

Business plan for implementation of Drought Management Centre for South- East Europe

Subscriber

Slovenian Environmental Agency

Contractor

Alianta d.o.o.

Contract Number

2523-11-700081

Dated 22nd September 2011

Ljubljana, November 2011

1 Purpose of the Business Plan

2 Mission, Vision and Goals of the DMCSEE Centre B (4)

3 Methodology of the Business Plan (8)

4 DMCSEE Functionalities (12)

4.1 Activities of the DMCSEE

4.2 DMCSEE Stakeholders and their roles

4.3 Organisation Form

4.4 Summed SWOT analysis

4.5 Work Programme and implementation plan

4.6 Financing

4.7 Legal Status

4.8 Facilities Monitoring and Evaluation of DMCSEE Performance

APPENDIX 1 – Sample of the EEIG contract (28)

1 Purpose of the Business Plan

Establishment of the DMCSEE (Centre) is not a newly began initiative. It has its beginnings in Conclusion of the Sofia Conference, as presented in the introduction to this Business Plan, and already has a working, rotating presidency in the form of the Steering Committee.¹

DMCSEE project, which was approved under Objective 3 programme of the EU, more specifically under Southeast Europe programme, has enabled further development of the DMCSEE. One of the activities, provided for in Work package 6, is to prepare a feasible plan on how to reach full functionality of the Centre as it has been agreed upon in Sofia in 2006.

Taking into consideration all previous activities, expectations form partners, professional challenges, limitations and opportunities arising from this initiative, the following Business Plan has the purpose to elaborate an Action Plan leading to the more operational Centre, with capacity to deliver results as foreseen in the founding document from Sofia, securing its legal status, professional independence and budget to operate and develop further.

This Business Plan will present the activities that led to the elaboration of the proposed form of The Centre. Since all main operational parameters of the Centre were already agreed upon in Sofia, the challenge of this document was to elaborate the necessary steps to make them viable, set minimal standards, goals, actors responsible to reach these goals, estimate initial costs all these based on the SWOT analysis of every proposed model.

¹ As provided in the document: Terms of Reference of the DMCSEE International Seering Committee Adopted version, dated 7th March 2008.

2 Aims and Objectives, Core Tasks and Core Functions of the Centre

At a Technical Workshop on Drought Preparedness in the Balkans within the context of the UNCCD, held from 25 to 27 October 2004 in Poiana Brasov, Romania, the participating countries (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, The former Yugoslav Republic of Macedonia, Greece, Hungary, the Republic of Moldova and Romania), in the presence of the representatives of a number of international organizations and programmes, agreed on the need to establish, in the context of the UNCCD, a subregional centre relating to drought management issues, designated in the present document as “the Centre”.

Also agreed upon were tasks, functions and objectives the Centre should be able to achieve and deliver, where as the question of legal status and organisation of the Centre was not elaborated.

Aims and objectives of the Centre

The aims and objectives of the Centre are as follows:

- To serve as an operational centre for South-Eastern Europe for drought preparedness, monitoring and management;
- To create and coordinate a subregional network of National Meteorological and Hydrological Services (NMHSs) and other relevant institutions;
- To coordinate and provide the operational guidelines that will assist the NMHSs and other relevant institutions in the subregion to interpret and apply drought-related products;
- To prepare drought monitoring and forecast products and make them available on near real-time basis to relevant institutions in participating countries;
- To promote and strengthen the technical and scientific capacity for drought preparedness, monitoring and management in participating countries;

- To facilitate the exchange of knowledge, experience and best practices on drought issues;
- To enhance synergies among NMHSs, national UNCCD coordinating bodies, other international organizations and the scientific community on drought issues;
- To enhance the implementation of the UNCCD in the context of drought preparedness, monitoring and management, in particular in working out a national drought strategy;
- To collaborate actively with international research frameworks and programmes, to ensure the full participation of the South-Eastern European countries in such frameworks and programmes.

B. Core functions

In order to achieve the above-mentioned objectives, the Centre shall carry out the following core functions:

- Encouraging effective national drought preparedness, monitoring and management in the participating countries;
- Enhancing the early warning capacity for drought in the subregion;
- Developing and promoting the use of common methodologies and standards for drought preparedness, monitoring and management;
- Organizing appropriate training and capacity-building activities;
- Providing advisory services, guidelines and technical support on drought preparedness, monitoring and management;
- Collecting and disseminating drought information;
- Serving as a subregional information, documentation and reference centre on drought preparedness, monitoring and management;
- Promoting the development and transfer of technologies to cope with droughts;
- Promoting an integrated policy approach to drought preparedness, monitoring and management;

- Raising the awareness of the target audience about the importance of effective drought preparedness, monitoring and management strategies in the subregion;
- Collaborating actively with international research frameworks and programmes, to ensure the full participation of the South-Eastern European countries in such frameworks and programmes.

