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 Estonia, hereinafter referred to as "THE RECEIPIENT"

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 12 December 1991 between THE COMMISSION and THE RECEIPIENT, 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  ES01-09

Title  Co-operation Programme in the Baltic Sea Region 2001

Duration  Until 15 November 2003.

ARTICLE 2 - COMMITMENT OF THE COMMUNITY

The financial contribution of THE COMMUNITY is fixed at a maximum of 3.0 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 15 November 2003 subject to the provisions of this 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 15 November 2004. 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 RECEIPIENT. 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:

Mr John Kjaer, Head of the
Delegation of the European Commission
Kohtu 10
10130 Tallinn
Estonia

Tel: 00 372 626 44 00
Fax: 00 372 626 44 39
E-mail: eudelest@delest.cec.eu.int

for THE RECIPIENT:

Mr Siim Kallas
Minister of Finance and National Aid Coordinator
Ministry of Finance
Suur-Ameerika 1
15006 Tallinn
Estonia

Tel: 00 372 61 13 444
Fax: 00 372 63 17 810

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 Tallinn
Date: 18.12.2001

for THE RECIPIENT

for THE COMMUNITY
Mr. John KJAER
Head of the Delegation of the
European Commission in Estonia

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

The Commission of the European Communities, hereinafter referred to as "THE COMMISSION", acting for and on behalf of the European Economic Community, hereinafter referred to as "the Community"
of the one part, and

The Government of Estonia, of the other part,

and together, jointly referred to as "the Contracting Parties"

Whereas until 31.12.1991 Estonia is eligible to be a recipient under the Community’s programme of Technical assistance to the USSR as provided for in Council Regulation (EEC, EURATOM) n° 2157/91 of 15 July 1991,

Whereas from 1.1.1992 Estonia will be eligible to be a recipient under the Community’s aid programme PHARE as provided for in Council Regulation No 3906/89 of 18 December 1989 as last amended by Regulation No

Whereas it is fitting that the technical, legal and administrative framework within which MEASURES financed in Estonia under the Community’s aid programme shall be executed, should be laid down.

HAVE AGREED AS FOLLOWS :

ARTICLE 1

In order to promote cooperation between the Contracting Parties with a view to supporting the process of economic and social reform in Estonia, the Contracting Parties agree to implement MEASURES in the field of financial, technical, and other forms of cooperation as specified in the said Regulation, which shall be financed and implemented within the technical, legal and administrative framework laid down in this Agreement. The specific details of each MEASURE (or set of MEASURES) shall be set out in a memorandum to be agreed between the Contracting Parties (hereinafter referred to as "the financing memorandum"), a model of which is provided in annex C.

Estonia takes all necessary steps in order to ensure the proper execution of all measures.

ARTICLE 2

Each MEASURE which is financed within the framework of this Agreement shall be implemented in accordance with the General Conditions set out in Annex A hereto, which shall be deemed to be incorporated in each financing memorandum. The financing memorandum may vary or supplement the General conditions as may be necessary for the implementation of the measure in question.
ARTICLE 3

For matters relating to the MEASURES financed within the framework of this Agreement, the COMMISSION shall be represented in Estonia by its Delegation in Tallinn once it is established which shall ensure, on behalf of the COMMISSION, that the MEASURE is executed in accordance with sound financial and technical practices.

ARTICLE 4

When the Contracting Parties so agree, the COMMISSION may delegate all or part of its responsibility for implementation of a MEASURE to a third party.

In that event the terms and conditions of such delegation shall be set forth in an agreement to be concluded between the COMMISSION and the third party, subject to the consent of the Government of Estonia.

ARTICLE 5

Any dispute relating to this Agreement which cannot be resolved by consultation shall be settled according to the arbitration procedure referred to in Annex B.

ARTICLE 6

This Agreement is drawn up in the English language in two original copies.

ARTICLE 7

This Agreement shall enter into force on the day the Contracting Parties inform each other of its approval in accordance with the existing internal legislation or procedure of each of the Parties. The Agreement shall continue to be in force for an indefinite period unless terminated upon written notification by one of the Contracting Parties to the other.

On termination of this Agreement any MEASURE still in the course of execution shall be carried out to its completion in accordance with the terms of the financing memorandum relating thereto, and of the General Conditions set out herein.

ARTICLE 8

The provisions of this Agreement shall also apply to technical cooperation and other operations convened between the Contracting Parties which by their nature are not covered by a specific memorandum financed under the PHARE aid programme at the request of the Government of Estonia.
The Annexes shall be deemed an integral part of this Agreement.

Done at Tallin on
ANNEX A
GENERAL CONDITIONS RELATING TO FINANCING MEMORANDA

In these General Conditions the term "THE RECIPIENT" shall be understood as referring to the Government of the Republic of Estonia.

TITLE 1 - FINANCING OF PROJECTS

ARTICLE 1 - COMMITMENT OF THE COMMUNITY

The commitment of the Community, hereinafter referred to as "the EEC Grant", the amount of which is laid down in the financing memorandum, shall determine the limit within which commitment and execution of payments shall be carried out through duly approved contracts and estimates.

Any expenditure over and above the EEC Grant shall be borne by THE RECIPIENT.

ARTICLE 2 - AVAILABILITY OF THE EEC GRANT

Where the execution of a MEASURE depends on financial commitments from THE RECIPIENT'S own resources or from other sources of funds, the EEC Grant shall become available at such time as the financial commitments of THE RECIPIENT and/or the other sources of funds, as set out in the financing memorandum, themselves become available.

ARTICLE 3 - DISBURSEMENT

Contracts are eligible for disbursements under this financing memorandum only if they are concluded before the expiry date of the Financing Memorandum. Disbursements on such contracts may take place during a maximum period of 12 months after the expiry date of the Financing Memorandum. Any exceptional extension of this period must be approved by the Commission.

Within the limit set on the EEC Grant, requests for funds in the form of a work programme shall presented to the Commission Delegation by the RECIPIENT in accordance with the schedule set out in the financing memorandum. Documentary evidence relating to payments made in respect of THE MEASURE shall be made available in support of the request for funds, where the Commission so requires.

However, certain contracts covered by THE MEASURE may provide for direct payment by THE COMMISSION to the contractors. Each contract shall lay down the rate and the time of such payments, together with the documentary evidence to be produced.

