

FINANCING MEMORANDUM

The European Commission, hereinafter referred to as "THE COMMISSION", acting for and on behalf of the European Community, hereinafter referred to as "THE COMMUNITY"

on the one part, and

The Government of the Republic of Bulgaria, 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 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: **BG 0201 to BG 0205**
Title: **2002 Bulgaria National Programme**
Duration: **Until 30 November 2004**

ARTICLE 2 - COMMITMENT OF THE COMMUNITY

The financial contribution of THE COMMUNITY is fixed at a maximum of 94.9 MEUR 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 November 2004** subject to the provisions of this Memorandum. All contracts must be signed by this date. Any balance of funds of the EC GRANT which have not been contracted by this date shall be cancelled. The deadline for disbursement of THE EC GRANT is **30 November 2005** with the exception of the projects BG 0201.02, BG 0201.12, BG 0202.01, BG 0202.02, BG 0202.03, BG 0203.11, BG 0204.01 and BG 0204.02 where the deadline is **30 November 2006**. All disbursements must be completed by the deadline for disbursement. THE COMMISSION may however, in exceptional circumstances, agree to an appropriate extension of the contracting period or of the disbursement period, should this be requested in due time and properly justified by THE RECIPIENT. This Memorandum shall expire at the expiry of the disbursement period of the EC GRANT. All the funds which have not been disbursed shall be returned to the Commission.

ARTICLE 4 - ADDRESSES

Correspondence relating to the execution of THE MEASURE, stating THE MEASURE'S number and title, shall be addressed to the following:

for the COMMUNITY:

Delegation of the European Commission to Bulgaria
Mr Dimitris Kourkoulas
9 Moscovska Str
PO Box 668
BG - 1000 Sofia
Bulgaria

Tel: (+359 2) 933 5252
Fax: (+359 2) 933 5233

for THE RECIPIENT:

Ministry of Finance
Mr Milen Velchev
National Aid Co-ordinator
102 Rakovski Street
1040 Sofia
Bulgaria

Tel: (+ 359 2) 9859 2000
Fax: (+ 359 2) 987 0581

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 SOFIA
Date 20/12/2002

Done at SOFIA
Date 20/12/2002

for THE RECIPIENT

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.....
Mr Milen Velchev
National Aid Co-ordinator
Minister of Finance

for THE COMMUNITY

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.....
Dimitris KOURKOULAS
Head of EC Delegation in Bulgaria

Encl.

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

ANNEX 2 TO THE FINANCING MEMORANDUM SPECIAL PROVISIONS

1. STRATEGY

The overall aim of the National Programme is to assist Bulgaria's preparations for EU membership, on the basis of the priorities identified in Bulgaria's latest Accession Partnership, approved by the Council in December 2001. Phare programming has also taken careful account of the findings of the Commission's Regular Report on Bulgaria's progress towards accession (November 2001), the priorities identified in the Government of Bulgaria's National Programme for the Adoption of the Acquis (May 2001) and preliminary National Development Plan (May 2001), and the issues arising in accession negotiations.

The Bulgarian National Aid Coordinator played an active role in helping to identify programme priorities and potential projects. Counterparts throughout the Bulgarian administration were invited to prepare projects consistent with the programming priorities. In a number of cases, financial assistance was provided to assist with project preparation. The Commission maintained regular contacts with the IMF, World Bank, EBRD, EIB and bilateral aid agencies, to ensure adequate coordination of external assistance.

The main criteria used for the final selection of projects for support under the 2002 National Programme were the extent to which proposed projects reflected the programming priorities and the maturity of projects at the time that the programme was finalised in March 2002. Phare assistance is programmed with a multi-annual perspective, so account was taken of past and ongoing support in each sector under previous years' National Programmes. Certain projects that the Bulgarian administration or Commission might have wished to support have been postponed to the 2003 programme, to allow further time for developing them.

In conformity with the Phare guidelines, a proper balance has been struck between institution building, investment in the acquis and investment in economic & social cohesion. Careful account has been taken of absorption capacity and the strength of implementation arrangements, especially in the area of economic & social cohesion and other projects involving grant schemes.

The 1999 and 2000 Phare programmes supported a broad range of projects covering institution building and the acquis and the 2001 programme placed rather greater emphasis on promoting further compliance with the economic and political criteria. In 2002, support in these areas will be consolidated, but as for all Candidate Countries, special emphasis has been placed on building Bulgaria's administrative and judicial capacity within the framework of the corresponding Action Plan. The programme has been arranged around the following broad objectives, which have been chosen because they represent the areas in which the Bulgarian government and the Commission believe that Phare support can most helpfully assist Bulgaria to meet the accession criteria.