C. Core tasks

In order to fulfil its above-mentioned functions the Centre shall undertake the following core tasks:

- (a) To collect, compile, process, analyse, interpret, assess and validate relevant data on drought events in South-Eastern Europe, including the common methodologies;
- (b) To establish risk factors on the basis of analysis and modelling in order to provide timely drought forecasts in the subregion;
- (c) To improve the accuracy, homogeneity and spatial coverage of the monitored parameters/indicators necessary for effective drought preparedness, monitoring and management;
- (d) To design the databases in accordance with the experience and standards of WMO and UNCCD requirements and promote their application using, among others, GIS and remote sensing technologies;
- (e) To develop new applications and techniques to identify, among others, areas with potential risk of drought occurrence, drought sensitivity maps, etc.
- (f) To enhance climate monitoring and modelling activities for diagnostic analysis and forecasting;
- (g) To produce and deliver/disseminate appropriate information and products to end-users;
- (h) To act as a link in order to improve the capacity and inter-operability of the NMHSs and achieve full compatibility;

- (i) To facilitate the preparation of subregional environmental and economic analyses related to drought, as appropriate;
- (j) To collect and recommend customized measures for the mitigation of negative drought impacts;
- (k) To provide specialized training and exchange programmes on drought issues;
- (l) To organize subregional seminars for the end-users;
- (m) To organize subregional awareness-raising campaigns for the target audience, the public and the media;
- (n) To provide recommendations to authorized national institutions in participating countries on drought-related policies and legislation;
- (o) To work out project proposals for joint programmes of members in the international research and development cooperation frameworks;
- (p) To establish and maintain an active web page and regularly update information for participating countries;
- (q) To contribute to the UNCCD reporting process at the subregional level;
- (r) To establish a common QA/QC system (quality assurance and quality control) for collecting, processing and validating data.

3 Methodology of the Business Plan

Based on the above presented functions, tasks and objectives of the Centre and having in mind the purpose of this Business Plan, we have decided to combine two methods to meet two goals:

Method 1

Moderated workshops with relevant stakeholders, where we tested the uniform understanding of the Sofia document and also tried to get more detailed insight into Centre functioning as perceived or better said expected by its stakeholders.

We were also interested in the “strength” of the support and preparedness to take active role in the process of the establishment of the Centre, by its stakeholders.

Method 2

Study and selection of the appropriate legal form for the implementation of the Centre's activities.

Following this model the first workshop was organised at EARS premises on 8th of June 2011.

Representatives of Centres stakeholders were present; among them were representatives of Agricultural Chamber of Slovenia, Ministry of the Environment and Spatial Planning, Ministry of Foreign Affairs, Slovenian Institute for Hop Research and Brewing.

Upon moderated discussion, we can expose the following conclusions:

1. There is no clear and uniform understanding of the Centres activities
2. One of the big obstacles at national level is, that there is no “responsible” institution which would take initiative in response to the drought case scenario
3. Un-defined legal status is a major setback, especially since this puts under questions not only possible national founding but also access to potential EU funds
4. Centre has no vision and not enough high level support, e.g. political support
5. Lack of operational personal who could work in the operational aspects of the establishment of the Centre
6. Initiative to use ongoing initiatives, projects and international organisations to further promote DMCSEE, inform potential stakeholders, clarify benefits and significance of the Centre

Based on this workshop a similar scenario for the workshop with partners in the DMCSEE project, which took place on 1st of July 2011 in Laško, was prepared.

Special focus was put on clarifying the uniform understanding of the Centre and its purpose, question of legal status, financing and national situations regarding response to draught. It was an upgrade from the previous workshop at EARS, where the above mentioned questions were exposed as key questions and for the purpose of the preparation of the Action Plan for the establishment these were also some of

the basic questions needed to be answered if we wanted to have any realistic foundations to proceed with the further development of the Centre.

At first step participants were asked to prioritise the objectives, tasks and functions of the Centre as they see most important or most needed from its point of view.

At the second step we asked the participants to be pragmatic and list individuals, institutions or other actors who relevant could practically help with the establishment of the Centre.

At the third step participants were asked which are most relevant decision-making institutions and organisation which are most important for the successful start-up of the Centre.

At the fourth step we asked the participants who should be the institutions who would contribute to its daily functioning as professional institutions.

And the last question we set to the participants was, who they see as the potential end user of the Centres activities.

By setting these questions to the DMCSEE project partners, we got a good overview of all potential stakeholders in different countries and by doing so, we set a good model

to contact additional stakeholders in any country which would be interested to participate with DMCSEE in future.

During the moderated debate the same questions were raised as at the workshop at EARS. Since this was expected, we faced partners with one more task. We set them in groups randomly and asked them to sketch their vision of the Centre, where they had to give answers to the following questions:

1. What should be the organisational structure
2. Source of finance
3. Decision making model
4. Day to day operations

5. Other aspects they see important

By doing this we wanted to know how stakeholders see the function of the Centre from different aspects and what additional questions could arise and have not yet been identified. Upon results of the above mentioned activities we can expose the following conclusions:

1. Centre need a lean central management and decentralised operational staff
2. Financing by means of EU funds in a prerequisite
3. Broad engagement by member states is necessary to address identified stakeholders, further clarify tasks, objectives and functions of the Centre as agreed

upon in Sofia, and also to show added value of the Centre by means of practical results of Centres functioning

4. By prioritizing a pattern was established and partners agreed that the Centre should begin with some of the activities and not try and implement all of them at once

In addition to this we asked the participants to do one last task. They were asked to prioritise tasks, objectives and functions by necessity, feasibility and complexity to implement whereas timeline line was set to a three year period.

Detailed results are presented below.

4 DMCSEE Functionalities

In this chapter we will present the results of the partner workshop, where, as mentioned, partners were asked to prioritise Centres functions, objectives and tasks. We have selected three most commonly selected, where we have taken into consideration that the number of “votes” that one activity, objective or task was assigned, represents at least 2/3 of all possible votes.

Report from the Workshop in Laško, including raw transcription of the debate is a part of the Business plan as Appendix 1.

All information, concrete names and institutions and also suggestion on legal status, organisation and further development will be taken into consideration in the Action Plan.

