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 1 below shall be executed and financed out of the budget resources of THE COMMUNITY in accordance with the provisions set out in this Memorandum. The technical, legal, and administrative framework within which the measure referred to in Article 1 below shall be implemented is set out in the General Conditions annexed to the Framework Agreement of 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  PL9804 to PL9808
Title  Poland National Programme 1998
Duration  Until 30 September 2000.

ARTICLE 2 - COMMITMENT OF THE COMMUNITY

The financial contribution of THE COMMUNITY is fixed at a maximum of 64.667 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 30 September 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 30 September 2001 with the exception of the infrastructure -transport - project PL9807.01 (Krakow South By-Pass of Motorway A4) where the deadline for disbursement is 31 December 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 in Poland
Al. Ujazdowskie 14
PL-00478 Warsaw
Poland
Fax: (+48-22) 625 04 30

for THE RECIPIENT:

Office of the Committee for European Integration
Al. Ujazdowskie 9
PL-00918 Warsaw
Fax: (+48-22) 625 03 80

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.

for THE RECIPIENT

p.o. SEKRETARZA
Podsekretarz Stanu
Maria Karasińska-Fendler

for THE COMMUNITY

Mr. Rolf Timans
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. OBJECTIVES AND DESCRIPTION

Objective 1: Justice and Home Affairs (PL9804)

The development of more effective border management and control systems in particular along the Eastern border of Poland and the strengthening of the institutional and administrative capacity to deal with justice and home affairs issues are short-term priorities in the Accession Partnership with Poland. As the Commission’s Opinion on Poland’s application for Membership has underlined, Poland, because of its geographical location, faces some significant challenges in the Justice and Home Affairs sector. The country has already begun to tackle these. Poland however will have to undertake important efforts in the coming years to meet the acquis (present and future), particularly concerning drugs, border management, migration and transnational crime. The following two projects are destined to contribute to these efforts.

*Project PL9804.01: Improving the efficiency of the court system and the public prosecutor’s office*

The overall objective of this project is to improve the efficiency of the court system and the public prosecutor’s office in Poland. Specific immediate objectives are to improve access to justice, accelerate court proceedings, improve international legal cooperation, familiarise the judiciary with European law, and improve the effectiveness of the prosecutor’s office to combat organised crime.

This could possibly be a twinning project. Technical assistance, training and equipment will be funded to: (a) Strengthen the organisational structure and staff of the Ministry of Justice and related services; (b) Help create a new level of common courts of law in Poland as a means to clear up the backlog of court cases in the country; (c) Improve the collection of court fees and fines especially in criminal cases; (d) further training of judges and public prosecutors on international legal cooperation, including language training; (e) provide access to electronic legal and bibliographic databases; (f) further training of approximately 3,500 persons in fundamental issues regarding European institutions and European law, notably civil, labour, commercial and criminal law; (g) increase the effectiveness of public prosecutor’s offices responsible for combating organised crime through the establishment of an information system on complicated investigations.

Conditionalities:
- Preparation of the legal framework for borough courts before the start of the project
- Establishment of training plan for EU law and international legal cooperation at the start of the project
- IT plan for the justice sector before the equipment is procured
- Coordination with the Ministry of the Interior, including the police
- Review of actions under this project, as appropriate, by the MS experts working group
- Preparation of an institution building plan for the Ministry of Justice and the court system within six months after the start of the project
- Provide financial resources indicated under this project as Polish contribution

*Project PL9804.02: Eastern border management and infrastructure*
The overall objective in the medium term is to bring the Eastern border up to the Schengen standard, i.e. the sealing of the green border using “soft security measures” against any “unauthorised” intrusion and enacting controls on official crossing points according to the Schengen rules. The specific immediate objectives are to strengthen the capacity of the Polish border guard and national police to undertake surveillance and to cooperate with Member States’ services.

