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 Republic of Hungary, 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 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: HU 00.16.
Title: 2000 Cross-Border Co-operation Programme between Hungary and Slovenia
Duration: Until 15 December 2002

ARTICLE 2 - COMMITMENT OF THE COMMUNITY

The financial contribution of THE COMMUNITY is fixed at a maximum of € 2 million hereinafter referred to as "THE EC GRANT".

ARTICLE 3 - DURATION AND EXPIRY

For the present MEASURE, THE EC GRANT is hereby available for contracting until 15 December 2002 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 December 2003. All disbursements must be completed by the deadline for disbursement. THE COMMISSION may however, in exceptional circumstances, agree to an appropriate extension of the contracting period or of the disbursement period, should this be requested in due time and properly justified by THE RECIPIENT. This Memorandum shall expire at the expiry of the disbursement period of the EC GRANT. All the funds which have not been disbursed shall be returned to the Commission.

ARTICLE 4 - ADDRESSES

Correspondence relating to the execution of THE MEASURE, stating THE MEASURE'S number and title, shall be addressed to the following:

for the COMMUNITY:
This Memorandum is drawn up in duplicate in the English language.

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 Budapest
Date 23rd December, 2000

for THE RECIPIENT

for THE COMMUNITY

Mr M. Lake
Head of European Commission
Delegation to the Republic of Hungary

Annex 1 Framework Agreement
Annex 2 Special Provisions
Annex 3 Visibility and Publicity
1. OBJECTIVES, DESCRIPTION AND CONDITIONALITY

1.1. Wider objectives

The general objective of the Hungary-Slovenia Phare CBC Programme is to promote co-operation in the border regions of the two countries. Cross-border co-operation is regarded as a means of stimulating economic activities in these regions and to assist them in overcoming specific development problems, which arise from their peripheral position within their respective national economies. In addition, the Phare CBC Programme aims to promote the creation and further development of networks on both sides of the border. The programme supports the process of integrating Hungary and Slovenia into the European Union.

1.2. Immediate Objectives and Programme Results

The following priority of cross-border co-operation has been agreed in the JPD Hungary-Slovenia for 2000:

- Joint Nature Park and Rural Development corresponding to Measure 1 of the Priority 1: Sustainable Spatial and Environmental Development of the JPD.

In this first programming year, the focus is on the objective of nature protection, with environment protection issues as sub-objectives. It is also considered a substantial target of the programme to support preparations for the next programming period.

Two projects concern activities in the respective Hungarian and Slovene sectors of the Park. They will contribute to the protection, management and sustainable use of natural resources. The Hungarian project will strengthen eco-friendly agricultural activities with the assistance and control of the existing Nature Park organisations in the area. The Slovene project will concentrate on institutional activities linked to the establishment of the Slovene part of the Park and the revitalisation of traditional economic activities.

These projects will be complemented by a Joint Small Projects Fund which will facilitate contacts between people living in the border region and will support the preparation of feasibility studies, plans etc. in order to get prepared for the coming programming periods.

1.3. Programme description

The programme has been designed following bilateral contacts between Hungary and Slovenia, several consultations with EC Delegations in both countries and DG Enlargement recommendations reflecting in fact the Commission Regulation No. 2760/98, concerning the implementation of CBC programmes in the framework of the Phare programmes. The projects selected for support in the Phare CBC Hungary-Slovenia 2000 Programme are in accordance with the content of the JPD. The following projects will be undertaken:
Project HU.00.16.01: Joint Naturpark Development

The development of the border region, mainly based on rural economic activities, needs to be related to environmental protection, and sustainable use of natural resources. This should also be in line with the preparation for EU accession. In particular, cases of “good practice” must be introduced. The joint TRI-D Strategy (financed by Phare CBC HU/SL/AU ZZ-9524) provides for this.

There is a very low awareness inside and outside the target area of local eco-, bio- and traditional products, compared to the Austrian side of the trilateral Naturpark. Successful examples exist in Burgenland for the common development and marketing of eco- and bio-products, which should be dispersed within the whole Naturpark area. A substantial step forward in this process would be the establishment of a proper flow of information and common marketing, by completing the network of Naturpark Contact Institutions.

There are presently four Naturpark Contact Institutions in the trilateral Naturpark area: Jennersdorf and Tabor in Burgenland, Óriszentpéter and Szécsisziget in Hungary and the Slovene side will establish their centre in the frame of the mirror project of this project.

