2005 Phare

Economic and Social Cohesion

Part 1 RO/2005/17-553.04.01
Improving infrastructure, improving access to education and training, SME support and environmental protection
1 Basic Info and Summary

<table>
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<tbody>
<tr>
<td>Title</td>
<td>2005 Phare Programme fiche for Economic and Social Cohesion, part 1</td>
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<tr>
<td>RO 2005/17-553.04.01</td>
<td>Improving infrastructure, improving access to education and training, SME support and environmental protection</td>
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<tr>
<td>Sector</td>
<td>Priority sector</td>
<td>Evaluation sector</td>
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<td>Economic and Social Cohesion</td>
<td>Economic and Social Cohesion</td>
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<td>Budget 2005</td>
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<td>Phare contribution [€Mio]</td>
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Summary:

In view of implementing the NDP priorities and preparation for Structural Funds, the 2004 – 2006 Phare assistance in the field of ESC will be focused on the achievement of the following objectives:

- To develop and implement multi-annual policies and programmes for economic and social cohesion, through investment projects in priority sectors, in line with the provisions of the National Development Plan 2004-2006 (NDP), to support the overall national and regional economic growth, in order to increase the overall potential of the country and of each of the eight development regions, as well as to diminish the economic and social disparities between them;

- To strengthen the institutional capacity of central ministries, the 8 Regional Development Agencies and relevant local authorities to prepare for the implementation of investment support to be provided, in line with provisions regarding the Extended Decentralised Implementation Systems (EDIS) in candidate countries.

- To build the institutional, administrative, programming and implementation structures necessary to effectively manage EU Structural Funds after accession.

This three years programme for 2004 to 2006 focuses on the following: Improving regional infrastructure to support economic development; Human Resource Development; Development of the productive sector through support to SMEs; Environmental protection at regional level; Building the institutional structures in order to achieve, upon accession, sound and efficient management of EU Structural Funds, and efficient management of programmes.

Under the 2005 programme the following specific tasks will be implemented: improve regional and local infrastructure, support education and training systems, continue supporting SMEs, improve environmental protection, support the government in labour market and social exclusion issues, continue to support the development of an appropriate management system for EC funds after accession and support the technical preparation of projects to be financed through structural or rural funds.

Part 1 deals with Regional and local infrastructure, education and training, SMEs and environment.
2 Overall objective of the ESC sector programme

Based on the priorities and measures, justified and described in the Phare Programming Document (PPD) ESC 2004–2006 programme fiche RO2004/16-772.04, the current document is developing those measures and projects planned to be implemented under Phare 2005 ESC subprogramme 4 of the Financing Agreement 2005/17-553.

The assistance is divided into five priorities, listed in the table below and will focus on the achievement of the following objectives:

To develop and implement multi-annual policies and programmes for economic and social cohesion, through investment projects in priority sectors, in line with the provisions of the National Development Plan (NDP), to support the overall national and regional economic growth, in order to increase the overall potential of the country and of each of the eight development regions, as well as to diminish the economic and social disparities between them;

To strengthen the institutional capacity of central ministries, the 8 Regional Development Agencies and relevant local authorities to prepare for the implementation of investment support to be provided, in line with provisions regarding the Extended Decentralised Implementation Systems (EDIS) in candidate countries.

To build the institutional, administrative, programming and implementation structures necessary to effectively manage EU Structural Funds after accession. The 2005 programme (parts 1 to 3) address the following measures contributing to fulfil the objectives:

<table>
<thead>
<tr>
<th>PRIORITIES</th>
<th>MEASURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority A: Improving regional infrastructure to support economic development</td>
<td>Regional and local transport and business infrastructure</td>
</tr>
<tr>
<td>Priority B: Human Resource Development</td>
<td>Tackling structural unemployment</td>
</tr>
<tr>
<td></td>
<td>Improving long term labour market adaptability</td>
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<td></td>
<td>Actively combating social exclusion</td>
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<td></td>
<td>Improving access to education and region specific technical and vocational education and training system</td>
</tr>
<tr>
<td>Priority C: Development of the productive sector through support to SMEs</td>
<td>Support to SMEs, business start-up, micro-enterprises and business support service providers</td>
</tr>
<tr>
<td>Priority D: Environmental protection at regional level</td>
<td>Improving environmental protection at local and regional level</td>
</tr>
<tr>
<td>Priority E: (Horizontal IB) Building the institutional structures in order to achieve, upon accession, sound and efficient management of EU Structural Funds, and efficient management of programmes under EDIS requirements</td>
<td>Development of administrative capacities for Structural Funds management</td>
</tr>
</tbody>
</table>

This sector is split into three parts; each one implemented by one Implementing Agency.
3.1.1 Sub-project 1 – Regional transport and business infrastructure

It is generally recognised that regional infrastructure is insufficiently developed in Romania to meet the needs and requirements of a growing economy. Successful regional development initiatives require that local infrastructure, as a component of the economic base, is able to support the demands placed upon it.

The NDP 2004-2006 identifies the need to improving the overall business environment in the regions by investing in business support and transport infrastructure and to improve the basic conditions enterprises operate in. Secondly, in order to exploit the tourism potential, public investment to enhance site attractiveness and accessibility and properly market them is required.
3.1.1.1 Objectives of the project

The rehabilitation and development of tourism related infrastructure including leisure facilities and historical/cultural infrastructure and provision of transport links to such facilities as well as to increase the attractiveness of the areas with natural SPA potential.

The improvement and rehabilitation of regional transportation to include ring roads, county roads, and road safety measures;

The rehabilitation and improvement of industrial areas including environmental clean-up and upgrading of such areas and provision of transport links to such facilities;

The development of business infrastructure and related access roads in order to improve access to markets, information, services and technologies in order to improve business competitiveness.

3.1.1.2 Activities and means in 2005

For all the following sectoral priorities the eligible beneficiaries must be local public authorities, namely Country Councils and Urban Local Councils, as well as the Romanian National Company of Motorways and National Roads (RNCMNR). Beneficiaries can form an association with other local public authorities, namely County Councils/Urban Local Councils/Rural Councils.

The project pipeline has been established under Phare ESC 2004, through an open call for proposals, described in the main PPD ESC 2004-2006 multi-annual programme. The portfolio of infrastructure projects has been approved by National Board for Regional Development in December 2005. Annex 10 includes the 2005 indicative infrastructure portfolio as well as the yearly distribution of projects and a list of reserve projects as it has been approved by NBRD. Depending on the maturity of the projects included in the list and the final assessment of projects made by TA, the content of the list may slightly change and different types of projects to be financed, either from 2004 rescheduled projects or from the reserve list.

Tourism-Related Infrastructure

The aim of this type of project will be to develop and improve infrastructure for tourism activity or to support infrastructure that improves the attractiveness of existing tourism areas. The expected result will be to create conditions for further development and diversification of services that will contribute to longer holidays, higher spending per head, and better use of the accommodation capacity. Special focus on spa tourism will be provided under this category.

Eligible activities:

- Investment projects that improve the quality of tourism through the improvement, rehabilitation and up-grading of access infrastructure (roads – including bridges/rail/infrastructure for river transport etc.) in areas with demonstrated tourism attractiveness;

  Environmental rehabilitation of public areas of high tourist value, such as lakes included in recognised tours, public parks, surroundings of attraction points of demonstrated value, etc;

- Rehabilitation of urban areas of high tourist value, including street rehabilitation in spas of demonstrated tourist attractiveness, rehabilitation of historic centres and pedestrian areas in towns endowed with high-value historical and cultural heritage;

  The recovery and arrangement of access alleys to the mineral resources and saline, of the recreation and halting spaces, of the sites for using springs;

  The recovery of networks for the supply and collecting of mineral springs in fixed usage points for tourists (if not private);
The recovery and creation of balneary parks;
Improvement of saline infrastructure;
Support accompanying infrastructure improvements and acquisition of essential equipment, if in the ownership of local authorities;
Development of winter sports infrastructure in the ownership of local authorities in order to increase the diversification of tourist products necessary to satisfy the request of special profile markets.

Regional Transport Infrastructure
Projects will include the improvement of existing, or construction of new, bypasses that link national roads and result in the diversion of high levels of traffic away from city and town centres (number of vehicles >1500 vehicles/day; reduction of driving time by 30%; reduction of traffic accidents and diverting heavy traffic from centre;) and the rehabilitation of county roads, and road safety measures. For all transport projects including road safety measures, a “safety audit” should be carried out and the key recommendations should be presented in the Feasibility study or as a separate document.

The rehabilitation of Ring roads and by-passes

Eligible activities includes the improvement of existing (including road safety measures), or construction of new bypasses that link national roads and result in the diversion of high levels of traffic away from city and town centres.

County Roads
The county roads are administered by the County Council and managed by the County Technical Department, although the corporative county construction units, formerly part of the County Technical Department, often function as defacto managers of county roads.

Eligible activities:
Construction and modernization of existing county roads in accordance with EU standards (as set by the acquis)
Road safety measures as part of road projects.

Rehabilitation of Industrial Sites
This type of project will target derelict or under-used industrial areas which may exhibit environmental degradation and will concentrate on their improvement, rehabilitation and possible change of use in order to improve the prevailing socio-economic and environmental climate and allow for the development of business sites and premises for industrial and technological parks.

Rehabilitation, including remedial projects for severely contaminated industrial sites and public utility rehabilitation of closed industrial areas in the ownership of local authorities, in order to create the conditions for developing new economic activities and counter-balancing the industrial restructuring, while improving at the same time the quality of the environment in highly polluted areas.

Eligible activities:
- Soil and underground water decontamination;
- Elimination or recycling of industrial waste on the sites;
- Infrastructure rehabilitation (roads, water supply systems, sewage system, gas system, electricity network, buildings)
Business Infrastructure

This type of project will respond to the regional need for job creation and economic development. Selected projects will aim to develop infrastructure for business activity in areas affected by industrial restructuring, where strong dynamics for SME creation and/or foreign investment exists. Projects should demonstrate that there is a significant demand for new sites and premises.

**Eligible activities:** Projects should either improve existing or construct new facilities for SMEs in order to provide high quality sites such as:

- Industrial and commercial zones and business incubators;
- Improvement or construction of access roads to industrial and commercial zones and business incubators;
- Development of marketing, business information and expositional centres, industrial parks.

**Selection mechanism for projects included in measure a:**

The project pipeline has been established under Phare ESC 2004, through to an open call procedure, described in the main PPD ESC 2004-2006 multi-annual programme.

**Preparation of Tender Documents**

After the finalisation of the selection process, the Technical Assistance - provided under Phare 2004 PPF - will prepare for tendering the selected projects for financing under Phare 2005. This will consist of the elaboration of required technical and contractual documents, including detailed design, drawings and technical specifications. Environmental Impact Assessment will be required following the EU Directive no 85/337/EEC and technical design will be in compliance with EU standards.

**Tendering and contracting**

A tendering process will be organised by MEI for each of the prepared projects, according to the procedures established in the Practical Guide to contract procedures financed from the General Budget of the European Communities in the context of external actions (Works section). This will lead to the selection of the contractors and to the conclusion of works contracts for each of the specific infrastructure project.

The Technical Assistance provided under the relevant Phare PPF will support MEI and other key parties from national, regional and county level during the tendering and contracting process.

**Implementation and monitoring of the works contracts**

The works contracts concluded by MEI with the Contractors will be implemented and supervised at regional level by a Technical Assistance team acting as ‘The Engineer’ under the FIDIC Conditions of Contract for Construction (1999) and/or for Plant and Design-Build (1999) for the Works Contracts. The Engineer will be responsible for the management of the Works Contracts, on behalf of MEI, according to the powers delegated to him.

Site supervision support will assist the local authorities and RDAs in monitoring the implementation of works contracts under regional infrastructure priority, and SAMTID works if is necessary. The **activities foreseen for site supervision are related to:**

**A. Preparation of the Terms of Reference**

The Contracting Authority shall prepare the Terms of Reference for contracting the Technical Assistance that will be in charge with the supervision of Works Contracts. The Consultant thus contracted will have the to perform following main tasks (at contract level):
• Act as adviser
The Consultant shall act as an Adviser to the MEI in its role as the Employer for the Works contracts and shall support the RDAs and PIUs in their implementation of the Employer’s obligations as delegated by the Employer.

Under the FIDIC Conditions of Contract (1999) the Employer has specific duties and obligations. Many of these obligations shall be delegated by the MEI to the RDAs and PIUs. The Engineer will be required to advise and assist the MEI, RDAs and the PIUs in discharging these duties and obligations in order to strengthen the MEI, RDAs and PIUs capacity to manage regional infrastructure projects. In addition to representing the Employer, the PIU will take responsibility for monitoring the performance of the Works contractors, and of the Engineer, and monitoring the performance of the project as a whole. The PIU shall report to the RDA.

The Engineer should analyse the existing supervision mechanism and responsibilities for the infrastructure works and recommend improvements according to the EU standards.

• Act as ‘The Engineer’ under FIDIC Conditions of Contract (1999) for the Works Contracts
The Consultant shall act as ‘The Engineer’ under the FIDIC Conditions of Contract for Construction (1999) and/or for Plant and Design-Build (1999) for the Works Contracts, and shall nominate a Team Leader to assume the role of the “Engineer”.

The specific activities to be undertaken by the Consultant when performing his duties as the Engineer will be detailed in the Terms of Reference, according to the specific nature of the projects to be selected and financed under Phare 2004.

