

FINANCING MEMORANDUM

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

on the one part, and

The Government of Lithuania, hereinafter referred to as "THE RECIPIENT"

on the other part,

HAVE AGREED AS FOLLOWS:

The measure referred to in Article 1 below shall be executed and financed out of the budget resources of THE COMMUNITY in accordance with the provisions set out in this Memorandum. The technical, legal, and administrative framework within which the measure referred to in Article 1 below shall be implemented is set out in the General Conditions annexed to the Framework Agreement of November 1991 between THE COMMISSION and THE RECIPIENT, and supplemented by the terms of this Memorandum and the Special Provisions annexed hereto.

ARTICLE 1 - NATURE AND SUBJECT

As part of its aid programme, THE COMMUNITY shall contribute, by way of grant, towards the financing of the following MEASURE:

Programme number: **LI 9808**
Title: **1998 Baltic Sea Region Cross-Border Cooperation Programme - Lithuania**
Duration: **31 October 2000 (end of contracting period)**

ARTICLE 2 - COMMITMENT OF THE COMMUNITY

The financial contribution of THE COMMUNITY is fixed at a maximum of **4.0 MECU** hereinafter referred to as "THE EC GRANT".

ARTICLE 3 - DURATION AND EXPIRY

For the present MEASURE, THE EC GRANT is hereby available for contracting until 31 October 2000 subject to the provisions of this Memorandum. All contracts must be signed by this date. Any balance of funds of the EC GRANT which have not been contracted by this date shall be cancelled. The deadline for disbursement of THE EC GRANT is 31 October 2001. All disbursements must be completed by the deadline for disbursement. THE COMMISSION may however, in exceptional circumstances, agree to an appropriate extension of the contracting period or of the disbursement period, should this be requested in due time and properly justified by THE RECIPIENT. This Memorandum shall expire at the expiry of the disbursement period of the EC GRANT. All the funds which have not been disbursed shall be returned to the Commission.

ARTICLE 4 - ADDRESSES

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

for the COMMUNITY: Mr. Henrik Schmiegelow
Head of Delegation
Delegation of the European Commission to Lithuania
Naugarduko 10
2001 Vilnius, Lithuania

Tel.: +370-2-31 31 91
Fax: +370-2-31 31 92

for THE RECIPIENT: Mr. Algirdas Saudargas
Minister of Foreign Affairs
Ministry of Foreign Affairs
J. Tumo-Vaizganto 2
2600 Vilnius
Lithuania
Tel: +370-2-61 85 37
Fax: +370-2-62 07 52

ARTICLE 5 - NUMBER OF ORIGINALS

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

ARTICLE 6 - ENTRY INTO FORCE

This Memorandum shall enter into force on the date on which it has been signed by both parties. No expenditure incurred before this date is eligible for the EC GRANT.

The Annexes shall be deemed an integral part of this Memorandum.

Done at Vilnius,
Date 28/12/98

Done at Vilnius,
Date 28/12/98

for THE RECIPIENT



Mr. Algirdas Saudargas
Minister of Foreign Affairs

for THE COMMUNITY



for

Mr. Henrik Schmiegelow
Head of Delegation

Annex 1 Framework Agreement (Annexes A & B)
Annex 2 Special Provisions (Annex C)

Special Conditions**1. OBJECTIVES, DESCRIPTION AND CONDITIONALITY**

The objectives, activities and conditionalities of the 1998 Phare Baltic Sea Region CBC Programme are presented below. An environmental impact assessment will be carried out for all investment projects. Equal opportunity for men and women to participate in all projects will be ensured. Indicators will be elaborated to assess the extent of women's participation in projects.

Objective 1: Reinforcement of institutional and administrative capacity

The Accession Partnerships with Estonia, Latvia and Lithuania foresee efforts at central and local level to ensure efficient management of the public sector. The 1998 Baltic Sea Region CBC Programme will contribute to these efforts through training activities addressed to local and regional level authorities. These activities will focus on upgrading the skills of the relevant authorities in project preparation and management according to the Community requirements for projects funded from the public sources. The contents of the activities will be identified in cooperation between the Commission and the beneficiary countries. The activities may be implemented through direct agreements with local and regional level authorities or their representative organisations in Estonia, Latvia and Lithuania.

