

FINANCING AGREEMENT¹

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 Agreement. 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 Agreement 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 2005/017-353**

Title: **2005 National Programme for Bulgaria (Part I)**

Duration: **Until 30 November 2007**

ARTICLE 2 - COMMITMENT OF THE COMMUNITY

The financial contribution of THE COMMUNITY is fixed at a maximum of **164,103 M€** hereinafter referred to as "**THE EC GRANT**".

¹ The Financing Agreement structure is as follows : 1. the coverpages with the references to the country concerned, amount and authority to sign, 2. Framework Agreement incl. Annex A and Annex B; Annex C – Special Conditions (the text of the adopted financing proposal starting from **Description and Objectives** onwards; and Annex D 'Visibility/Publicity).

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ARTICLE 3 - DURATION AND EXPIRY

For the present MEASURE, THE EC GRANT is hereby available for contracting until **30 November 2007** subject to the provisions of this Agreement. 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 execution of contracts of THE EC GRANT is **30 November 2008** with the exception of the projects *BG 2005/017-353.01.01*, *BG 2005/017-353.01.03* and *BG 2005/017-353.10.02* where the deadline for execution of contracts is **30 November 2009**². THE COMMISSION may however, in exceptional circumstances, agree to an appropriate extension of the contracting period or of the contract execution period, should this be requested in due time and properly justified by THE RECIPIENT. Disbursements of funds may continue for up to 12 months after the deadline for the execution of contracts to meet liabilities properly incurred through the execution of the contracts entered into under this programme. This Financing Agreement shall expire once those disbursements have been completed. All the funds which have not been disbursed by that time shall then 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

9 Moskovska Str
PO Box 668
BG-1000 Sofia
Bulgaria

Tel: (+359 2) 933 5252

Fax: (+359 2) 933 5233

for THE RECIPIENT:

Mr Plamen Oresharski

Minister of Finance
102 Rakovski St
BG-1040 Sofia
Bulgaria

² Consistency between the main text of the FP (1st page) and the FM (1st page as well as in the 'Implementation Arrangements' chapter) must be ensured. The deadline for contracting and the deadline for execution of contracts should correspond accordingly.

ARTICLE 5 - NUMBER OF ORIGINALS

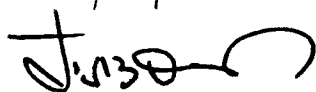
This Agreement is drawn up in duplicate in the English language.

ARTICLE 6 - ENTRY INTO FORCE

This Agreement 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 Agreement.

Done at SOFIA
Date 19/10/2005



for THE RECIPIENT

MR. PLAMEN ORESHARSKI
MINISTER OF FINANCE

Done at SOFIA
Date 19/10/2005



for THE COMMUNITY

MR. DIMITRIS KOURKOULAS
HEAD OF DELEGATION

Encl.

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

ANNEX C

TO THE FINANCING AGREEMENT FOR THE NATIONAL PROGRAMME FOR BULGARIA (PART I) IN 2005

1. OBJECTIVES AND DESCRIPTION

The Phare National Programme 2005 has been deployed according to the 6 overarching priorities that have been set for the MAP 2004-2006. It concentrates on 12 sectoral objectives referring to these priorities:

Objective 01 / political criteria

Objective 02 / internal market and economic criteria

Objective 03 / agriculture

Objective 04 / transport

Objective 05 / employment, social policy and education

Objective 06 / Energy

Objective 07 / Environment

Objective 8 / JHA

Objective 09 / Customs and Finance

Objective 10 / Administrative reform and capacity

Objective 11 / ESC

Objective 12 / Unallocated IB Envelope, EC programmes and agencies, Project Preparation Facility.

Summary descriptions¹ of the individual projects grouped under the sectoral objectives are as follows:

Objective 1: Political Criteria

<i>BG 2005/017-353.01.01 Civil Society Development Programme</i>	
<i>Duration / Phase</i>	<i>2004-2006 / Year 2</i>
<i>Twinning</i>	<i>N/A</i>
<i>Phare budget</i>	<i>€ 3 M</i>

¹ Descriptions are indicative; some details may be changed

Implementing Agency	CFCU
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The aim of this project is to increase the role of civic society in the process of policy formulation at all levels – national, regional and local – notably through enhancing the capacity of the non-governmental organisations. The project focuses on:

- NGOs' participation in the accession process and the participation of the civil society in that process ;
- social integration of the minorities and vulnerable groups to promote tolerance in society;
- enhancing transparency and prevention of the corruption;
- developing mechanisms of public-private partnership for elaboration of national and local policies and for improvement of self-sustainable and independent civil society;
- providing solutions to the problem of vulnerability in rural communities.

The activities provided are repeated each year by the mean of a grant scheme.

BG 2005/017-353. 01.02: Deinstitutionalisation through provision of community based services for risk groups	
Duration / Phase	2004-2006 / Year 2
Twinning	N/A
Phare budget	€ 5 M
Implementing Agency	Ministry of Labour and Social Policy

The aim of this project is to support the child welfare reform as well as the mental healthcare reform. The project envisages inter alia the creation and development of community-based services. This project is targeted on different categories of vulnerable people including children and families at risk, adult mentally disabled and elderly people and includes the selection of projects presented by the relevant institutions.

BG 2005/017-353.01.03: Improvement of the situation and inclusion of the disadvantaged ethnic minorities with a special focus on Roma	
Duration / Phase	2004-2006 / Year 2
Twinning	N/A
Phare budget	€ 9.75 M
Implementing Agency	CFCU

The aim of this project is to ensure systematic improvement of the situation of disadvantaged ethnic minorities with a special focus on Roma by implementing specific

measures with regard to education, health and urbanization and establishment of institutional arrangements at all levels.

It focuses on:

- improving access to integrated education and public infrastructure for disadvantaged ethnic minorities with a special focus on Roma;
- improving interactions between the disadvantaged ethnic minorities and central/local public administration and police structure;
- created conditions for social integration of young Roma through participation in higher education;
- improved material base of selected integrated kindergartens and schools with ethnically mixed classes;
- improved health status of Roma by performed preventive health care services, health promotion and education;
- improved disadvantaged ethnic minorities social integration by upgrading the existing public infrastructure and measures for legalising the constructions;
- and sustainable administrative capacity to manage, in the future, social cohesion projects.

Objective 2: Internal market and economic criteria

<i>BG 2005/017-353.02.01: Strengthening of the administrative capacity of the Financial Supervision Commission to implement the acquis in the field of securities, pension and insurance</i>	
<i>Duration / Phase</i>	<i>2004-2005 / Year 2</i>
<i>Twinning</i>	<i>N/A</i>
<i>Phare budget</i>	<i>€ 0.525 M</i>
<i>Implementing Agency</i>	<i>CFCU</i>

The aim of this project, involving a supply component in 2005, is to settle a strong and efficient supervisory and regulatory framework for the operation of the non-banking financial sector at the level of the EU standards. The experts of Financial Supervision Commission (FSC) prepared an “Action Plan”, which set out the practical steps needed for implementing the commitments under Chapter 3 and this requires a technical and investment assistance. This Phare funded project will help the FSC to succeed in accomplishing its accession obligations till 2007 and its duties, once it becomes regulatory and supervisory authority on the Single European Market for services

The twinning financed in 2004 is going to start. In 2005, the project is focussing on the IT investments needed to help the Financial Supervision Commission to implement EU compliant financial market legislation and best practices following the training sessions. A financial and supervision database will be created and will facilitate the management, storage, exchange and reporting activities.

BG 2005/017-353.02.02 : Further development of the National Conformity assessment system and metrology infrastructure	
<i>Duration / Phase</i>	<i>2005-2006 / Year 1</i>
<i>Twinning</i>	<i>N/A</i>
<i>Phare budget</i>	<i>€ 5.47 M</i>
<i>Implementing Agency</i>	<i>CFCU</i>

The Chapter 1 "Free movement of goods", includes "Legal metrology and pre-packaged products" and "New Approach Directives", which requires efforts to be focused mainly on transposition and enforcement measures.