- **Economic reform and the acquis.** Bulgaria needs to make further progress in promoting economic growth and competitiveness, notably by improving the business environment, raising financial sector intermediation, improving the functioning of the land market, and enhancing the efficiency of the energy sector and public utilities. The programme includes projects to improve the business environment and assist with agriculture pre-accession strategy and institution building; phytosanitary, veterinary and TSE control; company law; competition policy; consumer and health protection; gas liberalisation; wetlands management; and national conformity assessment.
- **Economic & social cohesion.** Bulgaria needs to address the economic and social challenges of transition and prepare national and regional administrative structures to manage EU Structural Funds after accession. The programme includes projects to enhance youth employment ; develop

eco-tourism; and support reforming vocational education and training. In addition, an unallocated envelope for institution building has been introduced, a key objective of which will be to help implement institutional change and capacity building in support of Bulgaria's strategy for transition to Structural Funds.

- **Strengthening public administration.** Bulgaria needs to strengthen public administration and the judiciary, and effectively combat corruption. The programme includes projects to implement the strategy for judicial reform; combat corruption (four projects); strengthen the Public Prosecutor's Office; strengthen Human Resource Capacity in the public administration; develop customs standards and practices and border control; implement the National Schengen Action Plan; strengthen border control and management; and improve regional statistics; develop tax standards and practice.
- **Ethnic integration and civil society.** Bulgaria needs to nurture its democratic and pluralist traditions and foster social integration, with proper respect for human rights and adequate protection for vulnerable groups. The programme includes projects to foster a more active and self-sustaining civil society; and promote social development in areas with disadvantaged minority populations

The programme also includes a twinning light facility (within the unallocated envelope for institution building) to support small-scale acquis-related priorities identified during accession negotiations; a project preparation facility to improve the capacity to design and manage Phare projects; and co-financing for Bulgaria's contribution for participation in certain EC programmes and agencies.

2. OBJECTIVES, DESCRIPTION AND CONDITIONALITIES

Objective 1: Economic reform and the acquis

BG 0201.01: Strengthening of the Bulgarian Trade Promotion Agency

This project, which is designed to be delivered by twinning aims to; to direct and strengthen the national business and trade development and promotion policy and its institutional framework leading to the increase of the capacity of Bulgarian economy to cope with competitive pressure and market forces within the EU. It focuses on improvement of the public-private partnership by strengthening the administrative capacity of the Bulgarian Trade Promotion Agency (BTPA) for implementing the international aspects of national business policies and strategies. Phare assistance is conditional on commitment to high level co-operation with the twinning partners.

BG 0201.02: Establishment of a Paying agency and preparation for setting up of IACS

This project which is designed to be delivered by twinning, consists of two sub-projects; the establishment of a Paying agency within State Fund Agriculture, which is consistent with EU requirements; and the preparation for setting up of an Integrated Administration and Control System (IACS) in Bulgaria. Phare assistance is conditional on the provision of sufficient counterpart staff.

BG 0201.03: Support to the pre-accession strategy in agri-environment and rural development

This project, which is designed to be delivered by twinning, aims to; strengthen the capacity of the Ministry of Agriculture and Forestry (MAF), its services and the Regional Environmental Inspectorates of the Ministry of Environment and Water to undertake the priorities for EU alignment and implement the reforms identified in the current accession priorities in the field of Agri-environment and rural development; contribute to the better management of natural resources and to multifunctional development of the rural areas; and support training institutions in advisory, monitoring and control issues in the terms of agri-environment and rural areas. Phare assistance is conditional on detailed development and approval of the draft National Agri-environmental Programme.

BG 0201.04: Improvement of veterinary border control

This project, which is designed to be delivered by twinning, will help strengthen the capacity of the Ministry of Agriculture and Forestry (MAF) and its services in three key areas relevant to accession priorities and the *acquis*; the improvement of veterinary border control, the improvement of the diagnostic system for animal health control; and the improvement of feeding stuffs and feed additives control. Phare assistance is conditional on commitment to high level co-operation with the twinning partners and resolution of land use issues for the border facilities.

BG 0201.05: Improvement of phytosanitary control

This project aims to reinforce the phytosanitary inspection services of the National Service for Plant Protection (NSPP) for the implementation of phyto-sanitary control and biological testing, and registration of plant protection products and control of pesticide residues, nitrates, heavy metals and fertilizers in plant raw materials. Phare assistance is conditional on commitment to high level co-operation with the twinning partners and the provision of counterpart staff.

BG 0201.06: Transmissible spongiform encephalopathy (TSE) control

This project, which is designed to be delivered by twinning aims for the effective transposition of the EU disease control systems to Bulgaria and the improvement of the national system for control of zoonotic diseases with emphasis on TSE. The project will facilitate the introduction of TSE screening in Bulgaria as prescribed in the regulation 999/2001/EC. Phare assistance is conditional on the refurbishment of the relevant laboratory before the project starts.

