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 Slovak Republic, 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 10 May 1994 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:

<table>
<thead>
<tr>
<th>Programme number:</th>
<th>---SR 9806 to 9811---</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title:</td>
<td>1998 Slovakia National Programme</td>
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<tr>
<td>Duration:</td>
<td>Until 31 December 2000</td>
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</table>

ARTICLE 2 - COMMITMENT OF THE COMMUNITY

The financial contribution of THE COMMUNITY is fixed at a maximum of 45.9 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 December 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 December 2001 with the exception of the sub-project SR9810.01 (Environment Grant Scheme) where the deadline for disbursement is 31 December 2002. All disbursements must be completed by the deadlines 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:

Mr. Christian BOURGIN  
EC Delegation in Bratislava  
Acting Head of Delegation  
Panska 3  
81101 BRATISLAVA  
Slovak Republic

Tel: +421.7.54431718  
Fax: +421.7.54432972

for THE RECIPIENT:

Deputy Prime Minister Pavol Hamzik  
National Aid Coordinator  
Office of the Government  
Namestie Slobody 1  
81106 BRATISLAVA  
Slovak Republic

Tel: 421.7.391284  
Fax: 421.7.396.759

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 10-12-1998  
for THE RECIPIENT

DPM MR HAMZIK

Annex 1 Framework Agreement  
Annex 2 General Conditions (Annexes A & B)  
Annex 3 Special Provisions (Annex C)  
Annex 4 Visibility/Publicity

Done at Bratislava  
Date 10-02-1998  
for THE COMMUNITY

Ms CATHERINE DAVY
1. OBJECTIVES AND DESCRIPTION

1.1. Political criteria - 1.5 MECU - SR9806

Objectives

1.1.1 Strengthening the capacities of local government
Strengthen the stability and independence of local governments and build-up the administrative capacity of local government representatives and officials through training and exposure to the organisation of local administrations in EU Member States.

1.1.2 Strengthening the Judiciary

- Support the operations of the Constitutional Court in order to enforce the rule of law and to protect the rights and freedom of citizens. Strengthen the institutional and administrative capacity of members and staff of the Constitutional Court through training at home and in EU Member States. Increase public awareness on constitutional law matters and on the activities of the Constitutional Court;
- Assist the Judges Association to reinforce the independence and the administrative capacity of the judiciary through training and exposure of judges to legal systems in EU Member States and the application of Community Law. Evaluate the conditions and needs of an autonomous education system that would provide an independent education for Slovak judges.

Description

Strengthening the capacities of local government - SR9806.01

In 1994, the Foundation for Training of Local Government was established in Bratislava as a non-governmental and non-profit organisation. Its mandate is to strengthen the quality of local government through professional education activities. The Foundation operates at local level through 11 Regional Training Centres. In November 1998 Municipal elections will take place in Slovakia and many mayors and councillors will be taking up their responsibilities for the first time. Phare will support the Foundation for Training of Local Government with technical assistance and training in Slovakia and abroad of officials and elected representatives, focusing on the functioning of local governments in model EU member states, legislative aspects of local administration, human rights. A manual comparing local government organisations in Slovakia and the EU will also be prepared.

Strengthening the Judiciary - SR9806.02

The main task of the Constitutional Court (SR9806.02.01) consists in overseeing the compliance of legal regulations with the Constitution and, as appropriate, with international laws and treaties, in enforcing the rule of law, in protecting citizens’ rights and freedom and in developing a juridical culture. Phare will provide technical assistance, training and equipment to support the operations of the Constitutional Court. A Legal Journal will be published to bring to specialists and to the general public a more complete information on constitutional matters and on the Court’s activities.