Some elements could possibly be implemented as a twinning project. Overall, the project will be composed of the following components:

(a) Communication and Information technology: procurement of data transmission, equipment, in order to improve communication between security forces at the Eastern border.
(b) Surveillance: procurement of surveillance devices for aircraft, in order to improve the detection rate of illegal activity along the Eastern border.
(c) Mobility: procurement of vehicles and other mobile equipment, in order to increase the mobility of the Polish border guards along the Eastern border.
(d) Tactical support: procurement of personal equipment for Polish border guards
(e) Education and training:
   - language training for 500 persons from the Border Guard, Police and Immigration service
   - technical training (communication skills, EU legal systems, immigration procedures, crisis management, criminal case analysis, etc.) for target groups of border guard, police and immigration officers.

Conditionalities: The Polish Border Guard and Polish Police will ensure, each in its respective domain:
   - full basic infrastructure and maintenance for the equipment
   - completion of the building schedule for the border posts (one per 20 km)
   - agreement to a joint (MS/PL) institutional audit (by October 1998) and subsequent implementation of the resulting institution building plan (by December 1998)
   - coordination with other Polish ministerial services
   - premises and qualified personnel for the training courses
   - adequate working conditions of seconded experts
   - that long term career prospects are available to all recruits

**Objective 2: Agriculture (PL9805)**

Strengthening the institutional and administrative capacity related to veterinary controls (particularly as regards facilities at the external borders) is an important short term priority in the Accession Partnership with Poland. In addition, development of the capacity to implement and enforce the CAP, in particular the fundamental management mechanisms and administrative structures to implement structural and rural development measures, are important medium term priorities in the Accession Partnership.

As the Commission’s Opinion has noted, given the large number of small farmers, Poland will have to establish and implement relatively sophisticated management and control systems, including cattle identification and registration systems. It is clear that the administrative capacity would need to be further developed in these areas if these measures were to be applied in Poland.

The new veterinary act has established the legal base for both the private and public veterinary services. However, the facilities are still inadequate for Community veterinary control. There is a need for the Polish authorities to ensure Poland’s animal health status in respect of certain EU requirements. The system of holdings and animal identification will need to be adjusted. Adequate audit and certification procedures need to be developed and an adequately structured, resourced,
staffed and trained veterinary sector needs to be pursued. The following three projects will contribute to these continuing efforts.

**Project PL9805.01: Institution building of the Ministry of Agriculture for the implementation of the integrated administration and control system**

The objective of this project is to undertake the preparatory activities needed to put in place an essential administration structure in agriculture on the basis of the ‘Integrated Administration and Control System’ (IACS) the operation of which results from, among others, the obligation to implement regulations of the Council (EC) No 3508/92 and 3887/92 based on which each state is obliged to create its own system. The immediate objective is to conceptualise the establishment of the multi-functional farm register. In Poland there is no system of direct support to agricultural holdings or the cadastre tax system which would contain the list of farms necessary for its calculation. In consequence so far no farm register system has been elaborated to be used by IACS. This could possibly be a twinning project. Funding for technical assistance and equipment will be provided for: (a) long term secondment (technical assistance, training, seminars, study visits) with regard to the conceptual development of the multi-functional farm register in Poland in line with EU requirements, followed by: (b) the pilot implementation of the farm register system (including software and equipment) in a pilot region or regions.

**Conditionalities:** The Ministry of Agriculture will ensure:
- creation and operation of a working group (8-10 officials) as the Polish partner for the short-term and long-term experts
- preparation of internal documents commissioned by the working group
- preparation of necessary information, access to data and cooperation of personnel of MAFE and other institutions involved
- provision of personnel in the pilot region responsible for running the farm register
- provision of cofinancing as proposed
- coordination between institutions involved
- legal support and appropriate legal framework for the systems implementation phase covering the entire territory of the country

**Project PL9805.02: Reform and strengthening of the veterinary administration**

The general objective of this project is adjustment of the veterinary administration to EU requirements as a prerequisite to enable sanitary inspection of live animals and product of animal origin, as well as intra-community and third country trade in these products. The immediate objective is (a) to contribute to official veterinarians having satisfactory knowledge of veterinary legislation and systematic training in up-dated regulations and (b) effective co-operation between the State Veterinary Inspection and veterinary administration of the Member States, in particular with regard to border control, disease eradication and trade control.

