
environment for SMEs, via the development of a national discussion group similar to the
Business Environment Simplification Taskforce, plus the establishment of minimum
national standards concerning the range, quality and effectiveness of services offered by the
existing SME support service network (23 Regional Advisory and Information Centres and
5 Business and Innovation Centres), thereby ensuring the development of a coherent
national network, and co-financing of these services.

Co-financing from the Czech Republic will be ensured for this project.

Sub-Projects 1 and 3 will be administered via the **Central Financing and Contracting Unit**
(CFCU), Sub-Project 2 will be administered via the **IA CzechInvest**.

**Project CZ9902.02: Promoting Employability / Employment Measures**

The Project will support:
1. **Preparation of a national employment and human resource development strategy and pre-
structures for the European Social Fund** – this will involve Phare support, delivered in
close co-operation with EU Member States (twinning)/DG-V, for the preparation of a
comprehensive range of European Social Fund-type mechanisms aimed at promoting
labour market flexibility and employability, including the development of administrative
and financial systems/capacities on the Czech side, covering: active labour market policies;
education, training and qualification systems; employment services; management of human
resources etc.;
2. **Support for employment and human resource development projects at national, regional
and local level** - this will involve Phare support to test the ESF-type mechanisms developed
under the above Sub-Project, as the prelude to the incorporation of these new instruments
into employment legislation. Particular emphasis will be paid to innovative projects
supporting the inclusion of disadvantaged groups into the labour market and combating
regional employment disparities.

Co-financing from the Czech Republic will be ensured.

Sub-Project 1 will be administered via the **CFCU**, Sub-Project 2 will be administered via the **IA National Training Fund**.
4.C. Sub-Programme CZ9903: Strengthening the Institutional and Administrative Capacity to Manage the Acquis

Project CZ9903.01: Strengthening Institutional and Regulatory Capacity in the Public Finance Sector

The Project will support:

1. **Internal financial control and Financial management of European Community assistance** - this will involve Phare support for the implementation of legislative and administrative reforms to ensure progressive compliance with EC principles and legal and reporting requirements in the area of internal financial control and the management of Community financial assistance. Support, in close co-operation with the EU Member States (twinning) and the EC, will involve policy advice, the review and strengthening of administrative and methodological procedures and the development of suitable instruments of control, plus extensive staff training. In addition to ensure compliance with EC requirements in the field of internal control, the sub-project will introduce an appropriate system for the management of flow of financial funds between the state budget of the Czech Republic and the EU budget (Community pre-accession assistance, future Structural Funds, Czech resources to EU budget).

2. **Tax administration** - this will involve Phare support, in close co-operation with the EU Member States (twinning) and the EC, for the systematic strengthening of the legal, institutional and administrative capacity of the tax administration system, enabling it to implement the *acquis*, in particular, but not exclusively, focused on VAT and excise duties. Phare support will involve strategic policy and institutional support and staff training, plus the development of the tax information system.

The Project will be administered via the CFCU.

Project CZ9903.02: Strengthening Institutional and Administrative Capacity in Phyto-Sanitary/ Occupational Health and Safety/ Statistics

The Project will support:

1. **Policy and administrative support, staff training of Phyto-sanitary Administration** - this will involve Phare support, building on the July 1998 DG-24 Expert’s mission report, to analyse existing administrative structures and procedures, human resources potential and testing capacities against EC requirements. Phare will support the detailed assessment of needs and the elaboration and implementation of a medium-term master-plan regarding legal, administrative and procedural reforms, staff training and equipment modernisation, for which Phare support will be provided in close co-operation with EU Member State administrations (twinning);

2. **Modernisation of specialised Phyto sanitary diagnostic laboratories** - this will involve Phare support for the technical modernisation of specialised diagnostic laboratories, ensuring that EC requirements for the determination of harmful organisms (viruses, bacteria, nematodes, fungi, etc.) are met. Further specification (as to the number of laboratories, number and types of equipment etc.) shall be based on the conclusions of the assessments of needs elaborated within the framework of the policy support part of the project.

3. **Strengthening enforcement of occupational health and safety standards** - this will involve Phare support for completion of the legislative framework and for the progressive
improvement of the administrative capacity and functioning of the Occupational Safety Office and regional Labour Inspectorates to comply with EC requirements, including standards of performance. This will be achieved in close co-operation with similar EU Member State organisations (twinning), and will include the review of draft legislation and the strategic plan elaboration on administrative reforms and staff training within the administrative regionalisation/devolution context.

