

**COMMISSION DECISION
PH/2006/1381
OF 01/08/2006**

Establishing a Phare national programme for Romania in 2006,

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 3906/89 of 18 December 1989 on economic aid to certain countries of Central and Eastern Europe¹, as last amended by Regulation (EC) No 2257/2004², and in particular Article 8 thereof,

WHEREAS:

(1) Regulation No 3906/89 lays down the rules and conditions for the granting of economic aid to certain countries of Central and Eastern Europe,

(2) The measures provided for by this Decision are in accordance with the opinion of the Committee on Aid for Economic Restructuring in certain countries of Central and Eastern Europe,

HAS DECIDED AS FOLLOWS:

Article 1

The programme described in the Annex to the present decision is hereby adopted. It shall be implemented by means of a Financing Memorandum to be concluded between the Commission and the Government of Romania in accordance with the Framework Agreement concluded between the same parties.

Article 2

The maximum amount of Community assistance shall be €408,63 million to be financed through Budget line B 22.02.01.01 in 2006.

Done in Brussels,

For the Commission

¹ OJ no. L375 of 23/12/1989

² OJ no. L 389 of 30.12.2004, p.1-4

ANNEX - FINANCING PROPOSAL

2006 PHARE NATIONAL PROGRAMME

ROMANIA

PHARE 2006/018-147

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1. IDENTIFICATION

Phare 2006																																									
Beneficiary	Romania																																								
Programme	National Phare Programme in 2006																																								
CRIS number	PHARE/2006/018-147																																								
Year	2006																																								
Cost	408,63 M€Phare contribution																																								
Implementing Authority	Ministry of Public Finance in its capacity as National Aid Coordinator (NAC)																																								
Sector Code	<table border="1"> <thead> <tr> <th>DAC</th> <th>Phare funds Mio€</th> </tr> </thead> <tbody> <tr><td>12110</td><td>9.38</td></tr> <tr><td>15020</td><td>18.90</td></tr> <tr><td>15030</td><td>20.00</td></tr> <tr><td>15040</td><td>14.00</td></tr> <tr><td>15050</td><td>6.00</td></tr> <tr><td>16310</td><td>41.27</td></tr> <tr><td>16320</td><td>48.68</td></tr> <tr><td>16361</td><td>1.15</td></tr> <tr><td>16362</td><td>1.84</td></tr> <tr><td>16350</td><td>1.50</td></tr> <tr><td>21010</td><td>8.02</td></tr> <tr><td>22010</td><td>1.50</td></tr> <tr><td>24010</td><td>2.50</td></tr> <tr><td>31110</td><td>26.4</td></tr> <tr><td>32110</td><td>3.70</td></tr> <tr><td>41010</td><td>24.18</td></tr> <tr><td>43040</td><td>142.85</td></tr> <tr><td>53010</td><td>33.76</td></tr> <tr><td>99810</td><td>3.00</td></tr> </tbody> </table>	DAC	Phare funds Mio€	12110	9.38	15020	18.90	15030	20.00	15040	14.00	15050	6.00	16310	41.27	16320	48.68	16361	1.15	16362	1.84	16350	1.50	21010	8.02	22010	1.50	24010	2.50	31110	26.4	32110	3.70	41010	24.18	43040	142.85	53010	33.76	99810	3.00
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Budget lines	22.020101																																								
Programming Task Manager	Tina DOERFFER																																								
Implementation Task Manager	Giorgio FICCARELLI																																								
Indicative Implementation deadlines																																									
Contracting ³	"In accordance with Article 27 III 1 of the Act of Accession (AA) actions of the last programming exercise before accession will have to be contracted within the two years following the last programming exercise, i.e. contracting shall take place by 30/11/2008																																								
Execution of contracts ⁴ :	30/11/2009. "Exceptionally and in duly justified cases, limited extensions in terms of duration may be granted																																								

³ In no case can the contracting period for projects implemented under this programme exceed three years after the date of the global commitment (Art. 166 (2) FR).

⁴ Budgetary commitments which have not given rise to payments during three years counted from the date of the legal commitment will be decommitted (Art. 77 (3) FR)

	for execution of contracts” (“Art. 27 III 1 AA). In application of this clause, contracts to be concluded in the sub-programme 4- part 1, regional infrastructure projects and related site supervision under Priority A (2006/018-147.04.01) may be executed until 30 November 2010.
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2. EXECUTIVE SUMMARY OF THE 2006 PHARE NATIONAL PROGRAMME

*The 2006 Phare national programme continues to provide assistance to Romania for its accession to the European Union. The programme has been defined taking into account the detailed Roadmap for Romania endorsed by the Copenhagen European Council of December 2002. It covers the measures that need to be initiated or implemented in the period up to accession and during the first years of membership. These measures shall support furnishing Romania with the necessary institutions and infrastructure, which a Member State needs to fully benefit from the EU membership, and which assure the EU that Romania meets the obligations as set out in the *acquis communautaire*.*

This programme takes also into account Romania’s National Programme for Accession and the analysis set out in the Commission’s Regular Report of 2004 and Comprehensive Monitoring Report 2005 on Romania’s preparations for accession.

*The National Phare Programme for the year 2006 is the result of a multi-annual programming exercise, where for 8 priority sectors all measures have been identified to be initiated under the budgets of 2004 to 2006. The 2006 programme covers support for 6 sub-programmes concerning the political criteria for accession, and also the preparations needed to meet the obligations arising from the *acquis communautaire*, with specific emphasis on economic and social cohesion measures. Furthermore, the programme takes account of measures required for Romania’s early years of membership.*

As regards the ‘political criteria’ of strengthening democracy and the rule of law and respect of human and minority rights, emphasis is placed on multi-annual programmes for reforming public administration and the judiciary, supporting minorities and the civil society.

*An important part of the Phare measures is designated to meeting the obligations arising from the *acquis*, and in particular implementation commitments made by Romania in the accession negotiations. The proposed measures relate to four priority areas namely public finance, agriculture, environment and border management, based on the three year programmes for these areas in 2004. Further topics shall be supported in a more specific way, such as internal market, statistics and transport.*

In line with the Phare Guidelines for the period 2000-2006, support to Economic and Social Cohesion is provided in close relation to the National Development Plan, (NDP) adopted by the Romanian Government in December 2003. The NDP extends over three years.

A “specific action” facility provides a flexible tool to support small but important actions including also measures helping Romania in its first years of membership.

In contrast to previous years, the Phare National Programme 2006 is not including any financial allocation for Romania’s participation in various Community activities as no financial contribution will be necessary as of accession. Any reference is therefore only given pro memory (in the overall context of the multi-annual programming 2004-2006)

3. STRATEGY

As set out in the Commission Strategy Paper 2004 “Progress in the enlargement process”, the Regular Report 2004 shows that Romania has made substantial further progress towards meeting the ‘Copenhagen criteria’. In order to complete its preparations successfully, Romania needs, however, to strengthen its efforts in transposing, implementing and enforcing the acquis. In particular it needs to continue the reform of public administration and the judiciary. In the meantime the accession treaty has been signed and is in the process of ratification in the Member States. This treaty has set 2007 as Romania’s date for accession provided Romania has fulfilled then its commitments made in the negotiations subject to enhanced monitoring in the year 2006. Otherwise accession may be delayed by one year. The programme will provide for a facility which allows urgent actions emerging from the monitoring process to be financed from Phare.

The Copenhagen European Council endorsed in December 2002 a detailed roadmap to cover the period up to Romania’s accession. Since then Phare supports Romania in implementing the roadmap. The Phare measures for the years before accession and in the early years of accession should be programmed having the road map in view by taking also into account the Accession partnership of 2003.

With the year 2004, Phare entered into Multi-Annual Programming. This allowed Phare to implement longer term strategies and to treat the last pre-accession years mostly as a single coherent programming exercise. However, prioritisation was felt necessary since the Phare funds, while substantive, would not be sufficient to cover all necessary actions, required in the accession process. The National Plan for the Accession of Romania (NPAR) 2002 identified measures in the order of slightly more than €10 billion for the years 2004 to 2006 in relation to about €1.2 Billion earmarked for Phare support to Romania. The Romanian Government and the Commission therefore jointly identified eight priority sectors, on which Phare support should be focused during this period. The Romanian authorities undertook to develop for each sector a strategy identifying sector specific objectives and measures, which would implement these objectives.

While selective compared to the NPAR, each sector strategy still identified more measures than Phare could fund. Therefore, it was important to give each of the Phare sector programmes a focus in order to ensure that the EU support has a significant impact. This focus is identified in chapter 4 by the Phare priorities. Furthermore, the ‘maturity’ of the proposals (based on an assessment of whether preparations are sufficiently advanced as to permit activities to start shortly after signature of the Financing Memorandum) is a lead factor in selecting measures. The maturity also determines to a great extent the balance between programme components.

As in earlier years, the Phare National Programme orientates its structure in accordance with the Copenhagen criteria, whilst also covering participation in Community programmes and addressing specific targets. It is divided into 6 sub-programmes described hereafter in outline.

Sub-programme 1, Political Criteria, includes 3 priority sectors and two specific needs identified as specific for the 2006 budget. These measures shall support Romania to meet urgent needs in developing their democratic system and the public institutions and strengthening the rule of law. The three priority sectors are *Public Administration Reform, Reform of the Judiciary, Minority issues*. Furthermore *civil society* and *project on anti-corruption* will be covered by the 2006 programme.

Sub-programme 2, Economic criteria, continued in the 2004 programme the efforts started in the 2003 Phare National programme. For the budgetary year 2006, specific actions in the field of cadastre and horizontal industry support were identified.

Sub-programme 3, Meeting the obligations of the *acquis*, includes four priority sectors and 10 projects only identified for the 2006 budget. The four sectors are *Public Finance, Agriculture, Environment* and *Border Management*. To meet specific needs to be covered by the 2006 programme 10 additional projects were identified in the following fields: competition, IIPR, ISC, NSC, statistics, transport, health, home affairs, communication and protection of cultural heritage.

Sub-programme 4, Economic and Social Cohesion, contains the priority sector programme for Economic and Social Cohesion. This programme allows Romania to familiarise itself with the structure and management requirements needed to absorb Structural funds and to prepare first projects for support after accession.

Sub-programme 5, Specific actions and needs, contains a facility which shall allow the Romanian Government to address small scale measures and necessary urgent actions identified in the course of the ongoing negotiations and during the first years of EU membership.

