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 0110
Title: 2001 Cross-Border Co-operation Programme between Hungary and Slovenia
Duration: Until 30 November 2003, except for the Joint Small Project Fund, which will have to be contracted by 30 June 2003

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 30 November 2003 (except for the Joint Small Project Fund, which will have to be contracted by 30 June 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 30 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 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:

Mr. Jürgen Köppen  
Head of Delegation of the European Commission to Hungary  
Bérc u. 23  
H 1016 Budapest

for THE RECIPIENT:

Dr. Imre Boros  
Minister without Portfolio  
Office of the Prime Minister  
Pozsonyi út 56  
H 1133 Budapest

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 Budapest  
Date 18.12.2001  

for THE RECIPIENT

for THE COMMUNITY

Encl.  
Annex 1  Framework Agreement  
Annex 2  Special Provisions  
Annex 3  Visibility and Publicity
FRAMEWORK AGREEMENT BETWEEN THE COMMISSION OF
THE EUROPEAN COMMUNITIES AND THE GOVERNMENT OF THE REPUBLIC OF HUNGARY
FOR THE PHARE ASSISTANCE PROGRAMME BY THE EUROPEAN ECONOMIC COMMUNITY
TO THE REPUBLIC OF HUNGARY

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 the Republic of Hungary, hereinafter referred to as Hungary,

of the other part,

and together jointly referred to as "the Contracting Parties"

Whereas Hungary is eligible to be a recipient under the Community's aid programme PHARE as provided for in the European Community Council Regulation No. 3905/89 of 18 December 1989

Whereas it is fitting that the technical, legal and administrative framework within which MEASURES financed in Hungary 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 Hungary, 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.

Hungary 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 Hungary by its Delegation in Budapest 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, state or agency.

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, state or agency, subject to the consent of the Government of Hungary.

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 Hungary.

The Annexes shall be deemed an integral part of this Agreement.

Done at Budapest on the third day of September in the year one thousand nine hundred and ninety.

THE GOVERNMENT OF HUNGARY

THE COMMUNITY
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 Hungary.

TITLE I - 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 be 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.
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 Hungarian 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.

5. 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 programmes 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 or 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

ARBITRATION

Any dispute between the Contracting Parties, arising out of the Framework Agreement or a financing memorandum, which is not settled by applying the procedures laid down in Article 16 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 fail 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 II – SPECIAL PROVISIONS

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 priorities of cross-border co-operation will be targeted in 2001 in line with the JPD Hungary- Slovenia:

- Environmental Investments – solid waste and wastewater management, corresponding to Measure 3 of the Priority 1: Sustainable Spatial and Environmental Development of the JPD.

The focus will be on improving wastewater treatment and sewage system in the cross-border region and on improving groundwater quality in the micro-region of the rivers Mura, Kerka (Krka) and Ledava on both sides of the border.

The activities of the joint project are related to the establishment of a joint wastewater treatment plant and sewage system, functioning in accordance with the EU requirements. On the Hungarian side, the capacity of the already existing wastewater treatment plant in Lovászi will be increased and the sewage system will be extended to 5 more settlements. On the Slovene side, 3 settlements near the border will be provided with sewage system and connected to the Hungarian network. Waste water from these settlements will be cleaned in the WWTP of Lovászi, on the Hungarian side.

- Creation of joint economic space – corresponding to measure 1 of Priority 3: Regional Cohesion and Economic Co-operation and Co-operation in vocational and adult education – corresponding to Measure 1 of Priority 2: Human Resource Development of the JPD.

The focus will be on the objective of increasing growth and improving competitiveness of enterprises in the cross-border region.

The activities foreseen aim to stimulate cross-border activities and improve human resources capacities and skills. For this purpose, a grant scheme will be set up on the Slovene side, which will contribute to the achievement of synergies in cross-border co-operation between Hungarian and Slovene enterprises.

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 2001 Programme are in accordance with the content of the JPD. The following projects will be undertaken:

**Project SL 01.09.01 Joint Economic Space (Grant Scheme)**

The three areas (Pomurje on the Slovene side and Zala and Vas counties in Hungary) belonged to the same economic area in the past. Economic co-operation between the two countries was blocked by the iron curtain in the last fifty years. The re-establishment of links has remained on a declarative level in the recent years. In the perspective of the Single European Market, it is a great opportunity for the bordering regions to accelerate economic co-operation and jointly prepare for the challenges of the markets.