In the framework of the proposed project, the main activities, which will be carried out, are the following ones:

- Establishment of an Advisory Group for the development of environmentally friendly products;
- Completing the Network of Naturpark Contact Institutions.

To assure the introduction of new environmentally friendly products, an Expert Advisory Group will be created. This Advisory Group will provide technical assistance, training, advisory services (including the introduction of quality assurance systems, development of new products) as well developing a quality management system necessary for transparent and efficient economic management of bio-farms. Four model farms will be selected to provide the location for practical “on-the-job” presentation and training activities. The Advisory Group will build on existing partnership networks of the two Nature Park Associations in the two counties concerned (Vas and Zala), as well as the Raab Nature Park Association as a partner in the trilateral co-operation of Nature Parks.

Four investments will be carried out in the two Nature Parks of Órség and Kerka-mente to complete the network of Nature Park Contact Institutions. These will provide the location for training activities for bio-farmers, common presentation and marketing of local bio-, eco- and traditional products of the future trilateral Nature Park area. They will also collect and disseminate information on the results of the present project and other good practice examples inside and outside the trilateral Nature Park area.

Beneficiary: The Órség Naturpark Association as well as the municipalities of Szécsisziget, Zalalővő, Magyarszombatfa and Kétvölgy

Total project cost: 2,150,000 EUR
Phare CBC contribution: 1,600,000 EUR
National co-financing: 550,000 EUR
Slovenian mirror project: Phare CBC SI/HU Joint Nature Park Development

Project SI.00.08.01. Joint Nature Park Development
The **Wider Objectives** of this project are to establish the Trilateral Nature Park Goričko-Örség-Raab and to enable development of the business infrastructure in the park, which will provide better quality of life whilst preserving the present advantageous situation of the natural environment.

**Immediate Objectives:**
Revival of Castle Grad and of the Goričko area, with the following activities:

**Activities in Slovene part of the trilateral Nature Park:**
- Establish Information Office in the Castle Grad;
- Prepare Inventory and zone map according to the Slovene legislation;
- Awareness raising (seminars and workshops on Nature protection in nature parks, the quality and standards demand, EU legislation regarding environment);
- Prepare Management;
- Preparation of the Regulation on inter-ministerial and inter-municipal level and subsequent publication in OG;
- Establish the Nature Park Association for Slovene part;
- Establish the Ranger Service Office.

**Trilateral actions:**
- Information portal on Internet: Link Information Offices (Grad (SI), Jennersdorf (A), Örszantpeter (HU), Szecsisziget (HU));
- Elaborate the Management Plan for trilateral Nature park;
- Establish the Trilateral Nature Park Associations (Goričko, Örség, Raab);
- Prepare and disseminate joint Information and marketing material for Trilateral Nature Park;
- Establish the network of SI/A/H educational Institutions for rangers;

**Revitalisation of traditional economic activities:**
- Establish workrooms for pottery, joinery, wheelwright, distillation of schnapps, herbal products, blacksmiths, spinnery;
- Provide managerial support for newly self-employed handicraftsmen;
- Build a network of producers of traditional handicrafts in the trilateral nature park and prepare a joint data base of producers and their production available in printed materials and also as part of TRI-N Internet portal.

**Introduce environmentally friendly products:**
- Elaborate Quality Assurance System for Trilateral Nature Park products;
- Elaborate TRI-N trade mark (environmentally friendly product);
- Open a tasting room for trilateral environmentally friendly products.

In line with the above development objective of the NPAA, AP and JPD, the Phare CBC SI/H **Joint Nature Park Development** will provide support to regional development, sustainable spatial development, economic development, ecological problems and social problems that will have a direct cross-border impact and is complementary to the JPD in respect of the priorities:

- Sustainable spatial development;
• Economic cohesion, measure business development (revitalising existing industrial sites, halls and plants, establishing and upgrading infrastructure for new business and investments by business zones, parks).

Beneficiary: Regional Development Agency Mura
Total Project Cost: 2,225,000
PHARE CBC Contribution: 1,600,000
National Co-financing: 625,000
Hungarian Mirror project: HU/SI Joint Nature Park Development

Projects HU.00.16.02 and SI00.08.02 Joint Small Projects Fund

The Joint Small Projects Fund (JSPF) will be established as a flexible mechanism that finances the “small-scale and people-to-people” projects with a cross-border impact. A “mirror” and equal fund will be available for each counterpart, being agreed unanimously by the Joint Co-operation Committee (JCC).

