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 10th 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:

Programme number: 2003/004-995
Title: 2003 Phare National Programme for the Slovak Republic
Duration: Until 30th November 2005

ARTICLE 2 - COMMITMENT OF THE COMMUNITY

The financial contribution of THE COMMUNITY is fixed at a maximum of 57.1 M€ 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 30th November 2005 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 30th November 2006. 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:

Mr. Eric van der Linden,
Head of the EC Delegation
Panska, 3
81101 - Bratislava – Slovak Republic
Fax: 00421-2-54432972

for THE RECIPIENT:

Mr. Pal Csaky
Deputy Prime Minister for European Integration
Námestie Slobody 1
81370 Bratislava - Slovak Republic
Fax: 00421-2-52496759

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 03 -11- 2003

for THE RECIPIENT
Mr Pal Csaky
Deputy Prime Minister

for THE COMMUNITY
Mr Eric van der Linden
Head of Delegation

Encl.
2. Special Provisions (Annex C)
3. Visibility/Publicity (Annex D)
SPECIAL PROVISIONS

1. Objectives and Description

Political criteria

Democracy and the rule of law

2003-004-995-01-01 - Modernisation of the Slovak Civil Service and Public Service

The Civil Service Office was established in April 2002 with a remit to develop a unified, professional and ethical Civil Service based on the relevant legislation.

The strengthening of the “administrative capacity”, the reform process in the civil service and the extension of employment measures across wider public administration needs to be continued and extended. The continuing decentralisation of public administration means increasing numbers of public services are being provided outside the civil service. Unlike the Civil Service Act, the Act on Public Service does not define the requirement for an employee to carry out his/her duties in an apolitical and impartial way; nor does it demand high-quality performance. To ensure effective public administration it is necessary to establish a modern, professional public service along the lines of the civil service. This is now a major priority issue for both the Civil Service Office and the Ministry of Labour, Social Affairs and Family.

Phare assistance will be made available to support inter alia ministries and other central bodies at both strategic and delivery level in designing and implementing systems and processes that lead to continuous improvement through more effective and efficient structures, manpower control and work organisation; to set a legal framework unifying working conditions across different civil service occupational groups e.g. police, army etc..

2003-004-995-01-02 - Support to the Public Administration Reform

In April 2000, the Slovak Government adopted the “National Programme for the Decentralisation and Modernisation of the Public Administration”, one of its two components being the setting-up of a new tier of territorial (sub-national) self-governments (called Upper-tier Territorial Units) and the decentralisation of executive tasks and responsibilities from the State Administration (central and local) to the new self-governing regions and to the already existing local-self-governments (municipalities).

This project has been devised as a contribution to the achievement of the goals set in the above mentioned programme, by ensuring technical support (mainly twinning) to the Ministry of Interior (Public Administration Section), Ministry of Finance and Government Plenipotentiary for decentralisation of public administration with regards to their role in the next phase of implementation of public administration reform in the Slovak Republic.

2003-004.995-01-03 - Fight against corruption

The National Programme for the fight against corruption, adopted by the Slovak government, aims at eradicating the social causes through in-depth structural reforms in the most problematic areas such as health and education and through the strengthening of the law enforcement agencies and the independence in the judicial system.
While the 2000 Phare twinning project focused at strengthening the institutional capacity of the different Law Enforcement Agencies involved in the fight against corruption and organised crime, the 2003 Phare assistance will focus on three main activities: increased transparency in the functioning of the public administration, delivery of ad-hoc training for journalists with the purpose to enhance public awareness on corruption and corruptive behaviours and the provision of expertise to the Department of Fight against Corruption at the Office of Government for the monitoring of the existing legislative framework and advisory services.

2003-004-995-01-04 - Unallocated Institution Building Facility

Phare funding has been earmarked for an unspecified envelope to provide Institution Building support through twinning, twinning light or technical assistance to meet the requirements related to specific urgent and unforeseen needs identified in the course of the accession negotiation process, Peer Reviews or which have a high priority. This facility may notably help to assist in the adoption and implementation of acquis in particular areas where assistance is still necessary and strengthen the institutional and operational capacity of public administration bodies for the enforcement of the EU acquis.

Human rights and the protection of minorities

2003-004-995-01-05 - Support to further integration of Roma in the educational field

The under-representation of Roma students in the Slovak educational system notably at secondary and university level still persists resulting in the poor employability of this minority. Further progress should be made in particular in the adaptation of the content and scope of secondary vocational education to new labour market requirements.

While previous Phare assistance focused mainly on pre-school preparation and on Roma children at first grades of a primary school, this project focuses on two target groups: Roma children in the last two grades of primary school and Roma youth at secondary school. The aim is the development of a training programme and special methodology for tutoring Roma children in the last 2 grades of primary school in order to motivate and prepare them for further education and to facilitate their transition from primary to secondary education.

In addition, Phare will also support the development of training courses at secondary schools (located in the regions with a high percentage of Roma) focusing on the preparation of Roma students for the active labour market, providing them with the necessary skills for business activities.

2003-004-995-01-06 - Improved access of Roma to Health care

The Slovak government recently adopted (April 2003) a "Long-term Strategy for Roma Integration" which outlines the integration policy of the Roma minority. It includes a large set of measures to be implemented up to 2010 in various fields, including the improvement of the access of Roma to health care.

Lack of education, segregation, and poverty are the main causes of extremely poor health conditions and very low life expectancy among the Roma community.

In line with the above mentioned strategy, Phare assistance will contribute to improve access to health care of the Roma population established in very poor and remote localities. Health centres will be established in municipalities located in economically disadvantaged regions for basic health care provision. Mobile medical units will be deployed in the scattered remote settlements where not even the basic infrastructure for a basic health care centre does exist. Health field workers jointly with local physicians will be trained on medical prevention methods and on healthcare education in
order to apply an integrated approach including access to treatment, vaccination, healthcare education at schools and health status monitoring.

**Economic criteria**

**2003-004-995-02-01 - Land Administration and Cadastre Infrastructure**

This project aims at assisting the Slovak Geodesy, Cartography, and Cadastre Authority (GCCA) in improving land administration based on spatial and cadastral data, including permanent Global Positioning System (GPS), in line with the concepts and recommendations formulated in the framework of the INSPIRE (Infrastructure for Spatial Information in Europe) initiative and increase public access to the land administration and cadastre data. Phare support will be provided through twinning light, technical assistance (software development, training) and supply of hardware.

**Ability to assume the obligations of membership**

**Free movement of services**

**2003-004-995-03-01 - Support to the Implementation of the Risk-Based Supervision**

In May 2002 a "Peer Review" mission assessed the efficiency of financial services supervision in Slovakia, in particular whether the existing supervisory arrangements fit the EC internal market structures. Their overall assessment acknowledged that banking supervision had already started working on convergence of supervisory practices. On the other hand, it also highlighted areas where some improvements have to be made in order to conduct proper risk-based supervision.