4.1 Activities of the DMCSEE

Regarding the Aims and Objectives, partners prioritise the following:

- *To promote and strengthen the technical and scientific capacity for drought preparedness, monitoring and management in participating countries;*
- *To serve as an operational centre for South-Eastern Europe for drought preparedness, monitoring and management;*
- *To prepare drought monitoring and forecast products and make them available on near real-time basis to relevant institutions in participating countries;*

Regarding the Core Functiones, partners prioritise the following:

- *Encouraging effective national drought preparedness, monitoring and management in the participating countries;*
- *Collaborating actively with international research frameworks and programmes, to ensure the full participation of the South-Eastern European countries in such frameworks and programmes.*
- *Enhancing the early warning capacity for drought in the subregion;*

Regarding the Core Tasks, partners prioritise the following:

- *To collect, compile, process, analyse, interpret, assess and validate relevant data on drought events in South-Eastern Europe, including the common methodologies;*
- *To provide specialized training and exchange programmes on drought issues;*
- *To establish risk factors on the basis of analysis and modelling in order to provide timely drought forecasts in the subregion;*
- *To produce and deliver/disseminate appropriate information and products to end-users;*
- *To develop new applications and techniques to identify, among others, areas with potential risk of drought occurrence, drought sensitivity maps, etc.*

It needs to be pointed out that in case of Core tasks more disperse selection was made by partners, which was expected since Task are concrete actions that the Centre need to take on and need to be most elaborated and agreed upon.

4.2 DMCSEE Stakeholders and their roles

As pointed out in the previous chapter, partners agreed that there are three levels of stakeholders:

1. Founding institutions, that provide for Vision, functioning and strategic development
2. Professional institutions that provide for data, expertise and experts and development of core expertise
3. End users of the results of the Centre

In the case of the all three levels of stakeholders, partners have prepared and extensive list of concrete institutions and individuals, who can be addressed in the process of the development of the centre and will be included in the Action Plan.

4.3 Organisation Form

In order to achieve the goal of empowering and starting of the functioning of the DMCSEE, an important question of organisational form needs to be answered. Having in mind the necessary prerequisites, discussed at the workshops and proposed legal form, we identified these conditions to be necessary to fulfil in order to start the DMCSEE in operation:

- 1. Legal status and financing by participation: ERAS as providing basic founding but possibility of partner financing must be enabled**
- 2. Independent financial management - own bank account and independent management of funds within legally defined status and Programme of Work**
- 3. Structure that enables establishment and functioning of different Committees and Boards, e.g. and functioning of Scientific and Technical Advisory Board, Steering Committee, National Contact Points**
- 4. Active participation of all countries, establish the “ownership” of the Centre by all partners**
- 5. Flexibility of work that enables DMCSEE to participate in EU Calls and flexibility of employment of contract based experts, inclusion of private sector expert companies – knowledge exchange**

In order to fulfil these demands, four options were selected *as possible*:

1. DMCSEE as part of EUMETNET
2. DMCSEE as EIG established by Slovenian law
3. DMCSEE as Agency, Institute within Slovenian Public Law

4. DMCSEE as part of EARS

Each of these options has been studied and discussed further and a SWOT analysis has been made, where internal and external strengths and opportunities were joint and internal weaknesses and external threat were joint in order to get a compat picture of suitability of this proposed model.

It has to be stressed that + and - are summing the above characteristics of the model are not the right or wrong, good or bad characteristics, they are listed to show which model supports best the fulfilment of the prerequisites listed above.

4.4. SUMMED SWOT ANALYSIS

DMCSEE as part of EUMETNET

+

- Existing legal entity
- Existing secretariat / coordination unit for general services (accounting, etc.)
 - Existing governance system (Assembly, STAC, PFAC)
 - Established financial system – money flow from participating members to responsible member
- Established cooperation system for non-members
- In-kind contributions possible
- Coordination of programme is in the hands of responsible member
- Application for the projects funded by 3rd parties (e.g. EC, UN, private) – if approved by Assembly
- Employment of additional personnel on project money (theoretically possible although not a practice for EUMETNET – some members would like to keep the secretariat as lean as possible to assure that responsible members themselves control the concrete work on programme).

-

- Membership (governance) limited to the National Meteorological Services
- Unanimous support of Assembly needed for approval of new programme/project
- Long process of for Assembly's approval for EUMETNET to get involved in a 3rd party project
- Minimum 1/3 of members have to participate in the newly established programme/project (currently only 7 out of 28 EUMETNET members are also DMCSEE members)
- No sub-regional limitation for programmes/projects possible
- Limited sustainability: each programme/project is established for 4 years. After the 4-year phase Assembly decides on continuation/closure of the programme/project.
- Call for responsible member (hosting member) after the closure of every phase (coordination could go outside the SEE)
- Predominant role of big in decision process if unanimity is not requested.

DMCSEE as EIG established by Slovenian law

+

- Own bank account
- Participation at EU calls (not all)
- Possibility of different forms of employment
- Flexibility of formal structure (boards, committies)
- Memberships is not limited, new members can join
- No geographical limitations
- Unlimited liability, non profit organisation
- Not liable to corporate taxation
- One country one vote

-

- Which "subtype" would be most suitable: public, economic, pressure

DMCSEE as Agency, Institute within Slovenian Public Law

+

- Possibility of own bank account
- Possibility of employment (limited)

- Budget financing (if accepted)
- Known process of establishment
- Formal functioning is not limiting

-
- Not desirable in this times (cuts on public spending, red tape, political issues in Slovenia)
- Problem of positioning (professionally) and legaly (which would be the portfolio Ministry)
- Problem of “ownership” (common infrastructure)
- Partner status and question of “international character”

DMCSEE as part of EARS

+

- Existing infrastructure and financing
- Easy to implement

-

- Financing (integral budgeting)
- Employment limited
- Limited access to EU founding
- Difficult to set up any governing structure

Based on the above analysis the EIG model is the one that provides for a quick start, demanded flexibility and, autonomy of financing and above has a simple legal status, with possibilities of upgrading the structure and span of the DMCSEE.