In this regards, the project aim at ensuring provision of adequate and reliable services to Bulgarian industry and relevant protection and safety of society by means of:

- Strengthening the administrative and technical capacity of the institutional infrastructure concerned with the national conformity assessment system, including fundamental and legal metrology institutions, national market surveillance and designating authorities and accreditation system with respect to the implementation of basic strategy documents, New Approach legislation and alignment with the EU practice;
- Exchange and provision of information in the field of conformity assessment by means of establishing a state-of-the-art information management system, serving the activities of the institutional units involved, including a national contact point for the economic operators offering services in electronic way.
- This project will include in 2005 Technical Assistance (TA) and supply components.

BG 2005/017-353.02.03: Strengthening of the system for health control on trade with chemical substances, preparations and products and strengthening the capacity for control on the novel foods and novel food ingredients, and for control on the irradiated foods and food ingredients	
<i>Duration / Phase</i>	<i>2004-2005 / Year 2</i>
<i>Twinning</i>	<i>N/A</i>
<i>Phare budget</i>	<i>€ 1.128 M</i>
<i>Implementing Agency</i>	<i>CFCU</i>

The overall aim of this project is to ensure the protection of both Bulgarian and EU consumers from dangerous chemicals as well as provision of safe novel and irradiated

food products on the market in line with EU requirements and international legislation. It focuses on:

- strengthening the administrative system on **health protection concerning chemicals as well as novel and irradiated food**; (quality and efficiency of the control on trade with chemical substances and preparations for protecting public health)
- securing the implementation of the Bulgarian legislation on control of novel foods, novel food ingredients and irradiated foods (strengthening the human resource and provision of laboratory equipment).

The twinning financed in 2004 is going to start. This second phase will focus on the provision of equipment for laboratories and development of the experts' professional skills.

BG 2005/017-353.02.04 : Implementation of pre-accession commitments of the Republic of Bulgaria in the field of Free Movement of Persons	
<i>Duration / Phase</i>	2005
<i>Twinning</i>	Yes
<i>Phare budget</i>	€ 1.5 M
<i>Implementing Agency</i>	CFCU

The aim of this project is to strengthen the institutional and administrative capacity of the relevant bodies (Ministry of Labour and Social Policy, Ministry of Health, Ministry of Education and Science, National Veterinary Service and competent organizations of architects, engineers, lawyers,..) for implementation of EU *acquis* in the fields of :

- mutual recognition of diplomas, certificates and other evidence of the formal qualifications,
- free movement of workers, integration in EURES network.
- co-ordination of social security schemes (bilateral social security agreements, ...).

The project will be implemented through twinning.

Objective 3: Agriculture

BG 2005/017-353.03.01: Preparation of the Bulgarian Ministry of Agriculture and Forestry to implement the second pillar of the EU Common Agricultural Policy – Rural Development, and establish its Paying agency and prepare stage 3 of the setting up of IACS	
<i>Duration / Phase</i>	2004-2005 / Year 2
<i>Twinning</i>	N/A
<i>Phare budget</i>	€ 2.166 M
<i>Implementing Agency</i>	CFCU

The aim of this project, is preparation of the Bulgarian Ministry of Agriculture and Forestry to administer the assistance under the European Funds and the National Program for Integrated Rural Development Schemes.

It focuses on improving administrative capacity of :

- Rural Development and Investment Directorate (RDID) in programming, implementing, monitoring, control and evaluation of rural development programmes,
- The Paying Agency at the State Fund Agriculture and its regional structures for the appropriate management of EAGGF and FIG type of funds

This second phase of the project will be implemented through Technical Assistance and supply contract for the Paying Agency.

<i>BG 2005/017-353.03.02: Improving the internal market control via variety testing and seed control, improvement of the phytosanitary control and biological testing, and bringing the animal by-products processing system in Bulgaria in line with the EU requirements</i>	
<i>Duration / Phase</i>	<i>2004-2006 / Year 2</i>
<i>Twinning</i>	<i>N/A</i>
<i>Phare budget</i>	<i>€ 8.424 M</i>
<i>Implementing Agency</i>	<i>CFCU</i>

The aim of this project, is to strengthen the capacity of the Ministry of Agriculture and Forestry (MAF) and its services to undertake the priorities for EU alignment and implement the reforms identified in the current Accession Partnership and the National Program for the adoption of the Acquis (NPAA).

This second phase will focuses on the following activities :

- Improving technical conditions and facilities at the Agency’s Regional Stations and Laboratories for conducting of more accurate variety testing and precise analyses for the certification of seed and propagating material;
- Developing a more efficient functioning system meeting the EU standards and requirements for variety testing and seed control activities, including GMO control
- Constructing a processing plant for animal by-products not intended for human consumption

<i>BG 2005/017-353.03.03: Approximation and implementation of the legislation - CAP and CFP mechanisms – and strengthening the administrative capacity of MAF to meet future responsibilities.</i>	
<i>Duration / Phase</i>	<i>2004-2006 / Year 2</i>
<i>Twinning</i>	<i>Yes</i>

Phare budget	€ 0.897 M
Implementing Agency	CFCU

The aim of this project, is to develop implementation mechanisms based on harmonized laws and by-laws in the agricultural sector. It focuses on harmonising the legal framework in a participative manner; making the Common Market Organisations for grain operate as necessary; establishing an Interbranch association of fruit and vegetable producers; operationalising the CFP; supervising Vine and Wine production qualitatively and quantitatively; improving milk and meat production; and improving communication skills.

This second phase focus on the supply of laboratory equipments including devices for DNA analysis and supply of equipment for fish census and for the upgrade of Fishing Vessels Monitoring System (FVMS).

A twinning / twinning light is proposed to support the line authorities in setting-up their milk quota management system.

Objective 4: Transport

BG 2005/017-353.04.01 Strengthening of the waterborne tasks of the Bulgarian Maritime Administration	
Duration / Phase	2005-2006 / Year 1
Twinning	N/A
Phare budget	€ 2.55 M
Implementing Agency	CFCU

The aim of this project is to improve safety of life at sea in the Bulgarian Safe and Rescue (SAR) region and to improve environmental conditions of Bulgarian territorial waters, especially by strengthening the capacity of the Bulgarian Maritime Administration (BMA) to implement and enforce the requirements of the *acquis* on maritime safety and pollution prevention. The (BMA) will be equipped with appropriate waterborne equipment (specialized vessels) for activities related to emergency search and rescue of life. The procurement of the multifunctional vessels, to be located in Varna, Bourgas, Balchik, Nessebar, Primorsko and Tzarevo, will also temporarily support other activities of the BMA e.g. inspections and pollution prevention.

Objective 5: Employment, social policy and education

BG 2005/017-353.05.01: Strengthening of the National Surveillance System for Communicable Diseases	
Duration / Phase	2004-2005 / Year 2

<i>Twinning</i>	<i>Yes – (laboratory surveillance)</i>
<i>Phare budget</i>	<i>€ 1.8 M</i>
<i>Implementing Agency</i>	<i>CFCU</i>

The aim of this project is to ensure the integration of the national Communicable Diseases (CD) surveillance system into the EU surveillance networks through adopting the EU legislation and strengthening the administrative capacity of the involved institutions.

It focuses in 2005 on the improvement of the national framework for epidemiological CD surveillance system including updating of legislation accreditation of laboratories, and development of regulations and guidelines in the field of CD. Moreover, the existing CD epidemiological surveillance system will be reinforced and the workplaces for the epidemiologists equipped. Training of epidemiological staff will also be provided.

Objective 6: Energy

N/A. The multi-annual project initially foreseen should be presented in the Phare National Programme 2005, second part.

Objective 7: Environment

BG2005/017-353.06.01 Preparation of a Bulgarian Natura 2000 Network	
<i>Duration / Phase</i>	<i>2005</i>
<i>Twinning</i>	<i>N/A</i>
<i>Phare budget</i>	<i>€ 1.8 M</i>
<i>Implementing Agency</i>	<i>CFCU</i>

The aim of this project is to contribute to the nature protection in Bulgaria through the enforcement of Directive 92/43/EEC (Habitats) and Directive 79/409/EEC (Birds) and the creation of the Bulgarian Natura 2000 network in accordance with the requirements of EU Directive 92/43 (Habitats) and the EU Directive 79/409 (Birds). It includes the designation and support for management of special protected areas (SPAs – Birds) developed in line with the provisions of the Directives.