However, irrespective of the specific nature of the works to be executed, the following general duties have to be performed during the various phases of the implementation:

Pre-construction is the period from signing of the Contract to the start of construction and is the period when all impediments to construction should be attended to. The Engineer should assist the RDA/PIU, as well as the Contractor, in obtaining all necessary permits, licenses and statutory approvals prior to commencement of construction; ensure an efficient system of reporting and communication is implemented between the MEI, RDA/PIU, and Engineer; assist PIU in giving the Contractor full access to the site, etc.

Mobilisation is the initial period of the construction phase of the Contract (approx. 2 months). During this time the Contractor will establish the site facilities for both himself and the Engineer. The Engineer will use this period to review, and where appropriate approve, the Contractor’s design and procedures.

The construction period is the time allowed under the Contract for the implementation of the Works. The Engineer will allow for continuous supervision of the Contractor during this period and will control de performance and quality of the works undertaken by the contractor.

The contract close out is a period at the beginning of the Defects Notification Period and is the time allowed for the Contractor to make good any items not completed to the satisfaction of the Engineer as contained in the attachment to the Taking Over Certificate (approximately 2 months).

The Defects Notification Period is, as defined in the Contract (usually 365 days from the issue of the Taking Over Certificate), the period when the completed Works are continuously monitored for proper performance. Any defects noted during this period could, under the Contract, be grounds for extending the Defects Notification Period. If this situation occurs, the involvement of the Engineer in the tasks 5 and 6 during the extended Defects Notification Period shall be the subject of a negotiation.
Contract Completion is when all contractual obligations of the Contractor have been completed to the satisfaction of the Engineer, MEI, RDA and PIU.

- Transferring Know-How to the RDAs and PIUs

The activity involves ensuring that there is a transfer of knowledge and know-how from the Consultant/Engineer staff to the employees of the Local Beneficiary and the RDA, in effective Project Management and project control and supervision of construction works.

B. Tendering and contracting the Technical Assistance for site supervision

A tendering process will be organised by MEI according to the procedures established in the Practical Guide to contract procedures financed from the General Budget of the European Communities in the context of external actions (Services section). This will lead to the selection of the TA Consultants and to the conclusion of the services contracts for the supervision of each group of Works Contracts financed under the corresponding funding year.

The Technical Assistance provided under the relevant Phare PPF will support MEI during the tendering and contracting process of the Supervision Consultant.

C. Implementation and monitoring of the Supervision Contract

During this activity the Supervision Consultant shall undertake the tasks (at contract level) briefly described above and which will be fully detailed in the corresponding Terms of Reference.

The Consultant will be responsible for the successful management and implementation of the Works Contracts, as well as for the achievement of the results within its own TA Supervision Contract.

D. Evaluation of the supervisions’ achievements

The set of indicators listed in 3.1.1.3 below will be applied in order to determine the level of achievement of the proposed results for the TA Supervision Consultant.

The evaluation will be performed mainly by the MEI and EC, and also by the specialised services of the European Commission, based on the data provided by the RDAs and Local Beneficiaries.

**Evaluation of the achievements of works contracts**

According to the type of infrastructure built, the established set of indicators, in article 3.1.1.3 below, will be applied in order to determine the level of achievement of the proposed works’ results.

At the end of the works contracts, the ownership of the built infrastructure will be transferred to the respective Local Beneficiary, that will become responsible for the operation of the investment granted.

It is intended that, if successful, these schemes will form the basis for later SF measures, which are in any case, foreseen within the NDP and would be expected to be included in a future SF programme.

**3.1.1.3 Results for 2005**

Infrastructure projects (works contracts)

The following results refer to the 2005 list of infrastructure projects (Annex 10), which is indicative. Should any rescheduling of projects occurs, the indicators will be revised accordingly.

**Tourism Related Infrastructure**
Results
Improved touristic infrastructure;
Increased attractiveness of touristic sites

Indicators of achievement
Number of tourism attractions created or refurbished = 7 tourism sites created or refurbished;
Annual number of tourist visitors to assisted tourism attractions increased by at least 2000;
Annual number of tourist visitors from abroad to assisted tourism attractions increased by at least 700;
New jobs in the tourism sector at least 80.

Regional Transport Infrastructure

Results
Improved accessibility
Reduced traffic in city centres

Indicators of achievement
Number of projects (ring-road, by-passes and county roads) = 1 (depending on the type);
Kilometres of roads developed / improved (applies to ring road, by-pass and county road projects) = 22 Km (average cost of 300000 Euro/Km of road – 500000 Euro/km for a new road and 200000 Euro/km for a rehabilitated road);
Number of standard vehicle movements daily on roads developed / improved = increase with 15-20% on the modernised roads;
Car traffic in city centres = reduction with 10-20% in cities where a ring road was built;

Rehabilitation of Industrial Sites

Results
New companies settled in the industrial sites

Hectares of land decontaminated = 130 Hectares (if 50% of the money available for this category would be used for land decontamination - at an average cost of 50000 Euro/ha);

Hectares of land refurbished (infrastructure rehabilitation) at least 10 ha (if 50% of the money available for this category would be used for land refurbishment)

Indicators of achievement
Number of jobs created in decontaminated/refurbished land – at least 500 (average value of 25 m²/worker).
Number of companies attracted on the premises at least 20 small companies (up to 10 employees);

Business Infrastructure

Results
SMEs attracted in these premises

Number of business centres/incubators and expositional centres created = 3 business premises created or modernised;
Square meters of business premises created at least 10,000 m² (if 50% of the money available for this category would be used for premises created - at an average cost of 800 Euro/m²);

Square meters of business premises refurbished at least 16,000 m² (if 50% of the money available for this category would be used for premises refurbished - at an average cost of 500 Euro/m²);

**Indicators of achievement**

Number of companies assisted and receiving business support at least 15 companies;

Sqm of business space occupied after 1 year from project completion = min. 50% of the total space

Number of gross jobs created at least 120 new jobs;

**Site supervision contract**

**Results**

- works contracts finalised in time
- works contracts implemented within the contracted budget
- quality level of the works performed, in accordance with the standards and specifications
- increased knowledge and understanding of the Local Beneficiaries and RDAs about the mechanisms and procedures used in the implementation and monitoring of the works contracts

**Indicators of achievement**

- number of finalised contracts versus concluded contracts = 1
- number of projects finalised within the time for completion versus concluded contracts = 1
- ratio of contracted / spent funds = 100%
- value of defects notified = less than 5% of the contract value / project
- rate of completion of activities on schedule = min. 75%
- no. of staff from local beneficiaries and RDAs benefiting from know-how transfer

### 3.1.2 Sub-project 2 – Project Preparation Facility

#### 3.1.2.1 Objective

To support identification, selection and preparation of large-scale infrastructure projects implemented under this Priority, as well as the infrastructure projects financed under ROP 2007 - 2013.

#### 3.1.2.2 Activities and means in 2005

TA will, following regional selection and the national overview, undertake a rigorous assessment of the feasibility and environmental aspects of the selected projects and will go on to develop detailed engineering design and tender documents for infrastructure projects, including training of PIUs and RDAs for project design and monitoring, for both 2006 and 2007-2009 pipeline of infrastructure projects:

- preparation of large infrastructure projects (detailed design, tender documents) to be financed under Phare 2006 ESC programme
- preparation of large infrastructure projects (from the 2007-2009 pipeline) to be financed under 2007-2013 Regional Operational Programme
- training local authorities and RDAs in preparation of large infrastructure projects.

#### 3.1.2.3 Results 2005

Pipeline ready for contracting in Phare 2006 ESC
Pipeline ready for contracting under ROP, starting with 2007

People trained in infrastructure projects preparation

**Indicators**

No. of infrastructure projects prepared and ready for contracting.
No. of infrastructure projects prepared, with a total value of around 170 Meuro (Phare plus national co-financing, plus 10% local contribution).
No. of staff from local authorities and RDAs trained

### 3.1.3 Budget for Priority A, measure a

The budget allocation takes into account that preparation costs (PPF) are allocated in the previous year of implementation of works. It should be noted that the allocation of the funds for site supervision will be made from the next budgetary year under which the works contracts are financed, in order to avoid extensions of the disbursement period for the supplementary one year Defects Notification Period of the works. Attention should be given that supervision should be contracted at the same time with the corresponding works contracts.

Reallocations in the limits of 15% will be possible between regions, depending on the dimension of the projects selected for each region.

<table>
<thead>
<tr>
<th>Year 2005</th>
<th>Phare funding</th>
<th>National Co-financing</th>
<th>IFI</th>
<th>Total</th>
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<td>Priority A/Measure A</td>
<td>Investment</td>
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<td>Sub-project 1: Regional infrastructure</td>
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<td>4.60</td>
<td>43.44</td>
<td>48.04</td>
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<tr>
<td>- Site supervision for 2004</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>- Works, out of which:</td>
<td></td>
<td></td>
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<tr>
<td>2. Sud-Est 13,92%</td>
<td>6.047</td>
<td>6.047</td>
<td>2.016</td>
<td></td>
</tr>
<tr>
<td>4. Sud-Vest Oltenia 11,99%</td>
<td>5.208</td>
<td>5.208</td>
<td>1.736</td>
<td></td>
</tr>
<tr>
<td>5. Vest-România 8,84%</td>
<td>3.840</td>
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<tr>
<td>6. Nord – Vest 11,57%</td>
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<td>5.026</td>
<td>1.675</td>
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<tr>
<td>7. Centru 11,03%</td>
<td>4.791</td>
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<tr>
<td>8. Bucureşti-Ilfov 5.01%</td>
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<tr>
<td>Sub-project 2: Project preparation facility</td>
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<td>9.00</td>
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<tr>
<td>Total 2005</td>
<td>48.04</td>
<td>9.00</td>
<td>57.04</td>
<td>16.01</td>
</tr>
</tbody>
</table>
* Co-financing for site supervision will be used for supporting the RDAs to implement and monitor projects financed in the framework of PPD ESC 2004-2006 (see Priority E, sub-project 4).

3.1.4 Implementation arrangements for Priority A, measure a

Main agencies designated to assist in implementation are: Ministry of European Integration as Implementing Agency and the Regional Development Agencies, as Implementing Authorities.

Exception: MEI will be also Implementing Authority for site supervision and PPF. For RDAs monitoring contracts, sub-project 4, component G, of Priority E, financed from national co-financing of this Priority, MEI will be both Implementing Agency and Implementing Authority.

Each local beneficiary will set up a Project Implementation Unit (PIU) to monitor the works undertaken by the contractor. They will designate the necessary staff to work throughout the project, as necessary, together with the Consultant’s team of experts.

The Works Contractors shall provide to the Engineer an on-site office with equipment, office maintenance, office supplies, and vehicles with driver and maintenance, communications (telephone subscription and bills, fax, e-mail).

A Project Steering Committee for site supervision project will be set up, chaired by the MEI, and having as permanent members representatives of the MEI, the relevant RDAs and the EC. This Steering Committee will meet at each important step of the project, in order to review the activity of the Consultant, comment and approve the reports and take all decisions in relation to the project implementation.

The Infrastructure Steering Sub-committee is gathering all the relevant bodies and it will an alize the infrastructure portfolio at national level.

The final list of infrastructure projects for 2004-2006 was approved by the NBRD. Contracting the works for project 1 shall be under the responsibility of MEI.

3.1.4.1 Non standard aspects for Priority A, measure a

- It should be stressed that the contracting procedure for the site supervision (allocated under Phare 2006) of the Works Contracts (financed under Phare 2005), may take place before the Financing Memorandum for Phare 2006 is signed between the European Commission and the Romanian Government. Therefore for this supervision contract, the tender procedure with “suspension clause” should be used.
Although the tender procedure for all the Works Contracts will follow strictly the PRAG\(^1\), the Conditions of Contract will be FIDIC “Conditions of Contract for Construction” (1\(^{st}\) Edition, 1999) and/or FIDIC “Conditions of Contract for Plant and Design-Build” (1\(^{st}\) Edition, 1999).

The possible combination of two Technical Assistance contracts, for PPF and Supervision (under Priority A) into a single assignment in charge for the preparation of the design, tendering, contracting and also for the supervision of the works for a specific group of projects may be taken into account. This will lead to a Technical Assistance contract that will be financed from several years’ funds but will be subject to a single tendering procedure.

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3.2 Sub-projects implementing Priority B/Measure d:
Within the framework set by the Financing Agreement 2005 these sub-projects implement a measure foreseen in the multi-annual ESC Programme document 2004 referred to as follows:

<table>
<thead>
<tr>
<th>Priority B:</th>
<th>Human Resource Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure d:</td>
<td>Improving access to education and region specific technical and vocational education and training system (TVET)</td>
</tr>
</tbody>
</table>

3.2.1 Sub-project 1 - Improving region specific technical and vocational education and training system (TVET)

3.2.1.1 Overall Objective
To support adjustment and improvement of the TVET sector by contributing to enhanced adaptability and employability of labour force.

The sub-project is a continuation of the multi-annual 2001 – 2003 project Phare ESC for technical and vocational education and training system and the key problems to be addressed are:

- the TVET supply and learning environment conditions discrepancies created between rural and urban areas due to main concentration of the Phare assistance in urban areas – big localities (only 50 schools out of 172 assisted schools are from rural areas) and lack of other relevant investments;
- the partial development of qualifications based on the new methodology agreed with social partners as far as levels of qualifications are concerned – qualifications up to level 3 have been developed;
- the partial development of the quality assurance mainly related to TVET schools endangering the system which also includes HE and CVT.

The main objectives to be achieved during the multiannual 2004-2006 projects are:

- Increase of the access and participation to initial vocational training developed according to region specific, as mentioned in the Regional Education Action Plans, mainly organized in disadvantaged areas as rural areas and small and medium localities not yet assisted through support development programmes, offering similar quality learning conditions of the education process as those in the schools already assisted. Enhanced capacity of TVET schools to provide continuing vocational training will remain focused on, as in the previous Phare 2001-2003 projects, in order to contribute to the increased access and participation to CVT. Qualifications provided by Higher Education (HE) would be considered while strengthening the overall capacity of the educational system to assure the quality of training.

