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 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 of September 3, 1990 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: HU0101 to HU0106.
Title: 2001 National Programme for Hungary
Duration Until 30/11/2003 except for Grant schemes 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 89.80MEUR 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 30/11/2003 (except for the Grant schemes which will have to be contracted by 30/6/2003) subject to the provisions of his Memorandum. All contracts must be signed by this date. Any balance of funds of the EC GRANT which have not been contracted by this date shall be cancelled. The deadline for disbursement of THE EC GRANT is 30/11/2004. 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:

Michael Lake
Head of Delegation
Delegation of the European Commission to Hungary
Bérc utca. 23
H 1016 Budapest
Fax (36-1) 466 4221

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 28th June 2001
Date

for THE RECIPIENT

for THE COMMUNITY

Encl
1. Framework Agreement (Annexes A & B)
2. Special Provisions (Annex C)
3. Visibility/Publicity (Annex D)
OBJECTIVES, DESCRIPTION AND CONDITIONALITY

OBJECTIVES AND DESCRIPTION

As indicated the Phare National Programme 2001 focuses on six objectives. A description of the proposed projects is given below.

Objective 1. – POLITICAL AND ECONOMIC CRITERIA

_HU 0101-01 Promoting Social Integration of disadvantaged groups with Particular Emphasis on the Roma Minority_

In 2001 Phare will continue supporting the implementation of the medium Term action programme for the Roma minority. The project will focus mainly on measures aimed at:

- decreasing social distance between the majority population in Hungary and the Roma families;
- increasing school enrolment and improve school success rates of Roma youth at primary, secondary and higher education levels
- improving opportunities for the Roma to access work opportunities in the labour market.

This Programme focuses on different elements, which are all related to education and employment. The programme allows for tailor-made training and aims at increasing the success rate at schools for Roma children. It also aims at redirecting Roma children from special education into regular education, and at providing better information. Finally, it directly and indirectly aims at increasing the access of Roma people to the labour market.

_HU0101-02 Development of the Health care financing system_

Financial Management of the Hungarian health care financing system stems from the fact that the financial management is not efficient and transparent. Two main causes have been identified (1) the incomes and the expenditures are registered and managed separately, (2) patient -routes can not be followed. Therefore (1) the collection and spending of funds has to be harmonised, and (2) patient insurance cards should be introduced to complete the existing medical profession cards system.

The project covers public finance issues and focuses on the financial aspects of the national health care system. It fits in the overall health care reform plan expressed in the “Health Care” part of the “Government Programme 1998”.

Its overall aim is to at enhance government budgetary control in relation to health care financing through increasing the transparency of the financial management and the reliability of health insurance contributions and in establishing a functioning and EU-conform National Health account.
Objective 2. – STRENGTHENING ADMINISTRATIVE CAPACITY TO IMPLEMENT HARMONISED LEGISLATION

HU 0102-01 Strengthening Market Surveillance

The project is aimed at facilitating the free movement of goods by strengthening market surveillance. It will focus both on market surveillance at the border and on “traditional” Market surveillance and it has three main purposes:

- ensure effective control of imported goods from 3rd countries;
- strengthen co-operation among different market surveillance authorities in order to carry out a better market surveillance
- inform producers and importers on CE marking and their responsibilities under the new approach so as to avoid that non-compliant products will enter the market.

Government Decision no. 2140/2000 (VI.23.) established a programme for the legal harmonisation of Council Regulation 339/93/EEC and the New Approach Directives. By 31 December 2002, legal harmonisation is to be achieved. Consequently, the competent inspectorates and authorities will have to ensure that products placed on the Hungarian market or put into service do not compromise the safety and health of consumers or users. This programme will contribute to the co-operation and systematic modernisation of all involved institutions covering the areas of their infrastructure, equipment, and human resource. Furthermore it will target importers and producers with information concerning CE marking so as to increase understanding on CE marking and the responsibilities under the new approach. The principles of the future co-operation between the market surveillance actors is laid down in a memorandum of understanding between the General Inspectorate for Consumer Protection, the Hungarian Customs and Finance Guard and the other involved institutions.

HU 0102-02 Implementation of the Community Environmental legislation

The importance of strengthening environmental enforcement capacities in Hungary has been repeatedly underlined by all major Community positions and communications, such as the Common Position of the European Union on environment, the Accession Partnership or the Regular Report.

The project covers a range of particular tasks that have not been addressed in other directive specific PHARE implementation projects (i.e. those concerning IPPC (96/61/EC), the Waste Framework (75/442/EEC) or the Landfill (1999/31/EC) Directives), the successful implementation of which however presupposes a transfer of know-how and experience from the relevant authorities of the Member States and/or the European Commission.