The expected results are the provision of the documentation required, elaboration of methodology for negotiation with landowners, organisation of public hearings, accomplishment of site designation, elaboration of management plans for priority SPAs, and reinforcement of administrative capacity on central, regional, and local level.

BG2005/017-353.06.02 Further development of administrative capacity in implementation of the environmental <i>acquis</i> at local level	
<i>Duration / Phase</i>	<i>2004-2005 / Year 2</i>
<i>Twinning</i>	<i>N/A</i>
<i>Phare budget</i>	<i>€ 1.96 M</i>
<i>Implementing Agency</i>	<i>CFCU</i>

The aim of the project is to improve of the institutional and administrative framework necessary to implement and enforce the Bulgarian legislation in order to fully comply with the EU requirements, and raise public awareness about environmental issues.

Its purpose is to assist the Bulgarian authorities in: further strengthening the capacity of the local authorities and other relevant organisations for preparation and management of environmental investment plans, programmes and projects with emphasis on development and implementation of different financial schemes for environmental projects and further improvement of the information systems and data exchange at local level, raising public awareness about environmental issues and establishment of the most appropriate administrative structures at local level in order to ensure implementation of integrated environmental management approach.

Objective 8: Justice and Home affairs

BG2005/017-353.07.01: Support for further Implementation of the Strategy for Reform of Bulgarian Judiciary	
<i>Duration / Phase</i>	<i>2004-2006 / Year 2</i>
<i>Twinning</i>	<i>N/A</i>
<i>Phare budget</i>	<i>€ 8.25 M</i>
<i>Implementing Agency</i>	<i>CFCU</i>

The aim of this project, is to develop the necessary administrative and judicial capacity to transpose, implement and enforce the *Acquis* and to accrue the benefits of an operational national network of effective and transparent information systems for the Judiciary.

This second phase focuses on the three following sub-projects :

- Remedy the Civil and Penal Procedures : ensure fast, efficient and qualitative court procedures through assistance in the implementation of the reform in civil and penal matters.
- Support for Establishment of Security Infrastructure for the Judiciary : improve the infrastructure and physical security of the Judiciary.
- Support of the Implementation of the Strategy for Reform of the Judiciary through Introduction of Judicial Information Technologies : strengthen the institutional capacity of Bulgarian judicial system through further integration of the existing IT systems

BG2005/017-353.07.02: Strengthening of the Bulgarian Judiciary	
Duration / Phase	2004-2005 / Year 2
Twinning	Yes
Phare budget	€ 1.1 M
Implementing Agency	CFCU

The aim of this project, involving institution building and investment, to support the bodies of the judiciary and the executive in the implementation of the Strategy for reform of the judiciary through a contribution to the process of preparation of the Republic of Bulgaria for accession to the EU by introduction of European standards for higher quality of justice and judicial training, as well as for effective and smooth management of the judiciary and the institutional cooperation.

It focuses on:

- improvement of the legal framework of the magistrates' status and development of the principle of impartiality and transparency in their appointment and work; provision of high quality of training for magistrates and administrative staff, strengthening the administrative capacity of the Supreme Judicial Council,
- improvement of the management of the judiciary; identifying and implementing practical measures for strengthening the inter-agency cooperation between Public Prosecutor's office (PPO) and other concerning bodies in fighting organized crime, fraud and corruption;
- developing practical measures and training modules for implementing of newly adopted *acquis* in the field of organized crime, fraud and corruption

In 2005 the twinning component aim at strengthening the interagency cooperation between Public Prosecutor's Office (PPO) and other concerning bodies in fighting organized crime and corruption.

BG2005/017-353.07.03: Streamlining the Penitentiary System in Bulgaria	
Duration / Phase	2004-2006 / Year 2
Twinning	N/A
Phare budget	€ 2.1M
Implementing Agency	CFCU

The aim of this project, involving only investment in 2005, is to contribute to the successful reform of the Bulgarian Judiciary and to combating crime through constructive and flexible law enforcement and execution of penalties within the Bulgarian judicial system. It focuses on establish an effective computerized work of the penitentiary bodies in accordance with the EU standards and to create a National Database for the Penitentiary system in order to accelerate and facilitate the working process in penitentiary system.

BG2005/017-353.07.04: Modernising the Bulgarian Police and Enhancing its Efficiency	
Duration / Phase	2004-2006 / Year 2
Twinning	N/A
Phare budget	€ 8.52M
Implementing Agency	CFCU

The aim of this project, is enhancing police structures' anti-crime capacity through introducing EC acquis and practices in the field of justice and home affairs related to the conduct of police investigation and respect for human rights, as well as the optimisation of data exchange and establishment of a state authority in the field of migration In this second phase the investment component will aim at : renovation of the IT equipment of the Ministry of Interior (MoI) needed to support police structures' activities, modernization and technical equipment of the detention premises at the regional and local police units, development of the police information systems supporting the police activities, construction and equipping the Special Home in Sofia for accommodation of foreigners, subject to expulsion by force out of the country, equipment for laboratory tests of false documents and introduction of biometric indices for finding the identity of foreigners.

BG2005/017-353.07.05: Further Strengthening of Border Control and Management of the Future EU External Borders through Modernisation of Technical Equipment, Development of Centralised Information Systems and Introduction of EU Best Practices and Standards in the Field of Border Control	
Duration / Phase	2004-2006 / Year 2
Twinning	Yes – 2 twinnings
Phare budget	€ 16.695M
Implementing Agency	CFCU

The aim of this project, involving institution building and investment is efficient border control and management according to the requirements and standards of the EU for external borders guarding, improved border control results with respect to counteraction to cross-border organised crime, a change in the manner of work of border police officers and improved information infrastructure and communication environment for the needs of the border control and migration systems. The target of the second phase of realization of the multi-annual programme is improvement of the co-operation with other agencies, having competencies in compulsory border control and the improvement of technical facilities of the National Border Police Service in compliance with the EU requirements for border guarding of the external frontiers, development and implementation of the information system for border control and systems supporting the migration control from and through the country, preparation for implementation of compensatory measures in the border zone of the future internal EU borders.

BG2005/017-353.07.06 Implementation of EU acquis in the field of asylum – Dublin II and EURODAC regulations	
Duration / Phase	2005
Twinning	Yes - Preparation and implementation of EURODAC system
Phare budget	€ 1.85 M
Implementing Agency	CFCU

The aim of this project is to set up EURODAC and implementing Dublin II in compliance with EU requirements. It includes the development of the National Cogent AFIS within the Ministry of Interior, Republic of Bulgaria, the institutional building of Dublin II and EURODAC offices and the development of the relevant network infrastructure.

Objective 9: Customs and Finance

<i>BG2005/017-353.08.01: Strengthening of the customs control on the future EU external borders in accordance with the Common Agricultural Policy (CAP)</i>	
<i>Duration / Phase</i>	<i>2004-2006 / Year 2</i>
<i>Twinning</i>	<i>N/A</i>
<i>Phare budget</i>	<i>€ 2.91 M</i>
<i>Implementing Agency</i>	<i>CFCU</i>

The aim of this project is improvement of the customs control efficiency at the future EU external borders and enhancement of the administrative capacity of the customs for the future implementation of the CAP. It focuses on enhancement of the operational and administrative capacity of the customs control and modernization of the specialised technical equipment; and assistance to the Bulgarian Customs Administration (BCA) in the process of adoption of the European customs legislation and practices in the field of the CAP.

<i>BG2005/017-353.08.02: Further Development of the process of the Bulgarian Customs Administration Computerisation and Development of a National System for Administering the Excise Duty Entirely by the Customs Administration</i>	
<i>Duration / Phase</i>	<i>2004-2006 / Year 2</i>
<i>Twinning</i>	<i>N/A</i>
<i>Phare budget</i>	<i>€ 2.775 M</i>
<i>Implementing Agency</i>	<i>CFCU</i>

The aim of this is the computerisation of the customs business at the national level in line with the targets identified in the NCA Strategic documents in order to meet the accession criteria in accordance with the acquis and implementation of the acquis in the field of excise duties and automation of the activities related to administering the excise duties.

