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: S10201 to S10207
Title: 2002 National Programme for Slovenia, Part I
Duration: Until 30/06/2004

ARTICLE 2 - COMMITMENT OF THE COMMUNITY

The financial contribution of THE COMMUNITY is fixed at a maximum of 30,475,198EUR hereinafter referred to as "THE EC GRANT".

ARTICLE 3 - DURATION AND EXPIRY

For the present MEASURE, THE EC GRANT is hereby available for contracting until 30/06/2004 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 30/06/2005. 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

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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.
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. Erwan Fouéré  
Head of Delegation  
European Commission Delegation in Ljubljana  
Trg Republike, 3, XI.  
1000 Ljubljana  
SLOVENIA

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

for THE RECIPIENT:

Mr. Janez Potocnik  
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 Ljubljana
Date 9.7.2002

for THE RECIPIENT

for THE COMMUNITY

Encl.
1. Framework Agreement (Annexes A & B)
2. Special Provisions (Annex C)
3. Visibility/Publicity (Annex D)
ANNEX C TO F.M. (SPECIAL PROVISIONS)

1. OBJECTIVES AND DESCRIPTION

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 major progress has been made since the first progress report was issued. The Regular Reports in 1999, 2000 and 2001 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.

Lessons learned

The quality of Phare programming in Slovenia has generally improved over the last five years as a result of lessons learned.

It is noteworthy that it is the State Secretaries who present the project fiches and budgets thus engaging their political responsibility. This means they make a direct commitment to bringing each project to a good end.

The Government Office for European Affairs is the governmental body responsible for Phare programming and is the one focal and decision-making point. Moreover it co-ordinates all bilateral aid. The GOEA is also involved in the accession negotiations, which gives it a clear picture of priorities and problems.

In Slovenia there is only one Implementing Agency, The Central Finance and Contract Unit. As with the National Fund, the CFCU is part of the Ministry of Finance and since they are located in the same building this certainly facilitates implementation and monitoring.

With the introduction of the multi-annual programming approach it should be easier to implement and monitor programmes because there will be a longer commitment in terms of time and funds both from the Commission and Candidate Country.

An assessment of twinning as a tool took place in Slovenia in January 2001 and the overall conclusions were positive.
Future programmes dealing with Cross Border Co-operation will be based on the respective Joint Programming Documents which in the case of programmes with Member States are also the basis for Interreg programming. Investment in Economic and Social Cohesion will be based on the National Development Plan.

The 2002 Programme, Part 1, will in this context focus on six objectives:

**Objective 1: Reinforce the institutional and administrative capacity of Slovenia to adapt**

... and apply the acquis communautaire;

**Project 1A - Upgrading of inspection system for food quality control of special agricultural products and foodstuffs (SI0201.01A)**

This project will finalise the inspection system for food quality control of special agricultural products and foodstuffs in order to meet EU standards as laid down in the regulations. The Inspectorate for Food Quality Control inside the Ministry of Agriculture is being established and will be fully operational at the beginning of 2002. Existing Phare projects are contributing to this work and will provide the basis for a gap analysis on which will be based the final programme of work for the establishment of the IFQC. The Inspectorate will have to implement the system of EU product legislation and establish a supporting system of accreditation, testing, standardisation, registration and control along European lines. Assistance will be provided using twinning light; some training will also be included.

**Project 1B - Upgrading of registration system at the Office for the recognition of agricultural products and foodstuff designations (SI0201.01B)**

This project is similar to the previous one but concerns the Office for the recognition of agricultural products and foodstuff designations. Also inside the Ministry of Agriculture the Office will be supported in the finalisation of the registration system for agricultural products and foodstuffs. It has been in operation since December 2000. Previous twinning projects have helped prepare the ground for the operations of the Office. These need to be completed with the twinning light in order to achieve full alignment of the registration system with the European Regulations. Some training is also included.

**Project 2 - Placing plant protection products on the market (SI0201.02)**

The objective of this twinning light project is to follow up previous work carried out with the support of Phare so as to allow Slovenia to meet all EU requirements related to the acquis on plant protection products. The new Plant Protection Products Act was approved by Parliament in January 2001 and provides the legal basis for the implementation of the acquis under national legislation. In particular support will be provided to the process of evaluation of dossiers in the authorisation procedure. Training is included in the project. The project beneficiary will be the Administration for Plant Protection and Seeds in the Ministry of Agriculture. The administration was established in August 2001.

**Project 3 - Monitoring of Classical Swine Fever (CSF) in wild boar (SI0201.03)**

Slovenia ceased vaccination against the Classical Swine Fever in domestic pigs in October 2000 in order to comply with the EU legal requirements concerning animal health status. Wild boar are frequently at the origin of the outbreaks of this contagious
disease among domestic disease and therefore a stringent surveillance of the wild boar population is necessary. Blood samples will be taken from dead animals by veterinary experts after being shot during hunting. The project will be implemented using twinning light including training and workshops.

Project 4 - Eradication of rabies (SI0201.04)

The object of the project is to align the system of control of contagious animal diseases with that valid for existing Member States. This will be done through implementing an effective vaccination programme for the wildlife population concerned (foxes). In 1995 an aircraft distribution strategy was followed with the laying of baits across the country in one campaign. The number of cases decreased rapidly until 1999 when only six cases were registered, all in the border near to Croatia. The number increased in the following year, perhaps because of the deteriorating situation in the South-East. The density of bait-laying has therefore been increased in this region to the detriment of the North and West. In order to prevent rabies skipping over to those regions it is proposed to extend the campaign to the border regions with the European Union. The Phare contribution to the project would co-finance the evaluation of the existing rabies programme and the supply of extra vaccine. The national contribution would be 71% for the overall project budget.