The foreseen grant scheme is aiming to encourage inter-firm co-operation in order to enhance productivity and competitiveness of enterprises in the border region. It will also stimulate the development and exploitation of mutual complementarity and a better access to markets for co-operating companies. Intensified cross-border co-operation of companies will contribute to the creation of new jobs and the improvement of the quality of human resources in the area as well. Mutual transfer of knowledge and experiences, joint training activities, co-ordinated development incentives and elaboration of common innovative projects will enhance the competitiveness of the cross-border region and contribute to reducing regional imbalances, strengthening economic and social cohesion in both countries.

In the framework of the proposed project a grant scheme will be established to support the implementation of measures identified in the Joint Programming Document Slovenia – Hungary 2000-2002.

There will be 2 fields of eligible activities under the Grant Scheme. The first field of activities is the improvement of co-operation between companies in the cross-border region, which comprises the establishment of Slovene-Hungarian joint ventures, co-operatives, supply chains or consortia; the preparation of joint business and marketing plans; the development of new products and the development of joint marketing services in order to attract direct domestic and foreign investors into the border region. In the framework of the second field of eligible activities, development of human resources, the following actions are foreseen: setting up of cross-border labour market oriented networks and exchange of information with the aim to develop employment and training programmes; co-operation of training institutions to improve the quality of human resources in the border area; creation of cross-border networks of training courses and adult education schemes to train or re-train workers; custom-made training for entrepreneurs with the aim of increasing co-operation and developing industries jointly.

The expected results of the implementation of the grant scheme will be sustainable co-operation projects in the field of different industries and long-term co-operation between companies across the border, as well as bilateral training schemes and co-operation in the re-training of the workforce. The grant scheme covers both eligible sides of the borders but its focus in this project is into Slovene region of Pomurje. Payments from Phare will be for...
beneficiaries located in Pomurje. However, at least one partner in the project should be based on the Hungarian side.

Beneficiary: Enterprises, networks of enterprises and public-interest bodies in the Pomurje region, employees and managers of companies

Total project cost: 1,850,000 EUR
Phare CBC contribution: 1,300,000 EUR
National co-financing: 550,000 EUR

Projects SL.01.09.02 and HU.01.10.01 Improvement of Joint Life Space

The overall objective of the project is to improve the environmental conditions in the cross-border region. This will be achieved through the improvement of the wastewater treatment and of the sewage system in the region, as well as through the improvement of the groundwater quality by the establishment of a wastewater disposal and treatment system functioning in accordance with EU requirements.

In the framework of the project a sewage system will be constructed, including 39,320 m of drain (33,000 m on the Hungarian side of the border and 6,320 m in Slovenia), the capacity of the existing WWTP in Lovaszi will be increased from 750 m³ / day to 900 m³ / day and 18 pump stations will be constructed (15 on the Hungarian and 3 on the Slovene side). The WWTP will operate on biological principles, combining anaerobic and aerobic technologies.

Thus, the area will be disburdened from 196,000 m³ of wastewater per year and the quality of groundwater will improve, as well as the pollution will be reduced. The project will improve the living conditions of 3,279 people near the border (2,823 in Hungary and 456 in Slovenia).

Beneficiary: The local governments of Tornyiszentmiklós, Lovászi, Kerkaszentkirály, Dobri and Tormaföldde on the Hungarian side and the Municipality of Lendava on the Slovene side.

Total Project Cost: 5,086,000 EUR (4,486,000 Hungary and 600,000 Slovenia)
PHARE CBC Contribution: 1,900,000 EUR (1,600,000 Hungary and 300,000 Slovenia)
National Co-financing: 3,186,000 EUR (2,886,000 Hungary and 300,000 Slovenia)

Projects HU.01.10.02 and SL.01.09.03 Joint Small Projects Fund

The Joint Small Projects Fund (JSPF) will be established to support local development activities of a cross-border nature by involving local actors from the border region. The aims of the JSPF are: to encourage and support the creation of sustainable co-operation networks between local and regional actors in the border region; to assist local organisations in developing capacities and capabilities to elaborate and implement projects within the border region and to develop common project implementation structures, unifying historically and culturally different regions. A “mirror” and equal fund will be available for each counterpart, being agreed unanimously by the Joint Co-operation Committee (JCC).