4. **Statistical surveys** - this will involve Phare support for the preparation and testing/verification of suitable methodologies to allow the Czech Statistical Office to implement a series of new statistical surveys and to provide such statistical information to Eurostat. The priority areas to be covered under this Project have been highlighted during the ‘screening’ process and are not covered under the horizontal Phare statistics programme. The sub-project will cover *Harmonisation of Agricultural Statistics* [Farm register, Agrocensus 2000], *Business Register* for statistical purposes with conditions of register maintenance in the EU, and *Profiling of economic subjects*.

Co-financing from the Czech Republic will be ensured for this project. The Project will be administered via the CFCU.

**Project CZ9903.03 : Legal Approximation**

The Project will support:

1. **Legal advice** - this will involve Phare support for the provision of detailed, specialised legal advice and opinions directly related to the transposition (supporting the preparation and approval of draft legal texts) of specific EC legal measures into the Czech legal environment, to be focused on the priority sectors in the AP, plus limited support to reinforce the management and co-ordination of legal approximation by the Ministry of Justice, including support to meet the reporting requirements of the EC (TAIEX, etc.);

The Project will be administered via the CFCU.

**Project CZ9903.04: Implementation Strategy for EC Water Directives**

The Project will support:

1. **Implementing strategies in the water sector** - this will involve Phare support to contribute to the harmonisation of Czech environmental legislation *in the field of water protection* through (a) review and amendment of the legislation and necessary implementing regulations; (b) review and collection of information on areas, organisations and people affected by the legislation; (c) review and establishment of effective monitoring systems on compliance with the legislation; (d) review and improvement of enforcement mechanisms to ensure compliance; (e) review and preparation of a realistic financing strategy for the investment made necessary by the legislation, complete with costings and timings. Mainly in the following activities as Nitrate Directive, Ground Water Protection, Dangerous Substances in Water and Drinking Water. This project will also involve a small component for the review and amendment of the environment policy currently under preparation in the Ministry, in order to ensure that the strategy effectively addresses all the issues necessary for accession.

The assistance is proposed in a form of twinning with appropriate institutions responsible for state administration in the water sector in the EU Member States.

Co-financing from the Czech Republic will be ensured for this project.
The Project will be administered via the CFCU.

4.D. Sub-Programme CZ9904: Justice and Home Affairs

Project CZ9904.01: Strengthening the Operation of Law Enforcement Institutions and the Judiciary

The Project is in conformity with the Accession Partnership priorities and will support:

1. **Fight Against Economic Crime** – this will involve Phare support for strengthening the investigation and prosecution of economic criminality in close co-operation with the EU Member States institutions (twinning) to provide special assistance, staff training and necessary equipment to ensure EU Member States standards.

2. **Preparation of Schengen Implementation** - this will involve Phare support, in close co-operation with the EU Member States (twinning), for specialist assistance and staff training relating to the strengthening of the operational capacity of police border protection services, ensuring the Czech Republic’s legal, institutional, administrative and technical compliance with Schengen standards, as well as the development of the Czech National Schengen Information System;

3. **Strengthening Institutions in their Fight against Organised Crime** - this will involve Phare support for: the development of the technical and personnel skills of criminal investigation forensic units, ensuring the progressive up-grade of skills to a standard applicable by EU Member States as required by the European Network of Forensic Institutes (ENFSI) and Interpol allowing for the international recognition and accreditation of Czech laboratory results; plus equipment modernisation in the fields of the processing of visual records of suspected criminals and the detection of radioactive materials; and staff training in the field of combating terrorism;

4. **Strengthening the Operation of Law Enforcement Institutions and the Judiciary** - this will involve Phare support to improve operational capacity of the judiciary, the administrative and judicial efficiency of the district courts, to be achieved through enhanced technical/equipment capacities and improved access to information systems regarding Czech legislation and the process of approximation with EC law.

Co-financing from the Czech Republic will be ensured for this project.

The Project will be administered via the CFCU.

