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 Romania, 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 12 March 1991 between THE COMMISSION and THE RECIPIENT, and supplemented by the terms of this Memorandum and the Special Provisions annexed hereto.

ARTICLE 1 - NATURE AND SUBJECT

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

<table>
<thead>
<tr>
<th>Programme number:</th>
<th>RO 0004 to RO 0007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title:</td>
<td>2000 National Programme for Romania</td>
</tr>
<tr>
<td>Duration:</td>
<td>30 November 2002</td>
</tr>
</tbody>
</table>

ARTICLE 2 - COMMITMENT OF THE COMMUNITY

The financial contribution of THE COMMUNITY is fixed at a maximum of 215.02 MEuro 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 30 November 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 30 November 2003, with the exception of the projects RO-0005.01 and RO-0007.02 where the deadline for disbursement is 30 November 2004. 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:

EC Delegation in Bucharest
11, Strada Grigore Mora,
71278 BUCURESTI
Romania

Fax: (40-1) 230 2453

for THE RECIPIENT:

Mr Petre ROMAN
Ministry of Foreign Affairs
Phare National Aid Coordinator
Aleea Modrogan nr. 14, sector 1
BUCHAREST
Romania

Fax (40-1) 230.79.61

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 Bucharest,
Date 06.11.2000

for THE RECIPIENT

Mr. P. Roman
Deputy Prime Minister
Minister of Foreign Affairs
National Aid Co-ordinator

Done at Bucharest,
Date 06.11.2000

for THE COMMUNITY

Mr. F. Fotiadis
Head of European Commission Delegation to Romania

Annex 1 Framework Agreement (Annexes A & B)
Annex 2 Special Conditions (Annex C)
Annex 3 Visibility/Publicity (Annex D)
SPECIAL CONDITIONS

1. OBJECTIVES AND DESCRIPTION

RO-0004 Sub-Programme 1

Political Criteria

This sub-programme includes two projects:

RO-0004.01 Project: Strengthening the judicial and penitentiary systems (MEUR 8.00)

The project has the objective of contributing to the improvement of the operation of the judicial system and the penitentiary system, underpinning the rule of law in Romania. The immediate objectives are (a) to permit the expansion of the Case and Document Management System (CDMS), which is being established with Phare support under previous programmes, with the aim, through Phare and public budgetary financing, of achieving 100% coverage of all courts in Romania, and (b) to support the reform of the penitentiary and probation systems, through training and the development of alternatives to imprisonment.

CDMS is based on maintenance of secure databases dealing with case statistics and other documents, permitting their communication to upper level courts or prosecutorial offices, and to the Ministry of Justice. With current budgetary commitments, and after complete implementation of the Phare 1997 and 1999 programmes, 35% of the courts and prosecutorial offices will be linked in the system. It is urgent to make progress in linking all courts and prosecutorial offices into the system, to avoid gaps and inconsistencies between courts in the administration of justice.

The project will further equip courts and prosecutors offices in 260 locations, facilitate the interconnection of all courts in the overall system, and provide training to the users of the CDMS system.

With regard to reform of the penitentiary system the project responds to a number of needs identified in the Commission’s 1999 Regular Report on Romania, concerning conditions of detention, development of alternatives to imprisonment, and controls on the use of pre-trial detention. It is expected to be implemented through twinning with a competent Member State body. It will assist in the development of an overall reform strategy for the penitentiary and probation systems, developing policies and guidelines for management of the systems, and a training needs assessment for penitentiary and probation personnel. A training centre for penitentiary and probation personnel will be strengthened through development of modern curricula, training, and provision of equipment.

Equipment will be supplied permitting the integration of penitentiary and probation service information systems within the overall CDMS referred to above, and relevant training will be provided for personnel.

Phare 2000 support for the CDMS will be provided subject to satisfactory continued progress in implementation of previous Phare assistance in this area. Support for the penitentiary and
probation system will be provided subject to the adoption of a new law on the probation system. Support for training of penitentiary and probation personnel requires provision of an adequate budget by the General Division of Penitentiaries for renovation of the building of the Arad Training Centre.

The Ministry of Justice will act as Implementing Authority for the project.

**RO-0004.02 Project: Civil society (MEUR 5.00)**

The main objectives of Phare support are to develop sustainable partnerships between NGOs and local administration and to promote integration of the Roma community.

The immediate objectives are: to create citizens advice services including advice for victims of abuse, legal advice etc., and a national network of citizens advice bureaux; to develop the capacity of the administration to co-operate with civil society representatives; to further reinforce the sustainability of the NGO sector; and to build capacity in organisations working to promote Roma integration.

The activities envisaged are as follows:

1. **Citizens’ advice bureaux**  
   Development of an active network of citizens’ advice bureaux involving regional centres linked to smaller local offices. The advisory services will relate to areas such as the relationship between citizens and local administrations, labour and unemployment, consumers’ rights, contracts, social benefits, housing and rent, discrimination on any basis, victims of abuse or domestic violence, other issues according to local needs. Particular attention will be given to making the services accessible to minorities (including Roma) and disadvantaged groups in the population. Support will cover identification of the types of advisory services to be provided by the offices, staff training, equipment and software. Attention will be given to avoiding overlap with other advisory services, particularly in the area of labour and employment.

2. **Training of local administrations**  
The local administrations, particularly in the areas where the citizens advice bureaux will be set up, will be trained to co-operate with civil society, and encouraged to develop projects in partnership with NGOs. The training will be designed to lead to replication of successful experiences in NGO/local government co-operation.

3. **Grants facility for non-profit NGO sector development**  
A grant facility will support projects designed to promote the sustainability of the non-profit sector. Projects will be selected through open, competitive calls for proposals. The eligible activities will be in the area of public information / education having impact on public understanding of the role of NGOs in society, projects promoting volunteering (centres, education for volunteering), projects by NGO umbrella organisations to change legislation or administrative regulations and implement proposed changes to ensure the sustainability of the sector. Training will also be supported for the non-profit sector to develop its management capacity and internal resources (human and financial) to ensure sustainability.

4. **Projects with Roma organisations**  
Small capacity-building projects with Roma organisations, with impact on the economic and social conditions of the Roma, will be implemented. This component will be conditional on the establishment of the Roma Foundation envisaged under the Phare 1998 programme.
The project will be implemented through financing agreements between the CFCU, as Implementing Agency for the project under Phare DIS procedures, and final beneficiaries, following evaluation of project proposals under competitive project selection procedures. The EC Delegation will exercise ex-ante control of the project evaluation and selection procedures, prior to signature of financing agreements. In addition, the CFCU will conclude two direct agreement contracts. One contract with the Civil Society Development Foundation (CSDF) for the project management of the first three components (civil society) and one contract with the Roma foundation for the project management for the fourth component (Roma). Project management will include the elaboration of a strategy designed to achieve the expected results, preparation of the terms of reference for tenders and criteria for calls for project proposals, organisation of evaluation/selection of project proposals under the supervision and control of the CFCU, monitoring the implementation of the projects and providing information to potential participants in the programme, and reporting to the CFCU and the Commission on operational implementation of the projects implemented by final beneficiaries.

CSDF and the Roma Foundation will receive administrative costs under the project budget, but will not directly implement components of the project and will not be eligible beneficiaries of the project, other than through payments received under the direct agreement contracts specified above.

Support for citizens' advice bureaux requires provision by local authorities of office facilities and staff salaries. The component on projects with Roma organisations is conditional on the establishment of the Roma foundation.

**RO-0005 Sub-Programme 2:**

**Economic Criteria**

The following three projects are included:

**RO-0005.01 Project: Energy sector liberalisation (MEUR 28.90)**

The overall objective of Phare support under this project, which provides for linked institution building and investment in the energy sector, is to consolidate the restructuring and reform of the electricity and gas sectors in Romania, thereby addressing the poor financial health, poor payment discipline, and under-investment which have characterised the sectors. The project will support sector strategies, which are being implemented to introduce market mechanisms and market discipline, and will substantially assist Romania to align with EC Directives on competition in the energy sector.

The immediate objectives of the project are:

- to consolidate and strengthen the electricity and heat regulatory authority, and the gas regulatory authority, to enable the regulators to enforce real restructuring and introduction of market mechanisms;

- to assist in the creation of an independent national power transmission company which can act as the common carrier (neutral system operator), in order to enable competition to be introduced into electricity supply;
The project includes closely inter-linked technical assistance and investment components.

**Technical assistance** to a value of MEUR 8.50 will be provided in the following areas:

1. **Consolidation of the Electricity Regulatory Authority**

   Technical assistance will be provided for the drafting of the detailed norms and regulations for the electricity market. This will require input from specialised consultants with experience in electricity markets and electricity regulation in a market economy context. Computer systems will be designed and installed for the system and market monitoring database (as required in the Electricity and Heat Law), enabling the regulator to monitor the performance of the sector, and the operation of the market.

2. **Technical Assistance for the Gas Regulatory Authority**

   Technical assistance will also be provided in the drafting of the detailed technical norms and regulations for the gas market. This will require TA from specialised consultants with experience in gas markets and regulation of market based gas systems. Computer systems will be designed and installed for the monitoring of the gas market and gas system (as required in the Gas Law).

3. **Further electricity distribution privatisation**

   Technical assistance from privatisation advisers (requiring input from investment bankers, lawyers, financial advisers, and engineers) to prepare around five electricity distribution companies for privatisation, and to complete the privatisation transaction. This will include advising the Ministry of Industry and Trade on the negotiation and closing of the sale.

4. **Gas distribution privatisation**

   Technical assistance from privatisation advisers (requiring input from investment bankers, lawyers, financial advisers, and engineers) to prepare the 2 gas distribution companies for privatisation, and to complete the privatisation transaction. This will include advising the Ministry of Industry and Trade on the negotiation and closing of the sale.

5. **Assistance in programme implementation**

   Technical assistance to the Ministry of Industry and Trade to prepare and implement the institution building and investment sub-projects within this programme.

**Phare investment** is provided under section 4.1 of the Phare Guidelines “Alignment with EU norms and standards” for physical infrastructure required for regulation of the electricity sector. Equipment supplied to the operator of the national electricity transmission system will permit the regulatory authority to enforce legislation introducing competition and financial transparency into the electricity sector. A Phare grant totalling MEUR 20.40 will be provided in parallel with EBRD and EIB loans for an electricity transmission grid project. Loans
totalling around 120 MEUR will be provided by the two institutions for transmission system improvement, telecoms backbone terminal equipment and metering devices.

The overall project financed by public funds, IFI loans and Phare will develop the infrastructure required in order for the national transmission company, as operator of the national transmission network, to provide the framework of an electricity market, permitting market trading in electricity and commercial relations between generators and consumers. The national transmission company will also operate the market settlement system. These investments meet the requirements of the Romanian Electricity Law, and assist also in Romania’s alignment with the requirements of the Single Electricity Market Directive, which requires phased market opening of the electricity market. Phare will focus its investment support on electricity market-related components, as follows:

1. System Operator: Improved EMS, SCADA and communication links

The System Operator has the following principal responsibilities: forecasting aggregate system demand; operational management of the transmission system; scheduling and dispatch of generation to meet the expected system demand; maintenance of system frequency, voltage, and interchanges with neighbouring countries.

To carry out these functions the System Operator has installed a Supervisory Control and Data Acquisition (SCADA) system, which monitors the power network. A limited range of Energy Management System (EMS) software is also being installed. Phare will finance further improvements to the system to optimise its operation, and to provide functions required for the development of a competitive electricity market.

2. System Operator: Communication Links

In order to monitor, supervise, and control the transmission system the national dispatch centre must have full ‘visibility’ of all substations and power plants. The present communications links are not adequate for such remote operation or for the metering frequency needed for market operation and need to be upgraded.

3. Commercial Operator: informatics systems

The project will support procurement and commissioning of the necessary systems to allow the commercial market operator to function, and hence a power market to be created in Romania. The commercial operator will be supported in the procurement of informatics systems for management of the following: market participants registration; bids and offers; scheduling and dispatch; compliance monitoring; settlement; billing; market funds administration.

