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 Slovenia, 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 7th October 1992 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:   SI0101 to SI0105
Title:              2001 National Programme for Slovenia
Duration:         Until 15/09/2003

ARTICLE 2 - COMMITMENT OF THE COMMUNITY

The financial contribution of THE COMMUNITY is fixed at a maximum of 14.500.000 EUR 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 15/09/2003 subject to the provisions of his 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 15/09/2004. All disbursements must be completed by the deadline for disbursement. THE COMMISSION

---

1 The Financing Memorandum structure is as follows: 1. the coverpages with the references to the country concerned, amount and authority to sign, 2. Annex A of the Framework Agreement; 3. Annex B of the Framework Agreement; Annex C - Special Conditions (the text of the adopted financing proposal starting from Description and Objectives onwards; and Annex D 'Visibility/Publicity.
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 Delegation  
European Commission Delegation in Ljubljana  
Trg Republike, 3, XI.,  
1000 Ljubljana  
SLOVENIA

Telegraph address:  
Telex:  
Fax: (386-1) 4252085

**for THE RECIPIENT:**

H.E. Mr Igor BAVCAR  
Minister for European Affairs  
Government Office for European Affairs  
Phare National Co-ordinator  
Subiceva 11,  
1000 Ljubljana  
SLOVENIA

**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...
Date 18 July 2001

for THE RECIPIENT

Encl.
1. Framework Agreement (Annexes A & B)
2. Special Provisions (Annex C)
3. Visibility/Publicity (Annex D)

for THE COMMUNITY
ANNEX C

1. OBJECTIVES, DESCRIPTION AND CONDITIONALITY

The conclusions of the November 1998 Report of the Commission on the progress made by Slovenia towards the accession ("Regular Report") stressed the slow pace of preparations, particularly in so far as (short-term) priority areas for reform in the Accession Partnership are concerned, and the limited progress made with regard to the necessary reinforcement of the institutional and administrative capacity of the country.

However significant progress has been made since the first progress report was issued. The Regular Reports in 1999 and 2000 indicated that Slovenia had accelerated its overall legislative approximation effort and demonstrated impressive progress across most sectors of the acquis. Furthermore, they indicated, that Slovenia:

° fulfils the Copenhagen political criteria
° can be regarded as a functioning market economy
° has maintained economic stability
° followed a gradual approach to structural reform, and,
° had met most of its short term Accession Partnership priorities.

All efforts will be made to maintain this positive trend and meet medium and remaining short-term priorities of the Accession Partnership.

The 2001 Programme will in this context focus on three objectives:

Objective 1: Reinforce the institutional and administrative capacity of Slovenia to adopt and apply the acquis communautaire.

Project 1 Accounting, System of Reporting and System of Securities Management for EAGGF Guarantee Fund (SI.0101.01)

The overall objective of the project is to pave the way for the accreditation of the Agricultural Paying Agency by the European Commission at the time of accession.

The Agency of the Republic of Slovenia for Agricultural Markets and Rural Development (AAMRD was created in July 1999 on the basis of the Act amending the Organisation and Competencies of Ministries Act for the purpose of implementation of common market organisations and measures and policies in the field of agriculture. In December 1999, the Decree on accreditation criteria for the AAMRD was issued, laying down the conditions, the method of operation and the competencies and the obligations of the Agency. In March 2000, the rules on internal organisation and job systematisation of AAMRD were issued. The Agency has been developing its technical and staff capacity in order to assume the tasks relating to the implementation of SAPARD pre-accession aid and common agricultural policy measures.

The project is a logical continuation of the process of establishing and upgrading all necessary departments and units of the AAMRD. The operational EAGGF system of advance payments according to the EAGGF Guarantee Section will be fully implemented and as such complete the accreditation process.

The project will cover:

° technical assistance component for preparation of annual accounts for the Guarantee section of the Accounting Department within the financial section of the AAMRD – expenditure Table 104, 105 and “x” tables, administrative operations for clearance of accounts procedures, managing of public storage expenditures etc.,
° training component according to the needs and working plans of the Guarantee section of the Accounting Department within the financial sector of the AAMRD, based on technical assistance component;

° preparation of documents.