4.E. Sub-Programme CZ9905: Management

Project CZ9905.01: Support to National Aid Co-ordination and the CFCU

The Project will support:

1. **T.A., business trips/study visits/training, equipment, logistical support, reserve** - this will involve Phare support to provide effective programming, monitoring and management of EU Aid programmes, Phare, ISPA and SAPARD (on a degressive basis) via support to the secretariat of the National Co-ordinator and the CFCU

*This Project is conditional on conclusion of a Memorandum of Understanding (including a detailed breakdown of costs) between the National Co-ordinator and the European Commission covering the degressive phasing out of Phare support for the operational costs of Phare management*
The Project will be administered via the CFCU.

An environmental impact assessment will be carried out for all investment projects.

5. Budget

The total financial commitment under the 1999 National Phare Programme in support of the Sub-Programmes described in section 4 above amounts to 16 MECU, as follows:

<table>
<thead>
<tr>
<th>No.</th>
<th>Sub-Programme/Project</th>
<th>Allocation MEUR</th>
<th>Indicative Split IB / Inv.</th>
</tr>
</thead>
<tbody>
<tr>
<td>CZ9901</td>
<td>Strengthening the Democratic System, the Rule of Law, Human Rights and the Protection of Minorities</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>CZ9901 01</td>
<td>Improvement of Relations between the Roma and Czech Communities</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>CZ9902</td>
<td>Economic and Social Cohesion</td>
<td>5.35</td>
<td>4.15</td>
</tr>
<tr>
<td>CZ9902 01</td>
<td>Strengthening Competitiveness</td>
<td>3.35</td>
<td>3.35</td>
</tr>
<tr>
<td>CZ9902 02</td>
<td>Promoting Employability / Employment Measures</td>
<td>2.0</td>
<td>0.8</td>
</tr>
<tr>
<td>CZ9903</td>
<td>Strengthening the Institutional and Administrative Capacity to Manage the Acquis</td>
<td>5.8</td>
<td>5.15</td>
</tr>
<tr>
<td>CZ9903 01</td>
<td>Strengthening Institutional and Regulatory Capacity in the Public Finance Sector</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>CZ9903 02</td>
<td>Strengthening Phyto-Sanitary/Occupational Health and Safety/Statistical survey</td>
<td>2.1</td>
<td>1.6</td>
</tr>
<tr>
<td>CZ9903 03</td>
<td>Legal Approximation</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td>CZ9903 04</td>
<td>Implementation Strategy for EC Water Directives</td>
<td>1.0</td>
<td>0.85</td>
</tr>
<tr>
<td>CZ9904</td>
<td>Justice and Home Affairs</td>
<td>4.2</td>
<td>1.7</td>
</tr>
<tr>
<td>CZ9904 01</td>
<td>Fight Against Economic Crime</td>
<td>1.0</td>
<td>0.6</td>
</tr>
<tr>
<td></td>
<td>Preparation of Schengen Implementation</td>
<td>1.1</td>
<td>0.6</td>
</tr>
<tr>
<td></td>
<td>Strengthening Institutions in their Fight against Organised Crime</td>
<td>1.0</td>
<td>0.5</td>
</tr>
<tr>
<td></td>
<td>Strengthening the Operation of Law Enforcement Institutions and the Judiciary</td>
<td>1.1</td>
<td>1.1</td>
</tr>
<tr>
<td>CZ9905</td>
<td>Management</td>
<td>0.15</td>
<td>0.15</td>
</tr>
<tr>
<td>CZ9905 01</td>
<td>Support to National Aid Co-ordination and the CFCU</td>
<td>0.15</td>
<td>0.15</td>
</tr>
<tr>
<td>TOTAL</td>
<td>National Phare Programme 1999</td>
<td>16.0</td>
<td>11.65</td>
</tr>
</tbody>
</table>

Under separate Financing Proposals, 5 MEUR will be proposed to the Management Committee in the course of 1999, covering Czech Republic participation in Community programmes and in Tempus. The total 1999 allocation under the National Phare Programme is therefore 21 MEUR.

While the National Programme provides strong support for Institution Building (11.65 MEUR - plus a proposed 5 MEUR for Community Programmes and Tempus) and a smaller allocation
for Investment (4.35 MEUR), this reflects the sizeable allocation from Phare resources to the Cross Border Co-operation Programme in the Czech Republic.

6. Implementation Arrangements

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 financial reporting to the EC. 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 October 12, 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 MoU on the NF must also be met. The provisions in the articles titled “Implementing Agency and Programme Authorising Officer” and “Bank Accounts” of the FA must also be met. Furthermore, the NAO must submit to the Commission a narrative description of the flow of transactions between the NF and the IAs/CFCU.

