

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 **Poland**, 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 **31 May 1990** 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:

<u>Programme number</u>	PL0003 to PL0007
<u>Title</u>	Poland National Programme 2000 - Part I
<u>Duration</u>	Until 31 October 2002

ARTICLE 2 - COMMITMENT OF THE COMMUNITY

The financial contribution of THE COMMUNITY is fixed at a maximum of **183 MEUR** hereinafter referred to as "THE EC GRANT".

ARTICLE 3 - DURATION AND EXPIRY

For the present MEASURE, THE EC GRANT is hereby available for contracting until **31 October 2002** 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 2003**. All disbursements must be completed by the deadline for disbursement. THE COMMISSION may however, in exceptional circumstances, agree to an appropriate extension of the contracting period or of the disbursement period, should this be requested in due time and properly justified by THE RECIPIENT. This Memorandum shall expire at the expiry of the disbursement period of the EC GRANT. All the funds which have not been disbursed shall be returned to the Commission.

ARTICLE 4 - ADDRESSES

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

for the COMMUNITY:

Delegation of the European Commission in Poland
Al. Ujazdowskie 14
PL-00478 Warsaw
Poland
Fax: (+48-22) 625 04 30

for THE RECIPIENT:

Office of the Committee for European Integration
Al. Ujazdowskie 9
PL-00918
Warsaw
Fax: (+48-22) 694 71 94

ARTICLE 5 - NUMBER OF ORIGINALS

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

ARTICLE 6 - ENTRY INTO FORCE

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

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

Done at
Date:

Done at
Date:

for THE RECIPIENT
.....

for THE COMMUNITY

Mr. B. Dethomas
Head of the Delegation of the
European Commission in Poland

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

Annex C - Special Provisions

1. Strategy

The Phare 2000 programme draws on the findings of the 1999 Regular Report and has been elaborated on the basis of the overall priorities outlined in the 1999 Accession Partnership, in particular the short term priorities, to ensure that assistance would be provided in those areas which have the greatest needs in view of preparing for EU membership. In order to implement the priorities set out in the Accession Partnership, the Polish authorities have elaborated a National Programme for the Adoption of the Acquis.

The Accession Partnership continues to provide the single framework through which the priority areas for further work are identified regarding progress to be made by Poland towards membership of the European Union, the financial means available to implement these priorities and the conditions which will apply to that assistance.

All projects proposed by Poland for Phare 2000 were examined to see whether they were relevant to the priorities of the Accession Partnership, whether they would have an impact on Poland's alignment or implementation of the acquis, whether they were cost-effective, technically and institutionally ready and whether conditionalities and implementation arrangements were clear.

Phare is focusing in 2000 on institution building projects and investment in the acquis in order to strengthen the administrative capacity of Poland to adopt and implement the acquis in the fields of agriculture and fisheries, environment, transport, justice and home affairs, finance, labour, internal market and economy.

As a result, a first National Programme has been prepared, amounting to 183 million EUR, covering institution building projects and investment in the acquis at national level around the following objectives:

Objective 1: Strengthen institutional and administrative capacity

Objective 2: Internal market

Objective 3: Justice and Home Affairs

Objective 4: Agriculture

Objective 5: Environment

A separate Financing Proposal will cover Economic and Social Cohesion projects.

Separate financing proposals will cover Phare funding for the participation of Poland in Community programmes and for the participation of Poland in the Fifth Framework Programme for RTD. The total Phare budget for Poland in 2000 under the national programme will therefore amount to 344 million EUR. Funding for cross border cooperation will also be the subject of separate financing proposals.

2. Objectives and project description

Objective 1: Strengthen institutional and administrative capacity

Project PL0003.01: Integrated cadastre system: This project addresses a short term priority of the 1999 Accession Partnership (AP) with Poland. It will help to improve the functioning of the land

market and accelerate the development of the property register. The project will cofinance equipment and institution building to establish the organisational and technical solutions for an integrated cadastre system in Poland, notably by: (a) developing the principles of access to databases of the land and building register and the procedures for data exchange with the land and mortgage register and property tax register; (b) introducing information systems to the land and mortgage register divisions of the courts; and (c) modernising the property tax register. Part of the project will be implemented by twinning.

Project PL0003.02: National Bank of Poland: This project addresses a medium term priority of the AP. It will prepare Poland's central bank for its future functioning within the European System of Central Banks. The project will provide cofinancing for institution building and equipment for (a) the adjustment of the central bank's payment, accounting and reporting systems to EU standards, (b) harmonisation of monetary statistics; (c) improvement of monitoring of capital movements; (d) improvement of banking supervision on a consolidated basis; (e) creation of internal control and internal audit system in compliance with EU standards; and (f) modernisation of IT systems. The institution building part of this project will be implemented by twinning.

