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 Slovakia, hereinafter referred to as "THE RECIPIENT" on the other part,

HAVE AGREED AS FOLLOWS:

The measure referred to in Article 1 below shall be executed and financed out of the budget resources of THE COMMUNITY in accordance with the provisions set out in this Memorandum. The technical, legal, and administrative framework within which the measure referred to in Article 1 below shall be implemented is set out in the General Conditions annexed to the Framework Agreement between THE COMMISSION and THE RECIPIENT signed in 10 May 1994, 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:    SR.99.03
Title:                Large Scale Infrastructure Facility Part 4 – ISPA Project Preparation
Duration:             Until 31 May 2000

ARTICLE 2 - COMMITMENT OF THE COMMUNITY

The financial contribution of THE COMMUNITY is fixed at a maximum of 2.4 MECU 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 31 May 2000, 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 May 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:
  Delegation of the European Commission
  Panska 3
  81101 Bratislava
  Slovak Republic
  Tel.: (+4217) 533 1718
  Fax: (+4217) 533 2980

for THE RECIPIENT:
  Office of the Government of the Slovak Republic
  Namestie Slobody 1
  81106 Bratislava
  Republic of Slovakia
  Tel.: (+4217) 391 284
  Fax: (+4217) 296 759

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 Bratislava
Date 30 August 1999

for THE RECIPIENT

Mr P Hamzik,
Deputy Prime Minister
National Aid Coordinator

Annex 1 Framework Agreement
Annex 2 General Conditions (Annex A+B)
Annex 3 Special Provisions (Annex C)

Done at Bratislava
Date 30 August 1999

for THE COMMUNITY

Mr. C Bourgin
Phare Counsellor of the Delegation
Delegation to the Republic of Slovakia

[Signature]
ANNEX C – SPECIAL PROVISIONS

1. OBJECTIVES AND DESCRIPTION

1.1 Objectives

The overall objective of this Financing Proposal is to assist in the efficient start up and implementation of the Instrument for Structural Policies for pre-Accession (ISPA), one of the three main pre-accession instruments in the period post 2000.

The specific objective of this Financing Proposal is to ensure that the necessary technical and implementation documents are prepared for those projects which are lead candidates for ISPA support, thereby facilitating their speedy and successful implementation.

1.2 Eligible Project Preparation Expenditure

The following technical and implementation documents may be prepared for the target projects under this LSIF Financing Proposal:
1. Finalisation and sensitivity testing of feasibility studies
2. Pre-investment studies including cost and financial engineering work
3. Impact Studies, such as environmental impact assessments, cost benefit or financial analyses and support to restructuring plans of critical agencies such as railway companies
4. Detailed technical designs and bills of quantity (i.e. any part of required documentation specified in FIDIC yellow, orange or red books)
5. Procurement plans and tender documentation
6. Implementation and project management schedules
7. Analysis of user charging systems

Environmental impact assessments are required for each ISPA project; The preparatory support under this Financing Proposal will contribute to the necessary technical analyses to meet the requirement of European Community EIA legislation.

Given the immediacy of ISPA start up in 2000, the Commission will rarely finance any substantive work on studies 1-2 which represent the preliminary phases of project preparation. However, projects will often involve testing the findings of existing feasibility studies and strengthening them where required, recognising that existing feasibility studies are often four to five years old.

Much of the work which will be undertaken will be in the area of technical and tender document preparation, given the level of maturity of most of the candidate
projects. In this regard, the types of support which may be financed include:

- Impact assessments, including environmental impact assessment, cost benefit analysis and financial analysis
- Form of Tender
- Schedules of Supplementary Information
- Bills of Quantities
- Form of Contract Agreement
- Conditions of FIDIC Contract
- General and Particular Specifications
- Technical Drawings and Designs.

1.3 Description of Project Proposals

A short summary per country of the proposed ISPA preparatory support from the LSIF is provided in Annex 1, including the list of candidate ISPA projects upon which this preparatory support will initially focus.

As noted, these funds are destined to prepare ISPA projects in the most part for the year 2000. The projects have been identified during country missions undertaken by DG XVI in association with the relevant DG's. The detailing of these projects is now progressing. However, as candidate countries work on the potential projects, the projects' preparatory needs may evolve and additional proposals may be added on initiative of DG XVI. As such, the need for flexibility of directing the resources under this Financing Proposal is critical. For this reason, the overall country allocations are set out below but the precise definition (and indeed the budget) of the projects within each country envelope may vary depending on the evolving nature of the ISPA project's requirements and of the final budgets contained in the winning consultants' proposals.

This need for flexibility also reflects the realities of the state of project readiness for large scale transport and environmental infrastructure projects in the candidate countries. Few such projects are ready in a finally acceptable form and almost all need some form of additional work. The complexity of these projects, given their size, means that these particular and often small needs are not obvious from the outset and become apparent only later during the highly detailed technical analysis of their requirements which is currently underway.

The list of projects are indeed candidates for ISPA but their presence on this list does not constitute in any way a commitment of the Commission to financially support that project under ISPA in 2000 or later.

Equal opportunity for men and women to participate in all projects will be ensured.
2. **BUDGET**

Euro million

<table>
<thead>
<tr>
<th>Country</th>
<th>Code</th>
<th>Allocation</th>
<th>Investment</th>
<th>Institution Building</th>
<th>TA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>BG.99.03</td>
<td>2,70</td>
<td>0,00</td>
<td>0,00</td>
<td>2,70</td>
</tr>
<tr>
<td>Czech</td>
<td>CZ.99.08</td>
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<td>0,00</td>
<td>0,00</td>
<td>2,40</td>
</tr>
<tr>
<td>Estonia</td>
<td>ES.99.07</td>
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<td>0,00</td>
<td>2,10</td>
</tr>
<tr>
<td>Hungary</td>
<td>HU.99.03</td>
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<td>0,00</td>
<td>0,00</td>
<td>2,40</td>
</tr>
<tr>
<td>Latvia</td>
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<td>0,00</td>
<td>0,00</td>
<td>2,00</td>
</tr>
<tr>
<td>Lithuania</td>
<td>LI.99.04</td>
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<td>0,00</td>
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</tr>
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<td>Poland</td>
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<td>6,60</td>
</tr>
<tr>
<td>Romania</td>
<td>RO.99.03</td>
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<td>0,00</td>
<td>0,00</td>
<td>2,00</td>
</tr>
<tr>
<td>Slovakia</td>
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<td>2,40</td>
<td>0,00</td>
<td>0,00</td>
<td>2,40</td>
</tr>
<tr>
<td>Slovenia</td>
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<td>2,00</td>
<td>0,00</td>
<td>0,00</td>
<td>2,00</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>26,80</td>
<td>0,00</td>
<td>0,00</td>
<td>26,80</td>
</tr>
</tbody>
</table>

Please note that Recipient and IFI's are not cofinancing these Phare projects but are contributing cofinancing on preparing other aspects of the candidate ISPA projects and shall cofinance the eventual projects under ISPA when they are presented and if they are accepted for cofinancing.

3. **IMPLEMENTATION ARRANGEMENTS**

While the LSIF is presented to the Management Committee as a horizontal facility, the projects shall be implemented through the Phare national programme structures.

As such, the LSIF project preparation facility will be split on a project by project basis by signing 10 separate Financing Memoranda, as set out in the following table, thereby allowing an optimal follow up in each individual country and a maximum efficiency in project implementation.

3.1 **Implementation through National Programmes**

As indicated in the table overleaf, all LSIF financed preparation projects **shall be implemented through the Phare National Programme system and, as such, the National Programme procedures will be applied** subject to the implementation and funds flow arrangements specified in this Financing Proposal and in the Project Fiche.

The funds shall be held in the National Fund and made available for payments by the CFCU, according to the normal national programme structures. Procurement of all contracts and payments will be made by the relevant CFCU to the contractor. The beneficiary will be involved in the day to day supervision, reporting back on progress to the CFCU.
These projects will be managed in accordance with the Phare Decentralised Implementation System (DIS) procedures. The National Aid Coordinator will have overall responsibility for programming, monitoring and implementation of Phare programmes. The National Fund (NF), headed by the National Authorising Officer (NAO), will supervise the financial management of the Programme. Appropriate financial control shall be carried out by the competent National Financial Control Authority with respect to the implementation of the programme.

The Commission will transfer the funds to the NF in accordance with the Memorandum of Understanding signed between the Commission and the Ministry of Finance. Funds will be transferred following requests from the NAO as follows:

<table>
<thead>
<tr>
<th>Country</th>
<th>Fund Transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>A payment of € 0.54 million will be transferred to the NF following signature of the Financing Memorandum. Four replenishments will be made of up to € 0.54 million or the full balance of the budget, whichever is the lesser amount.</td>
</tr>
<tr>
<td>Czech</td>
<td>A payment of € 0.48 million will be transferred to the NF following signature of the Financing Memorandum. Four replenishments will be made of up to € 0.48 million or the full balance of the budget, whichever is the lesser amount.</td>
</tr>
<tr>
<td>Estonia</td>
<td>A payment of € 0.42 million will be transferred to the NF following signature of the Financing Memorandum. Four replenishments will be made of up to € 0.42 million or the full balance of the budget, whichever is the lesser amount.</td>
</tr>
<tr>
<td>Hungary</td>
<td>A payment of € 0.48 million will be transferred to the NF following signature of the Financing Memorandum. Four replenishments will be made of up to € 0.48 million or the full balance of the budget, whichever is the lesser amount.</td>
</tr>
<tr>
<td>Latvia</td>
<td>A payment of € 0.4 million will be transferred to the NF following signature of the Financing Memorandum. Four replenishments will be made of up to € 0.4 million or the full balance of the budget, whichever is the lesser amount.</td>
</tr>
<tr>
<td>Lithuania</td>
<td>A payment of € 0.44 million will be transferred to the NF following signature of the Financing Memorandum. Four replenishments will be made of up to € 0.44 million or the full balance of the budget, whichever is the lesser amount.</td>
</tr>
<tr>
<td>Poland</td>
<td>A payment of € 1.32 million will be transferred to the NF following signature of the Financing Memorandum. Four replenishments will be made of up to € 1.32 million or the full balance of the budget, whichever is the lesser amount.</td>
</tr>
<tr>
<td>Romania</td>
<td>A payment of € 0.4 million will be transferred to the NF following signature of the Financing Memorandum. Four replenishments will be made of up to € 0.4 million or the full balance of the budget, whichever is the lesser amount.</td>
</tr>
<tr>
<td>Slovakia</td>
<td>A payment of € 0.48 million will be transferred to the NF following signature of the Financing Memorandum. Four replenishments will be made of up to € 0.48 million or the full balance of the budget, whichever is the lesser amount.</td>
</tr>
<tr>
<td>Slovenia</td>
<td>A payment of € 0.4 million will be transferred to the NF following signature of the Financing Memorandum. Four replenishments will be made of up to € 0.4 million or the full balance of the budget, whichever is the lesser amount.</td>
</tr>
</tbody>
</table>
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 National Fund will make available funds to Implementing Agencies (IAs), including the Central Financing and Contracting Unit (CFCU), in accordance with Financing Agreements (FAs) signed between the NFs and the IAs/CFCU where applicable. Each individual FA will be endorsed in advance by the European Commission. In cases where the NF is itself the paying agent for the CFCU there will be no transfer of funds from the NF to the CFCU. The CFCU and the IAs will 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.

The Implementing Agency – in this case the CFCU's in the ten candidate countries - has overall responsibility for tendering, contracting and payments.

A separate interest bearing bank account, denominated in EURO, will be opened and managed by the NF in a separate accounting system in a Bank agreed in advance with the Commission. Interests will be reported to the European Commission; if the Commission so decides, on the basis of a proposal from the NAO, interests may be reinvested in the Programme.

Please note that in the case of Latvia, the National Fund will be the paying agency.

The NAO and the PAOs will ensure that all contracts are prepared in accordance with the procedures set out in the DIS Manual's procedures on IFI/Phare cofinanced projects.

3.2 General Conditions
All contracts must be concluded before May 31, 2000. All disbursements on all projects must be made before May 31 2001.

The Commission shall take a direct role and provide expertise in supporting and overseeing the procurement and implementation process on LSIF projects because of the importance of the programme, because of the urgency of the contracting deadlines and because the CFCUs and National Funds are only now being put in place and getting up to full speed. This is a critical aspect if the contracting and disbursement deadlines are to be met.
All requests for transfer of funds (including the first) must be accompanied by a written confirmation that the activities will be contracted locally.

Any funds not used by the expiry date of the programme will be recovered by the Commission.

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

4. MONITORING AND ASSESSMENT

On a country by country basis, a Joint Monitoring Committee (JMC) will be established. It will include the NAO, the NAC and the Commission. The JMC will meet at least once a year to review all Phare funded programmes - including the LSIF projects in their countries - 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 reallocation of Phare funds.

The JMC will be assisted by Monitoring Sub-Committees (MSC) and will include the NAC, the PAO of each IA (and of the CFCU where applicable) and the Commission Services. The MSC will review in detail the progress of each programme, including its components and contracts, on the basis of regular Monitoring and Assessment reports produced with the assistance of external consultant (in accordance with the provisions of the DIS Manual), and will put forward recommendations on aspects of management and design, ensuring these are effected. The MSC will report to the JMC, to which it will submit overall detailed reports on all Phare financed programmes.

5. AUDIT AND EVALUATION

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

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

6. VISIBILITY / PUBLICITY

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

7. SPECIAL CONDITIONS

In the event that agreed commitments are not met for reasons which are within the control of the implementing authority concerned or the IFI with whom the project is co-financed, 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

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

1. Objective and scope

Information and publicity measures concerning assistance from the European Union 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 European Union 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 cooperation with the EC Delegations, which shall be informed of measures taken for this purpose.

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

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


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

3. Information and publicity concerning Phare programmes

Information and publicity shall be the subject of a coherent set of measures defined by the competent national, regional and local authorities in collaboration with the EC Delegations for the duration of the Financing Memorandum and shall concern both programmes and other forms of assistance.
The costs of information and publicity relating to individual projects shall be met from the budget for those projects.

When Phare programmes are implemented, the measures set out at (a) and (b) below shall apply:

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

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

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

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

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

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

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

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

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

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

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

4.2 Other potential beneficiaries

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

Forms

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

4.3 The general public

The media

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

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

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

Information events

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

Information material

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

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

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

The above-mentioned principles shall also apply to audio-visual material.

5. **Special arrangements concerning billboards, commemorative plaques and posters**

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

**Billboards**

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

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

**Commemorative plaques**

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

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

6. **Final provisions**

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

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

Project Number:         SR.99.03
Title:                ISPA Project Preparation Support
Geographic Location:  Slovakia

1. Objective and Rationale

1.1 Objective

The overall objective of this Financing Proposal is to provide technical support to assist the candidate countries in preparing feasible projects for financing in the early years of the Instrument for Structural Policies for pre-Accession (ISPA), one of the three main pre-accession instruments in the period post 2000.

Specifically, this Fiche outlines in more detail the type of technical project preparation support which will be provided for those projects in the above named country which are lead candidates for ISPA support in the years 2000-2001.

1.2 Rationale

A long list of candidate projects for ISPA financing have been identified during country missions undertaken by DG XVI in association with the relevant DG's and the country authorities. The further analysis and detailing of these projects is still ongoing.

Among these candidate projects, some require further technical preparation before they can be supported by ISPA. This project preparation support is necessary because many of the projects identified as being lead candidates in terms of accession and transboundary impact cannot meet the rigorous requirements of ISPA in terms of project readiness. Most already have the basic project documents (ie. feasibility studies) but they miss certain final documentation which is nonetheless critical for them being approved for ISPA support. This final documentation includes technical designs, tender documentation preparation and impact studies.

The candidate projects in the above named country which will receive technical preparation support under this LSIF Financing Proposal are summarised in the following section. The presence of a project in this section does not constitute in any way a commitment of the Commission to financially support that project under ISPA in 2000 or later.

The projects listed in the next section and the description of their preparatory needs are indicative. The size and complexity of these ISPA projects means that their preparatory needs are not obvious from the outset and become apparent only later.
during the highly detailed technical analysis of their requirements which is currently underway. In addition, the candidate countries are working on additional projects and so new project proposals may be added on the initiative of DG XVI. For these reasons, the overall country allocations are fixed but the specific projects and their detailed preparatory needs may change depending on the evolving nature of the ISPA project’s requirements and of the final budgets contained in the winning consultants’ proposals.

2. **Description – Preparation of Transport Projects**

Please note that the Preliminary Finance figures given for each project in the following summaries refers to the capital investment costs of the final project to the financed under ISPA and do not refer to the funds for the preparation of these projects which is financed under this Financing Proposal.

2:1 **Full Project Title: Modernisation of the rail track Bratislava/Rača - Trnava.**

**Project Description:**
Rehabilitation and modernisation of 40 km double track railway section on TEN corridor N° V with a view to comply with the AGC and AGTC standards and upgrading speed from 110 km/h to 160 km/h.

**Project Preparation Requirements:**
1. Review of financial and economic assessment with a view to ensure a value engineering approach to the project
2. Assistance for the preparation of complete tender documentation and technical specifications

The exact total investment costs and implementation period will be elaborated by the proposed TA.

2:2 **Full Project Title: Bratislava Ring Road**

**Project Description:**
The project will involve the construction of a phase of the Bratislava Bypass road.

**Project Preparation Requirements:**
- Economic and financial analysis
- EnvironmentalImpact Assessment
- Detailed technical design
- Preparation of tender documents

The exact total investment costs and implementation period will be elaborated by the proposed TA.

3. **Description - Preparation of Environment Projects**

3.1 **Full Project Title: Geothermal Energy in Košice Basin**
Project Description:

The total cost of the project is foreseen at 58 M EURO for the geothermal wells, line pipes and also for TEKO Košice distribution network accommodation. This will consist in the drilling of 8 geothermal heat production wells and 8 reinjection wells, heat exchange centre and heat pipeline network connecting the geothermal wells to the municipality’s heat distribution network covering 60 000 dwellings.

The geothermal reservoir is located about 15 km east of Košice at a depth 2000 - 3000 m in Mesozoic Dolomites aquifer. The geothermal water will be delivered at temperatures 125 - 130°C from the production wells. Geological conditions and chemical properties of the geothermal water reservoir require the reinjection of fresh water into the aquifer. High TDS content of the geothermal water limits the drain off to adjacent brooks or rivers. The heat will be delivered to TEKO Košice by pipeline from the production centre in Košické Oľšany and further supplied by TEKO Košice through the existing network to the dwellings of the town Košice.

The exact total investment costs and implementation period will be elaborated by the proposed TA.

Project Preparation Requirements:
- Review of technical design and cost forecasts
- Complete tender documentation

3:2 Full Project Title: Sewage system and Waste water Treatment Plant in Trenčín – right bank

Project Description:

This project aims at completing the municipal waste water collection system and constructing a waste water treatment plant for the whole municipality of Trenčín. The town is a regional administrative centre in a touristic area, situated in the Vah river valley, between Bratislava and Želina.

This project consists of the construction of a waste water treatment plant, new trunk sewer to connect the treatment plant to the existing sewage system and construction of a connected sewage system for two villages of the municipality. The present population is currently 21500 and expected to reach 42000 by 2020.

Preliminary financing scheme in MEURO

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>TOTAL</th>
</tr>
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<tr>
<td>M</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td>7</td>
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</tbody>
</table>

Project Preparation Requirements:
- Environmental Impact Assessment
- Complete technical design following urban waste water Directive 91/271/EEC requirements
- Tender documentation

3.3 Full Project Title: Sewage system/Waste water Treatment Plant in Banska Bystrica

Project Description:
This project aims at completing the municipal waste water collection system and constructing a waste water treatment plant for the municipality of Banská Bystrica.