4. Commercial Operator: GIS/ MIS

Geographical Information Systems (GIS) and Management Information Systems (MIS) will be financed to support the operator of the transmission system and commercial market operator. The GIS is a pictorial geographical database of the transmission system, which improves the ability of the system operator to manage assets, and to schedule operations and maintenance. The MIS produces financial and operational reports, linked to the information in the GIS database.

Phare financing under this project is provided subject to a number of important conditions, as follows:
i. Loan agreements will be concluded with EBRD and EIB covering the overall funding requirements of the electricity sector investment programme, and the conditions attached to these loans will be fully respected.

ii. In the electricity sector, the National Transmission Company (NPGC) should be legally established.

iii. The Government of Romania will maintain its commitment to reforming the electricity and gas sectors through a full and effective commercial separation between operators in production, transmission and distribution.

iv. The privatisation of distribution companies will be pursued for both gas and electricity.

v. The government remains committed to the creation of effective, independent regulatory authorities for both sectors, with the mandate to promote competition, financial discipline and sector investment, based on best international practice and the experience of EU Member States. The effectiveness of the regulatory authorities will be ensured through provision of adequate financing and human resources.

The Ministry of Industry will act as Implementing Authority, in close consultation with the National Transmission Company on the investment components.

RO-0005.02 Project: Inter-bank payments system (MEUR 10.00)

The wider objective of the project is to facilitate the development of the economy by increasing the security and efficiency of inter-bank payments. In line with the AP priority of supporting implementation of the agreements concluded with the World Bank, development of the inter-bank payment system will assist Romania in fulfilling the expected conditionalities of the World Bank’s PSAL II loan.

The immediate objective is to support the creation of a modern electronic inter-bank payment system in the context of a specialised operating company, in which the National Bank of Romania and commercial banks will participate as shareholders.

Phare support will cover part of the required investment in the system, as well as technical assistance related to the realisation of the system.

**Investment**

The budget is allocated for the procurement of the technical infrastructure (hardware, software, communication network) of the electronic inter-bank payment system. Specifically the investment will cover the Real Time Gross Settlement (RTGS) system of the new inter-bank payment system; the participating banks’ payments systems and their interface with RTGS; Government Securities electronic settlement and depository system and its interface with RTGS; and a back-up and disaster recovery system.

**Technical Assistance**

Technical assistance will be provided supporting the implementation of the investment, and for provision of relevant training.

Phare support will be provided in the context of the establishment of a specialised company, to be set up by December 2000, which will operate the inter-bank payment system. The National Bank of Romania and commercial banks will participate in the shareholding of this company; the ratio of their participation is expected to be approximately 35% for NBR and 65% for the other shareholders. The Phare financial support to the investment in the payment
system will be neutral as regards the financial structure of the operating company, will not be considered as part of the NBR’s contribution to the company’s assets, and will not influence the balance of shareholding within the company. The technical specifications proposed by NBR for the RTGS must receive the agreement of a majority of the operating company’s shareholders before the start of tendering. Before the start of tendering, the operating company will present to the Commission (a) a business plan demonstrating the financial viability of the company, and (b) a plan for the transfer of the assets acquired with Phare support to the company. These plans will have the support of a majority of its shareholders, and must be acceptable to the Commission.

The National Bank of Romania is Implementing Authority.

**RO-0005.03 Project: Strengthening securities market regulation and supervision (MEUR 2.00)**

The overall objective of this project is to strengthen the securities market regulatory framework, to support the expansion and diversification of economic activity and to prepare for Romania’s accession into the European Union.

The immediate objectives are: to harmonise the National Commission for Securities (CNVM) regulations with the European Directives; to review the regulatory and supervisory structure of investment services; to develop the enforcement capability of the supervisory body in order to enhance the functioning of the market.

The project is expected to be implemented through a twinning with a competent Member State regulatory body, covering the following inter-linked activities:

One long-term advisor and a number of short-term advisors will provide support on drafting of CNVM regulations and updating the enforcement manual for implementing the *acquis*. The advisors will review the regulatory and supervisory structures related to investment services, and will propose measures to improve the supervisory structure in the securities field, and to strengthen the enforcement capability. Assistance will be provided for designing measures relating to new financial instruments to be traded on the market, and for creating the legal and institutional prerequisites for investment firms to provide the full range of investment services. Training programmes for CNVM staff and compliance officers from CNVM constituencies will be organised.

Investment support will be provided for an electronic system designed to increase the functional and enforcement capabilities of CNVM.

CNVM is implementing authority for this project.

**RO-0006 Sub-Programme 3 :**

**Meeting the obligations of the acquis**

Eighteen projects are included within this sub-programme, covering Internal Market, Public Finance, Agriculture, Environment, Transport and Justice and Home Affairs.
Annex C

RO-0006.01 Project: Industrial policy (MEUR 0.60)

The objective of this project is support to improve the policy-making capacity of the Ministry of Industry and to co-ordinate the private and public bodies involved in industrial policy.

As a result of the project the Ministry of Industry will develop measures to implement the industrial side of the various economic strategies developed in Romania: Medium Term Economic Strategy, Agreements with IMF and World Bank, sustainable development plan agreed with UNIDO. The project also foresees the training of 100 key players in the Romanian institutions dealing with industrial policy.

The project will be implemented by a long-term advisor seconded by the administration of a Member State and short-term assistance. The Ministry of Industry is the Implementing Authority for this project.

The conditions for starting the twinning project are the creation of an industrial policy unit within the Ministry of Industry, and the adoption by the Romanian government of an Industry Policy Paper.

RO-0006.02 Project: Quality infrastructure (MEUR 4.40)

The overall objective of this project is to strengthen the competitiveness of Romanian industry by by investing in the Romanian quality infrastructure. The project will also speed up the implementation of the _acquis_ related to quality infrastructure and improve the administrative capacity in the area of quality infrastructure.

Due to the nature of the quality infrastructure sector a significant number of institutions will be involved: Ministry of Industry and Trade, Standardisation Institute (ASRO), Accreditation Institute (RENAR), certification bodies, and industrial operators. The project will be co-ordinated by the Ministry of Industry.

There will be an investment component to provide measuring equipment to the Romanian Metrology Institute, which is part of the Ministry of Industry. A second investment component will target the certification bodies; these investments will be allocated to the certification bodies on the basis of public competition under the responsibility of the Ministry of Industry.

Technical assistance to the Ministry of Industry will accompany the investment and help the Ministry to speed up the adoption of the _acquis_ in this area.

Technical assistance will be provided to ASRO to speed up the adoption of European standards and to RENAR to improve its accreditation capacity.

The project requires provision of co-financing for investments in line with the Phare Guidelines.

The Ministry of Industry is the Implementing Authority for this project.

RO-0006.03 Project: Mutual recognition of qualifications for professional purposes (MEUR 1.65)

The project will support Romania to improve the capacity to meet the obligations of the _acquis_ related to the free movement of persons by setting up a co-ordinated system for the mutual recognition of qualifications for professional purposes in line with the directives.
The immediate objective is the effective transposition, implementation and administration of the two general systems directives (89/48/EEC, 92/51/EEC) and of the sectoral directives for architects, lawyers, midwives, pharmacists, veterinarians, dental practitioners, doctors and nurses.

The activities envisaged are as follows:

- setting up the institutional framework for the certification of professional qualifications;
- establishing an inventory list of regulated professions and professional activities in Romania;
- establishing a network of institutions authorised to provide information on the qualifications and on recognition process at national level (NCRED, NCTVED, NAEVT) and institutions competent to disseminate information at local level (universities, county agencies for employment and vocational training, county school inspectorates, information and career guidance centres, professional associations);
- drafting the necessary guiding documents for the system administrators; (Comparative analysis of regulated professions, Guide of Professional Recognition, Comparative list of Diplomas, Methodology of the school leaving examination and certification procedures, Guide for filling the professional certificates);
- training and training of trainers on the management of the established system;
- equipping the institutional network to be able to fully manage the certification system, the information dissemination and to connect to the European network.

The assistance is expected to be provided through a single twinning package supporting the Ministry of National Education, which is Implementing Authority for the project. The investment budget is allocated for the procurement of the technical infrastructure (hardware, software, communication network).

**RO-0006.04 Project: Improving the revenue collection system (MEUR 2.00)**

The project is designed to improve the Ministry of Finance’s capacity to collect revenue as well as to consolidate and complete the legal framework and reinforcement of the institutional capacity to collect taxes and duties.

This objective will be achieved by provision of support for completing and harmonizing the legal framework regarding VAT, excises, corporate taxation, and administrative cooperation in the field of indirect taxation (VAT, excise duties), and to prepare the conditions for adhesion of the Ministry of Finance to the Convention on Mutual Administrative Assistance in Tax Matters.

The project will lead to the establishment of indicators for measuring revenue collection, will support measures designed to improve performance of revenue collection for large taxpayers, and will support the implementation of a nation-wide programme for improving the activity of the tax administration with regard to indirect taxes.

The activity is expected to be implemented through a twinning with a competent Member State administration. The Ministry of Finance acts as Implementing Authority for the project.

Start-up of this project requires satisfactory progress in implementation of the Phare project “Strengthening Revenue Collection”, RO9804.01.05.
RO-0006.05  Project:  Public procurement (MEUR 2.00)

The objective of this project is to improve the management of public funds by strengthening the capacity of Romanian public procurement officers in all parts of the public administration to effectively implement and monitor the new Law on Public Procurement.

Building on the twinning support under Phare 1999, the present project will provide for the training of staff of the Ministry of Finance and of other public administration contracting authorities, and assist in the design of working procedures and the assignment of roles and responsibilities of those involved in the public procurement process. Training will also be provided in contract management by public authorities. Assistance will made available for the alignment of Romanian legislation with the Remedies Directives no.89/665/EEC and 92/13/EEC.

A feasibility study will be undertaken concerning the development of an electronic procurement system in Romania (through INTERNET) and the improvement of the public procurement monitoring system.

In conjunction with the training activities, manuals for supplies, services and works contract procurement procedures will be prepared in paper and electronic forms based on the documentation prepared within the Phare 1999 project.

Investment support will be provided for improving the information exchange between the contracting authorities and the Ministry of Finance.

The Ministry of Finance acts as Implementing Authority for the project.

RO-0006.06  Project:  Strengthening internal audit and financial control (MEUR 2.40)

The overall objective of this project is to create sound policies, control systems and procedures relating to financial management and control of all national and extra-budgetary public funds, in strict accordance with best international practice. The main focus of the activity will be the development of the internal audit function. The project will in particular ensure that the Ministry of Finance, the National Fund and the National Authorising Officer are able to guarantee, to the satisfaction of the Commission, the planning, design, implementation, and evaluation of a reliable financial management and control framework for EU pre-accession funds.

The objective will be achieved through twinning support to the Directorates-General of Internal Audit and of Preventive Financial Control in the Ministry of Finance. A pre-accession adviser and short-term experts will provide advice and guidance on:

- the implementation, at central and decentralised level, of the recent Government Ordinance No. 119 on Internal Audit and Financial Control and
- the gradual extension of the process of decentralisation of responsibility and accountability for the management and control of EU funds to line Ministries and Implementing Agencies in Romania, subject to the most rigorous application of the principles and procedures for sound financial management and control, fully consistent with modern EU standards in this field (with reference to the Annex of Commission Regulation 1266/99 and others).

The following activities will be undertaken under the project:
A timely and policy oriented analysis will be conducted of any remaining “gaps” between current Romanian internal control systems and relevant Community regulations and best practice, resulting in recommendations as to how to overcome such gaps. A model management and control system will be developed following EU requirements for the implementation and control of pre- and post- accession instruments, including the development of financial management and control manuals, audit manuals and audit trails. On the basis of this model system, clear definition of responsibilities, transparent and adequate control systems and comprehensive documentation for each specific area of the administration of government expenditure will be developed.

Extensive training programmes will be designed and delivered for senior officials to manage and control the new structures and systems, followed by wider training focused on the most important bodies involved in the management of Romanian public funds and EU pre-accession funds, to ensure the highest standards of professional qualification and competence.