Project PL0003.03: Public Finance: This project will address both a short term and a medium term priority of the AP. In the medium term, this project will contribute to Poland maintaining progress achieved in ensuring budgetary stability and to help bring Poland's public finance's reporting, monitoring and control in line with EU standards. The project will provide cofinancing for institution building and equipment to (a) further develop Poland's public debt management system; (b) to adapt public finance to the system of the EU's own resources; (c) to improve the long-term budgetary planning and public finance reporting including the harmonisation of public finance statistics. The institution building part of this project will be the subject of twinning.

Project PL0003.04: Internal financial control at regional level: This project will address a short term priority of the AP. It will provide cofinancing for institution building and equipment for the establishment and development of a computerised management, monitoring and control system for EU funds at regional level and for the strengthening of financial control services at regional level. Part of the project will be the subject of twinning.

Project PL0003.05: Tax administration: This project addresses a short term priority of the AP. It will provide cofinancing for institution building and equipment to continue the modernisation of the tax administration's IT system and to make it compatible with EU systems, to help implement the provisions on exchange of information on VAT transactions with EU Member States, and to help Poland's excise laws and accompanying administrative documents fully adjust to EC directives. The institution building part of this project will be the subject of twinning.

Project PL0003.06: Parliamentary law procedures: This project addresses a medium term priority of the AP and will help improve the efficiency and speed of parliamentary law procedures. The project will cofinance institution building and equipment to help review and establish more efficient procedures for the adoption of EU compatible legislation in Poland, to enhance the knowledge of parliamentary and government officials concerning EU law and drafting procedures, techniques, and methodologies for law adoption, to assist the legislative staff of the Parliament in the establishment of a quality support group and to improve the documentation and information services of the Parliament. Part of the project will be the subject of twinning.

Project PL0003.07: National SME Development: This project will address a medium term priority of the AP. It will provide cofunding for institution building and investment to further develop the legal and commercial environment in which SMEs operate in Poland, notably through: (a) policy advice to the Ministry of the Economy and help to create a national SME agency in Poland; (b) development of a series of national SME instruments (financial, knowledge based, and infrastructure instruments), (c) improving the knowledge of regional authorities in SME development, (d) introduction of selected instruments at regional level, (e) upgrading of existing SME networks, including the bank sector,

through quality assurance, service provision and international best practice, training and auditing of regional institutions, and (f) provision of a grant scheme to partly cofinance services to SMEs for quality assurance, innovation, and strengthening of their competitiveness. This project will be developed as the emerging national SME aid scheme, based on the priorities of Poland's SME policy, under which the regional economic and social cohesion projects will be implemented in the selected target regions. Part of the project will be implemented via twinning. The project as a whole should not start until the law on the establishment of the SME agency has been adopted by the Parliament.

Project PL0003.08: Fisheries administration: This project will address a short term priority of the AP. It will provide cofinancing for institution building and equipment to strengthen Poland's fisheries administration, notably: (a) to enable the future implementation of the common fisheries policy regarding control and enforcement and regarding preparation and implementation of structural programmes in the sector; (b) to establish and help develop an EU compatible fishing vessel register; (c) to help establish a continuous vessel monitoring system using satellite tracking, and (d) to help create a system for collecting and processing of fisheries statistics in line with EU requirements. The institution building part of this project will be implemented via twinning. Poland will ensure that sufficient additional qualified personnel will have been recruited for the fisheries administration and inspection before the start of the project.

Project PL0003.09: Transport administration and acquis: This project will address both a short term and a medium term priority of the AP. It will provide cofinancing for institution building and equipment for: (a) implementation of EC directives and standards regarding maritime safety and strengthening of the maritime administration for the control of maritime safety; (b) elaboration of a programme of legal, organisational and technical measures to adjust road and railway transport to EU standards on environmental protection and development of testing facilities; and (c) strengthening of relevant institutions for metrological controls of tachographs. The institution building part of this project will be the subject of twinning.

Project PL0003.10: Social dialogue: This project will address a short term priority of the AP. It will provide cofinancing for institution building and equipment to strengthening the capacity of social partners to participate effectively in social dialogue, in particular through: (a) preparation of new legal acts on social dialogue consulted with social partners; (b) establishment of a round table on European integration within a Committee of Social Partners; (c) training of members of social partner organisations; (d) transformation of one existing sectoral committee into a bipartite committee and establishment of two additional sectoral bipartite committees; (e) preparation of recommendations on the establishment of a mediation institution; and (f) provision of equipment for the social dialogue centre conditional on the future role of this centre in the settlement of disputes and mediation. The institution building part of this project will be implemented via twinning.