Sub-programme 6, Participation in Community Programmes and Agencies and End-user support, no financial support is foreseen as there is no contribution for Romania's participation in Community Programmes and Agencies and End-user support as of accession.

4. OBJECTIVES AND PRIORITIES

This chapter describes the measures⁵ envisaged for the budgetary year 2006 under Phare divided into the above six sub-programmes. It addresses the multi-annual priority sector programmes through their focus on *Phare priorities*, the implementing *main tasks* for the years 2004 to 2006 and the *specific tasks* envisaged to commence under this 2006 programme. It presents furthermore the group of measures proposed to complement the priority sectors under this programme by implementing specific tasks. These tasks are mainly derived from specific requirements emerging from the *acquis*.

4.1. LESSONS LEARNT FROM PREVIOUS PROGRAMMES

Monitoring and evaluation of ongoing Phare programmes in Romania has drawn attention to the issue of sustainability of Phare-funded projects. Problems of sustainability can arise in areas where national institutions do not have sufficient experience and understanding of EU policies to identify the full implications of adoption of the *acquis*.

⁵ Each measure envisaged for implementation in this programme carries in the following the header PHARE/2006/018-147 continued with a numbering system identifying the sub-programme and the measure itself.

The most recent interim evaluation summary for Phare Romania, finalised by the independent evaluation team ECOTEC in July 2005, based on the reporting in the years 2003 to 2005 made the following 5 key recommendations:

Key recommendation 1: Romanian government should take continuing steps to ensure adequate levels of staff and resources in contracting authorities and other key Phare institutions. As part of the enhancement of internal training capacity, introductory and refresher training in core project skills should be provided for all those involved in project design and management.

Key recommendation 2: To expedite implementation, all key stakeholders should consider reducing the contracting period across all Phare programmes to one year for Twinning and TA contracts and to eighteen months for all grant and investment schemes not depending on preparatory TA.

Key recommendation 3: The relevant implementing authorities should organise regular informal information sharing meetings of RTAs and experts involved in Twinning and TA projects across their sector and any other sectors affected by horizontal issues.

Key recommendation 4: Institutions benefiting from Phare programmes that will also involve their local/regional entities should clearly explain from the very beginning, to all beneficiaries, the purpose of the programme, the objectives to be achieved, as well as the general context within which the support is granted.

Key recommendation 5: Romanian beneficiaries should place greater emphasis, in on-going Phare programming, on providing assistance at regional and local levels for future potential applicants for Structural funds. Local beneficiaries should become more involved in project applications, preparation and management.

The 2006 programming has taken these observations into account

4.2. SUB-PROGRAMMES

SUBPROGRAMME 1. **POLITICAL CRITERIA – 2006/018-147.01** (TOTAL: €57,90 MILLION)

A: Development of democracy, human rights and respect for minorities

PHARE/2006/018-147	01.01	Sector Minority
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Phare funds required: €15,50 Million.

This project is part of the 2004 - 2006 multi-annual sector programme “Minorities”.

In 2006, the following projects are foreseen

2006	
Overall objectives	Institutional framework consolidation for supporting the implementation of dedicated measures for Roma condition improvement.
Project purpose	Improvement of Roma condition and image at community level

2006	
Project 1 - Strengthening capacity and partnership building to improve Roma condition and image	<ul style="list-style-type: none"> - Grant Scheme for Community Development , helping to improve the quality of life (house rehabilitation, infrastructure improvements, successful IGA and health conditions) of Roma - A focused and targeted public information campaign to highlight Roma issues
Project 2 - Access to education for disadvantaged groups	<ul style="list-style-type: none"> - Impact assessment and dissemination of the project results for the access to education for disadvantaged groups

Multi-annual priority sector background:

This sector addresses the social inclusion of the Roma population in Romania, by promoting the Roma to participate fully in the social, economic and cultural life of Romanian society.

In preparing for Romania's EU accession and the preparation of the implementation of the EU structural funds, the inclusion Roma is one of the priority categories for human resources and social inclusion measures contained in sub-programme 4 "Social and Economic Cohesion".

At the same time this multi-annual sector programme "Minorities", especially aiming at the social inclusion of Roma, is an important continuation of previous Phare programmes aimed at strengthening the capacity and readiness of public institutions at the national, county and municipality level to work together with Roma representatives.

The multi-annual programme focuses on the following:

Phare priorities	Main tasks
Develop the institutional framework and models to achieve social inclusion	<ul style="list-style-type: none"> • Continue support for institution building at national level for coordination and monitoring of the implementation of the National Strategy for Improvement of the Roma Situation, as well as improve cooperation among stakeholders for the implementation of specific social inclusion measures at national, county and local level. • Provide Roma with formal identity papers, in order to contribute to improved access to education, employment, social assistance and other social rights; • Implement a large public awareness campaign on Roma issues focused on the non-Roma population well as the Roma population • Continue the Partnership grant scheme for community development projects of local authorities with local Roma communities to facilitate initiatives to improve the condition of the Roma

Phare priorities	Main tasks
Access to education for disadvantaged groups	<ul style="list-style-type: none"> • Focus upon institution and capacity building as well as seeking to improve the educational environment in schools dealing with inclusion for disadvantage groups with a special focus on Roma. • Train school inspectors on inclusive education from newly involved counties thereby ensuring a national standardisation. • Consolidate the school mediator programme nationwide thereby improving the interface between the child, their parents and the Roma community. • Teacher training for early – pre-school education and remedial education. • Development and expansion of curricula for the second chance programme (primary & lower secondary) thereby correcting drop out and increasing the number of Roma children completing compulsory education. • Ensure evaluation, impact assessment and a nationwide awareness campaigns for inclusive education schemes and multicultural behaviour.

PHARE/2006/018-147

01.02

Civil society

Phare funds required: €6.00 Million

<i>2006</i>	
Overall objectives	Increasing the citizens' participation in the process of policy formulation and monitoring of the implementation at all levels by enhancing the capacity of NGOs, developing structured dialogue between state and "third sector" and strengthening the role of NGOs after the accession process
Project purpose	Enforcement of NGO contribution to a democratic society and further improve access to social justice as well as supporting Romanian society through early stages of EU membership, especially:
Project 1	1. Supporting NGOs in order to further strengthen the network of Citizens Advice Bureaux (CABs) and National Association of Citizens Advice Bureaux (NACAB) and increase the efficiency and effectiveness of their services

2006	
Project 2	2. Strengthening the advocacy role and participation of the NGOs in the political process in supporting democracy, rule of law, human rights, fight against corruption, environment protection, energy, social dialog, consumer protection, work and employment and gender issues
Project 3	3. Enhancing of Romanian NGO capacities to become a internal consultation platforms and recognized partners in the efforts taken by the state in the social, political, economic sphere of EU relations

Under this agreement Civil Society Development Foundation (CSDF) will receive appropriate administrative costs of not more than 8.25 % of the project budget, including the audit costs. The CSDF is a private law body (NGO) without a public-service mission, entrusted by the Romanian implementing agency with mere technical expertise and administrative and preparatory tasks, which do neither involve the exercise of public authority nor the use of discretionary powers of judgment in the meaning of Art. 57 (2) FR. The CSDF will not be an eligible beneficiary of the programme, other than through payments of these administrative costs.

B: Development of Romania's institutions

PHARE/2006/018-147 01.03 Sector Public Administration Reform

Phare funds required: €14.00 Million

This project is part of the 2004 - 2006 multi-annual sector programme "Public Administration Reform".

In 2006, the following projects are foreseen:

The 2006 programme will contribute to implementing the following specific tasks that address only the first two priorities. The policy formulation process will be addressed as of 2006.

2006	
Overall objectives	To contribute to the general public administration reform goal by implementing public administrative reform in the areas of civil service reform, decentralization and de-concentration of public services and the policy formulation process.
Project purpose	To make significant progress in the area of Civil Service Reform through:

2006	
Project 1	<ul style="list-style-type: none"> - Developing a corps of professional civil servants and the competences necessary for supporting Romania's public administration as a Member State of the EU - Adapting The Young Professionals Scheme to civil service reform and implemented accordingly - Further INA and RTCs supporting in addressing the challenges raised by the accession process
Project 2	Strengthening local public administration capacity to manage the decentralized services
Project 3	Improving the coordination, policy formulation and strategic planning system at central level.

Multi-annual priority sector background:

The strategy concerning the acceleration of the public administration reform in Romania for the period 2004 – 2006 is aimed at developing a public administration system that meets European standards and values of transparency, predictability, accountability, adaptability and efficiency.

Phare support will provide a substantial contribution to the implementation of the reform measures foreseen within the three priority areas identified in the strategy:

- civil service reform through creation of a professional body of civil servants, stable and politically neutral;
- local government reform through the continuation of the decentralization/deconcentration process;
- policy formulation coordinated and substantiated and strategic planning system at central level improved;

The priority “improvement of the policy formulation and coordination process” as identified in the 2004 multi-annual programme, the Government addresses by own and other resources.

The multi-annual programme focuses on the following:

Phare priorities	Projects
Civil service reform	<ul style="list-style-type: none"> • Develop a corps of professional civil servants and the competences necessary for supporting Romania's public administration as a Member State of the EU • Adapting the Young Professional Scheme to the needs of the Civil Service Reform • Improve the human resources management and information system.
Local government reform	<ul style="list-style-type: none"> • Improve public services delivery having in view better access of the citizens, promptly and quality services and a better adequacy between the services and the local needs • Coherent and effective assignment of

	responsibilities, financial resources and rights to all levels of local governments.
Policy formulation process	<ul style="list-style-type: none"> • Coordinated systems for policy formulation process • Strengthened capacity for the management of governmental structures concerning the policy formulation process

C: STRENGTHEN THE RULE OF LAW

PHARE/2006/018-147 01.04 Sector Reform of the Judiciary

Phare funds required: €20,00 Million

This project is part of the 2004 - 2006 multi-annual sector programme “Reform of the Judiciary”.