Project 5 - Health rules concerning animal by-products not intended for human consumption (SI0201.05)

This project will contribute to the establishment of appropriate levels of public and animal health protection in relation to treatment, use and trade of animal by-products by aligning the health rules and trade in animal by-products not intended for human consumption with those of the EU. Slovenia has already put into force a ban on the use of processed animal proteins in animal nutrition. All animal by-products are processed, treated as specific risk material, stored and then disposed of by incineration. As a consequence the quantities of animal by-products which are destroyed are enormous and costly. Therefore the separation of the by-products into different categories as provided for in the EU legislation which allows for separate processing, use and trade of these products is of great interest to Slovenia. This twinning project will allow for expert advice from Member States in setting up a separation system, drafting the necessary legislation and implementation procedures and training staff. The beneficiary is the Veterinary Administration of the Republic of Slovenia which is inside the Ministry of Agriculture.

Project 6 - Centre for Agricultural and Rural Development- JABLE (SI0201.06)

This project will use twinning light to qualify management of the centre for Agricultural and Rural Development (JABLE) to be able to perform the managing and organisational activities relating to the planning, programming, executing and evaluating of the national programme for transferring specific knowledge from the University level to farmers and their advisers. These groups need to understand EU system of regulations and their prospects in the internal market.
Project 7 - Preparation for setting up the control system and the reporting system to fulfil the requirements for EAGGF Guarantee section accreditation according to the CMO regulation and regulations 386/90 and 4045/89 (SI0201.07)

The project is a logical continuation of the process of establishing and where necessary upgrading the departments of the Agency for Agricultural Markets and Rural Development created in July 1999 for the purpose of implementing common market organisations and measures and policies in the field of agriculture. The Agency will have responsibility for payments of European Agricultural Guidance and Guarantee Fund after EU accession and it's indispensable to prepare control procedures and take organisational decisions with a clear knowledge of the EU requirements concerning controls. The project covers the control system and the system of reporting to fulfil requirements for the EAGGF Guarantee section accreditation according to the CMO Regulation and regulations 386/90 and 4045/89. Through twinning light the project will cover technical assistance for the preparation of contents and execution of control and training.

Project 8 - New organisational structure for Slovenian Railway System (SI0201.08)

The project will help in the drafting of National Railway Rules and Regulations in the framework of the new Slovene Railway Transport Act and Law on railway safety. This twinning project will help the Directorate for rail transport to strengthen the still to be established independent Regulatory body inside the national authority (Directorate for rail Transport) for their new tasks, to meet the requirements following from the Regulations on standardisation in the fields of legal and financing procedures, infrastructures and technical railway systems and to draft the guidelines on controlling mechanisms for the implemented procedures and approval steps. Specifically, the Phare assistance will be used in drafting legal regulations and guidelines in the fields of liberalisation of access to public railway infrastructure, reorganisation of the national railway operator and non-discriminatory charging of user fees for the use of public railway infrastructure.

Project 9 - Development of information and reporting system (SI0201.09)

This project will contribute to the implementation of Directives on access to information, reporting and co-operation with the EEA. The beneficiary is the Environmental Agency inside the Ministry of the Environment and Physical Planning. Slovenia already has a sound infrastructure regarding technical and legislative aspects retaining to environmental protection but does not have a well developed information system. The results will include the presentation of up-to-date Slovenian air quality data on www with a selection of air quality stations from a map and pollutants as well as a time period. The www interface will be connected to the Slovene NFP/EIONET server with continuous data transfer from the Environmental Agency. Public access will be assured. This will allow adequate understanding within the public administration of European reporting systems and related Member States’ experience for air, water, waste and naturally contaminated sites.

Project 10 - Introduction of and assistance in using the software for the evaluation of water quality (SI0201.10)

This project will contribute to the setting up of the Slovene Water Quality Database in the Environmental Agency and thus help Slovenia to meet EU requirements in the field of water quality. This in its turn will strengthen the Slovene administration’s capacity for
monitoring water quality and thus compliance with EU water pollution prevention legislation in the water sector. The river quality assessment tool will be based on the three components proposed in the Water Framework Directive: chemical, physical and biological, and will serve as a tool for presenting analytical sample results. It will also allow communication with decision-makers and the public, centred on quality classes according to indicators and on suitability classes for use and functions as well as the assessment of expected water quality changes because of growing impacts or restoration measures. The project takes the form of twinning light.

**Project 11 - Implementation of air quality and climate change strategies (SI0201.11)**

This twinning light project is designed to help Slovenia in the implementation of the Air Framework Directive and related daughter Directives and implementation of the Kyoto strategy on climate change. The Air Quality Framework Directive generally defines three major assessment methods to be used, i.e., air quality monitoring, air quality modelling and/or objective estimation techniques depending on the level of air quality compared to the limit values. The framework Directive obliges Member States to undertake a preliminary assessment of ambient air quality across the country so that the monitoring requirements can be identified. The project will help in this and in the implementation of the national strategy for the reduction of greenhouse gas emissions.

