

STANDARD SUMMARY PROJECT FICHE

1. Basic Information

1.1 Desiree Number:	RO-0007.02
1.2 Title:	REGIONAL DEVELOPMENT
1.3 Sector:	Integrated Regional Measures (RE)
1.4 Location:	Romania

2.1. Wider Objective:

- To support the Romanian Government to implement an integrated regional development policy in line with economic and social cohesion strategy adopted within the context of the pre-accession process, through regional development investment projects in priority sectors (SMEs, Human Resources Development (HRD), and local and regional infrastructure) identified in Romania's National Development Plan. and in Romanian Regional Plans

Support to these sectors aims at developing, through an integrated approach, the indigenous economic and social potential of the development regions. One of the expected outputs of the project is to enhance the capacity of local authorities to collaborate and make decisions of regional importance.

2.1. Immediate Objectives

The achievement of the wider objective will be attained through an integrated set of measures, with the following specific immediate objectives:

A. Human Resources Development in the context of industrial restructuring

- A.1. To develop people's working abilities and to adjust them to structural changes in order to encourage future economic growth.
- A.2. To facilitate access to employment for job seekers by enhancement of active employment measures.
- A.3. To improve the employment possibilities of marginal and excluded groups and to contribute, in this way, to social inclusion.

Assistance to small and medium sized enterprises

- B.1. To foster investment for the establishment of new enterprises and the development of existing micro and young enterprises;
- B.2. To improve SME access to medium and long term finance for investment purposes;
- B.3. To improve SME access to information, communication, and business support services, with the aim to enhance their competitiveness and access to finance and to market opportunities.

Local and regional infrastructures.

- C.1. To improve regional transport infrastructure strengthening linkage between economic poles and European transport corridors and improve access roads to economic areas.
- C.2. To develop infrastructures supporting business development, in order to strengthen competitiveness of SMEs through better access to technologies, services, markets and information;

C.3. To rehabilitate degraded sites or to protect environmentally vulnerable sites with economic potential (industrial sites, closed enterprises from urban heavily polluted areas, natural sites and area with tourist potential)

D. Awareness Campaign, Selection, Monitoring, Supervision and Evaluation

D.1. To ensure a transparent and competitive process for project selection.

D.2. To ensure an appropriate and effective implementation for projects financed under this programme, through close monitoring and ex-ante and ex-post evaluation.

D3 To develop and sustain an adequate implementation system for the infrastructure type projects, including site supervision and inspection

2.3. Accession Partnership and NPAA priority

This project complies with the following priorities and intermediate objectives agreed in the Accession Partnership:

- To develop national policy for economic and social cohesion, prepare for the implementation of regional development programmes, improve inter-ministerial co-ordination for structural funds
 - To promote competitiveness through market driven enterprise restructuring (including small and medium size enterprises)
 - To continue efforts to improve conditions for the creation and development of private enterprises with particular attention to small and medium size enterprises
 - To prepare the future participation of Romania in the European Employment strategy
- To improve the economic and social conditions of the Roma and the fight against social exclusion through the fostering of the employment opportunities and the increase of access to education

Within the framework of the National Programme for adoption of the Acquis communautaire the Phare programme will co-finance within the Romanian regions, projects, which address the following objectives:

- To increase private sector development and investment promotion through focussing investments in the productive sector.
- To provide Assistance to small and medium sized enterprises. Projects will aim to help diversify the economy, to develop the private sector and to restructure and modernise industries, through supporting productive SMEs.
- To develop of the regional human resources
- To improve business-related infrastructure, focusing on infrastructure projects that directly benefit productive sector activity and the local business environment;
- Particular attention will be paid to ensure that Phare support to employment-related operations of a European Social Fund nature (i.e. Human Resources Development in the context of industrial restructuring) is fully in line with national employment strategies.
- A special attention should also be given to the compliance with the principles of sustainable and environmentally sound development. One of the short-term priority of the Accession Partnership being to complete transposition and to enforce the Environmental Impact Assessment Directive.
- Transport and environmental infrastructure will be financed when these investments form an indispensable part of integrated industrial restructuring or regional development programmes (sub-component C of the programme)

2.4. Contribution to National Development Plan

The NDP sets out the basis for Phare 2000 intervention initiatives for the period 2000 – 2002 inclusive, together with the initial programme for the year 2000. The preliminary NDP is a living and evolving document and shall be updated as the national strategy on economic and social cohesion develops.

The strategy of the National Development Plan is articulated along nine strategic priorities, of which this project will address directly and indirectly to three priorities:

- A Human Resources Development in the context of industrial restructuring;
- B. Support to small and medium sized enterprises in the manufacturing and service sector;
- C. Improving and developing the regional and local infrastructures.

Coherently, the Regional Development Plans outline the strategy elaborated by each region for supporting the three measures mentioned above, as follows:

A. Human Resources Development in the context of industrial restructuring.

- To create training centres and developing managerial skills
- To adapt the educational system to the requirements of employees
- Higher qualification of work people
- To improve the employment after the restructuring process
- Stimulating SMEs to recruit and train unemployed persons;
- Reconversion of the employees
- To improve the employment possibilities of marginal groups and to contribute, in this way, to social inclusion

The priorities identified in the Romanian National Development Plan respond fully to the European Union policy of assisting economic and social cohesion through reducing economic and social inequalities. The priorities support the economic objectives of competitiveness and business growth whilst seeking to prevent an employment especially in instances of major sectorial restructuring.

The measures identified are in line with the four pillars of the EU Employment Strategy (employability, entrepreneurship, adaptability and equal opportunities) and integrate the five priorities of the European Social Fund.

B. Support to small and medium sized enterprises in the manufacturing and service sector.

- Supporting SME investment for the adoption of modern technology;
- Facilitating SMEs set up and development;
- Improving SME access to finance;
- To support entrepreneur access to counselling, particularly marketing counselling;
- Establishing centres for SME applied research in collaboration with higher education institutes;
- Facilitating the access of SMEs to the unused assets resulting from the restructuring and/or privatisation of companies with a state majority capital;
- Supporting the development of regional industrial districts in the sectors where the region has competitive advantages e.g. wood processing, textile and clothing, leather, food industry, fine mechanics, software;

- Supporting enterprise creation and the development of existing enterprises through training and counselling;
- Improving start-up business and SME access to finance;
- Facilitating SME's access to new markets.

C. Improving and developing the regional and local infrastructures .

- Raising the potential of the region as concerns human resources, tourism infrastructure
- Creating the infrastructures required favouring business environment, as well as supporting assistance to small and medium sized enterprises, enhanced development of entrepreneurship,
- Develop tourism potential of the region by productive investment in tourism and stimulating the service supply sector in tourism and the rural area.
- Promote a representative image, to attract and persuade both investors, and tourists
- Increase the importance for the environment protection;
- Development of agro-tourism and ecological tourism in the mountainous areas and the Danube Delta;
- Increase of free zones attractiveness to Romanian and foreign investors through the facilities and incentives offered.
- Support business local and regional infrastructure, in the context of industrial activity restructuring and due to its capability of adaptation to the society's requirements
- Support within the region the modernisation of the national and European road networks, as well as of the railroads, in order to improve the fluency of road and railway traffic.

2.5. Cross Border Impact

Actions and measures implemented under this project could have positive cross border impact (SME co-operation, transport infrastructure)

3. Description

3.1. Background and justification

The economic changes as the development of market economy and the restructuring in general of the Romanian society have led to an important change in the economic and social environment. According to the Government Strategy and the requirements of the European Commission included in the National Development Plan special attention should be granted to the development of entrepreneurship and business creation and, management skills to support new SMEs start-up and labour market as well as to the local and regional local and regional infrastructures.

These three priorities have been selected to secure that PHARE funding will have the biggest impact on regional economy, following the principle of concentration. A wide range of eligible measures has been listed.

Each Region, under the responsibility of the Regional Development Agency will give specific weight to the different eligible actions listed below, according to the regional strategy adopted in partnership and designed in the Regional development plan.

Provision of SWOT analysis of the Romanian development regions helped in the identification of adequate measures to develop the three sub-components of this project (annex n°4).

A. Human resources development

Romania has made considerable efforts in the creation of the market economy and in the improvement of its competitive capacity, notably by addressing major imbalances, accelerating privatisation and starting the wind-up process of large loss-making state-owned firms. Downsizing and plant closures of obsolete industry have resulted into high unemployment rates and further increases of unemployment are expected in the future. Due to scarce financial resources, investment in Human Resources Development has been insufficient and the gap between the market needs and the skills of the labour force have been maintained. Although promoted, through national and WB programmes, active employment measures have been shadowed off by passive ones.

Some key facts based on statistics at the end of 1999 demonstrate the challenges to be addressed (high unemployment rates, strong incidence of long-term unemployment and high share of the young generation in the unemployment population):

- official unemployment rate stood at 11.5%;
- 40% of the unemployed fell into the 15-29 age range, out of which 70% are below 25;
- 47% of the jobs seekers are women;
- 10% of the officially recorded unemployed have been unemployed for more the 24 months;
- critical employment back-stops exist e.g. north-east region (15%) with peaks of around 20% in certain counties (Hunedoara, Botosani, Neamt).

In the context of agricultural and rural development, training for entrepreneurs and young people is needed in order to launch a sustainable process of rural diversification, based on local economic potentialities: tourism, hand craft, SMEs. Other challenges that Romania will need to address and not reflected in statistics refer to some marginalised categories of population wishing to enter or re-enter the labour market: ethnic minorities (especially Roma), women, people with disabilities, young people leaving child care institutions, unemployed aged over 45 etc.

B. Support to small and medium sized enterprises.

In 1998, SMEs represented in Romania over 99% of the total number of active enterprises, with 20% of them concentrating in the area of Bucharest, but the number of SMEs per 1000 inhabitants remains extremely low in comparison with the EU average. Hence, enterprise creation is to be considered a priority for public policy. Statistical data also highlight the dominance of micro enterprises, which should be assisted to develop into small and, later, medium size enterprises.

As regards the under-representations of the manufacturing sector within the SME sector, this may be explained, inter alias, by reduced access of SMEs to medium and long-term finance for investment.

In all development regions, SME's access to investment credit is particular important due to its contribution to technological modernisation of the local productive base of the economy and provision of business support services is still inadequate and therefore requires a major impulse to create the fundamental preconditions of entrepreneurship culture.

This project addresses micro-business formation and expansion, as well as the growth of

viable SMEs. The SME sector in the target regions is characterised by a reduced number of SMEs compared to national and EU average, as well as a relatively small share of SMEs active in the manufacturing and service sectors, with a concentration of micro companies mainly in the trade sector. The extension of grants to start-up entrepreneurs, micro-companies and young enterprises is justified by evidence that the banking sector does not extend medium and long term loans to start-up businesses and micro-enterprises that wish to invest in capital assets, due to the perceived high risk and the lack of credit history of these enterprises.

The continuation of credit line scheme, implemented through Phare in 1997 with satisfactory results, will allow SMEs to invest in capital goods and to expand their activity with the technical and financial support of banks.