The project will be implemented as a twinning light for six months. The national component is already earmarked in the National Budget and will be used to finance costs of the place of work, study tours and travel costs for training on the spot to be carried out in a Member State, translation and other assistance needed by experts.

**Conditionalities**

The timetable for commitments made in the framework of the NPAA must be respected.

---

**Project 2  Veterinary Control of Contagious Diseases (SL.0101.02)**

The objective is to adopt the Internal Market Acquis for the free circulation of goods in relation to veterinary control of contagious diseases. The specific purpose of this project is to align the veterinary diagnosis and control of notifiable highly contagious diseases with the one adopted by the EU.

Slovenia has authorised the laboratories of the National Veterinary Institute, part of the Veterinary Faculty of the University of Ljubljana, to diagnose certain contagious animal diseases. The laboratories are in the process of accreditation. Present conditions in the NVI do not meet all the necessary standards for diagnosis. Necessary equipment is not complete and existing facilities and equipment do not meet the internationally recognised safety standards.

In the framework of this project Slovenia will finance laboratory facilities. The Phare investment component will cover the purchase of laboratory equipment. With this there will be facilities for pathology, biological exams, molecular diagnosis, monoclonal analysis, food hygiene, serological diagnosis and virological diagnosis.

After completion of the project the competent Veterinary Authority will be able to guarantee a quick response in the case of suspicion or outbreaks of contagious diseases with the aim to introduce, as soon as possible, all the necessary safety measures and to protect the free zones of the EU Internal Market against the spread of diseases.

**Conditionalities**

The building of the extension of existing laboratory facilities must be successfully completed on time. This is the responsibility of the final beneficiary of the equipment – the National Veterinary Institute.

The procedures relating to the notification of the diseases to the European Union competent bodies and Member State authorities will have been adopted.

The necessary training of laboratory staff to use the new equipment will have been carried out. This is planned through the TAIEX veterinary laboratories sub-group.

---

**Project 3  Implementation of the Acquis in the Phytosanitary Sector (SL.0101.03)**

Complete alignment and enforcement of the acquis in the Phytosanitary sector is the overall objective of this project. Support in the forms of classical twinning will help to strengthen the Administration of the Republic of Slovenia for Plant Protection and Seeds and to allow Slovenia to meet the requirements following from the acquis in the field of plant protection products, quality of seeds and plants and plant health. To help meet all requirements Phare assistance will be directed to the quality of seeds and plants, particularly on marketing of propagating material and national listing of plant varieties and to complete activities in the plant health and plant protection products field.
This is a classical twinning project of twelve months which will result in the
° Enforcement of EU harmonised legislation in the field of authorisation of plant protection products;
° Implementation of the EU recommended programme for monitoring pesticides residues in food of plant origin;
° Implementation of EU legislation with regard to the marketing of propagating material of agricultural and forestry plants;
° Adjustment of procedures for national listing of plant varieties;
° Full implementation of the plant passporting system;
° Harmonisation of laboratory procedures and standards for diagnostics of harmful organisms and procedures concerning the introduction of harmful organisms for scientific purposes;
° Finalisation of phytosanitary information and communication system between all partners concerned.

The national contribution to this project will cover travel costs for long-term training (two-three months) in Member States.

Conditionalities

The Plant Health Act and Plant Protection Products Act and Propagative Material Act must have been approved and the ARSPPS created.

The ongoing twinning SI 99/IB-AG-02 should be successfully finished.

Project 4 Support to the preparation of the Economic and Social Council Act (ESC) (SI.0101.04)

The overall objective is the enhancement of the social dialogue and linking the work of the social partners more closely to the implementation of EU policies. In particular, the social partners’ capacity-building efforts should be supported through bipartite social dialogue. The project will have three components:

1. Support to the Economic and Social Council Act (ESC)

This will provide support to the drafting of the Act which will define the scope of the Economic and Social Council, decision-making rules, financing resources and establishing of the expert bodies to support the ESC. The Council will consist of the representatives of all employers and employees, including the public sector. Tripartite discussions will be organised to identify areas where consultations will be requested to ensure and facilitate implementation of the acquis and of European policies including participation in the European Social Fund.