The overall objective of the project is to tackle specific problems that have arisen or expected to arise in the implementation of key-directives of the environmental acquis. The main project purposes are:

- enabling the staff at the regional and national environmental authorities to perform their planning/licensing/control duties under the acquis in a manner that meets Community legislation objectives;
enabling regional environmental authorities to fulfil reporting requirements of the Commission;
- elaborating a development strategy for the Disaster Management and improving co-operation among actors involved in the implementation of the directives subject to this project fiche.

**HU 0102-03 Development of implementation capacity concerning animal health, veterinary public health and phytosanitary protection "acquis"

The project is aimed at the implementation of *acquis* in animal health, animal welfare and veterinary public health and in the field of plant health. In that context it will provide support to:

- set up of long term veterinary Border Inspection Posts (BIPs) and Development of the capacities of veterinary authorities at the BIPs in order to enforce animal health and welfare and veterinary public health protection;
  - assist Hungary to perform the tasks connected to pesticide residues according to Council Directives 76/895/EEC, 86/362/EEC, 86/363/EEC and 90/642/EEC taking into account the general safety of consumers;
- effectively transpose the EU system in the registration and control of use of pesticides, to achieve full conformity with the *acquis communautaire*, and on improvement of quality assurance system and control capacities of institutes in the field of pesticide registration and use.

Preparation for the animal health control has already progressed at the future BIPs of the EU future external borders at the road crossing points. EU conform modernisation of the rail BIPs, however, is still lagging behind. These BIPs should also meet EU prescriptions by the time of accession.

The twinning assistance for the plant protection administration is aimed at a quicker adoption and practical application of the EU plant protection acquis in the related fields. The present system of registration and control of plant protection products are not in full conformity with the EU requirements and the capacity and institutional structure should be improved.

**HU0102-04 Development of the Forestry Information System**

The project is aimed at establishing the institutional system of CAP in the forestry sector through the strengthening of the statistical, registration and information system of the forestry sector and its legal and institutional background.

Accession of Hungary to the EU requires the further modernisation of the data collection and information system of forestry administration. Adequate information system should be available for the implementation of CAP and regional development policy tasks concerning the forestry sector, with special regard to the alternative use of land (1615/89/EEC, 1100/98/EC, 1593/2000/EC).
The obsolete data collection system of the forestry sector should be modernised in order to provide detailed, EU compatible and up-to-date information on the whole forestry sector both during and after the accession periods. Further, it is necessary to establish a registration system, which supports the complete administration, as well as financial and professional control of financial supports from the state budget and Guarantee Section of EAGGF (1999/C56/01, 804/94/EEC, 1727/1999 EC, 1390/2000 EC). The EU presses the establishment of an information system, which advances the execution of regional policy measures and assists in avoiding misunderstandings due to lack of relevant information (814/2000 EC).

HU0102-05 Adoption and implementation of the Road Traffic Control "acquis"

The purpose of this project is to harmonise the Hungarian legislation compliant with the Acquis in the field of road traffic control and to assist the relevant institutions in applying the new legislation competently.

The project, through twinning and the provision of equipment will assist the General Inspectorate for Transport in the implementation of the following directives:

- Council Directive 96/53/EC of 25 July 1996 laying down for certain road vehicles circulating within the Community the maximum authorised dimensions in national and international traffic and the maximum authorised weights in international traffic (to be fully harmonised);
- Council Directive 95/50/EC aiming at compliance with the requirements concerning the transport of dangerous goods and ensuring their safety. This Directive provides for a uniform procedure of supervising the road transport of dangerous good will be adopted by the end of 2001.

In addition the project will assist in preparing before Accession further legislation in relation to the international agreements and rules applicable to the transport of dangerous goods (ADR: European Treaty on the International Transportation by Road of Dangerous Goods).

HU0102-06 Adoption of the Energy "acquis"

The project is aimed at assisting in the implementation of the Energy acquis with particular focus on:

- the adoption and effective implementation of the of the Directives concerning energy market liberalisation (in particular electricity and gas), energy efficiency and renewable energy;
- the elaboration of strategies, procedures, and methods for increasing the use of renewable energy sources;
- the harmonisation of energy statistics with the EUROSTAT and International Energy Agency (IEA) systems.
The Government decided to liberalise the Hungarian energy market in line with Directive 96/92/EC on the electricity market, and with Directive 98/30/EC on the natural gas market. In the EU, substantial social-economical benefits have been accomplished through increased competition in the energy markets. The Energy Department of the Ministry of Economic Affairs and the Hungarian Energy Office (HEO) will share the regulatory tasks concerning electricity, gas, quality of public services and consumer protection. New institutional functions were delegated to HEO, including the monitoring of trade and foreign trade to ensure that the level of services within the electricity and gas industries is not impaired by the liberalisation process.

The ratio of renewable energy as a part of the total Energy consumption is 3-4%. The Energy Conservation Programme and Action Plan up to 2010 (Government Decision 1107/1999 (X.8.) has set the target of doubling the rate by 2010. For this, a strategy, a procedure, and the appropriate methods are to be developed. They will be based on the adoption of the relevant EU Directive Proposal, and on the analysis of practices and experience of Member States.