The Association of Slovak Judges (SR9806.02.02) was established in Banská Bistrica in 1991. It is a non-government organisation whose task is to support the independence of the Judiciary and build-up the technical capacities of judges. The Association of Slovak Judges is member of the “Union
Internationale des Magistrats” (UIM) and actively co-operates with similar organisations in several EU countries (Austria, Germany, the Netherlands). The Association has 800 members. Phare will help the Association of Judges with technical assistance, training in Slovakia and abroad, contributions to operational costs and the provision of equipment. The project will aim at reinforcing the technical capacities of judges and at identifying the conditions for the establishment of a Judges Academy.

1.2. Economic reform - structural measures accelerating economic reform - 3.5 MECU - SR9807

Objectives

1.2.1 Improve the security and guarantee of rights of ownership and property
Supporting the implementation of National Cadastral Policy and contributing to the creation of a unified land registration system. Build-up the institutional and administrative capacity of central and districts cadastre staff.

Description

1.2.2 Improve the security and guarantee of rights of ownership and property

Institution Building component - SR9807.01
The Geodesy, Cartography and Cadastre Authority (GCCA) was established in 1993 as an independent Government Agency (at Ministry level). It consisted of a central executive office, two supporting institutes (Institute for Geodesy and Cartography and Research Institute for Geodesy and Cartography) and 3 regional and 38 district offices under the management and budgetary control of the central executive office. Following the 1996 administrative reform, the number of regional offices was increased to 8 and that of district offices to 79. The cadastral offices were integrated as departments in the regional and district administrative structure and budgetary responsibilities and management were transferred to the State Administration. The GCCA retains responsibility over the cadastral regional and district offices for the supervision of technical and regulatory aspects of their operation. This project will be coordinated and implemented by GCCA. Regional and district offices will also be involved. Technical assistance and training for the continued development and implementation of cadastral policy will be provided.

This project will support the detailed system design, technical and functional specifications, and provide project management support for the prototyping, testing, pilot project development, and contracting arrangements for the main Enhanced Cadastre System Integration Project.

An additional component is concerned with training: the IT support group will receive specific training in large-scale system integration and the heads of the cadastral offices will receive substantial management training.

Equipment component - SR9807.02

The project will also contribute to creating a unified national land registration network by providing equipment to GCCA and the regional and district offices.

The scope of the project will include the district cadastral offices and the central database, with a remote access facility from the regional offices. Activities will consist of designing and building the enhanced cadastre, including the execution of operational tests, successful pilot projects and the preparation of all required software licensing, etc. The project will also put in place a nucleous unit, and
produce recommendations for the roll out and extension of the system to all offices, which will have to be funded from downstream sources.
1.3. Reinforcement of institutional and administrative capacity and further integration of Slovakia into the internal market - 17 MECU - SR9808

Objectives

1.3.1 Reinforcement of institutional and administrative capacity - Internal market

Strengthen the institutional and administrative capacities of bodies dealing with EU accession preparation. Prepare selected civil servants for pre-accession negotiations. Continue cross-sectoral legislative alignment and transposition of legislation to harmonise with the Acquis. Reinforce institutional and administrative capacities and the process of legislative alignment in the Agriculture sector (including harmonisation in the veterinary and phytosanitary fields, particularly regarding controls at border-crossing points) and in the Finance sector (to help improving economic policy formulation, EU Integration, State Aid, Capital Market and Insurance Supervision, Financial Control). Begin to set-up an effective implementation structure for regional and structural policies in Slovakia, comprising the full administrative and budgetary capacity, including control and audit functions, necessary to enable successful implementation of the above programme and of EU Structural Funds after accession, as well as ISPA (Instrument for Structural policies for Pre-accession Strategy) and SAPARD (Special Action for a Pre-accession for Agriculture and Rural Development).

Description

1.3.2 Legal approximation - Strengthening of institutions dealing with EU Integration - SR9808.01

The Office of the Government co-ordinates and orchestrates EU integration through the Institute for Approximation of Legislation, the EU Integration Department and the Department for Foreign Assistance. The Institute for Approximation of Legislation is responsible for the inter-ministerial co-ordination in the field of law harmonisation.