In line with the recommendations formulated by the "Peer Review" mission, adopted by the Slovak government in December 2002, Phare support (mainly twinning) will assist the relevant Slovak authorities in:

- establishing systems of supervision over capital market and insurance on risk-basis, as well as supervision over pension funds, financial conglomerates, e-business, market conduct, and cross-border services.
- Enhancing risk-based supervision of credit institutions in accordance with the implementation of the New Capital Accord Basel II.

**Agriculture**

**2003/004-995-03-02 - Support of agricultural food chain in comprehensive food safety policy**

This project foresees twinning light assistance including training and internships in the field of monitoring of pesticide residues in raw agricultural products of plant origin and in the field of quality control of pesticides for the staff of the Slovak Central Control and Testing Institute of Agriculture (CCTIA). In addition, investment support will be provided to the State Veterinary and Food Institutes (performing laboratory controls on the safety of foodstuffs of animal origin) for the upgrade, through adequate equipment supply, of the existing laboratories.

**2003-004-995-03-03 - Veterinary and Phytosanitary Border Inspection Posts – II. phase (Bratislava Airport BIP)**

The Slovak government is pursuing its efforts in upgrading the inspection arrangements, in particular as regards the establishment of the Border Inspection Posts at the future external borders in the veterinary and phytosanitary area. Completing the system of border inspection points will lead to a significant improvement of the protection of the Slovak Republic and the EU territory against outbreaks and spread of animal and plant diseases, and will contribute achieving the harmonisation with the veterinary and phytosanitary acquis.
Phare assistance will include a twinning light component (mainly training activities for some 30 veterinary and phytosanitary inspectors) and equipment supply for the BIP Bratislava airport (technical and laboratory items) and for the permanent training facility for phytosanitary inspection located in Bratislava.

2003-004-995-03-04 - Animal Protection during Transport

In order to support the relevant Slovak administration in fulfilling the legislative requirements laid down by the Council Directive 91/628/EEC on the protection of animals during transport and amending Directives 90/425/EEC and 91/496/EEC, Phare assistance (twinning light and investment support) will focus on upgrading the system of judgement and control of the submitted route plans (Art. 5A of Council Directive 91/628/EEC) and on the system of approving the suitability means of transport intended for animal transportation, training of some 240 veterinary inspectors, software development and equipment supply.

Statistics

2003-004-995-03-05 - Enforcement of new acquis in the field of statistics

Over the past years, the Slovak Statistical Office has made significant progress in developing its capacity to comply with the statistical acquis in line with EU standards. However, new acquis has been recently adopted notably as concerns social statistics, financial accounts, and statistics on iron and steel.

In order to meet these new requirements, institution building support (mainly technical assistance) will be provided to the Slovak Statistical Office with the aim of:

- Improving social statistics by including harmonised data on income, health, education, housing, demographics and employment characteristics
- Improving data collection and data processing system for annual and quarterly financial accounts and financial balance sheets compilation through introduction of production system
- Developing a new information system for iron and steel statistics according to the respective European Commission (EC) regulations for reference years 2003 – 2009

2003-004-995-03-06 - Strengthening of statistical health information system and its harmonisation with EU requirements

The Institute of Health Information and Statistics (a budgetary organisation of the Ministry of Health) is the only provider of country wide health statistics in the Slovak Republic.

In order to achieve full compliance with the relevant acquis, Phare support (through twinning light, technical assistance and some equipment supply) will assist the Institute of Health Information and Statistics (specifically its Health Department Data Centre) in completing the harmonisation of methods of statistical surveys (collection, processing, and evaluation of health data) and developing new technologies of health data processing to be subsequently implemented in the Data Centre. This would lead to a system consistent with the standard methodology applied in the EU.

Regional policy and co-ordination of structural instruments

The Grants Schemes should be seen as complementary to the assistance already provided in the frame of the 2002 National Programme, with the emphasis on developing capacity at regional and local level and on creating the necessary platform that will be necessary for the absorption of funds through the medium of projects and initiatives that will qualify for Structural Funds funding.
As delivery mechanisms, grant schemes are suitable for strengthening regional and local capacity. It is possible, through a grant scheme to fund a large number of small projects that are distributed across a number of regions and which are within the financial means of local beneficiaries. The rules by which grant schemes operate ensure transparency, accountability and spread the responsibility for project selection over a wider range of people and institutions.

2003-004-995-03-07 - Support to Local and Regional Project Development Grant Scheme

As of the date of the accession, the Slovak Republic must be able to manage assistance in the area of economic and social cohesion received through Structural Funds in line with the relevant EC Regulations. Nevertheless, the capacity to generate development projects has been identified as the weak point of preparation for Structural and Cohesion Funds. The project will contribute to address this problem by supporting the technical preparation of projects eligible to Structural and Cohesion funds assistance.

In addition, Phare will also finance technical assistance for the development of an on-line, electronic application procedure and a "project information system" to be used for programme management purposes (to be installed at the Ministry of Construction and Regional Development). The use of such information systems is standard procedure in the EU Member States and the development of a computerised monitoring system is a requirement under current Structural Funds Regulations. In order to maximise its value, the proposed project information system should be fully integrated with the national monitoring system being developed (financially supported through the 2001 Phare National Programme).

2003-004-995-03-08 - Support to Innovative SMEs (SISME)

The Slovak Republic suffers from competitiveness weaknesses, partly due to an innovation deficit in comparison with EU Member States. Since the early 90's, the number of researchers halved and investments for R&D felt to approximately 1% of the GDP.

The Grant Scheme will target small and medium-sized enterprises having technologically driven growth potentials and will support innovative projects. It will focus in particular on a) new product development or the redesign of existing products, and/or b) improving production processes. It is expected that, innovation, when properly supported, would result in increased sale values and/or decreased production costs for the relevant enterprises, that should thus be better prepared to withstand open international competition.

2003-004-995-03-09 - Tourism Development Grant Scheme

In Slovakia there is a large potential for tourism development and tourism is playing a more and more important role in the local economy, notably for some rural Slovak regions.