The use of business support services is a crucial factor for the competitiveness of SMEs as it allows improvement of access to technology, product and process innovation, market and information. However, demand for modern services amongst Romanian SMEs still seems to be relatively low, the main reason for this being the limited experience of many managers and entrepreneurs. Therefore, Romanian SMEs still have limited access to training and counselling services. This project intends to stimulate demand for advanced business support services in the fields of marketing, certification under technical and quality standards, subcontracting, access to investment finance and access to electronic information and communication.

C. Local and regional infrastructures.

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

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

Therefore, infrastructure in transport and environment, selected under this sub-component will contribute to the regional development strategy and form an indispensable part of the restructuring process of regional and local economy.

In 2000 PHARE support will concentrate on the following priority objectives:

Investment in transport infrastructures, strengthening linkage between economic poles and European transport corridors and improving access roads to economic areas.

Investment supporting business infrastructure in order to strengthen competitiveness of SMEs through better access to technology and services.

Investment in rehabilitation of degraded industrial sites and investment for protecting or rehabilitating environmentally vulnerable sites with economic potential

3.2. Linked activities

See annex n°7.

3.3. Results

The majority of projects financed by Phare 2000 programme will have to have an integrated approach by implementing clusters of the three types of projects in focused areas within the development regions.

Investments in regional and local infrastructure are seen as creating the framework within which investment can be attracted into enterprises, and jobs created in the Romanian regions.

The start-up business and SME investment will be supported as well as training, counselling and access to information.

Improving new skills of labour force matching SMEs requirements and access to finance.

Promoting social inclusion and equal opportunities.

Quantified indicators of achievement in more details for each sub-component in the respective Log-frame matrix annexed to the project fiche (see annex n°1).

3.4. Activities

A. Human Resources Development in the context of industrial restructuring and to support economic diversification in rural areas.

The following horizontal measures that have been identified in the National Development Plan have been grouped by priorities. The objectives and activities of this component are in line with the EU Employment Strategy guidelines and with the European Social Fund priorities. In rural areas, activities will be defined to support the implementation of SAPARD measures in the areas of rural diversification (tourism, agri-food, SMEs).

The Regional Development Boards will make a selection of a limited set of measures eligible for funding in each region, which would be the most appropriate to the specific situation of the regional labour market including sub-regional disparities, coherence with SMEs sub-component measures, regional development plan's priorities. The selection of the measures will be subject to approval by the National Board for Regional Development and by EC Delegation.

Priority 1 Qualification and re-qualification of the work force in order to make it more respondent to the evolving needs of the labour market

The actions eligible for support under this priority should focus on:

- Improving the quality of continuing vocational training and develop training packages in accordance with identified labour market needs;
- Training of SMEs staff to maximise the use of new production technologies and practices and develop new products;
- Vocational training to address specific innovation and technology skills shortage opportunities;
- Training programmes, which enable staff, particularly in SMEs, to develop the capacity to utilise new Information and Communication Technologies;
- Training in management skills including environmental, innovation, quality control and human resources management, especially in SME's;
- Training for entrepreneurs, including entrepreneurs in the social sector, to support business start-up and development. Particular attention shall be given to the promotion of women SMEs
- Modernisation of VET systems and innovation in the field of vocational education and

training with the aim of strengthening the skills and competencies relevant to the needs of the labour market to enhance the employability of young people; (development of curricula packages, training of teachers, head teachers, social partners and acquisition of related didactic material);

- Enhancing Human Resources Development in the context of industrial restructuring; good practice in SMEs through for example developing workforce development strategies or training plans; in-company key workers (manager/company training adviser/personnel staff/trade union officer) to develop a lifelong learning culture for all employees within enterprises and HRD good practice networks (provision of high quality counselling and guidance).

Priority 2 Enhancement of active employment measures as systemic tool to foster employment

The actions eligible for support under this priority should focus on:

- Training needs analysis and identification of current and future skill needs required by the labour market to be used as tools by the local employment offices, in their current activities.
- Development of training programmes for the unemployed, which address skill shortage opportunities;
- Supporting employment of the long-term unemployed by specific training and placement schemes;
- Vocational guidance and training in business-related services for identified potential entrepreneurs;
- Advice and guidance for business start-up in order to promote entrepreneurship and job creation;
- Range of support measures for unemployed people, especially young unemployed, to return or enter the labour market (including professional counselling and vocational guidance, job search, job clubs, individual training/development action planning, work trials, work placements, pre-vocational and vocational training and retraining, mentor support, links to employment opportunities).

Priority 3 : Promotion of social inclusion for disadvantaged groups

Potential target groups are: people with disabilities, Roma population, young people leaving child care institutions, women returning or entering labour market, etc.

The actions eligible for support under this priority should focus on initiatives to mainstream equality of opportunities best practice, including monitoring of recruitment, attainment, obtaining jobs, positive action, such as:

- Identification and assessment of the needs of socially excluded people, in particular in relation to the access to the labour market.
- Apprenticeship training for young people who drop-out of education without a basic qualification; special attention will be dedicated to the Roma population and to young adults foster institutions;
- Training of trainers for developing and adapting of programmes to the needs of specific groups;
- Setting up counselling and guiding services aimed at social inclusion;

- Developing and providing training, including modules tailor made in accordance with the needs of the participants;
- Advise on setting up and running of community based income generating activities

The indicative allocation of the funds available, on the basis of the identified priorities, will be the following:

Priority 1: 35%;

Priority 2: 50%;

Priority 3: 15%

An indicative Phare support allocation will be made available on equal basis to each of the priority regions. The Regional Development Board could decide to give a different weight to each of the activity and eligible measures described above depending on the specific situation of the regional economy, including sub regional disparities, coherence with SMEs component, regional development plan priorities.

This proposed allocation of funds per region and per priority is indicative.

Reallocation of funds between priorities in order to fully maximise the absorption of financial support, could be decided by the Regional Development Boards, in case it would not be possible to identify a sufficient number of eligible projects under certain priorities. However, the minimum percentage for Priority 1 will be 15%. When some regions have lasting problems in identifying eligible projects under HRD sub-component, the National Regional Development Board could decide a reallocation of funds between the development regions. In any case, reallocation between priorities and regions will be made with the EU Delegation 's approval.

Activity A1- Small Projects

Under this activity, small projects of maximum 50.000 Euro Phare grant will be financed. A permanent open call for the submission of project proposals will be launched to cover the above mentioned identified actions under priority I, II and III.

The open calls for proposals will be organised at regional level by the Regional Development Agencies (RDAs). The open call for proposal will be launched in the third month from the starting date of the Human Resources Development in the context of industrial restructuring component. A minimum period of 40 days will be given to the applicants for the preparation of the projects. After this period, the selection committee could receive applications, on an ongoing basis until full utilisation of the funds. The evaluation of the received applications will take place quarterly, but not more than 3 evaluation sessions. The projects that have not been selected can be improved and submitted for the next selection.

The eligible costs, eligibility and selection criteria and procedures will be clearly specified in the information package made available to potential applicants. A Regional Selection Committee appointed by the Regional Development Board will carry out the technical and financial appraisal of grant applications. The Regional Selection Committee shall comprise one or more experts agreed by EC Delegation, as independent voting members and members from RDA. NARD will compulsory participate in the Regional Selection Committee as observer; EC Delegation and DEI may also participate in the Regional Selection Committee as observers. The list of the selected projects will be approved by the Regional Development Board and endorsed by the Delegation of the European Commission.

The evaluation reports will be submitted to National Regional Development Agency and endorsed by the EC Delegation.

Project beneficiaries will include private companies, trade unions, education providers, providers of other specialist services (training, counselling and guidance advisers, research bodies, employment brokers), public administration and other public institutions, chambers of commerce, NGOs.

Cumulative rule: Direct grants from public funds (Phare plus national co-financing) to a given SME will be allocated with a ceiling of EURO 100.000. This ceiling applies to the total amount of all direct aid measures and activities which are covered by this fiche (under sub-components A and B)

Activity A2- Large projects with regional impact

These are large projects with a Phare contribution between 100.000 and 300.000 Euro. They may cover any of the priority measures as defined by the Regional Development Boards, but the scope and impact of such initiatives is expected to be larger than in the case of small projects (type A1). A2 projects should have a regional coverage, of at least two counties. Complex projects envisaging integration of several measures will be selected (e.g.: development of training facilities, new curricula and training packages development, assistance to and training of target groups and placements schemes integrated in a project). Partnerships between education and training providers, enterprises, social partners will be encouraged.

These projects may be promoted by County Employment and Vocational Training Agencies vocational education and continuing training institutions, chambers of commerce. It is important to stimulate and improve their capacities to provide active employment measures, vocational training and services to disadvantaged groups.

The selection procedure will be similar as for Activity A1- HRD Small projects.

Examples of projects to be financed under this type:

- Modernisation of vocational education and continuing training institutions, development of new training programmes according to labour market needs, development of training curricula and materials, training facilities and equipment;
- Employment and training subsidies to help unemployed to find a job and improve and maintain skills. Such subsidies will go to the unemployed less likely to find a job (those with low skills, long-term unemployed, unemployed aged over 45);
- Range of support measures for the unemployed persons, focusing on young graduates, long-term unemployed, women, Roma population, young adults leaving child care institutions and other disadvantaged groups;
- Development of individual action plans and placement scheme for disadvantaged groups (incentives and financial subsidies).

Eligibility criteria

- Completeness of the application package;
- The project should match the objectives and priorities of the Regional Development Plan and of the Regional Development Strategy for the area where it develops;
- The project should contribute to one or more of the HRD component objectives;
- The projects must quantify outputs and provide details of clear and attainable targets;

- The availability of co-financing;
- The duration of the project
- The regional coverage.

The following will not be accepted:

- Projects where the applicant has financial loss or outstanding debts;
- Projects providing for financing the current expenditures of certain organisations, institutions financed from the state budget;
- The project must not overlap activities already financed or in process of being financed from community funds.

Selection criteria

The selection of the projects will be made according to general and specific selection criteria.

General criteria:

- The project should demonstrate that it will have a net positive impact in the region it is located;
- Evidence of demand and/or need taking into account prior market appraisals
- Linkage, integration or complementarity with other projects
- The management capacities of the applicants (applicant's previous experience in similar actions, staff availability and experience, etc.)
- Local and regional support to the project, the level of partnership established through the project
- Private sector input (if this is the case)
- The quality and consistency of the technical proposal (number of people trained or assisted under the project, number of unemployed placed into a job, sustainability of the project, increased co-operation among companies, increased competitiveness of the companies, enhancement of equal opportunities, etc.)
- The financial proposal (cost per trained/assisted person, justification of costs for activities, amount requested for equipment not exceed 30%, rehabilitation of facilities not exceed 20%)

The specific eligibility and selection criteria and procedures will be developed by the Regional Development Agencies and approved by the Regional Development Board and EC Delegation, in line with the specific situation of the regional labour market including sub-regional disparities, coherence with SMEs sub-component measures, regional development plan's priorities.

B. Assistance to small and medium sized enterprises (SMEs).

The activities foreseen by this project have been designed taking into account the strategies formulated by the Regional Development Boards and illustrated in the respective Regional Development Plans, as they closely relate to the regions problems and opportunities and are achievable with reference to the available resources.