BG 0201.07: Development of company law

This project, which is designed to be delivered by twinning, aims to improve the cooperation between the executive institutions and the bodies engaged in protection of intellectual property rights. It focuses on; coordination between protection and enforcement institutions; establishing a national information system; protection of the intellectual and industrial property rights; interception of the violations at the border; public access to the Patent Office and Ministry of Culture database; and achieving good qualification and training levels of the employees. Phare support for the project is conditional on the signing of the Memorandum of Understanding between the National Customs Agency, Ministry of Interior, Ministry of Justice, Ministry of Culture and Patent Office specifying their responsibilities.

BG 0201.08: Strengthening competition policy

This project, which is designed to be delivered by twinning, aims at; effective enforcement of the new state aid legislation; strengthening the administrative capacity of State aid monitoring and control authorities; and raising the awareness of the Supreme Administrative Court and of the other concerned state bodies to apply the approximated legislation on State aids in conformity with EC *acquis*. Phare assistance is conditional on the development of effective mechanisms for inter- Ministerial and agency co-operation.

BG 0201.09: Enhancement of consumer and health protection

This project, which is designed to be delivered partly by twinning, aims to; assist in institutional capacity building and creation of the conditions for the effective enforcement of consumer protection legislation and for carrying out of consumer protection policy; build up consumer confidence in the market of products and services and achieving a high level of protection, including protection of consumer's health and safety and the protection of the economic interests of consumers; and strengthen the consumer movement in Bulgaria.

BG 0201.10: Support for gas market liberalisation

This project, which is designed to be delivered by TA, provides preliminary assistance for the liberalisation of the energy market. The liberalisation consists of transiting from a monopoly structure model towards a regulated third party access one and completing the restructuring and privatisation of unbundled Bulgargaz parts in compliance with the *acquis communautaire* and the Energy and Energy Efficiency Act. Phare assistance is conditional on clear government commitment to implementing liberalisation as well as the availability of funding from other sources for follow up work.

BG 0201.11: Management planning and capacity building for wetland areas

The project aims to develop a national approach for the effective management of two major categories of Protected Areas in Bulgaria, with a view of the preparations for their future NATURA 2000 membership. The project will focus on the development of participatory administrative models and integrated management planning for the following two categories defined by the 1998 Protected Areas Law: Nature Parks and Protected Sites. The project will also pilot innovative participatory administrative models and integrated management planning at two priority wetland areas along the Danube bank in Bulgaria, representing the two focal Protected Area categories: Persina Nature Park and Kalimok-Brushlen Protected Site. Phare assistance will leverage \$ 7.5 million from the World Bank/GEF.

BG 0201.12: Strengthening the national conformity assessment system

The project, which is designed to be delivered by TA, aims to ensure the provision of adequate service to industry by conformity assessment bodies (CABs), standardisation and metrology institutes. It focuses on; strengthening of the national system of CABs to carry out conformity assessment procedures; provision of effective information services adequate to the CEN/CENELEC practice and facilitation of enforcement of the NA Directives through transposition and application of harmonised standards; and provision of the necessary capacity to meet the requirements of priority industrial sectors as regards to accuracy, reliability and traceability of measurements carried out. Phare assistance is conditional on specific legislative and institutional changes required by the project design.

Objective 2: Economic & social cohesion

Phare support for investment in economic & social cohesion was provided for the first time in 2000. Programming for 2002 has been conducted in the context of a revised National Development Plan that incorporates strengthened sectional and regional strategies. Phare assistance in 2002 will be focused on two areas: productive sector investment (particularly tourism) and human resource development. The volume of support is lower than in the last two years both because the finite absorptive capacity is substantially taken up by the support already provided and because of the pressure of other priorities.

Investment schemes will be carefully targeted to ensure Phare resources achieve adequate impact, based on lessons learned from previous years and dedicated studies. Strong emphasis has again been placed on achieving results linked to the priorities identified in the National Development Plan, robust implementation structures incorporating external technical assistance where appropriate, and clear and objective criteria for the transparent selection of beneficiaries under each scheme.

Phare assistance for each scheme involving investment in economic & social cohesion is conditional on approval by the Commission Delegation, before implementation commences, of the institutional and implementation arrangements, including the adequacy of staffing and resourcing of the bodies involved in implementation, robust arrangement for ensuring sound management of EU funds, and any operating guidelines or memoranda of understanding required.

BG 0202.01: Clearing the path to employment for youths

This project, which is designed to be delivered by TA and a targeted grant scheme, aims to Increase levels of employability, adaptability and entrepreneurship of youths, 16-29 years old. It focuses on; reduced levels of unemployment and increased employment amongst youths; increased effectiveness in organising, implementing and controlling the EU funds in the local structures of Ministry of Labour and Social Policy; and increased local communities' involvement into absorption of the EU funding. Phare assistance is conditional on the MLSP providing sufficient human resources to implement the scheme effectively, especially in the relevant PIU.

