Standard Summary Project Fiche

1. Basic Information

1.1 Desiree Number: RO-2002/000.586.04.02

1.2 Title: Further support for implementation of the acquis on competition policy and state aids
(Further development of competition authorities’ capacity to implement the competition and state aid acquis communautaire to EU standards of application)

1.3 Sector: Competition and State Aid

1.4 Twinning component: RO/02/IB/FI/02 – Further development of Competition Authorities capacity to implement the competition and state aid acquis communautaire to EU standards of application, budget: 1.35 M€, duration: 24 months

1.5 Location: Bucharest – Romania

2. Objectives

2.1 Overall Objectives:

- To create and maintain a normal competitive environment capable to cope with the competitive pressure within the internal market, essential for a sustainable economic growth and welfare of consumers.
- To further strengthen the administrative capacity of the competition authorities in order to ensure a more effective and transparent enforcement of the competition and state aid acquis and focused on most serious distortions to competition;
- To accustom the companies and public authorities to a competition discipline on market such as of the Community.

2.2 Project purpose:

Further transpose the acquis communautaire in the competition and state aid field and further development of competition authorities’ capacity to implement this acquis to EU standards of application, ensuring thus a competitive environment and discipline in line with EU standards in this field.

2.3 Accession Partnership and NPAA priority
The project is a priority of the National Programme for the Adoption of the Acquis (NPAA) and its objectives are in line with most recent EC recommendations and conclusions of the process of negotiations for the accession to EU.

The 2001 Accession Partnership highlights the following priorities:

- complete the legislative framework in both state aid and anti-trust;
- strengthen the administrative capacity of the competition authorities;
- ensure enforcement of the rules in competition and state aid including the alignment of incompatible aid schemes;
- complete the state aid inventory and prepare the annual reports;
- increase awareness of the rules among all market participants and aid grantors;
- intensify training of the judiciary in the competition field.

The European Union Common Position of the Accession Negotiations, November 2001 supplementary recommend to submit the sensitive sectors to an effective state aid control.

The Regular Report on Romania's Progress, November 2001, underlines that the competition authorities need:

- further reinforcements – especially in the form of human resources, training and IT equipment in order to fulfil the tasks assigned to them;
- to focus the resources more effectively on cases with most serious distortions to competition;
- to apply a more deterrent sanctioning policy;
- to intensify the training of the judiciary in these specific fields;
- to improve access of the public to relevant documents;
- to raise awareness of the policy and legislative provisions in competition and state aid field amongst all market participants and especially amongst administrations granting state aids,

3 Description

3.1 Background and justification

As the Accession Partnership underlines, the EU membership requires candidate countries to meet the Copenhagen criteria, among which is the “existence of a functioning market economy, as well as the capacity to cope with the competitive pressure and market forces within the Union”. In this respect the role of the competition authorities is to ensure a sound legislative framework and a fair, transparent and deterrent application of it, corroborated with an intensive advocacy of the competition policy, rules and their enforcement amongst market participants, judiciary and public authorities, creating thus the premises for a normal competitive environment and discipline adapted to the EU internal market requirements.
The implementation of the competition policy is a key element in fostering structural adjustment and promoting sustainable economic growth and it represents therefore a Strategic Option (3.1) of the Governing Programme for 2001-2004. The competition policy encompasses economic regulations, privatisation, antitrust measures, state aids’ supervision, international trade. In this respect, and as provided for by the Common Position for chapter 6 - Competition Policy, “a special attention must be paid to the links between chapter 6 - Competition Policy and other negotiation chapters such as: taxation, energy, industrial policy, regional policy and agriculture, in order to apply the competition and state aid policy and rules in the structural reform”.

In this light, this project envisages preparing the competition authorities, in their capacity as integrator for chapter 6 “Competition Policy” to play their role in the preparation process of the accession to the EU.

Besides administrative and budgetary measures, strengthening the administrative capacity also refers to measures addressed to consolidating the authority conferred to the competition authorities by the Laws they administrate. In this respect, both institutions have much to do in compensation until the state aids’ notifying and reporting reflex will be established and the decisions of the Competition Council observed by the state aids’ suppliers and by regulators at large.

Romania assumed within the negotiation process for chapter no. 6 “Competition Policy” the commitment to observe the Community competition rules in force on the date of accession to the European Union. With PHARE assistance and supported by DG Competition, the competition authorities completed the basic legislation (Competition Law no 21/1996 and the Law on State Aid no 143/1999); according to the calendar of adoption of the acquis, the transposition of the secondary legislation is ongoing. There also must be taken into consideration the adjustments of the secondary legislation that will be necessary due to the latest developments of the acquis.