Estonia, Latvia, *Lithuania*

Project LI 9808.01 Reinforcement of Institutional and Administrative Capacity

This institution building project will support the development of administrative capacity within the local authorities in the beneficiary countries in the management of CBC projects as well as in general issues related to the management of publicly financed activities. The training activities are closely coordinated with the actions under the SPP.

Conditionalities:

- Direct Agreements will be drawn-up in accordance to the stipulations of the DIS Manual before the end of 1998.
- The recipient institutions will provide the necessary facilities (training venue, teaching equipment and interpretation facilities) and support (dedicated administrative staff).
- All training events and materials must be co-ordinated with, and sequenced in relation to training being undertaken under the supporting CBC-TA contract and the SPP.

Objective 2: Environment

The Accession Partnerships with Estonia, Latvia, Lithuania and Poland underline the need for continued transposition of framework legislation, establishment of approximation programmes, development of monitoring and implementation structures and integration of environmental issues into sectoral policies. The Commission's opinions on the applicant countries pointed out that effective implementation of the environment acquis requires high level of investments. The following seven projects contribute to these efforts.

Estonia

Project 02 Reconstruction of wastewater treatment plant and sewerage system in Jogeve Town

The project consists of four components of which three (EIA, Detailed design and tender documents, construction works) will be financed by the recipient authorities (1.106.000 ECU) and bi-lateral assistance from Sweden (59.000 ECU). The Phare CBC programme (612.000 ECU) will finance the purchase of equipment (pumping stations, valves, pumps, screening equipment, treatment tanks) for the construction of a wastewater treatment plant and sewerage system. Completion of the project will reduce water pollution in the Baltic Sea Region.

Conditionalities:

- Availability of cofinancing as indicated.
- Environmental Impact Assessment has to be finished before the implementation of the other components may start. Furthermore the project may continue only if the EIA proves that it will have positive environmental consequences.
- EIA, detailed design and tender documents must be ready before signing the Financing Memorandum.
- Continued development of project management capacity in the recipient institutions.
- In parallel to project implementation Estonia should develop approximation and implementation strategies for water and waste water sectors.

Latvia

Project 04 Development of sewerage services in two Latvian towns - Ainazi and Saulkrasti

The project consists of four components: Upgrading of water supply system; Institutional strengthening; Sewerage works in Ainazi; and Sewerage works in Saulkrasti. 1998 Phare CBC funding (1.025.000 ECU) will finance the sewerage works in Ainazi and Saulkrasti. The recipients' co-financing (1.282.000 ECU) will be allocated to water supply system and to sewerage works in Ainazi and Saulkrasti. Bi-lateral assistance from Sweden (460.000 ECU) will support the institutional strengthening.

Conditionalities:

- Availability of cofinance as indicated.
- Detailed design and tender documents must be ready before signing the Financing Memorandum.
- The contract for construction and supply of equipment must be signed before the end of March 1999.
- Development of project management capacity in the beneficiary institutions.
- In parallel to project implementation Latvia should develop approximation and implementation strategies for water and waste water sectors.

Lithuania

Project LI 9808.02 Siauliai region hazardous waste management

The project consists of four components: Detailed design, EIA and tender documents; Construction of the hazardous waste operating complex; Purchase of equipment; and Starting up activities. Phare CBC funding (2.220.000 ECU) will be allocated to three first components. The recipient's co-financing (740.000 ECU) will be allocated to Construction works and Starting up activities.

Conditionalities:

- Cofinancing as indicated.
- Terms of Reference for the preparation of EIA and tender documents must be ready before signing the financing memorandum.
- The EIA and tender documents must be ready by the end of February 1999.
- The project may continue only if the EIA proves that it will have positive environmental effects.
- The works contract for component 2 (construction) and the supply contract for the equipment for component 3 must be signed before the end of May 1999.
- In parallel to project implementation Lithuania should develop approximation and implementation strategies for hazardous waste.
- Improved project management capacity in the beneficiary.

Poland

Project 09 Expansion of Gdansk-Wschod wastewater treatment plant

The project consists of two elements: Construction of a treatment unit and Improvement of the transport system for treated effluents. Phare CBC funding (1.200.000 ECU) will be allocated to the second component. The recipients' co-financing (88.676.000 ECU) will be allocated to both project components. This investment project will reduce the pollution of the Baltic Sea.

