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 Malta, 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 an agreement to be signed between THE COMMISSION and THE RECIPIENT at a later stage, 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: MT0002
Title: Participation of Malta in the Community programmes: Leonardo da Vinci II, Socrates II and Youth, in 2001
Duration: Until 30/06/2001

ARTICLE 2 - COMMITMENT OF THE COMMUNITY

The financial contribution of THE COMMUNITY is fixed at € 900,000 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 30/06/2001 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 31/12/2001. 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:

Commission of the European Communities
Directorate General Enlargement
Malta Team
rue de la loi 200
B - 1049 Brussels
Tel. (+32.2) 296.87.24
Fax (+32.2) 299.02.54

for THE RECIPIENT:

Permanent Delegation of the Republic of Malta to the European Union
rue Belliard 65
B - 1040 Brussels
Tél. (+32.2) 343.01.95
Fax (+32.2) 343.01.06

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 ..............
Date: ...........................

for THE RECIPIENT
S.E. M. Victor Camilleri

for THE COMMUNITY
Commissioner Günter Verheugen

Encl.:
Annex A  Special Provisions
Annex B  Visibility/Publicity
SPECIAL PROVISIONS
Participation of MALTA in Community programmes in 2001

1. SUMMARY

The participation of the 13 candidate countries in Community programmes is an important element of the Pre-Accession Strategy.

In this context, Malta has confirmed its willingness to participate in the Leonardo da Vinci II and Socrates II programmes from the year 2000 and in the Youth programme from 2001. The decisions establishing these programmes for the period 2000-2006 provide that they are open to the participation of Malta, among other countries.

To participate in these programmes, Malta will have to pay each year a financial contribution, which is established in the draft agreement recently submitted to the Council for conclusion. This contribution will be added to the programmes' budget. Malta expressed its wish to use part of the pre-accession funds allocated to it in 2000 as a complement to its national budget part to finance its contribution as entry ticket in 2001.

In view of the participation of Malta in the Leonardo da Vinci II, Socrates II and Youth programmes in 2001, it is now proposed to the Phare Management Committee to allocate the required pre-accession funds applicable to Malta.

2. BACKGROUND

The Helsinki European Council of December 1999 confirmed the enlargement process launched at its meeting of December 1997 in Luxembourg. The enhanced Pre-Accession Strategy defined in 1997 has been reiterated, which includes the participation of the 13 candidate States in Community programmes as an important part of such strategy.

In the case of the training, education and youth programmes, the participation of Malta was already foreseen in the decisions establishing the first phase of the Leonardo da Vinci and Socrates programmes, and in the decision establishing the Youth for Europe programme. This participation did not take place, due to the decision of the Maltese Government formed in the wake of the October 1996 elections to put Malta's application for EU membership on ice. The Leonardo da Vinci, Socrates and Youth for Europe programmes expired on 31 December 1999.

The second phase of Leonardo da Vinci, the second phase of Socrates, and a new Youth programme, are succeeding the previous programmes. Now Malta has joined the pre-accession strategy, and the EC decisions establishing these new programmes provide that the programmes are open to the participation of Malta, among other countries.

As the participation of Malta in Community programmes is not provided in its Association Agreement, the conditions and modalities of its participation are to be defined in a specific agreement with the Community. The Commission conducted

Financing Memorandum - Malta 2000

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negotiations with Malta on the basis of the negotiating mandate given by the Council on 14 February 2000.

Malta has confirmed its willingness to participate in the second phase of Leonardo da Vinci, and the second phase of Socrates as from 2000, and in the Youth programme from 2001, and to pay its financial contribution partly from its national budget, and partly from the relevant Community pre-accession fund, on the basis of the pre-accession strategy for Malta recently adopted by the Community.

Due to the late availability of the relevant pre-accession funds (Council Regulation has only been adopted on 13 March 2000), Malta will pay its national contribution to Socrates and Leonardo da Vinci in 2000 entirely from its national budget. For the following years, it will use partly the pre-accession funds concerned. As provided in the conclusions of the Luxembourg European Council of December 1997 regarding candidate countries' participation in programmes, the part of Maltese financial contribution coming from its national budget will be steadily increasing from 2001 to 2006.