BG 0202.02: Development of Bulgarian eco-tourism

This scheme, which will be delivered by twinning in support of a grant scheme, aims to achieve sustainable growth of the eco-tourism sector through improvement of the international market positions of the Bulgarian tourist industry. It focuses on; diversification of the tourist products and improvement of service quality; expansion of the geographic spread of tourism and its seasonal distribution; improvement in the qualifications and skills of the labour force in tourism; and improvement in the availability of information and promotion efforts in the country and abroad. These measures should lead to an increase in the quality and variety of services in the tourism for the purpose of prolonging the tourist season, entering new market segments and increasing the total revenues from the sector. Phare assistance will be conditional on the development of effective mechanisms for inter-Ministerial and agency co-operation.

BG 0202.03: Life long learning and vocational training

This scheme, which is designed to be delivered by a combination of TA, investment and a grant scheme, aims to ensure quality vocational education and training in compliance with the requirements of the labour market. It focuses on; improving the adaptability and competitiveness of the work force through a Life Long Learning system in accordance with the dynamics of the labour market; and supporting wider reforms of vocational education and training. Phare assistance will be conditional on the development of effective mechanisms for inter-Ministerial and agency co-operation, especially between the Ministry of Education and Science and Ministry of Regional Development and Public Works.

Institution building for Structural Funds

A discrete project in this area was planned, but in the event, the Bulgarian strategy for transition to Structural Funds was not finalised in time. Support will therefore be provided under the unallocated institution building envelope, BG 0205.02.

Objective 3: Strengthening public administration

BG 0203.01: Implementation for the strategy for reform of the judiciary

This project, which is designed to be delivered by twinning, helps the government and judiciary implement key elements of their ambitious strategy for judicial reform. The project will ensure equal access to justice, improve the court enforcement system in order to ensure an effective and prompt protection of the rights of citizens and legal entities, introduce new information technologies in the courts for improvement of their efficiency and establish a National Institution for Professional Qualification. Phare assistance is conditional on the full commitment by the Bulgarian authorities to the implementation of the strategy.

BG 0203.02: Implementation of the national anti-corruption strategy

This project, which is designed to be delivered by twinning, aims to enhance the administrative capacity of the Ministry of the Interior (MoI) to prevent and counter internal corruption. It focuses on; the adoption and effective implementation of EU standards and best practices; institutional strengthening of the integrated system of the MoI structural units for countering internal corruption; the supply of specialised technical equipment and information systems; the development and implementation of a programme for prevention of corrupt behaviour of MoI officers; the design and introduction of an appropriate system for encouraging anti-corrupt conduct among vulnerable groups of MoI officials like police and border police; and the introduction of a training system for promoting a professional culture among MoI officials. Phare assistance is conditional on effective implementation of other elements of the national anti-corruption strategy.

BG 0203.03: Creation of a unified human resources system

This project, which is designed to be delivered by TA, and complements BG 0203.02, aims to strengthen the capacity of the Ministry of the Interior (MoI) in the field of Human Resource Management and Development. It focuses on; enabling the MoI as a whole to recruit and retain the skilled and committed workforce that it needs to make its functioning fully effective; and developing effective personnel systems. Phare assistance is conditional on high level MOI commitment to the system.

BG 0203.04: Improvement of administrative justice

This project, which is designed to be delivered by twinning, aims to improve the legal and organisational framework of administrative justice in order efficiently to prevent corruption, through; the introduction of a modern system of administrative legislation; the establishment of efficient mechanisms for external judicial control over the work of the public administration; and to provide an effective service to citizens and companies by the public administration and to reinforce their rights effectively to protect their interest in the interaction with the administration. Phare support is conditional on the roles and responsibilities of participating institutions being fully defined.

BG 0203.05: Combating and raising public awareness of corruption

This project, which is designed to be delivered by TA, aims to; create an anti-corruption climate, by facilitating the development of the business through building up an information system for existing license regimes and license issuing; monitor and assess the measures under the Programme for the implementation of the National anti-corruption strategy (NACS) and recommendations for the future actions; and promote anti-corruption co-operation between the Government Institutions, NGOs and Media.

BG 0203.06: Strengthening the Public Prosecutor's Office

This project, which is designed to be delivered by twinning, aims to increase the capacity of the PPO for combating organised and economic crime and corruption. It focuses on; specialisation and concentration of prosecutor's offices in combating organised and economic crime and corruption and greater efficiency through this. Support includes field training, methodological guidance in criminological research, the establishment of a register on prosecutor's proceedings and connecting key Appellate Prosecutor's Offices to the PPO IT network. The project complements Bulgaria's expected participation in a multi-country anti-fraud Phare programme (ref. PH/2002/1412).