The Phare support is provided in the context of a continuing programme of appointment of financial controllers, and on the basis of the Government of Romania’s commitment to implement measures to provide for the functional independence of internal auditors.

The Ministry of Finance acts as Implementing Authority for the project.

**RO-0006.07  Project: Strengthening the Romanian Court of Audit (MEUR 1.60)**

The project aims at the strengthening of the Romanian Court of Audit as an independent, external audit institution having the capacity to audit the use of funds by the public administration, and to present to the Romanian Parliament and European Union authorities reliable and high quality audit reports. It will lead to proposals for improvement in legal and regulatory framework within which the Romanian Court of Audit operates, and to improvements in the organisation and functioning of the Court.

Phare will assist in development of regularity audit regarding: public budgets revenues and expenditures, public debt, administration of the public and private patrimony of the state, public investment projects, assessment of internal control system, and privatisation. It will also strengthen the capabilities to undertake performance audit. The Romanian Court of Audit will also be reinforced with regard to its capacity to carry out certification audit, particularly with regard to auditing the soundness of arrangements for financial management of EU pre-accession funds in Romania.

The project will assist in the conduct of a review of the legal and regulatory framework of the Court of Audit, and will assist in the development of the current quality control system of the audit in compliance with international standards. Improved definitions will be established of the tasks and responsibilities for all levels of the Court, audit manuals will be prepared, and performance audits will be undertaken on a pilot project basis with the support of external experts, focused on areas of strategic importance. The sectors and programmes to be audited in the pilot audit projects will be identified by common agreement between the Romanian Court of Audit and the Delegation of the European Commission. The pilot audit projects will include EU funded programmes. The assistance will also cover development of computer assisted audit techniques. Development of an overall programme of personnel training for the Romanian Court of Audit will be a priority for the project. Equipment will be provided for improved information systems and for the Court of Audit training centre.

The assistance is provided on the basis of a commitment on the part of the Court of Audit to adopt and implement a strategic plan for the introduction of internal external audit standards.
It is intended to implement the project through a twinning with a competent member state audit institution. The Romanian Court of Audit will act as Implementing Authority for the project.

**RO-0006.08 Project: Agricultural Policy and Co-ordination (MEUR 4.00)**

The project aims to assist in creation of an effective capacity to develop, appraise, monitor and evaluate integrated and sustainable agricultural, rural, and food policies within the Ministry of Agriculture and Food, while ensuring that the adoption and implementation of the *acquis communautaire* are fully integrated into these policies.

It is also intended to improve the capacity of county and regional level structures to implement agricultural and rural policies in accordance with the adoption of the *acquis*, and to develop the capacities of officials in decentralised structures to contribute to the implementation of national economic reform policies and EU alignment.

The project will be implemented through two parallel, closely co-ordinated twinning activities:

I. Agricultural and rural policy development; and
II. Agricultural and rural policy implementation structures.

I. Under the first activity, support will be provided to the Directorate General for Agricultural Policy on key horizontal policy issues facing Romanian agriculture. Particular attention will be given to economic, production and agricultural market analysis. Other issues to be covered may include: fragmentation of land-holding; lack of technical skills and information on the part of farmers; the subsistence, rather than commercial, basis of much agricultural production; low levels of investment and mechanisation; problems in access to credit for both farmers and food processing industries; access to inputs; low level of development of the land market; the need for diversification in the rural economy; difficulties relating to creation of effective producers' organisations; lack of access to farm business management advice and market information; improved protection of the environment. These issues must be addressed with policies adapted specifically to Romania’s current needs and priorities, but also keeping the requirements of the accession process and the agricultural *acquis* in mind.

The policies to be elaborated will contribute to future refinement of the National Plan for Rural Development which provides the framework within which SAPARD will be implemented. They will also be taken into account in the future updating of Romania’s overall National Development Plan. In addition to further elaborating the framework for SAPARD, the assistance will support the Ministry of Agriculture in developing policies consistent with Romania’s Medium Term Economic Strategy. It will support the analysis required for the preparation of key items of legislation, and the preparation of intervention measures, including but not limited to SAPARD.

The assistance will develop recommendations on institutional structures and co-ordination mechanisms within, and in agencies sub-ordinate to, the Ministry of Agriculture to ensure that horizontal policy issues are fully integrated into programmes and activities within agricultural sectors. The support will be directed both the elaboration of policy documents and draft legislation in consultation with senior policy-makers in the Ministry of Agriculture, and to provision of further training on agricultural policy in the context of accession to a broad range of Ministry of Agriculture and Food officials, and officials of other central government bodies concerned with the development and implementation of agricultural and rural policies. Provision of training will take account of the need for co-ordination with the development of regional development policies.
II. The second twinning activity aims to strengthen the capacities to implement rural and agricultural policies, with particular emphasis on decentralised structures at regional and local level. It will advise MoAF (Directorate General for Rural Development) and other public bodies (including the Ministries of Public Works, Environment, Labour etc.) involved in implementing and managing agricultural, agro-environmental and rural policies at national, regional, county and farm levels on their institutional restructuring and human resource development needs. A review will be conducted on the structure and functioning of the county departments of the MoAF (DGAAs), and other decentralised public bodies concerned with the implementation of rural and agricultural policies, and assistance will be given for the development of a strategy for strengthening the capacity to implement agricultural and rural policies. The needs for modifications to the present structures will be assessed, taking account of the requirements for implementation of the acquis and the management of SAPARD and other forms of intervention. Attention will be given to the specific implementation requirements of all measures covered in the National Rural Development Plan. Based on this review, and following Government adoption of the strategy for strengthening the capacity to implement agricultural and rural policies, the project will assist in the preparation of a multi-year plan and indicative budget for restructuring and human resource development of the services dealing with implementation of agricultural policies and rural development. The plan will take account of the need for co-ordination with the structures concerned with implementation of regional development programmes. An initial programme of training activities will be designed and implemented under the project, representing a first phase in the implementation of the restructuring and human resource development plan, as a preparation for subsequent full implementation of the multi-year plan.

The project will also provide investment for equipping and upgrading facilities in county offices and other decentralised structures to improve their capacities to implement rural and agricultural policies at regional and local level. This investment will be consistent with the institutional restructuring approach defined in the multi-year plan.

The Ministry of Agriculture is Implementing Authority for this project.

**RO-0006.09 Project: Agri-food quality control (MEUR 2.55)**

Reinforcement of agri-food quality control systems will be assisted through provision of equipment and training to around 6 county laboratories to undertake a wider range of food quality control tests to EU standards; through creation and reinforcement of operational links between the different inspection and sampling agents in the field and with other local laboratories in the catchment area of the beneficiary laboratories; and through further stimulus to inter-ministerial co-operation in Bucharest. The assistance will be provided in the context of an inter-ministerial agreement in the form of a Memorandum of Understanding between the Ministry of Agriculture and Food and the Ministry of Health, setting out the broad objectives for co-operation between the Food Inspectorate (MoAF), the Sanitary Hygiene Inspection Service (MOAF), and the Sanitary Inspection Department (MoH), and defining the list of laboratories to be equipped.

Equipment to be supplied under this project, and the identification of the laboratories to be equipped, will be based on the outputs of technical assistance and the experience gained under the Phare 1998 project supporting development of government and commercial food processing trade capabilities for quality management and control.

Investment under this project is conditional on provision of co-financing in line with the Phare Guidelines.

The Ministry of Agriculture is Implementing Authority for this project.
Annex C

RO-0006.10 Project: Phytosanitary Acquis (MEUR 2.00)

Implementation of the Acquis in the phytosanitary sector “injurious (micro)organisms” will be supported through procurement of modern equipment for the central phytosanitary laboratories, allowing an improvement in the quality and efficiency of analysis and the possibility to study and diagnose a larger number of quarantine (micro)organisms in Romania. Training of laboratory staff will also be provided in order to harmonise methods of analysis with EU practice.

This assistance is provided in the context of an ongoing twinning project under the Phare 1998 programme which has as its main objective the alignment of Romanian legislation with the phytosanitary acquis; in particular preparation of legislation to align with Directive 77/93/EC regarding prevention of introduction and dissemination of injurious (micro)organisms.

Support under the proposed new project, including both investment and technical assistance for training, will enhance the capacity to implement the legislation being developed under the ongoing twinning.

Investment under this project is conditional on provision of co-financing in line with the Phare Guidelines.

The Ministry of Agriculture is Implementing Authority for this project.

RO-0006.11 Project: Strengthening the capacity to manage the Veterinary Acquis (MEUR 4.00)

The assistance to the Romanian National Sanitary Veterinary Agency (NSVA) aims to assist Romania to align with current EU standards on animal health and diagnosis controls, and standards on food hygiene, to contribute to maintenance of confidence in the safety of food, and to safeguard the health of herds and flocks.

Phare support will improve capabilities at the central and regional level to enforce and observe new veterinary norms harmonised with the EU legislation. National and regional level bodies responsible for detection, diagnosis and eradication of diseases will be strengthened, based on an effective surveillance and communication. The national reference laboratory and regional diagnosis laboratories will be reinforced. Harmonisation with EU border control, import and transit control procedures will also be supported. Efforts will be continued to harmonise veterinary inspection practices and upgrade facilities in line with EU norms.

The activities envisaged include a twinning with a member state veterinary agency, continuing the support provided on development of veterinary legislation under the Phare 1998 programme, to develop the capacity of the Romanian veterinary services to implement and enforce the legislation. The new twinning will support the creation of an improved local training capacity for management and administration of public veterinary services based on one of the existing veterinary academic or research institutions. It is anticipated that training will also be provided for laboratory staff in modern laboratory techniques. Training may be provided within the scope of the twinning, or contracted separately.

The project will also support procurement of equipment for Border Inspection Posts and veterinary laboratories, and a communication network linking the NSVA headquarters, BIPs and the county veterinary departments. A computerised information system linking BIPs and local veterinary departments with NSVA headquarters will be set up, and relevant training
provided for the operation of the system. The National Reference Laboratories for Animal Health and Diagnosis and the laboratories of the Institute for Control of Biological Products and Medicaments for Veterinary Use will be equipped to perform tests in accordance with EU requirements.

Investment under this project is conditional on provision of co-financing in line with the Phare Guidelines. Investment in BIPs requires completion of the necessary building works by the Romanian authorities. Support for development of training capacity for the veterinary services is conditional upon signature of an agreement with an appropriate academic or research institution for provision of infrastructure and staff for the development of this new activity.

The Ministry of Agriculture is Implementing Authority for this project.

RO-0006.12  Project: Strengthening the capacity to manage the Acquis on wine (MEUR 2.00)

The objective of the project is to facilitate the development of the wine sector through harmonisation with EC legislation, and to support the creation of an appropriate institutional framework for regulation of the sector in line with the acquis. The project will develop the capacity to apply appropriate standards for wine production, in particular quality and hygiene standards. It will assist in the creation of the framework for the recognition, protection and control of name of wines according to the EC norms and regulations, and will contribute to improving the conditions for production and marketing of wines.

Strengthening the capacity to manage the Acquis on wine will be achieved through policy advice to MoAF and assistance for preparation of regulations. Assistance will also be provided to public bodies set up by the Wine and Winery Law to manage wine policy in Romania. It is expected that the project will be implemented through a twinning convention with a competent member state body.

Particular attention will be given to inventory of production potential, as well as to aspects relating to wine quality and description, designation, presentation and protection of quality wine produced in specific regions. The project will result in design of the wine cadastre system for Romania, and preparation of a detailed plan, together with an indicative budget, for implementation of the system.

An assessment will be made of the immediate and long-term human resource development requirements of the public bodies set up by the Wine and Wineries Law, and in this context appropriate training programmes on wine policy management will be designed. Specific training modules on technical and regulatory issues will be provided in priority areas.

Informatics equipment will be procured to support the bodies set up under the Wine and Winery Law. Equipment and cadastral data will be acquired to help establish a wine producer registration system in line with the acquis. Testing and control equipment will be provided for the Wine Inspection at central level and ten regional inspection offices. Quality control equipment and associated training will be provided for a central and two regional public laboratories performing quality control.