For the part of the programme implemented by the Recipient, the Implementing Authority shall submit in a Work Programme and not later than 9 months before the expiry date of the Financing Memorandum, for approval by the Commission the contracts that still have to be concluded for the implementation of the programme. The Work Programme should include proposals for the utilisation of the net interests accrued on the accounts opened in the implementation of the programme, under the condition that the whole of the EC grant will be previously committed.

As regards MEASURES executed on the basis of prepared estimates, a first payment instalment which, save where the financing memorandum otherwise provides, shall not exceed 20% of the amount of the estimate approved by THE COMMISSION, may be made in favour of THE
RECIPIENT in order to facilitate the launching of THE MEASURE. Other payment instalments shall be made available, at the request of THE RECIPIENT, subject to the same conditions set out in the paragraph 2 above.

TITLE II - PROCUREMENT

ARTICLE 4 - GENERAL

The procedure to be followed for the conclusion of works, supplies, and technical cooperation contracts, shall be laid down in the financing memorandum following the principles set out below.

ARTICLE 5 - CONDITIONS OF PARTICIPATION

1. Save under the conditions of art.6 THE COMMISSION and THE RECIPIENT take the MEASURES necessary to ensure equality of conditions for participation in such contracts, in particular by publication, in due time of invitations to tender. Such publication is to be made for the Community at least in the Official Journal of the European Communities and for the beneficiary states in the appropriate official journal.

2. General conditions of contracts shall be drawn up in conformity with the models in international use, such as the general regulations and conditions for supply contracts financed from PHARE funds.

ARTICLE 6 - DEROGATION FROM STANDARD PROCEDURES

Where the urgency of the situation is recognized or where justified on account of the nature, minor importance, or particular characteristics of certain MEASURES, (for example two stage financing operations, multi-phased operations, particular technical specifications, etc.), and related contracts, THE RECIPIENT may, in agreement with THE COMMISSION, exceptionally authorize:

- the placing of contracts after restricted invitations to tender;
- the conclusion of contracts by direct agreement;
- the performance of contracts through public works departments.

Such derogation shall be laid down in the financing memorandum.

ARTICLE 7 - AWARD OF WORKS AND SUPPLIES CONTRACTS

THE COMMISSION and THE RECIPIENT shall ensure that for every operation, the offer selected is economically the most advantageous, particularly in view of the qualifications and guarantees offered by the tenderers, the cost and quality of the services, the nature and conditions for execution of the works or supplies, their cost of utilization and technical value.

Results of the invitations to tender shall be published in the Official Journal of the European Communities as quickly as possible.

ARTICLE 8 - TECHNICAL COOPERATION CONTRACTS

1. Technical Cooperation contracts, which may take the form of studies, supervision of works or technical assistance contracts, shall be concluded after direct negotiation with the consultant or when technical, economic or financial reasons so justify, following invitation to tender.

2. Contracts shall be drawn up, negotiated and concluded either by THE RECIPIENT or by THE COMMISSION when the financing memorandum so provides.
3. Where contracts are to be drawn up, negotiated and concluded by THE RECIPIENT, THE COMMISSION shall put forward a short list of one or more candidates on the basis of criteria guaranteeing their qualifications, experience and independence and taking into account their availability for the project in question.

4. When there is to be a direct negotiation procedure and THE COMMISSION has proposed several candidates, THE RECIPIENT may freely choose the candidate with which it intends to conclude the contract from among those put forward.

5. When there is recourse to a tendering procedure, the contract shall be awarded to the candidate which has submitted the offer which is acknowledged by THE RECIPIENT and THE COMMISSION to be economically the most advantageous.
TITLE III - GRANT OF FACILITIES

ARTICLE 9 - GENERAL PRIVILEGES

Personnel taking part in Community financed MEASURES and members of their immediate family may be accorded no less favourable benefits, privileges and exemptions than those usually accorded to other expatriates employed in the state of THE RECIPIENT under any other bilateral or multinational agreement or arrangements for economic assistance and technical cooperation programmes.

ARTICLE 10 - ESTABLISHMENT, INSTALLATION, ENTRY AND RESIDENCE FACILITIES.

In the case of works, supply or service contracts, natural or legal persons eligible to participate in tendering procedures shall be entitled to temporary installation and residence where the importance of the contract so warrants. This right shall be acquired only after the invitation to tender has been issued and shall be enjoyed by the technical staff needed to carry out studies preparatory to the drawing up of tenders; it shall elapse one month after the contractor is designated.

THE RECIPIENT shall permit personnel taking part in works, supplies or services contracts financed by the Community, and members of their immediate family, to enter the state of THE RECIPIENT, to establish themselves in the State, to work there and to leave the said State, as the nature of the contract so justifies.

ARTICLE 11 - IMPORT AND RE-EXPORT OF EQUIPMENT

THE RECIPIENT shall grant the permits necessary for the importation of professional equipment required to execute THE MEASURE, subject to existing laws, rules and regulations of THE RECIPIENT.

THE RECIPIENT shall further grant natural and legal persons who have executed works, supplies or services contracts the permits required to re-export the said equipment.

ARTICLE 12 - IMPORTS AND EXCHANGE CONTROL

For the execution of MEASURES, THE RECIPIENT undertakes to grant import authorizations and authorizations for the acquisition of the foreign exchange, and to apply national exchange control regulations without discrimination between Member States of the Community, Albania, Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia and the Former Yugoslav Republic of Macedonia.

THE RECIPIENT shall grant the permits necessary to repatriate funds received in respect of THE MEASURE, in accordance with the foreign exchange control regulations in force in the state of THE RECIPIENT.

ARTICLE 13 - TAXATION AND CUSTOMS

1. Taxes, customs and import duties shall not be financed out the EEC Grant.

2. Imports under supply contracts concluded by the authorities of THE RECIPIENT and financed out of the EEC Grant shall be allowed to enter the state of THE RECIPIENT without being subject to customs duties, import duties, taxes or fiscal charges having equivalent effect.

- THE RECIPIENT shall ensure that the imports concerned will be released from the point of entry for delivery to the contractor as required by the provisions of the contract and for immediate use as required by the conditions of the contract.
for the normal implementation of the contract, without regard to any delays or disputes over the settlement of the above-mentioned duties, taxes or charges.