Phare assistance to the Institute (SR9808.01.01) will aim at: i) effectively carrying out information services, ii) providing a functional and efficient translation unit, iii) properly screening the compatibility of domestic legislation with the Acquis for these Ministries/Institutions that are concerned by the AP/NPAA priorities but are not included in the twinning programme, iv) ensuring appropriate monitoring of legal approximation at central and local level.

The EU Integration Department (SR9808.01.02) acts as Secretariat of the Slovak Council for European Integration that is the responsible body for inter-ministerial co-ordination in this field.

The project will aim at: i) improving the overall co-ordination of the European integration process; ii) co-ordinating in a timely and effective way relevant data collection/sectoral contributions at national level; iii) effectively supplying information to both the general public and relevant institutions. Phare support will include training and funds for exchanging visits between office staff and relevant EU institutions and/or contact points in the region. The department will make available competent local staff in sufficient number. A close co-operation with the EU legislation documentation centre in the Institute for Law Approximation is envisaged, it is also expected that the Government will approve a comprehensive EU information policy.

The Department for Foreign Assistance (SR9808.01.03) is responsible for co-ordination and programming of foreign aid. Phare assistance will be directed at: i) ensuring adequate co-ordination of Phare implementing agencies; ii) improving programming capacity; iii) appropriately monitoring programme implementation. Phare will provide long-term TA, training and funds for exchanging visits
between office staff and relevant EU institutions. Competent local staff in sufficient number will be made available by the department.

1.3.3 Agriculture - SR9808.02

**Institution Building component**

**Investment Component (Equipment supply)**

Phare will support the Ministry of Agriculture by providing technical assistance including training and equipment in the following areas: a) Harmonisation and implementation of internal market legislation and institutional strengthening in the veterinary, phytosanitary and food control sub-sectors. Besides the Ministry, the institutions involved will be: the State Veterinary Administration, the Central Agriculture Control and Testing Institute, the Slovak Agriculture and Food Inspection and State Breeding Institute. The aim is to prepare the relevant sub-sectors for further integration in terms of legal approximation, institutional and administrative capacities enhancement, adoption of EU standards and upgrades of technical infrastructure and laboratory equipment. b) CAP policy advice on a wide range of policy and pre-accession aspects relating to the implementation of the EU CAP including the introduction of appropriate measures and targeted institutional building for establishing and strengthening Ministry’s substantive departments and other relevant agencies and institutions. Both projects shall be realised in the framework of one or more twinning arrangement(s) foreseeing long and short-term secondments of officials from EU Member States.

1.3.4. Finance - SR9808.03

Phare assistance will support the Ministry of Finance to adopt and implement EU legislation in the sphere of the internal market. Technical assistance, including training in Slovakia and abroad and equipment will be provided to improve economic policy elaboration and formulation and to strengthen capacities in the following areas: European Integration, Task Force for improvement of economic policy, State Aids, Capital Markets Supervision and Financial Control. The project will aim at continuing to transpose and implement harmonised legislation and at building-up the Ministry’s institutional and administrative capacities. The assistance shall be realised in the framework of one or more twinning arrangement(s) foreseeing long and short-term secondments of officials from EU Member States.

1.3.5 Preparation to the Structural Funds - SR9808.04

**Institution Building component** - SR9808.04.01

**Integrated Regional Development Projects** - SR9808.04.02

In the framework of the Special Preparatory Programme for Structural Funds, Phare will assist Slovakia in building regional and structural policies and the capacity to implement them. In conformity with the priorities and intermediate objectives laid down in the Accession Partnership and in the NPAA, Phare will provide technical assistance, training and investment. The final output will be: a) A national strategy for regional and structural policies. b) Improved administrative capacity – at central and regional level - to enact the above mentioned policies. This will be also achieved through one or more twinning arrangement(s) foreseeing long and short-term secondments of officials from EU Member States. c) integrated regional development projects, which will have tested the programming and implementing capacities of selected regional-local bodies.

1.4 Justice and Home Affairs - 5.2 MECU - SR9809

**Objectives**
Support the Ministries of Justice and Interior and the Customs Authority in the fight against organised crime, traffic in drugs and persons, money laundering and corruption. Improve the efficiency of border and migration controls. Build-up the institutional capacities of the Ministries of Justice and Interior in the areas of EU integration and law approximation.

Support the Judiciary by improving the functioning of district, regional and bankruptcy courts and by establishing a Register of Citizens’ Criminal Record at the General Prosecutor’s Office.

Improve judges’ capacities to deal with issues relating to the adoption of the Acquis and the harmonisation of legislation.

**Description**

**1.4.1. Ministry of Justice - SR9809.01**

The Ministry of Justice has the overall responsibility over the administration and operation of courts. Financing of courts from the state budget is carried out through the Ministry. The Ministry’s responsibilities also include having an active role in the professional preparation of judges.

The project will provide technical assistance, including training in Slovakia and abroad and equipment for:

a) Improving the functioning and operations of Slovak courts and reducing delays in administration and in the processing of cases. Besides the Ministry, the beneficiaries of the project will include bankruptcy courts, regional courts and district courts. Activities will include making the Legal Information system available on Internet. Presently, users are supplied with updated legal information on CD-ROMs which is costly and creates delays.

b) Training of Judges in EU law, bankruptcy law, commercial law, languages. Courts’ officers will be trained as trainers. The existing Slovak educational system for judges will be assessed and measures to create an independent educational system for judges will be recommended. c) Institutional support for EU integration and harmonisation of legislation to help in the transposition of legislation and in the implementation of the pre-accession measures. Institution building activities shall be realised through one or more twinning arrangement(s) foreseeing long and short-term secondments of officials from EU Member States.

**1.4.2. General Prosecutor’s Office - SR9809.02**

Phare will assist the General Prosecutor’s Office with technical support and the provision of equipment to establish a modern and functional computerised Register of Citizens Criminal Record. This will contribute to a more transparent and efficient operation of courts, offer a functional service to citizens and help all authorities involved in crime prevention.

**1.4.3. Ministry of Interior - SR9809.03**

The Ministry of Interior’s tasks include the fight against organised crime, traffic in persons and drugs, corruption and money laundering. Phare will provide technical assistance including training and equipment in the sphere of: a) Crime prevention and border management and migration control, involving the Police (Police Presidium, Border, Alien and Financial Police, Police Academy, Institute for Criminology, Slovak Section of Interpol), the National Anti-drug Unit and selected departments of the Customs Authority. b) Institutional support for EU integration and harmonisation of legislation, involving the EU Integration and Law Approximation Department of the Ministry. The aim of the project is to build-up administrative capacities, increase co-ordination among the institutions involved and improve operations in order to achieve more effectiveness in the fight against crime. The main parts of the project shall be realised through a twinning arrangement with one or more EU Member States.
1.4.4 Customs Authority - SR9809.04

Furthermore, in order to improve effective border management and migration control, Phare will support the Customs Authority in equipping a checking hall for trucks at the Eastern border. This project has been strongly recommended by the JHA expert mission that visited Slovakia at the end of 1997.

1.5. Environment - 17.5 MECU - SR9810

Objectives

1.5.1 Reinforce institutional and administrative capacities at the Ministry of Environment and support transposition of legislation. Support the establishment and operation of a Grant Investment Fund that will co-finance investments related to the adoption of the Acquis.