The project builds upon the experience gathered from previous similar programmes successfully implemented, co-financed by Phare and the Slovak government. This is a clear indication that appropriately designed financial incentive instruments stimulate a large response from the sector and act as a major catalyst of regional development. This grant scheme will aim at supporting

- the productive investment of SME's for the development of the tourism sector (e.g. development of new accommodation facilities, upgrading and refurbishment of existing accommodation facilities, etc.).
- the activities of local and regional tourism associations and public sector partnership organisations engaged in tourism sector development (e.g. local, regional and inter-regional strategic sector and/or product development plans, market research, participation on tourism fairs, preparation of information leaflets, brochures etc. for of market promotion, information and/or awareness campaigns, etc.).
2003-004-995-03-10 - Grant Scheme on Equal Opportunities and Social Inclusion Support

The Equal Opportunities and Social Inclusion Grants Scheme will be used to testing the programmes, strengthening the planning structures, procedures as well as an absorption capacity that will be required for the management and implementation of projects funded by ESF at national, regional and local level.

This Grant Scheme will finance ESF-type projects aimed at supporting the development of inclusive labour market actions, focusing on three main priorities: 1) Strengthening equal opportunities on the labour market and social inclusion; 2) Employability support of groups threatened by social exclusion and 3) Equal opportunities for women and men and alignment of family and working life.

2003-004-995-03-11 - External Border Initiative

Phare funds have been earmarked to support actions at the future EU external border with Ukraine, i.e. social and economic activities of a cross-border nature.

This assistance aims at alleviating the risk of establishing new dividing lines at the future borders of the Union and developing good neighbourhood cross-border relations and broadly preparing for the forthcoming INTERREG programmes at future EU external border.

The project will support the setting-up of a Small Projects Fund for the financing of "people to people" type of actions and small scale infrastructure projects (inter alia transport and environment) with a genuine cross-border impact.

2003-004-995-03-12 - Create the Administrative Capacity for Implementing the Equal Initiative in the Slovak Republic

The EQUAL Initiative tests new ways of tackling discrimination and inequality experienced by employed people and those looking for a job. The key principles of the Equal Initiative are: transnational co-operation, innovation, empowerment, thematic and partnership approach, dissemination and mainstreaming. Equal Initiative activities are structured on the four pillars of the European Employment Strategy: Employability, Entrepreneurship, Adaptability and Equal opportunities for women and men.

The Equal Initiative is implemented in the framework of the Structural Funds Regulations and, more specifically, through the European Social Fund. In the Slovak Republic, the Ministry of Labour, Social Affairs and Family has been appointed as Managing Authority for the Equal Initiative. The Ministry has already undertaken some steps to prepare itself for the participation to this Community Initiative. However, in this context, institutional strengthening and skill upgrading has become apparent. In order to reap the full benefits of the Equal Initiative, Phare assistance (Twinning) will be provided to support the Ministry of Labour, Social Affairs and Family.

2003-004-995-03-13 - Preparing for ESF Project Management

The Ministry of Labour, Social Affairs and Family is in charge of preparing and implementing the Slovak National Employment Action Plan. It is furthermore responsible for the Sector Operational Programme Human Resources Development (SOP HR) and the Single Programming Document Objective 3 for Bratislava region (SPD Objective 3 BA). The European Social Fund Management Unit (ESF Unit), established at the Ministry, is responsible for the management of the programming and implementation work related to the ESF.

For a prompt absorption and maximum impact of the expected ESF support, a major upgrading of administrative capacities and project management skills should be undertaken. The absorption of
ESF assistance is likely to be constrained by a lack of high-quality project proposals that could be taken up for rapid implementation.

Phare support (twinning light) will focus on the design of administrative and management procedures at regional level focused on programming and quality assurance tasks, while the technical assistance will concentrate on training activities for the regional and district level staff of intermediate bodies responsible for ESF activities. This assistance will complement past Phare support provided in the framework of the 2001 and 2002 National Programme.

2003-004-995-03-14 - Strengthening regional and local capacities for managing and implementing Structural Funds

This project is intended to fund the training of a certain number of target groups by providing the necessary transfer of skills (training shall be provided directly to an audience of "project promoters"/"beneficiaries" and ‘project managers’ plus also in parallel shall be provided to support the Ministry of Construction and Regional Development’s development of a sustainable accredited training capacity); this project will also allow all stakeholders to exploit opportunities provided by the grant schemes.

Phare assistance should also contribute to develop information networks and communication channels between regions & local actors and increase the public awareness of the possibilities offered by Structural Funds funding.

Environment

2003-004-995-03-15 - Institutional and Capacity Building in the Environmental Sector

This project will focus on the enforcement of the environmental acquis, notably as regards Council Directive 91/692/EEC standardising and rationalising reports on the implementation of certain EU environmental Directives and related regulations, Council Regulation 1210/90 amended by Council Regulation 933/1999 on the establishment of the EEA (European Environmental Agency) and the EIONET including the public participation, air protection Directives 96/62/EC, 92/62/EC, 99/30/EC, 97/101/EC, 2000/69/EC and Directives relevant for waste, water and nature) as well as other Directives under transposition and implementation.

Phare (mainly a blend of twinning and investment assistance) will support inter alia the EEA national network, the administrative, monitoring and enforcement capacity of the Slovak Environmental Inspectorate and in the field of air pollution, the SHMI (Slovak Hydro-Meteorological Institute).

2003-004-995-03-16 - Bio-safety Monitoring System

Phare will assist (twinning and investment) the relevant Slovak authorities in reorganising the network of current scientific institutions into a competent national system for the detection and quantification of genetically modified organisms (GMO) in the Slovak Republic.

The EU Regulations 18/2002/EC and 98/81/EC require a system able to identify and quantify the presence of GMOs pollution caused by various man-connected activities. There is an urgent need to develop and introduce new progressive analytical methods and techniques capable of identifying and determining these elements. Inspection management as well as laboratory management will have to be upgraded. The equipment is needed to perform detection of GMOs, their quantification and molecular characterisation with analytical instruments. Training and public awareness activities will also be part of the project.


This includes the support to industry in developing organisational and technical conditions for the collection of end-of-life equipment.

**Social policy and employment**

2003-004-995-03-18 - Strengthening the Surveillance and Control of Communicable Diseases in the Slovak Republic

The main objective of this project is to complete the implementation of the acquis concerning the surveillance and control of communicable diseases.


Phare support (twinning, technical assistance and equipment supply) will be provided notably with the aim to harmonise the Slovak monitoring system of Communicable Diseases to EU standards, upgrade the Early Warning System (EWS) compatible to EU networks, train staff, extend (through equipment supply and software development) the National Reference Centres (NRC) network and implement the Laboratory Assurance Quality System in NRC and external quality assurance system in clinical microbiology laboratories.

**Co-operation in the fields of justice and home affairs**

2003-004-995-03-19 - Strengthening the reception capacities for asylum seekers in the Slovak Republic

The present project is aimed at increasing the reception capacities in connection with an anticipated sharp increase of the number of asylum seekers. The official statistical data available show that the number of asylum seekers in the Slovak Republic has increased from 96 applications in 1993 to almost 10,000 in 2002, notably in the last three years a considerable surge of asylum requests was registered.