2. Training

This component is designed as a series of comprehensive seminars and training measures at national and local level. At national level the seminars will focus on informing and mobilising the social partners in the implementation of the acquis and the role of the social dialogue at EU level. At the local level, the training will enhance bipartite dialogue through increased knowledge, development of needed skills and improvements in the autonomous social dialogue at sectoral level.

3. Communication Network.

This component will assist in developing and elaborating the communication network for employers and employees organisations. The network will facilitate the flow of information within the organisations themselves and the systematic and updated availability of target information.

The project will take the form of Technical Assistance.
Objective 2: Further Integration of Slovenia in the Internal Market

Project 1 Free Movement of Goods: Foodstuffs, Cosmetics, Safety of Toys – Assistance and Support to Official Market Surveillance Laboratories (SI.0102.01)

The objective of this project is to allow for the application of the acquis in the area of free movement of goods, namely in the area of foodstuffs, cosmetic products and toys.

This will be done by ensuring that official laboratories within the health sector shall be capable of fulfilling the special requirements based on EU technical accreditation standards and carrying out testing methods based on horizontal Directives regarding safety of products, whether originating from market surveillance or official health border control.

In addition, independent government official laboratories in the field of free movement of goods will be able to provide service to official control bodies in the field of market surveillance, including border control as required by the Act on Health Suitability of foodstuffs and materials and articles coming into contact with foods, the Act on Cosmetic Products and the Act on General Product Safety.

The project will be based on twinning light and some purchase of equipment.

The results will be:

° Accreditation of chemical and microbiological laboratories which perform testing within official control;
° Recognition of test results within EU and non-EU countries;
° New laboratory equipment installed;
° Sufficient staff trained;
° Validated and comparable methods introduced;
° Assured process of getting reliable and credible test results, competence and capability of laboratory improved;
° New analytical methods which enable identification and quantification of contaminants, pathogenic microorganisms and other hazardous substances.

Conditionalities

An appropriate counterpart institution on the Slovene side must be confirmed with a named counterpart for the project at the level of Secretary of State.

Project 2 Establishment of the National Regulatory Authority for Postal Activities (SI.0102.02)

The objective is to establish an independent National Regulatory Authority in the field of postal services as required by Directive 97/67/EEC and thus encourage increased liberalisation and competitiveness in the postal
sector. Twinning light is proposed. The Slovene Government will provide office space and support, salaries for the counterpart staff, travel tickets for the counterpart staff in the framework of the study visits in EU countries – up to the amount which will reflect the conditions under the twinning light rules. The estimated cost will be approximately 50% of the total amount.

The Post of Slovenia is a public company which, by law, has to carry out the service of compulsory public utility, and is at the same time an exclusive provider of these services. In accordance with the new Postal Services Act, the Post of Slovenia, as a provider with significant market power, will be performing universal services on the basis of an appropriate authorisation.

According to the new Postal Services Act which will come into force on 1st January 2002 at the latest, exclusive rights will be restricted, the scope of providing universal services increased and the mechanism for financing them determined; procedures and conditions for granting licenses will be determined, as will be the minimum quality level for the performance of universal services.

At the Ministry for Information Society, a draft proposal of the new Postal Services Act is under preparation. Its provisions will be fully harmonised with the contents of the European Directive 97/67. This Act will be submitted for adoption to the National Assembly in 2001.

**Conditionalities**

The present legislation must be brought into line with that of the European Union.

The Act on Postal Services must have been adopted.

The Telecommunications Agency must have been established and be fully operational.

The project SI99/IB/EC/03 on the Telecommunications Regulatory Authority must have been successfully implemented.