**Objective 2: Further integration of Slovenia in the internal market**

**Project 12 - Liberalisation of the gas market – access to the gas transmission network (SI0202.01)**

This project will, firstly, establish a methodology for designing access tariffs and all other commercial conditions for access to the gas transmission network and, secondly, establish a methodology for the definition of the criteria to determine whether a refusal of access is justified or not. This twinning light project will help the Slovene authorities to liberalise the gas market and to define tariffs and other commercial conditions for access to the Slovene gas transmission network on the liberalised gas market. This is in line with the development of the EU gas market for which the base is the gas directive 98/30/EC. The final beneficiary is the Energy Agency which is an independent regulatory authority.

**Project 13 - Regulatory framework in completion of the internal energy markets (SI0202.02)**

In this project a series of twelve tasks will be carried out with the help of technical assistance. The final beneficiary is the Energy Agency which started operations in February 2001 and which is the Regulator for the energy market in Slovenia. The Agency must oversee the process of reform and transformation in the energy sector which is gaining momentum all over Europe and which aim at ensuring fair competition on the basis of non-discrimination and transparency. On the basis of each task identified, deficiencies in the Slovene energy market will be tackled and some of the models applied, for example licensing or the public services will be verified and if necessary upgraded. The project will also provide wide support to the work of the Agency in terms of studies and analysis, in development of regulatory strategies, contribution of additional experience and some training of staff.
Project 14 - Full membership of SIST in CEN and CENELEC – comprehensive IT support to the standardisation work (SI0202.03)

This twinning light project will help the Slovenian institute for standardisation to fulfil conditions to become a full member of the European standardisation organisations CEN and CENELEC by setting up the necessary IT infrastructure. This is condition no 6 as laid down in the guidelines for the accession of affiliates to CEN and CENELEC which stipulates that it is necessary for the candidate to be in possession of operational telecommunications and IT infrastructure allowing it to manage efficiently the high volume of data and documentation communicated within the CEN and CENELEC system. The project will provide the Slovene Institute for Standardisation with the appropriate level of IT and telecommunications and knowledge. Substantial investments will have to be made in hardware and software. The former will be provided by the national budget whereas an ongoing Phare supported project will provide the foundation for electronic work by building the necessary database structures, introducing the document management system and by supporting technology work. The result will be that the SIST will be fully electronically supported, thus moving focus from the administrative issues connected with a large amount of data and documents and putting the main emphasis on the standardisation itself.

Project 15 - Reinforcement of the National Regulatory Authority (SI0202.04)

In May 2001 the Telecommunications Act entered into force. This defined the National Regulatory Authority as an independent self-financing body with responsibilities for the management of frequencies and numbers, as well as supervision of interconnection procedures, tariffs and cost accounting systems of significant market power operators. The NRA is also responsible for dispute resolutions, issuing of licenses and provision of the universal services. This classical twinning project will reinforce the NRA in the field of cost accounting and tariff re-balancing. The most appropriate cost approach should be adopted for analysing operator tariffs among the many approaches such as benchmarking, historic cost accounting, fully allocated costs, current cost accounting and the incremental costs models. The project will determine the most suitable model for the telecommunications market and define the appropriate parameters.

Project 16 - eGovernment in the service of Slovene and European citizens and enterprises (SI0202.05)

This project will stimulate access to and use of basic on-line government services. Most of these are provided at local level which is usually less developed in IT matters. Strategic input provided by this twinning light project will concentrate on the links between SMEs and the local authorities. The project will provide strategic guidance to the Ministry for Information Society in defining hardware, software and communications standards, preparing a register of generic information and services to be available on the internet, ensuring that generic information is available for all municipalities in 2002, that 30% of Municipalities will have internet feasibility to download the forms for generic services and launching a pilot project for processing forms for generic services as two way interaction. Training will also be provided.

Project 17 - Faster Internet for Research and Education (SI0202.06)

This twinning light project will contribute to the provision of high speed networks at universities and research institutions and interconnection of these networks with the
national academic and research network. The Ministry of Education, Science and Sport finances the Academic and Research Network of Slovenia but funds are not sufficient for upgrading the networks to high speed and often there is a lack of knowledge how to do this. The twinner will assist the Slovene authorities in creating cheaper and faster internet access and the development of quality content and services for schools. The activities in the project are concentrated on getting advice and expertise on how to establish local networks based on new technologies and how to provide new services. Short visits will be organised for technical and managerial staff in Slovene research and educational institutions to Universities in the EU.

Project 18 - Capacity building for the implementation of the acquis related to mutual recognition of qualifications (S10202.07)

This conventional twinning project will help Slovenia set up a coherent system for implementing the Act on the Recognition of Qualifications and Regulated Professions. This Act and related texts are designed to implement EC Directives in the matter and in particular 99/42/EEC ('general system'). These were to be implemented in the existing Member States by the end of 2001. These latter have implemented the EU legislation in different ways and their expertise in the approaches taken will be invaluable in assisting Slovenia to implement the Act on Regulating the procedures for Recognition of Qualifications of Citizens of EU Member States and concerning access to Regulated Professions in Slovenia, currently being debated in Parliament. The experience of Member States will enable the new Department for Recognition of Qualifications in the Ministry of Labour Family and Social Affairs to look at best practice in the matter. The project will produce a comparative study a design for the framework for implementation of the directive and the Act in Slovenia, setting up training an implementation team, to assess regulated occupations and qualifications and to design and set up an information system.