Phare support is provided in the context of the Government’s commitment to establish the National Office of Origin Denomination of Wines. Regarding the development of inspection capacities and training facilities, the Ministry of Agriculture will take steps to ensure staff availability for training and relocation. Investment under this project is conditional on provision of co-financing in line with the Phare Guidelines.
The Ministry of Agriculture is Implementing Authority for this project.

**RO-0006.13 Project: Agricultural and Regional Statistics (MEUR 6.00)**

The project aims to create the basis for sustainable national systems for agricultural statistics and for regional statistics, fully in compliance with EU statistical norms and standards. Co-ordinated and coherent institutional frameworks will be established involving the National Commission for Statistics, the Ministry of Agriculture and Food and the National Agency for Regional Development in their respective areas of competence. The roles of decentralised structures at regional and county level in the national agricultural and regional statistical systems will be elaborated.

It is intended that the project will be implemented through a twinning with a competent member state statistical institution or institutions. Surveys and training actions implemented under the project will be carried out under the technical supervision of the twinning partner.

In the area of agricultural statistics, the project will assist Romania to prepare for accession negotiations on agriculture, through ensuring the availability of reliable statistical data supporting the key areas for accession, while also satisfying the needs of national policymakers and other users of agricultural statistical data. A review will be undertaken of the institutional roles of the NCS and MoAF to ensure that a sustainable and effective overall approach is put in place. The review will lead to definition of a human resource development and training strategy for the national agricultural statistics system, and in the context of this strategy priority training activities will be designed and provided to NCS and MoAF staff. The project will support preparations for conducting the General Agricultural Census (2002), and thereby establish the basis for a more complete and coherent range of statistical agricultural surveys to be carried out in future, whose methodology will be elaborated under the support provided through the current project. It will also promote the use of modern methods for preparation of land-use statistics.

As regards regional statistics, the project will support the development of sustainable and effective mechanisms for the collection, processing and dissemination of regional statistical data in compliance with the EU norms and standards. The statistical indicators to be covered will serve the needs of social and economic analysis, policy-making and programme preparation for regional development in the context of Romania’s preparations for structural funds. The project will support the development of regional statistical offices capable of providing statistical data needed for the regional planning process. The sources of statistical data will be identified, and procedures will be defined for their aggregation at regional (NUTS II) level. Appropriate training will be provided to regional statistical office staff, and other relevant personnel. Pilot projects on collection of regional statistics in key areas for regional development planning will be carried out. Assistance will be provided for procurement of IT infrastructure compatible with the existing national statistics IT system at county and national level. The project will lead to the creation of a statistical data base at each regional statistical office linked with the central statistical data base of the NCS.

Phare assistance is provided subject to the condition that by December 2000 a Memorandum of Understanding is signed between the National Commission for Statistics and Ministry of Agriculture and Food detailing the arrangements for their co-operation and joint decision-making during the implementation of the project through a project steering committee. A similar Memorandum of Understanding will also be signed between the MoAF and the National Agency for Regional Development. The support is provided on the basis of a commitment by the NCS, MoAF and NARD to take steps to ensure that adequate staff are available for implementation of the activities, and to implement measures organisational
restructuring to be defined through the project to ensure the sustainability of the systems being put in place.

The National Commission for Statistics is Implementing Authority for this project.

RO-0006.14  Project: Implementation of the Environmental Acquis (MEUR 8.00)

The overall objective of the project is to foster adoption and implementation of the environmental Acquis at central and local level.

The immediate objectives are: to strengthen the capacity of central environmental administration; to set up capacities for regional management at the level of 8 selected EPAs; to introduce environmental impact assessment for infrastructure projects in line with the requirements of the EU (EIA Directive 85/337/EEC as amended by 97/11/EC) and other national requirements; to improve the identification and implementation of environmental investment projects; to increase the capacity of different institutions to handle cross-institutional budget lines according to specified objectives; and to implement a demonstration pilot project in the area of air quality.

The activities to be implemented through Phare support are as follows:

Development of an environmental approximation strategy with particular reference to financial mechanisms.

It is intended to implement this activity through a twinning with a competent Member State Institution. The assistance will support the Ministry of Water, Forests and Environmental Protection to set up clear priorities for the allocation of budgetary funds, and to promote the leverage effect of the funds available in order to attract additional investment from other International Financial Institutions, bilateral funds and private sources. A framework will be created to ensure that the pre-accession instruments (PHARE, SAPARD and ISPA), along with the available domestic resources, are used to maximum effect in promoting the adoption of the environmental acquis.

Compliance with Environmental Impact Assessment Directive

The Directive aims to put in place a procedure that ensures that environmental consequences of investment projects are identified and assessed before authorisation is given. The project will assist in defining responsibilities and developing capabilities at different administrative levels - central, regional and local - for implementation of this Directive. Awareness of the EU’s EIA procedures, and experience in their implementation, need to be spread among public administrations, project promoters and the public.

Strengthening local Environmental Protection Agencies and Developing Regional Environmental Protection Agencies

The project aims at strengthening regional and local EPAs, and to initiate and implement local and regional Environmental Action Plans. The involvement in the decision-making process of major stakeholders in the target area will be reinforced by both expanding the EPAs’ responsibilities and tasks and by calling on-board other local stakeholders and decision-makers.
Local pilot investment project in the EPA of Bucharest for air quality monitoring

Following the recommendation of the Master Plan for development of the National Integrated Monitoring System for Environment developed under Phare 1992, the monitoring of ambient air quality, and improving the management of the monitoring system at the level of Bucharest municipality are considered to be a priority. This pilot project will apply at local and regional level the knowledge acquired through recent and ongoing technical assistance activities in the field of the Air Quality *acquis*.

Phare support for the above actions is provided on the basis of a commitment by the Ministry of Water, Forestry and Environmental Protection to continue its efforts to strengthen its policy development capacity, to reinforce its monitoring and to improve the comprehension of its role within Government and on the part of economic operators.

The Ministry of Water, Forestry and Environmental Protection is Implementing Authority for this project.

**RO-0006.15  Project: Road-worthiness Enforcement Project (MEUR 3.00)**

The objectives of the project are to enable Romania to implement measures to improve the road-worthiness of vehicles, in line with relevant EC Directives, to reduce emissions from vehicles, and to improve traffic safety. In order to complete the harmonisation process, and to implement Romanian legislation on road-worthiness, the Romanian Auto Register (RAR) will benefit from Phare support to develop three main activities:

The first activity is the setting-up of a national information network for the technical supervision of road vehicles. This involves the development of the existing data-base for road vehicles. Phare will finance the necessary hardware and software of the information network, including the setting up of three regional centres.

The second activity is the development of the 42 RAR local stations for periodic technical inspections. The aim is to finance additional equipment required for the enforcement of EU Directives on environment protection and traffic safety.

A third activity is the procurement of six mobile laboratories to be used in co-operation with the Traffic Police and the Environment Protection Agencies. These laboratories will allow for the assessment of the quality of services provided by authorised technical inspection stations, in terms of environment protection and braking efficiency.

This project is part of a more important programme on Road Traffic Safety worth MEUR 16.00, which is co-financed by the World Bank. The Ministry of Transport will ensure that RAR provides all complementary facilities to ensure that the Phare investment is fully and effectively used for the correct enforcement of the road-worthiness legislation.

The Ministry Transport is Implementing Authority for this project.

**RO-0006.16  Project: Strengthening border management and asylum (MEUR 18.92)**

The objectives of Phare assistance will be to continue the strengthening of border management, and controls for combating of illegal immigration, concentrating on Romania’s Eastern borders, in accordance with the European Union standards, procedures and best practice, and to further develop the Romanian asylum system, towards harmonisation with European and international procedures and practice, through institution building and
investment. The project will also provide investment for the development of an information system for processing visa applications.

Following the merger in July 1999 of the Border Guard with the Border Police, creating the General Inspectorate of Border Police (GIBP), an Action Plan for reform and modernisation of GIBP has been developed. It comprises urgent measures to be taken in areas of legislation, organisation, human resources and logistics. The plan was approved by the Ministry of the Interior in February 2000, and provides the framework within which Phare assistance for border management will be provided. The Refugee Office of the Ministry of Interior will be upgraded to a National Refugee Office, responsible for handling of asylum claims, and the care and maintenance of asylum-seekers in line with the EU Acquis.

**Border Management**

*Development of training function and infrastructure*

The project will assist GIBP in developing training strategy, including needs assessment, appropriate training functions and systems, training of trainers and training evaluation at the central and regional (county) levels. GIBP will be assisted in designing, developing and delivering curricula and training courses/seminars etc., in accordance with the new organisational structure and competence/responsibilities. Training centres will be upgraded and strengthened in accordance with the training strategy requirements. Appropriate pedagogic equipment will be provided, and training centre infrastructure will be upgraded.

*Communication systems*

The development and implementation of a modern and efficient, nation-wide communication system is a high priority for strengthening of the operational capacity of GIBP. A comprehensive feasibility study is being undertaken to assess the existing situation from the organisational and technical viewpoint, and to propose technical solutions in accordance with the GIBP strategy, fully adapted to the specific geographical conditions in Romania. Design of the system will take account of the requirement to ensure compatibility with the SIS (Schengen Information System). Phare support will finance initial investment in communication systems consistent with the long-term system development approach being defined through the feasibility study, with particular emphasis on the immediate communication needs for the eastern borders.

**Mobility**

The project will supply further patrol cars and boats, and also intervention vehicles, to strengthen the protection of the eastern border with Moldavia and Ukraine in line with the needs assessment undertaken as the basis for Phare 1999 support, which could not be fully covered under that programme’s budget.

**Surveillance**

Phare 2000 will support the procurement of special surveillance equipment in line with the needs assessment undertaken. The procurement covers night-vision goggles, night-vision binoculars, infrared surveillance vehicles, portable thermal imaging equipment and associated training.

**Tactical support**

As with the Mobility component, Phare 2000 will support the procurement of supplies to properly equip Border Police officers, including appropriate clothing for green and blue border patrolling in extreme weather conditions, flashlights and body armour, document readers, administrative support equipment etc., in line with the needs assessment undertaken as the basis for Phare 1999 support.
Visa information system
The Romanian Authorities will implement an on-line information system linking the Ministry of Foreign Affairs and the Ministry of the Interior, including links to the GIBP border posts, in order to modernise and improve the system for issuing visas. This project component will include procurement of equipment for the Ministry of Foreign Affairs, including consulates and embassies, and the Ministry of the Interior, including border posts, as well as software and associated training.

Technical advice
Continuing strategic technical advice foreseen under Phare 1999, the Phare 2000 Programme will allocate a limited budget for the continuation of this strategic advice, particularly as it applies to the design and implementation of an integrated border management strategy.

Phare support for the border component is provided subject to progress with legislative and institutional reforms. A draft of a new law on the State Frontier should be developed before the end of the year 2000 and the work with improving internal regulations should start within the same time. The merger of the Border Guard and Border Police on the highest command level should be followed by a merger of the two forces also on regional and local levels. An Action plan for the continued merger of the forces should be developed and start to be implemented in 2000. The previously presented plans for professionalisation of the border forces should now start to be implemented and a substantial number of conscripts should be exchanged by permanent staff in 2000. New Training activities (both initial and in-service) should start in 2000. An integrated border management strategy encompassing Border Police, Customs, Veterinary services etc should start to be developed in 2000.

The Romanian authorities should demonstrate that the equipment foreseen under the 2000 programme can be absorbed and used effectively.

There should also be adequate progress in implementation of the 1998 twinning border programme and the 1999 border management and control programme. The Ministry of Interior and the Central Financing and Contracting Unit (CFCU) at the Ministry of Finance should demonstrate that they can implement the 1999 border programme according to the timetable set up by the Commission without any substantial delays.

The Mobility (3) and Tactical Support (5) sub-projects can be launched only after the signature of contracts for similar components within the 1999 Phare border management programme.