The energy statistics in the EU have quickly developed into a demand-side data system. The Hungarian economic-energy system and the related information system have also been transformed. Nevertheless, the Hungarian Energy Statistics system does not fully conform to EU requirements and further development is required. Introducing and thereafter monitoring of energy efficiency measures will require a large number of statistical efficiency indicators. A complex and coherent indicator system must be developed that will have to include dependable connections to the concerned EU authorities.

**HU0102-07 Twinning Light unspecified envelope**

This project has the objective of strengthening public institutions and administrative capacity in Hungary in preparation for EU accession. Its purpose is the completion of some specific urgent unforeseen institution building tasks emerging in the course of the accession negotiation process or of other high priority tasks identified in the Accession Partnership, NPAA, or EC Regular Report.

An envelope for yet unspecified twinning light projects (approximately six to eight) will be established.

The projects will be delivered using advice from officials from Member States through medium term assignments or a series of short-term missions. In addition, the services offered may include appraisal of regulatory texts, supply of documentation, workshops and seminars if appropriate.

**Objective 3. STRENGTHENING JUDICIAL CAPACITY, LAW ENFORCEMENT AND BORDER CONTROL**

**HU0103-01 Strengthening Border Management**

The project is part of a long-term programme initiated by the Ministry of Interior and laid down in the NPAA which aims at reaching EU standards in the field of Justice and Home Affairs by the time of accession. For 2001, the focus is on better control of the external border and on fighting cross-border organised crime. For this, the capacity of Hungarian law
enforcement authorities to co-operate with partner organisations in the EU Member States must be improved. In line with the Schengen Acquis, structures are to be put in place that so as to meet the management requirements at the future external borders of European Union.

The project overall objective is the effective implementation of the Schengen Acquis. In the context the project will assist in:

- decreasing cross-border organised crime through better co-ordinated crime prevention;
- providing a more effective prevention and investigation of illegal immigration

**HU 0103-02 Training of Judges and Prosecutors**

The project is aimed at ensuring the correct and timely application of the acquis (including 3rd pillar issues) by the courts of law and offices of public prosecution in Hungary.

As Hungary approaches Accession, judicial and law enforcement systems operating in line with Community law and being able to implement and enforce it is a *sine qua non*. Judges and prosecutors have to be fully familiar with the relevant Community legislation and respective international instruments as well as the overall practice of its implementation and enforcement. It is particularly important that the Hungarian judges be acquainted with the functioning of the Court of Justice of the European Communities, especially the interaction between national court and the Court of Justice through the preliminary ruling procedure. The expert knowledge, especially practical experience, needed for such training in general is lacking in Hungary.

The strategic goal of the whole process of the Phare supported training aims at preparing the whole judiciary and the prosecutors in the application of the Community law at national level and training domestic trainers so as to ensure continuation of this training in the future within the framework of general domestic training for judges and prosecutors. As a result of this process there should be an improved capability of the judiciary and the prosecutors of handling EU related matters in short term. The project will also assist in establishing an internal training capability able to cater for the medium and long term training needs.

**HU 0103-03 Customs Border Modernisation**

The aim of the project is the implementation of Customs Acquis concerning effective border management. Its main purposes are to modernise the border crossing points at Hercegszántó and Drávaszabolcs and to make them fully functioning and comparable to external EU borders stations. The project aims also at eliminating illicit traffic and trade in hazardous materials at all relevant crossing points.

The project is in line with the priorities tasks identified in the Accession Partnership and in the NPAA. The programme focuses on those borders that are likely to remain external borders of the European Union in the longer term. Therefore, border crossings on the Yugoslav and Croatian borders enjoy priority. The border stations at Hercegszántó and Drávaszabolcs are on these priority borders. They have been selected for Phare funding because of their
regional importance. Their modernisation is co-ordinated with the modernisation of the access roads.

**Objective 4. – EMPLOYMENT AND SOCIAL AFFAIRS**

**HU 0104-01 Strengthening Autonomous Social Dialogue**

The objective of the project is to facilitate the establishment of a functioning social dialogue system, through complementing the existing tripartite social dialogue structures (the formal discussions held between the government and social partners) with more independent, bipartite channels of social dialogue in order to address sector specific issues by those most concerned, and in the most appropriate way (from consultation to negotiation). The Sectoral Committees, planned to be set up in all sectors where social partners jointly so request, will provide the social partners not only with the opportunity to exert influence on domestic issues but will also help their preparation for taking part in similar sectoral structures at European level.

Among the main expected results are: the establishment of at least 20 Sectoral Committees; the creation of a supporting secretariat for each Sectoral Committee; the training on consultation and negotiation skills of the members of the Sectoral Committees and the increase of the Government’s administrative capacity.