Conditionalities:

- Availability of cofinancing as indicated.
- The tender documents must be ready before the end of January 1999.
- Supply contract for component 3 must be signed before the end of April 1999.
- Development of maintenance and pricing policy towards residents to ensure sustainability and renewal of the project's capacity.
- Continued development of project management capacity in the recipient institutions.
- In parallel to project implementation Poland is expected to develop approximation and implementation strategies for environment sector.

Project 10 Modernisation of the sewage treatment plant and the sewage system in Frombork

The project consists of two components: Construction of a sewage treatment plant and Construction of a sewage transport system. Phare CBC funds (500.000 ECU) and the recipient's co-finance (900.000 ECU) will be allocated to both components. This investment project will reduce the pollution load to the Baltic Sea.

Conditionalities:

- Availability of cofinancing as indicated.
- Tender documents must be ready before the end of January 1999.
- The works contract for the construction of the sewage treatment plant and sewage system must be signed before the end of April 1999.
- Development of maintenance and pricing policy towards residents to ensure sustainability and renewal of the project's capacity.
- Continued development of project management capacity in the recipient institutions.
- In parallel to project implementation Poland is expected to develop approximation and implementation strategies for environment sector.

Project 11 Wastewater management in Krokowa

The project consists of four components: Construction of wastewater treatment plants and sewage system in Bialogora and Karwienskie Blota; Completion of the wastewater treatment plants in Zarnowiec; Construction of sanitary sewage system network for Debki, Wierzchucino and Zarnowiec; and Completion of the waste management system. Phare CBC funds (1.400.000 ECU) will be allocated to the Completion of the wastewater treatment plants in Zarnowiec and to the Construction of sanitary sewage system network for Debki, Wierzchucino and Zarnowiec. The recipients' co-financing (4.569.000 ECU) will be allocated to all four components. This investment project will reduce the pollution load to the Baltic Sea.

Conditionalities:

- Availability of cofinancing as indicated.
- The tender documents must be ready before the end of January 1999.
- The works contract for the construction of the wastewater treatment plants and sewage system before the end of April 1999.
- Development of maintenance and pricing policy towards residents to ensure sustainability and renewal of the project's capacity.
- Continued development of project management capacity in the recipient institutions.
- In parallel to project implementation Poland is expected to develop approximation and implementation strategies for environment sector.

Project 12 Construction of biological sewage treatment plant and sewage systems in Miedzywodzie

The project consists of four components: Construction of a pumping station and pipeline in Dziwnow; Construction of a sewage treatment plant in Miedzywodzie; construction of pipeline Dziwnow-Dziwnowek; and Construction of a pipeline Dziwnow-Miedzywodzie. Phare CBC funding (900.000 ECU) will finance the Construction of a pipeline Dziwnow-Miedzywodzie. The recipients' co-financing (5.000.000 ECU) will be allocated to the other three components. This investment project will reduce the pollution load to the Baltic Sea.

Conditionalities:

- Availability of cofinancing as indicated.
- Tender documents must be ready before the end of January 1999.
- The works contract for the construction of the pipeline must be signed before the end of April 1999.
- Development of maintenance and pricing policy towards residents to ensure sustainability and renewal of the project's capacity.
- Continued development of project management capacity in the recipient institutions.
- In parallel to project implementation Poland is expected to develop approximation and implementation strategies for environment sector.

Objective 3: Transport

The Accession Partnerships with Estonia, Latvia and Lithuania demand further efforts on alignment to acquis on road, rail and maritime transport as well as for investments to transport infrastructure, notably to Trans-European Networks. The following four projects contribute to these efforts.

Estonia

Project 03 Development of vessel traffic system for Ports of Tallinn

The project consists of three components: Feasibility study, EIA and detailed design; Construction works; and Supply of VTS equipment. The first component is financed by the bi-lateral assistance from the Netherlands (450.000 ECU), the second by the recipient (300.000 ECU) and the third by Phare CBC (1.750.000 ECU). This investment project will improve the maritime safety in the Baltic Sea Region.

Conditionalities:

- Availability of cofinancing as indicated.
- In parallel to project implementation Estonia should develop approximation and implementation strategies for water and waste water sectors.
- Feasibility study, EIA, detailed design, draft tender documents must be ready before signing the Financing Memorandum. The project may continue only if the EIA proves that it will have positive environmental consequences.
- Continued development of project management capacity and involvement in the recipient institution.