In this second phase, it will focus only on Sub-project 1, Component 1.3 "Supply of equipment for modernisation of the infrastructure supporting the Bulgarian Integrated Customs Information System (BICIS)". The purpose is the improvement of the extensibility and scalability of BICIS in order to improve the performance, and reliability of the system after the start of all the main BICIS modules, the full security system, and the opening of BICIS for unlimited work with BCA customers online.

BG2005/017-353.08.03: Alignment with the Acquis on Taxation and Strengthening of the Administrative Capacity of the Revenue Administration	
Duration / Phase	2004-2006 / Year 2
Twinning	Yes - 2 twinings (tax policy ; revenue administration)
Phare budget	€ 3.424 M
Implementing Agency	CFCU

The aim of this project, involving institution building and investment is creating a business friendly environment in the country, clear and efficient revenue collection and administration through harmonisation of Bulgarian tax legislation with the acquis and strengthening the administrative capacity of revenue administration in the process of accession to the European Union. In this second phase it will finance the continuation of the project 1 on Tax Policy (implementation of the acquis and EU best practices in the area of direct and indirect taxation) and project 2 on Institutional development of the revenue administration (improvement of the capacity of the tax/revenue administration).

In addition, a new component has been included aiming at improving services to foreign taxpayers, tax control of intra-community transactions (e-audits and tax fraud prevention and investigation using the databases of VIES system), tax enforcement (recovery of claims) and internal control of related business processes

BG2005/017-353.08.04: Strengthening the Institutional Capacity of the Ministry of Finance	
Duration / Phase	2004-2005 / Year 2
Twinning	N/A
Phare budget	€ 2.525 M
Implementing Agency	CFCU

The aim of this project is strengthening the relevant institutional capacity at the Ministry of Finance in order to achieve, upon accession, sound public finance and efficient management of the national and the EU funds, including the effective protection of these funds against fraud and other irregularities. This second phase is notably focussing on the continuation of 3 sub-projects : strengthening the capacity of the Management of European Union Funds Directorate at the Ministry of Finance, development of the common IT architecture in MoF and equipment Supply.

BG2005/017-353.08.05 Further modernisation of the specialised equipment for execution of efficient customs control	
<i>Duration / Phase</i>	<i>2005</i>
<i>Twinning</i>	<i>N/A</i>
<i>Phare budget</i>	<i>€ 1.495 M</i>
<i>Implementing Agency</i>	<i>CFCU</i>

This project is complementary to the multi-annual project included in this programme. Its aim is to improve more specifically the technical capacity for execution of customs control. The increase of the technical equipment will help to fulfil the recommendations of the World Customs Organization Task Force on Security & Facilitation of the International Trade Supply Chain. It should lead to decrease to a minimum the possibility for smuggling in goods, narcotic substances and precursors, weapons and dual use goods and technologies, currency, products made of precious metals and gems, artefacts of artistic and historical value, as well as to increase the clearance capacity of the customs offices through decreasing the time for clearance of vehicles and people.

BG2005/017-353.08.06 Computerisation of the BCA for simplification of formalities	
<i>Duration / Phase</i>	<i>2005</i>
<i>Twinning</i>	<i>N/A</i>
<i>Phare budget</i>	<i>€ 1.05 M</i>
<i>Implementing Agency</i>	<i>CFCU</i>

The aim of this project is to ensure the computerisation of the activities for simplified declarations procedures in order to contribute to more efficient customs control, optimization of the time and quality of the customs clearance process, trade facilitation.

The computerisation of the customs business at the national level will be in line with the targets identified in the NCA Strategic documents in order to meet the accession criteria in accordance with the acquis and introduce simplified declaration procedures based upon electronic exchange of data.

BG2005/017-353.08.07 Adjustment of BNB to operate within ESCB	
<i>Duration / Phase</i>	<i>2005</i>
<i>Twinning</i>	<i>Yes</i>
<i>Phare budget</i>	<i>€ 0.70 M</i>
<i>Implementing Agency</i>	<i>CFCU</i>

The aim of this project is to prepare the Bulgarian National Bank to carry out effectively its functions as a National Central Bank participating in the European System of Central Banks and the Eurosystem. The project focuses on the establishment of modern operational systems necessary for proper functioning of the BNB as a full-fledged member of the ESCB and the Eurosystem (accounting and reporting systems, payment system, system for monitoring of portfolio capital movements, risk management system, etc.).

The project will be delivered through twinning to the entire benefit of the Bulgarian National Bank.

BG2005/017-353.08.08 Further strengthening the administrative and operational capacity of the PP Agency and implementation of the PP legislation in compliance with the Acquis	
<i>Duration / Phase</i>	<i>2005</i>
<i>Twinning</i>	<i>Yes</i>
<i>Phare budget</i>	<i>€ 1.55 M</i>
<i>Implementing Agency</i>	<i>CFCU</i>

The aim of this project is to continue progress of improvement of the public procurement system in Bulgaria and its efficient implementation in compliance with the Acquis. In this regard, the purpose is to ensure further development of the administrative capacity of PPA in order to ensure competence and effectiveness in the implementation of PP legislation in compliance with EU requirements It focuses on 6 main components :

- Further improvement and adaptation of the PP legislation following the EU requirements
- Further development of the administrative capacity of PP system
- Organization and implementation of public awareness campaign on central and regional level
- Elaboration of Action Plan for PPA Web site further development and its implementation until turning the web site into an e-portal for all the information on PP
- Setting up of Training center on public procurement

- Supply of necessary hardware and software

Objective 10: Administrative Reform and Capacity

<i>BG2005/017-353.09.01: Strengthening the Capacity of the Anti-Corruption Commission to Counteract Corruption in Public Administration and Judiciary</i>	
<i>Duration / Phase</i>	<i>2004-2006 / Year 2</i>
<i>Twinning</i>	<i>N/A</i>
<i>Phare budget</i>	<i>€ 2.225 M</i>
<i>Implementing Agency</i>	<i>CFCU</i>

The aim of this project is to strengthen the capacity of the Anti Corruption Commission (ACC) and the internal control body of the Supreme Judicial Council (the Commission for fight against corruption in the Judiciary) to curb the corruption in the administration and the Judiciary. The project aims to support the Commission for enhance combating corruption, in law enforcement bodies by developing a corrupt practices prevention programme as well as a code of ethics for officials in Ministry of Interior and target ministries, and providing specialized training and equipment, including an information system, to the officials who are directly involved in countering corruption

Objective 11: Economic and Social Cohesion

<i>BG2005/017-353.10.01: Human Resources Development and promotion of employment</i>	
<i>Duration / Phase</i>	<i>2004-2006 / Year 2</i>
<i>Twinning</i>	<i>N/A</i>
<i>Phare budget</i>	<i>€ 10.075 M</i>
<i>Implementing Agency</i>	<i>Ministry of Labour and Social Policy</i>

The aim of this project, involving notably a grant scheme is to advance Bulgaria's labour market transformation and to make progress in adapting the employment system so as to be able to implement the European Employment Strategy and to prepare for accession to the EU.

It focuses on:

- the development of an effective system of labour market needs analysis and the promotion of more effective active labour market policies;

- the development and implementation of an effective strategy and framework for life long learning incorporating reform of the VET system (IVET and CVT) as well as further implementation of the adult learning strategy.

BG2005/017-353.10.02 Fostering the development of regional tourism potential through upgrade of the related infrastructures	
Duration / Phase	2005-2006 / Year 1
Twinning	N/A
Phare budget	€ 17 M
Implementing Agency	Ministry of Regional Development and Public Works

This project aims at reducing regional disparities and achieving sustainable regional growth through enhancing the potential of the tourism sector and providing business opportunities and higher incomes to local population.