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 Implementing Agencies (IA) and the Central Financing and Contracting Unit (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 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.

Twinning arrangements including long-term secondments are proposed under the following Projects: CZ9902.02, CZ 9903.01, CZ 9903.02, CZ9903.04, CZ 9904.01.

IAs will be responsible for Sub-Programmes as follows:

- **CzechInvest** will administer Project CZ9902.01 Sub-Project *Supplier Linkage and Upgrading Programme*,
- **National Training Fund** will administer Sub-Project CZ9902.02 Sub-Project *Support for Employment and Human Resource Development Projects at National, Regional and Local Level*. 
The CFCU will administer all remaining Sub-Programmes and Sub-Projects not covered by the Implementing Agencies mentioned above.

The National Fund shall open up a separate bank account denominated in € in the Central Bank (or “a Government guaranteed bank account in a Bank agreed in advance with the Commission”). This bank account shall have sub-accounts from which IAs/CFCU are entitled to execute payments in accordance with the rules set out in the FA between the NF and the IAs/CFCU. In any cases where this system cannot be implemented, specific arrangements will be agreed between the Commission Services and the NF. All bank accounts shall be interest generating. 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.

Each individual FA will be endorsed in advance by the European Commission. 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.

The NAO and the PAOs will ensure that all contracts are prepared in accordance with the procedures set out in the DIS Manual. All funds must be contracted by 31 December 2000 at the latest, with disbursements concluded by 31 December 2001 at the latest.

Any funds not used by the expiry date of the Programme will be recovered by the European 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 before the official closure of the programme.

The IA 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 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 European 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 European Commission.

The MSC will review in detail the progress of each Sub-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 implemented.

The MSC will report to the JMC, to which it will submit overall detailed reports on all Phare financed programmes.

8. **Audit, Monitoring and Evaluation**

The accounts and operations of the NF, and, where applicable, the CFCU and all relevant IAs may be checked at the European Commission’s discretion by an outside auditor contracted by the Commission without prejudice to the responsibilities of the Commission and the European Court of Auditors as referred to in the General Conditions relating to the Financing Memorandum attached to the Framework Agreement. The Commission 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 EC Delegation. Further details are at Annex 3.

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 European Commission may review the Programme with a view, at the Commission’s discretion, to cancelling all or a part of it and/or to reallocate unused funds for other purposes consistent with the objectives of the Phare Programme.
The European Commission has agreed the 1999 national programme for the Czech Republic in the framework of the Phare programme.

The European Community will contribute up to a maximum of €16 million from budget line B7-500 to this programme, which must be implemented by 31 December 2000.

The main components of this programme are as follows:

**Sub-Programme CZ9901: Strengthening the Democratic System, the Rule of Law, Human Rights and the Protection of Minorities**

**Project CZ9901.01: Improvement of Relations between the Roma and Czech Communities**

The project will involve Phare support to ensure compliance with the Copenhagen "political criteria" via the reinforcement of activities to support the integration of the Roma community into Czech society. The Project will be administered via the Central Financing and Contracting Unit (CFCU).

**Sub-Programme CZ9902: Economic and Social Cohesion**

**Project CZ9902.01: Strengthening Competitiveness**

This project consists of 3 sub-projects. Sub-project 1 will involve Phare support for the preparation of a detailed restructuring plan for the Czech steel industry. Sub-project 2 will involve Phare support for the facilitation of contacts between foreign investors present in the Czech Republic and potential suppliers based in the country. Sub-project 3 will involve Phare support to improve the business environment for SMEs.

**Project CZ9902.02: Promoting Employability / Employment Measures**

This project consists of 2 sub-projects. Sub-project 1 this will support the preparation of a comprehensive range of ESF-type mechanisms aimed at promoting labour market flexibility and employability. Sub-project 2 will involve Phare support to test the mechanisms developed under the first Sub-project.

**Sub-Programme CZ9903: Strengthening the Institutional and Administrative Capacity to Manage the Acquis**

**Project CZ9903.01: Strengthening Institutional and Regulatory Capacity in the Public Finance Sector**

This project consists of 2 sub-projects. Sub-project 1 will involve Phare support for the implementation of reforms to ensure compliance with EC principles and legal and reporting requirements in the area of internal financial control and the management of EC financial assistance. Sub-project 2 will involve Phare support for the strengthening of the legal, institutional and administrative capacity of the tax administration system.