The competition authorities have to increase their role in the legislative drafting process in order to avoid incompatibilities with the competition and state aid rules and in promoting measures of de-monopolization and opening of markets to competition.

For a more successful dealing with cartel cases, the Romanian competition authorities consider appropriate to analyse in the near future the adoption of the new leniency EC rules of February, 2002. “The 1996 leniency policy played an important role in uncovering and punishing secret cartels in the last five years. The new policy will create even greater incentives to denounce this scourge of the economy which has companies making illicit profits at consumers’ expense” (statement of Mr. Mario Monti, the EC Competition Commissioner).

In these basis the project aims at improving the institutional capacity to apply the laws and the new adopted secondary legislation in this field and to raise the awareness of the business and judiciary environment for preparing a competition discipline in line with internal market requirements.
It also aims at analysing the possibilities to introduce the Regulatory Impact Analysis (RIA) system, by which each draft law would be submitted to a preventive analysis in order to assess all possible negative consequences on the market.

### 3.2 Linked activities

- The Competition Council and the Competition Office benefited of assistance granted through Phare/REPEDE Program 9303/10/03/03(ECU 600,000) oriented toward the regulatory activity of the Competition Council and Competition Office completing the secondary legislation on competition as well as toward drafting the State Aid Law, and training the staff of both institutions.
- At present the Competition Council and Competition Office benefit of the PHARE Program no. RO 99 06 02 which consists of a Twinning Program “Effective enforcement of competition and state aid policy” with the Federal Ministry of Finance from Germany and Competition Authority from Italy, ending in October 2002 and an IT investment component.

By the end of the twinning programme and according to the following timetable, the secondary competition legislation will be completed by:

**1\(^{st}\) quarter of 2002:**
- Adopting of the Regulation on the application of Article 5 of the Competition Law no. 21/1996 to vertical agreements;
- Adopting of the Guidelines on vertical restraints;
- Adopting the Regulation on granting exemption to the specialization agreements concluded between the competing undertakings from the application of the prohibitions stipulated in Art. 5(1) of the Competition Law no. 21/1996;
- Adopting the Regulation on granting exemptions to categories of research and development agreements from application of the prohibitions stipulated in art. 5(1) of the Competition law no. 21/1996;
- Adopting the Guidelines on application of Art. 5 of the Competition Law no. 21/1996 to the horizontal co-operation agreements;
- Completing the Regulation upon authorization of Economic Concentration with detailed provisions on the deadlines for notification;

**Results:** these regulations were adopted and will be printed in the Official Journal during April.

**3\(^{rd}\) quarter of 2002:**
Completing the Regulation on granting exemptions per categories of agreements, decisions by associations or concerted practices from the prohibitions provided for in Art. 5(1) of the Competition Law no. 21/1996 with specific provisions for:
- maritime liner companies – estimated date for adoption: 31 August 2002;
- transport sector - estimated date for adoption: 31 August 2002;
- telecommunication sector - estimated date for adoption: 30 September 2002;

The drafts will be elaborated by end of June, 2002.
In order to properly implement the new adopted 2001-2002 secondary legislation, raising thus the efficiency of handling anti-competitive cases for allowing to focus the activity on cases with most serious distortions to competition, further support will be strongly needed, both in training the staff and assisting in cases handling.

As concerns the secondary legislation in the state aid field, there is a similar situation. In accordance with the following timetable, during 2002 there will be drafted and adopted:

1st quarter of 2002:
- Regulation on regional aid and aid for SMEs;
- Regulation on state aid for rescuing and restructuring firms in difficulty;
- Regulation on research and development aid;
- Regulation on training aid;
- Regulation on environmental aid;

Results: these regulations were adopted and will be printed in the Official Journal during April.
The proposal for the regional map was elaborated during 2001 and submitted to the European Commission.

2nd quarter of 2002:
- Regulation on state aid for undertakings in urban deprived areas;
- Regulation concerning the state aid in the form of guarantees;
- The regional map on 2002 (which expires at December 31, 2002, along with the status resulting from the application to Romania of the Art. 87 (3) (a) of the Treaty of Amsterdam for the period 1998-2002); the proposal for the regional map on 2003-2006 will also be submitted to the EC during 2002;
- Adjustment of the Government Decree no. 599/21.07.2000 approving the reporting, monitoring and informing procedures for the enforcement of the Law no. 143/1999 on state aid and the completion of it with specific provisions concerning the transparency of financial relations between Member States and public undertakings.

3rd quarter of 2002:
- Regulation on employment state aid (revised version in EU);
- `Multisectoral framework for large regional investments projects in different sectors (new version).

A special situation concerns the new EC multisectoral framework for large investments in different sectors. In February 2002, a new multisectoral framework was adopted in EU, going to be applied:

- for steel sector starting with 24.07.2002;
- for automobiles and synthetic fibres sector starting with 01.01.2003;
- for other sectors starting with 01.01.2004.
A decision regarding the transposition and date of starting the application of these new rules in state aid field in Romania has to be taken before the end of April the latest. Therefore, it is difficult to evaluate at this moment whether the need for assistance in drafting the new Romanian secondary legislation in this field concerns the on-going or the next proposed twining project; we’ll take in consideration year 2003 as the most probable transposition timing for the above mentioned rules regarding the other sectors.

Only in part, the new secondary legislation will be subject for training the Romanian experts in the context of the activities planned for 2002, as follows:

• starting with April 2002 and ending in September 2002 (while the transposition process ends in August and September – for telecommunication sector):
  - workshops on state aid issues: 2 in Bucharest (April, July), and 3 in the country for local inspectorates of the Competition Office (April, June and September);
  - seminars on competition issues: 1 in Bucharest (April, dedicated to network industries) and 3 in the country for local inspectorates of the Competition Office (April, June, September);
  - seminars for judges and legal experts, on competition and state aid issues: 2 in Bucharest, (April and September);
  - conference on state aid issues, Bucharest: 1, July;
  - conference on competition issues, Bucharest: 1, September;
  Mostly for the staff of the 2 competition institutions (in Bucharest), the training concerning the new issued regulations and guidelines is not sufficiently covered.

• starting with March and ending in September 2002 (but this form of training address to a smaller number of participants in comparison to seminar and workshops), training in Member States for equal numbers of Competition Council and Competition Office experts:
  - study visits on state aid issues: for 12 Romanian competition experts, for 12 days;
  - study visits on competition issues: for 10 Romanian competition experts, for 9 days;
  - seminar for judges and legal experts: 12 persons for 7 days;
  - internship on competition issues: 4 experts for one month;
  - internship on state aid issues: one at the European Commission: 2 experts for one month and a half; one in Germany for 2 experts for one month.

Results: the workshops and seminars (of 3 days each) organized and going to be organized in the period of this programm address to, in average, 20-30 participants, which are experts from the competition institutions, ministries, Supreme Court of Justice, Court of Appeal, public institutions, companies.

In 2001 and 2002 (till March) were organised:
  - 3 competition seminars in Bucharest (out of which one for legal experts);
  - 1 competition seminar for the local inspectorates of the Competition Office;
  - 3 workshops on state aid issues: 2 in Bucharest, 1 in county for local inspectorates of the Competition Office;
  - 2 study visits on state aid and one on competition issues for 10 and, respectively, 12 participants;
- 1 internship on state aid issues for 4 experts.

In the same period 3 special visits (3 days each) of short term experts took place (2 for reporting state aids and revision of state aid schemes and 1 for legal drafting).

In 2002, 3 other special visits of short term experts will take place as follows: in May, June, July - also on state aids’ reporting and revision of state aid schemes.

Considering the volume, complexity and importance of the new transposed secondary legislation, (adopted in April and going to be adopted in August-September, 2002) the training is further required in order to ensure effective enforcement of the anti-trust and state aid rules as well as assistance for correctly analysing, monitoring, inventoring and reporting the state aids, for the alignment of the incompatible state aids.

As regards the equipment procurement component, the budget allocated to this component was 0.395 MEURO.

**Results:** Both Competition Council and Competition Office were equipped with PC’s and xerox-machines, being thus created the conditions for a more efficient work.

### 3.3 Results

**Twinning**

The following results will be achieved by common work of the Romanian and Member State’s experts.

**A. Legislative transposition completed and competition policy enforced**

3.3.1 Complete legislative framework in both competition and state aid field, fully harmonized with the acquis.

3.3.2 Effective enforcement of the competition and state aid policy and rules, based on higher skill of competition authorities’ staff.

3.3.3 State aids compatible with EU principles;

3.3.4 Companies, public authorities and judiciary system trained and informed on competition discipline on market such as of the Community, in order to be accustomed to it well before accession and joining the internal market.

**B. Equipment needs assessed and equipment procurement component prepared for tendering and evaluation. IT Assessment Report containing the Technical Specifications.**

**C. Adequate IT equipment provided to both institutions, ensuring high efficiency of work**

### 3.4 Activities

For result A: Twinning – “Effective enforcement of competition and state aid policy – II”
The following results will be achieved by common work of the Romanian and Member State’s experts.