BG 0203.07: Strengthening Human Resource Capacity in the Bulgarian Public Administration

This project, which is designed to be delivered by TA, aims to create capacity within the Council of Ministers to develop, guide and monitor the HR policies and systems within the public administration, and for the strategic development of HRM capability. It focuses on the creation and the implementation of a human resource management (HRM) system for the public administration that will give employees in the public administration the tools, good practices, strategies, and leadership needed to carry out the policies of government effectively and efficiently. Training will be designed and implemented in close co-operation with the Institute for Public Administration and European Integration (IPAIEI)..

BG 0203.08: Development of customs standards and practices

This project, which is designed to be delivered by TA, aims to allow the NCA Tariffs, Transit and Information Technology (IT) departments to adopt the EU standards and practices of DG TAXUD business as a requirement for accession and to computerise these business at the national level in order to achieve compatibility with the DG TAXUD systems. It also aims to further assist Trade Facilitation in automating the trader inputs to the Bulgarian Integrated Customs Information System (BICIS) as well as the system outputs to the Trade. The project complements other Phare support and the Bulgarian government's contract with the (UK) Crown Agents.

BG 0203.09: Strengthening of customs border control

This project, which is designed to be delivered by TA, aims to support the implementation of the strategy for rationalisation of the Bulgarian Customs Administration's border operations 2002-2004 and adequate measures for enforcing border control efficiency and effectiveness. This will allow the BCA to increase its capacity to ensure correct and efficient collection of revenue and to play its role as a barrier to smuggling and the illegal traffic of goods (e.g. incl.drugs and precursors, intellectual property rights, cultural goods, rare plants and animals), in view of the strategic situation of the Republic of Bulgaria between Europe and Asia and the strategic role of the international transport corridors, big part of which cross the country territory. The project builds on earlier Phare support and complements the Bulgarian government's contract with the (UK) Crown Agents.

BG0203.10: Implementation of the National Schengen Action Plan

This project, which is designed to be delivered by twinning, aims to help implement parts of the Convention Implementing the Schengen Agreement. Specifically, it focuses on the development and putting into operation of a SIS compatible Automated information system (AIS) for search activities, further enhancement of the criminal analysis system and the development of software applications for distance learning of MoI officials. The fulfilment of this objective will help achieve a higher level of border control and internal security and will also ensure intensified exchange of information with EU member states and Europol which will lead to more effective combating of organised crossborder crime.

BG0203.11: Strengthening border control and management

This project, which is designed to be delivered by twinning, aims to further strengthen border management in Bulgaria by introducing operational standards and practices for the main border management authority – the Bulgarian Border Police. It applies EU best practices in border control as well as through modernising equipment in accordance with EU standards for external border control. This project is a continuation of the Phare Multi-annual Programme, which supports the National operational strategy of the Bulgarian Border Police. It focuses on the regions of the Bulgarian Black Sea coasts and the Danube river through the establishment of a regional Command, Control and Communication Centers (CCC Centers) for both, supported by the supply of patrol vessels designed for continuous all-weather patrolling. These vessels will inter alia facilitate a much more systematic observation of the territorial sea and inner coastal waters and will contribute greatly to the fight against

all forms of crime committed across the state border of the Republic of Bulgaria. Phare assistance is conditional on the Border Police having sufficient human resources to implement the project effectively.

BG0203.12: Improvement of regional statistics

This project, which is designed to be delivered by TA, aims to strengthen the administrative capacity of the National Statistical Institute (NSI) in order to incorporate the *acquis communautaire* in the field of statistics and to ensure the provision of reliable and comparable statistics. The main focus of this project will be the development and improvement of regional statistics which will be important not just for the Bulgarian authorities but also for various EC schemes including, eventually, planning for the introduction of Structural Funds. Phare assistance is conditional on the NSI establishing effective mechanisms for early consultation of key end users of regional statistics, notably the Ministry of Regional Development and Public Works.

BG0203.13: Development of tax standards and practice

This project, which is designed to be delivered by TA, aims to improve the administrative capacity of the Bulgarian Tax Administration in the field of information technology in accordance with the key indicators from the Fiscal Blueprints of the European Commission. It also aims to adopt and computerise the EU standards and practices, VIES (VAT Information Exchange System) and SEED (System for Exchange of Excise Data), in accordance to DG TAXUD specifications. The successful completion of this project will support the efficient management of the tax administration and its operational activities, the effective administrative co-operation with EU member states and DG TAXUD and the enhanced communication with stakeholders.