- To consolidate reviewed responsibilities, governance and accountability mechanisms in the provision of initial TVET in line with the social and economic development as stated in the National Development Plan and based on further recommendations acquired through IB activities of the Phare 2001 -2003 TVET projects. Role of agencies related to Higher education would be part of the overall design as far as certification and quality assurance is concerned.

- To further assist in the provision of equal chances for young people to obtain a relevant professional qualification corresponding to European standards, by providing TVET which
responds flexibly to the needs of each individual, taking into account the institutional achievements of 2001 -2003 projects. Special attention will be given to young people in disadvantaged areas and people with special needs education.

Rural areas refer to the localities mentioned in the Government Decision no. 167 from February 2002, and small and medium localities are those having less than 100.000 inhabitants, as recorded by the last census.

3.2.1.2 Activities 2005

Investments

- Assurance of basic didactic equipments for 150 schools, 50 of them participating to the Phare TVET 2003 project, having regard to the specificity of special needs education in case of students with disabilities, in the year 2005 of the multi-annual programme. An average amount of 115,000 Euro/school unit (Phare) represents a provisional estimation of the costs that should be allocated for IT and office equipment procurement. Total estimated Phare amount is about 17.25 Meuro.

- Assurance of site supervision of the works contracted in Phare 2004, costing 2 Meuro and planned within Phare 2005.

This will be supported through Phare procurement of goods (supply contracts) for selected schools that will benefit of didactic and specialised equipment.

Institution Building

In case of IB component in the year 2005 the assistance objectives will focus mainly on:

- assurance of qualifications coherency between those provided by secondary TVET and higher education, within a sectoral approach, as foreseen by the European Qualification Framework and Romanian National Authority of Qualifications. Development of about 16 qualifications at HE level, based on the methodologies established by at least 4 sectoral committees. For that purposes, 8 Universities or/and University Consortia are formed and they will closely work with the National Authority for Qualifications.

- improved planning at regional level based on REAPs which will take in all qualification levels, higher education included. Coordination with other regional plans, as the one for employment, should be assured in order to achieve the integrated perspective of human resources development

- Consolidation of the credit accumulation and transfer system, validation and recognition of nonformal and informal learning. The activity will refer only to the formal education and training system and will be developed in strong coordination with the NAQ related activities;

- Improvement of quality mechanisms for reaching a system based approach, higher education included.

- Adaptation of curricula and curriculum auxiliaries to the education needs specific to students with disabilities, learning difficulties and in order to facilitate learning for ethnic minorities. Training of the staff in the TVET pre-university education and of the social partners will accompany these activities.

- Elaboration of curriculum auxiliaries to assist individual learning needs will follow the curriculum development in case of new developed or reviewed and validated qualifications; Training of the staff in the TVET pre-university education and of the social partners will accompany these activities.
All the above mentioned activities will be complemented with training of staff in the TVET pre-university education, higher education and relevant social partners at all decision levels, supporting REAPs revision, competences based qualifications development including the credits system, and implementation of mechanisms for quality assurance, control and management, within a system based perspective.

**Target groups of this project:**

- 150 schools mainly from the rural areas, small and medium size localities, as well as from counties and the region which did not benefit of any assistance, 50 of them have been beneficiated from activities of institution building through Phare TVET 2003 project.

- 8 University centres or University Consortia developing and providing training for about 16 qualifications in each of the sectors having sectoral committees operational, as established by the National Authority for Qualifications. The 4 sectors assisted by the multi-annual Phare 2004-2006 project will have priority but other sectors will also be considered. Proposed National Agency for Quality Assurance in Higher Education play a role in setting the certification mechanism. (Phare 2005 only)

- Social partners at national, regional, county and local level who participate actively to the updating the National Qualification Framework, and training needs identification and planning. The Regional Education Action Plan for Technical and Vocational Education and Higher Education Development revisited. The Annual Local Action Plan for Technical and Vocational Education Development revisited. The schools and universities – enterprise cooperation will be enhanced.

- Staff from institutions responsible for quality in education and vocational training, as well as personnel from the education institutions(TVET schools and universities) involved in the quality assurance piloting schemes.

- A national unit and 16 equipped support centres, operational in distance education domain, selected from the 175 schools representing 75 schools which have been assisted through Phare VET RO 9405, out of which 22 have been involved in Phare 2001-2003, as well as the 100 schools assisted in the Phare TVET 2001-2003 multi-annual programme.

The project will continue the activities started in Phare ESC 2004, for the selected 150 schools.

The 16 support centres, out of the 122 schools assisted with the 2001-2003 multi-annual Phare ESC programme have been selected. The list of schools and support centers can be found in Annex 11.

**3.2.1.3 Results for 2005**

**Investment, results**

1. Basic equipment provided to enhance achievement of qualifications from level 1 to 3 in all 150 schools.

2. Supervision of works for 150 schools to prepare proper learning and training classes and workshops ensured.

**Indicators**

- 150 schools equipped with basic equipment
- Site supervision of the 150 schools under rehabilitation achieved

**IB component, results**
1. 8 universities and/or Consortia which have been selected until November 2005 will receive assistance to develop approximately 16 qualifications in at least 4 sectoral domains relevant for the dynamics of the vocational market. A variable number of University working groups will be formed to work with Sectoral Committees, training will be provided and networking assured for dissemination.

**Indicators**
- 16 qualifications at HE level developed and approved by the sectoral committees, according to REAPs priorities.
- 200 University staff trained for developing the 16 qualifications
- 200 University staff staff trained for quality assurance
- number of training standards developed for levels 1 to 3
- Level IV and V university qualifications in pilot implementation in main University centres as decided by MoER

2. Revision of REAPs and retrain Regional Consortia staff in order to update qualifications and to set up working groups at HE.

**Indicators**
- 8 regional surveys to update the regional planning mechanisms;
- aprox. 100 staff of the regional Consortia trained
- clear recommendations for revised qualifications.

3. Elaboration of procedures and methodologies for recognizing in the education formal system the credits obtained individually through non-formal and informal learning.

**Indicators**
- Guidebook elaborated for the national level (MoER) formulating methodologies and procedures for recognisition of credits in the formal system pof education and training


**Indicators**
- Quality Assurance Manual for TVET adopted by the 150 schools and implemented for annual planning and improvement.
- At least 150+8 staff involved in training of Quality Assurance Comittees’s Coordinators in TVET at both preuniversity and HE.

5. Elaboration of learning packages for 150 schools and training of relevant staff to implement them. Training for rural schools assured.

**Indicators**
- 150 learning packages for students to assist in the transition from school to work
6. Elaboration of curriculum auxiliaries in case of new or renewed qualifications

**Indicators**

- approx. 94 didactic packages developed (47 qualifications x 2) for qualifications at level III.
- Adapted modules for students with learning disabilities, for new or revised qualifications.

### 3.2.2 Sub-project 2 - Developing continuing training for pre-university education staff

#### 3.2.2.1 Objective

To improve access and participation in education and ensuring the quality of the education process and institutional management, increase the teaching – learning process, improve connection between the educational offer with the specificity of the community needs; improve teaching and material equipment; diminish school-drop out, stability of the labour work, decrease social mobility.

#### Background

Presently, as a result of the supply analysis for continuous training programmes accredited until February 2004, the situation has a twofold aspect regarding the main directions of the target groups involved:

1. **Teaching staff**

   In this respect 38 continuous training programmes have been accredited, offered by 32 accredited continuous training programme providers that cover a diversified target group within the teaching staff.

2. **Staff in decision-making positions (school managers, school inspectors)**

   Nationally, there 16 continuous training programmes have been accredited, offered by 14 accredited providers.

   It is of utmost importance to emphasise that only 3215 out of the total number of teaching staff and approximately 1045 school decision making staff completed in 2003 the continuous training through accredited continuous training programmes. The above has been calculated in relation with the total number of the education staff who should participate once every five years in continuous training, as enforced by the educational legal framework.

   However, the National Centre of Staff Training in Pre-University Education could tackle this shortage provided that there is a supplementary expertise support focused on the organisation of an efficient system offering higher opportunity to improve the teaching and decision-making staff continuous training in Romania.

   The target groups proposed to be addressed by continuous training will be teaching staff and decision-making education staff in post-compulsory education in the rural areas as defined by the Romanian legislation (rural areas are described in Priority B/measure A). Such rural areas are defined according to some basic criteria such as: reduced number of people, reduced access to services, low economic development and decreased educational offer.

#### 3.2.2.2 Activities and means for 2005

In the years 2005 and 2006 of the multi-annual programme, a grant scheme containing 45 grants up to 30,000 EURO each will be implemented. Each grant will address minimum 80 trainees.
The rationale in the choice of 45 grants is: i) the present teacher training needs analysis, ii) the reduced number of teachers trained through accredited teacher training programmes; iii) the present teacher training supply distribution considering the total number of counties (i.e. 41 counties) in Romania. Out of the total number of grants 37 will be addressed to teachers and 8 will be addressed to teaching staff in decision making positions and teachers with management, counselling and control attributions in pre-university education in rural areas.

The approximate formula for the grant distribution on macro-regions is the following division between i) number of teachers and ii) maximum number of beneficiaries on grant. For the grant distribution on county level there is a proportional division with the total number of beneficiaries and target groups (see Annex 8)

Grant scheme

The NCTPE assisted by the technical consultant (TA from Phare 2004) will launch the 2005 grant scheme. Phare 2004 technical assistance will support the NCTPE to implement 25 grants for continuous training according to the two target groups mentioned above. Out of the 25 grants 17 grants will support the continuous training of teachers in post-compulsory pre-university education (XI-th and XII-th forms) and 8 grants will enhance the continuous training of the teaching staff in decision making positions and teachers with management, counselling and control attributions in rural areas.

The proposed approach for implementation through grant scheme is aimed at the development and consolidation of local capacity to deliver high quality training in this field and ensure an even distribution of training providers in the country.

The approximate grant scheme distribution for the teacher training grants:

<table>
<thead>
<tr>
<th>Development Regions</th>
<th>No. of grants</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>7</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>2.</td>
<td>4</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>3.</td>
<td>7</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>4.</td>
<td>6</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>5.</td>
<td>4</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>6.</td>
<td>6</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>7.</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>8.</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>37</strong></td>
<td><strong>17</strong></td>
<td><strong>20</strong></td>
</tr>
</tbody>
</table>

Obs.: this distribution is based on the actual number of teachers existing in each region

See Annex 8 for detailed grant distribution for the continuous teacher training programmes. The grant scheme distribution for the training of the teachers with management, counselling and control attributions contains one grant for each region.

Throughout the grant scheme implementation process there will be a permanent monitoring, supervising and evaluation of the stages for the on-going continuous training programmes. These activities will be ensured by the NCPTE and its 16 Regional Centres together with the 2004 technical assistance support. The relevant data resulted from these activities will constitute the basis for the elaboration of an in-depth impact study of the programme implementation in terms of
benefits, outcomes and future perspectives in the field of continuous teacher training on national level.

The final beneficiaries will be selected based on competition and will be assisted to develop and implement qualitative programmes relevant to the identified training needs.

The NCTPE with 2004 TA support will undertake the following activities for preparation and implementation of the 2005 grant scheme:

- Elaborate the Guidelines for Applicants for the teacher training programme grant scheme and elaborate the evaluation grid.
- Launching the programme (grant scheme) in the mass media (press conference on all possible channels, regional campaign for information 60 days before the deadline for submission of applications, etc);
- NCTPE and RCs will ensure information dissemination and awareness raising on the programme;
- Guide the potential teacher training programme suppliers;
- Appraisal and selection of applicants under the Phare 2005 grant scheme
- Elaborate a list of selected suppliers and a waiting list
- Assist the selected training providers’ to improve their programme so as to have a unitary quality level of the programmes proposed; the selected suppliers will undergo an accreditation (considering the NCTPE present accreditation methodology); if any supplier fails to get accreditation, the next one from the waiting list will be included;
- Training and assistance to the selected providers in the implementation of the programmes;
- The NCTPE and RCs will monitor the implementation when the selected and accredited training suppliers will deliver the training programmes to the target groups;

The eligible beneficiaries (training providers) are: Teacher Houses, Universities, the Institute for Educational Sciences, NGOs whose activities include teacher training. They will be selected based on competition and will be assisted to develop and implement qualitative programmes relevant to the identified training needs. The training providers shall comply with legal regulations in force concerning the provision of the services.

The training programme proposal will be developed according to:

a student-centred teaching and learning competencies framework and objectives proposed by the National Centre for Staff Training in Pre-University Education in accordance with the outcomes envisaged on the training needs analysis results (from 2004 TA) both from the competencies and regional distribution of training needs perspectives.

The appraisal of applications and selection of continuing teacher training suppliers will be done according to the PRAG criteria of evaluation and selection: administrative compliance; eligibility of the applicants, partners and actions; evaluation of the quality of the proposals and financial evaluation. The evaluation process will take into consideration the evaluation grid that contains specific criteria in terms of financial and operational capacity, the relevance (of continuous training offer towards the training needs), methodology, sustainability, budget and cost-effectiveness (including assurance of most accessible continuous training locations for the prospective trainees).

As regards the appraisal and the selection of projects it will be ensured that experts from the Contractor of the main TA assisting the project preparation will not be part of the evaluation committee. Separate independent experts will be contracted for this purpose.
3.2.2.3 Results in 2005
- Improved capacity of training suppliers to provide high quality teachers training programmes
- Improved skills of teachers and managers from lyceums in rural areas.