Project PL0003.11: National vocational training system: This project will address a short term priority of the AP regarding the national employment strategy, of which the continuous vocational training (CVT) is a key element. The project will provide cofinancing for institution building to (a) develop draft legislation for CVT with the involvement of social partners; (b) develop the system for CVT in Poland, notably through a national recognition system and provision of forty selected new national qualification standards made widely available; (c) develop the legal and methodological framework for modular programmes and their promotion; (d) develop the methodology and scope of periodic CVT surveys; (e) provision of training to 600 trainers of CVT institutions in particular in the Phare 2000 economic and social cohesion regions; (f) raising awareness of CVT and its methods among regional stakeholders and monitoring and evaluation of regional CVT projects planned under the Phare 2000 economic and social cohesion programme. Part of this project will be implemented via twinning.

Project PL0003.12: National export development: This project will address a medium term priority of the AP. It will provide cofinancing for institution building and investment, notably to: (a) develop the national and regional institutional framework for the promotion of exports; (b) development of

regional capacities for programming and implementation of export development measures through training and advice for regional authorities including a grant mechanism towards regional authorities for the implementation of small scale export promotion measures; (c) upgrading of existing networks of export development institutions through quality assurance, service provision, training and audits; and (d) provision of a grant scheme to partly cofinance services to SMEs for counselling and training for export promotion. The institution building measures foreseen under this programme will be the subject of technical assistance.

Project PL0003.13: Strengthen regional policy administration: This project will address both a short term and a medium term priority of the AP. It will provide cofinancing for institution building to help prepare the institutional, administrative and budgetary structures in 11 regions of Poland (which were not yet covered by similar 1998 and 1999 Phare projects) for the future participation in EU economic and social cohesion policy and to help prepare integrated objective 1 type regional operational programmes, including developing monitoring indicators for priorities and measures, identification of projects and preparation of key projects, training of regional and local administration staff on these programmes and policies and their evaluation and implementation, training of social and economic operators on regional policy programming, and awareness raising and information campaigns on the aims and expected outputs of these programmes. This project will be entirely the subject of twinning.

Project PL0003.14: Regional statistics: This project will address a medium term priority of the AP. It will provide cofinancing for institution building and equipment for: (a) the harmonisation of the regional statistics survey methodology in line with EU methodology and NUTS classification, including the provision of historical data for structural funds needs according to the new territorial administration of Poland; (b) upgrading of the management and statistics staff skills and enhancement of the data processing and data communication capacity of the new regional statistical offices for the timely production of regional statistics; (c) modernisation and development of the regional statistical information system in Poland (modernised national territorial register with national NUTS nomenclature, aggregated database of regional statistics, GIS systems for selected areas of regional statistics, direct transmission of data to Eurostat, etc.). The institution building part of this project will be implemented via twinning.

Project PL0003.15: Strengthen acquis implementation at regional level: This project will address a number of short and medium term priorities of the AP in various sectors, since it will provide cofinancing for institution building to strengthen the implementation of the acquis at municipal and county level throughout Poland. This will be achieved by firstly a gap analysis and impact assessment of the acquis implementation issues that will be the responsibility of municipalities and counties and secondly the development of skills within the municipal and county administrations and their staff to effectively implement this acquis. The project should ensure that a sustainable training capacity is created by, inter alia, a training of trainer's programme. Part of this project will be the subject of twinning.

Objective 2: Internal Market

Project PL0004.01: Customs: This project will address a short term priority of the AP. It will provide cofinancing for institution building and equipment for (a) the development of the new computerised transit system; (b) preparation of the customs services for the protection of intellectual and industrial property rights at the border, including training of customs staff and establishment of a pilot data base; (c) the improvement of customs controls at Polish Eastern/northern borders and the fight against customs and border crime, in particular through a standard application of the customs code, introducing comprehensive control techniques, work re-organisation, and provision of detection and testing equipment at selected border posts and customs laboratories, including training of customs officers, and information campaigns for the business sector. This project is part of the recent strategy development plan of the Polish customs authorities. Part of the project will be implemented via twinning.

Project PL0004.02: Certification phase II: This project will address a short term priority of the AP and will follow on from the Phare 1999 project. This second phase will provide cofinancing for further institution building and equipment and will allow Poland to implement the strategy for harmonisation in standardisation, conformity assessment and technical regulations in line with the new approach directives by preparing the institutions involved in the new system of conformity assessment which will enter into force in Poland on 1 January 2001, following the adoption of the Law on conformity assessment by the Polish Parliament on 28 April 2000. Part of the project will be implemented via twinning. Implementation of the project is subject to the same conditionalities as the Phare 1999 project (PL9905.01).