This could possibly be a twinning project. Funding will be provided for (a) Development of manuals for all training modules, development of documentation for eg contingency plans, animal health certificates, public health certificates fully harmonised with EU legislation, translation of updated EU acquis, completion of harmonisation of the Polish veterinary law; (b) Training of 3,000 veterinary officers on 18 to 20 training modules, training of veterinary staff in 300 newly established veterinary offices; (c) Study tours to Member States and practical exercises in the framework of the above mentioned modules; (d) Hardware and software, communication facilities, audio-visual facilities for 300 regional veterinary offices; and upgrading of veterinary training centres.

**Conditionalities:** The Ministry of Agriculture will ensure:
- provision of qualified personnel from the Ministry and veterinary offices as the Polish partner for the short-term and long-term experts
- full harmonisation of Polish veterinary legislation by end 1999
- appropriate staffing of 300 regional veterinary offices
clarification of the structure of the veterinary administration following the Government’s territorial reform programme
provision of cofinancing as proposed
coordination between institutions involved

Project PL9805.03: Implementation of an animals identification and registration system

The general objective of this project is to improve animal movement control and disease control. The immediate objective is the pilot implementation of an animal identification and registration system.

This could possibly be a twinning project. Funding will be provided for: (a) Training local administration and veterinary services, breeders, farmers, including the elaboration of manuals and instructions, animal passports, farm registration forms, etc. and (b) purchase of cartags for 1 million cattle in a selected region or regions, printing of passports and registers and establishment of local data bases, purchase of hardware and software, and other equipment as needed.

Conditionalities: The Ministry of Agriculture will ensure:
- provision of qualified personnel from the Ministry, veterinary offices and local administration as the Polish partner for the short-term and long-term experts
- appropriate staffing of the animals identification and registration centres and funding of its operational costs
- provision of cofinancing as proposed
- appropriate legal framework in place at the time of implementing the pilot project

Objective 3: Environment (PL9806)

Strengthening the institutional and administrative capacity related to environment, continuation of the transposition of framework legislation, establishment of detailed approximation programmes and directive specific implementing strategies and the planning and commencement of implementation of these strategies are all important short-term priorities in the Accession Partnership with Poland. As the Commission’s Opinion has underlined, effective compliance with a number of pieces of legislation will require a sustained high level of investment and considerable administrative effort (e.g. urban waste water treatment, drinking water, aspects of waste management, etc.) for some time and will need increase levels of public and private investment. The following four projects are destined to contribute to these efforts.

Project PL9806.01: Strengthening of the Ministry of Environment for the implementation of environmental legislation and strategies

The general objective of this project is to help speed up the process of harmonisation with the EU acquis in environment. The immediate objectives are to strengthen the institutional and administrative capacity of the ministry in this respect and to help define directive specific implementation and investment strategies and programmes. This could possibly be a twinning project. The project will provide funding for: (a) Technical assistance and training to help define an effective organisational structure and scope of work for relevant units of the ministry; (b) preparation of action and investment plans for enforcement of EU acquis on water quality, air quality; (c) preparation of a model waste management plan to help implement EU acquis on waste disposal; (d) definition of information needs and flow and creation of efficient information and data transmission systems, including a management information/accounting/human resources system for the ministry.