Asylum

Assistance for the Refugee Office
Complementing the ongoing twinning assistance to the Refugee Office, advisory support, equipment and software will be provided for a staff development and training programme to develop institutional capacity in line with the procedural requirements of implementing international and EU standards. Support will be provided for establishment and equipping of a Resource Centre on country of origin information. Training support will also be extended to NGOs involved in provision of assistance to asylum seekers.

Improvement of infrastructure
The Romanian Government has made significant efforts to improve the infrastructure needed for reception of asylum seekers, refugees and illegal immigrants. Phare will complement the Romanian investment in this area through the provision of resources: for the finalisation of a second reception/accommodation centre in Bucharest for asylum seekers and vulnerable
refugees; for rehabilitation of an accommodation centre at the Eastern border (Galati); for rehabilitation of an accommodation centre at the Western border (Timisoara).

A budget will be provided for technical assistance, including the provision of equipment, to support project management for all components of the border management and asylum project.

The “Institution Building” part of the Asylum project component is foreseen to be implemented through twinning.

Phare support for the asylum component is provided subject to the adoption of a new law on the Regime of Aliens in Romania in accordance with international conventions, and of further alignment with the EU Acquis of the Law No. 15/1996 on Refugees. Adequate progress in implementation of the 1998 asylum twinning project should be achieved.

The Ministry of the Interior is Implementing Authority for this project.

**RO-0006.17 Project: Fight against drugs (MEUR 1.00)**

The project aims to strengthen the capacities of the Romanian institutions in the fight against drugs, through development of a comprehensive National Strategy to Combat Drug Abuse and Illicit Traffic of Drugs and Pre-cursors, development of national agencies’ Action Plans and improved inter-agency co-operation at the national and European level.

In addition to the elaboration of the various components of the national strategy, the project will provide support for the creation and development of structures required for the effective functioning of the Inter-ministerial Committee for the Fight Against Drugs (ICFAD), and will carry out a review of existing drug legislation to ensure compatibility with EU legislation and best practice. The support will also contribute to strengthening the effectiveness of the National Focal Point for the Fight Against Drugs with reference to the tasks of collection of data on key national and sub-national indicators, and information on policy developments, new synthetic drugs, and demand reduction schemes, and to strengthen its relationship with the European Drug Monitoring Centre.

Support for the development of a National Strategy for Supply Reduction will be provided to the relevant bodies participating in the Inter-Ministerial Committee for the Fight Against Drugs, with particular attention being accorded to the development of closer working relationships between agencies involved in supply reduction. Similarly, assistance will be provided to the relevant bodies participating in the Inter-Ministerial Committee for the development of a National Strategy for Demand Reduction, also with particular attention to inter-agency co-operation.

The project will also support the design of a Primary Prevention Programme, based upon the key elements of the demand reduction strategy, including: a training programme for the staff involved in educational activities related to drug problems; assessment of youth attitude vis-à-vis drugs; assessment of needs to inform the general public about the drug problem; an epidemiological study; development and publishing of manuals on drug consumption and dependence; information-education-communication campaigns; creation of advisory points and a drug hot-line service.

An assessment will be undertaken through the project of the existing situation of medical treatment in relation to drugs use, which will lead to recommendations for the improvement of medical services in this area., and staff training for personnel concerned with medical treatment and detoxification.
It is intended to implement the project through a twinning with a competent member state institution, covering a Pre-Accession Adviser and short-term expert inputs. The Pre-Accession Adviser will support the ICFAD Secretariat in development of the National Strategy, and will co-ordinate short-term TA inputs to the relevant bodies in the areas of activity outlined above.

Procurement of equipment will be supported in line with the requirements of the various components of the National Strategy for the Fight Against Drugs, and the creation of the necessary inter-Ministerial co-ordination structures.

The Phare assistance is provided on condition that the NFP is established within the Institute for Health Management of the Ministry of Health and is provided with office space and facilities and is adequately staffed to carry out its core tasks in line with the guidelines laid down by the European Drug Monitoring Centre.

The Implementing Authority for the project is the Ministry of Interior, which will provide office space and facilities for the Pre-Accession Adviser.

RO-0006.18 Project: Support activities to strengthen the European integration process (MEUR 7.00)

The wider objective of this project is to support and accelerate Romania’s preparation for accession to the European Union with a view to its full and successful integration into European structures. The immediate objectives are:

- to strengthen Romania’s capacity to prepare mature programmes and projects to facilitate adoption and enforcement of the acquis.
- to provide continuing training on project cycle management in the context of the EU accession process to officials in the public administration, to improve the programming and management of pre-accession aid.
- To continue support to the operation of the European Institute of Romania (EIR) as a management/delivery/resource centre for measures supporting the preparation for accession, in line with the provision of the Phare 1997 Financing Memorandum

Project preparation

The activities to be carried out will be closely linked to the programming of Phare (and the other pre-accession instruments) in Romania in the period 2001 – 2003, and will support the introduction of a more strongly multi-annual dimension into the process of identifying and preparing projects supporting the accession process, in the context of the Accession Partnership and NPAA.

Funds will be provided for a Project Preparation Facility to be managed in the context of the Phare programming process. The project preparation facility will support activities such as feasibility studies, detailed designs of investment projects, design of training programmes and aid schemes, environmental impact assessments, preparation of institution-building projects, training programmes and aid schemes, and preparation of technical specifications, procurement plans and tender dossiers.

When initial proposals for Phare support under Phare 2001 (and later years’ programmes) are submitted by eligible Romanian institutions, they will be assessed according to their conformity with Accession Partnership and NPAA priorities, and also with respect to their degree of maturity. Project proposals which are considered to be in conformity with the AP and NPAA, but which are not fully mature as regards their readiness for implementation, will
Annex C

be eligible for support under this facility. Decisions on eligibility for support under the PPF will be taken by common agreement between the Commission Services and the Romanian National Aid Co-ordinator.

Project preparation relevant to implementation of SAPARD measures may also be undertaken; notably, preparatory studies on strengthening of producers groups, and on design of agro-environmental programmes, are expected to be necessary.

Projects proposed by eligible Romanian institutions may include activities likely to be co-financed by Phare and IFIs, provided that the principle of conformity to Accession Partnership priorities is respected. It is not intended to use this facility for preparation of Phare regional development projects.

Training
The training programme proposed for support is a continuation of the programme of activities implemented under the 1997 Phare programme implemented by the European Institute of Romania. Through the present programme the training may be extended to administrative staff operating at de-centralised level. Training should be practically oriented and especially focus on familiarising administrative staff at different levels with the general concepts of project cycle management, in the context of the objectives set by the accession process. These training activities will contribute to the development of an improved capacity that is able to prepare solid project proposals, and to manage and monitor the implementation of programmes.

European Institute
In line with the 1997 Phare Financing Memorandum for the Romania, the operating costs of the European Institute of Romania will be fully assured for a third consecutive year, and partially on a degressive basis for a limited further period, subject to an evaluation of the performance of the EIR as envisaged in that Financing Memorandum.

The Department for European Affairs is Implementing Authority for this project.

RO-0007 Sub-Programme 4:

Economic and Social Cohesion

RO-0007.01 Project: NDP implementation support (MEUR 13.00)

The overall objective of this project is to support the Romanian Government and the regional authorities established by the law 151/1998 to strengthen the institutional capacity for the implementation of an integrated regional development policy in line with the provisions of the National Development Plan (NDP) adopted within the context of the pre-accession process.

The specific objectives are:

- to develop the capacities of regional development agencies (RDAs) in each of the eight Romanian macro-regions as professional, modern and sustainable organisations that are capable of leading the development process in their region, in line with successful practices in Member States, and giving particular importance to the development of partnerships amongst regional communities of interest to strengthen the legitimacy of the regional planning process; and to further strengthen the capacity of the National Agency for Regional
Annex C

Development (NARD) to co-ordinate and support the regional planning process managed by the RDAs.

- to prepare valid, mature regional development projects, including feasibility studies and detailed designs, in line with regional development plans and strategies, with a view to financing by Phare, regional budgets and other external sources of investment in the period 2001 to 2006.

The activities under this project will include:

i. Twinning on regional planning, programme development and partnership building, (7 Meuros) providing pre-accession advisers and short-term experts from member state national and/or regional development bodies to the eight RDAs and the NARD. Pre-accession advisors working in the RDAs will provide assistance and concrete proposals to the RDAs for establishing their legitimacy as responsible bodies for leading regional partnership, and for defining, monitoring and evaluating development programmes and investment projects in full compliance with the acquis regarding EU Structural Funds. The PAAs will also identify requirements for short-term assistance to the RDAs to strengthen the regional planning process and develop the human resource capacities of the RDAs in line with the National Human Resource Development Strategy for Regional Development adopted by the National Board for Regional Development. In addition, a PAA at the NARD will assist NARD in building up its role as inter-ministerial co-ordinator and partnership leader. Given the differences between Member States’ approaches to the Structural Funds, and between regional institutions in Member States, the PAA will also help NARD in co-ordinating the regional twinning approaches and ensuring their compatibility with the overall model of regional development planning which is emerging in Romania.

ii. Technical assistance (6 Meuros) for feasibility studies and project development to be contracted by NARD and RDAs on the basis of priorities identified by the RDAs in the context of the regional planning process. Closely linked to the twinning activity, technical assistance will be used for providing feasibility studies, expertise and training in order to prepare viable programmes and projects to be financed by Phare or others funding during 2001 and following years (programming approach).

The assistance is provided upon condition that NARD and the Regional Development Agencies make available appropriate offices and facilities for Pre-Accession Advisors and experts.

The National Agency for Regional Development is Implementing Authority for this project.

RO-0007.02 Project: Regional Development; investment in NDP priorities (MEUR 75.00)

The objective of this project is to support the implementation of integrated regional development programmes in a number of priority regions in Romania in line with the National Development Plan (NDP), national regional development policy and regional development plans, adopted within the context of the pre-accession process. These planning documents underline Romanian’s specific situation as far as regional disparities are concerned. Except for Bucarest-Illflov and North-East Region, which are the two extremes, the disparities (measured by GDP/cap and unemployment rates) between the Romanian Regions are rather
limited, whereas the gap between Romania and the EU in terms of average GDP/cap. is wide, as illustrated by following figures:

<table>
<thead>
<tr>
<th></th>
<th>EU 15</th>
<th>RO average</th>
<th>Buch/Illfov.</th>
<th>N-E Other regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP/cap (1997)</td>
<td>18</td>
<td>3.9</td>
<td>5.6</td>
<td>3</td>
</tr>
<tr>
<td>Unemploy. (1999)</td>
<td>10.7</td>
<td>11.2</td>
<td>5.7</td>
<td>14.3</td>
</tr>
</tbody>
</table>

Furthermore, the intra-regional disparities, in terms of unemployment and revenue are very high and must be taken into account. Therefore, following the concentration principle, the following agreement has been reached in partnership with the Romanian authorities.

1/ Four first priority regions, identified in the NDP adopted by the Government in October 1999, will be eligible for Phare support (North-East, North-West, South-East, South Muntenia). The other four are considered as second priority Regions (Central, South-West, West, Bucharest-Illfov).

2/ Infra-regional disparities will be taken into account in the implementation process, mainly through the establishment of selection criteria.

3/ Phare investment support will be concentrated on three priorities among the nine identified in the NDP, adopted by the Government in October 1999.

- Human Resources Development in the context of industrial restructuring and agriculture and rural development (Component A)
- Assistance to Small and Medium Sized Enterprises (Component B)
- Development of Regional and Local Infrastructure (Component C)

4/ 50% of national co-financing foreseen in the State budget will be invested in the four second priority regions. Co-financing mechanism is detailed below, under point "conditionalities"

The three priorities are aimed together at developing, in an integrated approach, the indigenous economic and social potential of these regions, local and regional infrastructure being considered as an indispensable part of an integrated regional restructuring programme. One of the expected outputs of this project is to enhance the capacity of local authorities to collaborate and make decisions of regional importance. Each Region will give different weight to the different priorities and eligible actions listed below according to the priorities listed in each regional plan. The issue of infra-regional disparities will be tackled in this framework.