**HU 0104-02 Tackling the Gender gap in the labour Market**

This project aims at enhancing equal opportunities of men and women in the labour market through promoting re-integration and late integration of economically inactive women into the workforce. Its purposes are:

- to transfer EU best practices in developing and implementing positive measures in employment action plans in order to respond to the fourth pillar of the European Employment Strategy 1997-2002;
- to support self-employment among women absent from the labour market through training;
- to assure services for trained self-employed women and to implement innovative pilot grant projects.

A twinning arrangement will provide the professional framework for the assessment of Member States’ positive measures promoting equal opportunities of men and women and supporting integration and re-integration women in the labour market, their adaptability and possible implementation through pilot programmes.

A grant scheme will support regional consortia or NGOs implementing “preparation and support for self-employment” programmes. It will also provide support to pilot projects providing temporary employment.

**HU 0104-03 Access 2001**

In order to meet the ‘Copenhagen political criterion’, Hungary is expected not only to formally subscribe to the principles of the rule of law, human rights and the respect for and the protection of ethnic minorities, but to put them into daily practice and establish the necessary institutional framework that supports their sustainability. Functioning non-
governmental and non-profit organisations (NGO/NPO) have a key-role in articulating the demands of citizens through active participation and consciousness-raising. NGOs have also a key role in empowering socially disadvantaged groups and improving socio-economic cohesion.

The main objectives of this project are: promoting the implementation of the **acquis communautaire** in policy areas in which the third sector plays an important role; raising popular awareness and acceptance in these areas and encouraging the inclusion and participation of individuals and groups who risk being economically and socially or politically marginalised in the transformation process.

The Access programme will support the NGO/NPO activities in the following two sectors:

1) activities related to the adoption and the implementation of the **acquis communautaire** in the fields of environmental protection, consumers and health protection and socio-economic development (such as promotion of workers rights and Social Dialogue; promotion of consumer interests and strengthening of associations representing cooperatives, mutual and other organisations with a socio-economic role);
2) activities in the social sector, which aim at contributing to the social reintegration and/or to promote sustainable health and social support for marginalised groups of the population.

**Objective 5. – PREPARATION FOR THE IMPLEMENTATION OF STRUCTURAL FUNDS: INSTITUTION BUILDING AND INVESTMENT IN ECONOMIC AND SOCIAL COHESION**

**Institution Building Actions**

**HU 0105-01 Completing preparations for Management of EU Structural and Cohesion Funds** The objective of the project is to complete institutional preparations for the programming and management of Structural and Cohesion Funds.

In particular, the project will aim at achieving complete conformity with EU requirements in the setting up of the administrative bodies to which the Hungarian Government has entrusted responsibilities in relation to management, payment and financial control for the future implementation of the Structural and Cohesion funds. The project will provide assistance in four areas:

1. Assist in the finalisation of the National Development Plan and the preparations of the Draft Operational Programmes and Programme Complements;
2. Develop the capacity at the bodies identified as future managing authorities (MA) for the Community Support Framework and the Operational Programmes and at the Implementing Agencies for the Cohesion Fund;
3. Completion of harmonisation tasks related to payment, public internal financial control and audit of EU funded programmes;
4. Consolidate the institutions of NUTS II Regions in order to establish proper partnership at regional level and to develop an adequate project pipeline.
Actions supporting Sectoral Policies

**HU 0105-02 Promoting access of people with disability to the labour market**

**Reference to the Preliminary National Development Plan:** The project implements priorities of the "Human Resource Development" chapter of the Preliminary National Development Plan for Hungary. The aims and measures of the PNDP are further substantiated by a draft Regional Development Plan for each of the Phare target regions. These plans contain the objectives of improving employability, promoting equal opportunities and strengthening social cohesion. All of them foresee targeted and differentiated support measures for multiple disadvantaged population groups, with special regard to people living with disabilities.

**Description:** The negative effects of the economic transformation process adversely affected People with disabilities. A disproportional high number of them has lost their job and that has resulted in the increase for application of disability pensions. This situation is more serious in the three target regions where unemployment rates are particularly high and the share of people with disabilities is above the national average.

The project is aimed at promoting equal opportunities for people with disabilities in terms of access to the labour Market. It will be implemented through a Grant scheme and cover the three target regions. The project will provide grant funding to consortia including training institutions, rehabilitation institutes, social care institutions, civil organisations, private or state owned companies, non profit organisations in order to implement the following actions:

- actions supporting the re-integration of peoples with disabilities in the labour Market;
- Human Resources Development actions for support providers;
- Actions aimed at improving the physical conditions and equipment for therapeutic operational programmes.

**HU 0105-03 Developing entrepreneurial skills in secondary schools and higher education**

**Reference to the Preliminary National Development Plan:** The project contributes to the PNDP-objectives of increasing employability; strengthening the adaptability of employees; increasing the flexibility of the labour market; promoting access of employees to the labour market; improving the educational and training systems with a special emphasis on the concept of lifelong learning and diminishing regional differences.