3. Contracts for supplies or services provided by the Republic of Estonia or external firms, financed out of the EC Grant shall not be subject in the state of THE RECIPIENT to value added tax, documentary stamp or registration duties or fiscal charges having equivalent effect, whether such charges exist or are to be instituted.

4. Natural and legal persons, including expatriate staff, from the Member States of the European Community executing technical cooperation contracts financed out of the EEC Grant shall be exempted from business and income tax in the state of THE RECIPIENT.

5. Personal and household effects imported for personal use by natural persons (and members of their immediate families), other than those recruited locally, engaged in carrying out tasks defined in technical cooperation contracts shall be exempt from customs duties, import duties, taxes and other fiscal charges having equivalent effect, the said personal and household effects being either re-exported or disposed of in the state in accordance with the regulations in force in the state of THE RECIPIENT after termination of the contract.

6. Natural and legal persons importing professional equipment, as provided for in Article 11, shall, if they so request, benefit from the system of temporary admission as defined by the national legislation of THE RECIPIENT in respect of the said equipment.

**TITLE IV - EXECUTION OF CONTRACTS**

**ARTICLE 14 - ORIGIN OF SUPPLIES**

THE RECIPIENT agrees that, save when otherwise authorized by THE COMMISSION, materials and supplies required for execution of contracts must originate in the Community, Albania, Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia and the Former Yugoslav Republic of Macedonia.

**ARTICLE 15 - PAYMENT PROCEDURES**

1. For contracts financed out of the EEC Grant, tenders shall be drawn up and payments made, either in European Currency Units (ECU), or in accordance with the foreign exchange laws and regulations of the RECIPIENT in the currency of THE RECIPIENT, or in the currency of the state where the tenderer has his registered place of business, or in the currency of the state where the supplies were produced.

2. When tenders are drawn up in ECU, payments relating thereto shall be made, as appropriate, in the currency named in the contract, on the basis of the equivalent value of the ECU on the day preceding payment.

3. THE RECIPIENT and THE COMMISSION shall take all measures necessary to ensure execution of payments within the shortest possible time.
TITLE V - COLLABORATION BETWEEN THE COMMISSION AND THE RECIPIENT

ARTICLE 16 - INSPECTION AND AUDIT

1. THE COMMISSION shall have the right to send its own agents or duly authorised representatives to carry out any technical or financial mission or audit that it considers necessary to follow the execution of THE MEASURE. However, THE COMMISSION shall give the authorities of THE RECIPIENT advance notice of such missions.

THE RECIPIENT shall supply all information and documents which shall be requested of it, and take all suitable measures to facilitate the work of persons instructed to carry out audits or inspections.

2. THE RECIPIENT shall:

(a) maintain records and accounts adequate to identify the works, supplies or services financed under the financing memorandum in accordance with sound accounting procedures;
(b) ensure that the aforementioned agents or representatives of THE COMMISSION have the right to inspect all relevant documentation and accounts pertaining to items financed under the financing memorandum, and assist the Court of Auditors of the European Communities to carry out audits relating to the utilization of the EEC Grant.

The Commission may also carry out an ex-post evaluation and a final audit of the programme. The ex-post evaluation will assess the achievement of the objectives/targets of the programme as well as the impact on the development and restructuring of the sector concerned.

The final audit will review the local financial data of the programme, providing an independent opinion on the reliability and consistency of contracts and disbursements as well as their compliance with the provisions of the Financing Memorandum. The audit will establish the balance of uncommitted and/or undisbursed funds which shall be reimbursed to the Commission.

ARTICLE 17 - FOLLOW-UP OF MEASURES

In following the execution of THE MEASURE, THE COMMISSION may request any explanation and, where necessary, may agree with THE RECIPIENT on a new orientation for THE MEASURE which is deemed to be better adapted to the objectives in view.

THE RECIPIENT shall make reports to THE COMMISSION following the time-schedule laid down in the financing memorandum, throughout the period of execution of THE MEASURE and after completion thereof.

The Commission will in the light of the reports and where appropriate of the ex-post evaluation, proceed to the official closure of the programme and will inform the recipient country of the date of official closure of the programme.

TITLE VI - GENERAL AND FINAL PROVISIONS

ARTICLE 18 - CONSULTATION - DISPUTES

1. Any question relating to execution or interpretation of the financing memorandum or these General Conditions shall be the subject of consultation between THE RECIPIENT and THE COMMISSION, leading, where necessary, to an amendment of the financing memorandum.

2. Where there is a failure to carry out an obligation set out in the financing memorandum and these General Conditions, which has not been the subject of remedial measures taken in due time, THE COMMISSION may suspend the financing of the MEASURE, after consultation with THE RECIPIENT.
3. THE RECIPIENT may renounce in whole or in part the execution of THE MEASURE. The Contracting Parties shall set out the details of the said renunciation in an exchange of letters.

**ARTICLE 19 - NOTICE - ADDRESSES**

Any notice and any agreement between the parties provided for herein must be the subject of a written communication referring explicitly to the number and title of THE MEASURE. Such notices or agreements shall be made by letter sent to the party authorized to receive the same, and sent to the address notified by the said party. In case of urgency, telefax, telegraphic or telex communications shall be permitted and deemed to have been validity served, provided that they are confirmed immediately by letter.

The addresses are set out in the financing memorandum.
ANNEX B

ANNEX B - ARBITRATION

Any dispute between the Contracting Parties, arising out the Framework Agreement or a financing memorandum, which is not settled by applying the procedures laid down in Article 18 of the general conditions relating to financing memorandum, shall be submitted to arbitration by an Arbitral Tribunal as hereinafter provided.

The parties to such arbitration shall be THE RECIPIENT on the one side and THE COMMISSION on the other side.

The Arbitral Tribunal shall consist of three arbitrators appointed as follows:

- one arbitrator shall be appointed by THE RECIPIENT
- a second arbitrator shall be appointed by THE COMMISSION
- the third arbitrator (hereinafter sometimes called "THE UMPIRE") shall be appointed by agreement of the parties or, if they shall not agree, by the Secretary-General of the United Nations.