Indicators
25 accredited programs resulting at the end of the process
An approximate number of 2000 – 2800 persons trained, out of which 1360-2160 teachers and 640 managers from lyceums in rural areas will be trained. (from the total of 25 grants)

3.2.3 Budget for Priority B/ measure d
The regional allocations for this measure will take into account the findings of REAPs.

<table>
<thead>
<tr>
<th>Year 2005</th>
<th>Phare funding</th>
<th>National Co-financing</th>
<th>IFI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority B / Measure D</td>
<td>Phare funding</td>
<td>National Co-financing</td>
<td>IFI</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>Investmen t</td>
<td>IB</td>
<td>Total Phare</td>
<td></td>
</tr>
<tr>
<td>Sub-project 1, out of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic didactic equipment</td>
<td>19.25</td>
<td>3.00</td>
<td>22.25</td>
<td>6.42</td>
</tr>
<tr>
<td>Site supervision for 2003 works</td>
<td>17.25</td>
<td>2.00</td>
<td>17.25</td>
<td>5.75</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>2.00</td>
<td>3.00</td>
<td>2.00</td>
<td>0.67</td>
</tr>
<tr>
<td>Sub-project 2 – grant scheme</td>
<td>0.75</td>
<td>-</td>
<td>0.75</td>
<td>0.25</td>
</tr>
<tr>
<td>Total 2005</td>
<td>20.00</td>
<td>3.00</td>
<td>23.00</td>
<td>6.67</td>
</tr>
</tbody>
</table>

* Co-financing for site supervision will be used for supporting the RDAs to implement and monitor projects financed in the framework of PPD ESC 2004-2006 (see Priority E, sub-project 4, component G).

3.2.4 Implementation Arrangements for Priority B/measure d
Sub-project 1
Ministry of European Integration (MIE) will be the Implementing Agency for all the components of this project.

The Ministry of Education and Research (MER) will play the role of Implementing Authority for technical assistance provided under Institution Building and for supply procurement provided under Investments. The MER will supervise and co-ordinate all IB and supply sub-components through National Center for Development of Technical and Vocational Education (NCDVET) as PIU, and liaise with the Ministry of European Integration for all aspects related to regional development – strategies and priorities, as well as for works sub-component of Investments. The PIU will involve higher education representatives for the developments which refer to this education sector.

MEI will be Implementing Authority for works site supervision contract.

The Regional Development Agencies (RDA) will be Implementing Authorities for works sub-component of Investments (2004). School inspectorates representatives will be members of the PIUs established at the level of beneficiaries. Close cooperation between MEI, MER and RDA will ensure the coherency of the Phare 2004-2006 activities. As main beneficiary of the programme and specialised governmental authority the MER will supervise the 2004-2006 programme activities from technical relevancy of provided investments to the TVET provision improvement and students achievements enhancement.
The project continues to get advice from the Regional Consortia which will be restructured in view of enhancing social partners’ representation. Their main responsibility is to update the Regional Education Action Plans, to monitor their implementation and to assist the Local (county) Education Action Plans development. The later will be under the each school inspectorate responsibility which will cooperate with its consultative managerial structure, the Local Development Committees for Social Partnership Development.

Sub-project 2

MEI will be the Implementing Agency for this project.

The Ministry of Education and Research (MoER) will play the role of Implementing Authority for this project. The MoER will supervise and co-ordinate all IB and grant sub-components of Investments through the National Centre of Staff Training in Pre-University Education as PIU, and liaise with the MoLSSF for all aspects related to HRD development – strategies and priorities.

The HRD Steering Sub-committee already established will follow the progress of the measure according to the Implementation schedule in view of assuring an effective correlation between all programme activities and the other programmes implemented under economic and social cohesion.

European Training Foundation will participate in the committee when TVET is analyzed.

Risks and Conditionalities:

Sub-project 1: The TVET 16 RCs, out of 122 schools, should be selected by October 2005, as responsibility of MoER and NCTVET.

The Government should ensure necessary human and financial resources and premises for the NAQ and the sectoral committees to fulfill their role. Reporting role to NAQ should be respected and a close cooperation should be ensured.

3.3 Sub-projects implementing priority C measure a

Within the framework set by the Financing Agreement 2005 these sub-projects implement a measure foreseen in the multi-annual ESC Programme document 2004 referred to as follows:

<table>
<thead>
<tr>
<th>Priority C:</th>
<th>Development of the productive sector through support to SMEs and micro-enterprises and business support service providers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure a:</td>
<td>Support to SMEs, Business Start-ups and Micro-enterprises and business support service providers</td>
</tr>
</tbody>
</table>

The Government of Romania recognises the importance of SMEs and micro-enterprises as the basis for establishing and developing a modern, dynamic and knowledge-based economy. The European Union experience demonstrates that SMEs and micro-enterprises can make a substantial contribution to GDP growth, enhance employment opportunities and stimulate exports. SMEs have the ability to respond flexibly to challenges posed by competitive markets and to adapt quickly to cyclical and structural changes in the global economy. A well-developed SME and micro-enterprise sector can therefore underpin macro-economic stability and growth.
3.3.1 Sub-project 1 – Support institutional, human resources and technical capacity of NASMEC to introduce and develop e-governance and to foster use of ITC by innovative SME

3.3.1.1 Objectives

- to introduce e-governance practices that improve the communication and sharing of information between SMEs and public administration bodies at national and regional level (NASMEC and RDAs), for the most effective and coherent implementation of SME support policies throughout Romania;
- to familiarise SMEs with modern information and communication technologies (ICT) and to help them consider the advantages of introducing e-business strategies and applications for improved competitiveness;
- to improve SME access to ICT applications via an SME-tailored portal for e-business.

This project 2005 will continue the following activities which started in Phare ESC 2004:

(a) an IB component, including assistance aiming to help NASMEC develop and operate the SME portal to improve the interface between private SMEs and public administration bodies, as well as the relations between NASMEC and its partner organisations (mainly RDAs, Chambers and SME Federations) for the implementation of SME support policies at the regional scale, through e-governance practices.

(b) a supply component, under 2004, to purchase the relevant IT technology that NASMEC will need centrally to develop the SME portal, comprising both the e-governance system and the shared e-business platform.

3.3.1.2 Activities and means in 2005

The 2005 activities (c) will built on the achievements of the components (a) and (b) as follows:

(c) a TA component to support at least 250 dynamic SMEs – that wish to develop e-business strategies and eventually start their implementation, either independently or through a shared e-business platform made available through NASMEC. Eligible enterprises must fall within the juridical definition of SME according to the Romanian Law, must have been operating for at least two years at the moment of applying for support, must employ at least 25 full-time staff. Selection of beneficiary SMEs will also take in consideration their technical capacity and willingness to devote sufficient resources, including personnel and matching funds, which are necessary for their implementation. NASMEC, in consultation with the respective RDAs and other stakeholders, may define additional selection criteria that give priority to SMEs that operate in industry sectors that are considered strategic for their region.

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2 The IT technology that will be purchased will include:

- **Hardware** to be installed centrally at NASMED (webserver for hosting the e-portal, the application server(s) to run the e-governance and e-business modules, and all related accessories as for instance dedicated workstations, control stations, firewalls, backup systems and other architectural elements of the e-portal);

- **Software** (including licence and maintenance cost) for at least: e-governance applications; the full e-business suite (meaning with this term both portal applications, e-business applications B2B/B2C and e-business applications as for instance ERP, CRM, ODL or HR applications, etc.); content manager system, relational database system; central antivirus system and all other related accessories.

3 Eligible enterprises must fall within the juridical definition of SME according to the Romanian Law 346/2004. Selection of beneficiary SMEs will take in consideration the preparedness of applicants to introduce e-business functionalities in order to market and sell the goods that they manufacture or the services that they develop, as well as their capacity and willingness to devote sufficient resources, including personnel and matching funds, which are necessary for their implementation. NASMEC, in consultation with the respective RDAs and other stakeholders, may define additional selection criteria that give priority to SMEs that operate in industry sectors that are considered strategic for their region.
necessary for their implementation. NASMEC, in consultation with the respective RDAs, will establish a specific set of criteria based on proposals to be presented by Technical Assistance provided under IB component for NASMEC. This may include additional parameters, for example by giving priority to SMEs that operate in industry sectors that are considered strategic for their region. NASMEC will launch a process of open competition for selecting them.

This TA component will include a public awareness campaign to stimulate the interest of SMEs in e-business solutions and will be implemented through a service contract, funded from the 2005 budget, where MEI is the Contracting Authority, NASMEC is the Implementing Authority, and eligible SMEs are the target group. Minimum 500 owners/managers will attend public awareness workshops on e-business models out of which the 250 SMEs will be selected for more specific assistance, as defined above. In addition, specific e-business training will be delivered to at least 200 ICT professionals from beneficiary SMEs.

This project is being prepared by NASMEC with initial assistance from the Phare 2001 TA. Phare 2004 will elaborate a feasibility study, which will include an accurate design of the SME portal and e-platform, including their links with partners organisations and network of access points in the regions, Chambers of Commerce and professional / sector associations. The study will also recommend an accurate business model for the e-platform that must ensure its sustainability beyond the duration of this project through a cost-sharing mechanism with participant organisations and beneficiary SMEs.

During 2005 the SME-tailored e-platform will be made available to a larger number of final SME users.

The TA contract for component (c) of sub-project 1 will include:

- Awareness and information dissemination among SMEs via local and regional SME support bodies;
- Provision of support services to SMEs in order to help them develop their own e-business strategies and join the shared e-platform.

### Results for 2005

- Romanian SMEs better aware about the potential benefits of e-business models;
- specific e-business training delivered to at least 250 ICT professionals;
- ICT awareness workshops on e-business models held with participation from at least 500 SME managers and/or owners;
- the SME portal in function with specific e-governance functionalities (B2G);
- a multi-user e-business technology accessible to SMEs through NASMEC;
- specific e-business advisory service provided to minimum 150 SMEs to identify and possibly develop e-business solutions (e.g.: B2B, B2C, B2X, intranet and extranet, connections to leading e-portals, etc.);
- the SME portal financially and technically sustainable;
- an e-business SME community established.

### Sub-project 2 – Improving Business Support Services for SMEs:

#### Objectives

To strengthen the capacity of the NASMEC to design and implement schemes to facilitate the development of business support services;
To enhance the capacity of regional-based Business Service Providers (BSPs) to provide “top class business support services” to micro-enterprises and SMEs;

To assist business start-ups, micro-enterprises and innovative SMEs in order to increase their overall contribution to the creation of employment, sustainable economic growth and improved export performance;

In the context of the ESC 2004 – 2006 Programme, the sub-project will be implemented via two types of activities: (a) a TA component and (b) a Grant Scheme.

3.3.2.2 Activities and means in 2005

a) TA component is aimed to promote and strengthen business support services for SMEs:

**Technical assistance and training for BSPs to strengthen institutional and human resource capacity, and widen their service provision.**

NASMEC has already developed a roster of over 240 Business Service Providers, which includes Chambers of Commerce, profit and non-profit private structures, individual consultants. However, the TA and Grant Scheme component will be available to all BSS, irrespective if registered or not in NASMEC database. Building on the work done under the ESC 2003 and 2004 Programme, additional technical assistance and training will be provided to Business Service Providers in order to strengthen their capacities, and improve their product range. Services provided by the respective structures are quite diverse, but there is a clear need to improve quality of service provided and to stimulate the demand by both getting SMEs used to procure services and reducing related costs.

These can be categorise under ten main headings, as established in the EU:

Management training;

HRD/staff training;

General management consultancy – refocusing/restructuring the enterprise;

Export assistance;

Marketing assistance;

Production assistance – productivity/product development/innovation/ quality systems;

Premises support – physical location/organisation etc;

Information services – partner and sales leads/technology transfer/innovation services;

Specialised services related to the area/sector of activity;

Assistance in raising finance

**Assisting the NASMEC to further monitor and evaluate the impact of the financing instruments** in support of the SME sector, both Phare programmes and programmes funded from national sources, such as the Voucher Counseling Scheme, designed under Phare TA in 2004. A preliminary study has already been elaborated and the Government has indicated its willingness to make significant resources available for the financing instruments. The present project will build on this initiative by providing technical assistance to the NASMEC to develop its capacity to design, manage and implement financing instruments and to establish the regulations, procedures, criteria of eligibility and selection and to develop the mechanisms to monitor efficiency, effectiveness, impact and sustainability.

**Enhancing the capacity of relevant bodies at regional level to provide first level advisory and consultancy level services:** In order to establish a culture of using services, it is important that front-line organisations such as RDAs, Chambers of Commerce and professional associations etc.
are able to identify needs and point entrepreneurs and SME owners/managers in the right direction. Training will be provided to the staff of these organisations and assistance will be given to link them to trans-national agencies and networks involved in SME issues;

**Awareness raising:** In order to raise awareness of the services that are available under the Grant Scheme, the rationale for using services, and the impact that using advisory and consultancy services might have upon business performance, support will be given to media campaigns and other tools, workshops; selection of applications.

**The TA contract will:**

- Provide assistance and training for BSPs to strengthen their institutional and human resource capacity, and widen their service provision skills and capabilities;
- Strengthen the capacity of regional level structures (RDAs, Chambers of Commerce, Professional Associations etc) to provide first level advisory and consultancy services and to develop nation-wide networks and trans-national linkages;
- Monitor and evaluate the impact of the financing schemes defined and introduced by NASMEC under the Phare TA 2004;
- Elaborate and implement an awareness campaign linked to the introduction of the Grant Scheme.

