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: CZ002 to CZ0010 inclusive
Title: 2000 Phare National Programme for the Czech Republic
Duration: Until 31/10/2002

ARTICLE 2 - COMMITMENT OF THE COMMUNITY

The financial contribution of THE COMMUNITY is fixed at a maximum of 59 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 31/10/2002 (Expiry Date for Contracting) 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 31/10/2003 (Expiry Date for Disbursements1). 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.

1 Expiry Date for Disbursements should be set out at maximum 36 months after signature of the FM.
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

for THE RECIPIENT
Jan Mladek

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

1. OBJECTIVES, DESCRIPTION AND CONDITIONALITY

In view of the provisions of Article 4 of the Accession Partnership Regulation (EC 622/98), overall agreement on the Phare 2000 programme will depend on the Government’s commitment, as described in the individual project fiches and at the end of each paragraph describing the project below.

The overall objectives of the programme are to help the Czech Republic fulfil the Copenhagen and Madrid criteria for membership, which are:

- stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
- the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union;
- the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union;
- the conditions for its integration through the adjustment of its administrative structures, so the European Community legislation transposed into legislation is implemented effectively through appropriate administrative and judicial structures.

In addition, the programme has the objective to ensure that Structural Funds can be implemented on accession in accordance with EU policy and procedures, with maximum impact on economic and social cohesion.

Additional work will be needed by the Czech Government, outside the framework of the current Phare programme, to cover the aspects of the above objectives not tackled by this programme.

NB: Objective numbering takes account of Désirée numbering for funding for participation in EC programmes (Objective 1)

Objective 2 Political Criteria

CZ00.02.01 Sustainability of the Civil Society Sector and Better Integration of the Roma Community: This project addresses both a short-and medium-term Accession Partnership (AP) priority. The project aims to develop the self-sustainability of the civil society sector in the Czech Republic and support the integration of the Roma community into Czech society. The project consists of three components. First, a grant scheme will provide finance in support of projects under the “Living Together” Roma Integration Programme. A second grant scheme will be set up specifically aimed at supporting and stimulating civil society (CSO) activity in the Czech Republic. The third element of this project consists of Phare support in aid of operating costs of the Implementing Agency concerned, the Czech Civil Society Foundation (NROS). Given its particular position as a Foundation under Czech law combined with its status as Phare Implementing Agency, Phare will provide a contribution to the operating costs of NROS, in accordance with the existing Memorandum of Understanding on NROS operating costs. Specific agreements will be drawn up for each grant component and co-financing is guaranteed by recipient organisations contributions and the Foundation Investment Fund, to which the Czech Government contributes. The project is conditional upon availability of co-financing of the recipient organisations.

CZ00.02.02 Promotion of Ethnic Equality: This project addresses both a short-and medium-term AP priority. The project aims to achieve sustainable improvements in race relations in the Czech Republic, focusing on the development of anti-discrimination legislation and related measures, supporting the Czech central administration’s institutional capacity to combat racism and ethnic discrimination and further develop relevant programmes. The effectiveness of government efforts to
improve relations between national minorities (esp. the Roma community) and Czech society at large should be strengthened via twinning and training support to the Human Rights Department of the Government Office. Draft legislation in this area will reflect the analysis carried out under this project.

**CZ00.02.03 Comprehensive Quality Improvement of Education for the Roma:** This project addresses both a short-and medium-term AP priority. The project aims, first, to develop revised curricula for Roma children, which should result in their increased participation in the Czech education system. Second, the project will also address learning materials used by all children in Czech schools, so as to improve multi-cultural education. The project will also address the training of teachers in using the curricula. The project will be implemented by means of technical assistance, and is conditional upon Czech co-financing and the adoption of the new School Act, which is expected to come into force by the second quarter of 2001.

**Objective 3 Economic Criteria**

**CZ00.03.01 Improvement of Credit Risk Management & Methodology in the Banking Sector:** This project addresses a short-term AP priority. The project aims to contribute to the resolution of the bad loan problem and the development of an efficient financial/banking sector by defining effective credit risk management methodologies and their implementation by the Czech banking sector. Phare assistance will be delivered through technical assistance and training activities. Phare assistance is conditional upon co-financing by the beneficiaries.