If either side fails to appoint an arbitrator, such arbitrator shall be appointed by THE UMPIRE.

Should any arbitrator appointed in accordance with this provision resign, die or become unable to act, another arbitrator shall be appointed in the same manner as the arbitrator whose place he takes: such successor shall have all the powers and duties of the original arbitrator.
Annex C - Special Provisions

1. Strategy

PHARE has provided support for co-operation across borders in the Baltic Sea Region since 1995 in the context of the PHARE Cross-Border Co-operation programme. The present programme builds on this cooperation taking up the Conclusions of the European Council in Santa Maria da Feira on 19 and 20 June 2000, and in particular paragraph 76 and the action plan for the Northern Dimension with external and cross-border policies of the European Union 2000 to 2003 referred to in that paragraph.

This appropriation is intended, as part of the flexibility and harmonisation of the Interreg, Phare and Tacis joint approach, to cover the financing of special measures to assist the applicant countries bordering the Baltic Sea and to prepare them for accession.

It is intended in particular to assist the future development of relations and local, regional and NGO cooperation in the Baltic Sea region. Particular attention will be paid to local initiatives to improve the protection of the environment, develop human capital, and support economic development in this region. The appropriations shall be used for small-scale local and regional projects.

The Baltic Joint Committee shall be responsible for multilateral decision-making regarding the projects financed under this appropriation and can draw heavily on the Joint Programming Document which has been developed by the BJC partners in accordance with the CBC Regulation.

The present programme can build further on the Small Project Fund implementation developed into accepted Guidelines 2000.

The wide ranging Baltic Sea Region multi-lateral / multi-county aspects will be examined for funding in 2002, and preparatory work using the multilateral confernece approach for “seeding” the process may be funded in the 2001 Programme – at the discretion of the Baltic Joint Committee.

The Baltic Joint Committee will take special care to include during its meetings the regional representatives nominated by each of the member countries.

2. DESCRIPTION - SMALL PROJECTS - ES01.09/ LE01.07/ LI01.16/ PL01.11

The total appropriation is implemented at the level of each country and therefore each of the countries (Estonia, Latvia, Lithuania and Poland) is allocated an equal amount of 3 M€ in the Phare budget for 2001.

Both soft and hard infrastructure projects are eligible, but a special emphasis is placed on supporting the human resources development projects. Infrastructure projects can only be supported provided they have a strong and demonstrable CBC content.

Under Phare, projects are catered for at two levels:

- A Small Project Fund for projects up to 50,000 € building on previous years’ structures and works within an allocation of 1 M€ per country. The maximum PHARE support per project is 50,000 € and is indicatively provided for up to 25 projects with allocations between 20,000 € and 50,000 €.
- A Grant Scheme for projects greater than 50,000 € and operates within an allocation of 2 M€: This is indicatively provided for up to 15 projects of a minimum size of 50,000 € and maximum of 300,000 €.

The small-scale actions shall be implemented in accordance with the DIS/PHARE GUIDELINES /GRANT SCHEME GUIDELINES to which the following precisions or adjustments shall apply:

1. Guidelines will be drawn up covering all small projects and will be based on those established for the Phare 2000 SPF Baltic Sea Region exercise.

2. The minimum co-financing contribution shall be 20%;
3. One Steering Committee per Phare partner country will be established. However, if appropriate, more than one may be established, especially if already existing regional cooperation structures can be used. Steering Committees must include members from various countries of the Region representing regional and local authorities and relevant non-government organisations. It is intended that as a result of the co-ordination between the countries harmonised Guidelines both for the Small Project Fund and the Grant Scheme will be produced. There will be therefore a harmonised call for proposals and a harmonised application form. For each country an “assessor” will be nominated to take the long list of projects selected and discuss with colleagues in the framework of the BJC so as to provide for the final project list decided by the BJC.

4. At least two partner countries must take part in each project, with the emphasis on the contribution of the project to harmonisation of the Interreg, Phare and Tacis joint approach – drawing on the Joint Programming Document developed by the BJC.

5. Up to 10% of the total amounts allocated can be used on expenditure relating to the preparation, selection, appraisal and monitoring of the assistance.

Each country has to establish the structures to implement its small scale actions, including i.a. establishing the Steering Committee and drawing up its Special Guidelines. Before starting operations, the composition of the Steering Committees and the Special Guidelines for each small scale actions have to be approved by the Commission (Delegation). The Steering Committee will issue calls for proposals and select projects. The Commission must be invited, as observer, to the meetings of the Steering Committee and has a right of control of the activities as described in the General Guidelines.

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

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

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

3 Budget

The budget in MEIRO is as follows:

<table>
<thead>
<tr>
<th>Country / Project No.</th>
<th>INDICATIVE TOTAL AMOUNTS *)</th>
<th>Phare contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESTONIA (ES01.09)</td>
<td>3.6</td>
<td>3.0</td>
</tr>
<tr>
<td>LATVIA (LE01.07)</td>
<td>3.6</td>
<td>3.0</td>
</tr>
<tr>
<td>LITHUANIA (LT01.16)</td>
<td>3.6</td>
<td>3.0</td>
</tr>
<tr>
<td>POLAND (PL01.11)</td>
<td>3.6</td>
<td>3.0</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>14.4</strong></td>
<td><strong>12.0</strong></td>
</tr>
</tbody>
</table>

*) figures contain indicatively 20% minimum co-financing.

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1 the BJC may confirm by written procedure the Phare project allocation decisions of the bilateral MS/CC Interreg Monitoring Committee
4. 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 in each of the beneficiary countries (Estonia, Latvia, Lithuania and Poland). The National Aid Co-ordinator and the National Authorising Officer shall be jointly responsible for co-ordination between PHARE (including PHARE CBC), ISPA and SAPARD.

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

Appropriate financial control shall be carried out by the competent National 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 country concerned in December 1998. Funds will be transferred following requests from the NAO.

A payment of **up to 20%** of the funds to be managed locally will be transferred to the NF following signature of the Financing Memorandum and the Financing Agreements (FAs) between the NF and the Implementing Agencies (IAs)/Central Finance and Contracts Unit (CFCU). The provisions foreseen in articles 2 and 13 of the 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 HQs, no replenishment request may be made if the aggregate of the funds deposited in the NF and the IAs exceeds 10% of the total budget in force of the commitment.