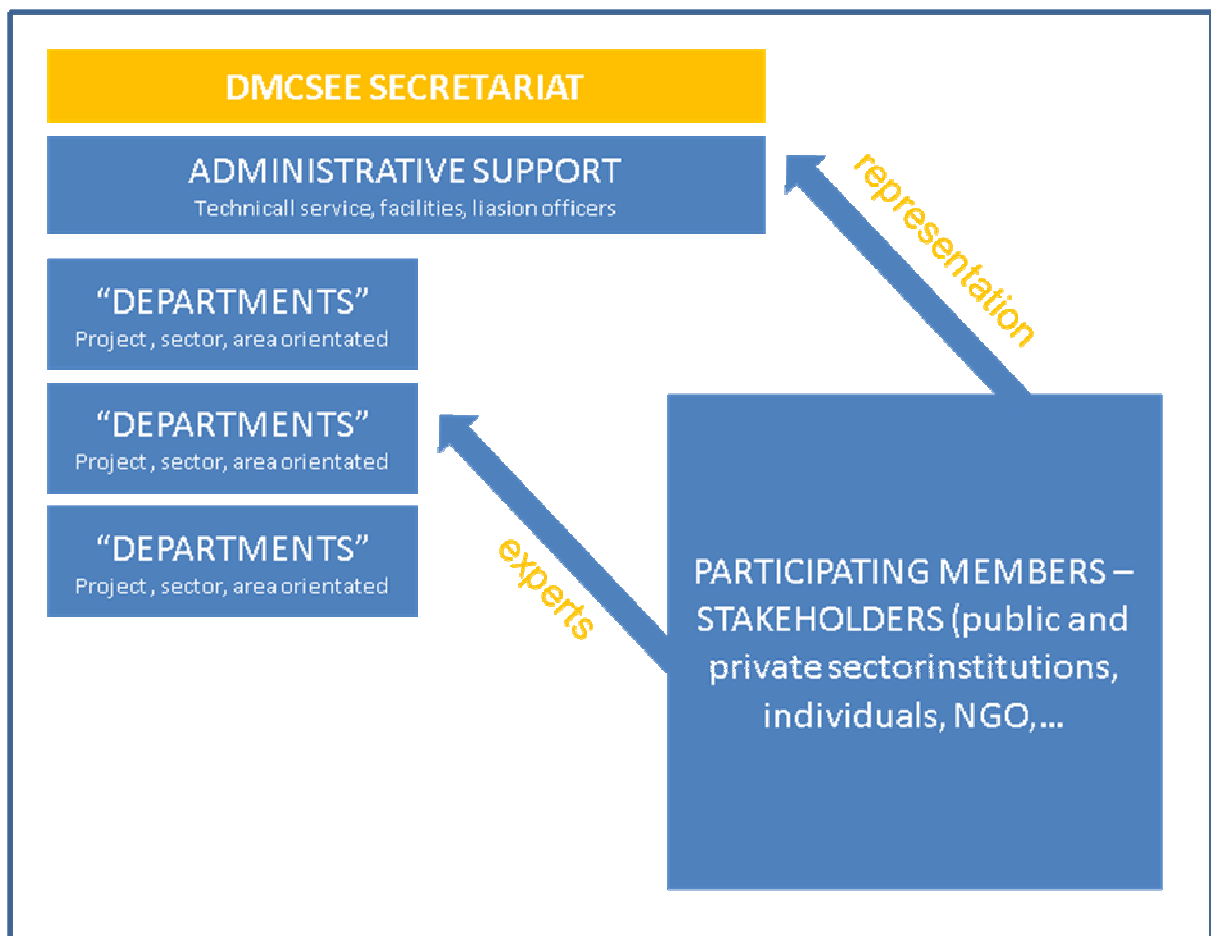
4.9 Organisational structure – description

It was generally accepted that due to very complex nature of the drought management a modular structure of the Centre would be the most practical solution. Due to expertise that is already available in the potential founding countries it wouldn't be wise to try to double the efforts but rather take advantage of the existing potential within the cooperating countries that has – as stated in the Proposal - already been offered to the Centre. The main highlights of the proposed organizational structure are:

- The “heart” of the Centre is composed of two main bodies – the Secretariat and the Operations centre. In that way the guidelines of the “ad-hoc” working group stating that the Centre should not be envisaged as a physically large new institution are followed
- The Secretariat would be established as a relative small office that would represent the Centre - in perspective - as an independent international organization. It would also be in function of official communication with involved countries
- The Operations centre would be established inside The Meteorological Office of EARS. In that way it would be possible to benefit from specialised IT infrastructure already installed and available in the EARS. The Operations centre will be in charge of gathering data and information, generation and dissemination of the agreed products of the Centre. Both organizational units, the Secretariat and Operations centre should develop intense communication on a daily basis.
- In order to keep the size of the Centre as small as possible, a network of dislocated Specialised Departments of the Centre are envisaged. Those departments will be based on already expressed willingness of involved countries to participate in development of the Centre and their expertise in

preventing and protecting against drought and reducing the associated risks which will take into account the experience of the involved countries that are regularly confronted with drought problems. The first dislocated departments are planned to be established after implementation of the initial stage. In the mature stage important engagement of experts from involved countries and related institutions is envisaged.