Conditionalities: The Ministry of Environment will ensure:
- provision of qualified personnel from the Ministry and other relevant services, including the NFEP and local offices as the Polish partner for the short-term and long-term experts
- access to relevant data, records, accounts and existing studies, as well as provision of adequate office space and facilities for the experts
- preparation of an IT plan/institution building plan for the ministry within six months from the start of the project
- provision of cofinancing as proposed

**Project PL9806.02: Extension of the Waste Water Treatment Plant of Wroclaw**

This is an investment project. Creation of an infrastructure to meet environmental concerns is part of the Polish environment policy. This project will fund the second phase extension of the existing Waste Water Treatment Plant (WWTP) of the city of Wroclaw, in particular the construction of the intermediate pumping station of Nowy Port and ancillary facilities (construction works, supply and installation of equipment). The aim is to make the WWTP of Wroclaw fully operational, thereby reducing the discharge in the Odra river and reducing pollution of the Baltic Sea.

Conditionalities:
- Cofinancing from the Government and other sources as proposed and completion of the project on schedule (by end 2000)
- Maintenance and pricing policy towards residents to ensure sustainability and renewal of the project’s capacity in the medium term.
- Continued development of approximation and implementation strategies for the water sector.
- Continued development of project management and project preparation capacity within the ministry and the NFEP.

**Project PL9806.03: Extension of the Waste Water Treatment Plant of Gdansk**

This investment project will fund the purchase of pipes to be used for both the connection pipelines within the discharge system and the main sewer, thereby, in conjunction with Government and other funding (including the CBC programme), contributing to the completion of the second phase extension of the Waste Water Treatment Plant of Gdansk, which will further reduce pollution of the Gdansk bay.

Conditionalities:
- Cofinancing from the Government and other sources as proposed and completion of the project on schedule (by end 1999)
- Maintenance and pricing policy towards residents to ensure sustainability and renewal of the project’s capacity in the medium term.
- Continued development of approximation and implementation strategies for the water sector.
- Continued development of project management and project preparation capacity within the ministry and the NFEP.

**Project PL9806.04: Waste Water Treatment Plant of Bydgoszcz “Fordon”**

This investment project will fund the purchase of equipment (pumps, tanks, etc.) and training for the operators regarding the mechanical and biological part and the sedimentation and gas facilities of the Waste Water Treatment Plant of Bydgoszcz “Fordon” thereby reducing the discharge into and improving the water quality of the Vistula river.

Conditionalities:
- Cofinancing from the Government and other sources as proposed and completion of the project on schedule (by end March 2000)
- Maintenance and pricing policy towards residents to ensure sustainability and renewal of the project’s capacity in the medium term.
- Continued development of approximation and implementation strategies for the water sector.
- Continued development of project management and project preparation capacity within the ministry and the NFEP.
Objective 4: Transport (PL9807)

Providing the necessary investment for transport infrastructure, notably extension of trans-European networks is a medium term priority in the Accession Partnership with Poland. As the Commission’s Opinion has noted, Poland is an important transit country between Western Europe and the CIS as well as between northern and southern Europe and is crossed by four trans-European corridors. Poland will have to make important investments in the coming years to help lay the foundations for the future trans-European transport network extended to the candidate countries. The following project is destined to contribute to these efforts.

Project PL9807.01: Krakow South By-Pass of Motorway A4

The A4 Motorway is the major road axis linking Germany with the coal-mining and industrial South of Poland and will be extended in the future to the Ukrainian border. The A4 is part of the E40 European link and part of the Crete Corridor III. The project will finance construction of the interchange Wielicka on the Krakow South-East by-pass, including supervision, at the section of 8.2 km of the A4 Motorway. Cofinancing has been secured from the European Investment Bank and the Phare contribution will not exceed 25% of the total cost of the project.

Conditionalities:
- Cofinancing from the Government and other sources as proposed
- Completion of the project on schedule (by end 2001) assuming project construction start in May 1999.
- Maintenance ensured by the Polish Government
- Assurance by the Polish Government of temporary duty free importation of equipment in case of tender award to foreign contractors

Objective 5: Regional Policy and Cohesion (PL9808)

Completion of the legal basis, development of administrative structures and budgetary procedures, financial instruments, and monitoring and control mechanisms are medium term priorities in the Accession Partnership for Poland, without which Poland would not be able to participate in EU structural programmes upon membership. The following three projects form part of a special preparatory programme that will prepare Poland for Structural Funds.