Project 19 - Technical legislation and enforcement mechanisms on harmonised and related non-harmonised areas (S10202.08)

This is a classical twinning project designed to promote the de facto implementation of specified New Approach Directives in all aspects and to promote compliance with the principles in Articles 28-30 of the EC Treaty concerning the non-harmonised area.

Concerning the harmonised area the project will aim to establish functional enforcement mechanisms, technical qualifications at conformity assessment level and administrative procedures on a sectoral basis in each legislative area covered by the project. The twinning will focus on the whole process in each legislative area covered in each New Approach area. Legislators, conformity assessment bodies as well as enforcement bodies are to be involved. The project will also pay attention to the need for co-operation and co-ordination between different public and non-public institutions, directly or indirectly involved in the process.

A second objective of the project is to establish procedures and functions necessary to avoid technical barriers to trade in the non-harmonised area. Here it is necessary to fully implement Directive 98/43/EC on notification procedures, and to ensure that the legislation in the non-harmonised area is not in conflict with that for the harmonised area.

Objective 3: Mobility schemes
Project 20 - Mobility schemes complementary programme (SI0203.01)

The project will provide grants to support individual candidates’ participation in the Community exchange and mobility actions, in particular applicable for Leonardo and Socrates where priority is given since they will have a considerable impact on actions aimed at raising quality, EU internal market relevancy, transparency of education and training, as well as promoting innovation with a view to improve the competitiveness of the Slovene economy. The objective is to lessen the financial burden on the final beneficiaries of the mobility schemes. This a repeat of a similar scheme which was successfully concluded in the 1999 programme

Objective 4: Assist Slovenia in the fields of Justice and Home Affairs

Project 21 - Home Affairs (Schengen border) (SI0204.01)

This project provides for major investments with a training component to help Slovenia meet standards in order to establish an area of freedom, security and justice in accordance with the EU and Schengen acquis and to achieve a higher level of police co-operation in preventing all forms of criminal activities. The Slovene police force and personnel of the Ministry of the Interior will be qualified and equipped for carrying out efficient control over migration flows according to EU standards and procedures to be followed in carrying out checks on external borders. Closer co-operation will be promoted between police forces, customs authorities and other competent bodies in preventing and combating crime by using modern IT equipment, compatible with that of the police in EU Member States.

The Schengen acquis demands high standards for border control and border protection of the external border, including an appropriate number of high qualified and equipped staff so that border control does not become an obstacle to free movement of goods and persons. Slovenia intends to fulfil standards and procedures which need to be followed in carrying out checks on external borders.

At all border crossing points on the future external border, police units within the green and blue border as well as at some police units inland have been equipped with basic equipment for document control and for detection of fraud. At more frequently used border crossings there is also, or there will be in the near future, equipment for the detection of persons hidden in trucks, drugs, weapons, crime investigation equipment etc. Police units responsible for border protection are equipped by basic police equipment and vehicles enabling their mobility as well as observation equipment.

All border crossing points and police stations have on-line connection with the central computer system of the Ministry enabling transmission of data; border crossing points within the green and blue border on the future external border will be equipped for transmission of data determined by the Schengen and EU acquis (fingerprints, image capturing etc). The system part of digital radio will be set up.

Project 22 - Border inspection posts on the future external border of the EU (SI0204.02)

This investment project is to enable Slovenia implement the acquis with regard to the veterinary and phytosanitary inspection capacity and procedures in line with the EU standard inspection facilities at the border to Croatia becoming after the implementation of Schengen the future border of the EU, in particular the border inspection posts of
Jelšane, Gruškovje, Dobova and Koper. In addition, it will enable Slovenia to implement the acquis with regard to protecting the border of the Republic of Slovenia, in particular the border to Croatia becoming after the implementation of Schengen the future border of the EU, to its standards and procedures, and in accordance with the Schengen acquis and the Title IV of the Treaty establishing the EC.

The project will set up the Veterinary and Phytosanitary Facilities in all four sites and equip them for the proper functioning of the veterinary and phytosanitary inspection at the Border Inspections Post of Jelšane, Gruškovje, Dobova and Koper. It will also construct and upgrade three international border crossing points at Jelšane, Gruškovje and Dobova at the future external EU border.

The land border with Croatia, the future external border of the EU is 670 km. long. There are thirty-six border crossings out of which twenty-four border crossings are for international transport. The setting up of the border crossing posts on the future external border of the EU is estimated at € 84 million, in addition to the necessary € 46 million to realise the Schengen acquis. The activities started already in 1999 and are planned to continue until the end of 2004. The establishment of the border control posts should be finalised before the accession to the EU.

Land BIPs Jelsane and Gruskove have been selected by the Slovene authorities for the import and export of all items covered by the EU veterinary inspection controls except for live animals and ‘meat on the hook’. These two BIPs will handle all packed products for human consumption including frozen/chilled/ambient temperature requirement products and all other non-food products at frozen/chilled/ambient temperatures including genetic material and animal fodder.

BIP Dobova (by rail) will need to be upgraded to become eligible for EU approval as a rail Inspection Centre able to handle large live animals, animal products for human consumption and non-food products subject to veterinary control. Dobova is the first stop inside Slovenia on the main line from Zagreb and points south-east to Ljubljana and north-west. It is sometimes used to load cattle which have arrived by road via Obrezje from Croatia for onward rail transport to Italy. Thus, Dobova will need to have facilities both for EU BIP purposes and for local intra-EU trade.