**Project CZ9903.02: Strengthening Institutional and Administrative Capacity in Phyto-Sanitary/ Occupational Health and Safety/Statistics**

This project consists of 4 Sub-projects. Sub-project 1 will involve Phare support an assessment of needs and a medium-term master-plan regarding legal, administrative and procedural reforms, staff training and equipment modernisation. Sub-project 2 will involve Phare support for the modernisation of specialised diagnostic laboratories, ensuring that EC requirements are met. Sub-project 3 will involve Phare support for completion of the legislative framework and the improvement of the administrative capacity and functioning of the Occupational Safety Office and regional Labour Inspectorates. Sub-project 4 will involve Phare support for the preparation and testing/verification of suitable methodologies to allow the Czech Statistical Office to implement a series of new statistical surveys and to provide such statistical information to Eurostat.

**Project CZ9903.03: Legal Approximation**

This project will involve Phare support for the provision of detailed, specialised legal advice and opinions related to the transposition of specific EC legal measures.

**Project CZ9903.04: Implementation Strategy for EC Water Directives**

This project will involve Phare support to contribute to the harmonisation of Czech environmental legislation in the field of water protection.

**Sub-Programme CZ9904: Justice and Home Affairs**

**Project CZ9904.01: Strengthening the Operation of Law Enforcement Institutions and the Judiciary**

This project consists of 4 sub-projects. Sub-project 1 will involve Phare support for strengthening the investigation and prosecution of economic
criminality. Sub-project 2 will involve Phare support for specialist assistance and staff training relating to the strengthening of the capacity of police border protection services. Sub-project 3 will involve Phare support for the development of skills of criminal investigation forensic units. Sub-project 4 will involve Phare support to improve the operational capacity of the judiciary.

**Sub-Programme CZ9905: Management**

**Project CZ9905.01: Support to National Aid Coordination and the CFCU**

This project will involve Phare support to the secretariat of the National Co-ordinator and the CFCU.

**The Contracting Authority: Name, address and tel/fax nos**

**CFCU (CFA-PMU)**
Ministry of Finance of the Czech Republic
Letenska 15
11810 Praha 1
Tel. +4202 5704 4551
Fax. +4202 5704 4570

Further information about this programme can be obtained from:

(a) the Contracting Authority (as above);

(b) the Phare Internet service at:
http://europa.eu.int/comm/dg 1a/phare.

In accordance with the Phare procurement rules, only part of this programme will be procured by restricted tender.

Further tender opportunity details will be available as follows:

(a) for service tenders from the Phare Internet service at the above address. For tenders above €10 million, details will also appear in the Official Journal of the European Communities.

(b) for all supply tenders over €300,000 and for all works tenders above €1 million from the Official Journal of the European Communities.

Tenders opportunities below these amounts will also be published, but this may be done only locally.
Brussels,

DGIAB1/msv D(98)

NOTE TO HEADS OF EC DELEGATION IN ACCESSION COUNTRIES

Subject: Signature of Financing Memorandum

In order to allow for the signature of the FM by Mr Ivo Svoboda could you please urgently transmit the attached explanatory letter to him.

The attachments to the letter (FM and Exchange of Letters including the Project Fiches) will be sent to you in two originals by diplomatic pouch. Please ensure that the original letters of the Exchange of Letters are prepared in time to allow the exchange of letters for the project fiches at the same time with the signature of Financing Memorandum.

Once both the signature of the Financing Memorandum and the Exchange of Letters have taken place one set of originals is to be retained by the local authorities. As regards the second set of originals please return to Mihaela Stanescu Vlasie of DGIA/B1 one signed original Financing Memorandum, the original signed letter from the Phare Aid Co-ordinator, a copy of your signed letter of acknowledgement of project fiches and the original corresponding project fiches.

Yours sincerely,

Catherine Day

Encls to be signed and one set returned to Brussels

2x Financing Memorandum (1 back to Brussels), Exchange of Letters: - 2x Project Fiches (1 set back to Brussels with the signed letters), - 1 model letter from Head of Delegation to Phare Aid Co-ordinator (signed copy to Brussels), - 1 model letter from Phare Aid Co-ordinator to Head of Delegation (signed original returned to Brussels).
Subject: Signature of 1999 Financing Memoranda

We would like to arrange the signature of the Financing Memorandum (FM) CZ9901, CZ9902, CZ9903, CZ9904, CZ9905.