**Project 3** Support to Slovene Laboratories Involved in Conformity Assessment Procedures, and Slovene Accreditation (SI0102.03)

There are two sub-projects:

The purpose of the **first sub-project** is to provide support to the Slovene manufacturers and surveillance authorities in implementation of relevant EU requirements for industrial products, as well as to raise the capability of testing laboratories and future notified bodies to participate in testing for conformity assessment procedures (CAP) in compliance with “New Approach” and “Old Approach” Directives.

The Slovene laboratories hold the status of a non-profit institution operating under the “Institution Act” or of a “public institution”. They operate in the public interest.

The purpose of the **second sub-project** is to provide support for Slovenian Accreditation (SA) with the equipment to be used for measuring audits and inter-laboratory comparisons. This is to improve the reliability of a laboratory’s results, which will be achieved by:

- checking the competence of the accredited laboratories by the accreditation body in practice;
- guaranteeing that accredited laboratories are competent, i.e. producing reliable results;
- enabling SA to establish the equivalent procedures of checking the competence of laboratories with European co-operation for Accreditation (EA) Multi-Lateral Agreement members and to enable SA to sign and maintain MLA in EA.

The following activities are planned for the two sub-projects:

**Support to Slovene Laboratories Involved in the Conformity Assessment Procedures**
1. Selection of beneficiary testing laboratories. The Slovene laboratories will be publicly invited and, based on evaluation criteria similar to the requirements of the other bodies, will be selected to become beneficiaries of the project. The invitation to tender will be extended only to those laboratories that will have applied for the status of a conformity assessment body. The selected testing laboratories are expected to participate in the investment with their own resources, which will amount to 40% of the total investment. The testing laboratories will also establish appropriate sinking funds for the amortisation of invested equipment.

2. Procurement of testing equipment

3. Installation of procured equipment in beneficiary laboratories.

4. Investment related training of the laboratories’ staff.

Slovenian Accreditation

The selection of the equipment will be done in the framework of the Phare 1999 twinning project. Some of the selected equipment will be purchased in the framework of this project and some of the equipment will be made available to SA by the Standards and Metrology Institute (SMIS) and other national measuring units in Slovenia as the national participation to the project.

Conditionalities

The results from the Phare 2000 project Internal Market/Conformity Assessment Bodies are necessary as a basis for the further elaboration of the proposed sub-project to support Slovene laboratories.

Availability of the required staff by the start of the project both in the Ministry for the Economy, Slovenian Accreditation and the beneficiary laboratories is a precondition.

The final identification of the equipment needed for the laboratories and for Slovenian Accreditation is necessary. This list will be revised by an expert (appointed by the Commission) in order to check the conformity with the list provided originally. The final version of this list should not differ by more than 20% from the original list.

A pre-condition for the implementation of the sub-project “Slovenian Accreditation” is analysis of the needed equipment which will be provided in the framework of the Phare 99 Twinning project.

Objective 3: Assist Slovenia in the field of Justice and Home Affairs

Project 1 Home Affairs (SI.0103.01)

This project concerns fulfilment of standards in order to establish an area of freedom, security and justice in accordance with the EU and Schengen acquis. It will allow for a higher level of police co-operation in preventing all forms of criminal activities in accordance with Title VI of the EU Treaty.

There are four main components to the investment:

1. Information and Telecommunications System

There is provision for the purchase of a digital radio network and back-up of the central information system of the Ministry of the Interior. There will be a further upgrading of the LAN.

2. Technical equipment to improve border control system

This covers the cost of equipment for border control at the border crossings and border protection beyond border crossings (green and blue).
3. Asylum Home

The costs cover assembly of prefabricated accommodation premises for 200 asylum seekers and an administrative building.

4. Aliens’ Centre

This covers the cost of accommodation for 600 persons including accompanying premises (sanitary part, rooms for isolation, outdoor patient department, separated toilets, laundry, dining room, etc.). In addition, there are premises for 140 employees including accompanying facilities (cloak-room, toilets, magazine for weapons and ammunition, storehouse etc.)

These projects continue work started in previous projects in 1997, 1999 and 2000. It will be continued in 2002 and 2003.

Conditionalities

The complete IT infrastructure will be developed and upgraded according to the Development Strategy of the IT system of the police between 2000-2003 which was adopted in mid-2000 and will depend on the allocation of national and complementary Phare funds.