Implementation of measures supporting these three priorities will be supported by technical assistance supporting project selection, monitoring and supervision (Component D).

A) Human Resources Development
The objectives and activities of this component are in line with the EU Employment Strategy guidelines and with the European Social Fund priorities. In rural areas, activities will be defined to support the implementation of SAPARD measures in the areas of rural diversification (tourism, agri-food, trade). Human resource development will cover the following three areas:
(A1) Qualification and re-qualification of the work force. Eligible actions will focus on training for SMEs’ staff and managers (including innovation and new Information and Communication Technology), development of HRD good practices (training plans and lifelong learning culture). As an indicative allocation, 35% of the HRD sub-component Phare support would be dedicated to this measure.

- (A2) Enhancement of active employment measures. Eligible actions will focus on training programmes for young and long-term unemployed (training, advice and guidance for business start-up and potential entrepreneurs, employment subsidies to assist unemployed people into jobs). As an indicative allocation, 50% of the HRD sub-component Phare support would be dedicated to this measure.

- (A3) Promotion of social inclusion for disadvantaged groups such as women returning or entering labour market, Roma, young adults leaving child care institutions; disabled persons. Eligible actions will focus on widespread replication of equal opportunities best practices such as: individual tailored plans, specific training and placement schemes, apprenticeship, institutional capacity and training for trainers. A minimum of 15% of the HRD sub-component Phare support will be dedicated to this measure.

(B) Assistance to Small and Medium Sized Enterprises

Activities under this component will focus on enhancing SMEs’ competitiveness, fostering the creation of new enterprises and improving SMEs investment and employment creation capacity. These objectives will be fulfilled through three measures, in line with Commission Recommendation 96/280/EC of 3 April 1996, targeted to SMEs operating in all sectors except the primary sector (agriculture, energy, extraction), retail trade, real estate, financial and insurance services, casinos:

- (B1) Grant support scheme for business start-ups, young enterprises and micro-enterprises. As a general rule grant support will be up to EURO 50,000. Private contribution from each beneficiary will be 40% of the total eligible cost. This rate has been proved to be realistic in the context of previous Phare SME grant schemes, given the limited financial capacity of most business start-ups, young enterprises and micro-enterprises in Romania, for allowing Romanian to develop investment projects on a sustainable and viable basis. As an indicative allocation, 35% of the SMEs sub-component Phare support would be dedicated to this measure.

- (B2) SME credit line: This measure is the continuation of a previous Phare credit scheme (RO 9711). The design of the scheme will ensure and demonstrate complementarity between the SME grant and credit schemes, taking particularly into account the need to ensure that grant schemes do not undermine the emergence of sustainable commercial financing for SMEs through established banks and other financial institutions. Complementarity will also be demonstrated between regional SME credit lines supported under this financial proposal, and national SME programmes financed through EBRD. As an indicative allocation, 45% of the SMEs sub-component Phare support would be dedicated to this measure.

- (B3) Counselling and training scheme for SMEs. This activity will focus on the provision of business support services to SMEs in the following areas: access to market opportunities, quality certification, access to available relevant data base and information. Beneficiaries of this schemes will be mainly SMEs. As an indicative allocation, 35% of the SMEs sub-component Phare support would be dedicated to this measure.
Implementation of all SME support measures will be monitored with respect to its impact in terms of the creation of sustainable employment.

In order to move towards a more co-ordinated and integrated approach between Human resources and SMEs measures, similar procedures for informing applicants and for awarding grants have been designed. Awareness and publicity campaigns will be organised at regional level; permanent open calls with evaluation of applications scheduled at regular intervals will be launched; external experts appointed by Phare will be voting members in the relevant selection committees. NARD, other competent national bodies and the EC Delegation will be represented on these selection committees as observers. The final decision on the award of a grant will be endorsed by the EU delegation. Phare financial support is foreseen for awareness campaigns, support to project selection and monitoring, ex-post evaluation and control.

(C) Local and regional infrastructure

Following Commission Services appraisal of the NDP, improvement of regional and local infrastructures has been considered as a priority under Phare support to the regional development strategies. Given the poor quality of infrastructure in the Romanian regions and the wide scope of needs, three criteria that have been agreed in partnership with the Romanian authorities to select the type of eligible infrastructure:

- Direct contribution to the economic growth and competitiveness of the regions concerned
- Integrated approach (synergy between activities A, B and C);
- Co-ordination between PHARE and others pre-adhesion instruments (ISPA and SAPARD)

Therefore, PHARE support under this component will concentrate on the following priority objectives:

- (C1) To improve transport infrastructure strengthening linkage between economic poles and European transport corridors; to improve roads which facilitate access to industrial zones, areas in on-going restructuring process and other economic areas, including tourist areas.

- (C2) To develop infrastructure supporting business development in order to strengthen competitiveness of SMEs through better access to technologies, services, markets and information.

- (C3) To rehabilitate degraded sites or to protect environmentally vulnerable sites with economic potential (industrial sites, closed enterprises in heavily polluted urban areas, areas with tourism potential)

The individual projects will have a structural impact on the regional economy and therefore a minimum size is required (minimum total cost 2 Meuros, maximum Phare support 5 Meuros). The beneficiary of the projects, (normally the legal owner of the infrastructure to be realised) will be a public authority. Phare will only finance works complying with EU standards. Environment Impact Assessment will be undertaken in accordance with EU Directive n°85/337/EEC, modified by Directive 97/11/EC and technical design will be in compliance with EC standards.

The method adopted to identify, select and implement the projects is the following

- A working group composed by the 4 first priority regions (RDAs), NARD, Ministries responsible for Transport, Environment, Public Works, Industry and Trade, National...
Agency of Roads, Department for European Affairs and EC Delegation has established a list of potentially eligible projects. The main selection criteria have been: coherence with objectives and priorities of the Regional Development Plans; expected regional impact, including jobs creation; sustainability; maturity of the projects; co-financing, partnership; including private partnership when relevant. (The list of potentially eligible projects is annexed to the project fiche for **RO-0007.01 Regional Development; investment in NDP priorities**).

- Feasibility studies or updating of existing feasibility studies of the listed projects will be finalised with the support of 1999 Phare programme (Project Preparation facility).

- When the feasibility studies and other relevant expertise (environmental impact assessment, technical design, public consultation, and social impact analysis) have been completed, the Regional Development Boards and the National Development Board will approve the projects. The EC delegation will endorse the final list.

Without prejudice to the Romanian authorities’ responsibility for supervising the execution of infrastructure projects, independent experts appointed under the current programme will also supervise the implementation of the infrastructure projects to ensure quality and value for money. These experts will report to NARD and EC delegation.

**(D) Awareness campaign, project selection, monitoring and evaluation**

The sound implementation of this programme requires technical assistance covering the following:

- a public awareness campaign as an indispensable basis for a transparent and competitive project selection procedure.

- close monitoring of the implementation process including independent expert evaluation of project proposals for the grants facilities (Components A and B). The experts will report to NARD and EC Delegation.

- Development of an adequate implementation system for infrastructure projects, including contracting, site supervision and inspection. Independent experts will support the competent authorities in supervising and controlling Phare-funded infrastructure projects (Component C). The experts will report to NARD and EC Delegation.

Cost of audits and evaluations requested by EC and/or NARD will also be covered under this activity.

**Conditionalities:**

In accordance with Phare Guidelines, 25 % national co-financing for investment projects (equal to MEUR 25.00) will be provided from the state budget, corresponding with the Phare contribution of MEUR 75.00. The co-financing is provided following the following principles:

- 50% of the national co-financing will be invested in the 4 first priority regions for co-financing local and regional infrastructure projects. State budget co-financing will cover 25% of the total public support (Phare + State budget co-financing) for each individual infrastructure project.

- 50% will be invested in the 4 second priority Regions to support similar measures and following the same procedures as described under sub-component A (Human resources development) and B1 (grant scheme for start ups, young enterprises and
micro enterprises), including EU final endorsement. RDAs and NARD will report to the EU delegation about the implementation and results achieved. The National Fund will ensure this co-financing and the mechanism for delivering the funds.

Clear evidence that national co-financing from the state budget has been provided will be made available to the Joint Monitoring Committee, which has the responsibility to monitor the fulfillment of the co-financing requirements. If no proof is presented the respective amounts may be deducted from the possible Phare allocations in the following years.

The financing scheme for each project under Regional and Local Infrastructure may include local or IFI co-financing. Where the co-financing is provided from national budgetary funds the co-financing must be released at the same time as Phare funds to facilitate smooth implementation of the projects.

2. BUDGET

<table>
<thead>
<tr>
<th>SUB-PROGRAMME</th>
<th>Investment (indicative)</th>
<th>Institution Building (indicative)</th>
<th>OVERALL TOTAL IN MEURO</th>
</tr>
</thead>
<tbody>
<tr>
<td>RO-0004 : Political Criteria - Strengthen Democracy, the Rule of Law and Human Rights (<em>projects: Judicial and Penitentiary systems, Society</em>)</td>
<td>7.25</td>
<td>5.75</td>
<td>13.00</td>
</tr>
<tr>
<td>RO-0005 : Economic criteria - Strengthen the Capacity to withstand Competitive Pressures (<em>projects: Energy sector liberalisation, Inter-bank payments system, Securities market regulation</em>)</td>
<td>27.925</td>
<td>12.975</td>
<td>40.90</td>
</tr>
<tr>
<td>RO-0006 : Meeting the Obligations of the Acquis (<em>projects: Industrial Policy and Quality Infrastructure, Mutual recognition of qualifications, Public Finance(4 projects), Agriculture(6 projects), Environment, Road worthiness of Vehicles, Border Management, Fight against drugs, Support Activities to strengthen the European Integration Process, including project preparation</em>)</td>
<td>36.42</td>
<td>36.70</td>
<td>73.12</td>
</tr>
<tr>
<td>RO-0007 : Economic and Social Cohesion (<em>projects: NDP implementation, Regional investment</em>)</td>
<td>75.00</td>
<td>13.00</td>
<td>88.00</td>
</tr>
<tr>
<td>TOTAL¹</td>
<td>146.595</td>
<td>68.425</td>
<td>215.02</td>
</tr>
</tbody>
</table>

¹ Pour mémoire: Romania’s participation in Community Programmes (13,6 M Euro excluding 8,9 M Euro front-loading for 2001) and CBC (13 M Euro) for 2000 is drawn from the overall allocation to Romania under Phare 2000. These allocations will be provided under other Financing Proposals and are not included within the present programme.
3. IMPLEMENTATION

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 Control Authority with respect to the implementation of the programme.

The programme will be implemented through two Implementing Agencies, (IAs) responsible for contracting and financial management under the programme. The Central Finance and Contracts Unit (CFCU) in the Ministry of Finance will act as IA for the majority of the components of the programme.

The National Agency for Regional Development will act as an implementing agency only for the project RO-0007.01 Regional Development; investment in NDP priorities.

Technical assistance supporting the regional development investment projects will be contracted by the CFCU.

The Commission will transfer funds to the NF in accordance with the Memorandum of Understanding signed between the Commission and the Government of Romania on 20 October 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 between the NF and the Implementing Agencies. 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 PAO’s and a description of the system put in place, highlighting the flow of information between the NF and the Implementing Agencies 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. 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 IA’s 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.

The National Fund will transfer funds to the Implementing Agencies in accordance with the Financing Agreements (FAs) to be signed between the NF and the CFCU, and the NF and NARD. The FAs will be endorsed in advance by the European Commission. The CFCU will be headed by a Programme Authorising Officer (PAO) appointed by the NAO after consultation with the NAC. Similarly the NAO will confirm the appointment of a PAO within NARD. The PAOs will in both cases be responsible for all the operations carried out by the Implementing Agencies.
The implementing authorities responsible for technical aspects of implementation of all projects and sub-projects within the programme are specified above under Objectives and Description.

A separate interest bearing bank account, denominated in EUR will be opened and managed by the NF in a separate accounting system in a Bank agreed in advance with the Commission. 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 funds transferred to the CFCU and NARD.