In 2006, the following projects are foreseen

2006	
Overall objectives	Building an independent, professional and efficient judicial system in Romania.
Project purpose	Further strengthen the capacity of the Romanian judiciary to perform such as to safeguard its the independence, professionalism and efficiency
Project 1	Fostering the SCM capacity in accomplishing its tasks such as carrying out the process of magistrates selection, evaluation and promotion
Project 2	Assistance for the functioning of the specialisation principle in practice
Project 3	Improvement and development of National Institute of Magistracy`s institutional capacity, enabling it to adequately meet the training needs for the Romanian magistrates
Project 4	Further development of the National School of Clerks, enabling it to adequately meet the training needs for the court clerks within the Romanian judiciary
Project 5	Further development of the probation system in Romania in order to provide social reinsertion programmes with a special focus on post-release activities
Project 6	Development of the juvenile justice system in Romania
Project 7	Development of Romanian Penitentiaries Units by improving its capacity to ensure security at all levels, the quality of specific interventions and the detention conditions.
Project 8	Further consolidation of the institutional capacity of the

2006	
	Public Ministry with a focus on fighting against organised crime and terrorism
Project 9	Further consolidation of the institutional and administrative capacity of the Ministry of Justice in order to enforce its current attributions
Project 10	Continuing the automation of the judiciary

Multi-annual priority sector background:

This sector covers assistance to enhance the independence, professionalism and management capacity of the Romanian judiciary.

Phare support will significantly contribute to the achievement of these objectives committed by the Ministry of Justice within the Strategy for the Reform of the Judiciary and will complement the national efforts in 4 priorities.

The multi-annual programme focuses on the following:

Phare priorities	Main tasks
Building an independent judiciary in Romania	Contribute to establishing <ul style="list-style-type: none"> • a fully functional Superior Council of Magistrates (SCM) with sufficient means to perform its role as guarantor of independence • functional specialized courts
Building a professional judicial system	Improve the institutional capacity and training policy at the National Institute of Magistrates (NIM) and at the Training Centre for Clerks (TCC)
Improving the administration and access to Justice	Contribute to establishing <ul style="list-style-type: none"> • a functional mediation system • an improved legal and institutional framework ensuring legal aid in civil and criminal cases • a transparent act of justice
Building an efficient judicial management system	Equip the entire judicial system with IT with the goal of establishing and operating an automated court management system

PHARE/2006/018-147

01.05

Anti-corruption

2006 Phare funds required: €2.40 Million

2006	
Overall objectives	Strengthening the fight against corruption
Project purpose	Strengthening the administrative mechanisms and legal framework to protect the integrity of the public administration and judiciary system

SUBPROGRAMME 2.

MEETING THE ECONOMIC CRITERIA- 2006/018-147/02

PHARE/2006/018-147 /02.01 Cadastre

2006 Phare funds required: €4.32 Million

2006	
Overall objectives	Maintenance and development of a system for the registration of the immovable assets in order to guarantee property and to establish a fair evaluation and taxation system.
Project purpose	Support of National Agency for Cadastre and Land Registration (NACLAR) in development of a system for the registration of the immovable assets, modernisation of geodetic network and building National Spatial Data Infrastructure framework in particular by providing support to Land Registration System , the GPS Network and National Geodetic Fund as well as the Geodetic Network Modernisation and Spatial Data Infrastructure framework

PHARE/2006/018-147 02.02 - Horizontal industry support provided to Romanian companies to fulfil the requirements of the EU market

2006 Phare funds required: €3.70 M

2006	
Overall objectives	Increased capability of Romanian companies to face competition on the EU market
Project purpose	Increased compliance of Romanian companies with the <i>Acquis Communautaire</i> , thus preparing them to cope with the competitive pressure within the EU through targeted support in specific accession-related aspects, by achieving compliance with EU standards in: environment protection, product and work safety, and registration, evaluation, and authorisation of chemicals.

SUBPROGRAMME 3.

MEETING THE OBLIGATIONS OF THE ACQUIS –

2006/018-147.03

(TOTAL: €140.33 MILLION)

This sub-programme focuses on four priority sectors: Public Finance, Agriculture and Rural development, Environment and Border Management.

A: Priority Sectors

PHARE/2006/018-147 03.01 Sector Public Finance

Phare funds required: €18.90 Million

This project is part of the 2004 - 2006 multi-annual sector programme “Public Finance”.

In 2006, the following projects are foreseen

2006	
Overall objectives	Improvement of the legal and administrative capacity of the Ministry of Public Finance and the Romanian Court of Accounts
Project	Purpose
Project 1 - Strengthening the administrative capacity of NATA	To reach a high level of revenues collection by improving the NATA's capacity to cope with the pressure raised by the accession to the EU;
Project 2 - Continuing the development of the legal framework and of the administrative capacity for the strengthening of the public finance management	To improve the notification process for the state aid and to establish the measures needed for the recovery of illegal and forbidden state aids.
Project 3 - Continuing the implementation of the IT strategy	To continuing the development of the IT infrastructure in order to efficiently support all the financial and fiscal activities of the Ministry of Public Finance and to be in line with the European standards.
Project 4 - Improving the Institutional Capacity of the Romanian Court of Accounts including in order support its role of Audit Authority as far as auditing the Community funds and protection of the Community interests is concerned	To enable the Romanian Court of Accounts to become a modern and professional external supreme control institution to perform its statutory tasks related to the sound management and use of both internal and EU public funds.

Multi-annual priority sector background:

This sector addresses the improvement of the legal and administrative capacity of the Ministry of Public Finance and the Romanian Court of Accounts.

The multi-annual programme focuses on the following:

Phare priorities	Main tasks
Taxation legislation and Fiscal Administration	<p>Full alignment to the <i>acquis communautaire</i>. Ensuring the compatibility of the taxation legislation with the <i>acquis communautaire</i> and strengthening the tax administration reform.</p> <p>This priority aims at:</p> <ul style="list-style-type: none"> • transposing Community regulations in the taxation and fiscal administration and implementing them in national legislation; • strengthening the capacity and improving working procedures of the Fiscal Administration to ensure uniform and correct application of the regulations on direct and

Phare priorities	Main tasks
	<p>indirect taxation field;</p> <ul style="list-style-type: none"> • reducing fraud and fiscal evasion • completing the legislative framework regarding the compatibility of legislation with the Code of Conduct for Business Taxation; • improving assistance services for taxpayers and fiscal education campaigns • training personnel on the new tax legislation and for improving the professionalism and integrity of Fiscal Administration • putting legal framework (norms and procedures) in place in order to improve the electronic services to the taxpayers (legal and physical persons).
Public finance management	<p>Contribute to the development of :</p> <ul style="list-style-type: none"> • the institutional and procedural framework in order to ensure a sound financial management of the Community/structural funds; • an efficient financial management and control system • the public internal audit function • consolidated financial statements and the consolidated reports related to the budget implementation; • administrative capacity at the completed coordination unit for ensuring the transparency and efficiency of the financial flows to and from the European Union budget; • the public procurement system • Risk management of the government debt portfolio; • the School of Public Finance, to ensure high-standards training to the staff of the MoPF and other concerned institutions.
IT infrastructure development	<p>Continuation of the development of the IT infrastructure in order to obtain</p> <ul style="list-style-type: none"> • efficient enforcement of the financial-tax regulations, based on a harmonized legislation and on new work methods • high level of compatibility with the similar information systems used in the European Union countries • modernisation of information system • improvement of services provided to the taxpayers as well as to the internal end-users • CLO and ELO in place • increased capacity of staff in managing the IT&C infrastructure and softwares • interconnectivity with the National Customs Authority
Court of Accounts	<ul style="list-style-type: none"> • Strengthen the Court of Accounts' overall capacity through the introduction of modern audit methods in compliance with the internationally accepted audit standards and with the best European practices. • Create a highly professional staff, constantly preoccupied

Phare priorities	Main tasks
	<p>to improve its professional performances</p> <ul style="list-style-type: none"> • Develop a modern and adequate technical and logistical support, a good internal and external communication.

PHARE/2006/018-147

03.02

Sector Agriculture

Phare funds required: €26.40 Million

This project is part of the 2004 - 2006 multi-annual sector programme “Agriculture”.

In 2006, the following projects are foreseen

2006	
Overall objectives	Preparation of Romanian agriculture for EU Accession in regards to administrative and management capacity, inspection and monitoring skills as well as provisions fulfilled as required in the context of the Common Agricultural Policy and the Rural and Agricultural funds particularly in rural Development and Economic and Market Analysis, preparation for European Agricultural Guarantee Fund (EAGF) and European Agricultural Fund for Rural Development (EAFRD) and Veterinary and Phytosanitary issues.
Project purpose Priority 1 Rural Development and Economic and Market Analysis	Duly trained staff of Managing Authority and relevant bodies staff for EU Rural development fund and FIGG
	Managing Authority equipped with all the needed Management Information System for an efficient operation
	Enhance proper absorption of Rural development fund and FIGG and to increase the number of mature project proposals
	Setting-up of adequate structures assuring the absorption of EU funds following accession
	Creation of a fully functional and EU-compliant Agency for Agricultural Advice
Priority 2 Preparing for European Agricultural Guarantee Fund (EAGF) and European Agricultural Fund for Rural	Support for an efficient AIS system based on necessary IT and communications equipment at national and regional level and trained staff

2006	
Development (EAFRD)	Support for an efficient FADN system at national and regional level endowed with needed equipment as well as training of staff in equipment use
	Support for consolidation IACS by provision of IT, monitoring and communication equipment
Priority 3 Veterinary and Phytosanitary issues	Veterinary sector aligned to EU requirements and operating efficiently
	Romanian phytosanitary administration fully aligned with the EU requirements in the sector, in terms of legal harmonisation, staff training, equipment
	In the area of veterinary issues, further supply of equipment for <ul style="list-style-type: none"> • development of RSVFSA as regards RASFF, TRACES, • epidemiology, surveillance, prevention and control of transmissible diseases and zoonoses, ecotoxicology, detection of GMOs and genotyping of ovine breeds • ecologic incinerators for the veterinary laboratories; setting-up a national system for the management of laboratory samples; • setting-up of 42 county working units included in the monitoring system of the Central Epidemiological Unit located at IDAH
	In the area of Phytosanitary issues further supply of equipment for <ul style="list-style-type: none"> • endowment of an ecotoxicology lab, a cold-store for long-term keeping of reference seed stocks; • endowment of a greenhouse for the performance of DUS tests for varieties of vegetables and flowers (for testing the resistance to diseases)

Multi-annual priority sector background:

The sector programme for agriculture aims at supporting Romania to achieve the necessary administrative and management capacity and the necessary inspection and monitoring skills and provisions required in the context of the Common Agricultural Policy and the Rural development and Agricultural funds.