The Joint Small Projects Fund will not include physical investments other than small infrastructure not generating substantial revenue.
A JSPF with a donation of up to 20% of annual Phare CBC Programme funds is to be created. The Hungarian and Slovenian side agreed in the JPD to use the maximum Phare funds available for JSPF purposes, that is 800,000 Euro (400,000 Euro for each country). Up to 7% of the Phare contribution may be used for expenditures relating to the preparation, selection, appraisal and monitoring of the assistance.

The maximum size for an individual project is 50,000 Euro. There is decentralised decision-making. Beneficiaries will have to provide a co-financing of a minimum of 10% of the total cost of the project.

The Joint Small Projects 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 kinds 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 Implementing Authorities: the National Agency for Regional Development acting under the Ministry of Agriculture and Regional Development in Hungary and the National Agency for Regional Development acting under the Ministry of Economy in Slovenia. The tasks of the secretariat will be carried out on the Hungarian side by the Sopron regional office of NARD. On the Slovene side, the secretariat will be nominated before the publication of the call for applications.

<table>
<thead>
<tr>
<th>Total project cost:</th>
<th>1,004,000 EUR (442,000 for Hungary and 562,000 for Slovenia)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phare CBC contribution:</td>
<td>800,000 EUR (400,000 EUR for each country)</td>
</tr>
<tr>
<td>National co-financing (recipients):</td>
<td>204,000 EUR (min.42,000 EUR for Hungary and 162,000 EUR for Slovenia)</td>
</tr>
</tbody>
</table>

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

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

1.4. Conditionality

- Both Governments will ensure that adequate human and financial resources are provided to the National Fund and the implementing Agency so as to ensure the smooth implementation of the programme.
- 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 30 November 2003, except for the Joint Small Project Fund that will have to be contracted before June 30, 2004. The disbursement period of the programme will expire on 30 November 2004. The following table specifies the EU contribution as well as the national co-finance of the programme.

<table>
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<tr>
<th>Project Number</th>
<th>Priority/Project Title</th>
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3. **IMPLEMENTATION ARRANGEMENTS**

3.1. Institutional Structures in Hungary

The overall responsibility for the Hungary–Slovenia Phare CBC Programme will rest with the National Agency for Regional Development within the Hungarian Ministry of Agriculture and Regional Development as the IA of all sub-programmes of the Programme. 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 2001 Hungary-Slovenia PHARE CBC Programme.
The PAO will hold regular consultations to determine the Government objectives and turn these into priorities and guidelines to be applied by the IA.

The Phare CBC Slovenia–Hungary 2001 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 Implementing Authority will be the National Agency for Regional Development established within the Ministry of Economy as the co-ordinator for Phare Cross Border Co-operation Programmes. The Implementing Agency will be the Central Finance and Contracts Units in the Ministry of Finance, established in 1997 upon decentralisation of the Phare programmes management. 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.

3.3. Implementation Arrangements in Hungary

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

The National Fund (NF) in the Hungarian State Treasury headed by the National Authorising Officer (NAO), will supervise the financial management of the Programme and is 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 Aids 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 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. 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 yearly Financing Memoranda 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 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 National Agency for Regional Development within the Ministry of Agriculture and Regional Development will be the Implementing Agency (IA) responsible for all sub-programmes.

The National Fund will transfer funds to IA in accordance with Financing Agreement (FA) signed between the NFs and the IA where applicable. The FA is endorsed in advance by the European Commission. In cases where the NF is itself the paying agent for the IA there will be no transfer of funds from the NF to the IA. The CFCU and the IA 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 IA.

A separate bank account, denominated in EUR will be opened and managed by the National Fund in a separate accounting system in the Hungarian State Treasury. In principle, all bank accounts will be 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 will apply to any funds transferred to an IA. The bank account shall have sub-accounts from which the IA are entitled to execute payments in accordance with the rules set out in the FA between the NF and the IA.