The NAO may exceptionally request an advance payment of more than 20% in accordance with the procedures laid down in the aforesaid Memorandum of Understanding.

The Implementing Agencies in the countries will be responsible for the programme as follows:

<table>
<thead>
<tr>
<th>Country / Project No.</th>
<th>Implementing Agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESTONIA (ES01.09)</td>
<td>CFCU</td>
</tr>
<tr>
<td>LATVIA (LE01.07)</td>
<td>CFCU</td>
</tr>
<tr>
<td>LITHUANIA (LT01.16)</td>
<td>CFCU</td>
</tr>
<tr>
<td>POLAND (PL01.11)</td>
<td>Implementing Authority for Phare Cross-Border Co-operation Programme</td>
</tr>
</tbody>
</table>

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2 All candidate countries signed the MoU for the establishment of the National Fund in December 1998.
The National Fund will transfer funds to IAs, including the Central Financing and Contracting Unit (CFCU), in accordance with Financing Agreements (FAs) signed between the NFs and the IAs/CFCU where applicable. Each individual FA will be endorsed in advance by the European Commission. In cases where the NF is itself the paying agent for the CFCU/IA there will be no transfer of funds from the NF to the CFCU/IA. The CFCU and the IAs must each be headed by a Programme Authorising Officer (PAO) appointed by the NAO after consultation with the NAC. The PAO will be responsible for all the operations carried out by the relevant CFCU/IA.

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

The National Authorising Officer (NAO) and the Project Authorising Officers (PAO) will ensure that the programmes are implemented in line with the procedures laid down in the DIS Manual and that all contracts are being prepared in accordance with the Practical Guide for PHARE, ISPA and SAPARD.  

All funds must be contracted by 15 November 2003. All disbursements must be made by 15 November 2004. Any funds not used by the expiry date of the programme will be recovered by the Commission.

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

5. Monitoring and Assessment

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

The JMC will be assisted by Monitoring Sub-Committees (MSC) 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.”

6. Anti-fraud-measures, Audit and Evaluation

All financing memoranda as well as the resulting contracts are subject to supervision and financial control by the Commission (including the European Anti-fraud Office) and the Court of Auditors.

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3 The Practical Guide has replaced section F ("Procurement") of the DIS Manual
This includes measures such as ex-ante verification of tendering and contracting carried out by the Delegation in the Candidate Country concerned and on-the-spot checks. In order to ensure efficient protection of the financial interests of the Community, the Commission can conduct check-ups and inspections on site in accordance with the procedures foreseen in Council Regulation (Euratom, EC) No. 2185/96 dated from November 11, 1996, concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities. Commission Regulation (EC) N° 1681/94 of 12/07/1994 and the procedures foreseen in Art. 15 para 3 of Commission Regulation No. 2222/2000 dated from June 7, 2000, on the communication in case of irregularities and the putting in place of a system to administrate the information in this field shall apply. The accounts and operations of the National Fund, and, where applicable, the CFCU and all relevant Implementing Agencies may be checked at the Commission’s discretion by an outside auditor contracted by the Commission without prejudice to the responsibilities of the Commission and the European Union's Court of Auditors as referred to in the General Conditions relating to the Financing Memorandum attached to the Framework Agreement.

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

7. 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".

8. Special conditions

In the event that agreed commitments are not met for reasons which are within the control of the government concerned, 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.
CUMULATIVE BUDGET (total 12.0 MEUR)

Special Action in Favour of the Baltic Sea Region - 2001

<table>
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<td>12.0</td>
<td>2.4</td>
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</tbody>
</table>

* Indicative amounts
1. Basic Information

1.1 Désirée Number:
   ES01.09 / LE01.07 / LI01.16 / PL01.11

1.2 Title: Small Project Fund

1.3 Sector: all sectors

1.4 Location: Eligible regions are as follows
   PL: voivodships of Poland: Zachodnio-Pomorskie; Pomorskie;
      Warminsko-Mazurskie and Podlaskie - Euroregions
   LT: All territory;
   LV: All territory;
   EST: All territory;

2. Objectives

2.1 Overall Objective(s):

The Small Projects Fund (SPF) supports conclusions of the European Council in Santa Maria da Feira on 19 and 20 June 2000, and in particular paragraph 76 and the action plan for the Northern Dimension with external and cross-border policies of the European Union 2000 to 2003 referred to in that paragraph.

This appropriation is intended, as part of the flexibility and harmonisation of the Interreg, Phare and Tacis joint approach, to cover the financing of special measures to assist the applicant countries bordering the Baltic Sea and to prepare them for accession.

It is intended in particular to assist the future development of relations and local, regional and NGO cooperation in the Baltic Sea region. Particular attention will be paid to local initiatives to improve the protection of the environment, develop human capital, and support economic development in this region. The appropriations shall be used for small-scale local and regional projects. The Baltic Joint Cooperation Committee shall be responsible for multilateral decision-making regarding the projects financed under this appropriation.

The Small Projects Fund (SPF) supports the key objectives of the Special Action for the Baltic Sea Region Programme, namely to help the border regions to overcome specific development problems resulting from their relative isolation in the framework of national economics; the SPF also supports the establishment and development of co-operative networks within the Baltic Sea Region and the creation of linkages between these networks and wider European Union networks. The SPF aims:

- to support the further development of the economic potential of the regions bordering the Baltic Sea by strengthening existing structures;
- to reduce the peripheral character of these areas, thereby improving the quality of life and creating a co-operative networking that region;
• to contribute to the development and strengthening of an effective implementation structure for the programme.

In pursuing these objectives, the SPF provides a flexible approach to funding smaller-scale actions, which are defined on the basis of local/regional needs, and which have a cross-border impact.

The SPF shall be implemented through two schemes, one for small projects between 20 000 – 50 000 based on the Small Project Funds 1999 and 2000 and one grant scheme for projects 50 000 – 300 000 EUR. Both schemes shall be in line with the Joint Programming Document for the Phare Cross-Border Cooperation Programme 2001 – 2006, which was jointly developed by Estonia, Latvia, Lithuania and Poland under the guidance of the Baltic Joint Cooperation Committee.