As regards the appraisal and selection of applications under the grant scheme, it will be ensured that experts of the main TA contract, which activities are described above, will not be part of the evaluation committee. Separate independent experts will be contracted for this purpose.

(b) **The Grant Scheme** to assist SMEs to procure services from Business Service Providers, (continuation of the 2004 activities).

The scheme will be developed on an annual basis and will be addressed to Business Service Providers. The Grant Beneficiaries will be the Business Service Providers. In order to meet the priorities of the National SME Strategy, the target groups for the services will be micro-enterprises, start-ups, innovative SMEs and established SMEs. Additional eligibility criteria (types of services to be provided/financial status of BSPs etc.) will be elaborated and regional and sector priorities will be identified that reflect the priorities of the national SME strategy and the regional development strategies. The services that can be procured through the Grant Scheme will accord with the ten themes identified above. The Grant Scheme will be managed through the Regional Development Agencies who will act as the Implementing Authorities.

The minimum value of a Grant will be €25,000 and the maximum value will be €75,000, Phare contribution. The Grant Beneficiary will be required to assure 20% co-financing in case of profit making bodies and 10% of co-financing from non-profit making bodies, and the projects proposed to be financed shall present estimated impact in enlarging the range of services provided, improving their quality or reducing cost of assistance provided to SMEs. The Grant Scheme, including definition of eligibility and selection criteria will be designed in accordance with PRAG.

4 Precise definitions of SMEs and innovative SMEs have been given in previous footnotes. Start-ups are considered those enterprises that fall within the legal definition of an SME in Romania and have been legally established for less than eighteen months before applying for the benefits foreseen under this measure; micro-enterprises are those compliant with the legal definition of micro-enterprises under the Romanian Law No 346/2004.
The scheme will also contribute to the establishment of local and regional bodies able to propose and manage projects under the future structural funds.

The definition of the grant scheme priorities, eligibility and selection criteria, general guidelines is done under Phare ESC 2004. Revision/adjustment of the scheme will be done according to problems occurred during the implementation of 2004.

### 3.3.2.3 Results for 2005

Awareness of entrepreneurs and owners/managers regarding the availability of, and the need to use, services is raised;

100+ Business Service Providers received Grants to support SMEs;

1000+ SMEs will have benefited from the scheme;

At least 200 individual experts + 120 staff of Business Service Providers are trained and their skills strengthened.

Strengthened monitoring capacity of NASMEC; monitoring system in place.

### 3.3.3 Sub-project 3 – Improving the access to finance of SME start-ups, and micro-enterprises

#### 3.3.3.1 Objectives

- To strengthen the policy, legislative and institutional framework to support the introduction and development of innovative financial instruments at national and regional levels;
- To enhance institutional and human resource capacities of intermediary SME credit and micro-credit institutions;
- To establish a micro-credit scheme for SME start-ups and micro-enterprises

#### 3.3.3.2 Activities and means in 2005

Taking into consideration the conclusions of the Needs Assessment Report and the priorities of the National SME Strategy 2004 - 2008, this project will focus upon the following components, during 2005:

(a) **Technical assistance** to SMEs start-ups and micro-enterprises in the preparation of bankable documents to be submitted to the credit scheme. In order to ensure take-up of the credit scheme, an awareness campaign will be launched and technical assistance will be offered to SMEs start-ups and micro-enterprises to assist them to draft applications to the scheme supported by the necessary documentation;

(b) **The capitalisation of a regional-based credit scheme targeted at start-ups and micro-enterprises.** The credit scheme shall operate at regional level, according to mechanisms proposed as result of the feasibility study undertaken under Phare 2004 through a FWC. The feasibility study will examine ways in which the proposed credit scheme can be capitalised and recommend mechanisms for the transfer of funds and management of the scheme in accordance with PRAG, or provide justification for an alternative non-standard implementation mechanism, for which final approval will be provided by EC. Specific allocations will be made to each of the 8 development regions based on the ratios identified in the Budget Table. The eligibility criteria will accord with

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5 See previous footnotes for accurate definition of these target groups.
the sector priorities identified in the National SME strategy. The maximum level of any individual loan will not exceed 50,000 Euro.

The TA contract will aim at:

The implementation of an awareness campaign explaining the objectives, structures and processes of the credit scheme and provision of technical assistance and training to SMEs start-ups and micro-enterprises to prepare bankable documents.

At the same time the proposed Credit Scheme for start-ups and micro-enterprises will come on stream. The primary activities related to the credit scheme will include:

- transfer of funds into the Credit Scheme;
- formal publication of the Credit Scheme Guidelines;
- launch of the application and evaluation processes;
- conclusion of the first loan agreements.

Depending on the results and recommendations of the feasibility study, carried out in Phare ESC 2004, the scheme will be launched. If the scheme is applied, it is expected that by the beginning of 2006, the scheme will be fully operational and the activities will be focused upon receipt and processing of credit applications.

If the recommendations of the feasibility study will consider that the scheme is not appropriate under Phare conditions and procedures, or the proposed alternative non-standard implementation mechanism cannot be approved by EC, the budget will be reallocated to other SME activities under ESC.

3.3.3.3 Results for 2005

The activities carried out under the 2005, ESC Programme are expected to achieve the following major results, conditioning upon EC approval of the recommendations of the feasibility study:

The national and local institutional framework necessary to absorb SME credit facilities under Structural Funds is in place;

The Scheme is in place;

A minimum of 60 loans will be implemented.

At least 70 bankable documents have been prepared with SMEs start-ups and micro-enterprises in each of the 8 development regions and a pipeline of fundable actions has been developed for the proposed credit line, adding to the ones prepared by 2004 TA.

SMEs Intermediaries able to implement the scheme.

3.3.4 Budget for Priority C/measure a

<table>
<thead>
<tr>
<th>Year 2005</th>
<th>Indicative EU support</th>
<th>Total EU (=I+IB)</th>
<th>National Co-financing*</th>
<th>IFI*</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority C/ Measure a</td>
<td>Investment Support</td>
<td>Institution Building</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-project 1</td>
<td>1.10</td>
<td>1.10</td>
<td>1.10</td>
<td>1.10</td>
<td></td>
</tr>
<tr>
<td>Sub-project 2</td>
<td>5.40</td>
<td>0.60</td>
<td>6.00</td>
<td>1.80</td>
<td>7.80</td>
</tr>
<tr>
<td>- awareness and training</td>
<td>0.40</td>
<td>0.20</td>
<td>0.40</td>
<td>0.20</td>
<td>0.40</td>
</tr>
<tr>
<td>- appraisal and selection</td>
<td>0.20</td>
<td>0.20</td>
<td>0.20</td>
<td></td>
<td>0.20</td>
</tr>
</tbody>
</table>
### 2005 Phare National Programme

#### Economic and Social Cohesion part 1

22/11/06

**- Investment, per region:**

<table>
<thead>
<tr>
<th>Region</th>
<th>Investment</th>
<th>Investment</th>
<th>Investment</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nord – Est 21,57%</td>
<td>1.165</td>
<td>1.165</td>
<td>0.388</td>
<td>1.553</td>
</tr>
<tr>
<td>Sud-Est 13,92%</td>
<td>0.752</td>
<td>0.752</td>
<td>0.251</td>
<td>1.002</td>
</tr>
<tr>
<td>Sud-Muntenia 16,07%</td>
<td>0.868</td>
<td>0.868</td>
<td>0.289</td>
<td>1.157</td>
</tr>
<tr>
<td>Sud-Vest Oltenia 11,99%</td>
<td>0.647</td>
<td>0.647</td>
<td>0.216</td>
<td>0.863</td>
</tr>
<tr>
<td>Vest-România 8,84%</td>
<td>0.477</td>
<td>0.477</td>
<td>0.159</td>
<td>0.636</td>
</tr>
<tr>
<td>Nord – Vest 11,57%</td>
<td>0.625</td>
<td>0.625</td>
<td>0.208</td>
<td>0.833</td>
</tr>
<tr>
<td>Centru 11,03%</td>
<td>0.596</td>
<td>0.596</td>
<td>0.199</td>
<td>0.794</td>
</tr>
<tr>
<td>București-Ilfov 5.01%</td>
<td>0.271</td>
<td>0.271</td>
<td>0.090</td>
<td>0.361</td>
</tr>
</tbody>
</table>

**Sub-project 3**

- appraisal and selection

<table>
<thead>
<tr>
<th>Region</th>
<th>Investment</th>
<th>Investment</th>
<th>Investment</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nord – Est 21,57%</td>
<td>0.820</td>
<td>0.820</td>
<td>0.274</td>
<td>1.094</td>
</tr>
<tr>
<td>Sud-Est 13,92%</td>
<td>0.529</td>
<td>0.529</td>
<td>0.177</td>
<td>0.706</td>
</tr>
<tr>
<td>Sud-Muntenia 16,07%</td>
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<td>0.611</td>
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<td>0.815</td>
</tr>
<tr>
<td>Sud-Vest Oltenia 11,99%</td>
<td>0.456</td>
<td>0.456</td>
<td>0.152</td>
<td>0.608</td>
</tr>
<tr>
<td>Vest-România 8,84%</td>
<td>0.336</td>
<td>0.336</td>
<td>0.112</td>
<td>0.448</td>
</tr>
<tr>
<td>Nord – Vest 11,57%</td>
<td>0.440</td>
<td>0.440</td>
<td>0.147</td>
<td>0.587</td>
</tr>
<tr>
<td>Centru 11,03%</td>
<td>0.419</td>
<td>0.419</td>
<td>0.140</td>
<td>0.559</td>
</tr>
<tr>
<td>București-Ilfov 5.01%</td>
<td>0.190</td>
<td>0.190</td>
<td>0.064</td>
<td>0.254</td>
</tr>
</tbody>
</table>

**Total 2005**

<table>
<thead>
<tr>
<th>Investment</th>
<th>Investment</th>
<th>Investment</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.20</td>
<td>1.90</td>
<td>11.10</td>
<td>3.07</td>
</tr>
</tbody>
</table>

#### 3.3.5 Implementation arrangements for Priority C, measure a

Ministry of European Integration will be Implementing Agency.

The Regional Development Agencies will be Implementing Authorities for sub-project 2 grant scheme.

NASMEC is the institution responsible with policy development and it will provide technical support for investments implementation.

For the technical assistance under sub-project 1 and 2, NASMEC will be the Implementing Authority.

For sub-project 3, Implementing Authority will be NASMEC or other institution, in accordance with the feasibility study recommendations, study carried out by the TA within Phare ESC 2004 programme, which will be approved by EC.

The SMEs Steering Sub-committee, chaired by MEI, will follow the progress of the measure according to the Implementation schedule in view of assuring an effective correlation between all programme activities and the other programmes implemented under economic and social cohesion.
3.4 Sub-projects implementing priority D/ measure A

Within the framework set by the Financing Agreement 2005 these sub-projects implement a measure foreseen in the multi-annual ESC Programme document 2004 referred to as follows:

<table>
<thead>
<tr>
<th>Priority D:</th>
<th>Environmental Protection at regional level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure A:</td>
<td>Improving environmental protection at local and regional level</td>
</tr>
</tbody>
</table>

3.4.1 Objectives

To support the Romanian Government to develop and implement a national multi-annual program for the period 2004 – 2006 on local waste management and to extend the support to priority environmental sectors. This will help the local public authorities to implement the priorities of the National Development Plan (NDP), as well as the EU directives. It will also offer support to the commercial sector involved in environmental protection activities, with the aim of increasing the attractiveness of the areas for inward investment, rehabilitating the environment and increasing the quality of life and protecting the population’s health.

Background

The support will be directed to investment activities and represent an extension of the "Small-scale Waste Management Investment Scheme" initiated under Phare ESC 2003. Based on the achievements and considering the lessons learned from the implementation of Phare 2003, in the period 2004 - 2006 the program will be adjusted and extended as a multi-annual environmental investment scheme that will gradually extend the activities at national level, in accordance to the priorities and measures stipulated in the National Development Plan for the environmental sector.

Consequently, in accordance to the regional policy and strategy, besides waste management sector, investments could be also performed in areas such as: water management; air quality; biodiversity.

Considering the "Strategy for Water Management", in water management sector the following types of projects could, in principle, be implemented: rehabilitation, modernization of sewerage and waste water treatment systems; reduction of damages produced by the hazardous meteorological phenomena, by taking actions protective against flood and other potential calamities in the area and/or their effects; assurance of good quality of water and protection against the nutrients originated in agricultural sources.

The projects that could receive support in the field of air quality should consider and meet the priorities and measures mentioned in the "Strategy for Atmosphere Protection" and the subsequent "National Action Plan for Atmosphere Protection".

As regards biodiversity, according to the "National Strategy for the Biological Diversity Conservation and Sustainable Use of its Components in Romania", the following types of activities could, in principle, receive support:

-in-situ and ex-situ conservation of threatened, endemic or rare species and of those with high economical value;

-implementation of the National Protected Areas Network and ensuring the management for natural habitats and biodiversity conservation. Promoting and implementing the legislation regarding natural protected areas;

-implementation of new management systems as well as new alternative technologies for sustainable development of biodiversity. Development of sustainable tourism, without affecting biological diversity;
-conservation of natural habitats and ecological restoration, based on scientific studies, of the affected ecosystems. Conservation and reconstruction of wetlands and the protection of the endemic species, based on scientific studies;

On the institutional capacity at regional level, efforts are aimed at improving and strengthening the regional authorities’ cooperation with the other local authorities and non-governmental organizations for the implementation and application of the environmental protection legislation, as well as for the implementation of “Natura 2000” Ecological Network of Protected areas, in accordance to the provisions of EU Habitats Directive 92/43/EEC and EU Birds Directive 79/409/EEC.