Objective 4: Ethnic integration and civil society

BG 0204.01: Urbanisation and social development in minority areas

This project aims to improve the living conditions, reduce the rate of unemployment and create the conditions for the social and economic integration of disadvantaged minority communities in Bulgaria while at the same time preserving their ethnic identity. Project support comprises TA for project design and management and investment support for vocational training and targeted infrastructure works and employment generation. Phare assistance is conditional on support being focused on areas in which Roma populations predominate.

BG 0204.02: Civil society development

This project aims to create dynamic and sustainable civil society in Bulgaria, in order to; integrate minorities and vulnerable groups into the mainstream of society; increase transparency and capacity of NGOs to fight corruption; foster partnerships between NGOs, public bodies and business groups and promoting public participation in decision-making; facilitate active participation in the transposition and implementation of the environment, consumer protection and social *acquis*; and develop specific NGOs capacity in defining national and local level policies, developing and implementing mature and sustainable projects, developing sustainable partnerships, and applying a variety of methods to meet their beneficiaries' needs. The project will comprise TA for needs assessment and capacity building and a grant scheme for NGOs. Phare assistance is conditional on a thorough needs analysis.

Objective 5: Project preparation, unallocated IB envelope and EC programmes

BG 0205.01: Project preparation facility

This facility, building on the one in 2001, will strengthen the capacity of Bulgarian institutions to prepare and manage Phare projects and play a fuller partnership role in Phare programming. It should contribute to better project design and results. Technical assistance will be provided for feasibility studies, training in programming, project design and project management, and the preparation of projects, technical specifications, procurement plans, tender dossiers and environmental impact assessments. The facility will be managed by the National Aid Coordinator in close consultation with the Commission Delegation. Assistance will only be given for preparing projects linked to agreed programming priorities. There will be a strong emphasis on Bulgarian involvement in project preparation, in order to enhance progressively the capacity of domestic institutions to prepare and manage projects themselves.

BG 0205.02: Unallocated institution building envelope (including twinning light facility)

This facility will provide Institution Building support through assistance (twinning, twinning light, or other form of technical assistance) to meet the requirements related to specific urgent and unforeseen needs identified in the course of the accession negotiation process, in the preparation of the Action Plan for the Administrative and Judicial capacity and the Structural Funds strategy. In particular this facility may help to; assist the adoption and implementation of *acquis* in particular areas where assistance is still necessary; strengthen the institutional and operational capacity of public administration bodies in view of the future role in the implementation of the EU *acquis*; develop human resources of public administration institutions relevant for the implementation of the EU *acquis*; and develop the institutions required to implement the "Strategy for the Participation of the Republic of Bulgaria in the European Union Structural Funds" A Steering Committee chaired by the National Aid Coordinator will manage the facility, identify suitable projects, and propose them to the Commission Delegation for approval.

BG 0205.03: Participation in EC programmes and agencies

This facility will provide Phare co-financing to help Bulgaria pay its contribution for participating in the following EC programmes and agencies in 2003: Leonardo da Vinci II, Socrates II, Youth, Sixth Research Framework Programme (including Euratom), Culture 2000, Customs 2002, Enterprise and Entrepreneurship, Media Plus/Media Training, European Environment Agency, IDA II, Gender Equality, European Digital Content for the Global Networks, Community Action in the field of Public Health, Combating Social Exclusion and Combating Discrimination. Both Phare co-financing and participation will take place on the basis of the relevant Association Council decisions or Memoranda of Understanding.

Lessons Learned

Experience with the implementation of Phare programmes in previous years and evaluation have led to a number of general lessons being learned. These lessons are reflected in the design and implementation of the 2002 National Programme. The most important lessons relate to constraints on Bulgarian administrative capacity both across the board in many line Ministries and agencies and more specifically in Ministries acting as Implementing Agencies. Medium to long term efforts to reinforce this capacity are already under way and are supplemented in Phare 2002, but in the meantime additional measures have been put in place to assist. These include limiting the number of grant schemes as these place extra burdens on administrative capacity, restricting the number of Implementing Agencies, avoiding complex multi-phase contracting and building in an unallocated reserve for institution building. Another key lesson is that the success of Phare projects, especially institution building, depends on continuity of key senior and working level personnel. In addition to conditionality in project agreements, this issue is being addressed in the context of public sector

reform and strengthening, eg by developing civil service contracts and conditions to avoid politically motivated staff transfers.

More specific lessons relating to individual sectors, Ministries or project types have also been learned and are reflected in individual project documents.

Overall programme conditionalities

Before the Financing Memorandum between the Commission and the Government of Bulgaria is signed, the National Aid Coordinator will satisfy the Commission that it is taking adequate steps to staff and resource adequately the National Fund, CFCU, Ministry of Regional Development and Public Works, other Implementing Agencies and project management units involved in implementing this programme.