It focuses on increasing the investment attractiveness in areas with tourism potential through improving their accessibility (road network) and water supply and sewage networks. Preference will be given to projects focused in areas, which clearly demonstrate a high tourism potential and with a clearly justified need for development support in both areas of roads and water supply/sewerage. In this respect proposals including targeted integrated interventions in both areas, will be preferably encouraged.

BG2005/017-353.10.03: Support to mobilising bottom-up development and project capacity as part of Structural Funds preparations in Bulgaria	
Duration / Phase	2004-2005 / Year 2
Twinning	N/A
Phare budget	€ 6.85 M
Implementing Agency	CFCU

The aim of this project is to develop appropriate skills and expertise among sufficient number of regional stakeholders, in elaborating qualitative needs-oriented regional strategic documents in line with the partnership principle, in order to justify future SF measures and result in mature ready-to-go project applications for ERDF and ESF funding.

It focuses on ensuring proper partnership at planning and programming level and adequate project pipeline development. It will **strengthen the capacity of the future Intermediate Bodies for working in the regions on programme contents and projects. This second phase will be implemented through Technical Assistance (TA) covering respectively projects for ERDF and ESF funds in compliance with the objectives of the relevant Sectoral Operational Programmes. In this regard, the**

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assistance provided includes activities of quality control of the projects so as to ensure a good and timely implementation of structural funds.

BG2005/017-353.10.04: Support for Increasing the Competitiveness of Bulgarian Enterprises	
Duration / Phase	2004-2006 / Year 2
Twinning	N/A
Phare budget	€ 7.5 M
Implementing Agency	The Ministry of Economy

The aim of this project, involving a grant scheme is to foster the sustainable development of Bulgarian enterprises through improving their competitiveness.

It focuses on:

- increasing the competitiveness of Bulgarian productive sector enterprises
- preparing them to cope with the competitive pressure within the EU through targeted support in accession-related aspects of their development (compliance of manufacturing processes with EU environmental standards, occupational safety & health (OSH) requirements, introducing various standards, increasing energy efficiency, enhancing the capacity for innovations and R&D)
- promoting the sustainable development of growth potential enterprises
- creating an attractive business environment at regional and local level through promoting the public/private partnership development.

In this second phase, the project is targeted on the specific needs of the Bulgarian enterprises including consultancy activities and assistance in improving competitiveness.

BG2005/017-353.10.05 Preparing for future management of Human Resources Development Operational programme	
Duration / Phase	2005
Twinning	Yes
Phare budget	€ 1.36 M
Implementing Agency	CFCU

The aim of this project, implemented through a twinning, is to prepare Ministry of Labour and Social Policy (namely European Funds, International Programmes and Projects Directorate) to function as Managing authority with increased effectiveness in organizing, implementing, monitoring and controlling the “Human Resources Development” Operational Programme and to develop organizational capacity and skills of the Intermediate bodies (Employment Agency, Social Assistance Agency and the

Ministry of Education and Science). It will contribute to increasing the absorption capacity of these bodies and effective use of the EU Structural funds.

BG2005/017-353.10.06 Support to the implementation of the National Innovation Strategy	
Duration / Phase	2005
Twinning	N/A
Phare budget	€ 1.179 M
Implementing Agency	The Ministry of Economy

The aim of this project is to improve the competitiveness of Bulgarian enterprises and to promote higher-growth innovation environment, through improvement of the innovation infrastructure and know-how at national level. The main objective of the Innovation Strategy is to promote the sector of technology and science. It also aims at the improvement of the scientific capacity of the industry for creation and implementation of innovations, as special attention is paid to the necessity of encouragement of the technology transfer process. In this regard the project focuses on two main activities :

- Establishment of Technology Transfer Offices at Bulgarian universities and Public research organisations (grant scheme)
- Development of the administrative and technical capacity of the Bulgarian Small and Medium-sized Enterprises Promotion Agency to support the network of institutions in the public and private sector in Bulgaria whose activities initiate, import and disseminate new technologies.

Objective 12: Other programmes

BG2005/017-353.11.01: Project Preparation Facility	
Duration / Phase	2004-2006 / Year 2
Twinning	N/A
Phare budget	€ 2 M
Implementing Agency	CFCU

This facility 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.

BG2005/017-353.11.02: Unallocated Institution Building Envelope	
Duration / Phase	2004-2006 / Year 2
Twinning	Yes – to be programmed according to the needs
Phare budget	€ 5 M
Implementing Agency	CFCU

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 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; facilitate public administration reform; and develop the institutions involved in current and future management of EC funds, and in the protection of these funds against fraud, other irregularities and corruption.

BG2005/017-353.11.03: Participation in EC programmes and agencies	
Duration / Phase	2004-2006 / Year 2
Twinning	N/A
Phare budget	€ 10 M
Implementing Agency	Specific conditions – National Fund

This facility will provide Phare co-financing to help Bulgaria pay its contribution for participating inter-alia in the following indicative list of EC programmes and agencies in 2006: Leonardo da Vinci II, Socrates II, Intelligent Energy Europe, Youth, 6th Research Framework Programme (including Euratom), European Monitoring Centre for Drugs - Drug Addiction, Culture 2000, e-Learning, Enterprise and Entrepreneurship, Media, Gender Equality, Community Action in the field of Public Health, Combating Social Exclusion, Combating Discrimination, Community Incentive Measures in the field of Employment, Customs 2007, Fiscalis 2007, Civil Protection Mechanism, Community actions in support of consumer policy, programme to promote active European citizenship, Trans-European Telecommunication Network (E-TEN).

This year, the participation of Bulgaria includes three other programmes : IDA bc, E-Content Plus , E-Safe Plus and Marco Polo.

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 have been developed in the Country Interim Evaluation Review released in March 2004. Recommendations have been made according to the key lessons learned and taken into account:

(i) The National Aid Co-ordinator should, as an urgent priority, develop a comprehensive, stable, and professionally staffed Phare monitoring system, and should ensure the availability of the necessary resources to operate the system.

Accordingly, the NP 2004 and 2005 includes a project on “Strengthening of the Ministry of Finance”, not only regarding Phare funds but on global EU assistance, including Structural funds.

(ii) The Bulgarian administration should develop its own training capacity and a systematic, long-term training programme to provide introductory and refresher training in core project skills, at regular intervals, for those involved in project design and management.

Accordingly, most of the projects belonging to the multi-annual framework, include training components or similar actions.

(iii) Given that the failure to make real progress in the area of civil service reform is one of the main reasons for the poor performance of Phare in Bulgaria since October 2001, the Commission Services should develop indicators of civil service stability and should consider including these as conditionalities in all future Phare assistance.

Accordingly, all the projects presented in 2005 have been assessed, keeping in mind as far as possible the issue of the capacity of at least the Implementing Agencies (IAs). Around 70% of this year’s budget will be managed by the CFCU which have been reinforced. In addition, the comprehensive overview of the Phare staff dedicated to the projects, by IAs has been required.

(iv) In order to avoid a potential administrative crisis when Bulgaria joins the EU, the acceleration of basic civil service reform should be the main focus of Phare support in the short and medium-term. This will help to establish the necessary conditions for the effective and sustainable absorption and implementation of the acquis.

In this regard, the NP 2004 part III presented in November 2004 to the PMC have focused on strengthening of the administrative network at the regional level, and at the training of senior civil servants at national level. The public administrative reform will focuses this year on counteracting corruption in public administration.

(v) The Commission Services should ensure that programme and project conditionalities are clearly and precisely defined as contractual obligations and it should enforce them without exception.

This point has been done during the assessment of the projects 2005 by an iterative work between the NAC / Beneficiaries and the European Commission (both DG Enlargement

and EC Delegation in Sofia) and Projects Fiches have been modified accordingly to include contractual conditionalities..

(vi) The National Aid Co-ordinator should prioritise the monitoring of Phare preparatory projects in order to identify and rectify, at an early stage, potential problems in the preparatory projects.

This is an issue that needs continuous efforts. Anyway the funds have been made available in the multi-annual programme with specific and increased envelopes for Project Preparation Facility (PPF) and Unallocated Institution Building Enveloppe (UIBE).