The 2003 twinning project will help the Ministry of Environment and Water Management to prepare the multi-annual programming scheme for financing local environmental projects in each of the relevant environmental sectors.

The above mentioned shape the framework in which the current ESC component of Phare programme may provide support to investments in the 8 regions of the country.

The **investment grant scheme** designed under Phare ESC 2003 and implemented under Phare ESC 2004 for the waste sector will be continued, and extended to the relevant priority environmental sectors in the eight regions of the country. The investment grant scheme 2005 will be open for both public authorities and private sector (Small and Medium-sized Enterprises - SMEs).

Due to the limitation of funds allocated to the grant scheme, and considering the lessons learnt from implementation of the “Small-scale Waste Management Investment Scheme” of 2003 in Central Region, it has been decided that, under Phare ESC 2005 and 2006, the grant schemes for public sector will be restricted in the regions to only 2 priority sectors out of a total of three (water, waste, biodiversity), while the grant scheme for the private sector (SMEs) will be implemented exclusively in the waste management sector.

The following projects will be considered under this measure:

### 3.4.2 Sub-project 1: The Investment Grant Scheme to support the public sector’s initiatives in priority environmental sectors

Following an analysis of the specific activities within each environmental sector and in line with the recommendations of the European Commission, the priority investment areas for the public sector are: waste management, water management and biodiversity (particularly the protected areas).

**Eligible beneficiaries:**

The eligible beneficiaries are the public authorities, who can apply for any of the two priority environmental sectors identified by their respective regional authorities (RDAs and REPAs). Identification of the 2 priority environmental sectors will be made starting from the Regional Development Plans and other relevant documents (e.g.: Regional Environment Protection Plans).

The project proposals submitted by the public sector in view of receiving financial support under 2005-2006 Phare ESC grant scheme should, in principle, refer to activities/investments such as:

**A) waste management**

The main types of investments to receive financial support in the field of waste management are:

- bio-mechanical pre-treatment plants for household waste;
- composting plants;
- municipal waste collecting and transporting;
- separate collection;
• sanitation systems and temporary depositing spaces.

Size of grants:
Minimum amount of grant: 300,000 €
Maximum amount of grant: 1,000,000 €

B) water and waste water management
The main types of investments to receive financial support in the field of water and waste water management are:

• rehabilitation of water treatment plants, main water pipes, water nets, storage tanks;
• reconstruction of existing assets, where the current situation poses a health risk;
• extension of public water supply, where it is efficient;
• remediation of water resources, where no alternative source of supply is available by effective means.
• completion of metering;
• investments in decreasing of water loses.
• activities/investments regarding public wastewater systems within agglomerations larger than 2000 (equivalent inhabitants) p.e. (Non-overlapping with other potential financing sources/programmes: the projects should not be eligible for ISPA, SAMTID, SAPARD or PHARE CBC programmes), such as:
  • rehabilitation of the sewage treatment works, collectors, sewer systems, pressure stations, storm water storage or treatment;
  • reconstruction or refit of sewage treatment works, where currently thresholds stipulated by law are not met;
  • reconstruction of main sewers, where urgent needed to get the system function;
  • extension of sewer systems within the borders of agglomerations larger than 2,000 p.e., where connection to the public sewer system does not trigger excessive costs.
  • activities/investments aimed at providing protection against floods/water overflows and the dangers they can bring:
  • construction of new public assets/infrastructure elements whose role is to provide protection against floods, such as dykes, walls, retention systems;
  • reconstruction of existing public assets/infrastructure elements that have been identified as being at risk.

Size of grants:
Minimum amount of grant: 300,000 €
Maximum amount of grant: 1,000,000 €

C) nature protection/biodiversity
The main types of investments to receive financial support in the field of nature protection/biodiversity are:
investments aimed at saving and ecologically reconstructing sites located in protected areas and/or habitats of EU importance, as well as soft measures related to such investments;

- measures related to implementation of Natura 2000 network.
- establishment of visiting/information centres in relation to the protected areas;
- investment works aimed at increasing the preservation of the protected areas and their neighbourhoods (fences, trails, bridges, informative panels, resting places, access points, camping sites, shelters, etc).

Size of grants:
Minimum amount of grant: 300,000 €
Maximum amount of grant: 1,000,000 €
Maximum rate of grant for public sector: 90% of eligible cost

The local public authorities, as grant beneficiaries, should provide a co-financing amounting at least 10% of the total budget, as local contribution, in cash. In order to cover the local contribution, the National Environmental Fund (NEF) may provide support.

In principle, the 8 regions can submit proposals in any of the priority environmental sectors mentioned (waste, water, biodiversity). However, given the small budget per region, it’s been decided that each region should chose two out of the three environmental sectors, in view of receiving co-financing for investments under 2005-2006 Phare ESC investment scheme. The funds allocated to each region will support projects in both 2 sectors chosen. The Regional Development Agencies (RDAs) and the Regional Environmental Protection Agencies (REPAs) are going to conclude collaboration agreements in view of implementing the scheme. This way, they will be able to jointly establish the priority environmental sectors for each region.

Selection procedure:
According to the legislation in force, the National Environmental Fund could be used to support and achieve the priority objectives mentioned in the National Environmental Action Plan. The National Environmental Fund might cover about 20% of the budget foreseen for co-financing.

Other activities related to awareness, information, appraisal and selection, monitoring and evaluation of projects are considered for 2005-2006 Phare support.

For the stages of grant appraisal and selection related to 2005–2006 Phare ESC grant schemes, evaluation committees will be set up at regional level. Those committees will include independent experts contracted through separate TA contracts. Thus, conflict of interest between TA that provides support for project preparation and the one that ensures independent experts for project evaluation will be avoided.

For environmental sectors that will be addressed further on by the 2005-2006 programming, the assistance received by the Ministry of Environment and Water Management in 2003 through the twinning project, will prepare the multi-annual programming concept that will be developed on each sector, including: specific activities to be supported, types of projects to be financed, grant schemes including definition of precise types of projects, selection criteria, rates of assistance, support for the local preparation (definition of rules and procedures) etc. Guidelines for applicants will be approved according to the procedures that are in place at the time when they are finalized, PRAG or EDIS procedure.
3.4.3 Sub-project 2: The Investment Grant Scheme to support the private sector’s initiatives in waste management sector

Following an analysis of the specific activities within each environmental sector and in line with the recommendations of the European Commission, the investment area applicable to the private sector is waste management.

Eligible beneficiaries:

The eligible beneficiaries are only those SMEs with activity in the field of waste management.

The activities to receive financial support should be in line with the legal provisions of the Regulation regarding state allowances for environment protection (see O.J. published on July 2nd, 2002) and could include the following (the list is only indicative):

- recovery of waste through reuse, recycling and energy recovery activities.
- equipment/technologies aimed at preventing against or minimizing generation of waste and/or packaging waste (e.g. technologies that produce reusable packaging bags which can replace the plastic bags) or other sorts of waste;
- units/technologies for processing the galvanization sludges in view of separating their metallic elements and industrially reutilizing the components obtained (e.g. utilization of nickel or chromium sludges in the glass industry for obtaining coloured glass);
- units/equipments/technologies for monitoring the hazardous waste resulting from end-of-life vehicles (including collecting, depolluting, dismantling, reutilizing and recycling the component elements of end-of-life vehicles);
- establishment of functional units for collecting, treating/depolluting, dismantling, recycling and reutilizing the waste coming from electrical and electronic equipments;
- technologies/units for producing the so called “floof” (crushed mixture of plastics, paper, compost from household waste) which can be used as alternative fuel in the cement industry (maybe in other industries as well);
- equipment for transportation of medical waste or other kinds of waste (e.g. hazardous waste) to disposal units/spots in accordance to national and international norms, legislation and requirements;
- units/centres for sorting/putting good use of some of the waste elements resulting from construction and/or demolition works/activities;
- technologies/equipment for salvage/recuperation of industrial solvents;
- salvage/recuperation of materials contained in accumulators or batteries;
- sawdust’s briquetting.

Size of grants:

Minimum amount of grant: 50,000 €

Maximum amount of grant: 300,000 €

Maximum rate of grant for private sector (SMEs) is 50% of eligible investment cost.

The local SMEs, as grant beneficiaries, should provide a co-financing amounting at least 50% of the total budget, in cash. In order to cover the ir contribution, the local SMEs can benefit from loans from the National Environmental Fund.

Selection procedure:
For the stages of grant appraisal and selection related to 2005 – 2006 Phare ESC grant schemes, evaluation committees will be set up at regional level. Those committees will include independent experts contracted through separate TA contracts. Thus, conflict of interest between TA that provides support for project preparation and the one that ensures independent experts for project evaluation will be avoided.

The Phare ESC 2003 Twinning Project will provide assistance to the Ministry of Environment and Water Management in preparing the 2005-2006 grant scheme aimed at supporting private investments/initiatives in the field of waste management, including definition of precise types of projects, selection criteria, rates of assistance, support for local preparation (definition of rules and procedures) etc. Guidelines for applicants will be approved according to the procedure that will be in place at the time they are finalized, PRAG or EDIS procedure.

3.4.4 Sub-project 3 : Project preparation grant scheme

The project preparation grant scheme – set up under Phare 2004 - is aimed at providing support for projects preparation at national level (studies, market studies, cost-benefit analysis, pre-feasibility and feasibility studies, environmental impact assessments), addressed only to the private sector and will be continued in 2005 for the public sector. The beneficiaries of the 2005 grant scheme will include only the public sector. The studies prepared under this scheme which will not be selected to receive financing under Phare grant scheme for environment sectors (sub-project 1 or 2) could be retained as a pipeline for future IFI’s and Structural Funds’ financing. The project preparation grant scheme will be designed and launched at national level.

Following conditions will apply to all applicants, regardless the environmental sector they approach:

**Size of grants :**

- Minimum grant amount: 10,000 €
- Maximum grant amount: 75,000 €
- Maximum rate of grant for public sector: 90%

**Implementation procedure for sub-projects 1, 2, 3:**

Other activities related to awareness, information, appraisal and selection, monitoring and evaluation of projects are included for 2005-2006 support.

For the stages of grant appraisal and selection related to 2005 Phare ESC grant schemes, evaluation committees will be set up at regional level for sub-projects 1 and 2, and at national level for sub-project 3. Those committees will include independent experts contracted through separate TA contracts. Thus, conflict of interest between TA that provides support for project preparation and the one that ensures independent experts for project evaluation will be avoided.

For all priority sectors that will be addressed in the 2005-2006 programming, the assistance received by the Ministry of Environment and Water Management in 2003 through the twinning project, will prepare the multi-annual programming concept that will be developed on each sector on: specific activities to be supported, types of projects to be financed, selection criteria, rates of assistance, support for the local preparation (definition of rules and procedures) etc. Guidelines for applicants will be elaborated and approved in accordance to the procedure in force at the time when they are finalised, PRAG or EDIS procedure.
3.4.5 Sub-project 4: Technical Assistance for the implementation of the grant schemes

Technical Assistance is foreseen in 2005-2006 in order to support the implementation of the grant schemes. It will give support to the beneficiaries in preparation of the applications for financing, and also will provide support in the selection, monitoring and control process.

More precisely, the assistance could be described in the table below:

<table>
<thead>
<tr>
<th>TA</th>
<th>PHARE ESC 2005</th>
<th>PHARE ESC 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Info &amp; guidance to applicants</td>
<td>Managing selection &amp; contracting</td>
</tr>
<tr>
<td>2004</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Moreover, the TA 2006 will make a review of the guidelines for applicants, application forms and the other related documentation produced for the year in course.

The assistance will be addressed both to the implementing authorities and to the local public entities in charge with the programme management.

3.4.6 Sub-project 5: Technical Assistance to support the implementing authorities in the appraisal & selection of the projects

As regards the appraisal and the selection of projects it will be ensured that experts from the Contractor of the main TA (project 4) which will assist the project preparation will not be part of the evaluation committee. Separate independent experts will be contracted for this purpose.

3.4.7 Results 2005

Investment projects developed, selected and contracted through the Phare ESC 2005 Investment Grant Scheme for public authorities, in the waste, water and biodiversity sectors throughout the country;

Investment projects developed, selected and contracted through the Phare ESC 2005 Investment Grant Scheme for private sector, in the waste management sector throughout the country;

A portfolio of studies, analyses, assessments developed through 2005 Project Preparation Grant Scheme at national level, for environmental infrastructure projects, subject to ESC 2005-2006, Structural Funds and other donors financing;

Improved design of the projects prepared, selected, and contracted under the Phare 2005-2006 ESC programme in waste, water, biodiversity sectors for local/regional public authorities throughout the country;
Improved design of projects prepared, selected, and contracted under the Phare 2005 ESC programme in waste management field for private sector (SMEs) throughout the country; Beneficiaries (public authorities and private sector) capable of managing environmental protection activities independently and at a professional standard level.
Accurate, well-prepared evaluation reports for the selection process.

### 3.4.8 Budget for Priority D/measure a

All investments related to this measure will be distributed equally throughout the regions.