BIP Koper (by sea) handles imports of all descriptions. Facilities are required for live animals, food products of animal origin and non-good products. Koper is Slovenia’s main seaport and the only one with deep-water berths. It provides direct access for the Mediterranean for import and export from Austria, Hungary and other eastern European countries. Vessels using Koper include container ships and roll-on roll-off ferries with discharge vehicles carrying live animals such as cattle and horses. Containers carry goods at ambient/chilled/freezing temperatures.

In all four BIPs the Phytosanitary inspection will acquire adequate facilities for implementing the inspection procedures (small office, on-the-spot laboratory with necessary laboratory equipment, small storage room and the room for a detailed inspection of consignments).

Project 23 - Modernisation of Judicial System (SI0204.03)

This twinning project will help Slovenia to fulfil the political criteria set by the 1993 Copenhagen European Council by reducing the number of backlogs at courts and shorten
the length of proceedings in significant areas. Judiciary officials will also be trained. The twinning arrangements will focus on three items:

Procedural aspect: the implementation of the long-term institutional changes recommended by the conference on the modernisation of justice with special regard to appellate procedure in all areas of law.

Clear separation of responsibilities and powers between the Ministry of Justice and the judiciary. Linked activities are the modernisation of the statistical and analytical methodology for the review of the efficiency of courts, building up of the institutional capacity to overview and analyse the functioning and efficiency of judicial reform and the training of persons from the court administration in the gathering of accurate data for courts efficiency review.

Training of judiciary officials.

**Project 24 - Alternative Consumer Dispute Resolution (SI0204.04)**

The purpose of this twinning light project is to meet the requirements of the EU legal framework related to out-of-court consumer dispute resolution. Furthermore the project aims specifically to develop a model of the ADR system for the Slovene consumers and to outline a detailed plan of activities necessary to facilitate the operation of the ADR system which will be complemented by a standard twinning project in 2003.

Another wider objective is to ensure consumer protection in cross-border shopping and thus to strengthen consumer confidence in the Internal Market. Namely the ADR model which will be developed under the present project should be flexible enough to assume the role of a National European Consumer Centre ("clearing house") for cross-border disputes. Such "clearing houses" are increasingly being established in the Member States. This is especially important due to the rapid development of e-commerce, which will certainly increase cross-border transactions.

**Objective 5: To Support Economic and Social Cohesion**

**Project 25 - Setting up a coherent system for Structural and Cohesion Funds in Slovenia for the Managing Authority and ERDF measures implementation (SI0205.01)**

**Project 26 - Development of programming and management capacities for ESF implementation (SI0205.02)**

**Project 27 - Establishment of the Management and Control System designed for effective and sound implementation of EU Structural and Cohesion Funds within the future Paying Authority (SI0205.03)**

Projects 25, 26 and 27 constitute a coherent group providing twinning support for institution building relevant for the Structural and Cohesion Funds. The project fiches have to be read in conjunction with each other. Candidate twinners may apply for one, two or all of the three projects.

The overall objective is to establish an institutional framework with necessary administrative capacity to be able to effectively co-ordinate and implement the Structural Funds in Slovenia. The three projects concern the Managing Authority, The Paying
Authority and the systems necessary for implementation of ERDF and ESF measures in the Ministries concerned. In addition, the Managing Authority and the Paying Authority functions necessary for the Cohesion Fund will also be covered. It is stressed that concerning the Cohesion Fund, the work of the Implementing bodies (Ministries of Transport and Ministry of the Environment) will be covered by the ISPA budget allocation for Slovenia.

The projects have been drawn up in function of the Ministries which have been designated by the Government in its National Development Plan as being responsible for each task. Thus, the Ministry of the Economy is Managing Authority for Structural Funds and will be responsible for implementation of ERDF measures. In addition it will assume limited but key tasks equivalent to those of a Management Authority for the Cohesion Fund. The Ministry of Labour Family and Social Affairs will be responsible for the implementation of ESF measures. The Ministry of Finance is the Paying Authority and also will assume the related functions for the Cohesion Fund.

Each project fiche is built up in the same way. For each of the functions within the competence of a Ministry, as described above, there is reference both to results and activities under the headings of programming, implementation, evaluation, monitoring and financial management and control.

**Project 28 - Strengthening the institutional capacity of the Slovene Court of Auditors (SI0205.04)**

The purpose of this classical twinning project is to strengthen the Slovene Court of Auditors as an independent, professional organisation producing relevant and timely reports for Parliament on the way that public money has been spent. More specifically, the project will develop the capacity of the Court to carry out an effective audit of the final beneficiaries of Slovene and EU public expenditure, especially as regards State Aid and grants and subsidies to individuals, develop the Court's policy and approach to the fight against fraud and corruption, develop the Court's capacity to examine the Results Based Budgets of the Slovene Government and develop its capacity to carry out an effective audit of local government institutions.

**Project 29 - Ex-ante evaluation Single Programming Document (SPD) Slovenia - (SI0205.05)**

A project will allow for the financing of the ex-ante analysis of the future Single Programming Document. The key components and required input will be decided in agreement with the services of the Commission and will be based on Articles 40-43 of the Structural Funds Regulation 1260/1999.

**Project 30 - Twinning Light Pot 2002 (SI0206)**

The allocation will be made later.