The NAO and the PAOs will ensure that all contracts are being prepared in accordance with the procedures set out in the DIS Manual. Grant schemes, should also be implemented according to the procedures described in the Practical Guide for Phare, ISPA and SAPARD contract procedures.

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.

Following a verification exercise held in April 2001, the Commission considers that the implementation system proposed for the Joint Small Project Fund project gives a reasonable assurance that the projects can be implemented in line with the principles of sound financial management. On that basis, for Grants where the Phare contribution is below 300,000 €, the PAO will be responsible for ensuring that the rules described in the Practical Guide for Phare, ISPA and SAPARD contract procedures are properly followed by the grant recipients. The

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1 Please note that as of 01/01/2001 the Practical Guide for Phare, ISPA and SAPARD has replaced the procurement section of the DIS Manual.
Delegation will not exercise ex-ante control on tendering and contracting procedures for the procurement.

Grants within the Joint Small Project Fund should be awarded by June 30th, 2003. All other contracts must be concluded by 30th November 2003. All disbursements must be made by 30th 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.

Before proceeding to the signature of the financing Memorandum the EC Delegation will verify in co-ordination with the NAC and the Implementing Agency that the projects tendering documentation is at an advanced stage of preparations that will allow the launch of tendering procedures in the six months following the signature of the FM. In that respect during the first meeting of the Joint Monitoring Committee taking place 6 months after the signature of the FM, the contracting situation will be reviewed project by project and, where necessary, reallocation of funds between projects that are running behind schedule and projects where the absorption capacity is good will be recommended.

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 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 Ministry of Finance, headed by the National Authorising Officer (NAO), will supervise the financial management of the Programme and is 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 Aids 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 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 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 Economy
- **Economic cohesion**  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 being prepared in accordance with the procedures set out in the DIS Manual. Grant schemes, should also be implemented according to the procedures described in the Practical Guide for Phare, ISPA and SAPARD contract procedures.
Following a verification exercise, the Commission considers that the implementation system proposed for the Joint Small Project Fund project gives a reasonable assurance that the projects can be implemented in line with the principles of sound financial management. On that basis, for Grants where the Phare contribution is below 300,000 €, the PAO will be responsible for ensuring that the rules described in the Practical Guide for Phare, ISPA and SAPARD contract procedures are properly followed by the grant recipients. The Delegation will not exercise ex-ante control on tendering and contracting procedures for the procurement.

Grants within the Joint Small Project Fund should be awarded by June 30th, 2003. All other contracts must be concluded by 30th November 2003. All disbursements must be made by 30th 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.

The JSPF and the Joint Economic Space Grant Scheme 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 JCC 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 s involved in CBC projects from Vas and Zala Counties.
The Slovene delegation, headed by the Director of the National Agency for Regional Development, will include representatives of the following: the National Agency for Regional Development, the Ministry of Finance (CFCU), the Government Office for European Affairs, the Ministry of Environment and Spatial Planning, the Ministry of Labour, Family and Social Affairs, one member of the Parliament from the region, the mayor of Moravske Toplice, the mayor of the municipality of Grad, the director of the Office for Education and Cultural Heritage from Ljutomer and the director of the Regional Development Agency Mura. Representatives of the EC Delegation in Ljubljana, of line ministries involved in annual CBC programmes and projects and other relevant actors will be invited to attend the JCC meetings as non-voting members.

The preparation of reports, agendas and minutes of the meetings of the Committee is organised by the Implementing Agency (in the case of Hungary) and the Implementing Authority (Slovenia).

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.

The JMC is assisted by Sectoral Monitoring Sub-Committees (SMSCs) and includes the NAC, the PAO of each IA (and of the CFCU where applicable) and the Commission Services. The SMSCs 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 puts forward recommendations on aspects of management and design, ensuring these are effected. The SMSCs report to the JMC, to which they submit overall detailed reports on all Phare financed programmes.

5. ANTI-FRAUD MEASURES, AUDIT AND EVALUATION

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

In order to ensure efficient protection of the financial interests of the Community, the Commission can conduct check-ups and inspections on site in accordance with the procedures foreseen in Council Regulation (Euratom, EC) No. 2185/96 dated from November 11, 1996, concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities. The procedures foreseen in Art. 15 para 3 of Commission Regulation No. 2222/2000 dated from June 7, 2000, on the communication in case of irregularities and the putting in place of a system to administrate the information in this field shall apply.