Figure 1: Organisational structure of DMCSEE



4.4 Implementation plan

As discussed at workshops and with the representatives of the EARS, the detailed work programme in this phase is based on the selected / narrowed functionalities that the DMCSEE should start to perform as quickly as possible.

Taking this into account a one year work programme is provided in relation to the Chapter 5, since implementation of the Chapter 5 steps will be one of the first thing that DMCSEE will have to perform with its existing and developed structure and following the described steps:

1. Formalisation of the Legal status and adoption of the Statute

1.1 Based on the selected model a Legal form will be prepared and presented at the Steering Committee meeting

2. Implementation of the tasks described in Chapter 2

3. Establishment of the facilities and formation of working groups

4. Presentation of projects and determining the mode of their implementation: market, co-financing, partner contribution

5. Calculation of Partner Contribution share

Regardless of the possible change of the DMCSEE model, these steps should enable a uniform tool to provide for *step by step* development of the centre and at the same time present the work programmes for the first year and method of determining the long term work programme:

STEP 1

Activity:

Presentation of the Business Plan at the Steering Committee.

Aim

Common decision to support the development of the Centre on the basis of the model from the Business Plan.

Responsible

EARS members and external support

STEP 2

Activity:

Formation of an international team who will lead the process of the development of the Centre. Team should be lead by a EARS member. Their main responsibility will be to form three experts groups and coordinate their work. This groups are:

1. Team of experts to elaborate products of the Centre
2. Team of experts who will solve the question of status of the personal working for the Centre
3. Team of experts who will work as Business Administrator in the phase of the development of the Centre, providing for promotion, preparation and organisation on national and international meeting necessary to gain support for the Centre. This is in its core the before mentioned international team of experts and should consist of the highest level of national institutions to provide for political support and sufficient recognition of the process.

Members of this groups should overlap to minimise the coordination necessary and also to provide for a coherence of the process.

Aim

To coordinate all members and individuals, organise meetings and prepare necessary documents to discuss.

Responsible

EARS members and individuals who expressed their preparedness in the process of the preparation of the Business Plan

STEP 3

Activity:

Formation of an international team who will elaborate and develop concrete deliverables of the Centre. Their task will include preparation of expert basis for preparation of the set of concrete activities that Centre should begin to deliver.

Members of this group will need to define:

1. Products of the Centre
2. Necessary team of international experts who can deliver them

3. Mode of communication and all formal prerequisites to enable their delivery, e.g. IT support, uniformities of data, establishment of communication channels, organisation of national meeting in order to define product and clarify and misunderstandings. These products should be based upon partners preferences on which products should be defined first and partners see them as possible to be defined without any major obstacles.

Aim

To define the set of products of the Centre, communicate their value to relevant stakeholders, find solutions to any technical barriers on the basis of the preferences identified among the member at the workshops, who are presented in the Appendix 1.

Responsible

International team decides upon the member of this group, taking into consideration identified experts who are willing to participate and are listed in the Appendix to this Business Plan.

STEP 4

Activity:

Establishment of the expert team who will define necessary personal to deliver the products of the Centre and making the necessary arrangements with national institutions regarding their financing and status of employment. This will be based upon selected model of DMCSEE and will include defined legal status. Their role is not to create or work on elaboration of the documents, they will be proposed and prepared under the Business Plan, their role will be to implement them at national level.

Aim

To define operational form of the Centre based upon the selected model.

Responsible

International team of experts.

STEP 5

Activity:

Organisation of international meetings among declared supports of the centre to provide for strong support and help the expert team in the implementation of their task.

Aim

To enable the implementation of necessary activities at national level, at the level stakeholder who need to support the development of the centre and at the level of stakeholders who will need to provide for expert input.

Responsible

International team of experts.

4.5 Financing of DMCSEE

Proposed way of financing, taking into consideration the expressed prerequisites for functioning of the DMCSEE is:

1. Partner Contribution; each partner pays a proportional part of DMCSEE expenses not including the work of experts. This contribution will be determined by the following formula: operating expenses minus co-financed projects income. They will be calculated annually and will be subsequent to the confirmation of the annual working plan.
2. Co-financed projects; DMCSEE will be eligible to participate in EU calls which will enable him to gain up to 100% of cost reimbursement upon project implementation. Not all projects are co-financed so partner contribution will be needed.
3. Market activities; upon agreed activities DMCSEE can and will perform market oriented activities which will be payable and will present an income which will lower the Partner contribution share

4.7 Legal Status

Legal structure must enable flexibility to:

1. Accept new members
2. Employ expert or contract external institutions
3. Apply for EU Calls
4. Manage its finances
5. Can operate outside sub region and Europe

Proposed organisational form, following these prerequisites is Economic Interest Grouping – EIG or also EEIG – European Economic Interest Grouping.

A **European Economic Interest Grouping (EEIG)** is a type of legal entity created on 1985-07-25 under European Community (EC) Council Regulation 2137/85.

A short summary (bellow) indicates that a simple contract between founders is necessary, whereas there are no strict regulation about structure or commitments of the founders apart of those they agree upon themselves.

Short summary of the Directive

A European Economic Interest Grouping must be formed in accordance with the rules described below:

The purpose of the grouping is to facilitate or develop the economic activities of its members by a pooling of resources, activities or skills. This will produce better results than the members acting alone. It is not intended that the grouping should make profits for itself. If it does make any profits, they will be apportioned among the

members and taxed accordingly. Its activities must be related to the economic activities of its members, but cannot replace them. An EEIG cannot employ more than 500 persons.