Project includes three activities, as follows:

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| <i>Activity B1</i> | <i>Grant Support Scheme for Business Start-ups, Young Enterprises and Micro-Enterprises</i> |
| <i>Activity B2</i> | <i>SME Credit Line</i> |
| <i>Activity B3</i> | <i>Counselling and Training Scheme for SMEs</i> |

The achievement of synergies between the measures financed is a clear target of the overall project, as shown below.

All the above activities correspond to measures that, in the EU Member States, are eligible for the European Regional Development Fund. Financial support to be provided to business start-ups, micro-enterprises and SMEs under this project complies with the State Aids' provisions of the European Agreements. The National Agency for Small and Medium Enterprises will monitor compliance with the 'de minimis' rule through the establishment and maintenance of the Central Registry of public aid to SMEs. The provisions of law 143/99 for calculating individual SME net subsidies will be applied to each beneficiary.

The indicative allocation by activity of the Phare funds available will be the following:

- Activity 1 35%
- Activity 2 45%
- Activity 3 20%

An indicative Phare support allocation will be made available on equal basis to each of the priority regions. The Regional Development Board could decide to give a different weight to each of the activity or eligible measures described below depending on the specific situation of the regional economy, including sub regional disparities, coherence with human resources component, regional development plan priorities.

This proposed allocation of funds per region and per priority is indicative.

Reallocation of funds between priorities in order to fully maximise the absorption of financial support, could be decided by the Regional Development Boards, in case it would not be possible to identify a sufficient number of eligible projects under certain priorities. When some regions have lasting problems in identifying eligible projects under HRD sub-component, the National Regional Development Board could decide a reallocation of funds between the development regions. In any case, reallocation between priorities and regions will be made with the EU Delegation 's approval.

Activity B1: Grant Support Scheme for Business Start-ups, Young Enterprises and Micro - Enterprises

Grants shall address investment projects by providing seed-capital to potential entrepreneurs willing to start-up a business, including spin-off activities. Grant will also be used to assist micro- enterprises and young enterprises that intend to develop their business. All sectors are eligible with the following exceptions: the primary sector (e.g. agriculture, energy, extraction), trade, real estate, financial and insurance services, casinos.

Eligible beneficiaries

Eligible grantees will be start up business and micro enterprises and young enterprises established in the two fiscal years preceding the date of grant application. The following conditions have to be met:

- Established micro enterprises must have shown a profit in the fiscal year preceding the date of grant application.
- Be registered and have their headquarters and/or production facilities/operations in the targeted regions;
- No previous non-paid overdue liabilities, overdue social charges and tax payment, defaulted loans;

- Keeping regular accounting records;
- Having at least 20% Romanian private share capital;
- Not being a subsidiary nor an affiliate of a non-SME company for more than 25% of share capital;
- Non-eligible activities are primary agriculture, extraction, energy, retail, financial services, insurance, and casinos.

Grant applicants are to declare any equity and/or financial participation in other enterprises. Where applicable, entrepreneurs and enterprises which are awarded a grant, including enterprise' shareholders, must declare that they have no records of payment incidents as physical persons and/or enterprise shareholders in the two fiscal years preceding the date of grant application, as well as overdue liabilities with the state, public utility providers, suppliers and the banking sector.

As a general rule, grant support shall be up to EURO 50,000 for each individual grant. Each beneficiary is to match grant funds with own contribution amounting to 40% of the grant. Up to 50% of matching funds could be contributed in kind.

Experience gained through other EU-financed grant schemes implementation (Phare 1998, RICOP) has shown that this public assistance rate corresponds to the current SME abilities of developing investment projects on a sustainable and viable basis.

Eligible expenditures

Expenditures must be directly linked to achieving the purpose of the grant and appropriately accounted for. Eligible expenditures could include investment costs to procure equipment, machinery, and associated investment such as construction related to the investment, intangible investment, including training and technical assistance to implement the project, transport of equipment, installation, verification and other works related to equipment purchase, buildings and rehabilitation of buildings, software, and licenses. Working capital is also an eligible cost for an amount corresponding to max. 20% of the total investment. Purchase/rent of land, VAT, tax, retroactive costs, currency exchange losses, as well as non-project related expenditures are not eligible under Phare funding.

Selection criteria

The assessment of requests for grants will be based on professional analysis of their technical, economic and financial feasibility and sustainability. The amount of matching funds by the applicant shall be taken into account as far as it demonstrates commitment by the applicant to the proposed business.

Other evaluation criteria shall be: managerial experience and sectorial experience, number of direct and indirect sustainable jobs created.

Projects should demonstrate a potential for producing a net positive impact on the economy of the region where activities shall be located, in line with the objectives and priorities of the Regional Development Plan and of the Regional Development Strategy for the region.

Procedure for awarding grants

Permanently open calls for proposals shall be launched at regional level by the Regional Development Agencies, for awarding grants on a competitive basis, similar with the procedure followed under the HRD component. The evaluation of the received applications

will take place quarterly. The projects that have not been selected can be improved and submitted for the next selection.

The eligible costs, eligibility and selection criteria and procedures will be clearly specified in the information package made available to potential applicants. In each target region, a Regional Selection Committee appointed by the Regional Development Board will carry out the technical and financial appraisal of grant applications. The Regional Selection Committee shall comprise one or more experts agreed by EC Delegation, as independent voting members, and members from RDA. NARD will compulsory participate in the Regional Selection Committee as observer; NASME, EC Delegation and DEI may also participate in the Regional Selection Committee as observer. The list of the selected projects will be approved by the Regional Development Board and endorsed by the Delegation of the European Commission. The evaluation reports will be submitted to National Regional Development Agency and endorsed by the EC Delegation.

Contracting

NARD will conclude a Regional Framework Agreement with each RDA for the total budget allocated for this type of projects per region. Contracting grants shall be under the responsibility of the Regional Development Agencies.

Procurement following approval of grants will be the responsibility of the beneficiary and will not follow public procurement rule.

The grant agreement signed between RDA and each beneficiary will specify that the grant or part of it will be reimbursed by the beneficiary if the grant or part of it is not used in accordance with grant agreement terms.

In addition, the grant procurement will specify the conditions of job maintenance and investments maintenance – related to the granted project (type of investment, number of jobs created/maintained, duration, etc.)

De minimis rule

The grant should not overlap activities already financed or in process of being financed from state budget funds or funds by other national and/or foreign donors. In this connection grant beneficiaries shall be required to acknowledge in written that double financing of the same project is not permitted.

In compliance with the provisions of law 143/99 on state aid, grant applicants shall also attach to the grant application a declaration regarding the amount and nature of any other non-reimbursable allocations, which they have been granted from the date of establishment of their enterprise. Grantees shall undertake by the grant contract to notify to the Contracting Authority all and any additional non-reimbursable allocations, which they are granted until the termination of the grant agreement.

Cumulative rule: Direct grants from public funds (Phare plus national co-financing) to a given SME will be allocated with a ceiling of EURO 100.000. This ceiling applies to the total amount of all direct aid measures and activities which are covered by this fiche (under sub-components A and B)

Activity B2: SME Credit Line

This component is the continuation of a previous scheme (ref. RO 9711) which has proven to have been adapted to SMEs needs. It consists of opening a credit line providing medium term loans to SMEs, together with a grant component amounting to up to 25% of the total Phare allocation. The scheme will be managed by a number of Romanian banks selected on a competitive basis. Criteria for selecting implementing banks shall include the extent of mobilisation of own resources offered, and the corresponding leverage effect on Phare and state budget funds. In case of insolvency of the beneficiary, the bank's risk shall be limited to its own matching funds.

Screening of credit applications will be made by the banks, with the involvement of independent experts in banks' credit committees: this will increase professionalism and objectivity in assessing applications for finance. This credit line has been designed in such a way not to displace applications to other schemes, for which it will prove complementary. Selection of areas where the scheme is implemented will take account of the regional availability of other schemes such as EBRD/WB. Funds reimbursed will be revolved and utilised to provide further financing for the development of the private SME sector in the same regions and with the same criteria.

As a general rule, the maximum amount of the public contribution (Phare plus national co-financing) to the loan plus grant will be EURO 300,000.

Cumulative rule: Direct grants from public funds (Phare plus national co-financing) to a given SME will be allocated with a ceiling of EURO 100.000. This ceiling applies to the total amount of all direct aid measures and activities which are covered by this fiche (under sub-components A and B)

Purpose of the loan/grant

The loans - including the non-reimbursable grant allocations - are primarily aimed at allowing SMEs to invest in capital goods. A maximum 20% of the total investment cost shall be allowed for working capital financing related to the investment project.

The grant may finance activities aimed at stimulating the use of advanced technologies by SMEs in their operations (e.g. for buying industrial manufacturing licenses and/or services licenses such as franchising , purchasing software for modernisation of the operations of the SME (e.g.computer-aided design) and for improvement of the management processes (e.g. buying advisory services for cost-cutting in relation to the investment financed by the loan, buying a software and advisory services for computerisation of the accounting system of the SME etc.)

Eligible Beneficiaries

Beneficiaries of this facility will be SMEs meeting the following conditions:

- Be registered and/or have their headquarters and/or production facilities/operations in the targeted regions;
- No previous non-paid overdue liabilities, overdue social charges and tax payment, defaulted loans;
- Keeping regular accounting records;
- Having shown a profit in the previous fiscal year;
- Having at least 20% Romanian private share capital;
- Not being a subsidiary nor an affiliate of a non-SME company for more than 25% of share capital;
- Non-eligible activities are primary agriculture, extraction, energy, retail, financial services, insurance, and casinos.

Credit conditions

Loan period: 3 to 6 year period.

- Grace period: up to 1 year, depending on the maturity of the loan.
- Interest rate: floating rate, based on the cost of public (Phare and national co-financing) resources made available to banks and the cost of bank's own funds, plus a spread for risk and banks' administrative costs, to be added by the implementing banks, resulting in affordable finance for the beneficiaries, which will not be out of line with market conditions.
- Collateral requirements: will comply with the Romanian regulations; risk sharing utilising loan guarantee schemes acceptable to the participating banks shall be encouraged.
- Insurance: insurance on the assets purchased or/and on the assets offered as collateral is compulsory.

Matching Funds Ratio

The funds provided by Phare are intended to be matched by local implementing banks and the beneficiary's own resources. Participating banks will be minimum 20% of the combined EU/bank financing and the beneficiary own resources will cover minimum 20% of the project cost, out of which at least 50% to be contributed in cash.

Eligible expenditures

Eligible investment is tangible investment for setting up, increasing the productive capacity and modernising SMEs. Loans and grants will be extended for investment in capital assets such as equipment, machinery, buildings related to the investment. The investment in working capital may be financed up to a maximum of 20 % of the total project costs.

Phare shall not finance purchase/rent of land, VAT, tax, retroactive costs, and currency exchange losses. Non-project related costs are also not eligible.

Selection criteria

Projects must show a satisfactory rate of return, as demonstrated by a detailed financing plan for the investment, as well as a business plan and cash flow projections showing the applicant's capacity to repay the loan (principal and interest).