The implementation of the third component (Asylum Home) depends on the preparation of complete project documentation and its confirmation including the successful realisation of the first phase – repurchase of land.

The implementation of the fourth component (Aliens’ Centre) depends on the preparation of complete project documentation and its confirmation including obtaining all necessary licenses.

The results of the expert mission of the Phare Horizontal Programme which was held in January 2001 should be taken into account as well.

General Conditionality

For all investment projects above an environmental assessment will be carried out which meets the requirements of the Environmental Impact Assessment Directive 85/337/EEC as amended by Directive 97/11/EC or a procedure accepted by the Commission as being similar if the Directive has not yet been transposed into national legislation.

Objective 4: Phare contribution towards Slovenia’s participation in EC programmes and the European Environment Agency (SI.0105).

This project provides for Phare co-financing towards Slovenia’s participation in 2002 in Leonardo da Vinci II, Socrates II, Youth, Life III, Culture 2000, and the 5th framework programme on research and technological development. It also provides for the co-financing of Slovenia’s participation in the European Environment Agency. Both co-financing and participation will take place on the basis of the relevant Association Council Decisions.

2. BUDGET

The following table specifies the EU contribution to the Programme:

<table>
<thead>
<tr>
<th>Sub-programme and Projects</th>
<th>PHARE Budget</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>INV</td>
<td>IB</td>
</tr>
<tr>
<td>SI.0101 Reinforce the Acquis</td>
<td>2,000,000</td>
<td>1,120,000</td>
</tr>
<tr>
<td>SI.0101.01 Accounting system of reporting and system of securities management for EAGGF Guarantee Fund</td>
<td>0</td>
<td>150,000</td>
</tr>
<tr>
<td>SI.0101.02 Veterinary control of contagious diseases</td>
<td>2,000,000</td>
<td>0</td>
</tr>
</tbody>
</table>
SI.0101.03 Implementation of the Acquis in the Phytosanitary sector 0 480,000 480,000
SI.0101.04 Enhancement and development of social dialogue 0 490,000 490,000
SI.0102 Internal Market 1,900,000 250,000 2,150,000
SI.0102.01 Free movement of goods; Foodstuffs, Cosmetics, Safety of toys - Assistance and support to official market surveillance laboratories 300,000 100,000 400,000
SI.0102.02 Establishing of the NRA for postal activity 0 150,000 150,000
SI.0102.03 Support to Slovenian laboratories involved in conformity assessment procedures and Slovenian accreditation 1,600,000 0 1,600,000
SI.0103 Justice and Home Affairs 6,000,000 0 6,000,000
SI.0103.01 Home Affairs 6,000,000 0 6,000,000
SI.0104 Twinning light "pot" 400,000 400,000
SI.0105 Community Programmes

<table>
<thead>
<tr>
<th>Programme</th>
<th>PHARE Budget</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Socrates</td>
<td>334,000</td>
<td>334,000</td>
</tr>
<tr>
<td>Leonardo da Vinci</td>
<td>204,402</td>
<td>204,402</td>
</tr>
<tr>
<td>Youth</td>
<td>260,000</td>
<td>260,000</td>
</tr>
<tr>
<td>Life III</td>
<td>330,000</td>
<td>330,000</td>
</tr>
<tr>
<td>European Environment Agency</td>
<td>140,000</td>
<td>140,000</td>
</tr>
<tr>
<td>Culture 2000</td>
<td>61,598</td>
<td>61,598</td>
</tr>
<tr>
<td>Vth Framework Programme</td>
<td>1,500,000</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Total</td>
<td>1,500,000</td>
<td>1,330,000</td>
</tr>
</tbody>
</table>

Overall Total (SI.0101 - SI.0105) 11,400,000 3,100,000 14,500,000

Overall Total (SI.0101 - SI.0105)

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 States 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 financing approval of the covenant.

An amount of €400,000 has been set aside to cover the costs of small twinning projects that may be needed to address priorities that emerge in the course of accession negotiations or preparations for accession.