Project PL0004.03: Competition and consumer protection: This project will address two medium term priorities of the AP related to anti-trust law and consumer protection. It will provide cofinancing for institution building and equipment to: (a) strengthen the enforcement of anti-trust law by the OCCP by helping to elaborate implementing regulations and to develop its anti-monopoly services including the training of its staff and training of judges so as to ensure the effective application of these enforcement procedures; (b) increase consumer health safety by transposition of the Community directives concerned and by strengthening the institutions involved so that an effective market surveillance system is put in place in Poland by the project's completion date (December 2002). This will also imply support for consumer NGOs and dissemination of information to the population to ensure that consumer interests are adequately represented. Part of the project will be implemented via twinning. The institutions concerned should ensure that they employ adequate additional staff to ensure that the objectives of the project can be achieved and the anti-trust part of the project should not start until the new anti-trust legislation has been enacted, in particular on block exemptions.

Project PL0004.04: Intellectual and Industrial Property Rights: This project addresses a short term priority of the AP. It will provide cofinancing for institution building and equipment to strengthen the institutions in Poland dealing with intellectual and industrial property law management and enforcement so as to bring the level of protection in Poland in line with EU standards. This will be achieved by helping to develop the copyright administration and collective management societies, by the strengthening of customs control to effectively protect intellectual and industrial property rights, and by increasing enforcement through strengthening of the judiciary. Part of the project will be implemented via twinning. The project should not start until the new copyright act and the new law on industrial property have been adopted and have been sufficiently aligned with the *acquis*.

Project PL0004.05: Telecoms universal service: This project will partly address a short term priority of the AP and follows on from the Phare 1999 project on the establishment of the telecommunications regulatory authority. The project will cofinance institution building and equipment for the establishment and development of a telecommunications universal service in Poland. This will be achieved through the adoption and implementation of appropriate legal regulations regarding the principles of universal service provision and the establishment of operational systems to administrate this service. The institution building part of this project will be the subject of twinning. The project will not start until the new telecommunications law has been adopted by the Parliament and has entered into force.

Objective 3: Justice and Home Affairs

Project PL0005.01: Twinning for border and visa policy: This project will address both a short term and a medium term priority of the AP and will be a twinning project to strengthen the Polish services responsible for border protection and visa, migration and asylum matters. This will cover specialist technical advice and training in immigration policy, criminal analysis for border guards, intervention in crisis situations, data collection and processing, inter-institutional cooperation, personnel and training policy, use of technical equipment in border control, harmonisation of Polish visa and migration-asylum policy with EU requirements (training in IT systems and management of databases and communication networks and EU procedures, etc.)

Project PL0005.02: Integrated Eastern border management: This project will address a short term priority of the AP. It will cofinance technical assistance and equipment to (a) strengthen the Polish services responsible for management of the Polish Eastern Border, and (b) make preparations for the harmonisation of Polish visa and migration-asylum policy with EU requirements and establish an operational system for visa procedures. This fits within the overall border management strategy developed by the Polish Government in February 2000 and is in line with the security strategy provided in May. The project is designed to complete the telecommunications and data communications infrastructure for the Eastern border and to link to the future National Schengen Information System. A specific allocation has been provided to implement the visa regime required by the EU upon accession. The staff of all agencies and services participating in the programme will be trained. In addition, to ensure continuous progress with policy and technological development, a strategic steering group (chaired by the Ministry of the Interior) is established consisting of the PAA and MS experts, to be financed in the framework of the technical assistance. This project is conditional on inter-agency coordination and complementary national funding.

Project PL0005.03: Border crossing in Dorohusk: This project will address a medium term priority of the AP and will help implement Poland's recent integrated border management strategy at the Eastern Border. It will cofinance construction of facilities at the border crossing point of Dorohusk so that the customs clearance, border procedures, veterinary and phytosanitary checks are improved and carried out in secure conditions and that the waiting times at the border will be reduced.

Project PL0005.04: Border crossing in Kuznica: This project will address a medium term priority of the AP and will help implement Poland's recent integrated border management strategy at the Eastern Border. The project will cofinance the construction of the departure platform on the Polish side to enhance customs clearance procedures, improve veterinary and phytosanitary controls, improve the working and sanitary conditions at the border station, and ensure that customs and other controls take place in secure conditions so that cross border crime and customs fraud are eliminated.