(vii) As grant schemes account for a significant and growing proportion of Phare funds in several sectors, the National Aid Co-ordinator should ensure that all Phare grant schemes are promptly followed by an independent ex-post analysis and that lessons learned are quickly and widely circulated in order to promote good practices and avoid the reoccurrence of problems.

A close follow-up of grant schemes is ensured by the EC Delegation. The number of grant schemes has been limited and when including grant schemes components, the projects 2005 has been simplified as much as possible to ensure a faster implementation.

As a general preventive action, a careful follow-up of the implementation of projects by the means of Monthly meetings is carried by the ECD and updated procurement plans have been provided early this year by the Bulgarian authorities to the Commission. This allows to identify in advance risks of delays and to ask for the necessary remedial actions. More specific lessons relating to individual sectors, Ministries or project types have also been learned and are reflected in the design of individual project documents.

Overall programme conditionalities

Before the Financing Agreement between the Commission and the Government of Bulgaria is signed, the National Aid Coordinator will satisfy the Commission that adequate steps have been taken 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 Agreement 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. In addition, all operational and running costs and the maintenance of the equipment will be provided by the final beneficiaries.

If the total cost of 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 Agreement 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 contract shall be presented to the Commission Delegation for approval within three months of notification of selection of the twinning partner. If no draft contract 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. The National Aid Co-ordinator will undertake thorough reviews of progress on implementation of the projects listed at least every three months from the time the Financing Agreement is signed until the final date for contracting.

If these reviews indicate that by the first quarter of the final year for contracting (2007 unless otherwise specified) there is a high risk of a project or component of a project not being contracted, the Commission reserves the right to take remedial action including, if necessary, reallocating funds to other purposes or cancelling projects or components thereof.

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

2. BUDGET

2.1. Budget Table for 2005

No.	OBJECTIVE	Phare support			Co-financing		TOTAL
		IB	INV	Total Phare (in €M)	Other sources (**)	National public fund (*)	
01	Political criteria	5.3	12.45	17.75		4.154	21.904
02	Internal market and economic criteria	3.445	5.178	8.623		1.726	10.349
03	Agriculture	0.973	10.514	11.487		3.505	14.992
04	Transport	0	2.55	2.55		0.85	3.4
05	Employment, social policy and education	0.9	0.9	1.8		0.3	2.1
06	<i>Energy (***)</i>	0	0	0		0	0
07	Environment	3.64	0.12	3.76		0.04	3.8
08	Justice and Home affairs	2.9	35.615	38.515		11.875	50.390
09	Customs and Finance	5.965	10.464	16.429		3.489	19.918
10	Administrative reform and capacity	2.0	0.225	2.225		0.075	2.3
11	Economic and Social cohesion	9.399	34.565	43.964		11.535	55.499
12	Others	17.0	0	17.0		12.630839	29.630839
	TOTAL	51.522	112.581	164.103	0	50.179839	214.282839

(The distribution of figures between the budget lines is indicative within the limits of Art. 5 MoU NF)

(*) Contribution from national, regional, local, municipal authorities, FIs loans to public entities, funds from public enterprises.

(**) Private funds, FIs loans to private entities.

(***) a project might be presented in NP 2005 part II

2.2. Principle of Co-Financing

In accordance with the Phare Guidelines, all investment projects supported by Phare must receive co-financing from national public funds.

The Community contribution may amount to up to 75% of the total eligible public expenditure. Taxes are not an element eligible for co-financing.

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

3. IMPLEMENTING AGENCIES

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 Labour and Social Policy: BG 2005/017-353.01.02 and 10.01;
- Ministry of Regional Development and Public Works: BG 2005/017-353.10.02;
- Ministry of the Economy: BG 2005/017-353.10.04 and 10.06.
- For the project BG 2005/017-353.11.03 "Participation in EC programmes and agencies", the implementation will consist in the payment of the Phare part of the financial contribution to the programmes by the National Fund.

4. IMPLEMENTATION ARRANGEMENTS

4.1. Method of Implementation

Implementation of the programme will follow Art. 53 (1) b (second alternative) of the Financial Regulation². The Beneficiary Country will continue to ensure that the conditions laid down in Art. 164 (1) (a) - (e) of the Financial Regulation are respected at all times.

Prior to the accreditation of Implementing Agencies foreseen by Art. 12 (2) of Regulation 1266/1999³, project selection, tendering and contracting by the Beneficiary Country will be subject to ex-ante approval by the Commission.

² Council Regulation (EC, Euratom) 1605/2002 of 25 June 2002; OJ L 248; 16.9.2002; p. 1

³ Council Regulation (EC) 1266/1999 of 21 June 1999; OJ L 161; 26.6.1999; p. 68

4.2. General rules for Procurement

Procurement shall follow the provisions of Part 2, Title IV of the Financial Regulation and Chapter 3 of Part 2, Title III of its Implementing Rules⁴, as well as the Commission Decision SEC (2003) 387/2⁵.

The Contracting Authorities shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the “Practical Guide to contract procedures financed from the general EC budget in the context of external actions” (“Practical Guide”) as published on the EuropeAid website⁶ at the date of the initiation of the procurement or grant award procedure.

In line with Art. 164 of the Financial Regulation, the Commission may decide to allow the Contracting Authorities entrusted with decentralised management responsibilities to execute procurement in accordance with national legislation and guidelines transposing the European Union Public Procurement Directives.

4.3. Grant Schemes

For grant schemes 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 procurement rules for External Actions. In particular, due care will be given to the selection process of the projects. Grants will be awarded in conformity with the provisions of chapter 6 of the Practical Guide, and following the principles of Phare decentralised management. Prior to EDIS accreditation, the ex-ante approval of the Commission Delegation in Bulgaria will be required.

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 also has to sign the grant agreements with the beneficiaries and to ensure adequate monitoring and financial control under his/her authority and responsibility. With this reservation, the management can be decentralised from the PAO to the appropriate bodies at sectoral or regional level.

The implementation of selected projects through provision of works, supplies and services, which are sub-contracted by the final beneficiaries of the individual grants shall be subject to the procurement rules for External Actions at the time of

⁴ Commission Regulation (EC; Euratom) 2342/2002 of 23. December 2002; OJ L 357; 31.12.2002; p.1 as amended by Commission Decision 2004/121 of 6 February 2004. OJ L 036, 07.02.2004 p 58

⁵ Commission Decision SEC (2003) 387/2 on Rules and procedures for service, supply and works contracts financed from the general budget of the European Communities in the context of co-operation with third countries, adopted on March 25, 2003

⁶ current address: http://europa.eu.int/comm/europeaid/tender/gestion/index_en.htm

implementation. Following a positive assessment of the Implementing Agency's capacity to operationally and financially manage the schemes in a sound and efficient manner⁷, the Commission Delegation may decide to waive its ex-ante approval of sub-contracting carried out by the final beneficiaries of the individual grants. The detailed provisions governing the role of the Delegation in the above-mentioned sub-contracting phase will be specified, as appropriate, in the Exchange of Letters between the Delegation and the national authorities following the above-mentioned assessment exercise.

Grant schemes will not involve projects for which the Phare contribution is below € 50 000 or above € 2 million. This lower limit may be waived as a result of the above-mentioned assessment of the Implementing Agency's capacity of giving assurance of sound financial management. The lower limit is not applicable in the case of NGOs.

The financial commitments in Phare terms will be effected at the date of signature of the grant agreements by the competent PAO. The projects should be fully implemented before the expiry date for contract execution of the corresponding Financing Agreement.

4.4. Implementation Principles for Twinning Projects

Twinning projects are set up in the format of a grant contract (twinning contract) whereby the selected Member State administration agrees to provide the requested public sector expertise (including the long term secondment of an official assigned to provide full time counsel to the beneficiary administration as Resident Twinning Advisor) against the reimbursement of the expenses thus incurred. This twinning contract is in line with the provisions of Article 27 of the Financial Regulation and of Part One, Title VI on grants of the Financial Regulation and its Implementing rules.