3.4.1 **Completion of the legislative framework by the following means:**

a) Support for the evaluation of the remaining areas of existing legislation in the competition and state aid field as to its complete harmonization with the acquis and of the opportunity to amend the competition and state aid laws;
b) Support in amending, if necessary the competition and state aid laws;
c) Support in drafting the regulations on multisectoral framework for regional state aids in other sectors than steel, automobiles and synthetic fibres;
d) Support in adapting the competition and state aid secondary legislation in accordance with the latest developments of the acquis in this field;
e) Support in introduction of RIA in the Romanian legislation;
f) Support in transposition of the EC leniency policy into the Romanian legislation;
g) Support for drafting procedural rules for enforcement of the Law against unfair competition

Support to be provided for by EU long term experts, one on competition and one on state aid matters, working at the Competition Council and Competition Office;

3.4.2 **Training for:**

a) Improving the level of skill of personnel (both for existing staff and for new employees) dealing with competition and state aid issues and involved in the decision making process, in accordance with the new transposed secondary legislation and covering links with the other chapters of negotiations such as: taxation, energy, industrial policy, regional policy and agriculture.

Every two month seminars or workshops in Bucharest and quarterly in county inspectorates, covering both practical cases and theoretical aspects in competition and state aid field; lectures provided for by 2-3 short-time EU experts, assisted by the long-term experts. Representatives from public authorities, business community and judiciary system will be invited to participate.

Quarterly study stages or internships in EU Member States’ competition authorities or institutions involved in the competition legal or practical aspects.

b) Enhancing the capabilities of the staff dealing with the European Integration process, European Union specialized institutions and specific policies, in the negotiation process. Study visits for European Integration experts from Competition Council and Competition Office in EU Member States/European Commission advanced candidate countries.

c) Training the Competition Office staff on the unfair competition and commercial policies matters.
3.4.3 Support at the Competition Council and Competition Office premises on:
   a) Cases’ handling in the competition field, provided for by EU medium term experts;
   b) state aid issues by a EU long term expert (mentioned above) for the purpose of analyzing and correct qualifying the state aids and aligning the incompatible existing state aids with the EU principles;
   c) state aid issues in the Competition Office by a long term EU expert for the purpose of correct inventorying, monitoring and reporting state aids.

3.4.4 Aligning the incompatible state aids:
   a) Analysis and alignment of incompatible aid schemes with assistance from the long-term EU experts on state aid;
   b) Investigations of illegal state aids and taking remedy measure;

3.4.5 Competition advocacy within judiciary system, amongst market operators, public authorities, especially amongst administrations granting state aids;
   a) Quarterly conferences on different aspects related to the competition policy implementation in a transition economy, requirements of accession to EU in respect with a functional market economy based on internal markets opened to competition and on competition discipline. Special attention will be given to monopolies and market domination, privatization, public utilities, state aids in the light of the new Romanian state aid secondary legislation. Lectures will be provided for by short-term experts assisted by the long-term experts working at the Romanian competition authorities, which might focus their interventions on the specific Romanian problems in the respective stages of the accession process.
   b) Workshops located at the premises of Ministry of Public Finance, Ministry of Development and Prognosis, Public Administrations, Authority of Privatization and Management of State Ownership.
   c) Study visits for judges and legal experts at the competition authorities of the EU Member States.

For result B: Technical Assistance

3.4.6 Evaluation of both institutions’ current needs as regard IT equipment procurement; preparation of the technical specifications.

For result C: Investment

3.4.7 Supply with the necessary streamlined hardware and software equipment for both institutions, at their central and regional offices

3.4.8 Supply with the necessary streamlined IT equipment (hardware and software).

Pre-Accession Adviser:

Tasks:
- responsible for the overall co-ordination of the project; for this purpose he/she will take permanent residence in Romania.
- co-ordinates and supervises the project;
- organises project implementation, especially steers the assignments of the long, medium and short term experts, training measures, conferences, internships, study visits etc;
- provides day-to-day advice to the Competition Council and the Competition Office.

Profile
Expert on state aid (-preferable) and/or competition matters; as the most of the Competition Council and Competition Office officials are speaking English language, for a greater efficiency of the programme is requested that the PAA to be an English language speaker.

Duration of assignment: 24 months

4. Institutional framework

Competition Council
The Competition Council is an autonomous body with regulatory competence and investigation powers in the field of competition and state aid policy, according to the Competition Law no 121/1996.

In order to carry out its prerogatives, the Competition Council sets up its own apparatus, consisting of specialized and functional compartments. The specialized compartments of the Competition Council are: three investigation departments (consumer goods, industrial goods and services), Research Directorate, Legal Directorate and Foreign Affairs Directorate. According to the Competition Council President’ Order no. 38/18.02.2002, the Regulation on organizing, functioning and procedures of Competition Council was modified with the aim of setting up the new State aid Department. This Order provides for 21 experts for this new department and a total number of 205 persons to cover all the activities of the institution.