Project PL0005.05: Border crossing in Kroszowice: This project will address a medium term priority of the AP. It will cofinance the construction of two dedicated checkpoint buildings, the main building, road dispatch lanes allowing for two-directional border traffic, so that the customs clearance, border procedures, veterinary and phytosanitary checks are improved and carried out in secure conditions and that the waiting times at the border will be reduced.

Project PL0005.06: Eastern border small projects fund: This project will address a short term priority of the AP and will cofinance a small project fund (SPF) to support Poland's Integrated Eastern Border strategy, namely to help the border regions to overcome specific development problems and to develop cooperative networks on both sides of the border notably in the four Euroregions along the border. In pursuing these objectives, and based on the positive experience of similar funding in 1997, the SPF provides a flexible approach to funding smaller-scale actions, which are defined on the basis of local/regional needs, and which have a cross-border impact. The projects shall support small-scale people-to-people covering cultural exchanges, local democracy, planning and development studies, economic development, environment, tourism and SME training and human resources development actions. Implementation of this SPF will follow the guidelines for small project funds. It is expected

that actions undertaken by this project will find complementary funding under parallel schemes provided by the Tacis programme.

Project PL0005.07: Twinning for the police services: This project will address a short term priority of the AP and will be a twinning project to enhance cooperation with EU police services and strengthen the Polish police services in the fight against organised crime and economic crime, including combating corruption, money laundering, drug-related criminality, forensic analysis of narcotics, human resources development and personnel selection for services involved in combating organised crime, protection of intellectual property, IT criminality, use of computer and communication systems, and criminal intelligence data protection.

Project PL0005.08: Fight against crime: This project will address a short term priority of the AP. It is designed to help address the problems and achieve the aims defined in the Polish national security strategy of May 2000, which in particular emphasized the establishment of the national criminal intelligence service as a crucial component of inter-agency cooperation in the fight against organised crime. The project will therefore provide cofinancing for technical assistance and equipment to further develop the police data transmission network, improve the safe information exchange among police databases and non-police information systems, modernise the police communication system, implement the national criminal analysis system, and improve the methodology of drug analysis. The steering of this project in cooperation with the EU MS services and the design of future projects in this sector is essential to guarantee the further deepening of police cooperation including with Europol. Therefore, technical assistance will also be provided for advisory services to the Polish authorities on the further development of its police services and for the further development of Poland's security strategy. Again, this will be achieved by the establishment of a strategic steering group (chaired by the Ministry of the Interior) consisting of the PAA and MS experts, to be financed in the framework of this TA.

Project PL0005.09: Fight against drugs: This project will address a medium term priority of the AP and will cofinance technical assistance, training and equipment to establish the Drugs National Focal Point in accordance with the EMCDDA standards, improve the co-operation and co-ordination between the agencies responsible for combating drug addiction and drug-related crimes (both on central and local level), strengthen the institutional capacity of the Polish agencies and institutions responsible for combating drug addiction and drug-related offences and improve the working techniques and standards aiming at supply reduction.

Objective 4: Agriculture

Project PL0006.01: Institution Building for rural development: This project will address a short term priority of the AP in that it will help to develop and strengthen the institutional capacities of Ministry of Agriculture and regional and local administrations and organisations to coordinate programming, implementation and monitoring of rural development programmes in Poland. The project will provide cofunding for institution building and equipment to develop the monitoring system and the system of assessment and analysis of projects and programmes to be implemented with the farmer advisory institutions. Appropriate inter-institutional co-ordination and monitoring structures will be developed, including manuals, and a particular emphasis will be put on training of relevant staff of the Ministry and of implementing and advisory institutions in the field of project cycle management, stake holders, monitoring rules, financial analysis and evaluation. Around 800 persons from regional government offices, and farmer advisory services will also be trained. The project will also help to prepare and implement recommendations for changes to laws and administrative structures as appropriate. Part of the project will be the subject of twinning.

Project PL0006.02: Institution building for agri-environment and afforestation: This project will address a short term priority of the AP, as part of Poland's plans for rural development, on a sustainable future for the Polish rural economy. It will cofinance institution building and equipment to strengthen Poland's farmer advisory services on agricultural production methods in line with environmental and landscape conservation requirements, preparation of the extension centres in order to provide training and professional advice in the areas of: agri-

environmental and afforestation issues, code of good agricultural practices, preparation of individual applications for programmes, audit assessment, and the capacity to establish payment calculation methods regarding agri-environmental measures. The project will also help to elaborate schemes for cooperation between agricultural advisory centres and local institutions (boards of national and landscape parks, representatives of local authorities and non-governmental organisations), in order to increase the efficiency and impact of agri-environmental and afforestation programmes at regional level. Part of the project will be the subject of twinning.