Implementing banks will screen credit applications with the involvement of independent experts in the Credit Committees established by bank. The credit line shall be designed in such a way as not to displace applications to other schemes, with which it will be complementary. Selection of the Romanian banks which shall implement the scheme will take account of the regional availability of other schemes such as those financed by EBRD and World Bank, as well as of the extent of mobilisation of banks' own resources.

Procedure for awarding reimbursable and non-reimbursable funds

The implementing Romanian banks shall be responsible for the evaluation of funding applications, disbursement and monitoring loan repayment. In each region, clients will be granted funds based on the viability of projects which can be submitted on an ongoing basis until full utilisation of the funds. Loans and grants will be approved by a Credit Committee established by each implementing bank, which will include an independent expert, agreed by EC delegation as voting member.

Contracting

NARD will conclude a Funding Agreement with each selected bank. Monitoring and control of the implementation of the SME Credit Line will be placed under the technical responsibility of the National Agency for. Beneficiaries may be required to provide a letter of guarantee from a financial institution (including a Loan Guarantee Scheme) in order to cover justified requests of grant repayment.

Activity B.3: Counselling and Training Scheme for SMEs

The activity aims at improving SMEs managerial skills, competitiveness, and access to markets and information. It will focus on the provision of business support services to SMEs, in four main windows

- I. enhancing SME access to market opportunities
- II. support for SME certification under technical and quality standards;
- III. counselling for accessing investment finance by SMEs, including start-ups.
- IV. promoting SME access to information and communication.;

As regards enhancing SME access to markets (*Window I*), training and counselling services will be made available to enhance SMEs access to market and especially export related opportunities. Access to specialised databases and market information will be also supported, as well as support to take part in relevant regional, national and international fairs, exhibitions, commercial missions and company visits (market research, preparation of company-specific marketing plans, counselling for preparation of collections for trade fairs, support for editing company catalogues and other materials for trade fairs and missions, co-financing of booking and arranging booths in trade fairs etc.). The ultimate aim will be to increase the turnover and profitability of beneficiary SMEs.

The provision of services for SME networking and inter-firm co-operation will be particularly promoted under this area of activities, to enhance joint actions between companies in the same sector (i.e. strengthening embryonic clusters), as well as by promoting subcontracting activities. Training sessions and events will be organised, putting together large companies and potential subcontractors, on the basis of concrete projects of co-operation or collective action.

Under *Window II*, support will be granted to SMEs to obtain certification under international technical and quality standards relevant for their activity (such as getting ISO 9000 certification etc.). Support will include counselling and partial covering the costs for the certification. Beneficiary SMEs will co-finance these costs. The ultimate aim is increasing SME competitiveness.

The Development of Quality Infrastructure project financed under Phare 2000 will support certification bodies, at national and local level, in order to improve their capacity at delivering certification in line with EU procedure. While there will be no formal link between the two projects, they will complement each other to a certain degree.'

Under *Window III* SMEs (including start-ups) will receive counselling for obtaining finance for their investment projects. Such support will be financed mainly on a success-fee-basis – co-financed by beneficiary SMEs – for accessing finance for investment projects. Support will be provided by qualified advisors, who will counsel the beneficiary SMEs for adequately developing their investment projects, screening possible sources of financing (financed by EU, World Bank, EBRD, etc.), adequately preparing applications for finance, successfully defending their business plan in front of financing institutions (banks etc.),

negotiating best financing terms with the financial institution etc.

Under *Window IV*, enhanced SME access to information and communication shall raise awareness of small business managers in the area of electronic information and communication, by inter alia familiarising SMEs with accessing Internet. Training and counselling will be provided to SMEs staff in using computers, using databases, accessing Internet etc. E-mail communication with potential and actual business partners shall also increase as a result of the project.

The four areas of this counselling and training scheme offer grant support for the provision of specialised business support services for SMEs. Such support shall be for up to EURO 50,000 for each beneficiary SME under each area of activity. As a general rule, each beneficiary will contribute 40% of the cost of such services, out of which at least 50% to be contributed in cash.

Eligible Beneficiaries

As a general rule, SMEs and start up businesses will apply directly for a grant under this activity. Business services suppliers and SME groups (such as business associations, chambers of commerce, universities, consultancy and training centres) can apply for collective actions such as: inter firm co-operation, participating in relevant international and national trade fairs and exhibitions etc., on condition that there is evidence that SMEs demand such services as a priority for them, that services are fit with the requirements of the client SMEs and that these services will be co-financed by beneficiary SMEs.

Procedure for awarding grants

Permanent open calls for proposals shall be launched at regional level by the Regional Development Agencies, for awarding grants on a competitive basis. The evaluation of the received applications will take place quarterly. The selection procedure will be similar as for Activity B1- Grant Support Scheme.

The eligible costs, eligibility and selection criteria and procedures will be clearly specified in the information package made available free of charge to potential applicants. A Regional Selection Committee appointed by the Regional Development Board will carry out the technical and financial appraisal of grant applications. The Regional Selection Committee shall comprise one or more experts agreed by EC Delegation, as independent voting members, and members from RDA. NARD, NASME, DEI and EC Delegation may participate in the Regional Selection Committee as observers.

Contracting

NARD will conclude a Regional Framework Agreement with each RDA for the total budget allocated for this activity at regional level. Contracting and monitoring of the implementation of the investment projects financed by the Grant Scheme will be under the responsibility of the Regional Development Agencies. Grantees may be required a letter of guarantee issued by a financial institution (e.g. banks or Loan Guarantee Scheme) in order to cover justified requests of grant repayment, unless grantees decide to pre-finance all project costs.

De minimis rule

Beneficiaries shall notify in the application form the amount of any grant they have received in the past, as well as any grant they have applied for and for which an answer is pending, e.g. the grant equivalent of participation in a free-of-charge training course

(equal to the costs of training and other support received) etc.

Cumulative rule: Direct grants from public funds (Phare plus national co-financing) to a given SME will be allocated with a ceiling of EURO 100.000. This ceiling applies to the total amount of all direct aid measures and activities which are covered by this fiche (under sub-components A and B)

C. Local and regional infrastructures

General conditions

The total public support amount of this sub-component is 46.7 MEURO (of which 75% representing 35 MEURO from EU from Phare line and 25% from total amount representing 11.7 MEURO coming from Romanian Government) to which will be added a local contribution. Each project will have a minimum 2 Meuros total budget and the maximum PHARE support will be 5 MEURO per project.

Selection of projects to be financed under this component takes account of other potential or actual projects financed from different sources, including ISPA and SAPARD and other national and international financing.

A substantial co-financing from different sources and solid agreement on this issue will be necessary. The Regional Development Agencies will have an important role to play in attracting additional financing sources.

Type of projects

Investment in regional and local infrastructure is intended to create the framework for domestic and/or foreign investment to be attracted into enterprises, and sustainable jobs created, in the target regions. Therefore, the projects will have a complex approach targeting different needs and various target groups with a wide regional impact, in line with economic and social-cohesion aims.

General eligibility criteria will apply to all infrastructure projects:

- Direct beneficiaries of Phare and national support must be a public authority (national or local) or state institutions (e.g. universities, Free Zone administration) which will be responsible for contracting the works and services and normally the legal owner of the infrastructure to be realised
- Direct support to individual commercial enterprises or group of commercial enterprises does not fall into the scope of this sub-programme
- Access to the infrastructure must be guaranteed for all potential users on equal terms
- Granted infrastructure will remain the ownership of the public sector during at least 5 years. If privatisation occurs before, the conditions of privatisation will be subject to formal approval from the EC Delegation.
- Public co-financing is requested from the state budget for each project.

Activity C.1. Transport infrastructure

- Rehabilitation or up-grading of roads strengthening linkage between economic poles and European transport corridors IV and IX;
- Improvement or creation of access roads to industrial zones, factories, warehouses and other economic areas (eg. tourist areas) from the main road networks;
- Developing the roads, which facilitate access of areas in on-going restructuring process, placed in the context of regional development priorities.

The projects will meet regional needs with impact even to national level and will be developed in a large partnership even at national level. The concrete economic impact of the investment foreseen will have to be established in line with the priorities selected in the regional development plans. As far as possible, the expected impact of the investment will be quantified (number of enterprises concerned, regional importance of the traffic, temporary and/or permanent jobs created and/or maintained).

PHARE will only co-finance works when responding to EU standards. Environmental Impact Assessment will be designed following EU Directive n° 85/337/EEC and technical design will be in compliance with EU standards.

Activity C.2. Business infrastructure

This type of projects will respond to regional needs of job creation and economic development. Selected projects aim to develop infrastructure supporting businesses, with a view of strengthening the competitiveness of beneficiary SMEs, such as.

- Business incubators and industrial parks
- Development of business sites and premises including the extension or rehabilitation of the existing premises for facilitating restructuring process
- Regeneration of depressed areas, including development of environmental assets

Activity C.3. Environmental rehabilitation and protection of industrial sites and areas with economic and tourist potential

This type of projects will respond regional needs and will prepare the conditions for a further development of the region. The following type of projects could be eligible:

- Rehabilitation of derelict industrial sites and closed enterprises from urban areas in order to improve the social-economic climate and allow the development of new sites and premises for industrial and technological parks, which can be financed from other domestic and international sources.
- Rehabilitation and/or protection of environmentally vulnerable sites with economic potential (natural sites and areas with tourism potential).

Priority will be given to projects which are part of an integrated plan, including environmental rehabilitation, environmental protection, economic development and job creation. Development of basic infrastructure (solid waste and waste-water treatment), could only be eligible when these investment are proved to be part of a ecological rehabilitation plan which directly facilitates business and tourism development in the 4 first priority regions.

These projects will have a primary appraisal at regional level depending on the regional priorities.

Identification, appraisal, selection and implementation of the infrastructure projects:

A list of potential eligible projects have been identified by a working group composed of representatives from: the 4 RDAs from the first priority regions; NARD; line ministries responsible for transport, environment, industry and public works policy; National Agency for Roads; Department for European Affairs; EC Delegation in Romania.

Based on the Regional Development Agencies proposals, the working group has established an indicative list of potentially eligible projects. The main selection criteria have been:

coherence with objectives and priorities of the National Development Plan and the Regional Plans, expected regional impact - including jobs creation -, sustainability, maturity, co-financing, partnership -, including private partnership when relevant.

The indicative list is attached to the project fiche (annex 8).

Feasibility studies or updating of existing feasibility studies of the annexed projects will be finalised with the support of 1999 Phare programme (Project Preparation Facility). The complete feasibility studies including Environment Impact Assessment will be completed at the beginning of 2000 Phare programme.

The eligibility criteria for projects financed under the component are:

- the project should match the objectives and priorities of the regional Development Strategy for the area where it develops and should respond to the development needs based on the market economy principles;
- the project should demonstrate that it will have a net positive quantified impact on the economy of the region it is located including jobs creation.
- the project should stimulate economic climate in the target region;
- the project will encourage community economic development through the participation of people from local communities in the development and implementation of a local strategy and action plan.
- the project will have its sustainability ensured once the external financing ends;
- the availability of co-financing will be ensured;
- environmental impact assessment, following the EC Directive N° requirements, must have been completed.