A JSPF with a dotation of up to 20% of annual Phare CBC Programme funds is to be created. The maximum size for an individual project is 300,000 Euro, but most projects are considerably smaller. There is decentralised decision-making. The Hungarian and Slovenian side agreed in the JPD to use the maximum Phare funds available for SPF purposes, that is 800,000 Euro.

Beneficiaries will have to provide a co-financing of a minimum of 10% of the total cost of the project.

Concerning administrative support for operating the fund, the Phare contribution may finance indirect (overhead) costs up to 7% of total amount eligible costs.

The Joint Small Project fund will facilitate contacts between people living in the border region and will support projects in all priority fields of the JPD such as Sustainable Spatial Development, Human Resources Development as well as Regional Cohesion and Economic Co-operation. As described in the EC Regulation No 2670/98 (Art. 5.2), these kind of actions have to involve local actors from the border regions creating mutual common benefits for both sides.

The JSPF will be managed by the Regional Office of the Implementing Authority, which is the Phare Regional Development Agency within the Ministry of Agriculture and Regional Development of the Republic of Hungary, in Sopron and the Regional Development Agency in Mura. A Joint Secretariat is to be established in the border region.

Total project cost: 974,000 EUR
Phare CBC contribution: 800,000 EUR (400,000 EUR for each country)
National co-financing: 174,000 EUR (min.40,000 EUR for Hungary and 134,000 EUR for Slovenia)
Slovenian mirror project: Phare CBC HU/SI Joint Small Projects Fund

1.4. Conditionality

Phare support for all projects is provided subject to the availability of national co-financing as defined in the budget table below.
2. **BUDGET**

The programme will have a duration of 3 years. The contracting period of the programme will expire on 31 December 2002. The disbursement period of the programme will expire on 31 December 2003. The following table specifies the EU contribution as well as the national co-finance of the programme.

<table>
<thead>
<tr>
<th>Project Number</th>
<th>Priority/Project Title</th>
<th>HU-SI CBC 2000 (EUR)</th>
<th>National Co-financing</th>
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<td>Institution Building</td>
<td>Investment</td>
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<td>PRIORITY 01: Sustainable spatial development</td>
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<tr>
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<td>Joint Small Projects Fund</td>
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<td>SI.00.08.01</td>
<td>Joint Nature Park Development</td>
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<td>TOTAL</td>
<td></td>
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<td>1,349,000</td>
<td>5,349,000</td>
</tr>
</tbody>
</table>

3. **IMPLEMENTATION ARRANGEMENTS**

3.1. Institutional Structures in Hungary

The overall responsibility for the Hungary–Slovenia Phare CBC Programme will rest with the Phare Regional Development Agency within the Hungarian Ministry of Agriculture and Regional Development as the IA of all sub-programmes of the Programme. An Implementing Agency has been set up within the Ministry of Agriculture and Regional Development.. The relevant PAO will be nominated in accordance with the rules described in the FA. The IA became operational with an initial contingent of four Hungarian professionals on 2 May 1996. The implementation capacity of the IA was reinforced by its integration with the Regional Development IA in February 1998 and now operates with 40 Hungarian professionals. This institution will be the Implementing Agency (IA) of the 2000 Hungary-Slovenia PHARE CBC Programme.

The PAO will hold regular consultations to determine the Government objectives and turn these into a priorities and guidelines to be applied by the IA.
The Phare CBC Slovenia–Hungary 2000 Programme is based on the resolution of the JCC and also on the Joint Programming Document (JPD) that is defined for the year 2000-2006.

3.2. Institutional Structures in Slovenia

The responsibility for the substance of the Programme will rest with the National Agency for Regional Development established within the Ministry for Economic Relations and Development as the co-ordinator for Cross Border Co-operation Programmes and Programme Implementation Unit (PIU). The Implementing Agency will be the Central Finance and Contracts Units in the Ministry of Finance. The Ministry of Finance has nominated a PAO. In line with the rules described in the FA. The Programme Director is the Director of NARD. The CFCU was established in 1997 upon decentralisation of the Phare programmes management. The PIU was established for the purposes of implementation of Phare CBC programmes in 1995, first under the auspices of the Ministry for Science and Technology, and thereafter within the Ministry for Economic Relations and Development. In the course 1998, 4 regional offices were opened in the border regions to monitor project implementation. One of these offices is located in the border region with Hungary.

