

AMENDMENT TO THE FINANCING AGREEMENT

“2004 ANNUAL ACTION PROGRAMME FOR CROATIA”

The European Community, hereinafter referred to as "**the Community**", represented by the Commission of the European Communities, hereinafter referred to as "**the Commission**",

of the one part, and

Government of the Republic of Croatia, hereinafter referred to as "**the Beneficiary**",

of the other part,

- 1) Whereas, the Commission and the Beneficiary signed a Financing Agreement on the 2004 Annual Action Programme for Croatia;
- 2) Whereas, additional funding of € 5 million has become available and is being added to the 2004 Annual Action Programme for Croatia;

have agreed as follows:

Article 1

Article 2 – “THE COMMUNITY’S FINANCIAL CONTRIBUTION” is changed as follows:

- 2.1 The total cost of the programme is **81 million euro**.
- 2.2 The Community undertakes to finance a maximum of 81 million euro. The revised breakdown of the Community’s financial contribution into budget headings is shown in the budget included in the Technical and Administrative Provisions in Annexe 2.

Article 2

Annex 2 of the Financing Agreement – “Technical and Administrative Provisions”, point “1. IDENTIFICATION” is changed as follows:



<i>Form of programme</i>	CARDS National Action Programme for Croatia 2004
<i>Beneficiary country</i>	Croatia
<i>Budget year</i>	2004
<i>Budget Line</i>	19 07 01 (CARDS)
<i>Financial allocation</i>	€ 81 Million
<i>Legal basis</i>	Council Regulation 2666/2000 as amended by Council Regulation (EC) No 2415/2001
<i>Contracting</i>	All contracts must be concluded after the signature of the Financing Agreement and within 36 months following the date of the budgetary commitment.
<i>Implementation</i>	The implementation of projects under this proposal must be concluded by 31.12.2009 . Therefore, all technical activities provided for under this programme and all contracts must end by 31.12.2009 .
<i>Annual programming</i>	Commission Delegation ad AIDCO headquarters
<i>Related CSP and MIP / NIP</i>	Country Strategy Paper for Croatia 2002-2006, Multi-Annual Indicative Programme 2002-2004 Regional Strategy Paper for Western Balkans 2002-2006, Multi-Annual Indicative Programme 2002-2004
<i>Remarks</i>	No administrative expenditure will be financed under this programme

Article 3

Annex 2 of the Financing Agreement – “Technical and Administrative Provisions”, point “3.3.3. Modernisation of State Border Surveillance (€ 8,000,000)” is changed as follows:

3.3.3. Modernisation of State Border Surveillance (€13,000,000)

The **wider objective** is to facilitate the movement of people and goods, and at the same time better secure Croatian borders.

The **project purpose** is on the one hand to create technical preconditions for the Border Police in achieving EU standards for performing border control duties, and on the other hand to strengthen the capacity of the Croatian border authorities for managing the border with Serbia and Montenegro by upgrading the border inspection post Bajakovo.

Main activities:

- To develop technical specifications in an impartial way, taking into account the findings of the working group for technical equipment within CARDS 2001 Twining project for border police
- To procure, deliver, install and provide training for necessary equipment, in line with the above mentioned Priority Equipment List, e.g. border surveillance equipment (night vision devices, etc.) document examination equipment, mobility equipment (patrol vehicles and vessels) and communication equipment
- To undertake construction of 3 buildings at the Bajakovo border inspection post: 1 administrative building, 1 building for phyto-sanitary and veterinary controls and 1 building for detailed control of truck/lorries at the site of the BIP. The main building will host the administrative offices for the border control authorities and the forwarding agencies, and some facilities accessible to the public (exchange

Q

office, etc.). One other, smaller dimensioned building will be used for the detailed control of selected cargo vehicles (with attached shelter for X-ray facility). The third building will provide space for offices and technical equipment for veterinary and phyto-sanitary inspection services.

Tendering and contracting: the project should be split into three separate parts: one service tender, one supply tender (possibly resulting in several contracts according to the type of equipment) and one works contract. The division between the first two components should be approximately € 0.1 million for the service contract and € 7.9 for the supply of equipment. The tender and contracting procedures to be followed will be fully in line with the Practical Guide to Contract Procedures. The contractor for the third project component worth € 5 million (works contract) was selected under CARDS 2001 programme; as the contract could not be implemented due to a shortage of funds, it will be financed within the scope of the present project.

Article 4

Annex 2 of the Financing Agreement – “Technical and Administrative Provisions”, point “9. COST AND FINANCING” is changed as follows:

The programme will be financed through a Community grant of € 81 million, allocated as follows among the different actions:

Priority Sector	Million euros
1. Democratic Stabilisation	17.50
2. Economic and Social Development	17.75
3. Justice and Home Affairs	26.85
4. Administrative Capacity Building	15.10
5. Environment and Natural Resources	3.80
TOTAL	81.00

Article 5

All other terms and conditions of the Financing Agreement remain unchanged.

**FOR THE EUROPEAN
COMMISSION**

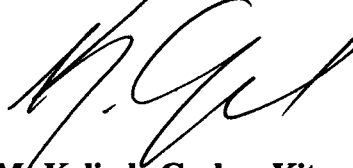


Mr Gary Quince
Director

Brussels,

Date: 4th February 2005

FOR THE BENEFICIARY



Ms Kolinda Grabar-Kitarović
MINISTER OF FOREIGN AFFAIRS AND
EUROPEAN INTEGRATION
Zagreb, 15th APRIL 2005

Date: