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

HAVE AGREED AS FOLLOWS

The measure referred to in Article I 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 I below shall be implemented is set out in the General Conditions annexed to the Framework Agreement of 31 May 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**  PL9913.

**Title**  Cross Border Co-operation Programme 1999 Poland-Germany

**Duration**  Until 31 December 2001

ARTICLE 2 - COMMITMENT OF THE COMMUNITY

The financial contribution of THE COMMUNITY is fixed at a maximum of 32.0 MEUR 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 December 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 December 2002. 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 in Poland
Al. Ujazdowskie 14
PL-00478 Warsaw
Poland
Fax: (+48-22) 625 04 30

for THE RECIPIENT:

Ministry of Internal Affairs and Administration
ul. Stefana Batorego 5
PL-02-591
Warsaw
Fax: (+48-22) 661.89.66

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 Warsaw Date: 31 December, 1999

for THE RECIPIENT

PODSEKRETARZ STANU
w Ministerstwie Spraw Wewnętrznych
i Administracji
Piotr STACHAŃCZYK

for THE COMMUNITY

Mr. Bruno Dethomas
Head of the Delegation of the European Commission in Poland

Annex 1     Framework Agreement (Annexes A & B)
Annex 2     Special Provisions (Annex C)
Annex C
Special Provisions

1. SUMMARY

Following the reorientation of the Phare programme from a demand-driven to an accession-driven approach, the 1999 Phare programming exercise was undertaken on the basis of the overall priorities outlined in the Accession Partnership, and in accordance with Commission Regulation 2760/98 which updates and consolidates the Phare Cross Border Co-operation Programme initiated in 1994 and seeks to take into consideration the enhanced pre-accession strategy.

1.1. The 1999 Cross Border Co-operation Programme will continue to finance actions of a structural nature in border regions of Poland sharing common border with Germany building upon existing structures and procedures, however, the internal changes announced at the end of 1998 to consolidate regional authorities from 49 to 16 voivodships have been taken into account in this programme.

1.2. To reflect the forthcoming reduction in the number of voivodships, the regions considered eligible for project selection and receiving the assistance are the former voivodships of Szczecin, Gorzów Wielkopolski, Zielona Góra, Jelenia Góra; as well as the second line of voivodships: Koszalin, Pila, Poznan, Leszno, Legnica, Walbrzych where the cross border impact of the projects is particularly sound. This approach maintains the original impact of the CBC programme by extending its field of operation, without losing any continuity to existing local authority beneficiaries. The eligible regions in future years will reflect the areas defined for Interreg III.

1.3. The measures covered by the programme include:

- **Transport**
  Equipment for border area control services; construction / upgrading of link roads and by-passes; modernisation & supply of equipment for trunk roads

- **Environment**
  sewage & waste water treatment and management

- **Small Projects Fund/Small Infrastructure Fund**
  Euro-Regions - Small Fund, Small Infrastructure Fund

1.4. The implementation will be carried out by the Implementing Authority for Phare Cross-Border Co-operation Programme at the Ministry of Internal Affairs and Administration.

1.5. The European Union contribution to the programme will be 32 M EURO.

1.6 This 1999 Cross Border Co-operation Programme will expire for disbursement on 31 December 2002.

2. STRATEGY

The region bordering Germany is regarded by the Polish Government as a development priority area in the view of its strategic location in transport lines and integration process with the European Union. The Strategic approach is within the context of the 1995 – 1999 Multiannual Indicative Programme (MIP - the Executive Summary of which is annexed to
this document) which was prepared under the PHARE Cross Border Co-operation Programme for the Polish-German border regions following discussions held by the Joint Programming and Monitoring Committee in October, December 1994 and February 1995, and draws on the work carried out in the joint German-Polish Spatial Planning Study for the Polish-German border region where the development priorities have been developed within a 20 year perspective.

The time-frame for the completion of projects within this programme is now two years and coherence is therefore ensured within the long term development of the region.

The top priority developmental needs of the region (taking the German side and the Polish side as a whole) are identified as the establishment of a modern efficient transport communications, both rail and road, especially with the EU and the preservation of the environment by halting the increase in environmental damage and if possible reversing the trend. Parallel measures are to be taken to promote the other aspects but their ultimate success will depend on the speed with which the transport and environmental problems can be addressed.