3. IMPLEMENTATION ARRANGEMENTS

The programme will be managed in accordance with the Practical Guide procedures.* The National Aid Co-ordinator (NAC) will have overall responsibility for the programming, monitoring and implementation of Phare programmes. The National Aid Co-ordinator and the National Authorising Officer shall be jointly responsible for co-ordination between PHARE (including PHARE CBC), ISPA and SAPARD.

The National Fund (NF) in the Ministry of Finance, headed by the National Authorising Officer (NAO), will supervise the financial management of the Programme and will be responsible for reporting to the European Commission. The National Authorising Officer shall have overall responsibility for financial management of the PHARE funds. S/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 proper reporting and project information system is functioning. The National Authorising Officer shall have the full overall accountability for the PHARE funds of a programme until the closure of the Programme.

Appropriate financial control shall be carried out by the competent National Control Authority with respect to the implementation of the Programme.

The Commission will transfer funds to the NF in accordance with the Memorandum of Understanding signed between the Commission and the Government of Slovenia on 23rd December 1998. Funds will be transferred following requests from the NAO.
A distinction should be made between the payments concerning the participation in Community Programmes and Agencies and payments concerning the other sub-programmes. However, only one bank account will be opened at the National Fund.

1. Community Programmes and Agencies

A single advance will be made to the National Fund to cover the full amount of the Phare part of the financial contribution for participation in Community Programmes and Agencies. This advance will be made, following signature of the Financing Memorandum and upon request from the National Fund.

This advance is separate from the advances made for the rest of the Programme. However, it should be noted that the Phare contribution for each Programme will only be transferred after the entry into force of the Decision establishing the terms and conditions for participation in that programme. If there is a delay in the entry into force of some of the Decisions, the payment to the National Fund may be divided into two or more tranches, so that 100% of the funds necessary for the programmes in force can be transferred immediately.

The National Fund will be responsible for transferring the funds back to the Commission, following the call for funds of the Commission’s Directorate General responsible for the programmes concerned and within the deadlines requested.

* taking into consideration the rules set down in the annex of Council Regulation 1266/1999

2. Other Sub-programmes

A payment of up to 20% of the funds to be managed locally will be transferred to the NF following signature of the Financing Memorandum and the Financing Agreement (FA) between the NF and the 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 PAO and a description of the system put in place, highlighting the flow of information between the NF and the CFCU and the manner in which the payment function will be carried out.

Four replenishments will be made of up to 20% of the funds managed locally, or the full balance of the budget, whichever is the lesser amount. The first replenishment will be triggered when 10% of the budget has been disbursed by the CFCU. The second replenishment may be requested when 30% of the total budget in force has been disbursed. The trigger point for the third replenishment is 50%, and for the final fourth instalment, when 70% is disbursed. Save for express prior authorisation from Commission HQ, no replenishment request may be made if the aggregate of the funds deposited in the NF and the IA exceeds 10% of the total budget in force of the commitment. Exceptionally, the NAO may request an advance payment of more than 20% in, accordance with the procedures laid down in the aforesaid Memorandum of Understanding.

The National Fund will transfer funds to the Central Finance and Contracts Unit, in accordance with the Financing Agreement signed between the NF and the CFCU, except where the participation in Community programmes or agencies is concerned. The FA will be endorsed in advance by the European Commission. In case where the NF is itself the paying agent for the CFCU, there will be no transfer of funds from the NF to the CFCU. The CFCU must be headed by a Programme Authorising Officer (PAO) appointed by the NAO after consultation with the NAC. The PAO will be responsible for all operations carried out by the CFCU.

All projects will be administered via the CFCU, except where the participation in Community programmes or agencies is concerned.

Appropriate financial control shall be carried out by the national Financial Control Authority. The National Authorising Officer shall maintain a financial reporting system for PHARE funds.

Additionally, the following ministries and institutions will play an important technical role.

Reinforcement of the institutional and administrative capacity to adopt and supply the acquis
Ministry of Agriculture, Forestry and Food including the Agency for Agricultural Markets and Rural Development and its Accounting Department within the financial Sector.