Competition Office
The Competition Office is a governmental specialized body, under the coordination of the Ministry of Public Finances. Besides its investigation powers in the anti-trust field, it has competence according to the Law on state aid no. 143/1999 in inventorying, monitoring and reporting the state aids.

Starting with June 2001, the Competition Office also administrates the Law against unfair competition no. 11/1991, modified by Law no. 298/2001.

According to the Developing Strategy of Competition Office for the period from 2002 until 2004 (included in the Public Finance Ministry Strategy), it is foreseen the establishment of two Directorates, one for State Aid and one for European
Integration, and the establishment of one department specialized in unfair competition. The two institutions are keeping informed each other on the cases they investigate and cooperate in solving them while Competition Council is making decisions in all investigated cases.

5. Detailed budget

<table>
<thead>
<tr>
<th>PHARE Support</th>
<th>MEURO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Support</td>
<td>Institution building</td>
</tr>
<tr>
<td>Contract 1 (Twinning*)</td>
<td></td>
</tr>
<tr>
<td>Contract 2 (Technical assistance for evaluation of the IT necessities)</td>
<td></td>
</tr>
<tr>
<td>Contract 3 (Investment in IT equipment)</td>
<td>0.60</td>
</tr>
<tr>
<td>Total</td>
<td>0.60</td>
</tr>
</tbody>
</table>

The total budget of PHARE programming 2002 is 2.600.000 EURO equally shared between the Competition Council and Competition Office.

* The on going Twining programme mentioned under “Linked activities” proved itself to be – in the light of our experience with the previous PHARE programme (technical assistance) - the most appropriate way to cover the need in EU support for transposition and application of the acquis for both competition authorities, ensuring high level of this support through presence of very skilled high level experts with sound experience in the field. As this programm ends before the deadline of transposition of the acquis in this field and further support in the same manner is still strongly needed, we proposed as form of this support the Twinning alternative.

6. Implementation Arrangements

In case that the Twinning Covenant can not be concluded in due time, in order to carry out the activities and to achieve the objectives provided in the Project Fiche, granting the Classic Technical Assistance will be necessary as an alternative.
6.1 Implementing Agency:

Central Finance and Contracts Unit
36-38, Mendeleev Street, 4th floor,
sector 1, Bucharest
Contact person: Jeana Buzduga
fax: 00 40 1 312 42 08

6.2 Twinning

Implementing Authority:

**Competition Council**
Contact person Ms. Doina Ion Tudoran, Director of the Directorate for International Aspects
Address 1, Calea 13 Septembrie, The alace of Parliament, sector 5, Bucharest, tel: 00 40 1 3373644, fax: 00 40 1 335 86 46, e-mail: council@rccomp.eunet.ro

**Competition Office**
Contact person Mr. Daniel Diaconescu, head of unit
Address 12, Bld. Libertatii, sector 4, Bucharest, tel: 00 40 1 4105901, fax: 00 40 1 3150834, e-mail: oficiulconcurentei@bimos.ro

The Project leader will be appointed later on.

**The Romanian partner will provide:**

- Adequate human resources to implement the twinning project together with the twinning partner;
- All the facilities which are necessary for the smooth implementation of the twinning (office, computer, printer, telephone, access to internet, etc.);
- Funds to cover any travel costs of the Romanian authorities in the context of training or seminars or study visits, if any.

6.3 Expected contracts

Three contracts are expected.

<table>
<thead>
<tr>
<th>Contract</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract 1</td>
<td>Institution building Twinning</td>
<td>1350000</td>
</tr>
<tr>
<td>Contract 2</td>
<td>Institution building TA</td>
<td>50000</td>
</tr>
<tr>
<td>Contract 3</td>
<td>Investment support</td>
<td>600000</td>
</tr>
</tbody>
</table>

Phare Gross total in euro **2000000**
7. Implementation Schedule

24 months

7.1 Start of tendering
As soon as possible after the signature of the Financing Memoranda, possibly at 10 January 2003 for contract 1 and 2 (Institution building).

7.2 Start of project activities
Expected date of commencement of first contract: 01.07.2003

7.3 Project completion
30.06.2005

8. Equal opportunity

The technical nature of the project makes possible equal participation of women and men provided that they show the relevant qualifications. It should be noticed that Competition Council and Competition Office female staff does not suffer from discrimination when considering their relative weight in upper or middle management.

9. Environment

Neither environmental screening has been completed nor environmental impact has been produced because the equipment is standard office equipment (computers, printers, copiers,...).

10. Investment criteria

10.1 Catalytic effect

Without Phare assistance, the necessary steps for meeting the *acquis communautaire* will risk to be postponed.