The accounts and operations of the National Fund, and, where applicable, the CFCU and all relevant Implementing Agencies may be checked at the Commission’s discretion by an outside auditor contracted by the Commission without prejudice to the responsibilities of the
Commission and the European Union's Court of Auditors as referred to in the General Conditions relating to the Financing Memorandum attached to the Framework Agreement.

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

6. VISIBILITY / PUBLICITY

The 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' (enclosed).

7. SPECIAL CONDITIONS

In the event that agreed commitments are not met for reasons, which are within the control of the Government of Hungary or of 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 re-allocate unused funds for other purposes consistent with the objectives of the Phare Programme.

All the adequate structures for implementation and management have been already set up during the previous similar programmes, proving that parties involved are able to co-operate to fulfil the proposed objectives. A letter of commitment will accompany every project approved by JCC, stating the fact that local co-financing will be made available by the beneficiaries.
ANNEX III: VISIBILITY / PUBLICITY

ON INFORMATION AND PUBLICITY FOR THE PHARE, ISPA AND SAPARD PROGRAMMES OF THE EUROPEAN COMMUNITIES

1. Objective and scope

Information and publicity measures concerning assistance from the European Community Phare Programme are intended to increase public awareness and transparency of EU action and to create a consistent image of the measures concerned in all applicant countries. Information and publicity shall concern measures receiving a contribution from the Phare Programme.

2. General principles

The appropriate Programme Authorising Officer in charge of the implementation of Financing Memoranda, and other forms of assistance shall be responsible for publicity on the spot. Publicity shall be carried out in co-operation with the EC Delegations, which shall be informed of measures taken for this purpose.

The competent national and regional authorities shall take all the appropriate administrative steps to ensure the effective application of these arrangements and to collaborate with the EC Delegations on the spot.

The information and publicity measures described below are based on the provisions of the regulations and decisions applicable to the Structural Funds. They are:


Specific provisions concerning ISPA are included in:


Information and publicity measures must comply with the provisions of the above mentioned regulation and decision. A manual on compliance is available to national, regional and local authorities from the EC Delegation in the country concerned.

3. Information and publicity concerning Phare programmes

Information and publicity shall be the subject of a coherent set of measures defined by the competent national, regional and local authorities in collaboration with the EC Delegations for the duration of the Financing Memorandum and shall concern both programmes and other forms of assistance.

The costs of information and publicity relating to individual projects shall be met from the budget for those projects.
When Phare programmes are implemented, the measures set out at (a) and (b) below shall apply:

(a) The competent authorities of the applicant countries shall publish the content of programmes and other forms of assistance in the most appropriate form. They shall ensure that such documents are appropriately disseminated and shall hold them available for interested parties. They shall ensure the consistent presentation throughout the territory of the applicant country of information and publicity material produced.

(b) Information and publicity measures on the spot shall include the following:

(i) In the case of infrastructure investments with a cost exceeding EUR 1 million:

- billboards erected on the sites, to be installed in accordance with the provisions of the regulation and decision mentioned in paragraph 2 above, and the technical specifications of the manual to be provided by the EC Delegation in the country concerned.

- permanent commemorative plaques for infrastructures accessible to the general public, to be installed in accordance with the provisions of the regulation and decision mentioned in paragraph 2 above, and the technical specifications of the manual to be provided by the EC Delegation in the country concerned.

(ii) In the case of productive investments, measures to develop local potential and all other measures receiving financial assistance from Phare, Ispa or Sapard:

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

- measures targeting applicants for public aids part-financed by Phare, ISPA or SAPARD in the form of an indication on the forms to be filled out by such applications, that part of the aid comes from the EU, and specifically, the Phare, ISPA or SAPARD Programmes in accordance with the provisions outlined above.

4. Visibility of EU assistance in business circles and among potential beneficiaries and the general public

4.1 Business circles

Business circles must be involved as closely as possible with the assistance, which concerns them most directly.

The authorities responsible for implementing assistance shall ensure the existence of appropriate channels for disseminating information to potential beneficiaries, particularly SMEs. These should include an indication of the administrative procedures to be followed.