Veterinary Administration of the Republic of Slovenia (part of the MAFF)

National Veterinary Institute (part of the Veterinary Faculty of the University of Ljubljana)

Administration of the Republic of Slovenia for Plant Protection and Seeds

Inspectorate of the Republic of Slovenia for Agriculture, Forestry, Hunting and Fisheries (MAFF)

Unit for International Relations (MAFF)

Ministry of Labour, the Family and Social Affairs

Department for Labour and Employment Rights (in MoLFSA)

**Further integration of Slovenia in the Internal Market**

Ministry of the Economy

Institute of Public Health of the Republic of Slovenia

Ministry of Health (Health Inspectorate)

Ministry for Information Society

Telecommunications Administration

Slovenian Accreditation

**Justice and Home Affairs**

Ministry of the Interior

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

The NAO and PAO will ensure that all contracts are to be prepared in accordance with the procedures set out in the DIS Manual (except for the twinning covenants corresponding to the projects listed above).

All contracts must be concluded by 15th September 2003.

All disbursements must be made by 15th September 2004.

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

For those contracts with funds retained for a warranty period extending beyond the end of the disbursement period of the programme, the overall total of the 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 for depositing the funds until final payment is due and 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 will be paid to the Commission after final payment to the contractors. Funds not paid out to the contractors after the 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 be provided by the NAO to the Commission.
4. MONITORING AND ASSESSMENT

A Joint Monitoring Committee (JMC) will be established. It will include the NAO, the NAC and the Commission. The JMC will meet at least once a year to review all Phare funded programmes in order to assess their progress towards meeting the objectives set out in Financing memoranda and/or the re-allocation of Phare funds.

The JMC will be assisted by Monitoring Sub-Committees (MSC) and will include the NAC, the PAO of each IA (and of the CFCU where applicable) and the Commission services. The MSC will review in detail the progress of each programme, including its components and contracts, on the basis of regular Monitoring and Assessment reports provided 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 that these are effected. The MSC will report to the JMC, to which it will submit overall detailed reports on all Phare financed programmes.

5. ANTI-FRAUD MEASURES, AUDIT AND EVALUATION

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 (OLAF)), and the Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out by the Delegation in the Candidate Country concerned and on-the-spot checks.

In order to ensure efficient protection of the financial interests of the Community, the Commission can conduct check-ups and inspections on site in accordance with the procedures foreseen in Council Regulation (Euratom, EC) No. 2185/96 dated from November 11, 1996, concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities’ financial interests against fraud and other irregularities.

The procedures foreseen in Art. 15 para 3 of Commission Regulation No. 2222/2000 dated from June 7, 2000, on the communication in case of irregularities and the putting in place of a system to administrate the information in this field shall apply.

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

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

6. VISIBILITY AND PUBLICITY

The appropriate Programming Authorising Officer will be responsible for ensuring that the necessary measures are taken to ensure appropriate publicity for all the activities financed from the Programme. This will be done in close liaison with the Commission Delegation. Further details are at the Annex 3 - Visibility and 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 Republic of Slovenia, the Commission may review the Programme with a view, at the Commission’s discretion, to cancelling all or part of it and/or to reallocate unused funds for other purposes consistent with the objectives of the Phare Programme.
ANNEX D ON
INFORMATION AND PUBLICITY FOR THE PHARE PROGRAMME 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 cooperation with the EC Delegations, which shall be informed of measures taken for this purpose.

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

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


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

3. Information and publicity concerning Phare programmes

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

The costs of information and publicity relating to individual projects shall be met from the budget for those projects.
When Phare programmes are implemented, the measures set out at (a) and (b) below shall apply:

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

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

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

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

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

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

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

- measures targeting applicants for public aids part-financed by Phare through 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 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 cooperation 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 Programme, is providing financial support. The notification of aid sent to beneficiaries shall mention the amount or percentage of the assistance financed by the Phare Programme. 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 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 Programme 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 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 Programme, 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 Phare Programme.

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.