**CZ00.03.02 Improvement of Legal and Institutional Environment for Business:** This project addresses a short-term AP priority. The project aims to improve the legal and institutional environment for commercial exchanges in the Czech Republic. The project should improve the effectiveness and enforcement of business legislation, ensure effective regulation and simplify the Czech legal and institutional environment for business activities. It should result in proposals for legislative, institutional and administrative simplifications/reforms, focusing on bankruptcy legislation and its enforcement, the protection of creditors, collateral recovery, speeding up and enforcement of court decisions, including the new system of court executors. The project is also to provide proposals for strengthening institutional structures, co-ordination mechanisms and reporting procedures, and a review and adaptation of the relevant administrative and information systems. The project consists of a twinning and training package, and foresees additional investment in equipment that is directly linked to the aims of the project (Trade - and the Commercial Register network). Phare support is conditional upon Czech co-financing and upon the results of the project being reflected in proposals by the relevant ministries to the Czech Government.

**CZ00.03.03 Pension Reform:** This project addresses a medium-term AP priority. The project aims to prepare for implementation of the acquis in the area of social security and complementary pension schemes so as to ensure full compliance. The Czech Social Security Administration (CSSA) should be transformed into a fully operational Social Insurance Company capable of operating in full compliance with Regulation 1408/71/EEC. Phare support will be delivered by means of a twinning and training package, with additional investment directly linked to the aims of the project (digitalisation). The project is conditional upon Czech co-financing and the adoption of the CSSA Act by January 2002.

**Objective 4 Internal Market**

**CZ00.04.01 Data Protection:** This project addresses both a short-and medium term AP priority. The project aims to ensure effective, non-discriminatory and transparent regulation of personal data protection in the Czech Republic in compliance with the acquis. This twinning project will support the establishment of the Independent Supervisory Authority, the development of the appropriate administrative and monitoring systems, assessment of the technical capacity and training of staff.
Limited investment directly linked to the aims of the project (IT equipment) is also foreseen. The project is conditional upon Czech co-financing and the adoption of the Act on Personal Data Protection, which is due to come into force by December 2000.

**CZ00.04.02 Capital Markets Legislation & Securities Commission:** This project addresses both a short-and medium term AP priority. The project aims to complete the legal transposition and effective enforcement of capital market legislation in the Czech Republic in line with the *acquis*. Phare assistance will be delivered by means of twinning and training package, which should ensure sustainable strengthening of market surveillance, enforcement of capital market regulation and market transparency. Directly linked to this is the establishment of an effective electronic market surveillance system for the Czech Securities Commission with the help of Phare investment support. The project is conditional upon Czech co-financing and the adoption of the Act on Personal Data Protection, which is due to come into force by December 2000.

**CZ00.04.03 Telecoms Supervisory Authority:** This project addresses a short-term AP priority. The project aims to ensure effective, non-discriminatory and transparent regulation of a competitive telecommunications sector in compliance with the *acquis*. This twinning project will support the establishment of the Independent Supervisory Authority, the development of the appropriate administrative and monitoring systems, assessment of the technical capacity and training of staff. Limited investment directly linked to the aims of the project (IT equipment) is also foreseen. The project is conditional upon Czech co-financing and the adoption of new legislation on collective investments financial services and amendments to the Act on the Securities Commission by the end of 2002.

**CZ00.04.04 Establishment of the Energy Regulatory Authority:** This project addresses a medium-term AP priority. The project aims to enhance energy sector regulation in full compliance with the *acquis* by supporting the establishment and functioning of the Energy Regulatory Authority, covering the electricity, power, gas and heating sectors. Phare assistance will be provided in the form of twinning. The project is conditional upon Czech co-financing and the adoption of the new Energy Act and subsequent formal establishment of the Energy Regulatory Authority, due to be in force by January 2001.

**CZ00.04.05 Public Procurement:** This project addresses both a short-and medium term AP priority. The project aims to develop an effective, non-discriminatory and transparent public procurement system in line with the *acquis*. This twinning project will focus in particular on the development of the appropriate institutional structures, procedures, techniques, guidelines and manuals, as well as skills by means of a comprehensive twinning and training package. The project is conditional upon Czech co-financing and the adoption of the Act on Public Procurement and the Act on the Execution of the Surveillance of Procedures for the Award of Contracts, both due to be in force by July 2001.

**Objective 5 Agriculture**

**CZ00.05.01 Integrated Administration Control System - IACS:** This project addresses both a short-and medium term AP priority. The project aims to prepare for the implementation of the Common Agricultural Policy (CAP) by establishing the Integrated Administration Control System. The twinning component should help prepare and build the control systems and administrative structures required to handle aid applications (administration, claiming, utilisation), and to supervise the flow of funds from the EAGGF to future beneficiaries in the Czech Republic. Phare assistance will also co-finance limited directly related investment (IT equipment for photogrammetry and agricultural parcel register administration). The project is conditional upon Czech co-financing.