10.2 Co-financing

According to Phare rules a Romanian co-financing of at least 30% of equipment is foreseen.

No other donor can be attracted for co-financing Competition Council and Competition Office equipment.

10.3 Additionality
The present Phare project will not displace competing investment from the private sector because it assists in providing legal services to the business community that can only be provided by a state body.

10.4 Project readiness and size

According to proposed schedule.

The total size of the investment foreseen by the project is 0.800 million euro. Phare contribution is of 0.600 million euro and Romanian co-financing amounts to 0.200 euro (30%).

10.5 Sustainability

The investment is necessary in order to improve activity of the Romanian business community. It aims to let Competition Council and Competition Office comply with the requirements of the acquis communautaire.

Future maintenance and operating costs will be paid by both beneficiaries.

10.6 Compliance with state aid provisions

The foreseen equipments are provide to administrative bodies and are not subsidizing any activity that might disrupt any market equilibrium.

11. Conditionality and sequencing

In order to ensure the appropriate implementation of the project, the Romanian authorities should be committed to:

1) Take all necessary measures so as to ensure that all financial or direct contributions in kind to the present assistance project are put at the disposal of the project, including to Competition Council and Competition Office at the appropriate moment

2) Inform the EC Delegation without delay of any situation (structural, political, economical or social), which may interfere with the good implementation of the project

3) Adapt without delay national legislation and regulations to fulfil the project aims

4) Present all amending provisions to existing laws and regulations, and any new laws and regulations to the Romanian Parliament for vote before the end of the project, if necessary, or adopting themselves, if the case, necessary regulation in the same period of time.
<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>To create and maintain a normal competitive environment capable to cope with the competitive pressure within the internal market, essential for a sustainable economic growth and welfare of consumers.</td>
<td>Increased administrative efficiency of both institutions by the end of the project</td>
<td>Evaluations by European Commission and Member States of the state of play in the Romanian competition field</td>
</tr>
<tr>
<td>To further strengthen the administrative capacity of the competition authorities in order to ensure a more effective and transparent enforcement of the competition and state aid acquis and focused on most serious distortions to competition;</td>
<td>Increase the awareness of relevant public institutions on competition/state aid issues by the end of the project;</td>
<td>EU Common Position on the Chapter 6 “Competition Policy</td>
</tr>
<tr>
<td>To accustom the companies and public authorities to a competition discipline on market such as of the Community.</td>
<td>Number of persons trained in competition, state aid and unfair competition by the end of the project</td>
<td>Country Reports</td>
</tr>
<tr>
<td>Project purpose</td>
<td>Objectively Verifiable Indicators</td>
<td>Sources of Verification</td>
</tr>
<tr>
<td>Further support for implementation of the acquis on competition policy and state aids (Further development of competition authorities’ capacity to implement the competition and state aid Acquis Communautaire to EU standards of application)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Programme name and number</td>
<td>Contracting period expires 30.11. 2004</td>
<td>Disbursement period expires 30.11. 2005</td>
</tr>
<tr>
<td>Total budget : €2,6 million</td>
<td>Phare budget : €2 million</td>
<td></td>
</tr>
</tbody>
</table>
ANNEX 1: LOGICAL FRAMEWORK PLANNING MATRIX

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively Verifiable Indicators</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Further transpose the acquis communautaire in the competition and state aid field and further development of competition authorities’ capacity to implement this acquis to EU standards of application application, ensuring thus a competitive environment and discipline in line with EU standards in this field</td>
<td>Increased degree of the legislative transposition</td>
<td>EU Common Position on the Chapter 6 “Competition Policy Country Reports</td>
</tr>
</tbody>
</table>
### ANNEX 1: LOGICAL FRAMEWORK PLANNING MATRIX

| 1. | Complete legislative framework in both competition and state aid field, fully harmonized with the acquis. | Completed legislative framework; Regulations and guidelines adopted by the Competition Council. | • Official Journals
  - Decisions of the Competition Council published in the Official Journals;

  - Annual Reports of the activity of the Competition Council submitted to the Parliament and to the civil society.
  - State aid Inventory
  - Quarterly Reports made by Twinning Team
  - Annual Country Reports by EC
  - Monitoring Reports by EC Delegation