Project PL0006.03: Institution building for early retirement: This project will address a short term priority of the AP, as part of Poland's plans for the future of the Polish rural economy notably related to accompanying social measures and the administration of agricultural lands. It will cofinance institution building and equipment for (a) the drafting of basic legal acts allowing implementation of a structurally driven early retirement scheme in agriculture. This will include both the framework act as well as necessary implementing regulations, taking into account EU legislation as well as the specific situation in Poland. The project will also help prepare institutional arrangements to implement the scheme, the multi-annual implementation plan, as well as all other operational aspects, including the necessary documents, planning of budgetary expenditure, the application procedures and eligibility criteria. The project will also strengthen the State Treasury's Agricultural Property Agency to play a key role in the taking over of farms, land consolidation, acting as intermediary on the land market. Adequate staff of the Ministry, the Agricultural Property Agency and other organisations involved will be trained and an information campaign organised, targeted at rural communities to disseminate information on early retirement possibilities and conditions. A computer database will be installed at the Ministry of Agriculture and other implementing institutions. The project will also prepare proposals for forms of land transfer, possible options for land consolidation and arrangements for young farmers. The institution building part of this project will be the subject of twinning.

Project PL0006.04: Veterinary system for laboratories and disease control: This project will address a short term priority of the AP, notably regarding the further rationalisation and upgrading of testing and diagnostic facilities. The project will cofinance technical assistance and equipment for the implementation of a laboratory strategy and for the strengthening of reference laboratories allowing supervision and verification of diagnostic procedures applied in the regional veterinary diagnostic laboratories as well as introduction of new diagnostic techniques, permanent training of the personnel of the regional diagnostic laboratories, establishment of a central laboratory and local laboratory network, and collection and processing of data with respect to the epidemiological situation. Regarding disease control, the project will help develop: (a) uniform procedures within the Polish veterinary service for the control of notifiable animal diseases as listed in Annex I of Council Directive 82/894/EEC; (b) preparation of the veterinary services to implement a joint strategy in the event of outbreak of a notifiable animal disease; (c) crisis management centres at all administrative levels, and (d) a system to ensure safe disposal of animal waste and carcasses.

Project PL0006.05: Border Inspection Posts phase II: This project will address a short term priority of the AP. Poland has short-listed six border inspection posts to be improved under this project. Institution building, equipment and the necessary facilities will be cofinanced to bring these border inspection posts up to EU standards. This will include: (a) specialist advice on the construction and modernisation of these border inspection posts, including the necessary facilities; (b) training of veterinary staff, setting up computerised control system at these BIPs and implementation of EU border control procedures; (c) construction of required facilities for the clearance of live animals and for the clearance of animal products and supply of equipment required for effective border control at these border inspection posts. The institution building part of the project will be the subject of twinning.

Project PL0006.06: Phytosanitary administration: This project will address a short term priority of the AP. It will cofinance institution building and equipment to: (a) improve the internal network of phytosanitary laboratories with regard to detection and diagnosis of harmful organisms; (b) disseminate information and know how on phytosanitary issues and use of pesticides in line with EC legislation, among the staff of the phytosanitary services, advisory services and agricultural producers and further develop the producers registration system; (c) implement EC methods of plant protection

control notably plant protection products quality testing. The institution building part of this project will be implemented via twinning.

Project PL0006.07: Food control administration: This project will address a short term priority of the AP. It will cofinance institution building and equipment to: (a) strengthen and improve the operations of Poland's food control services to carry out inspection of production, processing, distribution and marketing of food products; (b) prepare official food control laboratories for operations in line with EU requirements; adapt official food control services in Poland to participate in coordinated programmes of official food control in the EU; (c) elaborate a system of data base management. This will include training and study visits and supply of laboratory and control equipment. The institution building part of this project will be implemented via twinning. The project (except for twinning) should not start until the Act on food marketable quality has been adopted by the Parliament in line with EC directives.

Project PL0006.08: CAP Common market organisations: This project will address a medium term priority of the AP regarding the strengthening of common agricultural policy management mechanisms. It will cofinance institution building and equipment for the development of common market organisations (CMOs) as part of Poland's efforts to prepare for the common agricultural policy mechanisms. This will include: (a) preparation and training of staff of sectoral organisations, agricultural producers, processors and traders for the mechanisms of the CAP; (b) further organisational development (financial, accounting, internal control systems, etc) of the Agricultural Market Agency (AMA) as Poland's intervention and financial agency for certain CAP mechanisms (including training of staff); (c) elaboration of operational systems related to import and export licences, levies and export refunds regarding agricultural products, preparation of CAP mechanisms in the sectors of milk and milk products, fruits and vegetables, starch, citrus fruits, potato starch, hop, tobacco, etc. The equipment will be procured only when the definite structures of the CMOs have been defined and the relevant legislation adopted. The institution building part of this project will be implemented via one twinning with AMA and via one twinning with the Ministry of Agriculture.