The multi-annual programme focuses on the following:

Phare priorities	<i>Main tasks</i>
Rural development policy and CAP	<p>Support the preparation of the National Strategy Plan for Rural Development and the EAFRD-funded Rural development Programme Assist the MAFRD to acquire capacity as Managing Authority for the management of Rural Funds and capability to effectively develop and implement the rural development operational programme,</p> <p>Strengthen the ministry's capacity to carry out analysis and assessment of past and proposed support measures taking account of the evolving focus of the CAP.</p> <p>Support measures to bring fisheries and aquaculture legislation fully in line with the acquis.</p> <p>Implement the acquis for forest reproductive material.</p> <p>Strengthen further the Paying Agency for rural development & fisheries (APDRP) on central and regional structures.</p>
European Agricultural Guarantee Fund (EAGF) and European Agricultural Fund for Rural Development (EAFRD)	<p><i>Establish</i></p> <ul style="list-style-type: none"> • Two Paying Agencies (PAs)- Paying Agency for rural development and fisheries (APDRP) and Paying and Intervention Agency (PIA). • An Agricultural Information System (AIS) for transmitting data to EC-DG Agriculture, Eurostat and producers • Farm Accountancy Data Network, to support the statistical and analytical requirements • Integrated administration and Control System (IACS) as a key basis for CAP payments • Necessary infrastructure and legislation in order to bring the fruits and vegetables sector fully in line with EU requirements • Necessary infrastructure and legislation to align the wine sector with the acquis • A milk quota and management system in compliance with the EU requirements • A carcass classification system in compliance with the EU requirements
<i>Food safety</i>	<ul style="list-style-type: none"> • Development of a Romanian Food Safety system based on the Romanian National Veterinary and Food Safety Agency and the continued implementation of the Phytosanitary services.

PHARE/2006/018-147

03.03

Sector Environment

Phare funds required: €24.18 Million

This project is part of the 2004 - 2006 multi-annual sector programme "Environment".

In 2006, the following projects are foreseen

2006	
Overall objectives	To strengthen the institutional capacity to implement and enforce the requirements of the EU Environmental Acquis
Project purpose	To strengthening the administrative, monitoring and enforcement capacities and capabilities of the environmental authorities from central, regional and local level to implement the EU environmental Acquis in order to become compliant with its requirements in the following priority areas: air quality and climate changes, IPPC and risk management, water management, industrial and domestic waste management, soil/subsoil and ecological reconstruction of historically polluted sites, biodiversity and nature protection, chemicals and genetically modified organisms (GMOs), environmental noise and nuclear safety and radiation protection.
Project 1 'Strengthening the Capacity of the REPAs, the LEPAs and NEG in Implementing, Monitoring and Enforcement of the Transposed Environmental Legislation'	To support the Regional Environmental Protection Agencies (REPAs), its subordinated Local Environmental Protection Agencies (LEPAs) and the National Environmental Guard (NEG) with their day-to-day responsibilities and functions related to implementation, monitoring and enforcement of the transposed environmental legislation in accordance with their legal responsibilities amongst others through 8 regional twinning.
Project 2 'Strengthening Institutional Capacity to Implement Horizontal and Noise Related Legislation'	The project aims to support the environmental protection authorities through equipment acquisition for noise monitoring system in order to develop a National Noise Monitoring System and further to improve its technical capacities and staff capabilities to implement and enforce the EU noise-related legislation.
Project 3 'Strengthening Institutional Capacity for the Implementation and Enforcement of IPPC and Air Quality Legislation'	Strengthening institutional capacity and capabilities to implement and enforce the requirements of the air quality legislation by endowing laboratories with air monitoring equipment and to comply with EU monitoring and reporting requirements regarding carbon dioxide (CO ₂) and other greenhouse gas emissions.
Project 4 'Further implementation of waste management legislation'	Project aims to enhance technical and practical capacities of the Romanian joint-responsible authorities (MEWM, MH and MoET) to implement and enforce waste management legislation in the field of historical polluted sites rehabilitation, healthcare hazardous waste treatment and disposal and extractive industry waste management
Project 5 'Support to implement the provisions of the water framework directive'	Strengthening the institutional capacity to implement and enforce the Water Framework Directive (WFD) requirements related water pollutants mitigation programmes, the quality of water intended for human consumption and gradual compliance to urban wastewater

2006	
	treatment Directive.
Project 6 'Implementation of Natura 2000 Network'	Strengthening institutional capacity and capabilities to implement requirements of Natura 2000 Network by endowment with necessary equipment, implementation of awareness campaign on nature conservation and Natura 2000 sites and implementation of EU requirements regarding genetically modified organisms (GMOs).

Multi-annual priority sector background:

The sector programme aims to strengthen the administrative, monitoring and enforcement capacities and capabilities at all levels (local, regional and central level) in order to implement environmental legislation and to fulfil the EU requirements regarding the environmental acquis.

The multi-annual programme focuses on the following:

Phare priorities	Main tasks
Horizontal and noise related legislation	<ul style="list-style-type: none"> • Strengthen institutional and technical capacity of the National Environmental Protection Agency (NEPA). • Complete secondary legislation to ensure necessary conditions for the Environmental Impact Assessment and the Strategic Environmental Assessment (EIA- and SEA) Directive to be fully implemented and enforced, and intensify training of staff in particular to support public awareness. • Establish a high technology informational system (software, data base, statistic analysis), comprising a database for reporting and train staff regarding reporting requirements; • Development of a National Noise Monitoring System • Supply of noise monitoring equipment and staff training
Air quality	<ul style="list-style-type: none"> • Strengthen institutional capacities at regional and local levels in implementing and enforcing air quality related legislation • Elaboration of action plans and programmes for air quality management and reduction of emissions; improved acquisition, storage and reporting of relevant data; quality assurance and quality control procedures (QA/QC) in the air quality sector • Supply air quality monitoring equipment and staff training

Phare priorities	Main tasks
Waste management	<ul style="list-style-type: none"> • Strengthen institutional capacities at regional and local levels in implementing and enforcement of domestic waste and industrial waste management related legislation, • Improve administrative capacity at regional level for investment planning and elaboration of regional waste management plans • Supply of waste monitoring equipment
Water quality	<ul style="list-style-type: none"> • Support to the River Basin Management Plan for the Ialomita-Buzau river basin • Elaboration of an investment methodology for Water Framework Directive (WFD) within a River Basin • Supply of computers and software for data collection, processing and visualization; hardware and software for GIS applications in respect of river basin management plans, quality monitoring equipment and staff training
Nature protection	<ul style="list-style-type: none"> • Strengthen institutional capacities at regional and local levels in implementing and enforcement of nature protection related legislation
GIS	<ul style="list-style-type: none"> • Introduce and maintain Geographical Information System (GIS) techniques • Improve institutional management and technical performance of the staff • Environment related GIS maps, supply of IT equipment
IPPC & risk management	<ul style="list-style-type: none"> • Strengthen institutional capacities at regional and local levels in implementing and enforcement of Industrial Pollution Prevention Control (IPPC) & risk management related legislation, • Good institutional management and technical performance of the staff • Review, validation and update of Implementation Plans • Supply of IPPC monitoring equipment and staff training

PHARE/2006/018-147

03.04

Sector Border Management

Phare funds required: €36.56 Million

This project is part of the 2004 - 2006 multi-annual sector programme "Border Management".

In 2006, the following projects are foreseen

2006	
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2006	
Overall objectives	Alignment to the EU Acquis in the field of border management and control in preparation for accession to the EU
<p>Project purpose</p> <p>Project 1</p> <p>Optimisation of the Institutional System and of the System of Human Resources</p>	<p>Enhancement of Romanian Border Police (RBP) capacity to apply the full range of Schengen and Border Management Acquis;</p> <p>Further development of RBP capacity to train and develop its new recruits, and existing staff and managers;</p> <p>Joint development of RBP and National Customs Authority (NCA) front-line border control and co-operation techniques;</p> <p>Joint development of RBP and NCA anti-corruption and internal control measures.</p> <p>Consolidating the administrative, operational and technical capacity of the Romanian Customs Authority to enable it to achieve full harmonisation with the EU Acquis evolution and European Union best practice, covering the trade facility and control security requirements.</p> <p>Development, implementation and co-ordination of new and improved RBP/NCA operational border control structures, policies, systems and procedures.</p> <p>Integration of supporting IT and communication systems in the RBP.</p> <p>Development of effective anti-corruption measures in the RBP and NCA.</p> <p>Enhancement of the National Customs Authority operational capacity in line with the EU e-customs concepts.</p>
<p>Project 2</p> <p>Further Development of the System for Strengthening the Romanian Borders</p>	Further modernization of the sub-systems for securing of the Romanian borders in accordance with EU best practice in relation to the border management, including the Schengen Acquis.
<p>Project 3</p> <p>Further development of the</p>	Support for setting up a National IT System for Alerts compatible with SIS II;

2006	
Romanian authorities capabilities to act as a Schengen space Member State	Further alignment of Romania to Schengen regulations and best practices, including the preparation for future connection to the Schengen Information System (SIS) II, as well as the setting up of a functional SIRENE Bureau; Continuation of preparation for implementing Visa Information System; Improving the security standards for the process of issuing visas.

Multi-annual priority sector background:

This sector addresses the need to fully harmonise the border management sector with the EU *acquis communautaire* in the field and especially ensure the sector capabilities to comply with its responsibilities deriving from its future membership quality at the requirements of Schengen standards.

Phare priorities	Main tasks
Optimization of the Institutional System and of the System of Human Resources	Advanced harmonisation of Romanian Border Police (RBP) management and co-operation structures and of the human resources system with EU best practice in accordance with the Schengen Acquis
Further Development of the System for Strengthening the Romanian Borders	Further modernization of the sub-systems for securing of the Romanian borders in accordance with EU best practice in relation to the border management, including the Schengen Acquis.

B: Further measures specific for year 2006

In order to meet the overall objective of sub-programme 3 "Meeting the obligations of the *acquis*" the following measures, complementary to the priority sectors, have been identified as urgent requirements under the 2006 programme.