An EEIG can be formed by companies, firms and other legal entities governed by public or private law which have been formed in accordance with the law of a Member State and which have their registered office in the Community. It can also be formed by individuals carrying on an industrial, commercial, craft or agricultural activity or providing professional or other services in the Community.

An EEIG must have at least two members from different Member States.

The contract for the formation of an EEIG must include its name, its official address and objects, the name, registration number and place of registration, if any, of each member of the grouping and the duration of the grouping, except where this is indefinite. The contract must be filed at the registry designated by each Member State. Registration in this manner confers full legal capacity on the EEIG throughout the Community.

When a grouping is formed or dissolved, a notice must be published in the Official Journal of the European Communities (C and S series).

A grouping's official address must be within the Community. It may be transferred from one Member State to another subject to certain conditions.

Each member of an EEIG has one vote, although the contract for its formation may give certain members more than one vote provided that no one member holds a majority of the votes. The Regulation lists those decisions for which unanimity is required.

The EEIG must have at least two organs: the members acting collectively and the manager or managers. The managers represent and bind the EEIG in its dealings with third parties even where their acts do not fall within the objects of the grouping.

An EEIG may not invite investment by the public.

An EEIG does not necessarily have to be formed with capital. Members are free to use alternative means of financing.

The profits of an EEIG will be deemed to be the profits of its members and will be apportioned either according to the relevant clause in the contract or, failing such a clause, in equal shares. The profits or losses of an EEIG will be taxable only in the hands of its members. As a counterweight to the contractual freedom which is at the basis of the EEIG and the fact that members are not required to provide a minimum amount of capital, each member of the EEIG has unlimited joint and several liability for its debts.

4.8 Facilities

EARS can offer suitable, technically state of the art facilities to host the DMCSEE. Meteorological Office in the frame of EARS will provide the necessary infrastructure and facilities for the experts from participating countries to work at the Centre for long and short term secondments. Based on numerous international activities in the field of meteorology (AlatNet training program in scope of ALADIN-LACE; COST actions, CAgM) Meteorological Office has experience with hosting and organizing above mentioned activities. The nature of infrastructure and facilities fulfils that requirements. The past organization of workshops and international roving seminars in Slovenia, short-term missions (WMO/FAO roving seminar on crop-yield-water modelling and roving seminar on data management for applications to agriculture) are more than evident approval of its capability.

Slovenia will provide the necessary premises, including seminar halls, conference rooms for formal and informal meetings, office space, working areas and other related facilities needed for Centre activity. It will equip and maintain all these premises and facilities in a manner that the Centre considers adequate for the effective conduct of work. Slovenia will support Centre with utility services, library and computer facilities including local telephone communications and other additional equipment and supplies.

4.9 Monitoring and Evaluation of DMCSEE Performance

As an important part of the Centre an Annual Evaluation should be an integral part of the DMCSEE, performed by a group of Steering Committee members and an outside expert member.

Final proposition on the evaluation model will be presented upon the decision on the DMCSEE model.

APPENDIX 1 – SAMPLE OF THE EEIG CONTRACT

Please note:

I. The sample of the EEIG contract present a model for preparation of the agreement which is to be accepted and finalised – by content in the process of the first year Work programme preparation upon the decision on final details of the DMCSEE.

II. The final decision upon the business model of DMCSEE will be made when all the conditions by the participating organisations (stakeholders) will be met. This includes political and legal prerequisites as well as final agreement upon the best operational model to establish DMCSEE.

CONTRACT OF FORMATION OF AN EUROPEAN ECONOMIC INTEREST GROUPING -EEIG

Between the undersigned

The institution... governed by ...law,
having its registered office at..., registered at
the registry... under number ..., represented

Article 1: Name

The grouping shall have the name:

either

.....EEIG

Article 2: Object

The object of the EEIG shall be:

either

- to produce

and/or

-to provide

and/or

- to promote

and/or

- to distribute

and/or

- to coordinate

-...

Possibly

Article 3: Official address

The official address of the EEIG shall be: ... In which signatory State to the Agreement on the European Economic Area (EEA) will the grouping have its official address? What will its address be?

Article 4: Duration

The duration of the grouping shall be indefinite

FINANCING

Article 5: Capital

either

The grouping shall be formed without startup capital

possibly

Where appropriate, the members acting collectively may decide

either

-unanimously

or

-by a majority of...

Article 6: Contributions

1) Contributions in cash

-The public establishment shall contribute the sum of ... to the grouping

2) Contributions in kind/skill

Either and/or

-The establishment ... governed by public law shall provide the grouping with the property listed hereafter...

Article 7: Financing

The grouping shall be financed

either

- by subscriptions or other contributions from members, under the conditions laid down by the members acting collectively.

and/or

- by payments for services rendered to the members of the grouping or to third parties. The amount and conditions of such payments shall be established by the manager(s).

and/or

- where appropriate, new members may be charged an admission fee, under the conditions laid down by the members acting collectively

MEMBERS

Article 8: Admission of new members

The admission of new members shall be subject to a unanimous decision by the members acting collectively.

possibly

Natural or legal persons, companies or other legal bodies governed by public or private law, formed in accordance with the legislation of a State belonging to the EEA and satisfying the following conditions:... may apply to join the grouping.

possibly

New members shall not have unlimited joint and several liability, in respect of third parties, for the payment of debts of the grouping that originated prior to their admission.

possibly

The admission of a new member may be subject to the payment of an admission fee established by decision of the members acting collectively at the time of admission.

possibly

A new member may join the grouping only at the beginning of the financial year.