Description

a) Investment support - SR9810.01

The Environmental Grant Scheme (EGS) shall provide grant support to capital investment projects in the private and public sectors which directly facilitate compliance levels in the key environmental problem areas as highlighted in the Opinion and the Accession Partnership, including:

- the construction and upgrading of systems for collection, sorting, processing and disposal of hazardous and municipal waste
- the construction and upgrading of drinking water supply systems, waste water supply systems and waste water treatment plants
- the construction and upgrading facilities for the reduction of air pollution
- the introduction of integrated environmentally friendly technologies to prevent pollution at the source as well as to promote waste reduction to facilitate compliance with the EU’s Integrated Pollution Prevention and Control Directive.

The fund will be managed by the Ministry of Environment - Environmental Projects Department. The EGS requires that commercial bank cofinancing (in terms of a bank loan guarantee) shall accompany all applications to the EGS for support. The cofinancing requirement by commercial banks shall guarantee the financial feasibility of the project concerned. Phare cofinancing to a project shall not exceed 40% of total project cost for municipal sector Applicants or 25% for private sector Applicants. Co-financed investments will have to meet EU environmental standards.

b) Institution Building - SR9810.02

- Strengthening of the state administration including the enforcement of legislation and the development and the detailing of NPAA for the environmental sector.
- Policy development and harmonisation of legislation with emphasis to Ambient Air Quality and Emissions from Stationary Sources Legislation, environmental approximation strategies/ directives.

The above activities may be realised through one or more twinning arrangement(s) foreseeing long and short-term secondments of officials from EU Member States.
• Improvement of the project management of the Ministry of Environment and State Environmental Fund in managing large infrastructure investment projects according to EU standards, undertaking the additional technical appraisal, implementation, contracting, monitoring and evaluation work related.
1.6. Further integration of the Slovak Republic through participation in the Education Community programmes - 1.2 MECU - SR911

Objectives

Participation in Community programmes is one of the key elements in the re-inforced pre-accession strategy. The Phare Management Committee in May 1997 gave a favourable opinion on the Phare contribution to Slovakia’s participation in Socrates, Leonardo and Youth for Europe programmes (“entry tickets”). The present commitment concerns the Phare contribution for direct support to the final beneficiaries of the programmes ( “end users”) in the field of Education.

Description

The programme intends to support participation of Slovak individuals and institutions in the Community Programmes Leonardo, Socrates and Youth for Europe. Since Community Programmes always cover only part of the costs of the project, the final beneficiary of the subsidy has to provide the remaining part of the costs. In order to avoid that this represents an unbearable obstacle for participants and to ensure their actual participation, it will be necessary in most cases - as is the case in the Member States - to provide support which would alleviate the final beneficiary’s financial burden.

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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.

2. BUDGET

The total financial commitment for the Phare contribution in support of the above programmes amounts to 45.9 MECU, the breakdown of this amount by activity is as follows:

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<tr>
<th>Sector Programme</th>
<th>MECU</th>
<th>Investment (approx. in MECU)</th>
<th>IB (approx. in MECU)</th>
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<tbody>
<tr>
<td>1. Political criteria - SR9806</td>
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<tr>
<td>1.1 Strengthening the capacities of Local Government</td>
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<td>1.2 Strengthening the Judiciary</td>
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<td>- Constitutional Court</td>
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<td>- Association of Slovak Judges</td>
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<tr>
<td>2. Economic reform - SR9807</td>
<td>3.5</td>
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<tr>
<td>2.1 Land Registration</td>
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<tr>
<td>3. Reinforcement of institutional and administrative capacity</td>
<td>17</td>
<td>7.2</td>
<td>9.8</td>
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<tr>
<td>- Internal Market - SR9808</td>
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<tr>
<td>3.1 Legal approximation, EU Integration and Aid Co-ordination</td>
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<td>3.2 Agriculture</td>
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<td>3.3 Finance</td>
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<tr>
<td>3.4 SPP (Special Preparatory Programme for Structural Policy)</td>
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<tr>
<td>4. Justice and Home Affairs - SR9809</td>
<td>5.2</td>
<td>2.9</td>
<td>2.3</td>
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<tr>
<td>4.1 Ministry of Justice</td>
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<td>4.2 General Prosecutor’s Office</td>
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<td>4.3 Ministry of Interior</td>
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<td>4.4 Customs Authority</td>
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</table>
In addition to the above allocations, 4 MECU have been already committed for TEMPUS and 0.916 MECU ("entry ticket") for the participation of Slovakia in various Community programmes.