**Description:** The project aims at enhancing the entrepreneurial spirit and shaping the entrepreneurial attitude of secondary school students and creating a young entrepreneurial stratum with reliable knowledge of entrepreneurial management skills. The first component of the project is aimed at offering training to young people on economic knowledge and entrepreneurial skills so that they can meet new expectations, as the modern social and economic environment renders it. The second component of the project, designing and providing in-service teacher training courses will ensure sustainability by educating teachers in the importance of teaching en-
entrepreneurial skills as well as encouraging them to constantly improve the entrepreneurial spirit of their students.

The third component of the project gives an opportunity of acquiring entrepreneurial knowledge to adults and University students through the provision of special courses on entrepreneurial skills on higher educational level. Activities under this component will include support for the elaboration of courses including practice, on the management of small and medium sized enterprises with a special emphasis on European practice and experience. This component will also enable future entrepreneurs to adapt to the economic competition in the European Union.

**HU 0105-04 E-commerce as a tool for the development of SMEs**

*Reference to the Preliminary National Development Plan:* The objectives of the project reflect the priorities drawn up on the basis of the sector strategy of enterprise development. The objectives are also in line with the objectives detailed in the Subprogram to support the technology innovation of SMEs, the Sub-supplier Integrator Subprogram, the Development of SME Network Subprogram, and the Subprogram to support the SMEs joining the knowledge-driven economy of the Széchenyi Plan.

*Description:* The project aim is to familiarise SMEs with the advantages and functions of e-commerce in order to help them to create appropriate attitudes and ways of thinking and familiarise them with the advantages that are reachable for them with the utilisation of existing electronic commercial models. The majority of SMEs have negative image of e-commerce as a new business tool as they do not see the value added of the system. On the other hand Hungarian SMEs are aware of the fact that in order to keep their orders from bigger companies they need to apply the system. SMEs do not possess relevant information about the background and infrastructure, basic definitions, advantages and new strategic consequences of the Internet based business. Responding to the current needs and trends the HFEP (Hungarian Foundation for Enterprise Promotion) decided to step forward and support the spread of electronic business tools among SMEs. A complex programme has been designed with the aim to raise the interest of SMEs in the application of the new technologies and to create a group of SMEs ready to adopt the most advanced tools, like the electronic market place. The programme aims at achieving the following results:

- A two-level educational system for selected SMEs in order to provide theoretical and practical knowledge for them in the field of e-commerce applications
- Functioning e-market place at the disposal of the SMEs;

  Assistance to selected to provide e-commerce reference solutions for individual companies with extranet connections to market places and to analyse and realise their possibilities for the automation of the value chain

*Actions in the three target regions*

**HU 0105-05 Development of the Voros-to Section of the Baradla Cave (Northern Hungary)**

*Reference to the Preliminary National Development Plan:* The project is in line with the regional development strategy of Northern Hungary as laid down in the plan. More spe-
cifically the project is relevant to priority 2, measure 1 “Development of infrastructure associated with outstanding unique tourist attractions of the region and competitive tourist products” sub-measure 1 ‘Development of outstanding tourist areas of the region’

Description: The project contributes to promoting tourism in the North Hungarian region through infrastructure development in a key tourist site, the Baradla Cave. This is the most renowned of the more than 270 caves in the area. The cave has three sections that are in bad condition. Two of these have to be visited separately, a one-way guided tour of both sections is at present non possible. Therefore the activities will consist of the reconstruction of the Vöröstő Cave Section, the interconnection of two sections, allowing one-way tours through both caves, as well as the replacement of the out-dated, potentially unsafe, and environmental unsound lighting equipment. Consequently, the Cave is expected to attract an even higher number of visitors.

**HU 0105-06 Supporting Tourism Development in Northern Hungary**

*Reference to the Preliminary National Development Plan:* The project is in line with the regional development strategy as laid down in the Plan. More specifically the project is reflected in priority 2, measure 1 of the Northern Hungarian region “Development of infrastructure associated with outstanding unique tourist attractions of the region and competitive tourist products” (PNPD 2001, chapter 5.5, priority 2 “Productive sector development”). The project touches upon sub-measure 1 ‘Development of outstanding tourist areas of the region and sub-measure 2 ‘Development of tourist products based on resources.

Description: The tourism in this region has a seasonal character. In addition guests tend to stay for relatively short time. The development of tourism services and product packages has to be promoted to eliminate seasonality and to increase incomes and the length of the stay of guests. The two main sub-sectors, that can significantly contribute to the improvement of these characteristics of the local tourism, are the development of thermal and spa tourism and that of conference tourism. These two sub-sectors are those, which adapt to the existing local values and therefore their development is essential to reach the objectives of the project.