Further to the provisions of Article 160, first paragraph of the aforementioned Implementing Rules, the Contracting authority shall use the rules and proceedings set out in the regularly updated Twinning Manual (which includes a system of fixed rates and prices for the reimbursement of the provided public sector expertise by the selected Member state administration for launching, selection, implementation and closing of twinning projects).

The twinning manual is available on the Website of DG ELARG at the following address: <http://europa.eu.int/comm/enlargement/pas/twinning/index.htm>.

⁷ see section 11 and Annex 4 of the 2004 Phare Programming Guide

5. MANAGEMENT OF ASSISTANCE

5.1. Project Management

5.1.1. Responsibilities

The National Aid Co-ordinator (NAC) will have overall responsibility for programming and monitoring of Phare programmes.

The National Authorising Officer (NAO) and the NAC shall be jointly responsible for the co-ordination between Phare, ISPA and SAPARD, as well as the Structural and Cohesion Funds.

The NAO and the Project Authorising Officer (PAO) will ensure that the programmes are implemented in line with the procedures laid down in the instructions of the Commission. They will also ensure that all contracts required to implement the Financing Agreement are awarded using the procedures and standard documents for External Actions in force at the time of implementation, and that EU state aid rules are respected.

5.1.2. Project Size

All projects will have a minimum size of 2 M €, except those in the following areas:

In accordance with the Phare Guidelines, some specific objectives may require smaller projects. The main reason is that this programme aims at covering as far as possible the remaining gaps before accession, by targeted projects:

- (i) Internal market: BG 2005/017-353.02.04;
- (ii) Environment: BG 2005/017-353.06.01;
- (iii) Customs and Finance: BG 2005/017-353.08.05, 08.06, 08.07 and 08.08;
- (iv) ESC: BG 2005/017-353.10.05 and 10.06.

Other reasons are :

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

b) projects constituting part of a wider multi-annual project where the total value of the multi-annual project is greater than € 2 million.

5.1.3. *Deadline for contracting and execution of contracts, programming deadline*

(1) All contracts must be concluded by no later than November 30, 2007.

(2) All contracts must be executed by no later than November 30, 2008. For the following projects only, the contracts must be executed by no later than November 30, 2009 :

- BG 2005/017-353.01.01 Civil Society Development Programme;
- BG 2005/017-353.01.03: Improvement of the situation and inclusion of the disadvantaged ethnic minorities with a special focus on Roma.

These projects refer to long-term development of political issues. Moreover, the multi-annual framework aims at ensuring a strong financial commitment on these issues beyond accession.

- BG 2005/017-353.10.02 Fostering the development of regional tourism potential through upgrade of the related infrastructures.

This "Structural Funds-type" project requires a clear identification of the sites to be improved. This will be done by the use of an external consultant in 2005 for a better sequencing of the project.

Nevertheless, the works to be financed at local level require an additional period of time to be completed.

These deadlines are of indicative nature and have to be determined by the authorising officer. In no case can the contracting period for projects implemented under this programme exceed three years after the date of the global commitment (Art. 166 (2) FR). Budgetary commitments which have not given rise to payments during three years counted from the date of the legal commitment will be de-committed (Art. 77 (3) FR).

(3) Under DIS, a complete tender dossier must be submitted to the Delegation for approval by no later than 6 months after the signature of the Financing Agreement, except for projects BG 2005/017-353.01.01, 01.02, 01.03, 07.04, 07.05 and 10.01 for which a detailed procurement plan has to be provided within this period, and a complete tender dossier no later than 12 months after the signature of the Financing Agreement. In case of non-compliance, the Beneficiary Country will inform the JMC, which may recommend reallocation or cancellation of funds in accordance with Art. 5 of the MoU on the National Fund.

5.1.4. Environmental Impact Assessment and Nature Conservation

The procedures for environmental impact assessment as set down in the EIA-directive⁸ 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 1 or annex 2 of the EIA-directive, the carrying out of the EIA-procedure must be documented⁹.

If a project is likely to affect sites of nature conservation importance, an appropriate assessment according to Art. 6 of the Habitats-directive must be documented¹⁰.

⁸ DIR 85/337/EEC; OJ L 175/40; 5.7.1985, as amended

⁹ in Annex EIA to the corresponding investment project fiche.

¹⁰ in Annex Nature Conservation to the corresponding investment project fiche

All investments 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.

5.2. Financial Management

5.2.1. Principles and Responsibilities

The National Fund 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 the overall responsibility for financial management of the Phare funds, and the full accountability for the Phare funds of a programme until the closure of that programme.

The NAO shall ensure that the Phare rules, regulations and procedures pertaining to reporting and financial management are respected, and that a reporting and project information system is functioning.

The Commission will make payments to the NF in accordance with the Memorandum of Understanding signed between the Commission and the Republic of Bulgaria in December 1998.

Payments will be made following requests from the NAO onto a separate bank account, denominated in €, which will be opened and managed by the National Fund in the central bank or in a Government guaranteed bank. In principle, all bank accounts will be interest bearing.

According to Articles 3 & 4 of the implementing rules of the Financial Regulation accrued interest is the property of the Beneficiary Country. The NAO must however ensure that the accrued interest is actually registered in its entirety as revenue in the national budget. Furthermore the NAO will ensure a regular reporting of the interest via Perseus.

5.2.2. Payments to the National Fund

A first payment¹¹ of up to 20% of the funds to be managed locally¹², will be sent to the NF following signature of the Financing Agreement and the Implementing Agreements between the NF and the Implementing Agencies (IAs)/Central Finance and Contracts Unit (CFCU). 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 between them will be carried out.

¹¹ representing pre-financing as defined in Art. 105 (1) of the Implementing Rules to the Financial Regulation

¹² excluding the amount foreseen for Community Programmes

Two further payments¹³ of up to 30% of the funds to be managed locally¹⁴ will be made. The second payment will be triggered when 5 % of the total budget in force¹⁵ has been disbursed by the IAs and the CFCU. The third payment may be requested when 35% of the total budget in force¹⁶ has been disbursed.

A final fourth payment will be made when 70 % of the total budget in force¹⁷ has been disbursed and all contracts have been signed.

Exceptionally the NAO may request more than the percentage agreed where it can be demonstrated by a cash-flow projection that the cash-flow requirements in the subsequent period will exceed such percentage. In cases where the aggregate of the funds deposited in the NF, CFCU and IAs accounts exceeds 15% of the total budget in force for the programme the Commission may exceptionally authorise a payment, if the NAO provides duly substantiated evidence that contractual obligations cannot be met with the funds available.

5.2.3. Payments from the National Fund to the Implementing Agency

The National Fund will make payments to IAs, including the CFCU, in accordance with Implementing Agreements signed between the NF and the IAs/CFCUs. Bank accounts for sub-programmes shall be opened in the name of the relevant Implementing Agency/CFCU in charge of financial management of the sub-programme in line with Art. 13 of the MoU on the National Fund.

As long as implementation follows DIS, each individual Implementing Agreement must 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 payments from the NF to the CFCU. 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 operations carried out by the relevant CFCU/IA.

5.2.4. Payments to the National Fund for Participation in Community Programmes and Agencies

A single payment to the National Fund will be made, covering the full amount of the Phare part of the financial contribution for participation in Community programmes and agencies. This payment will be made following signature of the Financing Agreement and upon request from the National Fund.

¹³ representing interim payments or the renewal of pre-financing as defined in Art. 105 (1) of the Implementing Rules to the Financial Regulation

¹⁴ excluding the amount for Community Programmes

¹⁵ excluding the amount for Community Programmes

¹⁶ excluding the amount for Community Programmes

¹⁷ excluding the amount for Community Programmes

This payment is separate from the payments made for the rest of the programme. The Phare contribution for each programme will, however, 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 instalments, so that 100% of the funds necessary for the programmes in force can be paid immediately. The National Fund is responsible for transferring the funds back to the Commission, following the call for funds of the Commission service responsible for the programmes concerned and within the deadlines requested.

5.2.5. Payments in Case of Contractual Retention Clauses

For those contracts with contractual retention clauses (e.g. funds retained for a warranty period), the Implementing Agency assumes full responsibility for managing the funds until final payment is due, as well as for ensuring that the said funds will only be used to make payments related to the retention clauses.