Should the NARD be accredited Implementing Agency in the course of the programme, the CFCU will transfer its responsibility as Implementing Agency to the NARD.

3.3. Implementation Arrangements in Hungary

All Phare programmes are managed in accordance with the Phare Decentralised Implementation System (DIS) procedures. The National Aid Co-ordinator (NAC) has overall responsibility for programming, monitoring and implementation of Phare programmes.

The National Fund (NF) in the Hungarian State Treasury headed by the National Authorising Officer (NAO), supervises the financial management of the programmes, and is responsible for reporting to the European Commission. Appropriate financial control is carried out by the competent National Control Authority with respect to the implementation of the programme.

The Commission will transfer Phare funds to the NF in accordance with the Memorandum of Understanding signed between the Commission and Hungary on 17th December 1998. The provisions foreseen in articles 2 and 13 of the Memorandum of Understanding on the NF must also be met. Funds are transferred following requests from the NAO. A payment of up to 20% of the funds to be managed locally is transferred to the NF following signature of the yearly Financing Memoranda and the Financing Agreements (FAs) between the NF and the Implementing Agencies (IAs)/Central Finance and Contracts Unit (CFCU). 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 is carried out.

Four Replenishments will be made of up to 20% of the funds to be managed locally or the full balance of the budget whichever is the lesser amount. The first replenishment will be triggered when 10% of the budget has been disbursed by the IA. The second replenishment may be requested when 30% of the total budget in force has been disbursed. The trigger point for the third replenishment is 50%, and for the final fourth instalment when 70% is disbursed. Save for express prior authorisation from the Commission HQ, no replenishment request may be made if the aggregate of the funds deposited in the NF and the IA exceeds 10% of the total budget in force of the commitment. Exceptionally the NAO may request an advance payment
of more than 20% in accordance with the procedures laid down in the aforesaid Memorandum of Understanding.

The Phare Regional Development Agency within the Ministry of Agriculture and Regional Development will be the Implementing Agency (IA) responsible for all sub-programmes.

The National Fund transfers funds to IAs, including the Central Financing and Contracting Unit (CFCU), in accordance with Financing Agreements (FAs) signed between the NF and the IAs/CFCU where applicable. Each individual FA is endorsed in advance by the European Commission. In cases where the NF is itself the paying agent for the CFCU/IA there is no transfer of funds from the NF to the CFCU/IA. The National Fund shall open up a separate bank account denominated in EUR in the Hungarian State Treasury. In principle, all bank accounts are interest bearing. Interest is 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 apply to any funds transferred to an IA or the CFCU. The bank account shall have sub-accounts from which IA is entitled to execute payments in accordance with the rules set out in the FA between the NF and the IA. In any cases where this system cannot be implemented, specific arrangements will be agreed between the Commission Services and the NF.

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

The NAO and the PAOs ensure that all contracts are be prepared in accordance with the procedures set out in the DIS Manual. Programme components financed exclusively out of national resources are subject to national procurement rules. In the case of grant schemes - with special regard to Investments in Economic and Social Cohesion - the provision of works, supplies and services sub-contracted by the final beneficiaries of the individual grants are subject Phare procurement regulations as annexed to the Grant Contract.

The following contracts will be prepared with special procedures: The Joint Small Projects Fund will be contracted via the procedures of the European Commission Guidelines for the Operation of Small Projects Funds and specific Guidelines which will be approved by the Commission Delegation.

All contracts must be concluded within the first 24 months of the programme’s duration. The expiry date for the contracting period is on the 15 December 2002. All disbursements must be made within the first 36 months of the programme’s duration. The expiry date for the disbursement period is on the 15 December 2003.

For all investment projects an environmental impact assessment has been carried out.

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.

3.4. Implementation Arrangements in Slovenia

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 Government of Slovenia on 23 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 Agreement (FA) between the NF and the 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 PAO and a description of the system put in place, highlighting the flow of information between the NF and the 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 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 IA exceeds 10% of the total budget in force of the commitment. Exceptionally the NAO may request an advance payment of more than 20% in accordance with the procedures laid down in the aforesaid Memorandum of Understanding.

The National Fund will transfer funds to the CFCU in accordance with Financing Agreement (FA) signed between the NF and the CFCU. The FA will be endorsed in advance by the European Commission. In cases where the NF is itself the paying agent for the CFCU, there will be no transfer of funds from the NF to the CFCU. The CFCU must 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 CFCU, which is the implementing Agency. The following ministries and institutions will play an important technical role, as far as substance is concerned.
Regional Development: National Agency for Regional Development, under the auspices of the Ministry of Economic Relations and Development.