The project will be implemented through grants to be provided to organisations for the development of thermal baths and linked services in order to facilitate the establishment of centres for thermal and spa tourism building on existing values and capacities. The capacity and the quality of baths and spas will be improved and a wide-range, high quality services will be provided to ensure continuous growth of thermal tourism.

Grants will also be given to tourism enterprises for the establishment of small training, seminar hall and the procurement of the necessary technical equipment in order to: 1) establish well-equipped seminar and workshop halls on existing local service background; 2) ensure the continuous utilisation of supporting services; 3) guarantee high-quality background tailored to varying training forms and needs.

**HU 0105-07 Canalisation and Waste Water Management of Ibrany-Nagyhalasz (Northern Great Plain)**
Reference to the Preliminary National Development Plan: The objectives of the project reflect the priorities of the plan for the region. These priorities are based on sectoral strategies and the development strategies of the region. In particular it falls under measure II.2.2 “Improvement of the soil and water supply protection...”

**Description:** The aims of the project are the creation of functioning modern wastewater treatment system responding to the required environmental standards and supporting the increase of economic activity in the region. The development of the Ibrány wastewater treatment facilities will complement other measures of Phare 2001 promoting economic and social cohesion. It will help unlock the development potential of the region’s SMEs in key sites of industrial, commercial and tourism activity.

The project will provide funding for the following facilities: 1) A canalisation network connecting the majority of the Ibrány and Nagyhalasz households and the industrial area to the waste water treatment plant; 2) The increase in capacity of the wastewater treatment plant in Ibrány; 3) The construction of a biological waste water treatment plant.

**HU 0105-08 Connecting the Industrial area of Debrecen to the National road Network (Northern Great Plain)**

Reference to the Preliminary National Development Plan: The project is in line with one of the most important priorities of the region: “Increasing business competitiveness”. It specifically contributes to the measure I.1.1 of “Establishment and development if industrial areas, logistic centres, incubation houses and industrial parks and their infrastructural development”.

**Description:** The purpose of this project is to improve the access to the Debrecen Industrial Area and its catchment area in order to reduce the road congestion and road accidents. The project will finance the following activities: 1) The road reconstruction and extension of the Monostorpalyi road; 2) The establishment of the traffic light system and the adjustment of the railway crossing; 3) The completion and modernisation of the underground sewage system; 4) The modernisation of the relevant sections of gas, heating, water and electricity networks; 5) All required landscaping and terrain corrections.

**HU 0105-09 Development of the Industrial Park in Szolnok (Northern Great Plain)**

Reference to the Preliminary National Development Plan: According to the Plan the project is relevant to one of the most important priorities of the region, namely: “Increasing business competitiveness”. It specifically contributes, as well, to the measure I.1.1 of “Establishment and development of industrial areas, logistic centres, incubation houses and industrial parks and their infrastructural development”.

**Description:** The project aims at creating new workplaces in the region, enhancing the settlement of enterprises and suppliers in the area and at improving the infrastructural and operational conditions of the settled enterprises. Funding will be used to finance the first phase of the development of the Park infrastructure on the industrial site and the construction of a special rainfall drainage system.

**HU 0105-10 Developing a Thermal Ring in the Southern Great Plain**
**Reference to the Preliminary National Development Plan:** According to the Plan, the project is in line with one of the most important priorities of the region, namely: "Increasing business competitiveness". It specifically contributes to measure 1.1.1 of "Establishment and development of industrial areas, logistic centres, incubation houses and industrial parks and their infrastructural development"

**Description:** The local natural conditions of this area are excellent for the development of thermal tourism. The region is extremely rich in thermal water resources. The weakness lies in poor infrastructure facilities, seasonality and inadequate marketing of tourism opportunities. This seriously hinders the development of thermal tourism into a major industry of the region. The increased number and quality of bath services will contribute to increase the number of guests and consequently the tourism related income. The project will assist in developing and upgrading the facilities of four important thermal baths (Balloszög, Gyomaendrod, Morahalom and Szarva).

**HU 0105-11 Promotion of innovative activity of Enterprises (Southern Great Plain)**

**Reference to the Preliminary National Development Plan:** The project is in line with priority 1 “Knowledge and innovation based economic development”. It specifically contributes to the measure 1.4 of “Promotion of the Innovative Activity of Enterprises”.

**Description:** The project is aimed at promoting regional economic growth through the development of the economic potential of the innovation activities. It will specifically assist enterprises in developing new technologies and products by making use of R&D results achieved by the region’s research institutions.

Southern Great Plain has a good research and Development infrastructure. There is, however, a gap between R&D activities and enterprise development. The expectations are that the gap can be bridged by introducing new methods for the promotion of innovative activities. This could help to change the production structure towards know-how based economic activities from those based on cheap labour and producing low added value. International experience prove that innovation and technological centres establish an optimal environment for the promotion of SMEs as well as for higher education institutions and research centres. These innovation and technological centres have a catalytic effect on innovative and technological activities in the whole region.