2.2 Project purpose:

The projects shall support development in particular in the fields of small-scale people-to-people activities across the border. In overall terms, the SPF may:

• contribute to the development of the eligible districts of Euroregions particularly those on the northern border in Poland and the whole territory of Estonia, Latvia and Lithuania;

• To contribute towards facilitating the efforts of the candidate countries of the Baltic Sea Region towards accession to the EU;

• enhance possibilities for cross-border tourism attraction and linkages between the tourism support infrastructures on either side of the border;

• the development of cultural co-operation between neighbouring areas in the Baltic Sea region;

• the support and increase in numbers of cross border meetings of various groups of the population, especially of youth;

• the support of educational activities for institutions and individuals involved in local/regional development, in local government and in organisations of public interest;

• the raising of the level of public awareness and information on cross-border co-operation affairs and on the process of European integration.

• encourage NGO and local involvement in the Phare Programme and to support small-scale actions which may form the basis for larger cross-border co-operation projects;

• build and develop the specialist resources of local and regional institutions involved in regional development, groundwork and implementation of cross-border projects in line with EU practice;

• stimulation and support to the creation of permanent structures among the local and regional organisations in the border region in question, particularly organisations with membership for both sides of the border;

• develop and enhance co-operation between the communities on either side of the border with a view to joint improvement of economic development, living conditions and on-going contact;

• support the productive sector and maximise the economic growth potential by creating a business friendly environment and overcoming the obstacles to trade and cooperation in the Baltic Sea Region;
protect and improve the environment including local energy efficiency schemes and renewable sources of energy;

- improve accessibility, communication, infrastructure and transport links initiated locally within the border regions and provide access to the Trans-European networks

2.3 Accession Partnership and NPAA priority

The SPF plays a key part in the process of preparation of Estonia, Latvia, Lithuania and Poland for accession as defined in the Accession Partnerships and NPAAAs of the countries concerned, in particular through the capacity building dimension of local/regional actors. These funds are part of a process of creating "integration-minded" border regions. The project represents thus an important element in the preparation of Estonia, Latvia, Lithuania and Poland for the adoption of Structural Funds. In addition, the project supports the social and economic integration between the border regions of candidate countries.

2.4 Contribution to National Development Plan

Not applicable in general since infrastructure is not specifically or separately identified.

2.5 Cross Border Impact

The Programme will contribute to the removal of existing disparities between areas in the Baltic Sea Region and thus to the gradual alignment of economic and social development. This is particularly important in view of future integration into the European Union. Full membership will require the approximation of levels of economic activity and living standards in particular in border regions in order to avoid undue problems connected to the removal of borders and the introduction of the principle of free movement.

The SPF emphasises projects with a cross-border impact and encourages the development of linkages between the communities /organisations/ institutions in the Baltic Sea Region. All projects necessitate active participation of foreign partners from EU Baltic states and thus facilitate establishing direct contacts of inhabitants from the entire region.

In Poland, the Regional Steering Committees will be composed of representatives of the relevant partners from various countries within the Euroregions. In Estonia, Latvia and Lithuania National Steering Committees will be established composed of representatives from relevant national and regional authorities and organisations.

3. Description

3.1 Background and justification:

Following the approach adopted in 1999, the 2000 Special Action for the Baltic Sea Region Programme is now focused on the SPF mechanism and confirms the evolution in the overall Phare CBC Programme in Estonia, Latvia, Lithuania and Poland from an exclusively project–by-project approach to the gradual inclusion of flexible funding mechanisms. The success of these SPF in addressing identified local needs, their popularity with local/regional actors and relatively quick implementation record encourages a greater emphasis within the Phare CBC Programmes.
The fund model approach is particularly useful in the context of pre-accession and the preparation of local/regional administrations and NGOs for accession. Moreover, funds are seen as ideal mechanisms for the "maturing" of cross-border co-operation through allowing greater possibilities for the definition and preparation of joint projects.

To summarise, the inclusion of the SPF into the programme is a logical step forward in the overall context of the Estonia, Latvia, Lithuania and Poland’s future accession to the EU, and in the specific context of the development of cross-border co-operation and evolution of the Phare CBC Programme in the pre-accession context.

3.2 Linked activities:
The SPF follows on directly from the support and methodologies developed since 1996 in the Baltic Sea Region, beginning with the Baltic Small Project Facility and supported by bilateral MS contributions. It is currently taking up the linking strands of the opportunities provided under the new Interreg IIIA, B and C.

3.3 Results:
The project’s main objective is to sustain and develop further the BSR networking which permits the ongoing integration of the candidate countries into the region itself and by doing so into the EU. This is achieved by a series of project results:

- BSR integration projects and networking for developing strategies and preparing for greater investments
- Northern Dimension Action plan projects
- “people to people” support actions in line with the objectives of the programme across the BSR and the integrating of the CC into the EU-MS networks

3.4 Activities:
The project is based on the single, repeated activity of developing small projects via a mechanism of standardised project applications / joint calls for proposals and joint evaluations – with criteria under the decentralised harmonised guidelines. Qualified technical expertise supports activities such as:

- carrying out of cultural exchanges, youth meetings;
- training courses, exchange visits;
- courses, conferences and seminars,
- elaboration of planning and development studies, feasibility studies, project preparation documents;
- marketing initiatives for the region, tourist information material printed; exhibitions visited and arranged;
- small scale infrastructure projects
4. **Institutional Framework**

**Poland**

The project will be implemented under the overall responsibility of the Implementing Authority for the Phare Cross Border Co-operation Programme at the Ministry of Internal Affairs and Administration in Poland (the **IA CBC Phare**).

The **IA CBC Phare** is finally responsible for the management of funds allocated to the SPF and reserves therefore certain rights with respect to approving individual regional SPF's and reserves the right to supervise them: issuing of guidelines; definition of the responsibilities of institutions involved in the SPF; approval of the institutional set-up; specification of the rules for financial management and for regular submission of reports; the IA CBC Phare has the right of veto over certain projects that have been approved in contravention of the established rules; and finally the IA CBC Phare is responsible for the provision of on-going support to institutions in the regions in the form of training or consultation through experts chosen by the IA CBC Phare. Specifically the IA CBC Phare will manage the implementation of horizontal actions in support of institutional development.