According to EU practice the following projects will not be accepted:

- projects where the applicant has financial loss or outstanding debts;
- projects providing for financing the current expenditures of certain organisations, institutions
- financed from the state budget;
- projects which could overlap activities already financed or in process of being financed from community funds.

The projects can be developed in local, regional or national partnership. In this case the responsibilities of all members of the partnership will be specified in all phases of the projects. In all cases the problem of property will be clarified and the owners of the results of the projects will be very clearly defined.

When the feasibility studies and other relevant structural and economic studies will be completed the Regional Development Board will approve the projects.

The final decision will be taken by the NBRD, subject to endorsement by the EC Delegation, taking account of the results of the feasibility studies, the conformity of the project with the priorities and criteria established in this project fiche, the availability of co-financing for the project and the prospect for implementation of linked activities.

As a different approach comparing with Regional Policy and Cohesion RO9807.01, the financing assistance allocated for the first priority regions should shape the principle of fair competition and maturity of the projects and not the principle of equal allocation.

D. Awareness Campaign, Selection, Monitoring and Evaluation

D.1. Awareness Campaign -Transparent and competitive process for project selection.

D.2. Monitoring and ex-ante and ex-post evaluation for projects financed under this programme.

D.3 Supervision of infrastructure projects implementation

The sound implementation of this programme implies that:

- A transparent and competitive process for projects selection is put in place, including large awareness campaign and publicity.
- A close monitoring of the implementation process including ex ante appraisal and expert evaluation will be ensured under the responsibility of the regional development agencies and of the NARD.
- An adequate implementation system is developed for the infrastructure type projects, including site supervision and inspection.

D.1. Awareness Campaign

Awareness campaign and publicity will raise awareness of potential beneficiaries on the availability of Phare support and modalities to access it. Information will be disseminated through a diversity of channels in order to reach as many as possible potential beneficiaries, local mass media, local SMEs associations, Chamber of Commerce, local employment offices, local authorities Associations and NGOs. Support under this activity will include covering costs for press advertisements, for editing, publishing, and disseminating information materials, brochures, guidelines, etc.

At the end of the programme publicity will be organised to spread among the regions information about the results of the programme and the implemented projects.

D.2. Monitoring and ex-ante and ex-post evaluation for projects financed under this programme.

Support will be focused on three areas:

i) Appraisal, project selection, and monitoring support

In achieving these tasks, the RDAs and NARD need to be supported by external independent experts who will be in charge of appraising the applications, participating in the selection procedure and assessing the whole selection process.

For sub component A (Human Resources Development) and sub component B (SME) the provision of external expertise for project selection will be the following:

For each region, a team (one for each sub component) of a team of experts one, responsible for co-ordinating the whole selection procedure and ensuring its transparency and efficiency and four. will be in charge of supporting each RDA in selecting the individual projects. This task will imply, among others, appraisal of applications, including visits to the applicants, reporting participation in the Selection Committee as voting members.. The experts will also have the task of helping RDAs in project monitoring during the implementation phases, including support for developing systems for assessing the impact of each measure/activity, as well as for actually measuring impact of each measure/activity.

The final approval of the projects should be granted by the European Commission's Delegation .

Overall Romanian internal audit of the programme will be the responsibility of the Ministry of Finance and Romanian external audit responsibility will be with the Romanian Court of Audit.

ii) Evaluation

External consultancy provision of studies and enquiries may be contracted to help RDAs and NARD for preparing regular programme evaluation reports.

NARD/RDA must ensure a sound accounting system in order to permit the monitoring and control of project budget and cost efficiency.

iii) Audit

Cost of audits requested by the EC or NARD will be covered under this activity

D.3. Site supervision and inspection of all infrastructure projects

The Romanian authorities responsible for the implementation of the infrastructure projects should ensure sites technical supervision of the contractors' work. The implementation of these projects will also be supervised at regional and national level by independent experts agreed by EC Delegation.

The independent experts (one at the national level and one for each first priority region) will carry out the following activities:

- Analyse the existing contract supervision mechanisms and responsibilities for the infrastructure works and recommend improvements according to EU standards
- Supervise and control the works undertaken by the contractors responsible by the implementation of the infrastructure projects
- Ensure that an appropriate reporting and record-keeping procedure is followed by the contractors
- Audit a representative sample of works contractor invoices
- Consultancy works needed for the implementation phase
- Assist in the inspection and storage of material on receipt by Contractor
- Assist in reviewing the installation of material with supplier and purchaser
- Assist in performance testing of equipment
- Assist in the verification of all contractors technical data, shop drawings, specifications, etc, to ensure conformity with the tender documents;

Produce reports on the quality and performance of the works, material and equipment supplied and provide these reports to NARD and EC Delegation

Procurement

All procurement of goods, services and public works of each project shall be according to DIS regulation. All the contracts for procurement exceeding 50,000 ECU must be endorsed by the EC Delegation in Romania before being signed by the beneficiary on the bases of the approved evaluation report. Sub-contracting related to the project is permitted only under the Phare rules. All procurement of services, equipment and other supplies, and works is permitted only from EU countries or Phare countries. The RDAs will assist the beneficiaries fund for financing the successfully local projects.

Romanian national public procurement rules will not apply to these EU-financed programmes.

Monitoring

NARD is responsible for the monitoring of the RDA and the RDAs are responsible for the monitoring of the projects, financed under the component. Experts from the line ministries will support the RDAs in the monitoring of the specific projects.

Monitoring should be carried out on the basis of information supplied periodical by the beneficiary, site visits, cross-checking, etc.

4. Institutional Framework

The Institutions involved in the implementation are:

The **National Agency for Regional Development** will be both the **Implementing Agency** and **Paying Agency** for Economic and Social Cohesion Programme financed under Phare 2000, with administrative and financial responsibilities.

The main tasks of **Implementing Agency** will include:

- the overall responsibility for the technical implementation of the programme, ensuring that the objectives of this proposal are met,
- coordinating the establishment and chairing the National Steering Committees set up for each sub/component of the project;
- elaborating the selection and implementation procedures in accordance with the guidelines set by in European Union;
- the overall responsibility for monitoring and evaluation of the programme and components;
- acting as paying agency and ensuring the link with National Fund and with the RDAs;
- reporting to National Board for Regional Development and EC Delegation the stage of implementation of the programme

There will be eight Implementing Authorities for this programme, namely the eight RDAs from the first and second priority development regions:

- RDAs from the first priority development regions: North-East Regional Development Agency, South-East Regional Development Agency, South-Muntenia Regional Development Agency, North-West Regional Development Agency;
- RDAs from the second priority development regions: Centrum Regional Development Agency, West Regional Development Agency, South-West Regional Development Agency and Bucharest-Ilfov Regional Development Agency.

Each RDA will act as Implementing Authority, with specific implementation responsibilities, for the respective target region.

The main tasks of **Regional Development Agencies** as **Implementing Authorities** will include:

- the overall responsibility for monitoring and implementation of the projects from the region;
- chair the Regional Steering Committee;

- contract the grants with the selected applicants
- accomplishes the tasks approvers of projects reports and invoices and ensure the link with National Agency for Regional Development;
- reports to Regional Development Board and NARD the stage of implementation of the programme.

Steering Committees will be set up at the national and regional level in order to support the implementation of the programme.

At the National Level, the Steering Committees will be composed from representatives of: National Agency for Regional Development, Ministry of labour and Social Protection, Ministry of Transport, National Administration of Roads, the Ministry of Water, Forestry and Environment Protection, National Agency for Science and Technology, National Agency for Communication, Ministry of Public Works, National Professional Organisations of Entrepreneurs, National Agency for SMEs, Department for European Affairs, EC Delegation and other relevant stakeholders identified at the national level for each project sub-component.

The main task of the National Steering Committees will be to secure that the actions implemented under the 3 components of Phare 2000 are in line with the National Development Plan and other relevant strategies. The Steering Committee will have a participative role, offering advice for the selection and implementation of the projects, and will play a role in each phase of the process. The members of the Steering Committee will participate in the monitoring and in the ex-post evaluation of the programme.

The Regional Steering Committees will be composed from representatives from Regional Development Agencies, Ministry of Transport, National Administration of Roads, the Ministry of Water, Forestry and Environment Protection, National Agency for Science and Technology, National Agency for Communication, Ministry of Public Works, Regional Professional Organisations of Entrepreneurs, other relevant stakeholders that will be identified at the regional level.

As is stated in the 151/1998 Regional Development Law, the **National Regional Development Board** will have the role to:

- approve the procedures for projects selection, implementation and monitoring of the selected projects; such procedures will be also endorsed by the EC Delegation;
- approve the list of large Human Resources Development and infrastructure projects that have passed the selection.

The **Regional Development Boards** have the role to:

- approve the supplementary selection criteria;
- approve the weightings of selection criteria;
- approve the list of projects that have passed the selection.

5. Detailed Budget (million Euro)

MEURO	Phare Support					
	Investment Support	Institution Building	Total Phare (=I+IB)	National State Co-financing	IFI *	TOTAL
A. Human Resources Development	18.00		18.00	6.65		24.65

B. Support to SMEs	18.00		18.00	6.65		24.65
C. Local and Regional Infrastructure	35.00		35.00	11.7		46.7
D. Awareness campaign, appraisal, evaluation and control (1.5 MEURO) and site supervision and inspection of infrastructure projects (2.5 MEURO)	4.00		4.00	-		4.00
Total	75.00	-	75.00	25.00		100.00

There could be reallocation between components if it is necessary, subject to approval by the EC Delegation.

6. Implementation Arrangements

6.1. Implementing Agency

The National Agency for Regional Development, Strada Poterasi 11, Sector 4, Bucuresti, tel.335 26 20, fax 335 18 43 will be the Implementing Agency and Contracting Authority. The PAO will be the President of NARD.

The eight Regional Development Agencies shall be the Implementing Authorities.

The National Agency for Regional Development and the Regional Development Agencies will closely work with the partner governmental institutions relevant for the Human Resources Development, SME and infrastructure sectors (such as NAET, NASME, etc.), that will be actively involved in each phase of the process.

6.2. Twinning

No twinning arrangements are anticipated under this Project.

6.3. Non-standard aspects

The DIS manual will be followed when applicable. As far as the DIS Manual does not provide for detailed procedures to manage Grant Funds and Revolving Credit Lines, all reimbursable and non-reimbursable allocations will be the subject of standard loan and grant agreements to be endorsed by the Delegation of the European Commission.