**Project 31 - Community programmes (SI02.07)**

The financing table below gives an indication of which programmes will be covered.
2. BUDGET

The following table specifies the EU contribution to the Programme:

**Budget (in €):**

<table>
<thead>
<tr>
<th>Sub-programme and Projects</th>
<th>PHARE Budget</th>
<th>Total</th>
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<tr>
<td></td>
<td>INV</td>
<td>IB</td>
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<tr>
<td>SI0201 Investment into the Acquis (CRS CODE 31100)</td>
<td>100,000</td>
<td>2,200,000</td>
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<tr>
<td>SI0201.01A Upgrading of inspection system for food quality control of special agricultural products and foodstuffs</td>
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<tr>
<td>SI0201.01B Upgrading of registration system at the Office for the recognition of agricultural products and foodstuff designations</td>
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<tr>
<td>SI0201.02 Placing Plant Protection Products on the Market (91/414/EEC and 79/117/EEC)</td>
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<tr>
<td>SI0201.03 Monitoring of classical swine fever (CSF) in wild boar</td>
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<td>SI0201.04 Eradication of rabies</td>
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<td>SI0201.05 Health rules concerning animal by-products not intended for human consumption</td>
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<td>SI0201.06 Centre for Agricultural and Rural Development – JABLE</td>
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<tr>
<td>SI0201.07 Preparation on setting up of the control system and the system of reporting to fulfil requirements for EAGGF Guarantee section accreditation, according to CMO regulation, 386/90 regulation and regulation 4045/89</td>
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<tr>
<td>SI0201.08 New Organization Structure of Slovenian Railway System</td>
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<td>SI0201.09 Development of information and reporting systems</td>
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<tr>
<td>SI0201.10 Introduction and Assistance in using the software for the evaluation of water quality</td>
<td></td>
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<tr>
<td>SI0201.11 Implementation of Air Quality Framework Directive</td>
<td></td>
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<tr>
<td>SI0202 Internal Market (CRS CODE 22010)</td>
<td>0</td>
<td>2,457,000</td>
</tr>
<tr>
<td>SI0202.01 Liberalisation of the gas market – Access to the gas transmission network</td>
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<tr>
<td>SI0202.02 Regulatory framework in completion of the Slovenian energy markets</td>
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<tr>
<td>SI0202.03 Full membership of the Slovenian institute for standardisation (SIST) in CEN and CENELEC – Comprehensive IT support to the standardisation work</td>
<td></td>
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<tr>
<td>SI0202.04 Reinforcement of the National Regulatory Authority</td>
<td></td>
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<td>SI0202.05 eGovernment in the service to Slovene / European citizens and enterprises</td>
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<td>SI0202.06 Faster Internet for Research and Education</td>
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<td>SI0202.07 Capacity building for the implementation of the acquis related to mutual recognition of qualifications</td>
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<td>SI0202.08 Technical legislation and Enforcement mechanisms on Harmonised and related Non-harmonised areas</td>
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<tr>
<td>Sub-programme and Projects</td>
<td>PHARE Budget</td>
<td>Total</td>
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<td>-------------------------------------------------------------------------------------------</td>
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<td></td>
<td>INV</td>
<td>IB</td>
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<tr>
<td>SI0203 Mobility Schemes Complementary Fund</td>
<td>300,000</td>
<td></td>
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<tr>
<td>(CRS CODE 11110)</td>
<td></td>
<td></td>
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<tr>
<td>SI0203.01 Mobility Schemes Complementary programme</td>
<td></td>
<td></td>
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<tr>
<td>SI0204 Justice and Home Affairs (CRS CODE 15030)</td>
<td>17,081,000</td>
<td>900,000</td>
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<tr>
<td>SI0204.01 Home Affairs (Schengen border)</td>
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<tr>
<td>SI0204.02 Border Inspection Posts on the future external border of the EU</td>
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<td>SI0204.03 Modernisation of Judicial System</td>
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<td>SI0204.04 Alternative Consumer dispute resolution</td>
<td></td>
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<tr>
<td>SI0205 Economic and Social Cohesion (CRS CODE 15020)</td>
<td>110,000</td>
<td>3,803,000</td>
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<tr>
<td>SI0205.01 Setting up a coherent system for the Structural and Cohesion Funds in Slovenia</td>
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<td>for the Managing Authority (MA) and the ERDF measures Implementation</td>
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<td>SI0205.02 Development of programming and management capacities for European Social Fund</td>
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<tr>
<td>(ESF) Implementation</td>
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<tr>
<td>SI0205.03 Establishment of the Management and Control System</td>
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<tr>
<td>designed for effective and sound implementation of EU Structural and Cohesion Funds</td>
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<td>with the future Paying Authority</td>
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<td>SI0205.04 Strengthening of the institutional capacities of the Slovenian Court of Audit</td>
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<td>SI0205.05 Ex-ante evaluation Single Programming Document (SPD) Slovenia</td>
<td></td>
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<tr>
<td>SI0206 Twinning light &quot;pot&quot; (CRS CODE 15010)</td>
<td>0</td>
<td>500,000</td>
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<td></td>
<td>17,291,000</td>
<td>10,160,000</td>
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<tr>
<td>Total SI0201-SI0206</td>
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<td></td>
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<tr>
<td>SI0207 Community Programmes (CRS CODE 15050)</td>
<td>1,500,000</td>
<td>1,524,198</td>
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<tr>
<td>Socrates</td>
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<tr>
<td>Leonardo da Vinci</td>
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<td>Youth</td>
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<tr>
<td>Life III</td>
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<td>European Environment Agency</td>
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<td>Culture 2000</td>
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<tr>
<td>Enterprise and Entrepreneurship</td>
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<td>Customs 2002</td>
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<tr>
<td>6th Framework Programme</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OVERALL TOTAL PART I (SI0201-SI0207)</strong></td>
<td>18,791,000</td>
<td>11,684,198</td>
</tr>
</tbody>
</table>

3. IMPLEMENTATION ARRANGEMENTS

a.) Financial and Project Management by the Candidate Country
The programme will be managed in accordance with the Phare Decentralised Implementation System (DIS) procedures.  