| 2. | Effective enforcement of the competition and state aid policy and rules, based on higher skill of competition authorities’ staff. | - Number of cases investigated by the Competition Council and Competition Office; ex officio investigations; ex officio intimations to the state authorities;
  - Number of notified mergers
  - Number of decisions issued by the Competition Council;
  - Ratio of infringements of laws in the field against total number of cases analysed by the competition authorities;
  - Ratio of notified and compatible state aids against the total number of granted state aids analysed and identified by the competition authorities; comparison with previous years data;
  - Ratio of notified and compatible state aids against the total number of granted state aids analysed and identified by the competition authorities; comparison with previous years data;
  - Number of complaints received by the Competition Council and Competition Office. | Support from other relevant institutions (public authorities, business community, judiciary system) |
| 3. | State aids compatible with EU principles; | - Number of cases investigated by the Competition Council and Competition Office; ex officio investigations; ex officio intimations to the state authorities;
  - Number of notified mergers
  - Number of decisions issued by the Competition Council;
  - Ratio of infringements of laws in the field against total number of cases analysed by the competition authorities;
  - Ratio of notified and compatible state aids against the total number of granted state aids analysed and identified by the competition authorities; comparison with previous years data;
  - Ratio of notified and compatible state aids against the total number of granted state aids analysed and identified by the competition authorities; comparison with previous years data;
  - Number of complaints received by the Competition Council and Competition Office. | Support from other relevant institutions (public authorities, business community, judiciary system) |
## ANNEX 1: LOGICAL FRAMEWORK PLANNING MATRIX

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Companies, public authorities and judiciary system accustomed to a competition discipline on market such as of the Community, well before accession and joining the internal market.</td>
<td>Ratio of notified and compatible state aids against the total number of granted state aids analysed and identified by the competition authorities; comparison with previous years data;</td>
<td>Effective co-operation with other institutions (public authorities, business community, judiciary system)</td>
</tr>
</tbody>
</table>
| 5. Assessment of IT equipment needs | • Report of IT equipment evaluation  
• Technical specification | |
| 6. Adequate IT equipment (hardware and software), ensuring high efficiency of work | Number of computers, links to Internet and e-mail addresses, faxes and Copy-machines and others IT equipments against total number of working competition officials. | |

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Completion of the legislative framework</td>
<td>Twinning covenant (one PAA, four long-term experts, short-term experts for every seminar, workshop, conference)</td>
<td>Effective co-operation with other institutions (public authorities, business community, judiciary system)</td>
</tr>
<tr>
<td>a) Assistance for the evaluation of the existing legislation in the field as to its complete harmonization with the acquis and of the opportunity to amend the competition and state aid laws;</td>
<td>Assistance provided for by EU long-term experts – one on competition and one on state aid matters working at the premises of the Competition Council and Competition Office</td>
<td></td>
</tr>
<tr>
<td>b) Assistance in amending, if necessary the competition and state aid laws;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Assistance in drafting the regulations on multisectoral framework for regional</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**ANNEX 1: LOGICAL FRAMEWORK PLANNING MATRIX**

<table>
<thead>
<tr>
<th>State aids in other sectors than steel, automobiles and synthetic fibres, d) Assistance in adapting the competition and state aid secondary legislation in accordance with the latest developments of the acquis in these fields; e) Assistance in introduction of RIA in the Romanian legislation; f) Assistance in transposition of the EC leniency policy into the Romanian legislation; g) Assistance for drafting procedural rules for enforcement of the Law against unfair competition</th>
<th>Assistance provided for by EU expert on state aid working at the Competition Council and Competition Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1. Training for: a) Improving the level of skill of existing staff and new employees dealing with competition and state aid issues and involved in the decision making process, in accordance with the new transposed secondary legislation and covering links with the other chapters of negotiations such as: taxation, energy, industrial policy, regional policy and agriculture; b) Enhancing the capabilities of the staff dealing with the European Integration process, European Union specialized institutions and specific policies, in the</td>
<td>Assistance provided for by EU long-term expert on competition and state aid working at the premises of the Competition Council and Competition Office</td>
</tr>
<tr>
<td></td>
<td>Assistance provided for by EU long-term expert on competition working at the premises of the Competition Office</td>
</tr>
<tr>
<td></td>
<td>Every two month seminars or workshops in Bucharest, quarterly in county inspectorates, on both practical cases and theoretical aspects.</td>
</tr>
</tbody>
</table>
### ANNEX 1: LOGICAL FRAMEWORK PLANNING MATRIX

| Negotiation process; |
| c) the Competition Office staff on the unfair competition and commercial policies matters |

#### 2.2. Assistance at Competition Council and Competition Office on:

| a) cases’ handling in the competition field; |
| b) state aid issues for the purpose of analysing and correct qualifying the state aids and aligning the incompatible existing state aids with the EU principles; |
| c) state aid issues for the purpose of correct inventorying, monitoring and reporting state aids. |

#### 3. Alignment of the incompatible state aids by:

| a) Analysing and aligning incompatible aids schemes; |
| b) Investigating the illegal state aids and taking remedy measures; |