6.4. Contracts

6.4.1 Human Resources Development in the context of Industrial Restructuring

Activity A1 and A2

- NARD will conclude a Regional Framework Agreement with each RDA from the first priority development regions for the total Phare budget allocated for this type of projects per region. Contracting each grant with the final beneficiary shall be under the responsibility of the Regional Development Agency

- NARD will conclude a Regional Framework Agreement with each RDA from the second priority development regions for the total national state co-financing budget allocated for this type of projects per region. Contracting each grant with the final beneficiary shall be under the responsibility of the Regional Development Agency

6.4.2. Support to SMEs in the Manufacturing and Service Sector

Activity B1 and B3

- NARD will conclude a Regional Framework Agreement with each RDA from the first priority development regions for the total Phare budget allocated for this type of projects per region. Contracting each grant with the final beneficiary shall be under the responsibility of the Regional Development Agency
- NARD will conclude a Regional Framework Agreement with each RDA from the second priority development regions for the total national state co-financing budget allocated for this type of projects per region. Contracting each grant with the final beneficiary shall be under the responsibility of the Regional Development Agency

Activity B2

- NARD will conclude one or more contracts with Romanian bank(s) selected on a competitive basis, from the first priority development regions. Contracting each loan/grant with the final beneficiary shall be under the responsibility of the Romanian bank(s)

6.4.3. Improving and Developing the Regional and Local Infrastructure

- In the case of national road projects, NARD will conclude contracts, at the national level direct with the final beneficiary/service or equipment supplies. These contracts will be endorsed by the Ministry of Transport (National Authority of Roads)
- In the case of regional projects, NARD will conclude a Regional Framework Agreement with each RDA from the first priority development regions for the total budget (Phare and State co-financing) allocated for their selected projects. Contracting each project with the final beneficiary/service or equipment supplies, shall be under the responsibility of the Regional Development Agency

6.4.4. Awareness Campaign, Selection, Monitoring, Evaluation and Site Supervision and Inspection of all Infrastructure Projects

- NARD will conclude a contract with a Framework Contractor for all activities to be undertaken for a large awareness campaign.
- NARD will conclude a contract with a Framework Contractor for all selection, monitoring and evaluation activities to be undertaken under HRD component
- NARD will conclude a contract with a Framework Contractor for all selection, monitoring and evaluation activities to be undertaken under SMEs component
- NARD will conclude a contract following an international restricted tender for all the activities to be undertaken under Site Supervision and Inspection of all Infrastructure Projects

The eight Regional Development Agencies shall be the Implementing Authorities.

The National Agency for Regional Development and the Regional Development Agencies will closely work with the partner governmental institutions relevant for the Human Resources Development, SME and infrastructure sectors (such as NAEVT, NASME, etc.), that will be actively involved in each phase of the process.

6.2. Twinning

No twinning arrangements are anticipated under this Project.

6.3. Non-standard aspects

The DIS manual will be followed when applicable. As far as the DIS Manual does not provide for detailed procedures to manage Grant Funds and Revolving Credit Lines, all reimbursable and non-reimbursable allocations will be the subject of standard loan and grant agreements to be endorsed by the European Commission.

7. Implementation Schedule

Activity	TORs/Project specification/ feasibility studies ready	Launching calls for proposals / start of tendering/selection of infrastructure projects	Start of project activity	Project completion
Activity A1/A 2 Call for proposals	12.2000	1.2001 (2 nd month from the approval of the FM)	6.2001 (7 th month from the approval of the FM)	31.12.2003
Activity B1 Call for proposals	12.2000	1.2001	5.2001 (6 th month from the approval of FM)	31.12.2003
Activity B2 SME Credit Line	12.2000	1.2001 (2 rd month from the approval of FM)	6.2001 (7 th month from the approval of FM)	31.12.2003
Activity B3 Call for proposals	12.2000	1.2001	6.2001 (7 th month from the approval of FM)	31.12.2003
Activity C	12.2000	3.2001 (4 th month from the approval of FM)	4.2001 (5 th month from the approval of FM)	31.12.2004
Activity D1	11.2000	12.2001 (1 st month from the approval of the FM)	1.2001 (2 nd month from the approval of the FM)	31.12.2003
Activities D2 and D3	11.2000	2.2001 (3 rd month from the approval of the FM)	3.2001 (3 rd from the approval of the FM)	31.12.2003

8. Equal opportunity

All project mechanism will have equal access for women, men and disadvantaged groups. Priority III of the Human Resources Development Component will be devoted to projects enhancing equal opportunities. Particular projects will be developed and selected for SMEs owned and operated by women and young people.

9. Environment

In the SWOT analysis prepared by the 4 regions, it appears quite clear that environmental protection is one of the top priorities and adequate support will be required under the

ISPA assistance provided in 2000. The measures implemented under the project will therefore be complementary to the measures implemented with ISPA.

Specific selection criteria and indicators will be applied in accordance with the experience of the Structural and Cohesion fund's activities.

10. Rate of Return

Projects will include the feasibility studies and the economic and financial analysis. Regional income is expected to grow.

11.1 Catalytic effect:

A. Human Resources Development

The development regions are already confronted with high levels of unemployment, or will be confronted with sharp rises of the unemployment, as the structural reform and industrial restructuring measures will be implemented. Therefore, there are in these regions a strong demand to complement restructuring measures with effective tools for employment fostering, as the active employment measures. Also, the resumption of sustainable economic growth and the development of private enterprises need a flexible, skilled and adaptable labour force, that will be provided by the priority I measures. Implementation of priority III measures will help at fighting discrimination and foster employment opportunities for the disadvantaged groups.

B. Assistance to small and medium sized enterprises

SMEs in the target regions are confronted with limited access to investment finance and low provision of quality business support services. Therefore, small-scale finance supplemented by technical assistance and advice should reduce the failure rate of start-up businesses, and will bring increased sustainability of the new jobs generated, as well as enhance the development potential of existing SMEs.

C. Local and regional infrastructure

The target regions are already facing an unsatisfactory transport, environment and business infrastructure. Therefore, there is in these regions a strong demand for systematic tools for improving the overall quality of the transport network, introducing significant environmental activities and strengthen the business infrastructure.

11.2 Co-financing

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

- 50% of the national co-financing will be invested in the 4 first priority regions for co-financing local and regional infrastructure projects. State budget co-financing will cover 25% of the total public support (Phare +State budget co-financing) for each individual infrastructure project.
- 50% will be invested in the 4 second priority Regions to support similar measures and following the same procedures as described under sub-component A (Human resources development) and B1 (grant scheme for start ups, young enterprises and

micro enterprises), including EU final endorsement. RDAs and NARD will report to the EU delegation about the implementation and results achieved. The National Fund will ensure this co-financing and the mechanism for delivering the funds.

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

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

- The activities designed in sub component A and B1 will be implemented in the 4 non priority regions following the same procedure as in the 4 first priority regions (call for proposals, project selection and monitoring, evaluation, report to EC delegation).
- RDAs through NARD, will be responsible for reporting to the Commission (EC Delegation) about the implementation and the results achieved.
- National Fund will ensure this co financing and the mechanism for delivering the funds to NARD and to the development regions
- When the direct beneficiaries of the projects will be private legal entities, an adequate co financing will be provided by the private sector.

11.3 Additionality

The project will not generate competition with any private service providers, and no other financiers will be displaced by the Phare intervention, in particular as the project target mainly beneficiaries whose demand for financing and training measures, are still unmet by the private sector.

11.4 Readiness

Terms of Reference and contracts for the project are being prepared by taking into account the studies already carried out at the regional level by the Regional Development Agencies. Implementation will be ensured by the Regional Development Agencies, under guidance and monitoring of the National Agency for Regional Development adequately assisted by the Phare supported technical assistance already in place.

11.5 Project readiness and Size

Terms of Reference and contracts for the project are being drafted by taking into account the studies carried out at the regional level by the Regional Development . The institutions directly involved in the implementation of the project (the National Agency for Regional Development and the Regional Development Agencies) will be adequately assisted by the Phare supported technical assistance already in place.

11.6 Sustainability

- The national regional development policies of the Romanian ensure the sustainability of the project
- The project will ensure compliance with state aids provisions
- Investments must respect the state aids provisions of the Europe Agreement.

- The programme represents a contribution to National Development Plan
- Investment Support from Development of Regional and Local infrastructure projects must be a feasible part of the regional development strategy from development regions, as defined in the National Development Plan.

12. Conditionality and sequencing

The co-financing by the Government is a pre-condition for the effective operation of the programme. Min. 40% local and private co-funding shall be provided by beneficiaries, of which at least 50% shall be in cash.

Phare support to SME grant and loan schemes under this programme is conditional on the conduct of a review of the main hurdles faced by SMEs in the business environment, particularly obstacles in accessing finance and administrative barriers to investment. Phare support will be provided subject to the preparation by December 2000 of an action plan, acceptable to the Commission, with timetable for removing the barriers identified. Clear benchmarks and indicators of achievement will be indicated in the action plan. Six-month progress report will be submitted to the EC, showing progress achieved against indicators of achievement and milestones set in the action plan. Continuation of Phare support will be conditional on adequate implementation of the action plan for removal of barriers faced by SMEs in their establishment and development.

Annexes to the project fiche:

- Annex 1: Logframe planning Matrix
- Annex 2: Detailed Time Implementation Chart
- Annex 3: Cumulative Contracting and Disbursement Schedule
- Annex 4: Swot analysis of the DEVELOPMENT regions in Romania for phase 2000
- Annex 6: List of relevant laws and regulations
- Annex A: Linked activities
- Annex B: List of regional infrastructure projects

GENERAL LOGFRAME PLANNING MATRIX FOR PROJECT 'REGIONAL DEVELOPMENT - INVESTEMENT IN NATIONAL DEVELOPMENT PLAN PRIORITIES'				Date of Drafting	April 2000
Romanian Development Regions				Disbursement period expires: 30.11.2004	Contracting period expires: 30.11.2002
Project Number	RO-0007.02	Project Title	REGIONAL SME DEVELOPMENT SUPPORT	Total Budget ¹ 100.0 Meuro	Phare contribution ¹ 75.0 Meuro
Wider Objective		Indicators of Achievement		Sources of Information	Assumptions and Risks
To support the Romanian Government to implement an integrated regional development policy in line with economic and social cohesion strategy adopted within the context of the pre-accession process, through regional development investment projects in priority sectors (SMEs, Human Resources Development (HRD), and local and regional infrastructure) identified in Romania's National Development Plan		<p>Positive assessment in the pre-accession framework of that the economic and social cohesion objectives in the Accession Partnership have been met</p> <p>All investment funds (Phare 2000) committed;</p> <p>Efficiency with which investment money are used.</p> <p>Increased regional GDP and improved employment</p>			<p>Political and macroeconomic stability</p> <p>Development of national policy for economic and social cohesion according to EU's policy in this field</p> <p>Continuing commitment of national and regional authorities to support regional development policy</p> <p>Continuing commitment of national and regional authorities to support SME sector</p> <p>Stabilisation of legislative and fiscal framework for SMEs</p> <p>Rapid achievements of the modernisation in the system of collateral registration</p>

¹ Assuming that FM be signed in December 2000

Immediate Objectives	Indicators of Achievement	Sources of Information	Assumptions and Risks
<p>A. Human Resources Development in the context of industrial restructuring</p> <p>A.1. To develop people's working abilities and to adjust them to structural changes in order to encourage future economic growth;</p> <p>A.2. To facilitate access to employment for job seekers by enhancement of active employment measures;</p> <p>A.3. To improve the employment possibilities of marginal groups and to contribute, in this way, to social inclusion.</p> <p>B. Assistance to small and medium sized enterprises</p> <p>B.1. To foster investment for the establishment of new enterprises and the development of existing micro and young enterprises;</p> <p>B.2. To improve SME access to medium and long term finance for investment purposes;</p> <p>B.3. To improve SME access to information, communication, and business support services, with the aim to enhance their competitiveness and access to finance and to market opportunities.</p> <p>C. Local and regional infrastructure</p> <p>C.1. To improve regional transport infrastructure strengthening linkage between economic poles and European transport corridors and improve access roads to economic areas;</p> <p>C.2. To develop infrastructures supporting business development, in order to strengthen competitiveness of SMEs through better access to technologies, services, markets and information;</p> <p>C.3. To rehabilitate degraded sites or to protect environmentally vulnerable sites with economic potential (industrial sites, closed enterprises from urban heavily polluted areas, natural sites and area with tourist potential);</p> <p>D. Awareness Campaign, Selection, Monitoring and Evaluation</p> <p>D.1. To ensure a transparent and competitive process for project selection.</p> <p>D.2. To ensure an appropriate and effective implementation for projects financed under this programme, through close monitoring and ex-ante and ex-post evaluation.</p> <p>D.3. To develop and sustain an adequate implementation system for the infrastructure type projects, including site supervision and inspection</p>	<ul style="list-style-type: none"> • Total number of people trained according to labor market needs • Number of unemployed people assisted and trained • Number of disadvantaged people assisted and trained • Number of trainers prepared to provide training to disadvantaged groups. • Number of modernised training centers able to better respond to the needs of the labor market • Number of business start-ups supported in starting the business and developing their human resources <ul style="list-style-type: none"> • Number of SMEs accessing medium and long term finance for investment proposals / number of loans extended to SMEs • Number of jobs created and maintained as a result of the project • Number of SMEs assisted in market information, specialised marketing counselling, communication technology and networking activities <ul style="list-style-type: none"> • Number of regional transport infrastructure road-km improved in the effectiveness conditions. • Number of business Infrastructure centers improved permitting the creation of a minimum number of jobs • Number of industrial sites rehabilitated • Number of new jobs created in local and regional infrastructure projects <ul style="list-style-type: none"> • Number of promotion events organised • Creation of an appropriate and effective implementation, evaluation and control system 	<ul style="list-style-type: none"> • Programme evaluation by European Commission • Reports to EC Delegation • Projects reports by RDAs and by NARD • Joint Monitoring Committee papers • National Agency for Regional Development reports and statistics • Reports from NASME Small Business Associations, Chambers of Commerce, NGOs <ul style="list-style-type: none"> • Reports from financial institution(s) • Statistics • Feed-back from direct beneficiaries • Analysis of files, observations, surveys (if available) 	<ul style="list-style-type: none"> • Continued Government commitment to restructure the economy and improve conditions for private sector development • Regional development authorities and regional partnership support the project; • Implementing institutions have adequate institutional capacity • Financial institutions interested in the SME sector market segment • Entrepreneurs, microenterprises and SMEs are willing to participate in the project and implement it within their enterprises • Qualified managers and consultants associated with project • Effective implementation of ongoing programmes designed to support SME development in other areas not covered by this project (i.e Business Advisory Centres) • Intensive information campaign is launched prior to calls for proposals

Outputs	Indicators of Achievement	Sources of Information	Assumptions and Risks
<p>Increased responsiveness of training and education providers to the skill needs of employers</p> <p>Improved and new skills of labour force matching SMEs requirements, resulting in employment</p> <p>Increased entrepreneurship by new business creation and self-employed</p> <p>Progress in the development of effective networks of SMEs-training providers-NGOs-regional actors and lifelong learning partnerships</p> <p>Increasing number of unemployed who find a job, in particular of young people, in the region</p> <p>Increased and more effective provision to assist unemployed people into the labour market</p> <p>Increasing number of long-term unemployed and of unemployed from disadvantaged groups who find a job, in the region</p> <p>More effective actions for disadvantaged groups</p> <p>Trainers prepared to adapt training to specific needs of disadvantaged groups</p> <p>Reduction in the level of young people who drop out of education and training without a qualification.</p> <p>Business plans</p> <p>Grant Applications</p> <p>Credit Applications</p> <p>Credit and Grant Contracts</p> <p>Investment projects implemented by SME partnership having legal personality</p> <p>4 training modules, relevant training materials, 8 training sessions</p> <p>New e-mail / web pages / sites addresses by SMEs</p> <p>SME marketing materials printed with high quality standards</p> <p>Quality certifications</p> <p>Exhibitions catalogues</p> <p>the improvement of regional transport infrastructure strengthening linkage between economic poles and European transport corridors IV or IX will be realised;</p> <p>the improvement of business infrastructures and communication infrastructure in order to permit better access to services and markets of SMEs for strengthening competitiveness, will be realised;</p> <p>the rehabilitation of the environment of degraded industrial sites or closed enterprises from urban areas, for improving the conditions of life and for stimulate economical</p>	<ul style="list-style-type: none"> Min 20,000 people trained according to labor market needs of which min 12000 unemployed assisted through different support measures Min 3000 long-term unemployed and disadvantaged people assisted and trained, out of which 50% found a job; Min. 80 trainers prepared to provide training to disadvantaged groups. Min 14 modernised training centres providing training programmes which better respond to the needs of the labour market; Min 200 of those trained in entrepreneurship starting a business/becoming self-employed; Support to min 80 entrepreneurs starting their own business under non reimbursable finance provided by the project Support to min. 400 SMEs finalising their investment projects and assisted in market information, specialised marketing counselling, communication technology and networking activities Min. 7000 new jobs created Min 400 of road km. Of regional transport infrastructure improved in the effectiveness conditions. Min 4 business infrastructure centers improved permitting the creation of a minimum number of jobs Min 4 industrial sites rehabilitated Min. 4000 of new jobs created in local and regional infrastructure projects Min 30 of promotion events organised (conferences, promotion booklets, workshops, promotion documents) Creation of an appropriate and effective implementation, evaluation and control system 	<ul style="list-style-type: none"> Monitoring systems of RDAs, reports and payments made to beneficiaries Reports by RDAs to National Agency for Regional Development on the progress of projects National Agency for Regional Development reports and statistics Documentation on selection and approval of projects by National Board for Regional Development and EC Delegation Feedback from direct beneficiaries Analysis of Phare evaluation reports Questionnaires 	<ul style="list-style-type: none"> Capacity of potential beneficiaries to design HRD projects exist Assistance to improve capacity of RDAs to monitor implementation of projects was in place Procedures for financial and technical monitoring are designed and applied Qualified managers and consultants associated with the project Inadequate commitment of funds due to lack of appropriate evaluation methodologies for the grant financing scheme SMEs interested and willing to take part in project activities High number of SMEs viable investment projects Implementing financial institutions maintain interest in SMEs segment SME hardware and software compatible with the establishment of Internet connection Internet users have sufficient knowledge of English language to benefit of consultation on international web-sites and exchange of information with foreign correspondents Concentration of local and national resources in order to permit the implementation of the projects. Preparation of the projects ready in due time at quality standards required. Qualified managers and consultants associated with the projects. Suitable consultancies are available

development will be realised; Promotion materials (newspapers articles, booklets, etc) Promotion events Projects appraisal, evaluation and monitoring reports Infrastructure works supervision and inspection reports Supervision, responsibilities distribution, reporting and record-keeping procedures Projects audit			
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Inputs	Indicators of Achievement	Sources of Information	Assumptions and Risks
<p>Phare support and National co-financing; The staff, premises and minimum equipment provided by RDAs for the monitoring of the projects; The staff, premises, minimum equipment, methodological approach and implementing assistance provided by NARD; The private and local co-financing; Credit and grant scheme for procuring expenditures eligible under the project Matching funds by implementing banks New high technology, machinery, equipment Qualified training and technical assistance Consultation of specialised database and other marketing information Subcontracting involving SMEs Marketing campaigns Information & communication between SMEs The feasibility studies and environment impact assessment already designed; Assistance under Phare 1999 for identification and preparation of the projects; Technical assistance inputs for selection, monitoring and evaluation of the projects</p>	<ul style="list-style-type: none"> • Each project completed to high quality level and within established deadlines, according to Phare guidelines • Evidence of delivery of the specified inputs • Procurement and expenditures records • Commitment and disbursement records • Inputs delivered according to schedule and accepted by implementing institutions • Required tasks delivered efficiently to permit adequate implementation of the projects, requiring competent experts 	<ul style="list-style-type: none"> • Routine monitoring • Project progress reports • External audit reports • Reports from participating banks on loans outstanding under the revolving credit • Questionnaires and interviews to assisted entrepreneurs and SMEs 	<ul style="list-style-type: none"> • Government co-financing (25%) is ensured • Commitment by regional development authorities to implementation of the project within the established deadlines • Willingness of financial institutions to implement the scheme • Timely and effective technical assistance to implementation • Continued improvements to the enabling environment • Consultancies are found and can mobilise necessary teams rapidly

**DETAILED TIME IMPLEMENTATION CHART FOR PROJECT NUMBER
RO-0007.02**

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D = Design

C = Contracting (from tender announcement until contract signature)

I = Implementation

Regional development - Investment in NDP Priorities

CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE (MEURO Phare Funds)

DATE : 13.04.2000														
A.Human resources	31/03/01	30/06/01	30/09/01	31/12/01	31/03/02	30/06/02	30/09/02	31/12/02	31/03/03	30/06/03	30/09/03	31/12/03	30/06/04	31/12/04
CONTRACTED	7,20	9,00	10,80	14,40	15,30	16,20	17,10	18,00						
DISBURSEMENT	0,40	3,29	5,28	6,82	8,36	9,90	11,44	12,94	14,52	15,36	16,20	18		
B.SME development														
CONTRACTED	9,00	11,00	14,00	15,50	16,80	17,00	17,50	18,00						
DISBURSEMENT	8,90	10,24	10,64	11,51	12,38	13,25	14,12	14,99	15,86	16,73	17,14	18		
C.Local infrastructures														
CONTRACTED	15,00	20,00	30,00	35,00										
DISBURSEMENT	7,00	9,50	10,00	12,00	15,00	18,80	22,50	23,00	25,00	28,70	30,00	32,50	33,50	35,00
D.Awariness campaign,selection, monitoring														
CONTRACTED	4,00													
DISBURSEMENT	0,80	1,08	1,36	1,64	1,92	2,20	2,48	3,04	3,35	3,70	4,00			
TOTAL														
CONTRACTED	35,20	44,00	58,80	68,90	71,10	72,20	73,60	75,00						
DISBURSEMENT	17,10	24,11	27,28	31,97	37,66	44,15	50,54	53,97	58,73	64,49	67,34	72,50	73,50	75,00
N.B. 1. All contracting should normally be completed within 6-12 months and must be completed within 24 months of signature of the F.M.														
2. Sub-components A (Human resources) and B (SME): All disbursements must be completed within 36 months of signature of the FM														
3. Sub-component C (Local infrastructures) All disbursement must be completed within 48 months of signature of the FM														

Annex 4: SWOT ANALYSIS

1. SWOT ANALYSIS - NORTH-EAST REGION

Raising the living standard of the community and providing a sustainable development of the North-East Region

Being the first of the eight development regions in terms of size, the North-East Region ranges on the first place in Romania in relation to human development ratio and the gross domestic product (GDP) per inhabitant, due to a non-adapted structure of the market economy, with low productivity and economic efficiency.