4.2 Other potential beneficiaries

The authorities responsible for implementing assistance shall ensure the existence of appropriate channels for disseminating information to all persons who benefit or could benefit from measures concerning training, employment or the development of human resources. To this end, they shall secure the co-operation of vocational training bodies
involved in employment, business and groups of business, training centres and non-
governmental organisations.

Forms

Forms issued by national, regional or local authorities concerning the announcement of,
application for and grant of assistance intended for final beneficiaries or any other person
eligible for such assistance shall indicate that the EU, and specifically the Phare, Ispa or
Sapard Programmes, is providing financial support. The notification of aid sent to
beneficiaries shall mention the amount or percentage of the assistance financed by the
Programme in question. If such documents bear the national or regional emblem, they shall
also bear the EU logo of the same size.

4.3 The general public

The media

The competent authorities shall inform the media in the most appropriate manner about
actions co-financed by the EU, and Phare, ISPA or SAPARD in particular. Such
participation shall be fairly reflected in this information.

To this end, the launch of operations (once they have been adopted by the Commission) and
important phases in their implementation shall be the subject of information measures,
particularly in respect of regional media (press, radio and television). Appropriate
collaboration must be ensured with the EC Delegation in the applicant country.

The principles laid down in the two preceding paragraphs shall apply to advertisements
such as press releases or publicity communiqués.

Information events

The organisers of information events such as conferences, seminars, fairs and exhibitions in
connection with the implementation of operations part-financed by the Phare, Ispa or
Sapard Programmes shall undertake to make explicit the participation of the EU. The
opportunity could be taken of displaying the European flags in meeting rooms and the EU
logo upon documents depending on the circumstances. The EC Delegation in the applicant
country shall assist, as necessary, in the preparation and implementation of such events.

Information material

Publications (such as brochures and pamphlets) about programmes or similar measures
financed or co-financed by Phare, Ispa or Sapard should, on the title page, contain a clear
indication of the EU participation as well as the EU logo where the national or regional
emblem is used.

Where such publications include a preface, it should be signed by both the person
responsible in the applicant country and, for the Commission, the Delegate of the
Commission to ensure that EU participation is made clear.

Such publications shall refer to the national and regional bodies responsible for informing
interested parties.

The above-mentioned principles shall also apply to audio-visual material.
5. **Special arrangements concerning billboards, commemorative plaques and posters**

In order to ensure the visibility of measures part-financed by the Phare, Ispa or Sapard Programmes, applicant countries shall ensure that the following information and publicity measures are complied with:

**Billboards**

Billboards providing information on EU participation in the financing of the investment should be erected on the sites of all projects in which EU participation amounts to EUR 1 million or more. Even where the competent national or regional authorities do not erect a billboard announcing their own involvement in financing the EU assistance must nevertheless be announced on a special billboard. Billboards must be of a size which is appreciable to the scale of operation (taking into account the amount of co-financing from the EU) and should be prepared according to the instructions contained in the technical manual obtainable from EC Delegations, referred to above.

Billboards shall be removed not earlier than six months after completion of the work and replaced, wherever possible, by a commemorative plaque in accordance with the specifications outlined in the technical manual referred to above.

**Commemorative plaques**

Permanent commemorative plaques should be placed at sites accessible to the general public (congress centres, airports, stations, etc.). In addition to the EU logo, such plaques must mention the EU part financing together with a mention of the relevant Programme (Phare, Ispa or Sapard).

Where a national, regional or local authority or another final beneficiary decides to erect a billboard, place a commemorative plaque, display a poster or take any other step to provide information about projects with a cost of less than EUR 1 million, the EU participation must also be indicated.

6. **Final provisions**

The national, regional or local authorities concerned may, in any event, carry out additional measures if they deem this appropriate. They shall consult the EC Delegation and inform it of the initiatives they take so that the Delegation may participate appropriately in their realisation.

In order to facilitate the implementation of these provisions, the Commission, through its Delegations on the spot, shall provide technical assistance in the form of guidance on design requirements, where necessary. A manual will be prepared in the relevant national language, which will contain detailed design guidelines in electronic form and this will be available upon request.