In respect of financing and in particular "co-financing" with the EU Structural Funds, the Germans side disposed of significantly higher resources for a much longer period for these priorities and has therefore been able to subsidise its side of the border to such an extent that its future perspectives and to a large extent its present emphasis can concentrate on the "second stage" economic developments since the fundamental infrastructure is catered for. The Polish side on the other hand is still has a massive backlog of infrastructure problems to resolve. It is, in fact, largely with the CBC programme as a catalyst that the Polish side has addressed the corresponding complementary measures which have been lacking.
MIP Strategic Priorities

The Polish and German authorities originally agreed the following priority axes and indicative budgetary split:

- **Transport** – 55% (including border crossings, roads and railways, waterways, air transport)
- **Environment** – 25% (including treatment of waste water, disposal of refuse, pollution prevention, administration of natural resources, promotion of ecologically acceptable tourism)
- **Utilities** - 5% (including provision of water, gas, electricity, energy)
- **Economic development** - 3% (including business Co-operation, services to SMEs, technology transfer, tourism)
- **Agriculture** - 3% (including rural development, Co-operation in forestry, ecological renovation)
- **Human resources** - 4% (including education, training, employment measures, health)
- **Research Studies/ Monitoring/ Implementation management** - 5% (including technical assistance, support for Euroregions Small Project Fund, research, regional studies)

**1999 Programme Strategic Priorities**

Budget allocations for 1999 were set based on the original MIP allocations, and the total CBC Budget as decided by the Phare Budgetary Authority.

The total amount available for Poland in 1999 will be 35 M€, of which 32 M€ is for Poland/Germany. (3 M€ is allocated to the border with the Czech Republic, and not included in the present programme.) It should be noted that the border with Slovakia will be eligible in future programmes.

The 1999 Programme has been allocated according to the scoring which applies the strict CBC criteria, with selection of projects taking into account the new regulation. CBC does not overlap with ISPA or SAPARD since they have not started, and are dependent on the national regional development plan, which is expected to follow the MIP priorities for this region.

The project selected for 1999 fall in to the measures transport 15.5 M€ (48%), Environment 12.3 M€ (38%) and Small Projects 4.2 M€ (14%) which closely follows the strategic direction set by the Accession Partnership.

**3. DESCRIPTION OF MEASURES**

The Phare contribution to the projects described under each measure is provided for hard infrastructure constructions, the purchase of equipment and training where appropriate as designated in detail in the relevant project 'fiche'. IFIs are not involved in CBC projects but bilateral donors with their specific conditionalities may contribute as indicated in the project fiches.

**Measure 1 – Transport**

1.1 *Equipment for Police and Border Guards.*

This project is related to JHA and achieved high scores on cross border impact and accession contribution. The project was technically well prepared in two separate fiches, one for Police
and the other for Border Guards which have been combined. Support has been provided to the police and the border guards in previous years, and as before received high appreciation from local authorities, is supported by all regional working groups and the national authorities of each side.

The project is for the purchasing of VHS radio equipment, and will bring substantial improvements to the communication systems along the entire Western border with Germany.

1.2 Modernisation of the Lubieszyn – Linken border crossing point.

This project, ranked 1st, is considered by the Szczecin regional group as the most important amongst transport measures. Its cross border and accession impact are high in respect of commitments to bilateral acts between Poland and Germany. The border crossing at Lubieszyn is amongst the busiest in Szczecin with 12 million persons and 700,000 vehicles crossing in 1997. The project consists of the modernisation of the whole border crossing complex including buildings, access roads and infrastructure, and is judged technically viable.

1.3 Modernisation of the National Route No 117 in the course of Mieszka 1 Street from Piastow Street and Południowa Street to the Szczecin border.

Ranked 2nd by the Szczecin regional group, this project is considered economically and technically viable. It continues the work financed under previous CBC programmes (PL9604, and PL9802), and will consist of segregating vehicle and pedestrian traffic, increasing the capacity of the traffic handling capacity of the roads from the border crossings at Kobaskowo and Rosowko.