1999 Phare funded projects must be implemented according to the provisions of the project fiches and the FM. The project fiches are now ready. Your Government should submit the project fiches to the Commission. They will be agreed by means of an Exchange of Letters between Mr. Ramiro Cibrian on behalf of the Commission and the duly authorised representative of the Government of the Czech Republic. This should take place at the same time as the FM is signed. I attach a model of the letter accompanying the project fiches.

Two originals of the FM are to be signed by the duly authorised representative of the Government of Ivo Svoboda and Mr Ramiro Cibrian for the Commission at the same time as the exchange of letters agreeing the project fiches. One set of originals i.e. Financing Memorandum, the agreement letter from Mr Ramiro Cibrian and the project fiches will be retained by Your Government while the other set of originals i.e. Financing Memorandum, the letter from Your Excellency and the project fiches will be retained by the Delegation to be sent to Brussels.

Yours sincerely,

Catherine DAY

Encl - Financing Memorandum (in two originals)
Model Letter from Phare Aid Co-ordinator to Head of Delegation.
To Phare Aid Co-ordinator
Insert name and address

Standard letter from National Aid Co-ordinator to Head of Delegation

Subject: 1999 Phare National Programme for the Czech Republic, € 16 million

Further to the signature of the Financing Memorandum for the above-mentioned programme on ...(date) I am pleased to enclose herewith the project fiches for the implementation of the following projects described in Annex C of the Financing Memorandum CZ9901, CZ9902, CZ9903, CZ9904, CZ9905:

CZ990101 Improvement of Relations between the Roma and Czech Communities
CZ990201 Strengthening Competitiveness
CZ990202 Promoting Employability / Employment Measures
CZ990301 Strengthening Institutional and Regulatory Capacity in the Public Finance Sector
CZ990302 Strengthening Phyto-Sanitary/Occupational Health and Safety/ Statistical survey
CZ990303 Legal Approximation
CZ990304 Implementation Strategy for EC Water Directives
CZ990401 Fight Against Economic Crime
Preparation of Schengen Implementation
Strengthening Institutions in their Fight against Organised Crime -
Strengthening the Operation of Law Enforcement Institutions and the Judiciary
CZ990501 Support to National Aid Co-ordination and the CFCU

I confirm that the details included in the project fiches (including their annexes) are correct, and that the Government of the Czech Republic will implement each project in accordance with the modalities, budgets, time schedules and conditionalities described in the relevant fiche.

Yours sincerely,

Signature Phare Aid C-ordinator

To Head of EC Delegation
Insert name and address

Signed original to be sent to b1 in Brussels
model 2 exchange of letters for project fiches

Standard reply from Head of Delegation to National Aid Co-ordinator

Subject: 1999 Phare National Programme for the Czech Republic

Thank you for your letter of ...(add date) with which you enclosed project fiches for the following projects listed in Annex C of the Financing Memorandum CZ9901, CZ9902, CZ9903, CZ9904, CZ9905 for the above programme signed on ...(add date) :

CZ990101 Improvement of Relations between the Roma and Czech Communities
CZ990201 Strengthening Competitiveness
CZ990202 Promoting Employability / Employment Measures
CZ990301 Strengthening Institutional and Regulatory Capacity in the Public Finance Sector
CZ990302 Strengthening Phyto-Sanitary/Occupational Health and Safety/ Statistical survey
CZ990303 Legal Approximation
CZ990304 Implementation Strategy for EC Water Directives
CZ990401 Fight Against Economic Crime
Preparation of Schengen Implementation
Strengthening Institutions in their Fight against Organised Crime -
Strengthening the Operation of Law Enforcement Institutions and the Judiciary
CZ990501 Support to National Aid Co-ordination and the CFCU

I confirm that these project fiches are acceptable to the European Commission, and that the projects described are eligible to be financed from the above-mentioned Programme.

Yours sincerely,

Signature Head of Delegation

To Phare Aid Co-ordinator
Insert name and address

.............

COPY OF LETTER TO BE SENT TO B1 IN BRUSSELS