Faced with the new situation, in April 2001, the Government decided to take emergency measures, which included the temporary accommodation of asylum seekers in military tents, then, subsequently, the transformation of a former military base into a new refugee reception camp in

\(^1\) Official Journal of the EU L 037, 13/02/2003, pages 0019-0023

\(^2\) Official Journal of the EU L 037, 13/02/2003, pages 0024-0039
Rohovec in mid-September 2001. Recently the situation further deteriorated forcing the Ministry of Interior to open another accommodation refugee camp in Ružomberok in Central Slovakia.

In order to ensure adequate physical conditions to the increasing number of asylum applicants, a new refugee camp, which should accommodate approximately 450 refugees, will be established in Humenné (Eastern Slovakia). Phare will co-finance the re-construction and refurbishment of former military barracks identified as reception facility.

2003-004-995-03-20 - Establishment of EURODAC in the Slovak Republic

According to the Council Regulation (EC) No 2725/2000, the purpose of the EURODAC system is to assist in determining which Member State is to be responsible pursuant to the Dublin Convention for examining an application for asylum lodged in a Member State, and to facilitate the application of the Dublin Convention under the conditions set out in this Regulation.

Each Member State shall promptly take the fingerprints of all fingers of every applicant for asylum and transmit them to the Central Unit in Luxembourg, where they shall be compared with the fingerprint data transmitted by other Member States and already stored in the central database. This transmission must be coded and the transmitted data must be already processed by national the Automated Fingerprint Identification System (AFIS) into "ANSI/NIST" form (high quality definition). To achieve this, live scanners are used for taking the fingerprints. To secure the transmission, except sending the coded data, the "TESTA" network could be used.

To fulfil the Regulation No 2725/2000, Phare (through twinning light and investment support) will assist the Slovak Republic in establishing a National EURODAC connection point into TESTA network at the Institute of Forensic Science of Police Corps, equipped with a dedicated coding and decoding software and co-finance inter alia the purchase of working stations with live scanners for Bureau of Border and Foreign Police and upgrade the already existing national AFIS software, which will communicate with Central Unit in Luxembourg.

2003-004-995-03-21 - Modernisation of technical equipment at the Slovak international airports (Bratislava, Košice, Poprad-Tatry)

The adequate border management and the protection of the future EU external borders are key priorities of the Schengen Action Plan. The three Slovak international airports (Bratislava, Košice and Poprad-Tatry - future EU external border) are not yet adequately equipped in this respect, as it was assessed in the course of last "Peer Review Missions" in the field of Justice and Home Affairs, held in 2001 and 2002.

The mission underlined the need for effective control of Slovakia's borders, including its international airports, by specialised trained professionals, properly equipped, with the powers to tackle border related crimes. This is particularly important for combating illegal immigration and preventing the trafficking of human beings and economic exploitation of migrants. While the Slovak Republic has already taken several measures in this respect, there is a need to ensure upgraded security surveillance at the three Slovak international airports through the control and monitoring of the flow of persons. Phare will co-finance the installation of a camera monitoring system (rotating and static cameras will be installed both outdoor and indoor the airport premises in each of the three international airports (Bratislava, Košice and Poprad-Tatry).

2003-004-995-03-22 - Strengthening the efficiency of the judiciary

Phare support (technical assistance) will be provided to the relevant Slovak authorities with the aim to amend the Civil Procedure Code, the Commercial and Bankruptcy laws, including training of judges from specialised bankruptcy courts. The amendments regarding the Civil Procedure Code will mainly focus on the finalisation of the part dealing with administrative law, expected to be
adopted in 2004.

In addition, Phare will co-finance the establishment and development of the "Document Management System" in 8 regional courts, to be complemented by the necessary rollout over 55 district courts (to be fully financed by the Slovak government). The introduction of the Document Management System (DMS) at the courts will further accelerate the treatment of the cases and increase the efficiency of the work by replacing paper documents by electronically available ones.

The 2003 Phare assistance will complement the efforts of the Slovak Government and complete the programme of computerisation of the judiciary (Phare 1998, 1999 and 2000).

2003-004-995-03-23 - Compliance with EU criteria on police co-operation and the fight against crime

A key aspect of the transnational fight against terrorism and organised crime is the capacity to identify criminals in a prompt and reliable way. The only current reliable method of identification is still the DNA profiling analysis.

Phare support will be provided to assist the Institute of Forensic Science in upgrading the three laboratories which will carry out the DNA analysis (located in Bratislava, Banská Bystrica and Košice) and train (through twinning light) the staff in using and implementing the new DNA technologies. Notably, Phare will co-finance the purchase of equipment to be supplied to the same laboratories for the establishment of National DNA Database [according to Council Regulation of 25 June 2001 on the exchange of DNA analysis results, Member States are invited to build up European standard set analysis results in accordance with scientifically tested and approved DNA technology based on studies carried out in the framework of the DNA Working Group of the European Network of Forensic Science Institutes (ENFSI)].

2003-004-995-03-24- Combating Money Laundering


In the Slovak Republic, the fight against money laundering is led by the Bureau of the Financial Police (Ministry of the Interior) and within the Bureau, by the Financial Intelligence Unit (FIU).

The main deficits currently preventing the FIU from combating money laundering more effectively are the lack of modern technology (IT and special analytical software) and adequate experience in large-scale financial investigation. Overcoming these deficiencies is the purpose of the present project.

Phare will finance inter alia the training (twinning light) of some 20 FIU experts in financial intelligence analysis focusing on large-scale financial investigation, the development of bespoke software (technical assistance) with an integrated analytical tool for automatic collection, storage and processing of the information, supporting communication flows of automated data and information. Phare will also co-finance the purchase of hardware for the operational system (workstations, servers, printers, scanners, analytical software licences, etc.).
Customs union

2003-004-995-03-25 - Equipment supply to the Slovak Customs Laboratory

In order to be able to determine the authenticity and actual origin of several agricultural commodities, the Slovak Customs Laboratory will be equipped with the following instruments: a "Site Specific Natural Isotope Fractionation Studied by Nuclear Magnetic Resonance" (SNIFT-NMR), enabling the identification of specific organic molecules providing the possibility of deep identification of the time and place of origin of agricultural products and a "Gas Chromatograph Isotope Ratio Mass Spectrometer" (GC IR MS) for identification of isotopes in the samples of the goods. The latter is mainly used for the determination of the biological and regional origin of the goods – authentication of natural spirit, natural aromatic substances, natural fruit juices, honey, etc.