PHARE/2006/018-147 03.05 Competition

Phare funds required: €1.50 Million

2006	
Overall objectives	Effective, correct and proactive enforcement of the EU antitrust and State aid legislation
Project purpose	Enhancing and consolidating the enforcement of the EC legislation on antitrust and State aid and further advocacy of the relevant rules among interested actors.
	Developing the information infrastructure of the Competition Council as to ensure its functioning consistent with the European Union structures

PHARE/2006/018-147 03.06 Strengthening the Romanian institutional capacity of protecting the intellectual and industrial property rights

Phare funds required: €1.50 Million

2006	
Overall objectives	To further enforce the intellectual and industrial property rights under the coordination of the Prosecutor's Office attached to the High Court of Cassation and Justice and strengthen the capacity of the institutions engaged in the protection of intellectual and industrial property rights.
Project purpose	Strengthening of the capacity of institutions engaged in protection of intellectual property rights and improvement of the horizontal cooperation between them

PHARE/2006/018-147 03.07 Strengthening the Supervisory Methodology of the Romanian Insurance Supervision Commission (ISC)

2006 Phare funds required: €1.00 Million

2006	
Overall objectives	Enhancing the ability of Romanian administration to comply with the obligations of EU membership including the adherence to the aims of political, economic and monetary union.
Project purpose	Development and preparation of the ISC and the insurance sector for the accounting, IT, general financial reporting, regulatory, supervisory and other issues related to the steps that the EU takes for the full construction and implementation of the Solvency II model and of the accounting requirements (especially International Financial Reporting Standards (IFRS)).

PHARE/2006/018-147 03.08 Improvement of the institutional capacity of the Romanian National Securities Commission (NSC)

Phare funds required: €1.50 Million

2006	
Overall objectives	Improvement of the institutional capacity of NSC in order to enforce the <i>acquis communautaire</i> in the securities field
Project purpose	Ensurance of the necessary infrastructure for the enforcement of the <i>acquis communautaire</i> on capital market and to create awareness on the impact of the new legal framework transposing the EU requirements.

PHARE/2006/018-147 03.09 Adoption of new acquis communautaire provisions in the field of Statistics

2006 Phare funds required: €1.84 Million

2006	
Overall objectives	Providing the decision-makers at national and European level with quality and comparable statistical data.
Project purpose	Implementation of the new EU legislation provisions, measures and actions in the Romanian Statistical System especially through improvement of quality of tourism and forest statistics as well as a Creating a coherent and integrated system for the use of administrative data sources and implementing Total Quality Management in statistics

PHARE/2006/018-147 03.10 Improvement of safety, quality of services and institutional capacity in the transport sector

Phare funds required: €8.02 Million

2006	
Overall objectives	Application of the acquis communautaire in the transport sector in Romania.
Project purpose	<p>Improving the safety and the quality of services as well as strengthening the institutions in the field of road transport</p> <p>Improving the safety and the quality of services as well as strengthening the institutions in the field of naval transport</p> <p>Remediation of the soil and groundwater at the CFR Calatori fuelling station and oil storage centre and establishment of a modern fuelling station and oil storage centre equipped with spill prevention measures and wastewater management system.</p> <p>Modernisation and expansion of the MTCT's computer system to enable it to cope with the increasing demands of accession.</p>

PHARE/2006/018-147 03.11 Support for the Romanian health authorities for the implementation of EU Directives regarding Hospitals Blood Banks and the therapeutic utilization of the human tissues and cells

2006 Phare funds required: €6.38 Million

2006	
Overall objectives	Strengthening the institutional and administrative capacity of the Ministry of Health and other relevant institutions to organize and manage the Hospitals Blood Banks and the therapeutic utilization of the human tissues and cells in accordance with the European Community Requirements

2006	
	and Standards
Project purpose	Harmonization of Hospitals Blood Banks and the therapeutic utilization of the human tissues and cells in accordance with the European Community Requirements and Standards.

PHARE/2006/018-147 03.12- Support for the development of community mental health services and the deinstitutionalization of persons with mental disorders

2006 Phare funds required: €3.00 Million

2006	
Overall objectives	Improvement of quality, accessibility and acceptability of mental health care services
Project purpose	Improvement of the Mental Health services in Romania through development of community mental health services as alternatives to hospitalization, improvement of quality of hospital care and establishing links with primary sector of health care

PHARE/2006/018-147 03.13 Home affairs- Increasing cooperation between the institutions involved in fighting against drugs

2006 Phare funds required: €1.15 Million

2006	
Overall objectives	To contribute to Romania's alignment to the European Drug policies, hence to build the premises for the decreasing of the drug supply and drug demand in Romania
Project purpose	To enhance the development of integrated management systems within the growing stakeholders networks involved in the application of anti drug policies in Romania

PHARE/2006/018-147 03.14 Home affairs- Consolidation of Romanian Gendarmerie capacities to assure interoperability with similar institutions from E.U.

2006 Phare funds required: €1.00 Million

2006	
Overall objectives	Increasing the efficiency of the Romanian Gendarmerie by the consolidation of the law enforcement capacities and strengthening the co-operation with other E.U. institutions with similar attributions in the view of meeting the requirements arising from the accession process.
Project purpose	Strengthening and professionalizing the Romanian Gendarmerie capacities and staff, in order to fulfil efficiently its missions (maintaining and restoring public order, antiterrorism and mountains interventions) and to be interoperable with similar E.U. institutions.

PHARE/2006/018-147 03.15 Home affairs - Continuing the development of the asylum and migration systems in Romania

2006 Phare funds required: €1.00 Million

2006	
Overall objectives	To continue the ongoing institutional modernization and approximation of European Union acquis in order to prepare the Romanian authorities to participate in the European Union common migration and asylum system as well as continuing the improvement of the asylum and migration management.
Project purpose	To increase the Romanian authorities' capacity related to implementation of specific procedures in managing the stay of aliens and reducing the illegal migration in Romania and to social integration of refugees in the Romanian society, in line with the European Union standards and best practices.

PHARE/2006/018-147 03.16 Home affairs- Adopting the intelligence-led policing concept in the field of organised crime

2006 Phare funds required: €2.40 Million

2006	
Overall objectives	Adoption of a work strategy to combat organised crime and to co-operate with other national and regional law enforcement agencies competent in the field of organised crime and terrorism through a systematic way of gathering, handling, analysing, exchanging and disseminating information (intelligence-led policing).
Project purpose	Continuation of development of the Central Intelligence Analysis Unit within the Romanian Police, increasing quality of gathered information in the field of organised crime, establishing methods for inter-agency cooperation in the field of intelligence analysis and developing at the level of the Romanian Police of an integrated IT system for the

2006	
	management of operational data.

PHARE/2006/018-147 03.17 Home affairs - Developing the institutional system on prevention and combating money laundering and terrorism financing

2006 Phare funds required: €1.00 Million

2006	
Overall objectives	Enhancing the institutional capacity of the anti-money laundering and fighting against terrorism financing system
Project purpose	Consolidating the National Office for Prevention and Control of Money Laundering (NOPCML) IT system for improving the efficiency and operability on anti-money laundering/terrorism financing

PHARE/2006/018-147 03.18 Enhancing the Institutional Capability of the National Regulatory Authority for Communications (ANRC) in the field of Economic Regulation

2006 Phare funds required: €1.50 Million

2006	
Overall objectives	Maximise end-users' benefits by promoting sustainable competition in the provision of broadband Internet access and telephony services over fixed incumbent's access network
Project purpose	Enhance the institutional capability of ANRC in the area of economic regulation by developing state-of-the-art technical, economic, and financial information systems

PHARE/2006/018-147 03.19 Integrated Management Information System for the Protection of Movable Cultural Heritage and Cultural Goods

Phare funds required: €1.50Million

2006	
Overall objectives	To comply with the commitments made in the Accession Negotiations, Chapter 1: Free movement of goods, and Chapter 25: Customs union, within the area of cultural goods.
Project purpose	To improve the capacity of the line ministries and subordinated bodies involved in the protection of the cultural goods to fight illegal trading and export, as well as theft, destruction and forgery of cultural goods.

**SUBPROGRAMME 4. ECONOMIC AND SOCIAL COHESION 2006/018-147.04
(TOTAL: €187.01 MILLION)**

This project is part of the 2004 - 2006 multi-annual sector programme “Economic and Social Cohesion”.

This sector is split into three parts; each of it is implemented by one implementing agency.

PHARE/2006/018-147 04.01 Sector Economic and Social Cohesion
Part 1: Improving infrastructure, provision of SME support, environmental protection and improving access to education and training at regional level in order to enhance economic development

Phare funds required: €142.85 Million

PHARE/2006/018-147 04.02 Sector Economic and Social Cohesion
Part 2: Human Resource Development: employment and social inclusion measures

Phare funds required: €25.77Million

PHARE/2005/017-553. 04.03 Sector Economic and Social Cohesion
Part 3: Development of administrative capacities for Structural Funds management

Phare funds required: €18.39 Million

The three parts of the sub-programme are hereafter jointly described.

2006	
Part 1	Ministry of European Integration as Implementing Agency
Project purpose	Regional and local transport, business and tourism infrastructure (Priority A)
	Improving region specific Technical and Vocational Education and Training (TVET) system (Priority B)
	Continuing training of pre-university staff (Priority B)
	Institutional Support for the National Agency for SMEs (NASMEC) to introduce and develop e-governance and to foster use of Information and Communication Technology (ICT) by innovative SMEs (Priority C)
	Support SMEs to cope with internal market (Priority C)
	Improving access to finance of SMEs, micro-enterprises and innovative companies (Priority C)
	Improving environmental protection at local and regional level (Priority D)

	Training at national and regional levels to enhance SF ROP absorption capacity (Priority E)

2006	
Part 2 (All from Priority B)	Ministry of Labour Social Solidarity and Family as Implementing Agency
Project purpose	Active employment measures for youth and long-term unemployed (Priority B)
	Qualification and re-qualification of work force (Priority B)
	Establishment of the National Authority for Qualifications(Priority B)
	Social inclusion measures for disadvantaged groups(Priority B)
	Strengthening the capacity of the Ministry for Labour, Social Solidarity and Family (MLSSF) in the field of social assistance and services(Priority B)
	Support to the Ministry of Labour Social Solidarity and Family to prepare as a managing authority (Priority E)

2006	
Part 3 (All from Priority E)	CFCU as Implementing Agency
Project purpose	Support to CSF Managing Authority
	Horizontal training for MA
	Expanding the Single Management Information System
	Twinning for regional programmes implementation
	Support for the Ministry of Transport, Construction and Tourism to prepare as managing authority
	Support for the Ministry of Environment and Water Management to prepare as managing authority

Multi-annual priority sector background:

In view of implementing the NDP priorities and preparation for Structural Funds, the 2004 – 2006 Phare assistance in the field of ESC is 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.