The NAO and the PAO will ensure that all contracts are be prepared in accordance with the procedures set out in the DIS Manual. All contracts for investments will be greater than EUR 2 million. Twinning conventions and technical assistance contracts may be for smaller values, as required by the specific nature of institution building projects.

All contracts must be concluded by 30 November 2002. The majority of the disbursements must be made by 30 November 2003. For only two programmes RO-0005.01 - ENERGY SECTOR LIBERALISATION and RO-0007.02 - REGIONAL DEVELOPMENT, the disbursement deadline will be 30.11.2004.

The NAO and the PAOs will ensure that all contracts are be prepared in accordance with the procedures set out in the DIS Manual. For grant schemes whose procedures and formats are not covered by the current DIS manual, the precise implementations arrangements will be designed in the project fiches along 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 vade-mecum on grant management and RELEX standard Grant contract, or any other appropriate formats and procedures for decentralised external aid grants schemes to be developed in the meantime by the Commission. 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 of 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 (Delegation in Bucharest) will be required for the call of 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 to the 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 procurement regulations annexed to the RELEX standard Grant Contract. The decentralised system established for CBC small projects is to be applied.

2 The grant schemes to be financed under this financing proposal form part of the following projects: Civil Society; Quality Infrastructure; Regional Development (Human Resource Development and SMEs).
to all such contracts below 300 000 EUR (or any increased threshold to be fixed by EC Headquarters for small project funds under CBC programmes). 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. Projects implementation and all Phare disbursements are to be done before the expiry date of the present financial memorandum.

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

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

4. MONITORING AND ASSESSMENT

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

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

5. AUDIT AND EVALUATION

The accounts and operations of the National Fund and the CFCU may be checked at the Commission’s discretion by an outside auditor contracted by the Commission without prejudice to the responsibilities of the Commission and the European Union's Court of Auditors as referred to in the General Conditions relating to the Financing Memorandum attached to the Framework Agreement.
The Commission services shall ensure that an ex-post evaluation is carried out after completion of the Programme.

6. VISIBILITY/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 at the Annex D.

7. SPECIAL CONDITIONS

In the event that agreed commitments are not met for reasons which are within the control of the Government of Romania, the Commission may review the programme with a view, at the Commission’s discretion, to cancelling all or part of it and/or to reallocate unused funds for other purposes consistent with the objectives of the Phare programme.

Projects to be implemented through twinning require the full commitment and participation of the senior management of the beneficiary institution. In addition to providing the twinning partner with adequate staff and other resources to operate effectively, the senior management must be whole-heartedly involved in the development and implementation of the policies and institutional change required to deliver the project results.

For all projects with the Ministry of Agriculture, Phare support is conditional on the Ministry of Agriculture providing sufficient qualified full-time personnel for project preparation and implementation. Prior to signature of the Phare 2000 Financing Memorandum the Ministry will provide information satisfactory to the EC Delegation in Bucharest concerning the allocation of appropriate human resources for the Programme Implementing Unit and the various specialised services concerned with specific Phare projects, and these staffing levels will be maintained throughout the duration of the programmes.

Phare support to SME grant and loan schemes under this programme is conditional on the conduct of a review of the main hurdles faced by SMEs in the business environment, particularly obstacles in accessing finance and administrative barriers to investment. Phare support will be provided subject to the preparation by December 2000 of an action plan, acceptable to the Commission, with timetable for removing the barriers identified. Clear benchmarks and indicators of achievement will be indicated in the action plan. Six-month progress report will be submitted to the EC, showing progress achieved against indicators of achievement and milestones set in the action plan. Continuation of Phare support will be conditional on adequate implementation of the action plan for removal of barriers faced by SMEs in their establishment and development.
| Annex I: | Project Fiches and Logframes |
| Annex II: | Cumulative Quarterly Contracting and Disbursement Schedule. |
| Annex III: | Visibility/Publicity |
| Annex IV: | Budget showing one budget line per project, and indicating investment - institution building breakdown |
| Annex V: | Report(s) on activities financed by Phare in previous years in the sectors to be financed |
## Annex II

### Contracting cumulative schedule (MEUR)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RO-0004.01</td>
<td>0</td>
<td>0</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Civil Society</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strengthening the judicial and penitentiary systems</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RO-0004.02</td>
<td>0</td>
<td>0.375</td>
<td>1.036</td>
<td>1.697</td>
<td>2.358</td>
<td>3.019</td>
<td>3.68</td>
<td>4.341</td>
<td>5</td>
</tr>
<tr>
<td>Civil Society</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RO-0005.01</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>28.9</td>
<td>28.9</td>
<td>28.9</td>
<td>28.9</td>
<td>28.9</td>
<td>28.9</td>
</tr>
<tr>
<td>Energy sector liberalisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RO-0005.02</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2.4</td>
<td>7.3</td>
<td>7.3</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Inter-bank payments system</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RO-0005.03</td>
<td>0</td>
<td>0.8</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Securities market regulation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-programme 1 Political Criteria</td>
<td>0</td>
<td>0.375</td>
<td>0.9036</td>
<td>9.036</td>
<td>10.358</td>
<td>11.019</td>
<td>11.68</td>
<td>12.341</td>
<td>13</td>
</tr>
<tr>
<td>RO-0006.01</td>
<td>0</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td>Industrial policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RO-0006.02</td>
<td>0</td>
<td>0</td>
<td>4.4</td>
<td>4.4</td>
<td>4.4</td>
<td>4.4</td>
<td>4.4</td>
<td>4.4</td>
<td>4.4</td>
</tr>
<tr>
<td>Quality Infrastructure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RO-0006.03</td>
<td>0</td>
<td>1.35</td>
<td>1.35</td>
<td>1.35</td>
<td>1.35</td>
<td>1.65</td>
<td>1.65</td>
<td>1.65</td>
<td>1.65</td>
</tr>
<tr>
<td>Mutual recognition of qualifications for professional purposes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RO-0006.04</td>
<td>0</td>
<td>1.5</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Improving the revenue collection system</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RO-0006.05</td>
<td>0</td>
<td>0.75</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Public procurement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RO-0006.06</td>
<td>1.6</td>
<td>1.95</td>
<td>2.4</td>
<td>2.4</td>
<td>2.4</td>
<td>2.4</td>
<td>2.4</td>
<td>2.4</td>
<td>2.4</td>
</tr>
<tr>
<td>Strengthening internal audit and financial control</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RO-0006.07</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>1.6</td>
<td>1.6</td>
<td>1.6</td>
<td>1.6</td>
<td>1.6</td>
<td>1.6</td>
</tr>
</tbody>
</table>

### Annex C
<table>
<thead>
<tr>
<th>Sub-programme 3: Meeting the obligations of the acquis</th>
<th>31/12/2000</th>
<th>31/03/2001</th>
<th>30/06/2001</th>
<th>30/09/2001</th>
<th>31/12/2001</th>
<th>31/03/2002</th>
<th>30/06/2002</th>
<th>30/09/2002</th>
<th>31/12/2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening the Romanian Court of Audit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RO-0006.08 Agricultural policy and co-ordination</td>
<td>0</td>
<td>3.5</td>
<td>3.5</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>RO-0006.09 Agri-food quality control</td>
<td>0</td>
<td>0</td>
<td>2.55</td>
<td>2.55</td>
<td>2.55</td>
<td>2.55</td>
<td>2.55</td>
<td>2.55</td>
<td>2.55</td>
</tr>
<tr>
<td>RO-0006.10 Phytosanitary acquis</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>RO-0006.11 Strengthening the capacity to manage the veterinary acquis</td>
<td>0.2</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>RO-0006.12 Strengthening the capacity to manage the acquis on wine</td>
<td>0</td>
<td>0.75</td>
<td>1.25</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>RO-0006.13 Agricultural and regional statistics</td>
<td>0</td>
<td>2</td>
<td>2.2</td>
<td>3</td>
<td>3.8</td>
<td>4.7</td>
<td>4.7</td>
<td>5.8</td>
<td>6</td>
</tr>
<tr>
<td>RO-0006.14 Implementation of the environmental acquis</td>
<td>0</td>
<td>4.2</td>
<td>4.2</td>
<td>7.5</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>RO-0006.15 Road worthiness enforcement</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>RO-0006.16 Strengthening border management</td>
<td>0.03</td>
<td>0.56</td>
<td>17.06</td>
<td>18.92</td>
<td>18.92</td>
<td>18.92</td>
<td>18.92</td>
<td>18.92</td>
<td>18.92</td>
</tr>
<tr>
<td>RO-0006.17 Fight against drugs</td>
<td>0</td>
<td>0.75</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>RO-0006.18 Support activities to strengthen the European integration process</td>
<td>0</td>
<td>4</td>
<td>5.5</td>
<td>5.5</td>
<td>5.5</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Sub-programme 3: Meeting the obligations of the acquis</td>
<td>6.63</td>
<td>27.71</td>
<td>58.81</td>
<td>67.82</td>
<td>69.12</td>
<td>71.82</td>
<td>71.82</td>
<td>72.92</td>
<td>73.12</td>
</tr>
<tr>
<td>Annex II Contracting cumulative schedule (MEUR)</td>
<td>Annex C</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>---------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RO-0007.01 NDP Implementation IB</td>
<td>0</td>
<td>9</td>
<td>13</td>
<td>13</td>
<td>13</td>
<td>13</td>
<td>13</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>RO-0007.02 Regional Development</td>
<td>0</td>
<td>58.1</td>
<td>69.1</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>Sub-programme 4: Economic and Social Cohesion</td>
<td>0</td>
<td>67.1</td>
<td>82.1</td>
<td>88</td>
<td>88</td>
<td>88</td>
<td>88</td>
<td>88</td>
<td>88</td>
</tr>
<tr>
<td>Total</td>
<td>6.63</td>
<td>95.985</td>
<td>157.946</td>
<td>198.817</td>
<td>205.678</td>
<td>209.039</td>
<td>212.4</td>
<td>214.161</td>
<td>215.02</td>
</tr>
</tbody>
</table>
### Annex IV - Budget Overall Allocations and per components

<table>
<thead>
<tr>
<th>Sub-programme 1</th>
<th>Political Criteria</th>
<th>Phare budget in MEUR</th>
<th>Total Phare</th>
<th>Recipient*</th>
<th>IFI*</th>
<th>Overall Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-total</td>
<td></td>
<td>Phare</td>
<td>(I + IB)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RO-0004.01</td>
<td>Strengthening the judicial and penitentiary systems</td>
<td>7.25</td>
<td>0.75</td>
<td>8.00</td>
<td>2.00</td>
<td>22.00</td>
</tr>
<tr>
<td>RO-0004.02</td>
<td>Civil Society</td>
<td>-</td>
<td>5.00</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sub-total</td>
<td></td>
<td>7.25</td>
<td>5.75</td>
<td>13.00</td>
<td>2.00</td>
<td>22.00</td>
</tr>
</tbody>
</table>

### Sub-programme 2 | Economic Criteria

| RO-0005.01      | Energy sector liberalisation | 20.40 | 8.50 | 28.90 | 47.40 | 132.70 | 209.00 |
| RO-0005.02      | Inter-bank payments system  | 7.00  | 3.00 | 10.00 | 2.00  | 0.30   | 12.3   |
| RO-0005.03      | Securities market regulation | 0.525 | 1.475 | 2.00 | 0.175 | - | 2.175 |
| Sub-total       |                               | 27.925 | 12.975 | 40.90 | 49.575 | 133.00 | 223.475 |