The provision of the above equipment to the Slovak Customs Laboratory is justified, in application of the EU CAP policy, by the need to ensure the effective implementation of the customs legislation applicable to import, export and transit of goods liable to excise, the administration of excise on importation of spirit, beer, wine, and tobacco itself, as well as determination of origin of goods for preferential treatment.

2003-004-995-03-26 - X-ray inspection systems for protection of the future EU external border

In the framework of the pre-accession process, the Slovak Republic is expected to upgrade the customs control facilities on its border with the Ukraine, which has a particularly high rate of smuggling. The aim is to ensure an efficient border protection compliant with the acquis.

The Slovak Customs Administration is not equipped yet with instruments allowing the fast inspection of entire containers and trucks without the need of opening the container or truck. The existing X-ray facilities used by the customs administration enable only the inspection of smaller consignments, which require unloading and opening the shipments.

Both fixed and mobile screening equipment will allow the identification of the real content of containers and trucks, which might have been declared empty or carrying different cargo. Operationally, the aim is to introduce risk-based methods and selective control procedures on the Slovak/Ukrainian border to improve prevention and seizure while facilitating border crossing for bona fide passengers and transports. A fixed X-ray system will be installed at Vyšné Nemecké border crossing point completing the inspection facilities of the control hall that were set up in the framework of a 1998 Phare financed project. The mobile X-ray system will be utilised for road and railway vehicles both on Eastern EU border and in the customs inland posts.
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<td>Improved access of Roma to health care</td>
<td>0.89</td>
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<td>2003-004-995-02-01</td>
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<td>2003-004-995-03-01</td>
<td>Support to the Implementation of the Risk-Based Supervision</td>
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</tr>
<tr>
<td>2003-004-995-03-02</td>
<td>Support of agricultural food chain in comprehensive food safety policy</td>
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<td>2003-004-995-03-03</td>
<td>Veterinary and Phyto-sanitary Border Inspection Posts – II. phase (Bratislava Airport BIP)</td>
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<td>2003-004-995-03-04</td>
<td>Animal Protection during Transport</td>
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<tr>
<td>2003-004-995-03-05</td>
<td>Enforcement of new acquis in the field of statistics</td>
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<td>Strengthening of statistical health information system and its harmonisation with EU requirements</td>
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<td>2003-004-995-03-07</td>
<td>Strengthening the Surveillance and Control of Communicable Diseases in the Slovak Republic</td>
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<tr>
<td>2003-004-995-03-08</td>
<td>Support to Local and Regional Project Development Grant Scheme</td>
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<td>2003-004-995-03-09</td>
<td>Support to Innovative SMEs (SISME)</td>
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<td>2003-004-995-03-10</td>
<td>Tourism Development Grant Scheme</td>
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<tr>
<td>2003-004-995-03-11</td>
<td>Grant Scheme on Equal Opportunities and Social Inclusion Support</td>
<td>-</td>
</tr>
<tr>
<td>2003-004-995-03-12</td>
<td>External Border Initiative</td>
<td>-</td>
</tr>
<tr>
<td>2003-004-995-03-13</td>
<td>Create the Administrative Capacity for Implementing the Equal Initiative in the SR</td>
<td>0.3</td>
</tr>
<tr>
<td>2003-004-995-03-14</td>
<td>Preparing for ESF Project Management</td>
<td>1.5</td>
</tr>
<tr>
<td>2003-004-995-03-15</td>
<td>Strengthening regional and local capacities for managing and implementing Structural Funds</td>
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<td>2003-004-995-03-16</td>
<td>Institutional and Capacity Building in the Environmental Sector</td>
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<tr>
<td>2003-004-995-03-18</td>
<td>Implementation of Council Directives on Electric and Electronic Scrap</td>
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</tr>
<tr>
<td>2003-004-995-03-19</td>
<td>Strengthening the reception capacities for asylum seekers in the SR</td>
<td>-</td>
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<td>2003-004-995-03-20</td>
<td>Establishment of EURODAC in the SR</td>
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<tr>
<td>2003-004-995-03-21</td>
<td>Modernisation of technical equipment at the Slovak international airports (Bratislava, Košice, Poprad-Tatry)</td>
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<tr>
<td>2003-004-995-03-22</td>
<td>Strengthening the efficiency of the judiciary</td>
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</tr>
<tr>
<td>2003-004-995-03-23</td>
<td>Compliance with EU criteria on police co-operation and the fight against crime</td>
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</tr>
<tr>
<td>2003-004-995-03-24</td>
<td>Combating Money Laundering</td>
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<tr>
<td>2003-004-995-03-25</td>
<td>Equipment supply to the Slovak Customs Laboratory</td>
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<tr>
<td>2003-004-995-03-26</td>
<td>X-ray inspection systems for protection of the future EU external border</td>
<td>23.418</td>
</tr>
</tbody>
</table>

(The figures in the budget table are indicative only)
In accordance with the Phare Guidelines of 1999 and Revised Guidelines of 2002, all investment projects supported by Phare must receive co-financing from national public funds.

The Community contribution may amount to up to 75% of the total eligible\(^3\) public expenditure.

Co-financing for Institution Building projects is provided by the beneficiary bearing certain infrastructure and operational implementation costs, through financing the human and other resources, required for effective and efficient absorption of PHARE assistance.

3. Implementation Arrangements

a.) Financial and Project Management by the Candidate Country
The programme will be managed in accordance with the Phare Extended Decentralised Implementation System (EDIS) procedures as set down in the EDIS Accreditation Decision and the Agreement on the Implementation of EDIS (EDIS Implementation Agreement; EIA) concluded between the Slovak Republic and the Commission\(^4\). Prior to the conclusion of said Agreement, implementation will exceptionally follow Phare Decentralised Implementation System (DIS) procedures\(^5\). Extended Decentralisation will, however, apply from the date of accession at the latest.

The National Aid Co-ordinator (NAC) will have overall responsibility for programming and monitoring of Phare programmes. The National Authorising Officer (NAO) and the Project Authorising Officers (PAO) will ensure that the programmes are implemented in line with the procedures laid down in the EDIS Implementation Agreement and/or the DIS Manual as well as the other instructions of the Commission, and that all contracts required to implement the Financing Memorandum are awarded using the procedures and standard documents defined and most recently published by the European Commission for the implementation of External Actions. The NAC and the NAO shall be jointly responsible for co-ordination between Phare (including Phare CBC), ISPA and SAPARD as well as the Structural and Cohesion Funds.