Latvia

Project 05 Via Baltica road safety improvement in Bauska City

The project consists of the construction of several crossings, sidewalks and barriers improving traffic safety on Via Baltica road. Phare CBC (400.000) will finance the construction works. The recipients' co-financing (130.000 ECU) will be allocated to the preparation of detailed design and tender documents as well as to the construction works. This investment project will increase traffic safety and reduce transport bottlenecks on the Via Baltica road (TEN Corridor no 1).

Conditionalities:

- Availability of cofinance as planned.
- Detailed Design and Tender Documents must be ready before signing the Financing Memorandum.
- The contract for construction works must be signed before the end of March 1999.

- Development of project management capacity in the beneficiary institution.
- In parallel to project implementation Latvia should develop approximation and implementation strategies for transport sector.

Project 06 Construction of sheet pile walls in Liepaja Port

The project consists of three elements: Preparation of technical design; Construction of a depot for contaminated soil resulting from the dredging of the port.; and Supervision. Phare CBC (975.000 ECU) will finance the construction works, whereas the recipients' co-finance (350.000 ECU) will be allocated to all three components. This investment project will upgrade the transport infrastructure in the Baltic Sea Region and reduce the negative effects on the environment caused by dredging.

Conditionalities:

- Cofinancing as indicated.
- Detailed design and tender documents must be ready before signing the Financing Memorandum.
- The contract for construction works must be signed before the end of April 1999.
- Improved project management capacity in the beneficiary institutions.
- In parallel to project implementation Latvia should develop approximation and implementation strategies for transport and environment sectors.

Lithuania

Project LI 9808.03 Northern exit from Klaipeda sea port and oil terminal

The project consists of three components: Detailed design; EIA and tender documents; and Road construction works. Phare CBC (1.630.000 ECU) will finance the last two components. The recipients' co-financing (780.000 ECU) will be allocated to the first and third components. This investment project will link the seaport to the highway system, thereby ensuring safe and fast cargo transportation avoiding the city centre.

Conditionalities:

- Availability of cofinancing as indicated.
- The Terms of Reference for the technical assistance component (EIA and tender documents) must be ready before the signing of the Financing Memorandum.
- The EIA and tender documents must be ready by the end of February 1999.
- The continuation of the project is conditional on the results of the Environmental Impact Assessment.
- The works contract for component 3 must be signed before the end of April 1999.
- In parallel to project implementation Lithuania should develop approximation and implementation strategies for transport sector.
- Continuous development of project management capacity in the beneficiary institutions.

2. BUDGET (1)

Country / project number	Objective / Project title	Institution building Phare (ECU)	Investment (ECU) Phare	Total Phare (2) (ECU)	Total budget (3) (ECU)
Estonia					
01	Objective 1: Reinforcement of institutional and administrative capacity	138.000		138.000	138.000
Objective 2: Environment					
02	Reconstruction of wastewater treatment plant and sewerage system in Jogeve Town		612.000	612.000	1.777.000
Objective 3: Transport					
03	Development of vessel traffic system for Ports of Tallinn		1.750.000	1.750.000	2.500.000
Sub-total Estonia		138.000	2.362.000	2.500.000	4.415.000
Latvia					
01	Objective 1: Reinforcement of institutional and administrative capacity	100.000		100.000	100.000
Objective 2: Environment					
04	Development of sewerage services in two Latvian towns - Ainazi and Saulkrasti		1.025.000	1.025.000	2.767.000
Objective 3: Transport					
05	Via Baltica road safety improvement in Bauska City		400.000	400.000	530.000
06	Construction of sheet pile walls in Liepaja Port		975.000	975.000	1.325.000
Sub-total Latvia		100.000	2.400.000	2.500.000	4.722.000
Lithuania					
LI 9808. 01	Objective 1: Reinforcement of institutional and administrative capacity	150.000		150.000	150.000
Objective 2: Environment					
LI 9808.02	Siauliai region hazardous waste management		2.220.000	2.220.000	2.960.000
Objective 3: Transport					
LI9808.03	Northern exit from Klaipeda sea port and oil terminal		1.630.000	1.630.000	2.410.000
Sub-total Lithuania		150.000	3.850.000	4.000.000	5.520.000
Poland					
Objective 2: Environment					
09	Expansion Gdansk-Wschod wastewater treatment plant		1.200.000	1.200.000	89.876.000
10	Modernisation of the sewage treatment plant and the sewage system in Frombork		500.000	500.000	1.400.000
11	Wastewater management in Krokowa		1.400.000	1.400.000	5.969.000
12	Construction of biological sewage treatment plant and sewage systems in Miedzywodzie		900.000	900.000	5.900.000
Sub-total Poland		0	4.000.000	4.000.000	103.145.000
TOTAL		388.000	12.612.000	13.000.000	117.802.000

- (1) The whole Phare CBC budget will be contracted according to DIS and transferred to the National Funds.
- (2) "Total Phare" illustrates the maximum allocation, which cannot be exceeded even if actual project costs exceed the indicated "Total budget".
- (3) "Total budget" includes Phare CBC funding and other sources of financing (national co-financing, etc.).

3. IMPLEMENTATION ARRANGEMENTS

The 1998 Phare Baltic Sea Region Cross-Border Co-operation Programme will be managed in accordance with the Phare Decentralised Implementation System (DIS) Procedures. The National Aid Coordinator (NAC) will have overall responsibility for programming, monitoring and implementation of Phare programmes in each of the beneficiary countries (Estonia, Latvia, Lithuania and Poland).

The National Fund (NF) will be established in the Ministry of Finance in each of the beneficiary countries, and will be headed by the National Authorising Officer (NAO), who will supervise the financial management of the Programme, and will be responsible for financial reporting to the European Commission. Appropriate financial control shall be carried out by the competent National Financial Control Authority with respect to the implementation of the programme.

The Commission will transfer the funds to the NF in accordance with the Memorandum of Understanding to be signed between the Commission and each of the Ministries of Finance. Funds will be transferred following requests from the NAO. Payments will be transferred to the NF following signature of a Financing Memorandum up to the following amounts:

Estonia -	0.5 MECU
Latvia -	0.5 MECU
Lithuania -	0.8 MECU
Poland -	0.8 MECU

Four replenishments will be made up to the following amounts or up to the full balance of the budget whichever is the lesser amount:

Estonia -	0.5 MECU
Latvia -	0.5 MECU
Lithuania -	0.8 MECU
Poland -	0.8 MECU

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

Implementing Agencies will be responsible for projects as follows:

Estonia -	<i>Central Finance and Contracts Unit (CFCU)</i>	Projects 01, 02 and 03
Latvia -	<i>Central Finance and Contracts Unit (CFCU)</i>	Projects 01, 04, 05 and 06
Lithuania -	<i>Central Finance and Contracts Unit (CFCU)</i>	Projects LI 9808.01, 02 and 03
Poland -	<i>Implementing Authority for Phare Cross-Border Cooperation Programmes, Ministry of Internal Affairs and Administration</i>	Projects 09, 10, 11 and 12

In Estonia, Latvia and Lithuania the following institutions will be responsible for the coordination of the CBC activities and for the technical support to project implementation: Regional Development Bureau, Ministry of Internal Affairs, Estonia; Foreign Assistance Programme Co-ordination Department, Ministry of Finance, Latvia; European Integration Department, Ministry of Foreign Affairs, Lithuania.

The National Fund will transfer funds to Implementing Agencies (IAs), including the Central Finance and Contracts Unit (CFCU), in accordance with Financing Agreements (FAs) signed between the NFs and the IAs/CFCU where applicable. Each individual FA will be endorsed in advance by the European Commission. In cases where the NF is itself the paying agent for the CFCU/IAs there will be no transfer of funds from the NF to the CFCU/IAs. The CFCU and the IAs will each be headed by a Programme Authorising Officer (PAO) appointed by the NAO after consultation with the NAC. The PAO will be responsible for all the operations carried out by the relevant CFCU/IA.

A separate interest bearing bank account, denominated in ECU will be opened and managed by the NF in a separate accounting system in a Bank agreed in advance with the Commission. Interest will be reported to the European Commission; if the Commission so decides, on the basis of a proposal from the NAO, interest may be reinvested in the Programme. The same procedures will apply to any funds transferred to an IA or the CFCU.

The NAO and the PAOs will ensure that all contracts are prepared in accordance with the procedures set out in the DIS Manual. In principle all the contracts should be greater than 2 MECU. However, due to the small overall allocation to each country, the bottom-up programming process and the limited capacity on local level to co-finance large projects this is not possible.