Under what conditions can new members be admitted?

Will new members be exonerated from debts that originated prior to their admission to the grouping?

possibly

The EEIG may enter into cooperation relationships with other persons resident or having their central administration outside a Member State of the EEA. Such persons shall not be considered as members but may acquire the status of “associate”. The methods and content of cooperation relationships with such persons shall be laid down by the members acting collectively

either

-unanimously

or

-by a majority of ...

or

-by a simple majority of members
*be aware of the fact that this limits their
flexibility somewhat as regards the admission
of new members.*

Will there be associates?

What form will their participation in the
grouping take?

Article 9: Probationary members

Acquisition of the status of full member shall
be subject to a probationary period of a
duration of ... months. During this period,
the candidate shall have the status of
“probationary member”.

A decision to admit probationary members
shall be taken by the members acting

collectively

either

unanimously

or

by a majority of ...

or

by a simple majority of members.

During such probationary period, the
probationary member shall not have the
rights and obligations of full members.

The rights and obligations of probationary
members during the probationary period
shall be determined by the members acting

collectively

either

unanimously

or

by a majority of...

or

by a simple majority of members

The probationary member and the grouping
may terminate the probationary period at any
time by registered letter. Such decisions by
the grouping shall be taken by the members
acting collectively

either

unanimously

or

by a majority of....

or

by a simple majority of members

At the end of the probationary period, the probationary member shall be entitled to request admission to the grouping as a full member.

The decision to admit the new member shall require the unanimous agreement of the members acting collectively.

possibly

This decision shall take effect only at the beginning of the financial year. The probationary period shall be automatically extended until such date.

How will decisions relating to these rights and obligations be made?

Under what conditions can the probationary period be terminated prior to its completion?

Article 10: Withdrawal of a member

Any member of the grouping may withdraw from the grouping

either

-with the unanimous agreement of the other members

or

-with the agreement of of the members

or

Under what conditions can a member withdraw?

-in cases in which the members have refused to authorise the assignment of a member's participation

or

-without the agreement of the other members being required.

Any member of the grouping may, in addition, withdraw on just and proper grounds.

Possibly

Such withdrawal shall take effect after notice has been served on the managers

either

- at least ... months beforehand by registered letter with advice of receipt.

or

- at least ... months prior to the end of the financial year by registered letter with advice of receipt.

Will it be compulsory for advance notice of withdrawal to be given?

Article 11: Expulsion of a member

Any member of the grouping may be expelled if he seriously fails in his obligations or he causes or threatens to cause serious disruption in the operation of the grouping.

possibly

Any member may also be expelled from the grouping on one of the grounds listed below:

-...

-...

-...

A decision to exclude a member shall be taken

either

-by the members acting collectively
by a majority of

or

unanimously

or

-by the managers

On what grounds can a member be expelled?

By whom and by what methods will a decision to expel a member be taken?

CHAPTER II - A CONTRACT FOR "MADE-TO-MEASURE" COOPERATION

31/96

by a majority of

or

unanimously

Article 12: Assignment of participation

Any participation in the grouping, or a proportion thereof, may be assigned either to another member or to a third party.

Such assignment shall not take effect without the unanimous authorisation of the other members.

Possibly

Such assignment shall take effect only at the end of the financial year.

Article 13: Succession in the event of death

In the event of the death of a natural person who is a member of the grouping, authorisation to admit his successor to the grouping shall be given

either

by the remaining members

- unanimously

or

- by a majority of

or

by the managers

-unanimously

or

-by a majority of...

Under what conditions can the successor of a deceased member become a member of the EEIG?

Article 14: Rights and obligations of a member who withdraws

When a member shall cease to belong to the grouping for any reason other than the assignment of his rights in accordance with the conditions laid down in Article 12, the value of his rights and obligations shall be determined taking into account the assets and liabilities of the grouping as they stand when he ceases to belong to it.

Article 15: Liability

The members shall have unlimited joint and several liability for its debts and liabilities of whatever nature.

Possibly

In the internal regulation, the consequences of such liability shall be distributed:

either

-in equal shares

or

-in the same proportion as participation in the grouping's profits

or

-...

ORGANS

Article 16: The members acting collectively

The members acting collectively shall include all the members of the grouping. They may take all decisions to achieve the grouping's objects.

The members shall meet or be consulted at the initiative either of a member or a manager.

This consultation shall take the form of:

either

-a physical meeting

and/or

-a telephone meeting

What form will this consultation take?

Any form of consultation is possible.

-a teleconference

and/or...

possibly

An annual general meeting shall in any case be held in order to adopt the following decisions:

either

-approval of the annual accounts

and/or

...

In the event of consultation of the members, the manager/chairman of the management board, shall convene the members by:

- written letter, *and/or* telex *and/or* fax

and/or ..., ... working days prior to the date of such meeting.

-...

possibly

Notice of the meeting shall contain the agenda of the meeting.

The members can/cannot be represented by a proxy.

Every member shall have

either

-one vote

or

-a number of votes equal to the number of shares that they possess

-...

A unanimous decision by the members shall be required to:

a) alter the objects of the grouping

b) alter the number of votes allotted to each

member

- c) alter the conditions for the taking of decisions
- d) extend the duration of the grouping
- e) alter the contribution by every member or by some members to the grouping's financing

Will there be an annual general meeting?
What decisions will be adopted at this meeting?

The members are entitled to make provision for an annual general meeting to be held at least once a year for the adoption of those decisions most important for the life of the grouping.

By what methods will meetings of members be convened?

Will the notice of the meeting contain the meeting's agenda?