Preliminary financing scheme in MEURO

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td></td>
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<td></td>
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<td>10</td>
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</tbody>
</table>

The exact total investment costs and implementation period will be elaborated by the proposed TA.

**Project Preparation Requirements:**
- Environmental Impact Assessment
- Complete technical design following urban waste water Directive 91/271/EEC requirements
- Tender documentation

4. **Institutional Framework**

The European Council meetings in Copenhagen and Essen recognised that there is a clear role for Commission support in facilitating major infrastructure networks in Central and Eastern Europe.

Agenda 2000 and the subsequent Accession Partnerships and National Programmes for the Adoption of the Acquis all point to the poor state of infrastructure in the candidate countries as being a limiting factor on enlargement, reinforcing the need for positive facilitating action by Phare in this area.

Poor infrastructure limits the candidate countries' capacity to withstand the competitive pressures and market forces within the Community (one of the key Copenhagen criteria for membership). In the case of environment, this lack of investment to bring public and private sector infrastructure into compliance with the large body of the environmental acquis will inevitably cause problems in negotiations. In the case of transport, as trade flows increase, bottlenecks will develop as a result of infrastructural deficiencies, preventing the full benefits of integration being reaped by the enlarged Union.

The Large Scale Infrastructure Facility (LSIF) is in some ways a precursor to ISPA. As such, the LSIF is intended to assist ISPA not only through directly preparing projects for ISPA support but also through familiarising the countries' and their implementing agencies with ISPA requirements and procedures, wherever possible.

5. **Budget**

<table>
<thead>
<tr>
<th></th>
<th>Investment</th>
<th>Institution Building</th>
<th>Technical Assistance</th>
<th>Total Phare</th>
<th>Recipient</th>
<th>IFI</th>
<th>TOTAL</th>
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</thead>
<tbody>
<tr>
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<td>2.4</td>
<td>0</td>
<td>0</td>
<td>2.4</td>
</tr>
</tbody>
</table>

Please note that the Recipient and IFI's are not cofinancing these specific Phare projects but are contributing cofinancing on preparing other aspects of these candidate ISPA projects and shall cofinance the eventual projects under ISPA if and when they are accepted for cofinancing.
6. Implementation Arrangements

As indicated in the table overleaf, all LSIF financed preparation projects shall be implemented through the Phare National Programme system and, as such, the National Programme procedures will be applied subject to the implementation and funds flow arrangements specified in the Financing Proposal and in this Project Fiche.

The implementation agency will be the CFCU. Its duties shall be the same as those undertaken for Phare national programme projects for which it is the implementing agency, including procurement (with Commission support on tender documentation and evaluation), monitoring, reporting (including financial reporting through Perseus).

Day to day supervision of the Phare contracts - including approval of invoices for payment by the CFCU - will be undertaken by the relevant line ministries in charge of ISPA preparation in liaison with the Ministry of Environment and Transport.

Progress reports shall be provided to the Joint Monitoring Committee of the National Phare Programmes in the normal way.

7. Implementation Schedule

<table>
<thead>
<tr>
<th>Tendering</th>
<th>Implementation</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 1999</td>
<td>Quarter 3 1999</td>
<td>Quarter 2 2001</td>
</tr>
</tbody>
</table>

Equal opportunity for men and women to participate in all projects will be ensured.

8. Environment

No implications for environment although the LSIF projects which shall be worked on shall comply with EU and IFI environmental assessment procedures.

9. Rates of Return

Not relevant.

10. Investment Criteria

Not relevant.

11. Conditionality and Sequencing

[Note: The last part of the document is not legible due to handwriting and is not transcribed accurately.]
Each of the candidate projects for ISPA is being analysed presently by DG XVI. From this analysis, final detailed requirements for project preparation support will be forthcoming, including Terms of Reference for contracting.