The main terms and conditions for the participation of Malta will be the following (and identical to those applicable to 11 candidate countries):

- Projects and initiatives submitted by participants from Malta shall be subject to the same conditions, rules and procedures pertaining to these programmes as are applied to Member States, regarding in particular the submission, assessment, and selection of applications and projects, the responsibilities of the national structures in the implementation of the programmes, and the activities related to the monitoring of their participation in the programmes.
- Malta will pay each year a contribution to the programmes, as envisaged in the draft Agreement. This contribution will not be reimbursed to Malta if, at the end of the year, the results fall short of the contribution paid.
- By analogy with the guidelines laid down by the Luxembourg European Council in respect of the other candidate countries, Malta will be invited to attend the Programme Committees as observer, for the points which concern it.

It is expected that the Agreement mentioned above enters into force by the Autumn 2000, so that projects involving Malta which have already been submitted can be taken into account in the selection process. This would allow Malta to participate in the second phase of the Leonardo da Vinci and Socrates programmes as of its beginning, and to be fully integrated in Community networks and other activities in the fields of vocational training and education.

3. **Policy Assessment**

Participation of candidate countries in Community programmes has been confirmed by the European Council as one of the key-features of the Pre-Accession Strategy. Their

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participation will enable these countries to familiarise themselves with the Union policies and working methods.

The candidate countries from Central and Eastern Europe (CEECs) have already been participating in around 30 Community programmes, including Leonardo da Vinci, Socrates and Youth for Europe. Cyprus has also participated in these programmes. On the other hand, Maltese participation in the educational programmes will constitute the first experience of Malta as regards full participation in Community programmes.

The Leonardo da Vinci, Socrates and Youth programmes represent a great part of the Community acquis in the fields of training, education and youth. Participation in these programmes will allow citizens and national administrations of candidate countries and Member States to develop co-operation and exchange networks and should speed up integration of these countries into a Europe of knowledge and support their preparation for accession to the European Union. Full participation will benefit both these countries and the EU. It will support economic development in them.

4 COST AND FINANCING PLAN

As other candidate countries, Malta has chosen to make use of the possibility to utilise part of the relevant pre-accession fund to co-finance its contribution. It has also been encouraged to steadily increase its own annual financial effort over the lifetime of the programmes. In any case, administrative costs will always be covered by Malta from its own State budget.

The agreed financial contributions required for the participation of Malta in the Leonardo da Vinci II, Socrates II and Youth programmes, and their precise breakdowns between the pre-accession fund and the State budget, are specified in the draft Agreement recently submitted to the Council for conclusion.

As proposed by the Commission in its Communication of 20 December 1999 to the Council on "Participation of candidate countries in the Community programmes, agencies and committees", new financial modalities are being applied to simplify the management of the participation of the candidate countries. Each year the Community funds will be transferred directly to the country concerned to help the country pay its contribution within the deadline requested by the programme. These funds will be committed in advance (in year n to be used in year n+1).

Pre-accession funds required in 2000 for complementing Malta's financial contribution in view of its participation in the Leonardo da Vinci II, Socrates II and Youth programmes in 2001, are those set out in the table below.

<table>
<thead>
<tr>
<th></th>
<th>Leonardo</th>
<th>Socrates</th>
<th>Youth</th>
<th>TOTAL</th>
<th>Financing Memorandum Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malta</td>
<td>300,000</td>
<td>300,000</td>
<td>300,000</td>
<td>900,000</td>
<td>MT 0002</td>
</tr>
</tbody>
</table>

These funds will be transferred from Budget article B7-040 to Malta in the beginning of 2001, on the basis of a Financing Memorandum, and provided that the corresponding
Agreement has entered into force. Together with Malta's own contribution from its State budget, these funds will constitute the Maltese national contribution, out of which it will make payments in response to the 2001 calls for funds of the Commission's Directorate-General for Education and Culture. These funds should thus be transferred so as to allow Malta to meet the deadlines for paying its national contribution.

The total contribution will be entered in the EU Budget as earmarked revenue giving rise to supplementary appropriations opened under articles B3-1001, B3-1010, B3-1021.