#### 4. Competition advocacy within judiciary

| Lectures by short-time EU experts assisted by the long-term experts; |
| Quarterly study visits or internships in EU Member States; |
| Study visits for European Integration experts from Competition Council and Competition Office in EU Member States/European Commission |
| Seminars or workshops in Bucharest, quarterly in county inspectorates, on both practical cases and theoretical aspects. Lectures by short-time EU experts assisted by the long-term experts; |
| Assistance provided for by the two EU long-term experts on competition and state aid working at the premises of the Competition Council and Competition Office; |
| EU long-term expert on state aid matters working at the premises of the Competition Office; |

- Effective cooperation with other institutions
### ANNEX 1: LOGICAL FRAMEWORK PLANNING MATRIX

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Implementation</th>
<th>Preconditions</th>
</tr>
</thead>
</table>
| System, amongst market operators, public authorities, especially amongst administrations granting state aids | matters working at the premises of the Competition Council and of the Competition Office;  
- Quarterly conferences;  
- Workshops located at the premises of public authorities; lectures by short-time EU experts assisted by the long-term experts;  
- Study visits for judges and legal experts at the competition authorities of the EU Member States.  
Competition departments and directorates equipped with an adequate number of computers and printers, links to Internet and e-mail addresses as well as with fax systems and copy machines and others IT equipments. | Both competition authorities - Competition Council and Competition Office, are established since 1996 and are enforcing the state aid and competition policy and legislation, which is |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th>generally harmonised with the acquis communautaire</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
ANNEX 2: DETAILED TIME IMPLEMENTATION CHART FOR PROJECT NUMBER RO-2002/000.586.04.02

Further support for implementation of the acquis on competition policy and state aids
(Further development of competition authorities’ capacity to implement the competition and state aid Acquis Communautaire to EU standards of application)

<table>
<thead>
<tr>
<th>calendar months</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CONTRACT</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TWinning</td>
<td>1.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CONTRACT</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TECHNICAL</td>
<td>2.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASSISTANCE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CONTRACT</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INVESTMENT</td>
<td>3.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D = Design</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C = Contracting</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I = Implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Further support for implementation of the acquis on competition policy and state aids

(Further development of competition authorities’ capacity to implement the competition and state aid Acquis Communautaire to EU standards of application)

<table>
<thead>
<tr>
<th>1. TWINNING</th>
<th>CONTRACTED</th>
<th>30/06/02</th>
<th>30/09/02</th>
<th>31/12/02</th>
<th>31/03/03</th>
<th>30/06/03</th>
<th>30/09/03</th>
<th>31/12/03</th>
<th>31/03/04</th>
<th>30/06/04</th>
<th>30/09/04</th>
<th>31/12/04</th>
<th>31/03/05</th>
<th>30.06.05</th>
</tr>
</thead>
<tbody>
<tr>
<td>DISBURSED</td>
<td></td>
<td>1.350</td>
<td>0.225</td>
<td>0.450</td>
<td>0.675</td>
<td>0.900</td>
<td>1.125</td>
<td>1.350</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
</tr>
<tr>
<td>TECHNICAL ASSISTANCE</td>
<td>CONTRACTED</td>
<td>31/03/02</td>
<td>30/06/02</td>
<td>30/09/02</td>
<td>31/12/02</td>
<td>31/03/03</td>
<td>30/06/03</td>
<td>30/09/03</td>
<td>31/12/03</td>
<td>31/03/04</td>
<td>30/06/04</td>
<td>30/09/04</td>
<td>31/12/04</td>
<td>31/03/05</td>
</tr>
<tr>
<td>DISBURSED</td>
<td></td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
</tr>
<tr>
<td>CONTRACT 3 INVESTMENT</td>
<td>CONTRACTED</td>
<td>31/03/02</td>
<td>30/06/02</td>
<td>30/09/02</td>
<td>31/12/02</td>
<td>31/03/03</td>
<td>30/06/03</td>
<td>30/09/03</td>
<td>31/12/03</td>
<td>31/03/04</td>
<td>30/06/04</td>
<td>30/09/04</td>
<td>31/12/04</td>
<td>31/03/05</td>
</tr>
<tr>
<td>DISBURSED</td>
<td></td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
</tr>
</tbody>
</table>
ANNEX 2:  DETAILED TIME IMPLEMENTATION CHART FOR PROJECT NUMBER RO-2002/000.586.04.02

| CONTRACTED |   |   |   |   |   | 0.6 |   |   |   |   |   |
| DISBURSED  |   |   |   |   |   |   |   |   |   |   | 0.6 |

NB:
1. All contracting should normally be completed within 6-12 months and **must** be completed within 24 months of signature of the FM.
2. All disbursements **must** be completed within 36 months of signature of the FM.