**Regional Steering Committees** will be established for each Euroregion. The Steering Committee will consist of representatives of the local/regional public administration and of other relevant institutions and organisations from all partner countries in the areas comprised by the respective Euroregion. The Regional Steering Committee will become the principal responsible institution for the operation of the Fund. Representatives of the IA CBC Phare and of the European Commission (Delegation) will participate in the meetings of the Committee as observers. The basic functions of the Regional Steering Committee are:

- issuing calls for proposals;
- appointment of expert panels for the assessment of project applications;
- decision-making on the selection of projects, in accordance with the Guidelines issued for the SPF;
- supervision of the operation of the SPF.

The **Secretariat** represents the executive SPF body in the region. Its chief function is to provide technical and specialist support to the Steering Committee and to ensure the everyday implementation and operation of the SPF. The secretarial services will be performed by Polish secretariats of Euroregions. The responsibilities of the Secretariat include:

- provide information to beneficiaries on the 2000 Phare CBC Programme and its Sub-Programmes;
- provision of support for the preparation of Steering Committee meetings;
- organisation of individual round of public calls for the submission of proposals;
- supporting applicants with project preparation;
- assist and co-ordinate the process of project evaluation, through passing project proposals to the expert panels and organising their sessions, etc.
- assist in the preparation of Terms of Reference and associated tender and contracting documents as required;
• conclusion and control of sub-contracts;
• monitoring and inspection of implementation; evaluation of benefits;
• the complete financial management of the SPF;
• reporting to the Steering Committee and to the IA CBC Phare.

The Secretariat will in particular ensure sound and professional financial management of the funds in line with Phare requirements. Overall, the IA CBC Phare through the provision of ongoing advice and support and specialist consultancy and training inputs will assist the Secretariat in performing their role. In particular in the case of more complex services or supply procurement, the Secretariat will co-operate closely with the IA CBC Phare. The Secretariat will need to report regularly to the IA CBC Phare, in particular on the financial management and implementation record of the SPF. Up to 10% of the Phare contribution may be used for expenditure relating to the preparation, selection, appraisal and monitoring of the assistance.

Estonia, Latvia and Lithuania

In each case the CFCU (Central Financial and Contracting Unit) is responsible for the implementation within the framework of the guidelines agreed by the respective delegations. The CFCUs will be supported by SPF Secretariats with similar functions as listed above for Poland. National Steering Committees will be established in each of the three countries and carry out the same functions as the Regional Steering Committees in Poland. A National SPF Co-ordinator will be nominated as chairman of the National Steering Committee.

Project Selection: Projects will be selected following the approval of harmonised Guidelines, a joint Call for Proposals and an evaluation involving representatives and experts from all 4 countries. The detailed procedure for the project selection will be outlined in the Guidelines for the Call for Proposals, which is to be developed on the basis of existing SPF Guidelines.

Local Authorities: Due to the decentralised nature of the SPF, local/regional authorities will be directly involved in project selection and the management of the Fund as well as in the preparation and implementation of the projects. Moreover, local and regional authorities through their participation in the Regional or National Steering Committees will need to integrate the actions funded through the SPF with those supported through other programmes. However, due to the eligibility of local authorities as project applicants, their participation in Steering Committees and project selection and management will be limited where a potential conflict of interests exists.

Experience of the institutions: Representatives of the eligible border regions have acquired experience of the operations of Steering Committees and the associated project selection and evaluation processes within the framework of the CREDI Programme and of previous Small Projects Funding. There is a strong commitment on the part of regional/local public administration and other actors in this type of funding mechanism and enthusiasm for their active involvement in an EU Programme.

In terms of the expert panels there is a pool of know-how on the defined themes which the SPF will address. Experts from regional/local level should be involved in the preliminary project evaluation exercise, where a conflict of interests can be avoided. This will help ensure that information on good practice experiences from elsewhere can be available to each committee.
5. Detailed Indicative Budget

<table>
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<tr>
<th>Phare Support</th>
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<td>Projects 20,000 to 50,000</td>
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<td>Projects 50,000 to 300,000</td>
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<td>Total</td>
<td>4.5</td>
<td>7.5</td>
<td>12.0</td>
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</table>

Co-financing will be available.

There is no formal requirement for financial support of foreign partners in the SPF, however, projects with financial contribution of foreign partners will be given priority. Co-financing provided from national sources including private sector, if relevant is presented at the level of the individual small project proposal – and has to be confirmed. Such funding is expected to be assured in this project as in the past.

Up to 10% of the Phare contribution may be used for expenditure relating to the preparation, selection, appraisal and monitoring of the assistance.

6. Implementation Arrangements

6.1 Implementing Agency

The project will be managed in accordance with the Phare Decentralised Implementation System (DIS) and under the overall supervision of the National Fund (NF).

In Poland, the Implementing Authority for the Phare CBC Programme at the Ministry of Internal Affairs and Administration will be the Implementing Authority (IA) for the project and the NF will transfer funds to the IA in accordance with the Financing Agreement signed between the NF and the IA. The IA will be headed by a Programme Authorising Officer (PAO) nominated by the responsible Minister and appointed by the National Authorising Officer. The PAO will be responsible for all the operations carried out by the IA.

In Estonia, Latvia and Lithuania, the CFCU is to implement the project and will receive funds from the NF according to the individual national arrangements.

In addition, the General Guidelines of the Commission for Small Projects Funds and detailed guidelines developed for SPF in Estonia, Latvia, Lithuania and Poland, endorsed by the Commission, will be applied for the SPF. These Guidelines will be revised in line with the Joint Programming Document in order to ensure increased harmonisation between the SPF and to take into account the distinction between Grant Scheme and traditional Small Project Fund.

All contracting will be carried out in line with the Practical Guide to Phare, ISPA and SAPARD contract procedures. The project selection process shall be agreed by the Baltic Joint Cooperation Committee and detailed in harmonised Guidelines for applicants.
6.2 Twinning
None

6.3 Non-standard aspects
The project follows the standard approach for small projects applied to the specific requirements of the BSR’s four participating MS and Candidate Countries – in line with the Budgetary Commentary

6.4 Contracts
A maximum of 160 contracts for the total budget of 12 M€

7. Implementation Schedule
7.1 Start of tendering/call for proposals
ToRs and/or project specifications will be early in 2002

7.2 Start of project activity
Expected date of commencement of first contract/grant scheme is the last quarter of 2002

7.3 Project Completion
The expected date of last payment under last contract/grant is 15th November 2004

8. Equal Opportunity
Equal participation in projects by women and men is assured and women’s participation will be measured by examination of the individual project personnel portfolio.