The National Fund (NF) in the Ministry of Finance of the Slovak Republic, headed by the NAO, will supervise the financial management of the Programme, and will be responsible for reporting to the European Commission. The NAO shall have overall responsibility for financial management of the Phare funds. He shall ensure that the Phare rules, regulations and procedures pertaining to procurement, reporting and financial management as well as Community state aid rules are respected, and that a reporting and project information system is functioning. This includes the responsibility of reporting all suspected and actual cases of fraud and irregularity. The NAO shall have the full overall accountability for the Phare funds of a programme until the closure of the programme.

b.) Project size
All projects will be greater than 2 M€, except those in the following areas:

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\(^3\) Taxes are not an element eligible for co-financing


<table>
<thead>
<tr>
<th>CRIS No.</th>
<th>Sub-programme</th>
<th>Phare Total I+1B</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-004-995-01-01</td>
<td>Modernisation of the Slovak Civil Service and Public Service</td>
<td>1.7</td>
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<tr>
<td>2003-004-995-01-02</td>
<td>Support to the Public Administration Reform</td>
<td>1.1</td>
</tr>
<tr>
<td>2003-004-995-01-03</td>
<td>Fight against corruption</td>
<td>0.9</td>
</tr>
<tr>
<td>2003-004-995-01-05</td>
<td>Roma education</td>
<td>1.0</td>
</tr>
<tr>
<td>2003-004-995-01-06</td>
<td>Improved access of Roma to health care</td>
<td>1.25</td>
</tr>
<tr>
<td>2003-004-995-03-01</td>
<td>Support to the Implementation of the Risk-Based Supervision</td>
<td>1.25</td>
</tr>
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<td>0.5</td>
</tr>
<tr>
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<td>Animal Protection during Transport</td>
<td>0.3</td>
</tr>
<tr>
<td>2003-004-995-03-06</td>
<td>Strengthening of statistical health information system and its harmonisation with EU requirements</td>
<td>0.6</td>
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<tr>
<td>2003-004-995-03-07</td>
<td>Strengthening the Surveillance and Control of Communicable Diseases in the Slovak Republic</td>
<td>1.55</td>
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<tr>
<td>2003-004-995-03-12</td>
<td>External Border Initiative</td>
<td>1.4</td>
</tr>
<tr>
<td>2003-004-995-03-13</td>
<td>Create the Administrative Capacity for Implementing the Equal Initiative in the SR</td>
<td>0.3</td>
</tr>
<tr>
<td>2003-004-995-03-14</td>
<td>Preparing for ESF Project Management</td>
<td>1.5</td>
</tr>
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<td>2003-004-995-03-16</td>
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<td>1.0</td>
</tr>
<tr>
<td>2003-004-995-03-17</td>
<td>Bio-safety Monitoring System</td>
<td>1.2</td>
</tr>
<tr>
<td>2003-004-995-03-18</td>
<td>Implementation of Council Directives on Electric and Electronic Scrap</td>
<td>0.4</td>
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<tr>
<td>2003-004-995-03-19</td>
<td>Strengthening the reception capacities for asylum seekers in the SR</td>
<td>1.9</td>
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<td>2003-004-995-03-20</td>
<td>Establishment of EURODAC in the SR</td>
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<td>2003-004-995-03-21</td>
<td>Modernisation of technical equipment at the Slovak international airports (Bratislava, Košice, Poprad-Tatra)</td>
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</tr>
<tr>
<td>2003-004-995-03-22</td>
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<tr>
<td>2003-004-995-03-23</td>
<td>Compliance with EU criteria on police co-operation and the fight against crime</td>
<td>1.8</td>
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<tr>
<td>2003-004-995-03-24</td>
<td>Combating Money Laundering</td>
<td>1.0</td>
</tr>
<tr>
<td>2003-004-995-03-25</td>
<td>Equipment supply to the Slovak Customs Laboratory</td>
<td>1.25</td>
</tr>
</tbody>
</table>

c.) Deadline for contracting and execution of contracts; programming deadline
All contracts must be concluded by 30th November 2005. Execution of all contracts must end by 30th November 2006. Budgetary commitments which have not given rise to payments during three years counted from the date of the legal commitment will be de-committed. Concerning the amount foreseen under the "Unallocated Institution Building Envelope" (CRIS No. 2003-004-995-01-04), projects must be programmed and Terms of Reference agreed by the EC Delegation no later than the date of accession.

d.) Clearance of Accounts Procedure and Recovery of Funds
A clearance-of-accounts procedure in line with Art. 53 para 5 of the Financial Regulation\(^6\) and Art. 42 of the Implementing Rules to the Financial Regulation\(^7\) will be put in place.

\(^{6}\) Council Regulation 1605/2002 of 25 June 2002
\(^{7}\) Commission Regulation 2342/2002 of 23 December 2002
Any proven irregularity or fraud\textsuperscript{8} discovered at any time during the implementation of the programme will lead to the recovery of funds by the Commission.

If the implementation of a measure appears not to justify either a part or the whole of the assistance allocated, the Commission is to conduct an appropriate examination of the case, in particular requesting the beneficiary country to submit its comments within a specified period of time and to correct any irregularity.

Following the examination referred to in the previous paragraph, the Commission may reduce, suspend or cancel assistance in respect of the measures concerned if the examination reveals irregularity, an improper combination of funds or a failure to comply with one of the conditions in the financing memorandum and in particular any significant change affecting the nature or conditions of implementation of the measure for which the Commission's approval has not been sought. Any reduction or cancellation of the assistance is to give rise to recovery of the sums paid.

Where the Commission considers that an irregularity has not been corrected or that all or part of an operation does not justify either all or part of the assistance granted to it, the Commission is to conduct a suitable examination of the case and request the beneficiary country to submit its comments within a specified period. After the examination, if the beneficiary country has undertaken no corrective measures, the Commission may:

(a) reduce or cancel any advance;
(b) cancel all or part of the assistance granted to the measure.

The Commission is to determine the size of a correction taking into account the nature of the irregularity and the extent of any failures in the management and control systems.

Any funds not used by the expiry date of the programme will be recovered by the Commission. A final written declaration with supporting documentation shall be issued by the NAO 2 months after all payments have been made, showing the total amount contracted and disbursed. A final bank reconciliation showing the existing balances in the NF/IA/CFCU shall also be enclosed.

Notwithstanding the recovery of unused and ineligible funds after expiry of the Financing Memorandum, a complementary recovery order may be issued after the final audit of the reliability and consistency of contracts and disbursements as well as their compliance with the provisions of the Financing Memorandum has been carried out, taking into account the independent opinion of the final audit.

The National Authorising Officer will ensure the reimbursement of any unused funds or any sum wrongly paid within sixty calendar days of the date of notification. If the NAO does not repay the amount due to the Community, the beneficiary country shall refund this amount to the Commission. Interest on account of late payments shall be charged on sums not repaid by applying the rules specified in the Financial Regulation governing the Community Budget.

e.) Financial Flows

The Commission will transfer funds to the NF in accordance with the Memorandum of Understanding signed between the Commission and the Slovak Republic in December 1998. Funds will be transferred following requests from the NAO onto a separate bank account, denominated in €, which will be opened and managed by the NF in the Central Bank.