Project PL9808.01: Enhancement of Poland’s capacities in preparation of development strategies

The general objective of this project is to prepare Poland for implementation of future Structural Funds. The immediate objectives are the elaboration of a national development plan/strategies and the preparation for the implementation of projects/programmes under ISPA and SAPARD. This project, part of which might be implemented as a twinning project, will provide funding for technical expertise, seminars, training and exchanges of best-practice. The output of this project will be the enhancement of Poland’s capacity and the elaboration of a national integrated strategy with particular attention to employment and human resources, transport, environment, fisheries, agriculture and rural development, taking into account the regional diversity of the country.

Project PL9808.02: Establishment of a legal and administrative basis for structural funds/cohesion funds

The general objective of this project is to prepare Poland for implementation of future Structural Funds. The immediate objectives are the establishment of the necessary legal and administrative basis. This project, part of which might be implemented as a twinning project, will provide funding for technical expertise, seminars, training, and best-practice exchange. The outputs of the project will be:
As regards legal aspects:

- division of responsibilities between line ministries
- division of competencies between central and local government
- provisions for the granting of public money / EU structural funding
- clarification of reporting responsibilities to EU authorities
- clarification of competencies in project selection
- training on EU public procurement and competition rules

As regards administrative aspects:

- budgeting procedures, including the elaboration and implementation of multi-annual financial tables (broken down by measure)
- financial control mechanisms,
- pre-evaluation and monitoring procedures
- additionality and the establishment of national co-funding procedures
- establishment of payment procedures

**Project PL9808.03: Application of integrated structural development programmes for selected regions**

The general objective of this project is to prepare Poland for implementation of future Structural Funds. The immediate objectives are to provide experience to the Polish authorities at national and regional levels of the application of Structural Funds rules and procedures to select pilot projects within Poland. This project, part of which might be implemented as a twinning project, will provide funding for technical expertise, seminars, training, and best-practice exchange. Particular attention will be given to coal and steel regions within Poland. Actions supported under this priority will include, within selected regions identified as appropriate for an integrated approach:

- Introduction of Objective 1-type procedures into selected regional programmes in Poland (existing or planned); this will involve the elaboration of Objective 1-type integrated Operational Programmes (including ex-ante evaluation)
- Regional labour market and training needs analyses for inclusion in integrated programmes
- Support for the establishment of a regional sub-committee
- Support for the identification of eligible measures
- Help with annual reporting and ex-post evaluation
- Information and training for regional and local partners on the integrated approach
- Assistance for involvement of local social partners

Conditionalities (related to projects PL9808.01 to PL9808.03):

- Establishment of a Monitoring Committee and first meeting of this Committee before end June 1998
- Funding for project PL9808.03 is conditional on the presentation by Government of an acceptable steel restructuring plan
## 2. Budget

<table>
<thead>
<tr>
<th></th>
<th>Title</th>
<th>Total Phare Budget in MEU</th>
<th>Institution Building (indicative)</th>
<th>Investment (indicative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PL9804</td>
<td><strong>Objective 1: Justice and Home Affairs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>01</td>
<td>Improving the efficiency of the court system and the public prosecutor’s office</td>
<td>16</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>02</td>
<td>Eastern border management and infrastructure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PL9805</td>
<td><strong>Objective 2: Agriculture</strong></td>
<td>7.457</td>
<td>3.457</td>
<td>4.0</td>
</tr>
<tr>
<td>01</td>
<td>Institution building of the Ministry of Agriculture for the implementation of the integrated administration and control system</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>02</td>
<td>Reform and strengthening of the veterinary administration</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>03</td>
<td>Implementation of an animals identification and registration system</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PL9806</td>
<td><strong>Objective 3: Environment</strong></td>
<td>12.21</td>
<td>3.0</td>
<td>9.21</td>
</tr>
<tr>
<td>01</td>
<td>Strengthening of the Ministry of Environment for the implementation of environmental legislation and strategies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>02</td>
<td>Extension of the Waste Water Treatment Plant of Wroclaw</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>03</td>
<td>Extension of the Waste Water Treatment Plant of Gdansk</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>04</td>
<td>Waste Water Treatment Plant of Bydgoszcz “Fordon”</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PL9807</td>
<td><strong>Objective 4: Transport</strong></td>
<td>20</td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>01</td>
<td>Krakow South By-Pass of Motorway A4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PL9808</td>
<td><strong>Objective 5: Regional Policy and Cohesion</strong></td>
<td>9</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>01</td>
<td>Enhancement of Poland’s capacities in preparation of development strategies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>02</td>
<td>Establishment of a legal and administrative basis for structural funds/cohesion funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>03</td>
<td>Application of integrated structural development programmes for selected regions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL PHARE CONTRIBUTION</td>
<td></td>
<td>64.667</td>
<td>19.457</td>
<td>45.21</td>
</tr>
</tbody>
</table>