9. Environment
Dealt with at the individual project level

10. Rates of return
Dealt with at the individual project level

11. Investment criteria
Dealt with at the individual project level

11.1 Catalytic effect:
The Phare support catalyses the priority accession driven action of preparation of the local, regional authorities and NGOs for accession which would otherwise not have taken place in this way by galvanizing the local authorities into the project development actions which are at the heart of future EU funding mechanisms.

11.2 Cofinancing:
Phare will use its grants to attract as much co-financing as possible from all sources.

11.3 Additonality:
Phare grants shall do not displace any other financiers especially from the private sector or IFIs since no other source provides for these specific activities – bearing in mind that the expertise developed by the successful beneficiaries makes them well placed to also take advantage of EU funding from other sources such as Economic and Social Cohesion and the ACCESS programme.

11.4 Project readiness and Size:
Projects will only be financed by Phare if they are ready for contracting and when all necessary technical studies have been completed and this is amply assured by the extensive and detailed projects criteria and the project selection process using experts.

11.5 Sustainability:
Dealt with at the individual project level

11.6 Compliance with state aids provisions
Dealt with at the individual project level

11.7 Contribution to National Development Plan
Contributes through following the Accession Partnership priorities to the NDA

12. Conditionality and sequencing
No new conditionality applies since the activities are continuations of previous ongoing ones for which all conditions are fulfilled.

The sequence of the project is in the order of: Agree common Guidelines; launch call for proposals; analyse and select projects; contract, monitor and evaluate.

The most important milestones of the project in terms of impact is the actual number of projects successfully terminated with the results achieved. Control is therefore at the level of the individual projects.
ANNEXES TO PROJECT FICHE
1. Logical framework matrix in standard format
2. Detailed implementation chart
3. Contracting and disbursement schedule by quarter for full duration of programme
## Annex 1: LOGFRAME PLANNING MATRIX FOR PROJECT

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<th>Document</th>
<th>Financing Proposal</th>
<th>Section</th>
<th>E</th>
<th>Version</th>
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### Wider Objectives

- to support the further development of the economic potential of the Baltic Sea Region by strengthening existing structures;
- to reduce the peripheral character of these areas, thereby improving the quality of life and creating a co-operative network on both sides of the border;
- to contribute to the development and strengthening of an effective implementation structure for the programme.

### Indicators of Achievement

- amount of traffic of local character
- amount of joint social, economic and cultural organisations, and new creations
- opinion of inhabitants living in the neighbouring border (indicator of approval)
- increased command of the neighbours' languages

### How, When and By Whom Indicators Will Be Measured

- data of the border and customs services
- reports and statistics from regions, statistical offices, opinion polls

### Assumptions and Risks

- continued commitment of the Governments towards the priorities of the programme and regional development;
- political commitment to Regional co-operation
- functioning co-operation between all relevant partners in the Regions;
- sustained interest of the Region’s population in development and co-operation.

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1 Precise indicators can only be developed later on at the project level.
## Immediate Objectives

- contribute to the development of the eligible districts of the Regions;
- enhance possibilities for cross-border tourism;
- the development of cultural co-operation between neighbouring areas in the border region;
- the support and increase in numbers of cross border meetings of various groups of the population, especially of youth;
- the raising of the level of public awareness and information on cross-border co-operation affairs and on the process of European integration.
- encourage local involvement in small-scale actions;
- build and develop the specialist resources of local and regional institutions involved in regional development in line with EU practice;
- stimulation and support to the creation of permanent structures among the local and regional organisations in the border region;
- develop and enhance co-operation between the communities on either side of the border with a view to joint improvement of economic development, living conditions and on-going contact.

## Indicators of Achievement

- SPFs in operation and used;
- regional authorities' personnel trained, regional institutions qualified;
- number of projects carried out;
- number of tourists in Regions

## How, When and By Whom Indicators Will Be Measured

- Regional and IA CBC reports;
- Project completion reports;
- Monitoring and assessment reports;
- Programme evaluation.

## Assumptions and Risks

- Availability of qualified experts, local interest maintained;
- well functioning co-operation and co-ordination between CBC IA's BJC and working groups;
**STANDARD SUMMARY PROJECT FICHE**

- BSR integration projects and networking for developing strategies and preparing for greater investments
- "assuring the "people to people" support across the BSR and the integrating of the CC into the EU-MS networks
- carrying out of cultural exchanges, youth meetings;
- training courses, exchange visits;
- Northern Dimension Action Plan projects
- courses, conferences and seminars,
- elaboration of planning and development studies, feasibility studies, project preparation documents;
- marketing initiatives for the region, tourist information material printed;
- exhibitions visited and arranged;

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<th><strong>Activities: Inputs</strong></th>
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<td>The project is based on the single, repeated activity of developing small projects via a mechanism of standardised project applications / joint calls for proposals and joint evaluations – with criteria under the decentralised harmonised guidelines. Qualified technical expertise supports this activity.</td>
<td>Standardisation of the approach across the BSR is the main challenge to be met – based on the assumed willingness of the many partners to co-operate with the attendant risk that the logistics may not allow them to do so in an optimal manner.</td>
</tr>
</tbody>
</table>

- number of meetings of social, economic and cultural organisations with their partners from the other side of the border
- number of project participants from both sides of the border
- number of publications, maps etc. on border areas
- IA CBC reports;
- Project completion reports;
- Reports of Secretariats
- Monitoring and assessment reports;
- Summary SPF reports of Regions
- Availability of qualified experts;
- well functioning co-operation and co-ordination between IA CBC, Steering Committee, Secretariat and local governments;
- continued commitment of project counterpart.
Annex 2 and 3: Cumulative implementing, contracting and disbursement schedule.

Implementing schedule:

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<th>Qtr 1</th>
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Cumulative Contracting schedule (M€):

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Cumulative Disbursement schedule (M€):

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