The IA further assumes full responsibility towards the contractors for fulfilling the obligations related to the retention clauses. Funds not paid out to the contractors after final payments have been settled shall be reimbursed to the Commission.

5.2.6. Closure of Expenditure and Clearance of Accounts

No later than fourteen months after the end of execution of contracts, the NF will submit a final declaration of expenditure covering both PHARE support and co-financing and an attestation regarding the regularity, accuracy and veracity of the accounts transmitted. The final certified expenditure should at this point equal the original value of the contracts minus any deductions and savings agreed with contractors in the course of implementation. This should also equal payments made plus any sums outstanding on account of contractual retention.

If the payments received from the Commission exceed the final certified expenditure, the NF shall return the excess to the Commission at the time of submitting the final declaration. If there are any outstanding payments (with the exception of contractual retention funds), the NF should provide an explanation and a forecast when payment will be finalised. The NF shall report on progress on contractual retention funds and outstanding payments on a quarterly basis. If they are not paid to the contractor, they shall be returned to the Commission.

After evaluation of the final declaration, the Commission will state its view on any expenditure to be excluded from Community funding, where it finds that expenditure has not been executed in compliance with Community rules.

The results of the Commission's checks and its conclusions to exclude expenditure from financing will be notified in writing to the NF, which shall be given one month to transmit its reply in writing.

If no agreement is reached within one month of receipt of the NF's written reply, the Commission shall decide and establish the amounts to be excluded, having regard in

particular to the degree of non-compliance found, the nature and gravity of the infringement as well as the financial loss suffered by the Community.

Following the decision about amounts to be excluded, all ineligible expenditure will be recovered without prejudice to the treatment of irregularities and subsequent financial corrections stipulated below.

The funds will be recovered either by direct reimbursement from the NF or by compensation in accordance with Community rules.

6. MONITORING AND EVALUATION

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

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

The Commission services shall ensure that this programme will be subject to interim (either centralised or decentralised) and/or ex post evaluations.

7. AUDIT, FINANCIAL CONTROL, ANTI-FRAUD MEASURES, PREVENTIVE AND CORRECTIVE ACTIONS

7.1. Supervision and Financial Control by the Commission and the European Court of Auditors

All Financing Agreements as well as all resulting contracts are subject to supervision and financial control by the Commission (including the European Anti-Fraud Office) and audits by the European Court of Auditors. As long as EDIS is not yet applicable to the Implementing Agencies in the Beneficiary Country, this includes measures such as ex-ante verification of tendering and contracting carried out by the Delegation in the Beneficiary Country.

In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96¹⁸.

The controls and audits described above are applicable to all contractors and subcontractors who have received Community funds.

Without prejudice to the responsibilities of the Commission and the European Court of Auditors¹⁹, 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 the Commission itself or by an outside auditor contracted by the Commission.

7.2. Obligations of the Beneficiary Country

7.2.1. Audit and Financial Control

In order to ensure sound financial management of the Phare funds, the Beneficiary Country must have a system for management and control of assistance in accordance with generally accepted principles and standards in place. This system shall fulfil the requirements set out in Art. 164 of the Financial Regulation, and in particular provide adequate assurance of the correctness, regularity and eligibility of claims on Community assistance.

The Beneficiary Country's management and control systems shall provide a sufficient audit trail, as defined in Art. 7 (2) of Commission Regulation 438/2001²⁰.

The competent national financial control authority shall carry out appropriate financial controls of all actors involved in the implementation of the programme.

Each year an audit plan and a summary of the findings and main recommendations of the audits carried out and an outline of the follow-up given to past audit recommendations shall be sent to the Commission. Audit reports shall be at the disposal of the Commission.

7.2.2. Preventive Measures

The Beneficiary Country shall take any appropriate measure to prevent and counter active and passive corruption²¹ practises at any stage of the procurement procedure

¹⁸ Council Regulation (EC, Euratom) 2185/96 of 11. November 1996, OJ L 292; 15.11.1996; p. 2

¹⁹ as referred to in the General Conditions relating to the Financing Memorandum" attached to the Framework Agreement

²⁰ Commission Regulation (EC, Euratom) 438/2001 of 2 March 2001, OJ L 63; 3.3.2001, p.21

²¹ Active corruption is defined as the deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official for himself or for a third party for him to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the European Communities' financial interests.

or grant award procedure, as well as during the implementation of corresponding contracts.

The authorities of the beneficiary country, including the personnel responsible for the implementation of the programme, shall also undertake to take whatever precautions are necessary to avoid any risk of conflict of interest, and shall inform the Commission immediately of any such conflict of interest or any situation likely to give rise to any such conflict.

7.2.3. *Anti-Fraud Measures and Corrective Actions*

Beneficiary Countries shall, in the first instance, bear the responsibility to ensure investigation and satisfactory treatment of suspected or actual cases of fraud and irregularities following national or Community controls.

The national authorities shall ensure the functioning of a control and reporting mechanism equivalent to the one foreseen in Commission Regulation 1681/94²².

In particular, all suspected or actual cases of fraud²³ and irregularity²⁴ 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 or irregularity to report, the Beneficiary Country shall inform the Commission of this fact within two months following the end of each quarter.

In case of irregularity or fraud, the Beneficiary Country shall make the necessary financial corrections required in connection with the individual irregularity. The corrections made by the Beneficiary Country shall consist in cancelling all or part of the Community contribution. The Community funds released in this way may be re-used by the NF for the purpose of the programme, in compliance with Art. 5 of the MoU on the National Fund.

Passive corruption is defined as the deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or a third party, or accepts a promise of such advantage, to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the European Communities' financial interests.

²² Commission Regulation (EC) 1681/94 of 11. July 1994; 12.7.94; p. 43

²³ Fraud shall mean any intentional act or omission relating to: 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; non disclosure of information in violation of a specific obligation with the same effect; the misapplication of such funds for purposes other than those for which they are originally granted.

²⁴ Irregularity shall mean any infringement of a provision of national or Community law, this Financing Memorandum or ensuing contracts, 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, by an unjustified item of expenditure. The term "Community law" in this context shall be defined as the entirety of Community rules applicable between the Parties of the Financing Memorandum (e.g. the Europe Agreements, Framework Agreements, the MoU on the Establishment of the National Fund etc.)

7.3. Recovery of Funds in Case of Irregularity or Fraud

Any proven irregularity²⁵ or fraud²⁶ discovered at any time during the implementation of the programme or as the result of an audit will lead to the recovery of funds by the Commission.

If, after completing the necessary verifications, the Commission concludes that:

(a) the Beneficiary Country has not complied with the obligations to prevent, detect, and correct irregularities or

(b) the implementation of a project appears not to justify either part or the whole of the assistance allocated or

(c) there are serious failings in the management or control systems which could lead to irregularities,

the Commission may suspend further financing of the programme in question, and, stating its reasons, request that the Beneficiary Country submit comments and, where appropriate, carry out any corrections within a specified period of time.

If no agreement is reached by the end of the period set by the Commission and if the required corrections have not been made, the Commission may – taking into account any comments made by the Beneficiary Country – decide within three months to:

(a) reduce or cancel any payment for the programme in question, or

(b) make the financial corrections required by cancelling all or part of the assistance granted to the programme concerned.

The Commission shall, when deciding on the amount of a correction, take into account the principle of proportionality, the type of irregularity and the extent and financial implications of the shortcomings found in the management and control system of the Beneficiary Country.

In the absence of a decision to do either (a) or (b), further financing of the programme shall immediately resume.

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 the 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 payment shall be charged on sums not repaid by applying the rules specified in the Financial Regulation.

8. VISIBILITY AND PUBLICITY

The PAO in charge will be responsible for ensuring that the necessary measures are taken to ensure appropriate publicity for all activities financed from the programme.

²⁵ see definition above

²⁶ see definition above

This will be done in close liaison with the Commission. Further details are set down in the Annex on Visibility and Publicity (attached).

9. 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 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.

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:

- 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.