In this context the project will support through a grant scheme the establishment of Innovation and Technological Centres and support enterprises in developing new technologies and products.

**Objective 6. – PARTICIPATION IN COMMUNITY PROGRAMMES**

**HU 0106-01 Participation in Community programmes and Agencies**

This project will provide funding, as co-financing to the Hungarian State budget, to enable Hungary to continue or begin participation in a number of Community programmes and agencies. This co-financing will cover primarily the costs of participation in 2002. Both co-financing and participation will take place on the basis of the relevant Association Council Decisions.
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.

Programme Conditionalities

In view of the provisions of Article 4 of the Accession Partnership Regulation (EC 622/98), overall agreement on the 2001 Phare programme will depend on the Government's commitment to meet the relevant conditionalities. Project specific conditionalities have been included in the relevant project fiches. Programme conditionalities are listed below:

The Government of Hungary will ensure that adequate Human and financial resources are provided to the National Fund and the implementing Agencies so as to ensure the smooth implementation of the programme.

The Government of Hungary will provide by the end of April, 2001 a three years Business Plan for the CFCU describing how from January 1st 2002 adequate human and financial means will be provided to the CFCU to ensure satisfactory implementation of the ongoing Phare programmes;

The Hungarian Government will provide by the end of April 2001 a precise description of the functions, procedures and administrative organisation of the Regional Development Implementing Agency. This description will cover, as well, the reporting lines and the division of labour between the Central Implementing Agency and the various Regional Development Agencies at local level. The structure created to ensure the appropriate control of Grant schemes at Regional level will also have to be described and should be acceptable to the Commission Delegation.

The Hungarian Government will ensure that appropriate co-financing in accordance with the details included in the project fiches will be available in time. Unless otherwise specified in the project fiche co-financing for service, supply and works contracts should be intended as joint and the ratio between the Phare and the National amount has to be applied to the final contract price.

The revised Preliminary National Development Plan will be approved by the end of April 2001.

The National Aid Co-ordinator will establish before the signature of the Financing Memorandum a Training Steering Committee with the participation of all the relevant institutions. The Steering Committee will ensure appropriate co-ordination between the training activities funded by Phare and the ones funded by the Government budget and/or with the assistance of other donors.

Before proceeding to the signature of the financing Memorandum the EC Delegation will verify in co-ordination with the NAC and the Implementing Agencies 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 the Joint Monitoring Committee will have special meeting six
months after the signature of the FM with the specific objective to review the contracting situation project by project and recommend, where necessary, reallocation of funds between projects that are running behind schedule and projects where the absorption capacity is good.

Phare support for project HU0105-01 "Completing preparations for Management of EU Structural and Cohesion Funds" is conditional to a clear government decision on which administrative bodies will assume the role of Managing and paying authorities under Structural Funds. The MAs for the OPs and the CSF should be identified and formally designated before the signature of the Financing memorandum.

**BUDGET**

<table>
<thead>
<tr>
<th>Programme/Project</th>
<th>Phare budget in MEUR</th>
<th>TOTAL PHARE</th>
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<tr>
<td></td>
<td>IB</td>
<td>INV</td>
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<tr>
<td>HU0101 POLITICAL AND ECONOMIC CRITERIA</td>
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<tr>
<td>01 - Roma integration</td>
<td>3.9</td>
<td>5.1</td>
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<td>02 - Health financing</td>
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<td>HU0102 ADMINISTRATIVE CAPACITY</td>
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<td>01 - Market Surveillance</td>
<td>9.85</td>
<td>8.25</td>
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<td>02 - Environmental Legislation</td>
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<td>03 - Veterinary and Phytosanitary Acquis</td>
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<td>04 - Forestry Information System</td>
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<td>05 - Road Traffic Control acquis</td>
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<td>06 - Energy</td>
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<td>07 - Twinning Light</td>
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<tr>
<td>HU0103 JUDICIARY AND BORDER CONTROL</td>
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<td>01 - Border Management</td>
<td>3.00</td>
<td>7.00</td>
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<tr>
<td>02 - Training of judges and prosecutors</td>
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<td>03 - Customs Border Modernisation</td>
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<tr>
<td>HU0104 EMPLOYMENT AND SOCIAL AFFAIRS</td>
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<tr>
<td>01 - Social Dialogue</td>
<td>6.65</td>
<td>0.25</td>
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<td>02 - Gender gap in the labour market</td>
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<td>03 - Access 2001</td>
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<tr>
<td>HU0105 PREPARATION FOR STRUCTURAL FUNDS</td>
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<tr>
<td>01 - Institution Building</td>
<td>6.00</td>
<td>23.00</td>
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<td>02 - Disabled to the labour market</td>
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<td>03 - Entrepreneurial skills</td>
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<td>04 - E-commerce</td>
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<td>05 - Baradla Cave</td>
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<td>06 - Tourism Development</td>
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<td>07 - Waste Water Management Ibrany</td>
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<td>08 - Debrecen Road</td>
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<td>09 - Szolnok Industrial Park</td>
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<td>10 - Thermal Ring</td>
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<tr>
<td>11 - Innovative activity of enterprises</td>
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The amounts earmarked for twinning projects will cover the eligible costs for implementing the work plan agreed between the Member State and the Applicant Country. The eligible costs are defined in the DIS instructions and may include costs incurred by the selected Member State during the preparation of the twinning covenant, before final notification of financing approval but after signature of the Financing Memorandum.