\textsuperscript{8} As defined under number 8a (Audit and Anti-fraud Measures by the Candidate Countries) of this document
aa) Transfer of Funds to the National Fund

A first transfer of up to 20% of the funds to be managed locally, representing pre-financing\(^9\) will be sent to the NF following signature of the Financing Memorandum and the Financing Agreements (FAs) between the NF and the Implementing Agencies (IAs)/Central Finance and Contracts Unit (CFCU). 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 PAOs and a description of the system put in place, highlighting the flow of information between the NF and the IA/CFCU and the manner in which the payment function will be carried out.

Two further transfers of up to 30% each of the funds to be managed locally will be made. The second transfer will be triggered when 5% of the budget has been disbursed by the IAs and the CFCU. The third transfer may be requested when 35% of the total budget in force has been disbursed. A fourth transfer will be made when 70% of the total budget in force is disbursed and when all expenditure has been incurred (i.e. fully contracted). No later than 2 months after all payments have been made the National Fund will submit a final declaration of expenditure, which will trigger a balancing operation of all transfers against final certified expenditure incurred, which at that point will be equal to payments made. (closure of expenditure)\(^10\).

Exceptionally the NAO may request payment of more than the percentages mentioned above in accordance with the procedures laid down in the aforesaid Memorandum of Understanding. Save for express prior authorisation from the Commission HQs, no interim payments may be made if the trigger points mentioned above have not been respected.

bb.) Transfer of Funds to the Implementing Agencies

The National Fund will transfer funds to IAs, including the Central Financing and Contracting Unit (CFCU), in accordance with Financing Agreements (FAs) signed between the NFs and the IAs/CFCU where applicable. Bank accounts for sub-programmes shall be opened in the name of the relevant Implementing Agency/CFCU in charge of the financial administration of the sub-programme in line with Art. 13 of the MoU on the Establishment of the National Fund.

Under DIS, 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/IA there will be no transfer of funds from the NF to the CFCU/IA. The CFCU and the IAs must 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.

For those contracts with funds retained for a warranty period, 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.

\(^9\) as defined in Art. 81.1.b.i of the Financial Regulation
\(^10\) as defined in Art.105 of the Implementing Rules
The Implementing Agency further assumes full responsibility towards the contractors for fulfilling the obligations related to the retention clauses. 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.

cc.) Interest
In principle, all bank accounts¹¹ 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.

f.) Implementing Agencies will be responsible for sub-programmes as follows:

All sub-programmes will be managed by the CFCU (Central Finance and Contracting Unit) with the following exceptions:

**NADSME** (National Agency for the Development of SME)

<table>
<thead>
<tr>
<th>CRIS No.</th>
<th>Sub-programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-004-995-03-09</td>
<td>Support to Innovative SMEs (SISME)</td>
</tr>
<tr>
<td>2003-004-995-03-10</td>
<td>Tourism Development Grant Scheme</td>
</tr>
</tbody>
</table>

**RDSA** (Regional Development Support Agency)

<table>
<thead>
<tr>
<th>CRIS No.</th>
<th>Sub-programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-004-995-03-08</td>
<td>Support to Local and Regional Project Development Grant Scheme</td>
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<tr>
<td>2003-004-995-03-11</td>
<td>Grant Scheme on Equal Opportunities and Social Inclusion Support</td>
</tr>
<tr>
<td>2003-004-995-03-12</td>
<td>External Border Initiative</td>
</tr>
</tbody>
</table>

g.) Environmental Impact Assessment and Nature Conservation

The procedures for environmental impact assessment as set down in the EIA-directive¹² are fully applicable for all investment projects under PHARE. If the EIA-directive has not yet been fully transposed, the procedures should be similar to the ones established in the above-mentioned directive. If a project would fall within the scope of annex I or annex II of the EIA Directive, the carrying out of the EIA-procedure must be documented¹³.

If a project is likely to affect sites of nature conservation importance, an appropriate assessment according to Art. 6 of the Habitats-Directive¹⁴ must be documented¹⁵.

All investment projects shall be carried out in compliance with the relevant Community environmental legislation. The Project Fiches will contain specific clauses on compliance with the relevant EU-legislation in the field of the environment according to the type of activity carried out under each investment project.

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¹¹ in particular, but not exclusively, accounts run by the NF, the CFCU and IAs
¹³ in Annex EIA to the corresponding investment project fiche
¹⁴ DIR 92/43/EEC; OJ 206/7; 22.7.1992
¹⁵ in Annex Nature Conservation to the corresponding investment project fiche
h.) Special rules for certain components for the programme

Twinning

The amounts earmarked for twinning projects will cover the eligible costs (as set down in the DIS instructions) for implementing the work plan agreed between the Member State and the Applicant Country. The eligible costs may include costs incurred by the selected Member State during the preparation of the twinning covenant in the period between signature of the Financing Memorandum and the final notification of the financing approval of the covenant.

Grant Schemes

For Grant Schemes in the field of Economic and Social Cohesion the precise implementation arrangements will be specified in the relevant project fiches in line with the following principles:

- The procedures and formats to be used in the implementation of the schemes and award of the grants will follow the provisions of the Practical Guide. In particular, due care will be given to the selection process of the beneficiary projects, which has to be done at technical level through selection committees composed of experts appointed by the authorities which are co-financing the schemes as well as by the relevant administrations and interest groups involved in the schemes.
- The competent PAO for the programme under which the grant scheme is financed has to retain his/her contractual and financial responsibility for the implementation of the schemes. In particular, the PAO has to formally approve the call for proposals, application forms, evaluation criteria, as well as the selection process and results. The PAO has also to sign the grant contracts with the beneficiaries and to ensure adequate monitoring and financial control under his/her authority and responsibility. With this reservation, the management of the schemes can be decentralised from the PAO to the appropriate bodies at sectoral or regional level.
- Prior to EDIS accreditation, the ex-ante approval of the Commission Delegation in Bratislava will be required, in conformity with the provisions of chapter 6 of the Practical Guide (decentralised ex-ante control).
- The implementation of selected projects through provision of works, supplies and services, sub-contracted by the final beneficiaries of the individual grants, shall be subject to the procurement regulations in the Practical Guide.
- Following a positive assessment of the Implementing Agency's capacity to operationally and financially manage the schemes in a sound and efficient manner, the Commission Delegation may decide to waive its ex-ante approval of sub-contracting carried out by final beneficiaries of individual grants. The detailed provisions governing the role of the Delegation in the above mentioned sub-contracting phase will be specified, as appropriate, in the exchange of letters between the Delegation and the National Authorities following the above mentioned assessment exercise.
- Grant schemes will not involve projects for which PHARE contribution is more than € 2 million and less than € 50,000. This lower limit may be waived as a result of the above-mentioned assessment of the Implementing Agency's capacity of giving assurance of sound financial management. This lower limit is not applicable in the case of NGOs.