<table>
<thead>
<tr>
<th>Year 2005</th>
<th>EU Support</th>
<th>National Co-financing*</th>
<th>IFI*</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority D/Measure a</td>
<td>Investment Support</td>
<td>Institution Building</td>
<td>Total EU (=I+IB)</td>
<td></td>
</tr>
<tr>
<td><strong>Sub-project 1: Environmental investment scheme for local public authorities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment per region:</td>
<td>20.00</td>
<td>20.00</td>
<td>6.67</td>
<td>26.67</td>
</tr>
<tr>
<td>1. Nord – Est</td>
<td>2.50</td>
<td>2.50</td>
<td>0.834</td>
<td>3.334</td>
</tr>
<tr>
<td>2. Sud-Est</td>
<td>2.50</td>
<td>2.50</td>
<td>0.834</td>
<td>3.334</td>
</tr>
<tr>
<td>3. Sud-Muntenia</td>
<td>2.50</td>
<td>2.50</td>
<td>0.834</td>
<td>3.334</td>
</tr>
<tr>
<td>4. Sud-Vest Oltenia</td>
<td>2.50</td>
<td>2.50</td>
<td>0.834</td>
<td>3.334</td>
</tr>
<tr>
<td>5. Vest-România</td>
<td>2.50</td>
<td>2.50</td>
<td>0.834</td>
<td>3.334</td>
</tr>
<tr>
<td>6. Nord – Vest</td>
<td>2.50</td>
<td>2.50</td>
<td>0.834</td>
<td>3.334</td>
</tr>
<tr>
<td>7. Centru</td>
<td>2.50</td>
<td>2.50</td>
<td>0.834</td>
<td>3.334</td>
</tr>
<tr>
<td>8. Bucureşti-Illfov</td>
<td>2.50</td>
<td>2.50</td>
<td>0.834</td>
<td>3.334</td>
</tr>
<tr>
<td><strong>Sub-project 2: Environmental investment scheme for private sector</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment per region:</td>
<td>6.5</td>
<td>6.5</td>
<td>2.17</td>
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<tr>
<td>1. Nord – Est</td>
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<td>1.0837</td>
</tr>
<tr>
<td>2. Sud-Est</td>
<td>0.8125</td>
<td>0.8125</td>
<td>0.2712</td>
<td>1.0837</td>
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<tr>
<td>3. Sud-Muntenia</td>
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<td>0.8125</td>
<td>0.2712</td>
<td>1.0837</td>
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<tr>
<td>4. Sud-Vest Oltenia</td>
<td>0.8125</td>
<td>0.8125</td>
<td>0.2712</td>
<td>1.0837</td>
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<tr>
<td>5. Vest-România</td>
<td>0.8125</td>
<td>0.8125</td>
<td>0.2712</td>
<td>1.0837</td>
</tr>
<tr>
<td>6. Nord – Vest</td>
<td>0.8125</td>
<td>0.8125</td>
<td>0.2712</td>
<td>1.0837</td>
</tr>
<tr>
<td>7. Centru</td>
<td>0.8125</td>
<td>0.8125</td>
<td>0.2712</td>
<td>1.0837</td>
</tr>
<tr>
<td>8. Bucureşti-Illfov</td>
<td>0.8125</td>
<td>0.8125</td>
<td>0.2712</td>
<td>1.0837</td>
</tr>
<tr>
<td><strong>Sub-project 3: Preparation grant scheme</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment per region:</td>
<td>2.4</td>
<td>2.4</td>
<td>0.8</td>
<td>3.2</td>
</tr>
</tbody>
</table>
### 3.4.9 Implementation arrangements for Priority D/measure a

Main agencies designated to assist in the implementation are Regional Development Agencies, as Implementing Authorities, co-ordinated by the Ministry of European Integration, as Implementing Agency.

For the stages of grant appraisal and selection related to 2005 Phare ESC grant schemes, evaluation committees will be set up at regional level for sub-projects 1 and 2, and at national level for sub-project 3.

The Regional Environmental Protection Agencies (REPA) co-ordinated by the Ministry of Environment and Water Management will provide technical support in the implementation process. REPA will participate in the regional/national selection committee, as evaluators. The RDAs will conclude a co-operation agreement with REPA.

For the TA component (sub-project 4) concerning support for the implementation of the grant scheme, the MEWM will be the Implementing Authority. For TA concerning (sub-project 5) appraisal and selection, the RDAs will be Implementing Authorities.

The National Environmental Fund (NEF) could provide approximately 20% co-financing, within the Phare regulation framework, but this only on the base of a joint procedure regarding sustaining of the grant scheme set up between the MEWM and NEF, in accordance with the Law no 73 from 4th of May 2000 on National Environmental Fund, amended by Emergency Government Ordinance no 86/2003 for the modification and completion of the Law 73/2000 on National Environmental Fund.

The enforcement of a sustainable system related to environmental management implies major changes of the present practices. The implementation of such changes will lead to the involvement of the whole society: individuals as users, entrepreneurs, socio-economic institutions, public authorities.
3.5 Sub-projects implementing priority E
Within the framework set by the Financing Agreement 2005 these sub-projects implement a measure foreseen in the multi-annual ESC Programme document 2004 referred to as follows:

<table>
<thead>
<tr>
<th>Priority E:</th>
<th>Building the institutional structures in order to achieve, upon accession, sound and efficient management of EU Structural Funds, and efficient management of programmes under EDIS requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measures a:</td>
<td>Development of administrative capacities for Structural Funds management</td>
</tr>
</tbody>
</table>

The Sub-project numbering corresponds to the numbering given in the 2004 programme document.

3.5.1 Sub-project 4: Co-ordination, management and implementation of regional, cross-border and trans-national programmes

3.5.1.1 Objectives
To strengthen MEI’s role in the overall co-ordination of regional policy formulation and implementation, continuing with the development of decentralized, effective and broad partnerships, refining of programming documents required for Structural Funds, and to further develop the implementation capacities required for Extended Decentralized Implementation System (EDIS) in line with Council Regulation 1266/99 on coordinating aid to the applicant countries in the framework of the pre-accession strategy.

To further develop the capacities of Regional Development Agencies in each of the Romanian macro-regions as professional, legitimate and sustainable organisations that are capable to leading the socio-economic development process in their region, in line with the successful practices in Member States, giving particular importance to the development of partnership amongst regional communities of interest to strengthen the legitimacy of the regional planning process, building on the achievements of Phare 2000 and 2003 regional twinnings.

To support the general Directorate for Regional Development to prepare to take over its role as ROP Managing Authority under Structural Funds and of the Cross Border Cooperation Directorate within Ministry of European Integration to take over the role of National Supporting Unit for INTERREG programmes and Managing Authority for NEIGHBOURHOOD programmes, as well as of the Intermediate Bodies for these programmes.

3.5.1.2 Activities and means in 2005
Technical assistance to support RDAs capacities development as Intermediate Bodies (component D in the 2004 PPD)

Previous Regional level twinnings have been building the capacity of the RDAs to plan and implement the Phare programmes, and to establish the foundations of Structural Funds programming and implementation. Under this TA project, the emphasis will be on Structural Funds implementation as the RDAs taking up the role of Intermediate Bodies for ROP and the CBC Regional Offices - acting as legal entities constituted through the association of RDAs s - will take the role of Intermediate Bodies (in case of CBC Romania-Moldavia, Romania-Serbia&Montenegro and Romania-Ukraine) and Managing Authorities (in case of CBC Romania-Hungary and Romania- Bulgaria programmes).
The project will provide tailor made assistance to each RDA according to its specific needs, in order to fill the gaps and bring all RDAs at the same level of capacity. The activities to be carried out will include:

**Capacity building**

Ensure the RDAs are able to carry out the duties delegated to them by the ROP Programme MA; an initial assessment of the 8 RDAs capacity will allow to design tailor made assistance for each of them; this can include common (horizontal) issues, as well as specific assistance addressed to one or more RDAs;

Ensure the CBC Regional Offices acting as legal entities constituted through the association of RDAs on Romanian-Hungarian and Romanian- Bulgarian borders are able to carry out the MA tasks and the CBC Regional Offices on Romania-Moldavia, Romania-Serbia&Montenegro and Romania-Ukraine borders to carry out the duties delegated to them by the NEIGHBOURHOOD programmes Managing Authorities.

Provide support to the RDAs so that they are able to fully participate in the ROP Programme

**Complement preparation/adjustment**

Building effective working relationship between the MA for the ROP and the RDAs.

Develop the Regional Co-ordinating Committee role for Structural Fund support in the NUTS II regions

Develop regional co-ordination of bodies responsible with compliance to horizontal themes – environment standards, equal opportunities, etc.

Develop co-ordination with other regional MA structures/Intermediate Bodies in project selection

Building dedicated personnel policies and career structure for staff involved in SF management

Development of training management capacity

Monitoring and evaluation of training undertaken

**ROP Implementation tasks**

Strengthen the IB units responsible for project development, appraisal and selection

Strengthen the IB units responsible EC Policy compliance, contracting, and project monitoring

Training for Implementing Body / Grant approving Body (Final Beneficiary)

Identify those potential final beneficiaries who will be managing complex projects (for example Local Chambers of Trade and Commerce for SME grant schemes, or local authority or municipal councils for urban regeneration packages etc) and provide them with training in how to prepare, implement and manage such complex projects.

Strengthening the Internal Audit functions of the RDAs as Intermediate Bodies:

Review of existing structures (organigrams) and assess the appropriateness of the Internal Audit Units position within the IB structure

Review of the existing practices and staff to determine the need for the introduction of Structural Fund specific processes and assess staff training needs

Preparation of Internal Audit procedures for the IB’s in close co-ordination with the procedures prepared in the MAs (implementation of Regulation 438 Article 4 checks etc)

Intensive mentoring and training for Internal Audit staff in MA’s

**Financial Control**
Strengthening and training of financial control staff (based on ROP & PA manuals)

Support to ensure compliance with the 2005 EC Financial Regulations for the accounting system for IB operations

**Regional Partnership Strengthening**

Strengthen the regional partnership structures set up under the previous twinning. The partnership should be the vehicle for legitimacy of measure contents, project identification and preparation. Without a strong partnership structure in place the project pipeline and thus absorption of ERDF and ESF funds will be jeopardized.

**Monitoring**

Develop the RDAs role as a provider of information on the implementation of ROP Programmes at the NUTS II level.

Develop the capacity of RDAs that includes eligible cross-border areas to monitor and to provide main information on the implementation of the CBC programmes on their territory

Develop the RDP and Programme Monitoring Units in the Intermediate Bodies

Ensure MIS operating effectively with ROP and CSF MA’s MIS

Identification of supplementary necessary IT equipment.

**Supply of IT equipment for operating the SMIS system for ROP and INTERREG/NEIGHBOURHOUD programmes (component E in the 2004-2006 PPD)**

**Investment**

A Single Management Information System will be developed in 2005 under a Phare 2002 project under the implementation of the MACSF. The system will address the needs for all management levels (intermediate bodies, managing authorities, payment authority, implementing agents, including the European Commission) and through all the stages (programming, tendering, contracting, monitoring, evaluation, audit and control). A continuation of the project will be financed under Phare 2004 and will include an assessment of the existing situation and areas where interventions are needed in order to make SMIS fully operational, in terms of software, IT infrastructure, human resources and written procedures. The TA will also assist in producing technical specifications for the equipment needs identified for ROP and INTERREG/Neighbourhood Programmes. This component will provide an efficient tool to support the ROP and INTERREG Managing Authorities to carry out their tasks properly and in real time.

The activities include the supply of IT equipment for operating SMIS for ROP and INTERREG.

Beneficiaries of this equipment are the ROP Managing Authority and Intermediate Bodies (the 8 RDAs) and INTERREG/Neighbourhood Programmes Managing Authorities and Intermediate Bodies. The provisional list of equipment includes:

- 100 computers, to be installed to the above mentioned institutions, with a total estimated budget of 250,000 Euro
- 10 servers, including UPSs, Firewall and the necessary operation systems, for ensuring national-regional network in order to manage the software application; budget estimation is 500,000 Euro
- development at national level of a resource point for Multimedia -training –testing, with an estimated budget of 150,000 Euro
- development of a VPN-hardware type network, to ensure a better communication between national and regional levels for managing bodies for ROP and INTERREG/Neighbourhood Programmes, with an estimated budget of 100,000 Euro.
Upgrading the equipment within MEI, 8 RDAs and INTERREG/ Neighbourhood Programmes designated bodies is estimated at an average cost of 750,000 euro from Phare and 250,000 from national co-financing.

Support to RDAs for implementation and monitoring of regional development programmes (component G in the 2004 PPD, financing from the national co-financing funds, ref.budget table)

Support to RDAs to perform the tasks delegated by MIE according to the Regional Framework Agreement concluded between the two parties.

A service contract between MIE and each RDA will set up specific tasks and responsibilities for RDAs to ensure effective monitoring of projects, setting up indicators of achievement and reporting obligations to become the grounds for approval of payments for services provided by RDAs. This will contribute to the financial sustainability of the RDAs, ensuring also a better control of the implementation of projects.

Allocation of these funds to RDAs, should contribute to the improvement of the monitoring and control activities carried out by RDAs in four areas, as a continuation of 2004 support:

i) Programming and programme management skills development

ii) Ex-ante evaluation

Visits to the approved projects for financing, before contracting, will be carried out and a system of ex-ante indicators and reports will be developed. Reports on the visits will be submitted to MIE.

iii) Monitoring and control

The RDAs will get support in project monitoring during the implementation phases, site visits, including support for developing systems for assessing the impact of each measure/activity, as well as for actually measuring impact of each measure/activity.

iv) Evaluation

On-going evaluation of projects will be carried out and data will be recorded in a monitoring database. Continuing follow-up of projects implementation and decisions and corrective actions taken based on the level of fulfilment of indicators stated in the projects.