### Sub-programme 3 | Meeting the obligations of the acquis

| RO-0006.01      | Industrial policy            | -                  | 0.60        | 0.60  | -    | -    | 0.60 |
| RO-0006.02      | Quality infrastructure       | 3.00               | 1.40        | 4.40  | 1.17 | -    | 5.57 |
| RO-0006.03      | Mutual recognition of qualifications for professional purposes | 0.30 | 1.35 | 1.65 | 0.15 | - | 1.80 |
| RO-0006.04      | Improving the revenue collection system | 0.50 | 1.50 | 2.00 | 0.125 | - | 2.125 |
| RO-0006.05      | Public procurement           | 0.45               | 1.55        | 2.00  | 0.1125 | - | 2.1125 |
| RO-0006.06      | Strengthening internal audit and financial control | 0.45 | 1.95 | 2.40 | 0.1125 | - | 2.5125 |
### Annex IV - Budget Overall Allocations and per components

| RO-0006.07 | Strengthening the Romanian Court of Audit | 0.70 | 0.90 | 1.60 | 0.175 | - | 1.775 |
| RO-0006.08 | Agricultural policy and co-ordination | 0.50 | 3.50 | 4.00 | 0.25 | - | 4.25 |
| RO-0006.09 | Agri-food quality control | 1.00 | 1.55 | 2.55 | 0.25 | - | 2.80 |
| RO-0006.10 | Phytosanitary acquis | 1.65 | 0.35 | 2.00 | 0.55 | - | 2.55 |
| RO-0006.11 | Strengthening the capacity to manage the veterinary acquis | 3.00 | 1.00 | 4.00 | 0.90 | - | 4.90 |
| RO-0006.12 | Strengthening the capacity to manage the acquis on wine | 1.00 | 1.00 | 2.00 | 0.25 | - | 2.25 |
| RO-0006.13 | Agricultural and regional statistics | 0.80 | 5.20 | 6.00 | 0.27 | - | 6.27 |
| RO-0006.14 | Implementation of the environmental acquis | 2.50 | 5.50 | 8.00 | 1.0 | - | 9.0 |
| RO-0006.15 | Road worthiness enforcement | 3.0 | - | 3.00 | 4.50 | 8.75 | 16.25 |
| RO-0006.16 | Strengthening border management | 17.32 | 1.60 | 18.92 | 6.27 | - | 25.19 |
| RO-0006.17 | Fight against drugs | 0.25 | 0.75 | 1.00 | 0.30 | - | 1.30 |
| RO-0006.18 | Support activities to strengthen the European integration process | - | 7.00 | 7.00 | - | - | 7.00 |
| **Sub-total** | | **36.42** | **36.70** | **73.12** | **16.322** | **8.75** | **98.192** |

#### Sub-programme 4
**Economic and Social Cohesion**

| RO-0007.01 | NDP implementation IB | - | 13.00 | 13.00 | - | - | 13.00 |
| RO-0007.02 | Regional Development | 75.00 | - | 75.00 | 25.00 | - | 100.00 |
| **Sub-total** | | **75.00** | **13.00** | **88.00** | **25.00** | - | **113.00** |

**TOTAL:** | **146.595** | **68.425** | **215.02** | **92.897** | **163.75** | **471.667** |

| % | 68 | 32 |
### Annex V  Report(s) on activities financed by Phare in previous years in the sectors to be financed   Annex C

<table>
<thead>
<tr>
<th>Code No.</th>
<th>Subject Area</th>
<th>allocated budget for 2000</th>
<th>Relevant Phare activities in previous years</th>
</tr>
</thead>
<tbody>
<tr>
<td>RO-0004</td>
<td>POLITICAL</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| RO-0004.01  | Strengthening the Judicial and Penitentiary Systems | 8.00                      | RO-9705-01 Assistance to the development of the National Institute for Magistrates (training and endowment of the institute).  
RO-9705-02 Case and Document Management System and Legal Library and Documentation System.  
1998 twinning programme for the Ministry of Justice (reinforcement of the institutional capacity in managing the “Acquis” and training in different Romanian jurisdictions).  
RO-9905-01 Continuous reform of the Romanian Judiciary (continuation of assistance to the NIM and further development of the case and document management systems – cdms) |
| RO-0004.02  | Civil Society                       | 5.00                      | RO-97 Cultural dimension of Phare democracy in Romania; main aims:  
1) Support the development of the democracy in civil society and cultural rights to expression, especially in multi-cultural communities.  
2) Train arts managers and project administrators to lead the development and reform.  
3) Provide financial support to good-practice projects resulting into self-sustaining activities.  
4) Bolster strategic development and planning capacity both at central level as well as de-centralised level.  
5) Promote immediate participation in EU programmes in the filed of art and socio-cultural development |
| Sub-total   | 13.00                               |                           |                                             |
| RO-0005     | ECONOMIC CRITERIA & INTERNAL MARKET |                           |                                             |
| RO-0005.01  | Energy Sector Liberalisation        | 28.90                     |                                             |
| RO-0005.02  | Inter-bank Payments System          | 10.00                     | RO-9809 privatisation of state owned banks and insurance privatisation and supervision. |
| RO-0005.03  | Securities Market Regulation        | 2.00                      |                                             |
| Sub-total   | 40.90                               |                           |                                             |
### Annex V  Report(s) on activities financed by Phare in previous years in the sectors to be financed  Annex C

<table>
<thead>
<tr>
<th>Code No.</th>
<th>Subject Area</th>
<th>allocated budget for 2000</th>
<th>Relevant Phare activities in previous years</th>
</tr>
</thead>
<tbody>
<tr>
<td>RO-0006</td>
<td><strong>MEETING THE OBLIGATIONS OF THE ACQUIS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RO-0006.01</td>
<td>Industrial Policy</td>
<td>0.60</td>
<td>RO-9906-01 Development of the quality infrastructure and integration of Romania into the internal market (create the conditions to enable Romania in future to conclude protocols on European conformity assessment in important production sectors in line with the AP and the NPAA).</td>
</tr>
<tr>
<td></td>
<td>Quality Infrastructure</td>
<td>4.40</td>
<td></td>
</tr>
<tr>
<td>RO-0006.02</td>
<td>Mutual Recognition of Qualifications for Professional Purposes</td>
<td>1.65</td>
<td>RO-98 Horizontal twinning/technical assistance featuring on legislation, structural and organisational development and management strengthening.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>RO-9907-01 Strengthening border management control – meeting the obligations of the “acquis” (development of training for border guards and border police and supply of modern equipment).</td>
</tr>
<tr>
<td>RO-0006.03</td>
<td>Improving the Revenue Collection System</td>
<td>2.00</td>
<td>1997 Introduction of the tax on global income (three components: informatisation system for the administration of respective taxes, information and awareness campaign to inform the population and training of employees).</td>
</tr>
<tr>
<td>RO-0006.04</td>
<td>Public Procurement</td>
<td>2.00</td>
<td>RO-9907-03 Institution Building for the Ministry of Finance main aims: 1) Enforce the harmonised public procurement legislation by establishing adequate administrative capacities aimed at enhancing competition.</td>
</tr>
<tr>
<td>RO-0006.05</td>
<td>Strengthening Internal Audit and Financial Control</td>
<td>2.40</td>
<td>2) Strengthening the key functions of the Ministry of Finance through improving the treasury management system.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3) Strengthening the Ministry of Finance’s ability to select and programme investment projects and capital expenditures within the state budget.</td>
</tr>
<tr>
<td>RO-0006.06</td>
<td>Strengthening the Romanian Court of Audit</td>
<td>1.60</td>
<td>4) Technical assistance for upgrading and enhancing the procedures and skills related to the control of the community funds utilisation.</td>
</tr>
<tr>
<td>RO-0006.07</td>
<td>Agricultural Policy and Co-ordination</td>
<td>4.00</td>
<td>5) Establishing the CFCU as specialised contract and financial management organisation.</td>
</tr>
<tr>
<td>RO-0006.08</td>
<td>Agri-food Quality Control</td>
<td>2.55</td>
<td>1997 Harmonisation of standards of food products; support to related Ministries and food industries is subjects such as: harmonisation of legislation, development of structures and capacities, strengthening enforcement mechanisms, improve the capacity of main laboratories, develop sustainable technical information, make available information on legislation, quality standards and new technologies, improve the quality management, adopt new procedures and technologies and increase the awareness of quality concepts.</td>
</tr>
<tr>
<td>RO-0006.09</td>
<td>Phytosanitary Acquis</td>
<td>2.00</td>
<td></td>
</tr>
</tbody>
</table>
## Annex V  Report(s) on activities financed by Phare in previous years in the sectors to be financed  Annex C

<table>
<thead>
<tr>
<th>Code No.</th>
<th>Subject Area</th>
<th>allocated budget for 2000</th>
<th>Relevant Phare activities in previous years</th>
</tr>
</thead>
<tbody>
<tr>
<td>RO-0006.10</td>
<td>Strengthening the Capacity to manage the Veterinary Acquis</td>
<td>4.00</td>
<td>1997  SOP97 – statistics programme Support the full and rapid integration of the Romanian statistical system into the European one through fully comply with the main EU norms and standards by 2000 and strengthen the bases for a sustainable statistical system, harmonised with the EU statistical system.</td>
</tr>
<tr>
<td>RO-0006.11</td>
<td>Strengthening the Capacity to manage the Acquis on Wine</td>
<td>2.00</td>
<td></td>
</tr>
<tr>
<td>RO-0006.12</td>
<td>Agricultural and Regional Statistics</td>
<td>6.00</td>
<td>1993  Support the implementation of the Europe agreement. RO-9706  Enhanced pre-accession assistance (streamlining the national administrative system for the advancement of matters of EU integration). RO-9907-02  Pre-accession support activities (impact studies and support to the European Institute of Romania).</td>
</tr>
<tr>
<td>RO-0006.13</td>
<td>Implementation of the Environmental Acquis</td>
<td>8.00</td>
<td></td>
</tr>
<tr>
<td>RO-0006.14</td>
<td>Road Worthiness Enforcement Project</td>
<td>3.00</td>
<td></td>
</tr>
<tr>
<td>RO-0006.15</td>
<td>Strengthening Border Management and Asylum</td>
<td>18.92</td>
<td></td>
</tr>
<tr>
<td>RO-0006.16</td>
<td>Fight Against Drugs</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>RO-0006.17</td>
<td>Support Activities to Strengthen the European Integration Process</td>
<td>7.00</td>
<td>1993  Support the implementation of the Europe agreement. RO-9706  Enhanced pre-accession assistance (streamlining the national administrative system for the advancement of matters of EU integration). RO-9907-02  Pre-accession support activities (impact studies and support to the European Institute of Romania).</td>
</tr>
<tr>
<td>Sub-total</td>
<td></td>
<td></td>
<td>73.12</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Code No.</th>
<th>ECONOMIC &amp; SOCIAL COHESION</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RO-0007.01</td>
<td>NDP Implementation Support</td>
<td>13.00</td>
<td>1997  Regional development institution-building programe (establish an effective infrastructure for implementing regional development policy both at national and regional level by the end of 1998.</td>
</tr>
<tr>
<td>RO-0007.02</td>
<td>Regional Development – Investment in NDP</td>
<td>75.00</td>
<td>1997  Small-scale enterprise credit schemes (support SME’s and local development initiatives through the mobilisation of medium-term financial resources to encourage investment and income-generating</td>
</tr>
</tbody>
</table>
### Annex V  Report(s) on activities financed by Phare in previous years in the sectors to be financed  Annex C

<table>
<thead>
<tr>
<th>Code No.</th>
<th>Subject Area</th>
<th>allocated budget for 2000</th>
<th>Relevant Phare activities in previous years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Priorities</td>
<td></td>
<td>RO-9808 National roads rehabilitation projects (development of PAN European transport corridors and adoption of the “acquis” and assist in regional socio-economic development and increase in international exchange of persons, capital and goods).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>RO-9904 Enterprise restructuring and employment conversion programme (RICOP); main aims:</td>
</tr>
<tr>
<td>RO-9808</td>
<td></td>
<td></td>
<td>1) Assist the Government to implement policies and actions to restructure, privatise (evt. Liquidate) loss-making enterprises and respect its engagement in the context of IMF and WB loans currently under negotiation.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2) Mitigate the consequences of enterprise closure through a strengthened social safety net and through the promotion of employment initiatives.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3) Encourage economic activity leading to sustainable employment creation through assistance to small- and medium-sized enterprises and micro businesses.</td>
</tr>
<tr>
<td>Sub-total</td>
<td></td>
<td>88.00</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>Phare National Support</td>
<td>215.02</td>
<td></td>
</tr>
</tbody>
</table>