The financial commitments in Phare terms will be effected at the date of signature of the grant contracts by the competent PAO. The projects should be fully implemented before the expiry date for contract execution of the present Financing Memorandum.
4. Monitoring and Evaluation

Project implementation of this programme will be monitored through the Joint Monitoring Committee (JMC). It includes the NAO, the NAC and the Commission services. 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. Furthermore the JMC will review the progress of all pre-accession EU-funded assistance programmes once a year (PHARE, ISPA and SAPARD).

For the PHARE programme, the JMC will be assisted by Sectoral Monitoring Sub-Committees (SMSC) which will include the NAC, the PAO of each Implementing Agency (and of the CFCU where applicable) and the Commission Services. The SMSC will review in detail the progress of each programme, including its components and contracts, assembled by the JMC into suitable monitoring sectors. Each sector will be supervised by one SMSC on the basis of regular monitoring reports produced by the Implementing Agency, and interim evaluations undertaken by independent evaluators. The SMSC will put forward recommendations on aspects of management and design, ensuring these are effected. The SMSC will report to the JMC, to which it will submit overall detailed opinions on all Phare financed programmes in its sector.

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

5.) Audit and Anti-Fraud Measures

a.) By the Candidate Countries

Each year an audit plan and a summary of the findings of the audits carried out shall be sent to the Commission. Audit reports shall be at the disposal of the Commission.

Appropriate financial control shall be carried out by the competent national financial control authority with respect to the implementation of the programme.

Beneficiary countries shall ensure investigation and satisfactory treatment of suspected and actual cases of fraud and irregularity following national or Community controls.

Irregularity shall mean any infringement of a provision of national or Community law, this Financing Memorandum or ensuing contracts or resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them, either by reducing or losing revenue accruing from own resources collected directly on behalf of the Communities, or by an unjustified item of expenditure.

Fraud shall mean any intentional act or omission relating to:
(i) the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Communities or budgets managed by, or on behalf of, the European Communities,

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16 in accordance with the rules set down in Art. 54 of the Financial Regulation
17 defined as the entirety of Community rules applicable between the Parties of the Financing Memorandum (for example the Europe Agreements, the Framework Agreement, the Memorandum of Understanding on the Establishment of the National Fund etc.).
(ii) non-disclosure of information in violation of a specific obligation, with the same effect, 
(iii) the misapplication of such funds for purposes other than those for which they are 
originally granted.

The national authorities shall ensure the functioning of a control and reporting mechanism 
equivalent to the one foreseen in Commission Regulation 1681/9418.

In particular, all suspected and actual cases of fraud and irregularity as well as all measures 
related thereto taken by the national authority must be reported to the Commission services 
without delay. Should there be no suspected or actual cases of fraud and irregularity to report, 
the beneficiary country shall inform the Commission of this fact within two months following 
the end of each quarter.

b.) By the Commission
All Financing Memoranda as well as the resulting contracts are subject to supervision and 
financial control by the Commission (including the European Anti-fraud Office) and audits by 
the Court of Auditors. This includes on-the-spot checks and, as long as the Extended 
Decentralisation System is not yet applicable to the Implementing Agencies in the Candidate 
Country concerned, measures such as ex-ante verification of tendering and contracting carried 
out by the Delegation in the Candidate Country concerned.

In order to ensure efficient protection of the financial interests of the Community, the 
Commission may conduct on-the-spot checks and inspections in accordance with the 

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

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. Further 
details are set down in the Annex "Visibility/Publicity".

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 Commission may review the programme with a 
view, at the Commission's discretion, to cancelling all or part of it and/or to reallocate unused 
funds for other purposes consistent with the objectives of the Phare programme.

18 OJ L 178; 12.7.94; p. 43-46
19 OJ L 292; 15.11.1996; p. 2-5
ANNEX D

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

1. Objective and scope
Information and publicity measures concerning assistance from the European Community Phare Programme are intended to increase public awareness and transparency of EU action and to create a consistent image of the measures concerned in all applicant countries. Information and publicity shall concern measures receiving a contribution from the Phare Programme.

2. General principles
The appropriate Programme Authorising Officer in charge of the implementation of Financing Memoranda, and other forms of assistance shall be responsible for publicity on the spot. Publicity shall be carried out in co-operation with the EC Delegations, which shall be informed of measures taken for this purpose.

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

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


Specific provisions concerning ISPA are included in:

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

3. Information and publicity concerning Phare programmes
Information and publicity shall be the subject of a coherent set of measures defined by the competent national, regional and local authorities in collaboration with the EC Delegations for the duration of the Financing Memorandum and shall concern both programmes and other forms of assistance.

The costs of information and publicity relating to individual projects shall be met from the budget for those projects.

When Phare programmes are implemented, the measures set out at (a) and (b) below shall apply:
(a) The competent authorities of the applicant countries shall publish the content of programmes and other forms of assistance in the most appropriate form. They shall ensure that such documents are appropriately disseminated and shall hold them available for interested parties. They shall ensure the consistent presentation throughout the territory of the applicant country of information and publicity material produced.

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

(i) In the case of infrastructure investments with a cost exceeding EUR 1 million:
- billboards erected on the sites, to be installed in accordance with the provisions of the regulation and decision mentioned in paragraph 2 above, and the technical specifications of the manual to be provided by the EC Delegation in the country concerned.
- permanent commemorative plaques for infrastructures accessible to the general public, to be installed in accordance with the provisions of the regulation and decision mentioned in paragraph 2 above, and the technical specifications of the manual to be provided by the EC Delegation in the country concerned.

(ii) In the case of productive investments, measures to develop local potential and all other measures receiving financial assistance from Phare, Ispa or Sapard:
- measures to make potential beneficiaries and the general public aware of Phare, Ispa or Sapard assistance, in accordance with the provisions cited at paragraph 3(b)(i) above.
- measures targeting applicants for public aids part-financed by Phare, ISPA or SAPARD in the form of an indication on the forms to be filled out by such applications, that part of the aid comes from the EU, and specifically, the Phare, ISPA or SAPARD Programmes in accordance with the provisions outlined above.

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

4.1 Business circles

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

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

4.2 Other potential beneficiaries

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

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

4.3 The general public

The media

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

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

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

Information events

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

Information material

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

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

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

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

5. Special arrangements concerning billboards, commemorative plaques and posters

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

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

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

Commemorative plaques

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

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

6. Final provisions

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

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