**IMPLEMENTATION ARRANGEMENTS**

The programme will be managed in accordance with the Phare Decentralised Implementation System (DIS) procedures. The National Aid Co-ordinator (NAC) will have overall responsibility for programming, monitoring and implementation of Phare programmes. The National 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 will be responsible for reporting to the European Commission. The National Authorising Officer shall have overall responsibility for financial management of the PHARE funds. He shall ensure that the PHARE rules, regulations and procedures pertaining to procurement, reporting and financial management as well as Community State 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 shall be carried out by the National Control Authority with respect to the implementation of the programme. The National Authorising Officer shall maintain a financial reporting system for all PHARE funds.

The Commission will transfer 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 distinction should be made between the payments concerning the participation in community programmes and agencies and the payments concerning the other sub-programmes. However, only 1 bank account will be opened at the National Fund.

1/ Community programmes and agencies

A single advance will be made to the National Fund to cover the full amount of the PHARE part of the financial contribution for participation in Community programmes.
and agencies. This advance will be made, following signature of the Financing Memorandum and upon request from the National Fund.

This advance is separate from the advances made for the rest of the programme. However, it should be noted that the Phare contribution for each programme will only be transferred after the entry into force of the Decision establishing the terms and conditions for participation in that programme. If there is a delay in the entry into force of some of the Association Council Decisions the payment to the National Fund may be divided into two or more tranches, so that 100% of the funds necessary for the programmes in force can be transferred immediately.

The National Fund will be responsible for transferring the funds back to the Commission, following the call for funds of the Commission’s Directorate General responsible for the programmes concerned and within the deadlines requested.

2/ Other sub-programmes

A payment of up to 20% of the funds to be managed locally will be transferred to the NF following signature of the Financing Memorandum and the Financing Agreements (FAs) between the NF and the Implementing Agencies (IAs)/Central Finance and Contracts Unit (CFCU). The provisions foreseen in articles 2 and 13 of the MoU on the NF must also be met. Furthermore, the NAO must submit to the Commission the designation of the PAs and a description of the system put in place, highlighting the flow of information between the NF and the IA/CFCU and the manner in which the payment function will be carried out.

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

The 2001 National programme will be implemented through two implementing Agencies, namely:

- The Central Financing and Contracting Unit in the Hungarian State Treasury;
- The Implementing Agency for Regional Development, under the Ministry of Agriculture and Regional Development.

IAs will be responsible for sub-programmes as follows:

Excluding the amount foreseen for the community programmes
For the Project HU0106.01, Participation in Community Programmes and Agencies, no implementing agency is required as funds will be requested from and transferred back to the Commission, directly by the National Fund.

The National Fund will transfer funds to IAs, including the Central Financing and Contracting Unit (CFCU), in accordance with Financing Agreements (FAs) signed between the NFs and the IAs/CFCU where applicable. Each individual FA is 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 IA/CFCU. The CFCU and the IAs must each be headed by a Programme Authorising Officer (PAO) appointed by the NAO after consultation with the NAC. The PAO will be responsible for all the operations carried out by the relevant CFCU/IA.

A separate bank account, denominated in EUR will be opened and managed by the 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 trans-
Following a verification exercise the two implementing agencies involved in the Phare 2001 National have been recognised as capable of implementing Grant schemes.

All projects will be greater than 2 MEUR, except for the twinning light. This is justified by the relatively small size of the short-term actions that will be financed under this project.

Grants 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. The Commission will recover any funds not used by the expiry date of the programme.

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.

**MONITORING AND ASSESSMENT**

The programme will be monitored by the Joint Monitoring Committee (JMC) for Phare programmes which has been established in October 2000. The JMC includes the NAO, the NAC and the Commission. It should 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.

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1 In relations to ex ante approval of project selection tendering and contracting, the provisions of Council regulation 1266/1999 apply.
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.

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.

VISIBILITY/PUBLICITY

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

SPECIAL CONDITIONS
In the event that agreed commitments are not met for reasons which are within the control of the Government of Hungary, in particular those related to lack of adequate management capacities, the Commission may review the programme with a view, at the Commission’s discretion, to cancelling all or part of it and/or to reallocate unused funds for other purposes consistent with the objectives of the Phare programme.
ANNEX D

VISIBILITY/PUBLICITY

INFORMATION AND PUBLICITY FOR THE PHARE 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 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 through 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 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.