**CZ00.05.02 Improvement of Animal Health and Food Hygiene Border Inspection Arrangements:** This project addresses both a short-and medium-term AP priority. The investment project aims to help modernise animal health and food hygiene inspection arrangements at Prague
Airport and Děčín on the Elbe. The project builds on Phare Institution Building support provided under the 1998 programme and should ensure the necessary facilities and technical equipment are in place so as to allow for integrated multi-functional clearance and checks on what will be future outer borders of the EU, in full compliance with the *acquis*. The project is conditional upon Czech co-financing, preparation of the architecture plan by the beginning of 2001 and the adoption of relevant amendments to the Veterinary Act, due to be in force by the end of 2002.

**CZ00.05.03 Strengthening the Central Regulatory Capacity for Plant Protection:** This project addresses both a short- and medium-term AP priority. The investment project aims to complete the implementation capacity required to ensure proper assessment of plant protection products and active ingredients in compliance with the relevant *acquis*. The project foresees the procurement of a sufficient quantity of IT and laboratory equipment of an adequate standard so as to ensure implementation of the phyto-sanitary regime in compliance with the *acquis*. The project is conditional upon Czech co-financing and amendments to Act no. 147/1996 - expected in two steps - coming into force by January 2001 and January 2002.

**Objective 6 Environment**

**CZ00.06.01 Implementation Structures for Integrated Pollution Prevention and Control:** This project addresses a short-term AP priority. The project aims to assist in the implementation and enforcement of the environmental *acquis* by establishing the administrative structures enabling the Czech Republic to apply the Integrated Pollution Prevention and Control Directive. The twinning project should result in a fully operational IPPC administrative structure, including trained staff and the establishment of procedures to allow for information exchange on best practice. Activities under this project also include Phare investment support aimed to help set up an integrated pollution register. The project is conditional upon Czech co-financing and the transposition of the IPPC Directive by the end of 2001.

**CZ00.06.02 Centre for Waste Management:** This project addresses a short-term AP priority. The project aims to assist in the implementation and enforcement of the environmental *acquis* by supporting the establishment and operational capacity of the Centre for Waste Management, within the framework of the further development of the relevant Action Plan and Waste Management Strategy in the Czech Republic. Phare twinning assistance will be complemented by limited and directly related investment (IT equipment). The project is conditional upon Czech co-financing and the relevant Waste Acts coming into force by the beginning of 2002.

**CZ00.06.03 Institutions for Permitting and Monitoring in the Air Quality Sector:** This project addresses a short-term AP priority. The project aims to set up the structures required for effective permitting and monitoring in the air quality sector in the Czech Republic. In particular, the project envisages a review of the current institutional set-up, an Action Plan for the distribution of the relevant competencies with the institutional structure, the establishment of permitting, controlling and monitoring bodies and their operational start-up. Phare will assist by means of twinning and limited investment directly related to the institution building activities (air quality monitoring equipment). The project is conditional upon Czech co-financing and the adoption the new Clean Air Act, which is due to come into force by end 2001.

**Objective 7 Justice and Home Affairs**

**CZ00.07.01 Organised Crime:** This project addresses both a short- and medium- term AP priority. The project aims to strengthen the law enforcement institutions responsible for efforts to fight organised crime by supporting the enforcement and prosecution services and fostering their cooperation. The twinning and training package will ensure evaluation and further development of the Government’s policy on organised crime so as to ensure full compliance with the *acquis* by the end of the project, and will help set up a specialised police unit responsible for witness protection and reinforce the central analytical intelligence unit of the Organised Crime Section in its efforts to fight
Internet crime. Phare twinning assistance will be complemented by limited and directly related investment (IT equipment and software for Internet crime component). The project is conditional upon Czech co-financing, successful implementation of related Phare projects 9810.02 and 9904.01.03 and the new Police Act and Witness Protection Act to come into force in 2001.

**CZ00.07.02 Schengen Information System & Border Management:** This project addresses a short-term AP priority. The project aims, first, to improve security at the state borders by investing in the completion of the Czech National Schengen Information System, which should be in place by the end of 2002. Second, it will co-finance the procurement of special equipment for the Alien and Border Police allowing the Czech Republic to prepare itself to comply with EU standards in the area of border security, protection and control. The Czech Republic will ensure substantial co-financing for both components. The project is conditional upon Czech co-financing and the successful implementation of Phare twinning project CZ 9904.01.