1.4 Modernisation of the border crossing sections of national roads 132 and 133 at Kostrzyn - Gorzów Wielkopolski

Rated 2nd by the Gorzów regional group as 2nd, this project is considered economically and technically viable, but with less border crossing impact than the alternative above. The third stage of this project will eliminate heavy traffic from the village of Lemierzyce by building a by-pass and relieving serious traffic bottlenecks.

1.5 Construction of a road border crossing, infrastructure and access road at Radomierzyce – Hagenwerder.

This project for the construction of a new bridge was ranked 1st by the regional group, and accepted on the condition that additional precise information regarding the traffic handling capacity of the project, as well as details of financing under the intergovernmental framework agreement would be supplied. The project would increase cross border traffic flow by building modern customs facilities, access road and a new bridge over the River Neisse connected to the new customs posts.

Measure 2 – Environment

2.1 Sewage system and sewage treatment plant in the municipality of Kolbaskowo.

Ranked 2nd by the Szczecin regional group’s environmental list this project is considered to have high impact on meeting cross border and accession priorities. The project will impact three unique nature reserves and will deliver substantial environmental improvements to the
The project is based on strong co-operation between the German bordering community Gartz. Local financing will account for 60% of the project cost.

2.2 Construction of a sewage network in Dobra Community (Gmina)

Of the fifteen projects recommended for consideration by the regional groups, this obtained the second highest points from the environmental experts (and in the list now proposed it has the highest points). This follows from the analysis which showed that it has a very high cross-border impact since it concerns the wastewater on a Gmina directly on the PL/D border, and in addition to its contribution to improve water quality of the Baltic Sea, specifically cleans waste water which is currently flushed into nature reserves.

2.3 Ecological improvements to solid waste dump at Sciegny-Kostrzyca and integration to local waste treatment systems

With good technical assessment and average cross border impact, this project was ranked 1st by the Jelenia Gora regional group. The construction of the dump will solve the problem of ecological waste disposal of five communities of the Karkonosze Mountain Union and will significantly decrease existing waste hazards, and contribute to improved water quality in the area.

2.4 Building a sewage treatment plant and sewage system at Ilowa

Of the fifteen projects recommended for consideration by the regional groups, this obtained the third highest points from the environmental experts (and in the list now proposed it has the second highest points). Co-financed by the Polish-German Co-operation Foundation, the project is supported by the Szprewa-Nysa-Bobr Euroregion. Its objectives are to protect the water catchment area of the River Odra by building a modern sewage treatment facility. Operational costs of the new plant and sewage system can be met from a growing population.

2.5 Building a sewage treatment plant for the town of Lubsko

With good technical assessment, the project is supported by the Szprewa-Nysa-Bobr Euroregion and was ranked 1st by the Gorzów Wlkp./Zielona Góra regional group. Its objectives are to protect the water catchment area of the River Odra by building a modern sewage treatment facility – in which the Phare contribution will be concentrated on the infrastructure and the operating machinery.

Measure 3 – Small project Fund

3.1 Euro-Region Small Projects Fund, Small Infrastructure Projects Fund – (SPF, SIPF)

To encourage local initiatives for small scale projects in the field of cross border co-operation between neighbours, this Fund has proved successful since its introduction in the 1995 programme. It is managed and co-ordinated by Euro-regions located on the Polish-German border. Decisions can be proposed at that level for all small projects up to an agreed ceiling, and are confirmed by the Director of the Implementing Authority and the Commission Delegation. The continuation is encouraged by the positive opinion received in the CBC report of November 1998 produced and distributed to MS and by ongoing permanent assessment of the projects themselves by independent experts appointed by the Commission and working in Poland. The SPF includes small infrastructure projects according to the standardised guidelines developed in co-operation with European Commission, in particular
with the EC Delegation – for which the following Eurolas (3.2) and Cross-Border environmental protection (3.3) have so far been identified already.

3.2 Eurolas

Forestry fire defence is supported by Interreg, and the project is a joint venture between the State Forestry Commission regional headquarters of Zielona Gora and the Office of Forestry Management in Peitz. This phase of the co-operation will construct 14 fire prevention watchtowers including access roads and preparation of building sites. The budget required is in keeping with its small infrastructure nature, and the norms established under the National Phare Programme (item 7.1) for regional development.

3.3 Cross-border environment protection and combating the effects of disasters of the Gorzów voivodeship and Markich – Oderland District

The cross-border environment protection and combating the effects of disasters of the Gorzów voivodeship and Markich – Oderland District is the continuation of the project financed in 1998, and the project is supported by Interreg. The project will be implementing jointly by the Regional Directorate of National Fire Brigade in Gorzów Wlkp. (Poland) and the Authorities of Landkreis Markisch-Oderland in Germany. The budget required is in keeping with its small infrastructure nature.

3.4 Accompanying checking of the technical specifications, and JPD socio-economic analyses

In keeping with the requirements of the Financial and Phare Regulations notably as directed under the rules for tendering and contracting, part of the programme allocation is devoted to the professional checking of tender documentation related in particular to infrastructure.

As required by the Joint Co-operation Committee and the new CBC regulation, part of the Programme allocation must also be devoted to the preparation and maintaining of a socio-economic study/joint PL/D regional development plan defining strategic and tactical objectives/priorities. This provides the framework for future programming beyond the MIP and synergy with the forthcoming ISPA and SAPARD funding. The document is the Joint Programming Document or JPD.
4. BUDGET

4.1 Total Phare Contribution

<table>
<thead>
<tr>
<th>Measure 1: Transport</th>
<th>M€</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Equipment for Police and Border Guards</td>
<td>2.0</td>
</tr>
<tr>
<td>2. Modernisation of the Lubieszyn – Linken border crossing point</td>
<td>3.0</td>
</tr>
<tr>
<td>3. Modernisation of the National Route No 117 in the course of Mieszka 1 Street from Piastow Street and Poludniowa Steet to the Szczecin border.</td>
<td>2.5</td>
</tr>
<tr>
<td>4. Modernisation of the border crossing sections of national roads 132 and 133 at Kostrzyn – Gorzow Wielkopolski</td>
<td>4.0</td>
</tr>
<tr>
<td>5. Construction of a road border crossing at Radomierzyce – Hagenwerder</td>
<td>4.0</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Measure 2: Environment</th>
<th>M€</th>
</tr>
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<tbody>
<tr>
<td>1. Sewage system and sewage treatment plant in the municipality of Kolbaskowo</td>
<td>2.2</td>
</tr>
<tr>
<td>2. Construction of a sewage treatment network for Dobra Community</td>
<td>2.5</td>
</tr>
<tr>
<td>3. Ecological improvements to solid waste dump at Sciegny-Kostrzyna and integration to local waste treatment systems</td>
<td>2.3</td>
</tr>
<tr>
<td>4. Building a sewage treatment plant and sewage system at Ihoa</td>
<td>2.3</td>
</tr>
<tr>
<td>5. Building a sewage treatment plant for the town of Lubsko</td>
<td>3.0</td>
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<table>
<thead>
<tr>
<th>Measure 3: Small Projects Fund/ Small Infrastructure Projects Fund</th>
<th>M€</th>
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</thead>
<tbody>
<tr>
<td>1. Euro-Region Small Projects Fund</td>
<td>2.8</td>
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<tr>
<td>2. Eurolas under the SPF</td>
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</tr>
<tr>
<td>3. Environment protection in Gorzów and Markich-Oderland under the SPF</td>
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<tr>
<td>4. Accompanying preparation of technical documentation + JPD etc.</td>
<td>0.4</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>32.0</strong></td>
</tr>
</tbody>
</table>

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1 In keeping with the approach established for the Small Project Fund the allocations for the projects are defined during implementation at the level of the Euroregions following the signing of the financing memorandum– in close concert with the Implementing Authority and with the agreement of the Commission Delegation in Warsaw –
### 4.2 TOTAL BUDGET

#### CROSS BORDER CO-OPERATION PROGRAMME 1999 POLAND-GERMANY

<table>
<thead>
<tr>
<th>Measure 1 Transport</th>
<th>Million Euro</th>
<th>Investment</th>
<th>Institution Building</th>
<th>Phare</th>
<th>Polish Sources</th>
<th>IFI</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Equipment for Police and Border Guards</td>
<td>1.950</td>
<td>0.050</td>
<td>2.000</td>
<td>0.835</td>
<td>2.835</td>
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<td>1.2 Modernisation of the Lubieszyn – Linken border crossing point</td>
<td>3.000</td>
<td>3.000</td>
<td>1.110</td>
<td>4.110</td>
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<tr>
<td>1.3 Modernisation of the National Route No 117 in the course of Mieszka 1 Street from Piastow Street and Poludniowa Steet to the Szczecin border.</td>
<td>2.500</td>
<td>2.500</td>
<td>0.850</td>
<td>3.350</td>
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<td>1.4 Modernisation of the border crossing sections of national roads 132 and 133 at Kostrzyn – Gorzow Wielkopolski</td>
<td>4.000</td>
<td>4.000</td>
<td>2.550</td>
<td>6.550</td>
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<td>1.5 Construction of a road border crossing at Radomierzyce – Hagenwerder</td>
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<td>4.000</td>
<td>1.350</td>
<td>5.350</td>
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<tr>
<td><strong>Total Measure 1</strong></td>
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<td><strong>0.050</strong></td>
<td><strong>15.500</strong></td>
<td><strong>6.695</strong></td>
<td><strong>22.195</strong></td>
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<tr>
<th>Measure 2 Environment</th>
<th>Million Euro</th>
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<th>Institution Building</th>
<th>Phare</th>
<th>Polish Sources</th>
<th>IFI</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>2.1 Sewage system and sewage treatment plant in the municipality of Kolbaskowo</td>
<td>2.200</td>
<td>2.200</td>
<td>3.275</td>
<td>5.475</td>
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<td>7.748</td>
<td>10.248</td>
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<td>2.3 Ecological improvements to solid waste dump at Sciegny-Kostrzyca and integration to local waste treatment systems</td>
<td>2.300</td>
<td>2.300</td>
<td>0.830</td>
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<td>2.4 Building a sewage treatment plant and sewage system at Ilowa</td>
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<td>1.800</td>
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<td>2.5 Building a sewage treatment plant for the town of Lubsko</td>
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<td>2.790</td>
<td>5.790</td>
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<td><strong>12.300</strong></td>
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<td><strong>28.743</strong></td>
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<tr>
<td>3.1 Euro-Region Small Projects, Small Infrastructure Projects</td>
<td>2.800</td>
<td>2.800</td>
<td>1.080</td>
<td>3.880</td>
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<td>3.2 Eurolas under the SPF</td>
<td>0.500</td>
<td>0.500</td>
<td>0.170</td>
<td>0.670</td>
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<td>3.3 Environment protection in Gorzów and Markich-Oderland under the SPF</td>
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<td>0.500</td>
<td>0.170</td>
<td>0.670</td>
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<td>3.4 Accompanying preparation of technical specifications and JPD etc.</td>
<td>0.400</td>
<td>0.400</td>
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<th>Million Euro</th>
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<th>Institution Building</th>
<th>Phare</th>
<th>Polish Sources</th>
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<th>TOTAL</th>
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<tbody>
<tr>
<td></td>
<td><strong>31.950</strong></td>
<td><strong>0.050</strong></td>
<td><strong>32.000</strong></td>
<td><strong>24.558</strong></td>
<td><strong>56.558</strong></td>
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5. IMPLEMENTATION ARRANGEMENTS

5.1 Joint Co-operation Committee (ex-Joint Programming and Monitoring Committee)

The Joint Programming and Monitoring Committee was established on the basis of the Framework Agreement signed between Polish and German authorities on the 20 December 1994. In keeping with the new CBC regulation the functions of the JPMC are taken up by the Joint Co-operation Committee (JCC) being established whose composition reflects the requirements of the new regulation and the new regional structures in Poland.