The total Phare contribution under this programme will therefore not exceed 64,667,000 ECU.

N.B. Up to 30% of this budget may be contracted directly by the Commission and will not, therefore, be transferred to the National Fund.

An environmental impact assessment will be carried out for all investment projects.

Equal opportunity for men and women to participate in all projects will be ensured. Indicators will be elaborated to assess the extent of women’s participation in projects.

### 3. 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) will be established in the Ministry of Finance, and will be headed by the National Authorising Officer (NAO), who will supervise the financial management of the Programme, and will be responsible for financial 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 the funds to the NF in accordance with the Memorandum of Understanding signed between the Commission and the Ministry of Finance in Autumn 1998. Funds will be transferred following requests from the NAO. A payment of up to 9 million ECU will be transferred to the NF following signature of the Financing Memorandum. Four replenishments will be made of up to 9 million ECU or the full balance of the budget. 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.

In the case of twinning arrangements, the Commission will transfer funds to finance long-term secondments of staff directly to the “Bureau d’Assistance Technique” which will be established in Brussels to possibly implement the following:

- Ministry of Justice: Project PL9804.01: Improving the efficiency of the court system and the public prosecutor’s office
- Ministry of the Interior: Project PL9804.02: Eastern border management (elements related to training)
- Ministry of Agriculture: Project PL9805.01 to PL9805.03: Institution building of the Ministry of Agriculture for the implementation of the integrated administration and control system, Reform and strengthening of the veterinary administration, Implementation of an animals identification and registration system
- Ministry of Environment: Project PL9806.01: Strengthening of the Ministry for implementation of environmental legislation and strategies
- Ministry of Finance and other selected ministries: Projects PL9808.01 to PL9808.03: specific elements of the projects related to the special preparatory programme for structural funds.

Implementing Agencies will be responsible for projects as follows:

**Central Finance and Contracts Unit (CFCU):** Projects PL9804.01, PL9805.01, PL9805.02, PL9805.03, PL9806.01, PL9808.01, PL9808.02, PL9808.03.
**Ministry of Internal Affairs:** Project PL9804.02.
**National Fund for Environmental Protection:** Projects PL9806.02, PL9806.03, PL9806.04.
**Ministry of Transport:** Project PL9807.01.

The National Fund will transfer funds to Implementing Agencies (IAs), including the Central Finance and Contracts 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/IAS there will be no transfer of funds from the NF to the CFCU/IAS. 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.
A separate interest bearing bank account, denominated in ECU will be opened and managed by the NF in a separate accounting system in a Bank agreed in advance with the Commission. 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 or the CFCU.

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 are being defined by the Commission.

All contracts must be concluded by 30 September 2000. All disbursements must be made by 30 September 2001. In the case of the infrastructure project PL9807.01 (Krakow by-pass) disbursements must be made by 31 December 2001.

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

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) 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 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.

5. Audit and Evaluation

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 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 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.