**CZ00.07.03 Strengthening Actions Against the Proceeds of Money Laundering:** This project addresses a short-term AP priority. The project aims at the development of efficient legal, institutional and technical framework for combating money laundering in line with the *acquis*. The purpose of the twinning and training package is to develop concrete proposals that should improve existing legislation and enforcement at all levels, which will be reflected in draft legislation and procedural and structural proposals that will be put forward to the Czech Government by the relevant ministries at the end of this project. In addition, Phare will provide investment support directly related to Institution Building efforts to improve the institutional capacity to detect money laundering (special analytical software) at the relevant levels. The project is conditional upon Czech co-financing and the successful implementation of Phare twinning project CZ 9904.01.

**CZ00.07.04 Strengthening National Drug Policy:** This project addresses a medium-term AP priority. The project aims to develop and reinforce an efficient legal and institutional framework to combat illicit drugs, ensuring the implementation of the recommendations of the EU Action Plan to Combat Drugs (2000-04) and assisting in setting up the National Focal Point. The twinning and training package will be complemented by limited directly related investment support (IT systems for the National Focal Point and the National Drugs Commission). The project is conditional upon Czech co-financing and the adoption of the drug addicts treatment programmes system of accreditation, to be adopted by the Czech Ministry of Health in April 2000, the adoption of the National Drugs Strategy, due for adoption by the Government in September 2000, and the adoption of the Probation and Mediation Services Act, due by July 2000.

**CZ00.07.05 Life-long Training for the Judiciary:** This project addresses a short-term AP priority. The project aims to strengthen the independent judicial system by supporting the establishment of a fully operational Judiciary Education Centre (JEC) providing life-long training for all levels of the judiciary. The twinning and training package to be financed by Phare should ensure that all relevant JEC structures, procedures and administration are set up and life-long training courses in areas of specific expertise are developed. Phare will also provide limited and directly related investment (IT equipment for the JEC). The project is conditional upon Czech co-financing, the approval of the JEC statute and the implementation of the Reform Concept of the Judiciary which contains the proposed constitutional amendments for establishment of the Supreme Council of the Judiciary and the proposed Acts on Courts and on Prosecutors.

**CZ00.07.06 Strengthening the Operations of the Czech Supreme Court in the Adoption and Application of the Acquis:** This project addresses a short-term AP priority. The twinning and training project aims to help the Czech Republic adopt the EU judicial culture and practices and incorporate these into the Czech legal environment via the provision of methodological assistance to the Czech Supreme Court, including a management review, support to administrative and procedural re-organisation, its implementation and the development of a relevant training component - curricula - to be used at the JEC (see above). The project is conditional upon Czech co-financing, the training component is subject to the conditionalities relevant to CZ00.06.05.
Objective 8  Employment and Social Affairs

CZ00.08.01 Occupational Health & Safety: This project addresses a medium-term AP priority. The project aims to complete adoption and enforcement of the *acquis* in the area of occupational health and safety standards by means of twinning support to set up a fully operational Integrated Labour Inspection system. This includes the elaboration of a National Action Plan for OHS, finalisation of the transposition of remaining relevant Directives, the elaboration of proposals for the appropriate legal and institutional framework, the establishment of regional labour inspectorates and proposals for reform of the existing occupational accident insurance scheme. In addition, Phare will provide limited directly related investment support (IT equipment to allow information exchange between the Czech Occupational Safety Office and Member States). The project is conditional upon Czech co-financing and the adoption of all relevant legislation ensuring full OHS Directive transposition by the end of 2002.

Objective 9  Strengthening Institutional & Administrative Capacity

CZ00.09.01 Modernisation of the Central State Administration: This project addresses a short-term AP priority. The twinning and training project aims to increase the effectiveness of the central administration within the context of EU accession. In particular, it aims to prepare and implement a comprehensive and Ministry-wide approach to improving the quality of the civil service, including the establishment of the Civil Service Office; preparations for the implementation of the Civil Service Act; and the relevant strategy and Action Plan, covering the institutional and organisational framework, human resources management and training. The project also foresees the development of a strategic approach to the implementation of IT within the Czech public administration. No supply of equipment is to be financed by Phare. The project is conditional upon Czech co-financing and the adoption of the Civil Service Act in 2001.