5.1.1 Composition

The co-chairmen of the Committee are:
- on the Polish side: Director of the Implementing Authority of the Phare Cross Border Co-operation Programme, Ministry of Internal Affairs and Administration
- on the German side: Director of the Department for Regional Policy, Ministry of Economics

The co-chairmen define the composition of their respective delegations to the Committee and may set up special working groups consisting of representatives of local and regional authorities and representatives of ministries and other Polish and German institutions concerned.

The European Commission representatives will participate in the meetings of the Committee. They will look to the conformity of proposed measures and projects with EU-requirements. They will also take a view on the complementarity of project proposals with respect to INTERREG.

5.1.2 Frequency and Place of Meetings

The ordinary meetings of the Committee are held every six months alternately in each of the countries concerned. Extraordinary meetings may be required during the period of preparation of programmes and annual financing proposals, or if there are any special implementation issues. Such meetings may be called at any time by agreement of the co-chairmen or the Commission. Extraordinary meetings called at the request of the Commission may be held in Brussels.

5.1.3 Secretariats and Working Groups

The preparation of reports, agendas and minutes of the meetings of the Committee will be organised by the co-chairmen and their services.

Technical Assistance, including interpretation and translation support to the Committee, the Secretariats and the joint working groups may be provided from funds of PHARE Cross Border Co-operation and INTERREG III.
5.1.4 Activities of the Committee

The Committee in the scope of its activities will monitor needs, select project and evaluate the realisation of measures under PHARE Cross Border Co-operation and of the relevant measures of INTERREG III. The Committee - deciding by consensus - should in particular:

- give its opinion on the objectives, priorities and CBC measures proposed for inclusion in the Indicative Multi-annual PHARE CBC programme and the Operational Programmes of INTERREG III;
- approve the selection of specific projects;
- receive reports on progress, reviews and evaluations of the approved programmes and their component parts;
- initiate and support activities which can promote Cross Border Co-operation and make more effective current and future CBC programmes.

The implementation arrangement envisages involvement of the local and regional authorities from border regions as well as a structure that ensures co-ordination with the authorities of the Member State including the selection of joint projects eligible for financing in the framework of the Cross Border Co-operation Programme, as well as projects eligible for financing by INTERREG in future years. The European Commission representatives participate in its meetings and will be present therefore whenever programming matters are discussed and decided.

Special working groups consisting of representatives of local / regional authorities and/or ministries and other Polish and German institutions concerned will co-ordinate the implementation of the projects on both sides of the border.

5.2 Steering Committee of the Programme

The Programme Steering Committee has been established, the tasks of which are identification of projects, initial selection discussion / evaluation and monitoring of the programme as a whole. This steering committee, thus mandated, ensures the overall inter-ministerial co-ordination

It consists of the following institutions:
- Ministry of Internal Affairs and Administration
- Ministry of Finance
- Ministry of Transport and Maritime Economy
- Ministry of Environmental Protection, Natural Resources and Forestry
- Ministry of Foreign Affairs
- European Integration Committee
- Self-Governmental Regional Parliament (Zachodnio-Pomorskie, Lubuskie, Dolnoslaskie)
- Voivodes (Zachodnio-Pomorskie, Lubuskie, Dolnoslaskie)
- Eligible Euroregions
- Implementing Authority for the Phare Cross Border Co-operation Programme
- EC Delegation

The Steering Committee will meet regularly, at least once in 6 months.

5.3 Institutional Arrangements

The overall co-ordination and financial responsibility for the Programme will lie with the Ministry of Internal Affairs and Administration which has established under the PAO the Implementing Agency (herein after named the 'Authority') for the Phare Cross Border Co-
operation Programme. The responsibility of the Director of the Implementing Authority, is exercised under the PAO.

The Implementing Authority will delegate responsibilities to the relevant authorities, (in accordance with the usual Memorandum of Understanding referred to below), inter alia the voivodes, mayors and presidents of cities where special working teams designated to the implementation of the Cross-border Co-operation Programme will be established. The delegated responsibilities will include implementation obligations under the Decentralised Implementation System. A Programme Authorising Officer will be nominated by the signatory of the Financing Memorandum.

Local Project Managers at project level will be directly responsible for project implementation.