Can the members be represented by a proxy?

f) transfer the official address of the grouping to another Member State of the EEA

g) admit new members

h) assign their participation or a proportion thereof either to another member or to a third party

i)...

All other decisions shall be taken under the following quorum and majority conditions:

The meeting may deliberate validly only *either*

-if at least half of the members, representing at least half of the votes, is present or represented.

or

-if...

Decisions shall be taken

either

-by a majority of three quarters of the votes of members present or represented

or

-by a simple majority of the votes of members present or represented

or

-...

What conditions of quorum and majority will be required for other decisions?

How many members, representing how many votes, are needed for the meeting validly to deliberate?

By what majority of votes of the members present or represented will decisions be taken?

MANAGERS

Article 17: Managers

The grouping shall be managed by a manager/management board made up of ... members

The managers shall be appointed by the members acting collectively

either

unanimously

or

by a majority of...

They shall be appointed for a period of ... years; such appointment may be revoked

How many managers will there be?

Under what conditions can be managers be appointed and removed?

- without prior notice

or

-...

under the same conditions as their appointment.

or

-...

Article 18: Powers of managers

The manager(s) may perform any act required or useful for the achievement of the objects of the grouping, excepting those set aside by law or this contract for the members acting collectively.

possibly

In particular, the manager may:

...

possibly

The grouping shall be validly bound in respect of third parties only by the joint signature of at least ... managers.

FINANCIAL YEAR - PROFITS AND LOSSES - AUDIT

Article 19: Financial year

The financial year shall start on ... and shall end on

possibly

Exceptionally, the first financial year shall

start on ... and shall end on ...
When does the financial year start? When does
it end?

Article 20: Annual accounts

At the end of each financial year, annual
accounts shall be drawn up by the
manager(s) who shall submit them to the
members for approval within months of

Will annual accounts be drawn up?

CHAPTER II - A CONTRACT FOR "MADE-TO-MEASURE" COOPERATION

36/96

the end of the financial year.

possibly

The annual accounts shall be published. Will these annual accounts be published?

Article 21: Profits and losses

If the accounts show a profit, the members
acting collectively may decide to allocate a
certain proportion of these profits to a
reserve fund, or to apportion them among
the members

either

-in equal shares

or

-pro rata to the number of their shares

or

-in the following manner ...

In the event of a loss, the manager(s) may
require the members of the grouping to
contribute to the loss incurred

either

-in the same proportion

or

-in the following manner...

How will the profits of the grouping be
distributed among members?

How will the losses of the grouping be
distributed among members?

Article 22: Audit

Auditing of the financial position, annual
accounts and management shall be the task
of

either

- a supervisory board

Will the grouping have a supervisory organ? If
so, what form will it take?

or

-...

appointed by the members acting collectively

in accordance with the following methods
and conditions:

...

*It is always possible, however, to make
provision for one.*

Article 23: Winding up

The members acting collectively may decide
to wind up the grouping early

either

-unanimously

or

-...

or

possibly

The grouping shall/shall not exist after one
of its members has ceased to belong to it.

Under what conditions can it be decided to
wind up the grouping?

*Members are free to choose how this decision
is to be made.*

Will the grouping continue to exist after one
of its members has ceased to belong to it?

*If the contract makes no provision, the
grouping continues to exist, unless the
grouping has only one member or several
members who are all nationals of the same
Member State.*

Article 24: Liquidation

When the grouping reaches its term or if it is
wound up early, the grouping shall be

liquidated

either

-by the manager(s)

and/or

-by one or more liquidators, if so decided by
the members acting collectively.

Any assets or liabilities remaining after
payment of the grouping's debts and
liabilities shall be apportioned among the

members

either

-in equal shares

or

-pro rata to the number of their shares

or

-...

Who will be responsible for the liquidation of
the grouping?

How will any remaining assets or liabilities be apportioned?

OTHER

Article 25: Disputes between members

Any dispute which may arise in respect of the validity, interpretation or performance of this contract, either between the members and/or the manager(s) and/or the grouping, or between the members themselves, and which shall not compulsorily be submitted to the competence of the judicial authority, shall be submitted to (a board of) arbitrator(s)/ conciliator(s)/ mediator(s) appointed by the following methods....

Can disputes arising in respect of the validity, interpretation or performance of the contract either between the members and/or the manager(s) and/or the grouping, or between the members themselves, which it is not compulsory to submit to the competence of the judicial authority, be submitted to arbitration/conciliation/mediation?

If so, by what methods?

This provision is not compulsory. In order to settle any disputes arising between members, these members are free to resort to extrajudicial procedures for settling disputes (arbitration, mediation, conciliation). These solutions may avoid long judicial procedures which could bring the grouping's activities to a standstill, bearing in mind the close links between these activities and the mutual trust of its members.

Article 26: Internal regulation

The rights and obligations of members shall be specified in the/an internal regulation annexed to this contract.

The members may amend this regulation by a decision taken

either

-unanimously

or

-by a majority of...

An internal regulation is not compulsory: such a regulation can, however, be drawn up at the time of drafting of the contract or subsequently, in order to specify members'

rights and obligations in detail.

Article 27: Languages

The present contract language being drafted
in the,, languages, the ... version
shall be valid in the event of disputes as to
its interpretation.

and/or

It has been decided to use the Language
for any official dealings or communications
between members.

In which language(s) is the contract drawn
up? Which language will be valid in the event
of disputes as to its interpretation?

Which language will be used for dealings
between members?

Done at ..., on ...

(followed by the signatures of the founding members possibly authenticated by a notary)