The multi-annual programme focuses on the following:

PRIORITIES	MEASURES
Priority A: Improving regional infrastructure to support economic development	Regional and local transport, business and tourism infrastructure
Priority B: Human Resource Development	Tackling structural unemployment Improving long term labour market adaptability Actively combating social exclusion Improving access to education and region specific technical and vocational education and training system
Priority C: Development of the productive sector through support to SMEs	Support to SMEs, business start-up, micro-enterprises and business support service providers
Priority D: Environmental protection at regional level	Improving environmental protection at local and regional level
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	Development of administrative capacities for Structural Funds management

**SUBPROGRAMME 5. SPECIFIC ACTIONS AND NEEDS 2006/018-147.05
(TOTAL: €15.37 MILLION)**

2006	
Overall objectives	Strengthen the capacity of the line ministries and government institutions to prepare better quality programmes and projects and deliver qualitative outputs when using EU funds, support Project Preparation and

2006	
	allow for Special Actions during early Membership.
Project purpose	Special actions such as evaluations or audit missions by external experts, peer reviews and urgent needs, which will arise just before or during the first years of Membership ⁶ . Measures for strengthening the administrative capacity of those parts of the administration which cope with pre-accession funds

**SUBPROGRAMME 6. COMMUNITY PROGRAMMES AND AGENCIES AND
END-USER SUPPORT 2006/018-147.06 (TOTAL: €0 MILLION)**

This subprogramme is void for 2006.

⁶ For the amount foreseen, projects must be programmed and Terms of Reference agreed with the Commission in due time.

5. INDICATIVE BUDGET

5.1. BUDGET TABLE FOR THE BUDGETARY YEAR 2006

The distribution of figures between the budget lines is indicative within the limits of Art. 5 MoU National Fund. The figures are given in Million €

Measure	Name	INV	IB	TOTAL PHARE	TOTAL co-financing	IFI - co-financing	overall TOTAL
		<i>300.14</i>	<i>108.49</i>	<i>408.63</i>	<i>107.22</i>	<i>60.00</i>	<i>575.85</i>
.01	POLITICAL CRITERIA	31.90	26.00	57.90	13.20		71.10
A: Development of democracy, human rights and respect for minorities							
.01	Sector Minority	13.50	2.00	15.50	6.50		22.00
.02	Civil Society	0.00	6.00	6.00	0.00		6.00
B: Development of Romania's Institutions							
.03	Sector Public Admin Reform	4.90	9.10	14.00	2.04		16.04
C: Strengthen the Rule of Law							
.04	Sector Judiciary Reform incl.penit	13.30	6.70	20.00	4.46		24.46
.05	Anticorruption-interinstitutional coop.	0.20	2.20	2.40	0.20		2.60
.02	ECONOMIC CRITERIA	0.22	7.80	8.02	1.41		9.43
.01	Cadastre	0.22	4.10	4.32	1.41		5.73
.02	Horizontal industry support	0.00	3.70	3.70	0.00		3.70
.03	ACQUIS OBLIGATIONS	95.71	44.62	140.33	34.98		175.31
A: Priority Sectors							
.01	Sector Public Finance	15.00	3.90	18.90	5.00		23.90
.02	Sector Agriculture	22.70	3.70	26.40	8.46		34.86
.03	Sector Environment	7.28	16.90	24.18	2.79		26.97
.04	Sector Border Management	31.21	5.35	36.56	10.57		47.13
B: Further measures specific for year 2006							
Internal Market							
.05	Competition	0.50	1.00	1.50	0.45		1.95
.06	IIPR	0.80	0.70	1.50	0.27		1.77

.07	ISC	0.00	1.00	1.00	0.00		1.00
.08	NSC	1.00	0.50	1.50	0.34		1.84
.09	Statistics	0.00	1.84	1.84	0.00		1.84
0.10	Transport	7.39	0.63	8.02	2.56		10.58
	<i>Health</i>	<i>6.13</i>	<i>3.25</i>	<i>9.38</i>	<i>2.05</i>		<i>11.43</i>
0.11	Blood & Human tissues	4.13	2.25	6.38	1.38		7.76
0.12	Mental health	2.00	1.00	3.00	0.67		3.67
	<i>Home Affairs</i>	<i>3.05</i>	<i>3.50</i>	<i>6.55</i>	<i>2.24</i>		<i>8.79</i>
0.13	Antidrug	0.55	0.60	1.15	0.40		1.55
0.14	Gendarmerie	0.00	1.00	1.00	0.25		1.25
0.15	Asylum and migration	0.00	1.00	1.00	0.25		1.25
0.16	Criminal Intelligence -Organised crime	1.50	0.90	2.40	1.00		3.40
0.17	Money laundering	1.00	0.00	1.00	0.34		1.34
0.18	Communication	0.00	1.50	1.50	0.00		1.50
0.19	Protection of cultural heritage	0.65	0.85	1.50	0.25		1.75
.04	ECO.& SOC. COHESION	169.81	17.20	187.01	56.63	60.00	303.64
	Part 1 - MEI	137.60	5.25	142.85	45.87	60.00	248.72
	Part 2 - MLSSF	17.77	8.00	25.77	5.94		31.71
	Part 3 - CFCU	14.44	3.95	18.39	4.82		23.21
.05	SPECIAL ACTIONS FACILITY	2.50	12.87	15.37	1.00		16.37
.01	Support to EU funds management	2.50	12.87	15.37	1.00		16.37
.02	Community Initiatives			0.00	0.00		0.00
.03	Evaluation scheme			0.00	0.00		0.00
.06	COMMUNITY PROGRAMMES	0.00	0.00	0.00	0.00		0.00
.01	CPs and Agencies			0.00			
.02	End-user Support			0.00			
	GRAND TOTAL	300.14	108.49	408.63	107.22	60.00	575.85

5.2. PRINCIPLE OF CO-FINANCING

In accordance with the Phare Guidelines, all investment projects supported by Phare must receive co-financing from national public funds.

The Community contribution may amount to up to 75% of the total eligible public expenditure. Taxes are not an element eligible for co-financing.

Co-financing for Institution Building projects is provided by the Beneficiary Country bearing certain infrastructure and operational implementation costs, through financing the human and other resources required for effective and efficient absorption of Phare/Pre-Accession assistance.

6. IMPLEMENTING AGENCIES

Implementing Agencies will be responsible for sub-programmes as follows.

Implementing agency	Sub-programme
Central Finance and Contracting Unit (CFCU) at the Ministry of Public Finance	1/Political criteria; 2/ Meeting the economic criteria - Cadastre 3/Meeting the Obligations of the Acquis 4/Economic and Social Cohesion-Part 3; 5/Special Actions and early membership facility
National Fund at the Ministry of Finance	6/Community Programmes and Agencies, - project 06.01
Implementing Agency of the Ministry of European Integration	4/Economic and Social Cohesion-Part 1 2/ Meeting the economic criteria - Horizontal industry support
Implementing Agency for “Human Resource Development: employment and social inclusion measures” at the Ministry of Labour, Social Solidarity and Family	4/Economic and Social Cohesion-Part 2

Simultaneously with signature of the FM, the NAC will provide the necessary details about these Implementing Agencies (addresses, communication contacts, Phare Authorising Officers, affiliation in the government etc).

7. IMPLEMENTATION ARRANGEMENTS

7.1. METHOD OF IMPLEMENTATION

Implementation of this FM will follow Art. 53 (1) b (second alternative) of the Financial Regulation⁷. The Beneficiary Country will continue to ensure that the conditions laid down in Art. 164 (1) (a) - (e) of the Financial Regulation are respected at all times.

Prior to the accreditation of Implementing Agencies foreseen by Art. 12 (2) of Regulation 1266/1999⁸ project selection, tendering and contracting by the Beneficiary Country will be subject to ex-ante approval by the Commission, unless this requirement is waived because the conditions of Article 27 of the Act of Accession are fulfilled.

⁷ Council Regulation (EC, Euratom) 1605/2002 of 25 June 2002; OJ L 248; 16.9.2002; p. 1

⁸ Council Regulation (EC) 1266/1999 of 21 June 1999; OJ L 161; 26.6.1999; p. 68

7.2. GENERAL RULES FOR PROCUREMENT

Procurement shall follow the provisions of Part 2, Title IV of the Financial Regulation and Chapter 3 of Part 2, Title III of its Implementing Rules⁹, as well as the Commission Decision SEC (2003) 387/2¹⁰.

The Contracting Authorities shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the “Practical Guide to contract procedures financed from the general EC budget in the context of external actions” (“Practical Guide”) as published on the EuropeAid website¹¹ at the date of the initiation of the procurement or grant award procedure.

In line with Art. 164 of the Financial Regulation, the Commission may decide to allow the Contracting Authorities entrusted with decentralised management responsibilities to execute procurement in accordance with national legislation and guidelines transposing the European Union Public Procurement Directives.

7.3. GRANT SCHEMES

For grant schemes the precise implementation arrangements will be specified in the relevant project fiches in line with the following principles:

The procedures and formats to be used in the implementation of the schemes and award of the grants will follow the procurement rules for External Actions. In particular, due care will be given to the selection process of the projects. Grants will be awarded in conformity with the provisions of chapter 6 of the Practical Guide, and following the principles of Phare decentralised management. Prior to EDIS accreditation, the ex-ante approval of the Commission Delegation in Bucharest will be required.

The competent PAO for the programme under which the grant scheme is financed has to retain his/her contractual and financial responsibility for the implementation of the schemes. In particular, the PAO has to formally approve the call for proposals, application forms, evaluation criteria, as well as the selection process and results. The PAO also has to sign the grant agreements with the beneficiaries and to ensure adequate monitoring and financial control under his/her authority and responsibility. With this reservation, the management can be decentralised from the PAO to the appropriate bodies at sectoral or regional level.