5.4 Implementation Arrangements

The programme will be managed in accordance with the Phare Decentralised Implementation System (DIS) Procedures. The National Aid Coordinator (NAC) will have overall responsibility for programming, monitoring and implementation of Phare programmes.

The National Fund (NF) in the Ministry of Finance, headed by the National Authorising Officer (NAO), will supervise the financial management of the Programme, and will be responsible for reporting to the European Commission. Appropriate financial control shall be carried out by the competent national financial control authority with respect to the implementation of the programme.

The Commission will transfer funds to the NF in accordance with the Memorandum of Understanding signed between the Commission and Poland on 24 December 1998. Funds will be transferred following requests from the NAO. A payment of up to 20% of the funds to be managed locally will be transferred to the NF following signature of the Financing Memorandum and the Financing Agreements (FAs) between the NF and the Implementing Agency (IA) : the Implementing Authority for the Phare Cross Border Co-operation Programme under the responsibility of the PAO within the Ministry of Internal Affairs and Administration. The responsibility of the Director of the Implementing Authority, is exercised under the PAO.

The provisions foreseen in articles 2 and 13 of the MoU on the NF must also be met. Furthermore, the NAO must submit to the Commission the designation of the PAO and a description of the system put in place, highlighting the flow of information between the NF and the IA 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 IA. The second replenishment may be requested when 30% of the total budget in force has been disbursed. The trigger point for the third replenishment is 50%, and for the final fourth instalment when 70% is disbursed. Save for express prior authorisation from the Commission HQ, no replenishment request may be made if the aggregate of the funds deposited in the NF and the 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 transfer funds to Implementing Agencies (IA) in accordance with Financing Agreements (FAs) signed between the NFs and the IA where applicable. Each
individual FA will be endorsed in advance by the European Commission. The IA is to 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 IA.

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

The NAO and the PAOs will ensure that all contracts are prepared in accordance with the procedures set out in the DIS Manual, except for twinning arrangements for which separate measures have been defined by the Commission.

All contracts must be concluded by 31st December 2001. All disbursements must be made by 31st December 2002. All contracts must be greater than 2 million EUR unless otherwise agreed by the Commission.

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.

All contracts made by the Implementing Authority will be done in accordance with the procedures set out in the above mentioned DIS manual unless otherwise specified in the Memorandum of Understanding referred to in Special Conditions and in respect of the following:

- Small infrastructure implementation modalities will follow those established for the small infrastructure components of existing PHARE programmes active in Poland, in particular STRUDER.

- Similarly the modalities for the "Euro-Regions - Small Fund" will draw on existing established practice of PHARE in Poland. The precise details will be covered in the Memorandum of Understanding referred to below under Special Conditions.

5.5 Special Conditions

The Government of Poland carries the legal liability to carry out the projects specified under the programme to good end and shall carry out by its own means any work on which contractors default.
In the measures specified under this programme in which the Community grant contributes to the financing of revenue generating activities, the Commission shall determine, in consultation with the Implementing Authority specific arrangements for financing which could include co-financing by the project revenues or reimbursement of the initial grant.

The European Union's financial contribution is limited to the maximum amount defined above. This contribution will not cover the any additional costs, cost increases or extensions which must therefore be catered for by the implementing and contracting authorities.

Taking into account the characteristics of the projects and their co-financing nature, special arrangements including the way of organisation of the implementation will be jointly agreed separately in a separate Memorandum of Understanding.

6. MONITORING AND ASSESSMENT

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 in order to assess their progress towards meeting the objectives set out in Financing Memoranda and the Accession Partnership. The JMC may recommend a change of priorities and/or the re-allocation of Phare funds.

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

7. AUDIT AND EVALUATION

The accounts and operations of the NF, and, where applicable, the CFCU and all relevant IAs may be checked at the Commission’s discretion by an outside auditor contracted by the EC 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.

8. VISIBILITY/PUBLICITY

The appropriate PAO 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 III “Visibility/Publicity”.

9. SPECIAL CONDITIONS

In the event that agreed commitments are not met for reasons which are within the control of the Government of Poland, 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 global Phare programme.