Project PL0006.09: Preparation for selected CAP instruments: This project will address a medium term priority of the AP. It will provide cofinancing for institution building and equipment for: (a) further development of the IACS system including computerised data base and identification system of agricultural parcels and animal registration and identification system; (b) preparation of the Ministry of Agriculture for the implementation and maintenance of the IACS system; (c) strengthen the administrative system for the implementation of direct support measures, accompanying measures and less favoured areas payments, and dissemination of information to farmers, local government and agricultural organisations; (d) strengthen the Unified Accountancy System of Agricultural Farms (FADN); and (e) preparation and implementation of an agricultural information system. Part of the project will be implemented via twinning.

Objective 5: Environment

Project PL0007.01: Strengthen Environmental Impact Assessment: This project will address a short term priority of the AP. It will cofinance institution building and equipment to: (a) help develop regulations and administrative procedures for the effective application of environmental impact assessment, in line with EU standards, by central, regional and local authorities; (b) strengthen the capacities of administrations at all levels to implement these procedures, including dissemination of environmental information, awareness raising and public participation in environmental decision making procedures and the development of an operational system for implementing environmental impact assessments, including a handbook and guidelines for the administrations concerned, the public, NGOs, interest groups and the industrial community and a database on environmental impact assessments. The institution building part of this project will be the subject of twinning. The project should not start until the law on environmental impact assessment has been adopted in Poland.

Project PL0007.02: Air quality assessment systems: This project will address a short term priority of the AP in that it will strengthen the environmental administration in its enforcement capacity at national and regional level in selected locations of Poland regarding air quality assessment, monitoring and management, in line with EC directives in this field. The project will cofinance institution building and equipment to establish and develop an air quality monitoring and assessment system, develop the conceptual and engineering design for the system and help implement the monitoring and information system, including training of staff. The institution building part of this project will be the subject of twinning. The air monitoring equipment to be procured as a result will be installed in two regions of Poland.

Project PL0007.03: Integrated Pollution Prevention and Control at regional level: This project will address a short term priority of the AP. The project will cofinance institution building, equipment and a training grant fund to strengthen regional and local government administrations regarding integrated pollution prevention and control, notably through training of trainers at local and regional level on general EU environmental policy and secondary environmental law, training and advisory programme on permitting and drafting of pollution reduction plans at local level destined for counties, voivodship and municipal offices. This will also result in the actual drafting of about 100 local reduction programmes for which a TA facility will be available to local governments. In addition, a small grant facility will be available for the implementation of specific actions related to institution building activities at local level. Part of the project will be implemented via twinning.

3. Budget (million EUR)

No	Title	Total Phare budget	Institution building (indicative)	Investment (indicative)
PL0003	Objective 1: Strengthen institutional and administrative capacity	65.01	38.35	26.66
01	Integrated cadastre system			
02	National Bank of Poland			
03	Public Finance			
04	Internal financial control at regional level			
05	Tax administration			
06	Parliamentary law procedures			
07	National SME development			
08	Fisheries administration			
09	Transport administration and acquis			
10	Social dialogue			
11	National vocational training system			
12	National export development			
13	Strengthen regional policy administration			
14	Regional statistics			
15	Strengthen acquis implementation at regional level			
PL0004	Objective 2: Internal Market	21.00	9.12	11.88
01	Customs			
02	Certification phase II			
03	Competition and consumer protection			
04	Intellectual and industrial property rights			
05	Telecoms universal service			
PL0005	Objective 3: Justice and Home Affairs	48.00	8.52	39.48
01	Twinning for border and visa policy			
02	Integrated eastern border management			
03	Border crossing in Dorohusk			
04	Border crossing in Kuznica			
05	Border crossing in Kroszno			
06	Eastern border small projects fund			
07	Twinning for the police services			
08	Fight against crime			
09	Fight against drugs			
PL0006	Objective 4: Agriculture	41.60	16.70	24.90
01	IB for rural development			
02	IB for agri-environment and afforestation			
03	IB for early retirement			
04	Veterinary system for laboratories and disease control			
05	Border inspection posts phase II			
06	Phytosanitary administration			
07	Food control administration			
08	CAP common market organisations			
09	Preparation for selected CAP instruments			
PL0007	Objective 5: Environment	7.39	3.99	3.40
01	Strengthen environmental impact assessment			
02	Air quality assessment systems			
03	Pollution prevention and control at regional level			
	Total Phare contribution (million EUR)	183.00	76.68	106.32

The total Phare contribution under this programme will therefore not exceed 183 million EUR.

Where applicable, compliance with the Urban Waste Water Treatment directive (91/271/EEC as amended by Directive 98/15/EEC) and related decision 93/48/EEC and the Sewage Sludge Directive

86/278/EEC will be ensured. Furthermore, an environmental impact assessment according to the EU Environmental Impact Assessment Directive (85/337/EEC as amended by 97/11/EC) will be carried out for all investment projects.

4. Implementation Arrangements

The 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.

The National Fund (NF) in the Ministry of Finance, headed by the National Authorising Officer (NAO), will supervise the financial management of the Programme, and will be responsible for reporting to the European Commission. 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 funds to the NF in accordance with the Memorandum of Understanding signed between the Commission and Poland on 24 December 1998. Funds will be transferred following requests from the NAO. A payment of up to 20 % of the funds to be managed locally will be transferred to the NF following signature of the Financing Memorandum and the Financing Agreements (FAs) between the NF and the Implementing Agencies (IAs)/Central Finance and Contracts Unit (CFCU). The provisions foreseen in articles 2 and 13 of the MoU on the NF must also be met. Furthermore, the NAO must submit to the Commission the designation of the PAOs and a description of the system put in place, highlighting the flow of information between the NF and the IA/CFCU and the manner in which the payment function will be carried out.

Four replenishments will be made of up to 20 % of the funds to be managed locally or the full balance of the budget whichever is the lesser amount. The first replenishment will be triggered when 10% of the budget has been disbursed by the 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:

SME Foundation: project PL0003.12

Ministry of Internal Affairs: projects PL0005.02 to PL0005.06 and project PL0005.08

Central Finance and Contracts Unit (CFCU): all other projects

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 must each be headed by a Programme Authorising Officer (PAO) appointed by the NAO after consultation with the NAC. The PAO will be responsible for all the Phare operations carried out by the relevant CFCU/IA.

A separate bank account, denominated in EUR will be opened and managed by the NF in a separate accounting system in the Central Bank. In principle, all bank accounts will be interest bearing. Interest will be reported to the European Commission. If the Commission so decides, on the basis of a proposal from the NAO, interest may be reinvested in the Programme. The same procedures will 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, except for twinning arrangements for which separate measures have been defined by the Commission.

For any grant schemes, whose procedures and formats are not covered by the current DIS manual, the implementation arrangements will follow the following principles:

- The procedures and formats to be used in the implementation of the schemes and award of the grants will be based on the current Commission's vademecum on grant management and RELEX standard Grant contract. In particular, due care will be given to the selection process of the beneficiary projects, which has to be done at technical level through selection committees composed of experts appointed by the authorities which are co-financing the schemes as well as by the relevant administrations and interest groups involved in the schemes.
- The competent PAO for the programme under which the grant scheme is financed has to retain his/her contractual and financial responsibility for the implementation of the schemes. In particular, the PAO has to approve formally the call for proposals, application forms, evaluation criteria, as well as the selection process and results. The PAO has also to sign the grant contracts with the beneficiaries and to ensure adequate monitoring and financial control under his/her authority and responsibility. With this reservation, the management of the schemes can be decentralised from the PAO to the appropriate bodies at sectoral or regional level.
- The ex ante approval of the Commission's Delegation in Poland will be required for the call for proposals, application forms, evaluation criteria, the selection procedures (including the composition of the committees) and results (list of projects to be funded). The grant contracts signed by the PAO will be subject of ex post control of the EC Delegation.
- The implementation of the selected projects through the provision of works, supplies and services sub-contracted by the final beneficiaries of the individual grants shall be subject to the local Polish procurement law as used and adapted in the past in Phare financed regional development programmes (STRUDER) in Poland. The decentralised system established for these regional development programmes is to be applied to all such contracts below 300 000 EUR. Tenders and contracts above this threshold will be presented to the EC Delegation for ex ante approval. The financial commitments in Phare terms will be effected at the date of signature of the grant contracts by the competent PAO. Project implementation and all Phare disbursements are to be done before the expiry date of the present financing memorandum.

All contracts must be concluded by 31 October 2002. All disbursements must be made by 31 October 2003. All contracts must be greater than 2 million EUR, except for grant scheme contracts, or unless otherwise agreed by the Commission.

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.

5. 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 NAO and 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.

6. 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 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.

7. Visibility/publicity

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

8. Special conditions

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