CZ00.09.02 Harmonisation of Agricultural and Regional Statistics: This project addresses a medium-term AP priority. The project aims to prepare agricultural statistics required for Common Agriculture Policy implementation and Eurostat, and harmonise Agrocensus and regional statistics with the *acquis*. The activities to be undertaken will be supported by Phare assistance in the form of technical assistance, training and limited related investment. The project is conditional upon Czech co-financing.

Objective 10  Economic and Social Cohesion

CZ00.10.01 Consolidation of the National Development Strategy: This project addresses a medium-term AP priority. The project aims to follow-up effective preparation for the implementation of the Structural Funds started under the 1998 Phare programme. This particular twinning and training project will ensure continued development and refinement of the National Development Plan and other programming documents and continued improvement in the strategic co-ordination of administrative and implementation structures, at both central and regional level. It will also focus on preparations for the European Social Fund, by the further development of implementation systems within the Ministries for Labour and Social Affairs, and Education, by refining the National Employment Plan, and the elaboration of relevant legislation. In addition, it will help implement the system and structures required for the Industry Sector Operational Programme, and help expand the absorption capacity in the relevant sector. Particular attention will be paid to developing a pipeline of well-designed projects to ensure a high level of impact of the Structural Funds. The project is conditional upon Czech co-financing, the completion of the regional needs analysis by September 2000 and the nomination of 8 NUTS II representative offices by the end 2000.

CZ00.10.02 Investment in NUTS II North-West Bohemia: This project addresses a medium-term AP priority. This investment project aims to prepare for Structural and Cohesion Funds by testing a series of grant schemes to promote economic and social cohesion in the North-West Bohemia NUTS
II region. The region selected and priorities to be addressed by this project are based on the National Development Plan, as submitted to the Commission by the Czech authorities in January 2000, and the relevant Regional Operational Programme included in annex to this document. The project consists of 3 sub-projects:

1. **Productive Sector Investment Fund**: this grant scheme aims to increase SME competitiveness. The scheme aims particularly to assist the development of enterprises, which use the results of R&D in their production processes and introduce their own R&D.

2. **Business-related Infrastructure Fund**: this grant scheme is aimed to improve access to the area in general and develop business sites and industrial zones, thereby attracting new industrial activity and diversifying the regional economy and stimulating employment.

3. **Human Resources Development Fund**: the third sub-project will be based on the existing PALMIF (Pro-active Labour Market Intervention Fund) mechanism using the existing institutions for implementation. PALMIF has been operating successfully under Phare programmes since 1993.

The entire project is conditional upon Czech co-financing and the elaboration by the Czech side of detailed operational guidelines for each grant scheme, to be submitted for approval by the Commission prior to implementation.

**CZ00.10.03 Investment in NUTS II North Moravia/Ostrava**: This project addresses a medium-term AP priority. This investment project aims to prepare for Structural and Cohesion Funds by testing a series of grant schemes and business infrastructure investments to promote economic and social cohesion in the Ostrava NUTS II region and. The region selected and priorities to be addressed by this project are based on the National Development Plan, as submitted to the Commission by the Czech authorities in January 2000, and the relevant Regional Operational Programme included in annex to this document. The project consists of 3 sub-projects:

1. **Productive Sector Investment Fund**: this grant scheme aims to increase SME competitiveness. The scheme aims particularly to assist the development of enterprises, which use the results of R&D in their production processes and introduce their own R&D.

2. **Business-related Infrastructure**: This sub-project consists of two components:
   a. **Science-Technology Park component**: this involves the construction of a business incubator facility in the city of Ostrava on an industrial site, the relevant technical infrastructure for which is currently under construction and should be completed by June 2000. Phare co-financed the relevant feasibility study and business plans under previous programmes.
   b. **Small-scale infrastructure grant scheme component**: this grant scheme aims to improve access to the area and thereby change the image of the region from an industrial and environmentally damaged area to an attractive tourist resort.

3. **Human Resources Development Fund**: the third sub-project will be based on the existing PALMIF (Pro-active Labour Market Intervention Fund) mechanism using the existing institutions for implementation. PALMIF has been operating successfully under Phare programmes since 1993.

The entire project is conditional upon Czech co-financing and the elaboration by the Czech side of detailed operational guidelines for each grant scheme, to be submitted for approval by the Commission prior to implementation.