Economic cohesion: Ministry of Environment and Spatial Planning
Ministry of Agriculture and Forestry
Ministry of Small Enterprises and Tourism
Ministry of Labour, Family and Social Affairs
Regional Development Agencies
Local authorities

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

The NAO and the PAO will ensure that all contracts are to be prepared in accordance with the procedures set out in the DIS Manual.

All contracts must be concluded by 15 December 2002.
All disbursements must be made by 15 December 2003.

Any funds not used by the expire 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. 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.

For all investment projects an environmental impact assessment has been carried out.

The JSPF will operate on the basis of specific Guidelines approved by the Commission Delegation and based on General SPF Guidelines.

3.5. The Joint Co-operation Committee

Based on the JPD, for the Hungary-Slovenia Phare CBC Programme, a bilateral Joint Co-operation Committee (JCC) has been set up as the main joint body of the organisational
structure of cross-border activities. JCC meetings are chaired jointly by the heads of the Hungarian and Slovenian delegations, and are attended by Commission representatives.

The Hungarian delegation headed by the PAO will consist of representatives of the following other organisations: the Ministry for Agriculture and Regional Development (the PAO), the Minister without portfolio responsible for the Phare programme, the Ministry of Transport and Water Management, the Ministry of Economic Affairs, the Ministry for Environment, the Vas County Development Council, the Zala County Development Council, 1 representative of the small regions in Vas county, 1 representative of the small regions in Zala county as well as a representative of the Slovene minority in Hungary. The MC shall invite for its meetings as non-voting members the representatives of the EC Delegation in Budapest, as well as the representatives of line ministries and NGOs/NPOs involved in CBC projects from Vas and Zala Counties.

The Slovene delegation, headed by the PAO, will include representatives of the following: the State Secretary in the Government Office for Regional Affairs, the Director of the National Agency for Regional Development, the State Under Secretary in the MESP, the Director of the Cultural Heritage Administration, the Counsellor to the Government (MF-CFCU), the Mayor of the Municipality of Moravaski Toplic, the Head of the Slovene Delegation in the Bilateral Council, the Director of the Office for Education and Cultural Heritage in Ljutomer, the Mayor of the Municipality of Grad and the Director of the Regional Development Agency Mura.

The preparation of reports, agendas and minutes of the meetings of the Committee is organised by the IA.

4. MONITORING AND ASSESSMENT

A Joint Monitoring Committee (JMC) will be established for the programme including 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.

In accordance with the CBC Regulation 2760/88, the JMC will be assisted by the Joint Monitoring Committee acting as the 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 consultants (in accordance with the provisions of the DIS Manual), and will put forward recommendations on aspects of management and design ensuring that 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 Funds 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 AND 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.

7. SPECIAL CONDITIONS

The Hungarian and Slovene Governments will bear the respective legal liabilities to carry out the projects specified under the programme to a satisfactory outcome and shall carry out by its own means any work on which contractors default. In the measures specified under this programme, in which the European Union grant contributes to the financing of revenue generating activities, the Commission shall determine, in consultation with the Implementing Authority, specific arrangements for financing which could include co-financing by the project revenues or reimbursement of the initial grant.

The European Union's financial contribution is limited to 2,000,000 ECU for each country. This contribution will not cover any additional costs, cost increases or extensions, which must therefore be catered for by the implementing and contracting authorities.

In the event that agreed commitments are not met for reasons which are within the control respectively of the Government of Hungary or the Government of Slovenia, 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.

The Programme Authorising Officer of each Hungarian Implementing Agency commits himself to ensure appropriate co-ordination between Phare CBC and Sapard Agency, in order to guarantee that aid for schemes and measures is granted from only one of the pre-accession instruments.

***
ANNEX 3

VISIBILITY / PUBLICITY

Visibility/Publicity Annex

INFORMATION AND PUBLICITY FOR THE PHARE PROGRAMME 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:

- measures to make potential beneficiaries and the general public aware of Phare 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 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 Programme, is providing financial support. The notification of aid sent to beneficiaries shall mention the amount or percentage of the assistance financed by the Phare Programme. 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 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 Programme 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 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 Programme, 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 Phare Programme.
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.