The foreseeable disbursement schedule is as follows:

<table>
<thead>
<tr>
<th>Disbursements</th>
<th>€</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 2001</td>
<td>900,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

5. IMPLEMENTATION ARRANGEMENTS

The pre-accession funds will be transferred to Malta by means of a Financing Memorandum. Due to the specificity of this programme funds will be transferred in a single tranche to the National Fund of Malta. It will not be necessary for the National Fund to request payment. The National Fund will be responsible for transferring the funds back to the Commission as part of the national contribution, following the call for funds of the Commission's Directorate General for Education and Culture. It should be noted, however, that the pre-accession funds may only be transferred after the entry into force of the corresponding Agreement.

The implementation of the participation of Malta in the Leonardo da Vinci II, Socrates II, and Youth programmes will follow the rules pertaining to these programmes.

Projects and initiatives submitted by participants from Malta shall be subject to the same conditions, rules and procedures pertaining to these programmes as are applied to Member States, regarding:

- the submission, assessment, and selection of applications and projects;
- the responsibilities of the national structures in the implementation of the programmes;
- the activities related to the monitoring of their participation in the programmes.

The Leonardo da Vinci II, Socrates II and Youth programmes will be implemented by the Commission in close co-operation with the Maltese authorities. The same arrangements will apply as for the Member States of the Union. For these programmes the decentralised structures designated by participating countries (the Leonardo da Vinci, Socrates and Youth National Agencies) have an essential role to play in the implementation of the programmes and will work in close co-operation with the Maltese authorities responsible for education, training and youth. The national structures are in particular responsible for the selection and management of the decentralised part of the programme activities, which has increased in comparison to the former generation of programmes. They operate according to programme guidelines defined by the European Commission in consultation with the programme Committees and on the basis of a contract.
with the Commission, which is subject to presentation of their Work Plan including a detailed budget.

6. **AUDIT, MONITORING AND EVALUATION**

The monitoring procedures applied in the programmes will also cover operations financed for Maltese beneficiaries.

All contracts, agreements and legal commitments between the Commission and recipients of payments provide for in situ checks by the Commission and the Court of Auditors. The accounts and operations of the programme 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.

Recipients of support under specific actions are under the obligation to provide a report and financial statement which are analysed from the point of view of content and eligibility of expenditure in accordance with the objective of Community funding and bearing in mind the contractual obligations and the principles of sound and efficient management.

The evaluation foreseen in the decisions establishing the programmes will also cover operations financed for Maltese beneficiaries.

7. **SPECIAL CONDITIONS**

- As for the Member States, projects involving Maltese participants will be selected according to quality criteria.
- Nevertheless, to ensure the Community dimension of the programmes, the projects and activities proposed by Malta will be required to include at least one partner from the Member States of the Union.
- Representatives of Malta will participate as observers (without voting rights) and for the points which concern them, in the Leonardo da Vinci II, Socrates II and Youth committees.
INFORMATION AND PUBLICITY FOR THE MALTA & CYPRUS PRE-ACCESSION PROGRAMMES OF THE EUROPEAN COMMUNITIES

1. Objective and scope

Information and publicity measures concerning assistance from the European Community Malta & Cyprus pre-accession Programmes 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 Malta & Cyprus pre-accession Programmes.

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 Malta & Cyprus pre-accession 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 Malta & Cyprus pre-accession 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 Malta & Cyprus pre-accession programmes:

- measures to make potential beneficiaries and the general public aware of Malta & Cyprus pre-accession programmes’ assistance, in accordance with the provisions cited at paragraph 3(b)(i) above.
- measures targeting applicants for public aids part-financed by Malta & Cyprus pre-accession programmes 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 Malta & Cyprus pre-accession 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 Malta & Cyprus pre-accession Programmes, is providing financial support. The notification of aid sent to beneficiaries shall mention the amount or percentage of the assistance financed by the Malta & Cyprus pre-accession Programmes. 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 Malta & Cyprus pre-accession programmes 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 Malta & Cyprus pre-accession 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 Malta & Cyprus pre-accession programmes 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 Malta & Cyprus pre-accession 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 Malta & Cyprus pre-accession Programmes.

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.