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

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<th>OBJECTIVE/Project</th>
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<td>Strengthening Actions Against Proceeds of Money Laundering</td>
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<tr>
<td>CZ00.07.04</td>
<td>Strengthening National Drug Policy</td>
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<tr>
<td>CZ00.07.05</td>
<td>Life-long Training for Judiciary</td>
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<tr>
<td>CZ00.07.06</td>
<td>Strengthening the Operations of the Czech Supreme Court in Adoption and Application of the Acquis</td>
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</tr>
<tr>
<td>CZ00.08</td>
<td><strong>EMPLOYMENT &amp; SOCIAL AFFAIRS</strong></td>
<td>0.90</td>
<td>0.40</td>
<td>1.30</td>
</tr>
<tr>
<td>CZ00.08.01</td>
<td>Occupational Health &amp; Safety</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>CZ00.09</td>
<td><strong>INSTITUTIONAL &amp; ADMINISTRATIVE CAPACITY</strong></td>
<td>1.37</td>
<td>0.13</td>
<td>1.50</td>
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<tr>
<td>CZ00.09.01</td>
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<tr>
<td>CZ00.09.02</td>
<td>Harmonisation of Agricultural and Regional Statistics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CZ00.10</td>
<td><strong>ECONOMIC &amp; SOCIAL COHESION</strong></td>
<td>1.50</td>
<td>16.00</td>
<td>17.50</td>
</tr>
<tr>
<td>CZ00.10.01</td>
<td>Consolidation of National Development Strategy</td>
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<tr>
<td>CZ00.10.02</td>
<td>NUTS II NW Bohemia</td>
<td></td>
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</tr>
<tr>
<td>CZ00.10.03</td>
<td>NUTS II North Moravia/Ostrava</td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>20.52</strong></td>
<td><strong>38.48</strong></td>
<td><strong>59.00</strong>*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>34.77%</td>
<td>65.22%</td>
<td></td>
</tr>
</tbody>
</table>
NB: * = totals do not take account of the Phare allocation of 6.52 € million for participation in EC programmes, which falls under the IB part of the budget. If this allocation is included, the figures are 27.04 € million IB and 38.48 € million INV, or 41.26% and 58.73% respectively.

3. IMPLEMENTATION ARRANGEMENTS

Implementation

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 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 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 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. Furthermore, the NAO must submit to the Commission the designation of the PAOs and a description of the system put in place, highlighting the flow of information between the NF and the IA/CFCU and the manner in which the payment function will be carried out.

Four Replenishments will be made of up to 20% of the funds to be managed locally or the full balance of the budget whichever is the lesser amount. The first replenishment will be triggered when 10% of the budget has been disbursed by the IAs and the CFCU. The second replenishment may be requested when 30% of the total budget in force has been disbursed. The trigger point for the third replenishment is 50%, and for the final fourth instalment when 70% is disbursed. Save for express prior authorisation from the Commission 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.
Implementing Agencies will be responsible for projects as follows:

<table>
<thead>
<tr>
<th>No.</th>
<th>Project title</th>
<th>Implementing Agency</th>
<th>Ministries or Institutions with a technical role</th>
<th>Project type (see also page 15)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CZ00.02.01</td>
<td>Sustainability of the Civil Society Sector/Roma</td>
<td>NROS</td>
<td>idem</td>
<td>1</td>
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<tr>
<td>CZ00.02.02</td>
<td>Promotion of Ethnic Equality</td>
<td>CFCU</td>
<td>Government Office</td>
<td>2 (twinning)</td>
</tr>
<tr>
<td>CZ00.02.03</td>
<td>Comprehensive Quality Improvement of Education of the Roma Population</td>
<td>CFCU</td>
<td>Ministry of Education</td>
<td>2</td>
</tr>
<tr>
<td>CZ00.03.01</td>
<td>Improvement of Credit Risk Management &amp; Methodology in the Banking Sector</td>
<td>CFCU</td>
<td>Czech National Bank</td>
<td>2</td>
</tr>
<tr>
<td>CZ00.03.02</td>
<td>Improvement of Legal and Institutional Environment for Business</td>
<td>CFCU</td>
<td>Ministry of Finance</td>
<td>3 (twinning)</td>
</tr>
<tr>
<td>CZ00.03.03</td>
<td>Pension Reform</td>
<td>CFCU</td>
<td>Ministry of Labour</td>
<td>3 (twinning)</td>
</tr>
<tr>
<td>CZ00.04.01</td>
<td>Personal Data Protection</td>
<td>CFCU</td>
<td>State Information Office</td>
<td>2+3 (twinning)</td>
</tr>
<tr>
<td>CZ00.04.02</td>
<td>Capital Markets Legislation &amp; Securities Commission</td>
<td>CFCU</td>
<td>Ministry of Finance</td>
<td>2+3 (twinning)</td>
</tr>
<tr>
<td>CZ00.04.03</td>
<td>Telecoms Regulatory Authority</td>
<td>CFCU</td>
<td>Ministry of Transport &amp; Communication</td>
<td>2 (twinning)</td>
</tr>
<tr>
<td>CZ00.04.04</td>
<td>Energy Regulatory Authority</td>
<td>CFCU</td>
<td>Ministry of Industry &amp; Trade</td>
<td>2 (twinning)</td>
</tr>
<tr>
<td>CZ00.04.05</td>
<td>Public Procurement</td>
<td>CFCU</td>
<td>Ministry of Regional Development</td>
<td>2 (twinning)</td>
</tr>
<tr>
<td>CZ00.05.01</td>
<td>Reinforcement of CAP Management/ IACS</td>
<td>CFCU</td>
<td>Ministry of Agriculture</td>
<td>2+3 (twinning)</td>
</tr>
<tr>
<td>CZ00.05.02</td>
<td>Improvement in Animal Health and Food Hygiene Border Inspection Arrangements</td>
<td>CFCU</td>
<td>State Veterinary Inspection</td>
<td>4</td>
</tr>
<tr>
<td>CZ00.05.03</td>
<td>Strengthening the Regulatory Capacity for Plant Protection</td>
<td>CFCU</td>
<td>State Phytosanitary Inspectorate</td>
<td>4</td>
</tr>
<tr>
<td>CZ00.06.01</td>
<td>Implementation Structures for Integrated Pollution Prevention &amp; Control</td>
<td>CFCU</td>
<td>Ministry of Environment</td>
<td>2+3 (twinning)</td>
</tr>
<tr>
<td>CZ00.06.02</td>
<td>Centre for Waste Management</td>
<td>CFCU</td>
<td>Ministry of Environment</td>
<td>2+3 (twinning)</td>
</tr>
<tr>
<td>CZ00.06.03</td>
<td>Institutions for Permitting &amp; Monitoring in the Air Quality Sector</td>
<td>CFCU</td>
<td>Ministry of Environment</td>
<td>2+3 (twinning)</td>
</tr>
<tr>
<td>CZ00.07.01</td>
<td>Organised Crime</td>
<td>CFCU</td>
<td>Ministry of Interior</td>
<td>2+3 (twinning)</td>
</tr>
<tr>
<td>CZ00.07.02</td>
<td>Schengen Information System &amp; Border Management</td>
<td>CFCU</td>
<td>Ministry of Interior and Police Presidium</td>
<td>4</td>
</tr>
<tr>
<td>CZ00.07.03</td>
<td>Strengthening Actions Against Proceeds of Money Laundering</td>
<td>CFCU</td>
<td>Ministry of Finance</td>
<td>2+3 (twinning)</td>
</tr>
<tr>
<td>CZ00.07.04</td>
<td>Strengthening National Drug Policy</td>
<td>CFCU</td>
<td>Government Office</td>
<td>2+3 (twinning)</td>
</tr>
<tr>
<td>CZ00.07.05</td>
<td>Life-long Training for Judiciary</td>
<td>CFCU</td>
<td>Ministry of Justice</td>
<td>2+3 (twinning)</td>
</tr>
<tr>
<td>CZ00.07.06</td>
<td>Strengthening the Operations of the Czech Supreme Court in Adoption</td>
<td>CFCU</td>
<td>Supreme Court</td>
<td>2+3 (twinning)</td>
</tr>
<tr>
<td>CZ00.08.01</td>
<td>Occupational Health &amp; Safety</td>
<td>CFCU</td>
<td>Ministry of Labour</td>
<td>2+3 (twinning)</td>
</tr>
<tr>
<td>CZ00.09.01</td>
<td>Modernisation of Central State Administration</td>
<td>CFCU</td>
<td>Ministry of Interior</td>
<td>2+3 (twinning)</td>
</tr>
<tr>
<td>CZ00.09.02</td>
<td>Harmonisation of Agricultural and</td>
<td>CFCU</td>
<td>Statistical Office</td>
<td>2</td>
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<td></td>
<td>Regional Statistics</td>
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<tr>
<td>CZ00.10.01</td>
<td>Consolidation of National Development Strategy</td>
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<td></td>
<td>CFCU</td>
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<td>Ministry of Regional Development</td>
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<tr>
<td></td>
<td>2 (twinning)</td>
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<tr>
<td>CZ00.10.02</td>
<td>NUTS II NW Bohemia</td>
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<tr>
<td>CZ00.10.03</td>
<td>NUTS II North Moravia/Ostrava</td>
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</tbody>
</table>