Before the Financing Memorandum between the Commission and the Government of Bulgaria is signed, the National Aid Coordinator will confirm the availability of the national co-financing indicated in each project fiche, and the modalities for combining Phare and national co-financing when projects are contracted.

Any project involving the supply of equipment and works requires national co-financing as shown in the relevant project fiche. If the total cost of such equipment or works is less than the amount envisaged in the fiche, the amount of Phare support will be reduced to maintain unchanged the relative proportions of Phare support and national co-financing shown in the fiche. If the total cost is greater than the amount envisaged in the fiche, the extra support required will be provided by additional national co-financing.

Before the Financing Memorandum between the Commission and the Government of Bulgaria is signed, the National Aid Coordinator will satisfy the Commission that draft twinning covenants, terms of reference and technical specifications have been prepared, as appropriate, to allow each project to be launched immediately.

For any project delivered partly or wholly by twinning, a draft twinning covenant shall be presented to the Commission Delegation for approval within four months of notification of selection of the twinning partner. If no draft covenant is presented within this period, the Commission may re-circulate the project to Member States for selection of a new twinning partner, tender the project for commercial technical assistance, or cancel the project.

Projects to be implemented through twinning or twinning light require the full commitment and participation of the senior management of the beneficiary institution. In addition to providing the twinning partner with adequate staff and other resources to operate effectively, the senior management must be fully involved in the development and implementation of the policies and institutional change required to deliver the project results.

For projects involving more than one Bulgarian Ministry or agency, the National Aid Co-ordinator will ensure that effective mechanisms for co-operation and co-ordination between such Ministries or agencies are in place

Further project-specific conditionalities are described in each project fiche.

3. BUDGET (million euro)

Code	CRIS/ DAC Code	Objective	Total Phare support	Institution Building	Investment
BG 0201	15010	Economic reform and the acquis	23.6	11.175	12.425
BG 0202	11230	Economic & social cohesion	14	1.175	12.825
BG 0203	15040	Strengthening public administration	36.4	13.375	23.025
BG 0204	15050	Ethnic integration and civil society	8	4.270	3.730
BG 0205	53010	Project preparation, unallocated IB and EC programmes	12.9	10.793	2.107
		TOTAL	94.9	40.788	54.112

A fuller budget breakdown by project is provided in annex 4. Separate Financing Proposals are being presented to cover Bulgaria's Cross-Border Cooperation programmes.

4. 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) procedures¹.

The National Aid Co-ordinator (NAC) will have overall responsibility for 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.²

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. He shall ensure that the PHARE rules, regulations and procedures pertaining to procurement, reporting and financial management as well as Community state aid rules are respected, and that a reporting and project information system is functioning. This includes the responsibility of reporting all suspected and actual cases of fraud and irregularity. The NAO shall have the full overall accountability for the PHARE funds of a programme until the closure of the programme.

b) Project size

All projects will be greater than 2 M€, except those in the following areas:

a) projects focused primarily on institution building where the Bulgarian Ministry/agency concerned has limited absorptive capacity and cannot utilise as much as 2M€ and

b) technical assistance for gas market liberalisation where Phare assistance is likely to be followed by much larger assistance from another funding agency.

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

c) Contracting and disbursement deadline

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

In the cases of the following projects, however, disbursements must be made by 30 November 2006. Justification is provided in the project fiches;

BG 0201.02	Establishment of a Paying agency and preparation for setting up of IACS
BG 0201.12	Strengthening the national conformity assessment system
BG 0202.01	Clearing the path to employment for youths
BG 0202.02	Development of Bulgarian eco-tourism
BG 0202.03	Life long learning and vocational training
BG 0203.11	Strengthening border control and management
BG 0204.01	Urbanisation and social development in minority areas
BG 0204.02	Civil society development

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 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 after 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 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 Bulgaria in December 1998. Funds will be transferred following requests from the NAO onto a separate bank account, denominated in €, which will be opened and managed by the NF in the Central Bank.

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 Agreements (FAs) between the NF and the Implementing Agencies (IAs)/Central Finance and Contracts Unit (CFCU). The provisions foreseen in articles 2 and 13 of the MoU on the NF must also be met. Furthermore, the NAO must submit to the Commission the designation of the PAOs and a description of the system put in place, highlighting the flow of information between the NF and the IA/CFCU and the manner in which the payment function will be carried out.

Two replenishments will be made of up to 30 % of the funds to be 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 the Commission HQs, no replenishment may be made if the trigger points mentioned above have not been respected.

bb.) Transfer of Funds to the Implementing Agencies

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

Each individual FA will be endorsed in advance by the European Commission. In cases where the NF is itself the paying agent for the CFCU/IA there will be no transfer of funds from the NF to the CFCU/IA. The CFCU and the IAs must each be headed by a Programme Authorising Officer (PAO) appointed by the NAO after consultation with the NAC. The PAO will be responsible for all the operations carried out by the relevant CFCU/IA.