The National Aid Co-ordinator (NAC) will have overall responsibility for the programming, monitoring and implementation 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 DIS Manual and other instructions of the Commission and that all contracts are being prepared in accordance with the Practical Guide for PHARE, ISPA and SAPARD.  

The NAC and the NAO 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 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. S/he shall ensure that the PHARE rules, regulations and procedures pertaining to procurement, reporting and financial management are respected, and that a proper 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 contracts will be greater than € 2 million except those in the following areas: the Phare contribution to each of the four Border Inspection Posts (Project 22) is below € 2 million. However, once the national contribution is added, the amount of each investment is over € 2 million.  

c.) Contracting and disbursement deadline  

All contracts must be concluded by 30th June 2004. All disbursements must be made by 30th June 2005.  

d.) Recovery of funds  

Any proven irregularity or fraud 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

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

2 The Practical Guide has replaced section F ("Procurement") of the DIS Manual.
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 just before the end of the disbursement period of the Financing Memorandum 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 the 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 Government of Slovenia on 23rd 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 a separate accounting system in the Central Bank.

aa) Transfer of Funds to the National Fund

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)

* excluding the amount foreseen for the Community programmes
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.

Two replenishments will be made of up to 30% of the funds managed locally* and the final payment of up to 20% or the full balance of the budget, whichever is the lesser amount. The first replenishment will be triggered when 5% of the budget* has been disbursed by the IAS and the CFCU. The second replenishment may be requested when 35% of the total budget* in force has been disbursed. The final third replenishment will be paid when 70% of the total budget* in force is disbursed. Exceptionally, the NAO may request an advance 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 Commission HQ, no replenishment may be made if the trigger points mentioned above have not been respected.

bb.) Transfer of funds to the Implementing Agency

The National Fund will transfer funds to the Central Financing and Contracting Unit, in accordance with the Financing Agreement (FA) signed between the NF and the CFCU. 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 Article 13 of the MoU on the establishment of the National Fund.

Each individual 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.

For those contracts with funds retained for a warranty period extending beyond the end of the disbursement period of the programme, the overall total of funds related to those contracts, as calculated by the PAO and established by the Commission, will be paid to the Implementing Agency before the official closure of the programme. The Implementing Agency assumes full responsibility of depositing the funds until final payment is due and for ensuring that said funds will only be used to make payments related to the retention clauses.

The Implementing Agency further assumes full responsibility towards the contractors for fulfilling the obligations related to the retention clauses. Interests accrued on the funds deposited will be paid to the Commission after final payment to the contractors. Funds not paid out to the contractors after the final payments have been settled shall be reimbursed to the Commission. An overview of the use of the funds deposited on warranty accounts – and notably the payments made out of them – and of interests accrued will annually be provided by the NAO to the Commission.

cc.) Transfer of funds to the National Fund for participation in 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 the 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 when the Association Council Decision or Memorandum of Understanding establishing the terms and conditions for participation in that programme is in force.

If there is a delay in the entry into force of some of the Memoranda of Understanding, 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.

dd.) Interest

In principle, all bank accounts\(^3\) will be bearing interest. 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.) The CFCU as Implementing Agency will be responsible for all sub-programmes, except for SI0207 Community Programmes, for which the Phare funds will be handled by the National Fund itself.

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

<table>
<thead>
<tr>
<th>Sub-programme and Project</th>
<th>Implementing Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SI0201 Investment into the acquis</strong></td>
<td></td>
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<tr>
<td>SI0201.01A Upgrading of inspection system for food quality control of special agricultural products and foodstuffs</td>
<td>Ministry of Agriculture</td>
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<tr>
<td>SI0201.01B Upgrading of registration system at the Office for the recognition of agricultural products and foodstuffs designations</td>
<td>Ministry of Agriculture</td>
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<tr>
<td>SI0201.03 Monitoring of Classical Swine Fever (CSF) in wild boar</td>
<td>Ministry of Agriculture</td>
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<tr>
<td>SI0201.04 Eradication of rabies</td>
<td>Ministry of Agriculture</td>
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<tr>
<td>SI0201.05 Health rules concerning animal by-products not intended for human consumption</td>
<td>Ministry of Agriculture</td>
</tr>
<tr>
<td>SI0201.06 Centre for Agricultural and Rural Development- JABLE</td>
<td>Ministry of Agriculture</td>
</tr>
<tr>
<td>SI0201.07 Preparation on setting up of the control system and the system, of reporting to fulfil requirements for EAGGF Guarantee section accreditation according to CMO regulation, 386/90</td>
<td>Ministry of Agriculture</td>
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</tbody>
</table>