NB: 1 = projects providing for grant schemes; 2 = IB projects; 3 = projects providing for limited supplies or works directly related to IB and justified by the limited nature of the IB-needs to be covered; 4 = pure Investment projects

The National Fund will transfer funds to IAs, including the Central Financing and Contracting Unit (CFCU), in accordance with Financing Agreements (FAs) signed between the NFs and the IAs/CFCU where applicable. Each individual FA will be endorsed in advance by the European Commission. In cases where the NF is itself the paying agent for the CFCU/IA there will be no transfer of funds from the NF to the CFCU/IA. The CFCU and the IAs must each be headed by a Programme Authorising Officer (PAO) appointed by the NAO after consultation with the NAC. The PAO will be responsible for all the operations carried out by the relevant CFCU/IA.

In most projects other ministries or institutions play an important technical role. The organisation playing the lead technical role is indicated in the table above. These organisations will have the responsibility for designing, selecting and monitoring the projects, while the Implementing Agency will assist in all these tasks, playing particular attention to the principles of good project design and implementation and Phare procurement and payment rules.

A separate bank account, denominated in € 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 or the CFCU.

The NAO and the PAOs will ensure that all contracts are be prepared in accordance with the procedures set out in the DIS Manual. For grant schemes, whose procedures and formats are not covered by the current DIS Manual, the precise implementation arrangements will be specified in the relevant project fiches in line with the following principles:

- The competent PAO for the programme under which the grant scheme is financed has to retain his/her contractual and financial responsibility for the implementation of the schemes. In particular, the PAO has to formally approve the call for proposals, application forms, evaluation criteria, as well as the selection process and results. The PAO has also to sign the grant contracts with the beneficiaries and to ensure adequate monitoring and financial control under his/her authority and responsibility. With this reservation, the management of the schemes can be decentralised from the PAO to the appropriate bodies at sectoral or regional level.

- The ex ante approval of the Commission (Delegation in Prague) will be required for the call for proposals, application forms, evaluation criteria, the selection procedures (including the
The composition of the committees) and results (list of projects to be funded). The grant contracts signed by the PAO will be subject to the ex post control of the EC Delegation.

- The implementation of the selected projects through the provision of works, supplies and services sub-contracted by the final beneficiaries of the individual grants shall be subject to the procurement regulations annexed to the RELEX standard Grant Contract. The decentralised system established for CBC small projects is to be applied to all such contracts below 300 000 EUR (or any increased threshold to be fixed by EC Headquarters for small project funds under CBC programmes). Tenders and contracts above this threshold will be presented to the EC Delegation for ex ante approval. The financial commitments in Phare terms will be effected at the date of signature of the grant contracts by the competent PAO. Project implementation and all Phare disbursements are to be done before the expiry date of the present financing memorandum.

All contracts will be greater than 2 € million, except those in the following areas under the following projects: (for grant schemes, the € 2 million limit doesn’t apply to the individual beneficiary projects to be granted - grant contracts - but to each grant scheme itself)

- grant schemes: projects marked with 1 in the table above

- Institution Building and twinning projects where justified by the specificity of the project in question: projects marked with 2 in the table above (except for CZ00.03.01)

- supplies or works directly related to Institution Building and justified by the limited nature of the IB-needs to be covered: projects marked with 3 in the table above

The final deadline for signature of contracts and twinning covenants is 31 October 2002. 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. Specifications will be reviewed by independent experts within the framework of twinning, where possible and appropriate. Twinning covenants must be submitted to the Commission within 3 months of Commission approval being given for the choice of twinning partner. 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 2002, whichever is the earlier. The legal duration of all projects will expire by 31 October 2003. Any funds not used by the expiry date of the programme will be recovered by the Commission. All disbursements must be made by 31/10/2003.

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.
4. Monitoring and Assessment

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

5. Audit and Evaluation

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.

6. Visibility/Publicity

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

7. 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 to 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.