The implementation of selected projects through provision of works, supplies and services, which are sub-contracted by the final beneficiaries of the individual grants shall be subject to the procurement rules at the time of implementation. Following a positive assessment of the Implementing Agency’s capacity to operationally and financially manage the schemes in a sound and efficient manner¹², the Commission Delegation may decide to waive its ex-ante approval of sub-contracting carried out by the final beneficiaries of the individual grants. The detailed provisions governing the role of the Delegation in the above-mentioned sub-contracting phase will be specified, as

⁹ Commission Regulation (EC; Euratom) 2342/2002 of 23. December 2002; OJ L 357; 31.12.2002; p.1 as amended by Commission Regulation (EC, Eurato) 1261/2005 of 20 July 2005; OJ L 201; 02.08.2005, p.3

¹⁰ Commission Decision SEC (2003) 387/2 on Rules and procedures for service, supply and works contracts financed from the general budget of the European Communities in the context of co-operation with third countries, adopted on March 25, 2003

¹¹ current address: http://europa.eu.int/comm/europeaid/tender/gestion/index_en.htm

¹² see section 11 and Annex 4 of the 2006 Phare Programming Guide

appropriate, in the Exchange of Letters between the Delegation and the national authorities following the above-mentioned assessment exercise.

Grant schemes will not involve projects for which the Phare/ pre-accession instrument contribution is below €50.000 or above €2 million. This lower limit may be waived as a result of the above-mentioned assessment of the Implementing Agency's capacity of giving assurance of sound financial management. The lower limit is not applicable in the case of NGOs.

The financial commitments in Phare/ pre-accession instrument terms will take effect at the date of signature of the grant agreements by the competent PAO. The projects should be fully implemented before the expiry date for contract execution of the corresponding Financing Agreement.

7.4. IMPLEMENTATION PRINCIPLES FOR TWINNING PROJECTS

Twinning projects are set up in the format of a grant contract (twinning contract) whereby the selected Member State administration agrees to provide the requested public sector expertise (including the long term secondment of an official assigned to provide full time counsel to the beneficiary administration as Resident Twinning Advisor) against the reimbursement of the expenses thus incurred. This twinning contract is in line with the provisions of Article 27 of the Financial Regulation and of Part One, Title VI on grants of the Financial Regulation and its Implementing rules.

Further to the provisions of Article 160, first paragraph of the aforementioned Implementing Rules, the Contracting authority shall use the rules and proceedings set out in the regularly updated Twinning Manual (which includes a system of fixed rates and prices for the reimbursement of the provided public sector expertise by the selected Member state administration for launching, selection, implementation and closing of twinning projects).

The twinning manual is available on the Website of DG ELARG at the following address:

<HTTP://EUROPA.EU.INT/COMM/ENLARGEMENT/PAS/TWINNING/INDEX.HTM>

8. MANAGEMENT OF ASSISTANCE

8.1. PROJECT MANAGEMENT

8.1.1. Responsibilities

The National Aid Co-ordinator (NAC) will have overall responsibility for programming and monitoring of Phare/ pre-accession instrument programmes.

The National Authorising Officer (NAO) and the NAC shall be jointly responsible for the co-ordination between Phare/ pre-accession instrument (including Phare CBC), ISPA and SAPARD, as well as the Structural and Cohesion Funds.

The NAO and the Project Authorising Officer (PAO) will ensure that the programmes are implemented in line with the procedures laid down in the instructions of the Commission. They will also ensure that all contracts required to implement the Financing Agreement are awarded using the procedures and standard documents for External Actions in force at the time of implementation, and that EU state aid rules are respected.

8.1.2. *Project Size*

All projects will be funded with at least 2 M € except Project PHARE 2006/018-147.03.06 ISC and PHARE 2006/018-147.03.08 NSC due to their pure Institution building nature.

8.1.3. *Deadline for contracting and execution of contracts, programming deadline*

(1) All contracts must be concluded by no later than November 30, 2008.

(2) All contracts must be executed by no later than November 30, 2009. In line with Art 27 III of the Accession treaty part: ...”action under this programme will be contracted within the following two years (after accession). Exceptionally and in duly justified cases, limited extensions in terms of duration may be granted for execution of contracts”. For subprogramme 4- Part1, regional infrastructure projects and related site supervision under Priority A (2006/018-147.04.01) the execution of contracts is 30 November 2010.

In no case can the contracting period for projects implemented under this programme exceed three years after the date of the global commitment (Art. 166 (2) FR). Budgetary commitments which have not given rise to payments during three years counted from the date of the legal commitment will be decommitted (Art. 77 (3) FR).

(3) Concerning the amount foreseen under the Unallocated Envelope in project Phare 2006/018-147.05.01, projects must be programmed and Terms of Reference agreed with the Commission in due time.

(4) Under DIS, a complete tender dossier must be submitted to the Delegation for approval by no later than 8 months after the signature of the Financial Agreement. In case of non-compliance, the Beneficiary Country will inform the JMC, which may recommend reallocation of funds in accordance with Art. 5 of the MoU on the National Fund.

8.1.4. *Environmental Impact Assessment and Nature Conservation*

The procedures for environmental impact assessment as set down in the EIA-directive¹³ are fully applicable for all investment projects under Phare/ pre-accession instrument. If the EIA-directive has not yet been fully transposed, the procedures should be similar to the ones established in the above-mentioned directive. If a project would fall within the scope of annex 1 or annex 2 of the EIA-directive, the carrying out of the EIA-procedure must be documented¹⁴.

If a project is likely to affect sites of nature conservation importance, an appropriate assessment according to Art. 6 of the Habitats-directive must be documented¹⁵.

All investments shall be carried out in compliance with the relevant community environmental legislation. The project fiches will contain specific clauses on compliance with the relevant EU-legislation in the field of the environment according to the type of activity carried out under each investment project.

¹³ DIR 85/337/EEC; OJ L 175/40; 5.7.1985, as amended

¹⁴ in Annex EIA to the corresponding investment project fiche.

¹⁵ in Annex Nature Conservation to the corresponding investment project fiche

8.2. FINANCIAL MANAGEMENT

8.2.1. *Principles and Responsibilities*

The National Fund in the Ministry of Public Finance, headed by the NAO, will supervise the financial management of the programme, and will be responsible for reporting to the European Commission. The NAO shall have the overall responsibility for financial management of the Phare/ pre-accession instrument funds, and the full accountability for the Phare/ pre-accession instrument funds of a programme until the closure of that programme.

The NAO shall ensure that the Phare rules, regulations and procedures pertaining to reporting and financial management are respected, and that a reporting and project information system is functioning.

The Commission will make payments to the NF in accordance with the Memorandum of Understanding signed between the Commission and Romania in 1998.

Payments will be made following requests from the NAO onto a separate bank account, denominated in € which will be opened and managed by the National Fund in the central bank or in a bank agreed in advance with the Commission. In principle, all bank accounts will be interest bearing.

According to Articles 3 & 4 of the implementing rules of the Financial Regulation accrued interest is the property of the Beneficiary Country. The NAO must however ensure that the accrued interest is actually registered in its entirety as revenue in the national budget. Furthermore the NAO will ensure a regular reporting of the interest via Perseus.

8.2.2. *Payments to the National Fund*

A first payment¹⁶ of up to 20% of the funds to be managed locally¹⁷, will be sent to the NF following signature of the Financing Agreement and the Implementing Agreements between the NF and the Implementing Agencies (IAs)/Central Finance and Contracts Unit (CFCU). Furthermore, the NAO must submit to the Commission the designation of the PAOs and a description of the system put in place, highlighting the flow of information between the NF and the IA/CFCU and the manner in which the payment function between them will be carried out.

Two further payments¹⁸ of up to 30% of the funds to be managed locally¹⁹ will be made. The second payment will be triggered when 5 % of the total budget in force²⁰ has been disbursed by the IAs and the CFCU. The third payment may be requested when 35% of the total budget in force²¹ has been disbursed.

¹⁶ representing pre-financing as defined in Art. 105 (1) of the Implementing Rules to the Financial Regulation

¹⁷ excluding the amount foreseen for Community Programmes

¹⁸ representing interim payments or the renewal of pre-financing as defined in Art. 105 (1) of the Implementing Rules to the Financial Regulation

¹⁹ excluding the amount for Community Programmes

²⁰ excluding the amount for Community Programmes

²¹ excluding the amount for Community Programmes

A final fourth payment will be made when 70 % of the total budget in force²² has been disbursed and all contracts have been signed.

Exceptionally the NAO may request more than the percentage agreed where it can be demonstrated by a cash-flow projection that the cash-flow requirements in the subsequent period will exceed such percentage. In cases where the aggregate of the funds deposited in the NF, CFCU and IAs accounts exceeds 15% of the total budget in force for the programme the Commission may exceptionally authorise a payment, if the NAO provides duly substantiated evidence that contractual obligations cannot be met with the funds available.

8.2.3. *Payments from the National Fund to the Implementing Agency*

The National Fund will make payments to IAs, including the CFCU, in accordance with Implementing Agreements signed between the NF and the IAs/CFCUs. Bank accounts for sub-programmes shall be opened in the name of the relevant Implementing Agency/CFCU in charge of financial management of the sub-programme in line with Art. 13 of the MoU on the National Fund.

As long as implementation follows DIS, each individual Implementing Agreement must be endorsed in advance by the European Commission. In cases where the NF is itself the paying agent for the CFCU/IA there will be no payments from the NF to the CFCU. The CFCU and the IAs must each be headed by a Programme Authorising Officer (PAO) appointed by the NAO after consultation with the NAC. The PAO will be responsible for all operations carried out by the relevant CFCU/IA.

8.2.4. *Payments in Case of Contractual Retention Clauses*

For those contracts with contractual retention clauses (e.g. funds retained for a warranty period), the Implementing Agency assumes full responsibility for managing the funds until final payment is due, as well as for ensuring that the said funds will only be used to make payments related to the retention clauses.

The IA further assumes full responsibility towards the contractors for fulfilling the obligations related to the retention clauses. Funds not paid out to the contractors after final payments have been settled shall be reimbursed to the Commission.

8.2.5. *Closure of Expenditure and Clearance of Accounts*

No later than 16 months after the end of the execution of contracts, the NF will submit a final declaration of expenditure covering both PHARE/ PRE-ACCESSION INSTRUMENT support and co-financing and an attestation regarding the regularity, accuracy and veracity of the accounts transmitted. The final certified expenditure should at this point equal the original value of the contracts minus any deductions and savings agreed with contractors in the course of implementation. This should also equal payments made plus any sums outstanding on account of contractual retention.