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

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

* excluding the amount foreseen for the Community programmes

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 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 accounts³ will be interest bearing. Interest will be reported to the European Commission. If the Commission so decides, on the basis of a proposal from the NAO, interest may be reinvested in the Programme.

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

The Central Finance and Contracting Unit (CFCU) of the Ministry of Finance will be the Implementing Agency for all programmes and sub-programmes with the following exceptions;

Ministry of Environment and Water – BG 0201.11

Ministry of Labour and Social Policy – BG 0202.01 and BG 0202.03

Ministry of Regional Development and Public Works – BG 0202.02

In addition, for BG 0205.03, payments in respect of Participation in EC Programmes and Agencies are made by the National Fund direct.

g) Environmental Impact Assessment and Nature Conservation

The procedures for environmental impact assessment as set down in the EIA-directive⁴ are fully applicable for all investment projects under PHARE. If the EIA-directive has not yet been fully transposed, the procedures should be similar to the ones established in the above-mentioned directive. If a project would fall within the scope of annex I or annex II of the EIA Directive, the carrying out of the EIA-procedure must be documented⁵.

If a project is likely to affect sites of nature conservation importance, an appropriate assessment according to Art. 6 of the Habitats-Directive⁶ must be documented⁷.

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.

³ in particular, but not exclusively, accounts run by the NF, the CFCU and IAs

⁴ DIR 85/337/EEC; OJ L 175/40; 5.7.1985; as amended by DIR 97/11/EEC; OJ L 73/5; 14.3.1997

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

h) Special rules for certain components for the programme

Twinning

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

Grant Schemes

For grant schemes whose procedures and formats are not covered by the current DIS rules, the precise implementation arrangements will be specified in the relevant project fiches in line with the following principles:

- the procedures and formats to be used in the implementation of the schemes and award of the grants will follow the provisions of the Practical Guide. In particular, due care will be given to the selection process of the beneficiary projects, which has to be done at technical level through selection committees composed of experts appointed by the authorities which are co-financing the schemes as well as by the relevant administrations and interest groups involved in the schemes.
- The competent PAO for the programme under which the grant scheme is financed has to retain his/her contractual and financial responsibility for the implementation of the schemes. In particular, the PAO has to formally approve the call for proposals, application forms, evaluation criteria, as well as the selection process and results. The PAO has also to sign the grant contracts with the beneficiaries and to ensure adequate monitoring and financial control under his/her authority and responsibility. With this reservation, the management of the schemes can be decentralised from the PAO to the appropriate bodies at sectoral or regional level.
- The ex ante approval of the Commission (Delegation in Sofia) will be required for the call for proposals, application forms, evaluation criteria, the selection procedures (including the composition of the committees) and results (list of projects to be funded). The grant contracts signed by the PAO will be subject to the ex-ante control of the EC Delegation.

The implementation of the selected projects through the provision of works, supplies and services sub-contracted by the final beneficiaries of the individual grants shall be subject to the procurement regulations in the Practical Guide. The decentralised system established for CBC small projects is to be applied to all such contracts below 300 000 EUR (or any increased threshold to be fixed by EC Headquarters for small project funds under CBC programmes). Tenders and contracts above this threshold will be presented to the EC Delegation for ex ante approval. The financial commitments in Phare terms will be effected at the date of signature of the grant contracts by the competent PAO. Project implementation and all Phare disbursements are to be done before the expiry date of the present Financing Memorandum.

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

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

6.) 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 1681/94¹⁵.

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.

¹⁵ OJ L 178253; 127.740.9400; p. 43-465-14

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 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 may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (Euratom, EC) No. 2185/9614.

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.

7. VISIBILITY/PUBLICITY

The appropriate Programme Authorising Officer will be responsible for ensuring that the necessary measures are taken to ensure appropriate publicity for all activities financed from the programme. This will be done in close liaison with the Commission Delegation. Further details are set down in the Annex "Visibility/Publicity".

8. SPECIAL CONDITIONS

In the event that agreed commitments are not met for reasons which are within the control of the Government of Bulgaria, 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.

¹⁴ OJ L 292; 15.11.1996; p. 2-5

ANNEX 2 TO THE FINANCING MEMORANDUM

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:

- Regulation (EEC) 1159/2000 Official Journal of the European Communities No L130/30, 31 May 2000;
- Commission Decision of 31 May 1994; Official Journal of the European Communities No L 152/39, 18 June 1994.

Specific provisions concerning ISPA are included in:

- Commission Decision of 22nd June 2001, Official journal of the European Communities No L.182/58

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.