\(^3\) in particular, but not exclusively, accounts run by the NF, the CFCU and IAs
<table>
<thead>
<tr>
<th>Sub-programme and Project</th>
<th>Implementing Authority</th>
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<tbody>
<tr>
<td>regulation and regulation 4045/89.</td>
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<tr>
<td>S10201.08 New Organization Structure of Slovenian Railway System</td>
<td>Ministry of Transport</td>
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<tr>
<td>S10201.09 Development of Information and Reporting systems</td>
<td>Ministry of Environment &amp; Spatial Planning</td>
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<tr>
<td>S10201.10 Introduction and Assistance in using the Software for the Evaluation of Water Quality</td>
<td>Ministry of Environment &amp; Spatial Planning</td>
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<tr>
<td>S10201.11 Implementation of the Air Quality and climate change</td>
<td>Ministry of Environment &amp; Spatial Planning</td>
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<tr>
<td><strong>S10202 Internal Market</strong></td>
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<tr>
<td>S10202.01 Liberalisation of the gas market—Access to the gas transmission network</td>
<td>Ministry of Economy</td>
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<tr>
<td>S10202.02 Regulatory framework in completion of the internal energy markets</td>
<td>Ministry of Economy</td>
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<tr>
<td>S10202.03 Full membership of SIST in CEN and CENELEC – Comprehensive IT support to the standardisation work</td>
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<tr>
<td>S10202.04 Reinforcement of the National Regulatory Authority</td>
<td>Ministry of Economy</td>
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<tr>
<td>S10202.05 eGovernment in the service to Slovene / European citizens and enterprises</td>
<td>Ministry of Information Society</td>
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<tr>
<td>S10202.06 Faster Internet for Research and Education</td>
<td>Ministry of Information Society</td>
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<tr>
<td>S10202.07 Capacity building for the implementation of the acquis related to mutual recognition of qualifications</td>
<td>Ministry of Labour, Family &amp; Social Affairs</td>
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<tr>
<td>S10202.08 Technical Legislation and Enforcement Mechanisms on Harmonized and related Non-harmonized areas</td>
<td>Ministry of Economy</td>
</tr>
<tr>
<td><strong>S10203 Mobility Schemes Complementary Fund</strong></td>
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<tr>
<td>S10203.01 Mobility Schemes Complementary programme</td>
<td>EU Programmes Agency</td>
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<tr>
<td><strong>S10204 Justice and Home Affairs</strong></td>
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<tr>
<td>S10204.01 Home Affairs (Schengen border)</td>
<td>Ministry of Interior</td>
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<tr>
<td>S10204.02 Border Inspection Posts on the future external border of the EU</td>
<td>Joint Services of the Government</td>
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<tr>
<td>S10204.03 Modernisation of Judicial System</td>
<td>Ministry of Justice</td>
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<tr>
<td>S10204.04 Alternative Consumer dispute resolution</td>
<td>Ministry of Economy</td>
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<tr>
<td><strong>S10205 Economic and Social Cohesion</strong></td>
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<tr>
<td>S10205.01 Setting up a coherent system for the Structural and Cohesion Funds in Slovenia for the Managing Authority (MA) and the ERDF measures Implementation</td>
<td>Ministry of Economy</td>
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<tr>
<td>S10205.02 Development of programming and management capacities for European Social Fund (ESF) Implementation</td>
<td>Ministry of Labour, Family &amp; Social Affairs</td>
</tr>
<tr>
<td>S10205.03 Establishment of the Management and Control System designed for effective and sound implementation of EU Structural and Cohesion Funds with the future Paying Authority</td>
<td>Ministry of Finance</td>
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<tr>
<td>S10205.04 Strengthening of the institutional capacities of the Slovenian Court of Audit</td>
<td>Court of Audit</td>
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<tr>
<td>S10205.05 Ex-ante evaluation Single Programming Document (SPD) Slovenia</td>
<td>Ministry of Economy</td>
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<tr>
<td>g.) Environmental Impact Assessment and Nature Conservation</td>
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</tbody>
</table>
The procedures for environmental impact assessment as set down in the EIA-directive\(^4\) are fully applicable for all investment projects under PHARE. If the EIA-directive has not 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 documented\(^5\).

If a project is likely to affect sites of nature conservation importance, an appropriate assessment according to Art. 6 of the Habitats-Directive\(^6\) must be documented\(^7\).

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.

**h.) Special rules for certain components of 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.

4. **MONITORING AND ASSESSMENT**

Project implementation will be monitored through the Joint Monitoring Committee (JMC). It includes the NAO, the NAC and the Commission. The JMC will meet at least once a year to review all Phare funded programmes in order to assess their progress towards meeting the objectives set out in Financing Memoranda and the Accession Partnership. The JMC may recommend a change of priorities and/or the re-allocation of Phare funds.

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

\(^4\) DIR 85/337/EEC; OJ L 175/40; 5.7.1985; as amended by DIR 97/11/EEC; OJ L 73/5; 14.3.97

\(^5\) in Annex EIA to the corresponding investment project fiche

\(^6\) DIR 92/43/EEC; OJ 206/7; 22.7.1992

\(^7\) in Annex Nature Conservation to the corresponding investment project fiche
The Commission 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 Community law 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,

(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 1681/94.

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 at 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 measures such as ex-ante verification of

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8 OJ L178, 12.7.1994; p.43-46

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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 interest of the Community, the Commission can conduct on-the-spot checks and inspections on site in accordance with the procedures foreseen in Council Regulation (Euratom, EC) No. 2185/96.

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 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 - 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.

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9 OJ L292; 15.11.1996; p.2-5
ANNEX D ON

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.