All contracts must be signed by 31 October 2000 and all disbursements must be made by 31 October 2001.

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

For those contracts with funds retained for a warranty period extending beyond the end of the disbursement period of the programme, the overall total of funds related to those contracts, as calculated by the PAO and established by the Commission, will be paid to the Implementing Agency before the official closure of the programme. The Implementing Agency assumes full responsibility of depositing the funds until final payment is due and for ensuring that said funds will only be used to make payments related to the retention clauses. The Implementing Agency further assumes full responsibility towards the contractors for fulfilling the obligations related to the retention clauses. Interests accrued on the funds deposited will be paid to the Commission after final payment to the contractors. Funds not paid out to the contractors after final payments have been settled shall be reimbursed to the Commission. An overview of the use of funds deposited on warranty accounts - and notably of the payments made out of them - and of interests accrued will annually be provided by the NAO to the Commission.

4. MONITORING AND ASSESSMENT

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

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

5. AUDIT AND EVALUATION

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

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

6. VISIBILITY AND PUBLICITY

The appropriate Programme Authorising Officer will be responsible for ensuring that the necessary measures are taken to ensure appropriate publicity for all activities financed from the programme. This will be done in close liaison with the Commission Delegation. Further details are in Annex 5.

7. SPECIAL CONDITIONS

In the event that agreed commitments are not met for reasons which are within the control of the Governments of Estonia, Latvia, Lithuania or Poland, 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 global Phare programme.

Annex 3

INFORMATION AND PUBLICITY FOR THE EUROPEAN UNION'S PHARE PROGRAMME

1. Objective and scope

Information and publicity measures concerning assistance from the European Union's 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 European Union's Phare Programme.

2. General principles

The appropriate Programme Authorising Officer in charge of the implementation of Financing Memoranda, and other forms of assistance shall be responsible for publicity on the spot. Publicity shall be carried out in cooperation with the Commission's 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 Commission's 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;

- Art. 32 of Regulation (EEC) No 4253/88, as amended by Regulation (EEC) No 2082/93, Official Journal of the European Communities No L193/20, 31 July 1993

- Commission Decision of 31 May 1994; Official Journal of the European Communities No L 152/39, 18 June 1994

Information and publicity measures must comply with the provisions of the *Information Handbook for European Commission Delegations in Central Europe*. The relevant sections of the *Information Handbook* will be annexed to all contracts related to works and supplies.

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 Commission's 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, in accordance with the provisions of the *Information Handbook*.
- (b) Information and publicity measures on the spot shall include the following:
 - (i) In the case of infrastructure investments with a cost exceeding ECU 1 million
 - billboards erected on the sites, to be installed in accordance with the provisions of the *Information Handbook*
 - permanent commemorative plaques for infrastructures accessible to the general public, to be installed in accordance with the provisions of the *Information Handbook*.
 - (ii) In the case of productive investments, measures to develop local potential and all other measures receiving financial assistance from Phare;
 - measures to make potential beneficiaries and the general public aware of Phare assistance, in accordance with the provisions of the *Information Handbook*;
 - measures targeting applicants for public aids part-financed by Phare, 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 Programme, in accordance with the provisions of the *Information Handbook*.

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

4.1 Business circles

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

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

4.2 Other potential beneficiaries

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

Forms

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

4.3 The general public

The media

The competent authorities shall inform the media in the most appropriate manner about actions co-financed by the EU, and Phare in particular. Phare 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 Commission's Delegation in the applicant country.

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

Information events

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

Information material

Publications (such as brochures and pamphlets) about programmes or similar measures financed or co-financed by Phare should, on the title page, contain a

clear indication of the EU's 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 Phare's participation is made clear.

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

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

5. Special arrangements concerning billboards, commemorative plaques and posters

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

Billboards

Billboards providing information on EU participation in the financing of the investment should be erected on the sites of all projects in which EU participation amounts to ECU 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's 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 *Information Handbook*.

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 provisions contained in the *Information Handbook*.

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's part-financing together with a mention of the Phare Programme.

Where a national, regional or local authority or another final beneficiary decides to erect a billboard, place a commemorative plaque, display a poster or take any other step to provide information about projects with a cost of less than ECU 1 million, the EU's and Phare's 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

Commission's 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.