Up to 10% of the budget may be contracted directly by the Commission and will not, therefore, be transferred to the National Fund.

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 funds to the NF in accordance with the Memorandum of Understanding to be signed between the Commission and the Government of the Slovak Republic. Funds will be transferred following requests from the NAO. A payment of up to 9.18 MECU will be transferred to the NF following signature of the Financing Memorandum. Four replenishments will be made of up to 9.18 MECU 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 (Implementing Agency) and the CFCU (Central Finance and Contracting Unit). 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 IA and the CFCU 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 the following twinning arrangements, the Commission will transfer funds to finance long-term secondments of staff directly to a Technical Assistance Office: the Institution Building component of sub-programme SR9808.02, sub-programme SR9808.03, the Institution Building component of sub-programme SR9808.04, sub-programme SR9809.01, sub-programme SR9809.03 and the Institution Building component of sub-programme SR9810.02.

The Ministry of Environment - Environmental Projects Department (Implementing Agency) will be responsible for the sub-project SR9810.01 (Environmental Grant Scheme) and will be vested with procurement responsibilities (tendering, contracts and payments) under close supervision of the European Commission. A standard Financing Agreement shall be prepared which outlines the procedures for the management of these funds.

The CFCU (operational since January 1998) will have the responsibility for the overall 1998 programme administration including tendering, contracting, payments and financial reporting for the procurement of

<table>
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<tr>
<th>5. Environment - SR9810</th>
<th>17.5</th>
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<tr>
<td>5.1 Environment Grant Scheme</td>
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<td>5.2. Institution Building component</td>
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<td>6. Participation in Community Programmes (Educational field) - SR9811</td>
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<tr>
<td>TOTAL</td>
<td>45.9</td>
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<td>17</td>
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services and supplies and on behalf of ministries and other implementing authorities which themselves will be responsible for programme technical implementation.

The National Fund will transfer funds to the IAs, including the CFCU, in accordance with Financing Agreements (FAs) signed between the NF and the IA and the CFCU. Each individual FA will be endorsed in advance by the European Commission. The CFCU and the IA 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 European 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. The same procedures will apply to any funds transferred to the 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 (with the exception of the twinning components for which specific arrangements have been defined).

All contracts must be concluded by 31 December 2000. All disbursements must be made by 31 December 2001. In the case of the sub-programme SR9810.01 (Environment Grant Scheme), however, disbursements must be made by 31 December 2002.

Any funds not used by the expiry date of the programme will be recovered by the European 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 National Authorising Officer, the National Aid Coordinator and the European 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 relevant Implementing Agency and of the CFCU and the European 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, the CFCU and of 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 EC and the European Communities Court of Auditors as referred to in the General Conditions relating to the Financing Memorandum attached to the Framework Agreement.

The EC 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 necessary measures are taken to ensure appropriate publicity for all activities financed from the Programme. This will be done in close liaison with the European Commission Delegation in Slovakia. Further details are attached in Annex.

7. **SPECIAL CONDITIONS**

In the event that agreed commitments are not met for reasons which are within the control of the Government of the Slovak Republic, the European Commission may review the programme with a view, at the European 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.

The Government of the Slovak Republic shall ensure that appropriate counterpart staff and facilities for programme implementation will be provided by the beneficiary institutions, relevant budget appropriations (co-financing resources) will be available within the time schedules foreseen, and appropriate institutional and legislative measures are taken. The European Union’s financial contribution is limited to the maximum amount defined above. This contribution will not cover any additional costs, cost increases or extensions which must be provided for by the implementing and contracting authorities.