If the payments received from the Commission exceed the final certified expenditure, the NF shall return the excess to the Commission at the time of submitting the final declaration. If there are any outstanding payments (with the exception of contractual retention funds), the NF should provide an explanation and a forecast when payment will be finalised. The NF shall report on progress on contractual retention funds and outstanding payments on a quarterly basis. If they are not paid to the contractor, they shall be returned to the Commission.

²² excluding the amount for Community Programmes

After evaluation of the final declaration, the Commission will state its view on any expenditure to be excluded from Community funding, where it finds that expenditure has not been executed in compliance with Community rules.

The results of the Commission's checks and its conclusions to exclude expenditure from financing will be notified in writing to the NF, which shall be given one month to transmit its reply in writing.

If no agreement is reached within one month of receipt of the NF's written reply, the Commission shall decide and establish the amounts to be excluded, having regard in particular to the degree of non-compliance found, the nature and gravity of the infringement as well as the financial loss suffered by the Community.

Following the decision about amounts to be excluded, all ineligible expenditure will be recovered without prejudice to the treatment of irregularities and subsequent financial corrections stipulated below.

The funds will be recovered either by direct reimbursement from the NF or by compensation in accordance with Community rules.

9. MONITORING AND EVALUATION - PROJECT IMPLEMENTATION

Project implementation will be monitored through the Joint Monitoring Committee (JMC). It includes the NAO, the NAC and the Commission services. The JMC will meet at least once a year to review all Phare/ pre-accession instrument funded programmes in order to assess their progress towards meeting the objectives set out in the Financing Agreements and the Accession Partnership. The JMC may recommend a change of priorities and/or reallocation of Phare/ pre-accession instrument funds. Furthermore, the JMC will review the progress of all pre-accession EU-funded assistance programmes once a year (Phare/ pre-accession instrument, ISPA, SAPARD).

For the Phare/ pre-accession instrument programme, the JMC will be assisted by Sectoral Monitoring Sub-Committees (SMSC), which will include the NAC, the PAO of each Implementing Agency (and the CFCU where applicable) and the Commission Services. The SMSC will review in detail the progress of each programme, including its components and contracts, assembled by the JMC into suitable monitoring sectors. Each sector will be supervised by one SMSC on the basis of regular monitoring reports produced by the Implementing Agency, and interim evaluations undertaken by independent evaluators. The SMSC will put forward recommendations on aspects of management and design, ensuring that these are effected. The SMSC will report to the JMC, to which it will submit overall detailed opinions on all Phare/ pre-accession instrument financed programmes in its sector.

The Commission services shall ensure that this programme will be subject to interim (either centralised or decentralised) and/or ex post evaluations.

10. EQUAL TREATMENT

Equal opportunity and gender equality are fundamental principles enshrined in the Treaty that are reflected in the programming of the Phare funding.

11. AUDIT, FINANCIAL CONTROL, ANTI-FRAUD MEASURES, PREVENTIVE AND CORRECTIVE ACTIONS

11.1. SUPERVISION AND FINANCIAL CONTROL BY THE COMMISSION AND THE EUROPEAN COURT OF AUDITORS

All Financing Agreements as well as all resulting contracts are subject to supervision and financial control by the Commission (including the European Anti-Fraud Office) and audits by the European Court of Auditors. As long as EDIS is not yet applicable to the Implementing Agencies in the Beneficiary Country, this includes measures such as ex-ante verification of tendering and contracting carried out by the Delegation in the Beneficiary Country.

In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96²³.

The controls and audits described above are applicable to all contractors and subcontractors who have received Community funds.

Without prejudice to the responsibilities of the Commission and the European Court of Auditors²⁴, the accounts and operations of the National Fund and, where applicable, the CFCU and all relevant Implementing Agencies may be checked at the Commission's discretion by the Commission itself or by an outside auditor contracted by the Commission.

11.2. OBLIGATIONS OF THE BENEFICIARY COUNTRY

11.2.1. Audit and Financial Control

In order to ensure sound financial management of the Phare/ pre-accession instrument funds, the Beneficiary Country must have a system for management and control of assistance in accordance with generally accepted principles and standards in place. This system shall fulfill the requirements set out in Art. 164 of the Financial Regulation, and in particular provide adequate assurance of the correctness, regularity and eligibility of claims on Community assistance.

The Beneficiary Country's management and control systems shall provide a sufficient audit trail, as defined in Art. 7 (2) of Commission Regulation 438/2001²⁵.

The competent national financial control authority shall carry out appropriate financial controls of all actors involved in the implementation of the programme.

Each year an audit plan and a summary of the findings and main recommendations of the audits carried out and an outline of the follow-up given to past audit recommendations shall be sent to the Commission. Audit reports shall be at the disposal of the Commission.

²³ Council Regulation (EC, Euratom) 2185/96 of 11. November 1996, OJ L 292; 15.11.1996; p. 2

²⁴ as referred to in the General Conditions relating to the Financing Memorandum" attached to the Framework Agreement

²⁵ Commission Regulation (EC, Euratom) 438/2001 of 2 March 2001, OJ L 63; 3.3.2001, p.21

11.2.2. Preventive Measures

The Beneficiary Country shall take any appropriate measure to prevent and counter active and passive corruption²⁶ practices at any stage of the procurement procedure or grant award procedure, as well as during the implementation of corresponding contracts.

The authorities of the beneficiary country, including the personnel responsible for the implementation of the programme, shall also undertake to take whatever precautions are necessary to avoid any risk of conflict of interest, and shall inform the Commission immediately of any such conflict of interest or any situation likely to give rise to any such conflict.

11.2.3. Anti-Fraud Measures and Corrective Actions

Beneficiary Countries shall, in the first instance, bear the responsibility to ensure investigation and satisfactory treatment of suspected or actual cases of fraud and irregularities following national or Community controls.

The national authorities shall ensure the functioning of a control and reporting mechanism equivalent to the one foreseen in Commission Regulation 1681/94²⁷.

In particular, all suspected or actual cases of fraud²⁸ and irregularity²⁹ as well as all measures related thereto taken by the national authority must be reported to the Commission services without delay. Should there be no suspected or actual cases of fraud or irregularity to report, the Beneficiary Country shall inform the Commission of this fact within two months following the end of each quarter.

In case of irregularity or fraud, the Beneficiary Country shall make the necessary financial corrections required in connection with the individual irregularity. The corrections made by the Beneficiary Country shall consist in canceling all or part of the Community contribution. The Community funds released in this way may be re-used by

²⁶ Active corruption is defined as the deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official for himself or for a third party for him to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the European Communities' financial interests.

Passive corruption is defined as the deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or a third party, or accepts a promise of such advantage, to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the European Communities' financial interests.

²⁷ Commission Regulation (EC) 1681/94 of 11. July 1994; 12.7.94; p. 43

²⁸ Fraud shall mean any intentional act or omission relating to: the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Communities or budgets managed by, or on behalf of, the European Communities; non disclosure of information in violation of a specific obligation with the same effect; the misapplication of such funds for purposes other than those for which they are originally granted.

²⁹ Irregularity shall mean any infringement of a provision of national or Community law, this Financing Memorandum or ensuing contracts, resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them, by an unjustified item of expenditure. The term "Community law" in this context shall be defined as the entirety of Community rules applicable between the Parties of the Financing Memorandum (e.g. the Europe Agreements, Framework Agreements, the MoU on the Establishment of the National Fund etc.)

the NF for the purpose of the programme, in compliance with Art. 5 of the MoU on the National Fund.

11.3. RECOVERY OF FUNDS IN CASE OF IRREGULARITY OR FRAUD

Any proven irregularity³⁰ or fraud³¹ discovered at any time during the implementation of the programme or as the result of an audit will lead to the recovery of funds by the Commission.

If, after completing the necessary verifications, the Commission concludes that:

- (a) the Beneficiary Country has not complied with the obligations to prevent, detect, and correct irregularities or
- (b) the implementation of a project appears not to justify either part or the whole of the assistance allocated or
- (c) there are serious failings in the management or control systems which could lead to irregularities,

the Commission may suspend further financing of the programme in question, and, stating its reasons, request that the Beneficiary Country submit comments and, where appropriate, carry out any corrections within a specified period of time.

If no agreement is reached by the end of the period set by the Commission and if the required corrections have not been made, the Commission may – taking into account any comments made by the Beneficiary Country – decide within three months to:

- (a) reduce or cancel any payment for the programme in question, or
- (b) make the financial corrections required by canceling all or part of the assistance granted to the programme concerned.

The Commission shall, when deciding on the amount of a correction, take into account the principle of proportionality, the type of irregularity and the extent and financial implications of the shortcomings found in the management and control system of the Beneficiary Country.

In the absence of a decision to do either (a) or (b), further financing of the programme shall immediately resume.

The National Authorising Officer will ensure the reimbursement of any unused funds or any sum wrongly paid within sixty calendar days of the date of the notification. If the NAO does not repay the amount due to the Community, the Beneficiary Country shall refund this amount to the Commission.

Interest on account of late payment shall be charged on sums not repaid by applying the rules specified in the Financial Regulation.

12. VISIBILITY AND PUBLICITY

The PAO in charge will be responsible for ensuring that the necessary measures are taken to ensure appropriate publicity for all activities financed from the programme. This will be done in close liaison with the Commission. Further details are set down in the Annex on Visibility and Publicity.

³⁰ see definition above

³¹ see definition above

13. SPECIAL CONDITIONS

- 1) Contracting of Phare investment support under Economic and social cohesion is conditioned upon the signature of the service contracts between the implementing agency and Regional Development Agencies, (as described under Phare 2006/018-147.04.01).
- 2) In the event that agreed commitments are not met for reasons which are within the control of the Government of Romania, the Commission may review the programme with a view, at the Commission's discretion, to canceling all or part of it and/or to reallocate unused funds for other purposes consistent with the objectives of the Phare programme.
- 3) In case of major disaster damages such as floods the NAC within the limits of article 5 MoU National fund may advise the NAO to propose a transfer of funds to be used under this Financing Agreement to a Disaster Rehabilitation Fund, which the Romanian Government may maintain complying with the rules of sound financial management. This transfer needs to be authorized by an exchange of letter between the Head of the EC Delegation at Bucharest and the NAO following a recommendation of the JMC.