3.5.1.3 Results

Technical assistance to support RDAs capacities development as Intermediate Bodies (component D in the 2004 PPD)

RDAs are able to take on the responsibility of IB’s for the ROP/SOP
Regional Partnerships actively involved in project identification and submission
Regional Monitoring information for all SOPs and ROPs generated through the RDAs

Supply of IT equipment for operating the SMIS system for ROP and INTERREG/NEIGHBOURHOUD programmes (component E in the 2004 PPD)

IT equipment installed and operational for SMIS
Personnel trained in using the equipment
Support to RDAs for implementation and monitoring of regional development programmes (component G in the 2004 PPD)

Improved quality of applications submitted for financing
Improved projects appraisal, selection and contracting process
Improved programming and programme management skills of RDAs staff
Improved and effective ex-ante evaluation, monitoring and control process
Better reports provided to MEI

3.5.2 Budget for Priority E/ measure A

<table>
<thead>
<tr>
<th>Priority E / Measure A</th>
<th>Phare funding</th>
<th>National Co-financing</th>
<th>IFI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment</td>
<td>IB</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-project 4, ROP MA, out of which:</td>
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<tr>
<td>- Component D</td>
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<td></td>
</tr>
<tr>
<td>- Component E</td>
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<td>4.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Component G*</td>
<td></td>
<td>0.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.75</td>
<td>4.00</td>
<td>0.25</td>
<td>5.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.75</td>
<td></td>
<td>5.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.25</td>
<td>5.00</td>
</tr>
</tbody>
</table>


3.5.3 Implementation arrangements for Priority E/ measure a

The Ministry of European Integration will be the Implementing Agency and as such be responsible for all procedural aspects of the tendering process, contracting matters and financial management (including payments) of the project activities. Component G will be financed from national co-financing budget of Priority A and B, measure d. The Ministry of European Integration is Implementing Agency for these components, as for Priority A.

The coordinating Implementing Authority for the projects under Priority E will be the Managing Authority for Community Support Framework in the Ministry of Public Finance.

For the purposes of the project, a Project Steering Committee will be created to reflect the various attributions of the institutions acting in the field of management of the EU Structural Funds. The PSC will have an advisory role, to formulate recommendations and concrete actions to be taken. The Steering Committee will meet regularly to ensure proper co-ordination of the various project activities, review the progress of the project and take the necessary corrective actions. The EC Delegation will be invited to participate to the Steering Committee as an observer.

Implementing Authorities for each project will ensure the management of implementation for all structures involved.

Implementing Authority for project 4 is MEI for national twinning, technical assistance and equipment supply and also for RDAs support component G.

4 Linked activities
See Annex 7.
See also Annex 1 with corresponding logframe matrix for priorities.
5 Detailed budget

<table>
<thead>
<tr>
<th>MEURO</th>
</tr>
</thead>
<tbody>
<tr>
<td>YEAR 2005</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Priority A</td>
</tr>
<tr>
<td>Priority B</td>
</tr>
<tr>
<td>Priority C</td>
</tr>
<tr>
<td>Priority D</td>
</tr>
<tr>
<td>Priority E, project 4</td>
</tr>
<tr>
<td>Part 1</td>
</tr>
</tbody>
</table>

6 Implementation Arrangements

The institutional framework is defined in the GD 497/2004 thus ensuring the preparation of administrative capacity for Structural Funds sound management.

EDIS procedures will be applied to the extent that concerned bodies are accredited. If the Implementing Agencies are not EDIS accredited the DIS will apply.

6.1 Implementing agencies
The Implementing Agency for Part 1 is the Ministry of European Integration.

Contact:
PAO: Stefan Francisc CSUTAK
Ministry of European Integration
Bd. Libertății, nr.12, sector 5, Bucharest
Telephone: 00 40 21 – 311.41.81
Fax: 00 40 21 – 311.41.93
### 6.2 Implementing authorities

<table>
<thead>
<tr>
<th>Priority A: Improving regional infrastructure to support economic development</th>
<th>Implementing Authority and Intermediate Bodies</th>
<th>Remarks on Organisation, resources required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure A: Regional and local transport and business infrastructure</td>
<td>RDAs</td>
<td>PIUs will be established within beneficiary local authorities</td>
</tr>
<tr>
<td></td>
<td>RDBs and NBRD approve the list of projects</td>
<td>Infrastructure Steering Sub-committee, chaired by MEI</td>
</tr>
<tr>
<td></td>
<td>MEI for site supervision and for RDAs monitoring contracts, sub-project 4, component G, of Priority E</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Priority B: Human Resource Development</th>
<th>Implementing Authority and Intermediate Bodies</th>
<th>Remarks on Organisation, resources required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure d: Improving access to education and region specific technical and vocational education and training system</td>
<td>RDAs for works contracts</td>
<td>Regional Consortia are the partnership structures, with HRD policy responsibility at regional level</td>
</tr>
<tr>
<td></td>
<td>MEI for site supervision</td>
<td>Regional Consortia provide the forum for human resources strategies and action plans development and monitoring</td>
</tr>
<tr>
<td></td>
<td>Ministry of Education, Research and Youth, National Centre for Vocational education and training for TA and IT equipment supply</td>
<td>HRD Steering Sub-committee, chaired by MoLSSF</td>
</tr>
<tr>
<td></td>
<td>National Centre for pre-university education staff Training for sub-project 2</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Priority C: Development of the productive sector through support to SMEs</th>
<th>Implementing Authority and Intermediate Bodies</th>
<th>Remarks on Organisation, resources required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure a: SMEs support</td>
<td>Regional Development Agencies (RDAs) for sub-project 2. NASMEC for sub-project 1. NASMEC or other institution approved by EC, for sub-project 3.</td>
<td>National agency for SMEs and Co-operatives will provide technical support</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SMEs Steering Sub-committee, chaired by MEI</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Priority D: Environmental protection at regional level</th>
<th>Implementing Authority and Intermediate Bodies</th>
<th>Remarks on Organisation, resources required</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regional Development Agencies</td>
<td>MEWM will provide</td>
</tr>
<tr>
<td>Implementing Authority and Intermediate Bodies</td>
<td>Remarks on Organisation, resources required</td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Measure a Improving environmental protection at local and regional level</td>
<td>(RDAs) and REPAs, and for appraisal and selection TA component</td>
<td>technical support</td>
</tr>
<tr>
<td></td>
<td>MEWM for TA component to support monitoring and implementation</td>
<td>If the case, RDA will conclude cooperation protocol with REPA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PIUs will be established within beneficiary local authorities</td>
</tr>
<tr>
<td>Priority E: (IB) Building the institutional structures in order to achieve, upon accession sound and efficient management of EU SF, and efficient management of programmes under under EDIS</td>
<td>Overall coordination by MPF</td>
<td>National Steering Committee for coordination of preparation for Structural Funds, chaired by MPF</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ministry of European Integration, RDAs</td>
</tr>
</tbody>
</table>

The Implementing Authorities and Intermediate bodies will have reporting responsibility to the national coordinator (Implementing Agency) of the priorities and measures.

6.3 Implementing tools
At national level, the **Phare ESC Steering Committee** was established (Minister Order 191 / 11.07.2002) and is operational starting with Phare 2000 and following programmes. Its role is to ensure inter-ministerial co-ordination in the programming, implementation, monitoring and evaluation of programmes. It includes specialists from MEI, RDAs, Ministry of Public Finances, National Agency for SMEs and Cooperation, Ministry of Education and Research, Ministry of Labour, Social Solidarity and Family, Ministry of Transport, Constructions and Tourism, National Administration of Roads, the Ministry of Agriculture, Forestry and rural Development, Ministry of Environment and Waters Management, Ministry of Economy and Trade, National Centre for Vocational and Technical Education Development, Ministry of Administration and Interior, EC Delegation; other relevant institutional stakeholders and social partners, identified at the national level for each ESC component, will be invited to its proceedings.

The Phare ESC Steering Committee is chaired and serviced by MEI, which will therefore undertake all the necessary administrative tasks (organizing meetings, planning agendas, general secretariat) and will produce all papers to be discussed at its meetings.
The tasks of the Phare ESC Steering Committee are defined in the Regulation of Organization and Functioning, adopted in the first meeting that took place on 12 March 2003. The Phare ESC Steering Committee puts the basis for the future Monitoring Committee under Structural Funds.

The Ministry of European Integration and Ministry of Labour, Social Solidarity and Family will be the Implementing Agencies (Contracting Authority and Paying Agency) for Investment in Economic and Social Cohesion Programme, with administrative and financial responsibilities.

The main tasks of Implementing Agency are:

The overall responsibility for the technical and financial implementation of the programme, ensuring that the objectives are met and that the selection procedures are efficient, clear and transparent.

The overall responsibility for monitoring and evaluation of the programme and sub-components

MIE: co-ordinating and chairing the National Steering Committee and reporting to the National Board for Regional Development and the EC Delegation on the state of implementation of the programme.

MIE: supervise the activity of the Sub-Committees and reporting to the National Steering Committee.

MoLSSF: co-ordinating and chairing the Human Resource Development Steering Sub-Committee and reporting to the National Steering Committee on the state of implementation of the measures under HRD priority.

Elaborating the selection and implementation procedures in accordance with the guidelines set up by the European Union

Nominate the evaluation committee and the assessors, in consultation with the implementing authorities and the relevant technical ministries. The experts will be nominated "ad personam" on the basis of their technical and professional expertise in the relevant area

Contracting the grants with the selected applicants.

Acting as paying agency and ensuring the link with the National Fund, RDAs/PIUs and with the contractors/grant beneficiaries

Conclude framework agreements with Implementing Authorities and provide them appropriate support to ensure that they achieve their task properly, (templates and guides for ex-ante evaluation, monitoring and ex-post evaluation, common understanding of selection criteria and eligibility criteria, etc).

The National Steering Committee for Phare ESC meets twice a year and works through three sub-committees corresponding to the 3 main priorities of ESC assistance:

Human Resource Development
Regional infrastructure to support economic development
Business development, especially SMEs

The sub-committees meet quarterly or more often if business requires.

The Ministry of Labour, Social Solidarity and Family, as Implementing Agency, works through the PCU set up under Phare 2003, and will conclude a framework agreement with National Agency for Employment, as Implementing Authority, and the 8 PIUs at regional level as the intermediate bodies responsible for the implementation of the HRD component, measures a, b, c, under the Investment schemes. For social services, the specialized directorate within MoLSSF will be involved.
National Agency for Employment and the 8 PIUs are the bodies responsible with the implementation of the strategies in employment and social policies; to strengthen the social dialogue bringing together all relevant actors, social partners, other interested bodies and non-governmental organizations, in particularly in creating employment and ensuring employment opportunities for all; to put into practice the social protection measures to meet people’s basic needs and promote access to social rights within the universal spirit of many conventions, recommendations and regulations, particularly in the field of employment, education and social services.

The Regional Consortia act as consultative structure, for HRD priority, and their main tasks will be: identifying the HRD priorities; development of the Regional Employment Action Plan, which includes the relevant employment priorities at regional level; members of Regional Consortia will participate in the evaluation committees for HRD projects.

For the purposes of the co-ordination of projects under Priority E, a Project Steering Committee (PSC) will be created to reflect the various attributions of the institutions acting in the field of management of the EU Structural Funds. The PSC will have an advisory role, to formulate recommendations and concrete actions to be taken. The Steering Committee will meet regularly to ensure proper co-ordination of the various project activities, review the progress of the project and take the necessary corrective actions. The EC Delegation will be invited to participate to the Steering Committee as an observer.

In the same time, at higher level there are the Sectoral Monitoring Sub-Committee for monitoring of all ESC IB and Investment support and the Joint Monitoring Committee where the European Commission, National Aid Coordinator and National Authorizing Officer meet and analyse the stage of implementation of the Phare National Programme.

A special evaluation will be undertaken towards the Mid-Term to assess the extent to which the Phare Programming Document is contributing to the perspective of full participation in ESC post-accession.

6.5 Lessons Learnt

See Annex 9.
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tr>
<td>AEM</td>
<td>Active Employment Measures</td>
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<td>Accession Partnership</td>
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<td>Chamber of Commerce and Industry of Romania</td>
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<td>European Regional Development Fund</td>
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<td>Economic and Social Cohesion</td>
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<td>Gross Domestic Product</td>
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<td>Human Resource Development</td>
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<td>International Bank for Reconstruction and Development</td>
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<td>ICT</td>
<td>Information &amp; Communication Technology</td>
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<td>IFI</td>
<td>International Financial Institution</td>
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<td>Integrated Regional Information System</td>
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<td>ISPA</td>
<td>Pre-Accession Structural Instrument</td>
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<td>IT</td>
<td>Information Technology</td>
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<td>JAP</td>
<td>Joint Assessment Paper</td>
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<td>JIM</td>
<td>Joint Inclusion Memorandum</td>
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<td>LEAP</td>
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<td>LEPI</td>
<td>Local Environment Protection Inspectorate</td>
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<td>LLL</td>
<td>Life long learning</td>
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<td>Labour market</td>
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<td>Managing Authority</td>
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<td>MC</td>
<td>Monitoring Committee</td>
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<td>Full Form</td>
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<tr>
<td>MEI</td>
<td>Ministry of European Integration</td>
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<td>MER</td>
<td>Ministry of Education and Research</td>
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<td>MEWM</td>
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ANNEXES

Annex 1  Logrfame planning matrix for 2005:
         Priority A
         Priority B, measure D
         Priority C
         Priority D
         Priority E

Annex 2  Detailed Implementation chart 2005
Annex 3  Cumulative Commitment and Disbursement 2005
Annex 4  List of Relevant Lows and Regulations
Annex 5  Monitoring Sheet 2005
Annex 6  Comparative analysis Phare ESC 2005
Annex 7  Linked activities
Annex 8  Distribution of target groups for Priority B/measure d, sub-project 2
Annex 9  ESC Lessons Learnt 2005
Annex 11  List of schools and support centers for sub-project 1 under priority B/measure d