The potential of the region as concerns human resources, tourism, infrastructure and the fact that the area is still clean create the prerequisites for a sustainable development process and implicitly a rise in the living standard of the community.

On the basis of the Regional Profile and the SWOT Analysis, the following strategic lines were identified in order to reach the overall objective:

- A. Enterprise and business development**
- B. Human resources**
- C. Promotion and attractiveness of the region**

A. Enterprise and Business Development

Economic revival and acceleration of sustainable development represent the essential objective to ensure the present condition of the North-East Region is overcome.

These aims at creating the infrastructures required favouring business environment, as well as supporting SME development, enhanced development of entrepreneurship, rural and agriculture development.

A strategic importance shows the preservation and selective development of the existing industrial potential, to promote the location in the region of new, innovative industries, as well as industries of a high productivity.

In order to provide for a balanced development of the region, co-operation between enterprises is required, aimed at vertical and horizontal integration, development of marketing and consulting activities in order to initiate and develop management, entrepreneurship and market skills, as well as to support the research & development and technological transfer sector, to promote clean technologies and those based on material recycling.

It is necessary to develop food economy in an integrate manner, to manufacture specific products by establishing regional enterprises concerned in agricultural raw material processing and expansion of the existing ones.

The strategy aims at capitalizing the tourism potential of the region by productive investment in tourism and stimulating the service supply sector in tourism and the rural area.

Agriculture and rural development will be stimulated by establishing efficient ecological farms, creating networks for the capitalization and collection of specific products, developing services and capitalizing the water resources.

B. Human Resources

Starting from the reality that the North-East Region is an area with various, but limited natural resources, we consider human capital as the main asset of the region.

In order to respond the challenges of the end of the 20th century, investment in human resources available in the area represents one of the priority objectives of the development strategy.

The labour force requirements for the economy will be met at the highest standard, the promotion of local investment and revival of the economic role of the SMEs will be achieved by a co-ordinated development of an education, training, and retraining system.

The unemployment problem in the region will be treated in as an efficient way as possible, for the purpose of providing equal opportunities in employment of various social categories involved.

C. Promotion and Attractiveness of the Region

The main point of the objective is overcoming the condition of isolation of the region, as well as making the concept of region disappear, as it is inappropriate for the business environment, by means of capitalisation of the natural, human and social conditions.

This strategic objective plans to capitalise in an efficient way the assets and specifics of the region, by creating, promoting and supporting a representative image, to attract and persuade both investors, and tourists.

The ways to emphasise the potential attractiveness of the region aim at economic revival, promotion of tourism and commerce, rural environment and specific products, improvement of the accessibility to mountain areas, sensitisation, training and education for the population on the principle of awareness, respect and support towards natural, cultural and environment assets.

Being an area of rich tradition in many respects, the region is a propitious framework for the revival of specific trade, promotion of traditional customs, and of the natural framework of cultural and spiritual identity, with economic benefits for the community, giving a local tint of attraction for tourists.

2. SWOT ANALYSIS - SOUTH-EAST REGION

STRENGTHS

POPULATION

- ◆ 3 out of 6 counties of this region (Constanta, Galati and Braila) have urban population over the national level average, with a high degree of concentration in towns over 100,000 inhabitants. This represents a potential concerning the increase for services and goods demand. The urban population has a high degree of vocational training compared to the rural areas, being a growing market for service sector.

INDUSTRY

- ◆ The weight of the local active companies from industry, constructions, trade and many other services is held by SME's, the majority being active in the trade sector.
- ◆ In the South-East Region there are 4 FREE ZONES from a total of 6 in Romania; 2 of them registered profit at the end of 1997 (Constanta, Braila).
- ◆ The industry participates with a weight of 30.5% in the Regional Gross Domestic Product.
- ◆ The assets of the state industrial companies are in restructuring process.

AGRICULTURE

- ◆ Large surfaces of concentrated arable lands such as The Great Island of Braila which has about 70,000 ha acreage, thus being the biggest agricultural farm in Europe.
- ◆ The big weight of the agricultural land is in the private sector.

- ◆ The soil quality permits to obtain some diversified agricultural crops in ecological conditions of exploitation.

- ◆ Wide areas cultivated with bearing vineyards (37% from the total area of bearing vineyards in Romania), the average yield of grapes per hectares is the highest in Romania.

INFRASTRUCTURE

- ◆ The region is crossed by important corridors of transport as the one having the Danube – Black Sea Canal, part of the Rhine – Mainz – Danube European corridor.

- ◆ Landed resources for housing building.

- ◆ In the South-East Region there is Constanta, the biggest port at the Black Sea.

- ◆ High hydrographic potential (eg, the Danube, the Siret)

TOURISM

- The region has a high touristic potential thanks to the diversified natural landscape:

- natural lakes and lagoons with curative properties: The Salt Lake, Techirghiol Lake, White Swamp Lake;

- The Danube Delta Reserve- a unique place in Europe;

- mountainous areas;

- The Black Sea Coast;

and to the concentration of 30.6% of the touristic companies in the country.

Constanta County has 400 touristic companies out of 933 existing at the regional level, with index of use over the national average. There are also many historical monuments (eg: Adamclisi Monument).

LABOUR FORCE

- ◆ Qualified labour force.

- ◆ The existence of a favorable institutionalized framework for developing vocational skills.

WEAKNESSES

POPULATION

- Big weight of agricultural population (40% from the total) with low contribution at the Regional Gross Domestic Product, low productivity of the agricultural activity.

- The aging of rural population because of the diminution of birth and the demographic migration of the young population from rural to urban area.

- The birth index at average and lower values as compared to the national average.

LIVING STANDARD

- Poor medical services, especially in the rural areas.

AGRICULTURE

- New technologies are slowly introduced which leads to the maintenance of outdated technologies in agriculture and a weak capacity of processing agricultural products.

- Lack of standardized agricultural products.

- High price of some agricultural products.

- Lack of incentives granted to the agriculture development.

- Unused potential in agriculture (for example grounds which remain unploughed, poor management)

- Farming grounds division in very small surfaces.

- Lack of or poor promotion of touristic potential of the region due to poor management and marketing.

INFRASTRUCTURE

- ◆ Flood risk and ground erosion;

- ◆ Inefficient distribution and use of water sources;

- ◆ Housing poor endowment with utilities, especially in rural areas;

- ◆ Very high seismicity in some areas of the region;

- ◆ Difficulty of access in some areas, especially in rural areas;

- ◆ High degree of wear of water and sewage networks;

- ◆ Unfavorable impact of building exterior (especially in rural area, but also the aspect of some buildings in urban centers);

- ◆ Transport infrastructure less developed.

INDUSTRY

- ◆ Decline of important economic sectors of which the most affected are:
 - steel and metallurgical industry
 - chemical industry
 - construction industry
- ◆ Poor technology especially in rural areas.
- ◆ Insufficient start-up capital for SME's and for introduction of new technology.

ENVIRONMENT

- ◆ Insufficient care for the environment protection.

TRADE

- ◆ Insufficient concern for marketing and promoting the domestic products;
- ◆ Existence of poor quality products in the market, both domestic and from import;
- ◆ Lack of standardized products;
- ◆ Decrease of people purchasing power.

LABOUR FORCE

- ◆ Increase rate of unemployment;
- ◆ Work conflicts because of pay claims without corresponding increase of productivity.

OPPORTUNITIES

AGRICULTURE

- Technological transfer to improve productivity.

TRADE

- ◆ Achievement of product brands for traditional products;
- ◆ Improvement of products and services quality system;
- ◆ Penetration of ecological products in the foreign market by creating promotion centers;

TOURISM

- ◆ Development of agro-tourism and ecological tourism in the mountainous areas and the Danube Delta;

ENVIRONMENT

- ◆ Exploitation of natural resources according to the environment norms by creating monitoring centers of environment pollution.

INFRASTRUCTURE

- ◆ Increase of free zones attractiveness to Romanian and foreign investors through the facilities and incentives offered;
- ◆ Increase of dwellings number thanks to the facilities granted by mortgage credits.

THREATS

AGRICULTURE

- ◆ Degradation of agricultural grounds.

ENVIRONMENT

- ◆ Massive deforestation with implication in ground erosions; the degradation of banks and flood risks;
- ◆ Pollution of environment resources by the violation of environmental norms by some companies.

TRADE

- ◆ Banking policy discourages investments by expensive loans.
- ◆ Insufficient financial resources
- ◆ Foreign competition
- ◆ Poor concern of companies to develop long and medium term strategies
- ◆ Unstable legislation and excessive bureaucracy

LABOUR FORCE

- ◆ Increase of long term unemployment affecting particularly young people.

POPULATION

- ◆ Out-migration tendency from rural to urban area (especially of the young people)

3. SWOT ANALYSIS - SOUTH REGION

In the elaboration of the development strategy, an important stage is represented by the SWOT analysis of the region, aimed at pointing out the development potentials and the problems it has to face.

In the context of a social and economic development view over the region to range the latter on an attractive position both at national, and at international level, the SWOT analysis aims at assessing in an objective way the following areas: population and activity rate, education, labour market, economic structure, physical infrastructure, rural environment, tourism and the environment.

STRENGTHS

- The existence of representative enterprises of tradition that show an attractive potential for home and foreign investment.
- The receptiveness of the decision-making factors to foreign investors has led to the establishment and development of joint and private capital enterprises.
- Availability of local public administration authorities to facilitate the establishment of new commercial companies, both for home investors, and for foreign ones, by making available to them existing land and physical infrastructure.
- The SME sector, in the context of industrial activity restructuring and due to its capability of adaptation to the society's requirements, has experienced important development, which fact led to the occurrence of new jobs.
- The existence and possibility of employing infrastructure to establish new commercial companies.
- The finance-banking and insurance system has quickly developed and has a good distribution in the region.
- The high weight of young population and the good professional training represents a real support for social and economic development.
- The labour force in the region is receptive and available for training and professional reconversion actions.
- The existence within the region of national and European road networks, as well as updated railroads, which determines the fluency of road and railway traffic.
- The neighbourhood of the Danube river in the South, the existence of important cross-border points and the Giurgiu free zone represent a support for national and international commercial activities.
- The existence within the region of the largest Romanian airport – Otopeni, located in the Bucharest region, determines a complex system of facilities.
- The region has available an appropriate telecommunication network, including mobile telephony services over the whole territory.
- The high weight of arable land in the total agricultural one and the existence of qualified labour force represent the basis for the development of an agriculture capable to derive ecological products.
- The penetration of the private sector in agriculture has made it possible to absorb the labour force available.
- The private sector holds most of the agricultural areas and is interested in tailoring its production according to market requirements.
- In many areas of the region there are appropriate conditions for rural tourism development.
- The existence of a natural scenery, attractive touristic objectives and a cultural-historical heritage represents the basis for the development of tourism.
- The northern part of the region has available a good touristic accommodation network and endowment for winter sports practice.
- The penetration of the private sector in the tourism sector has led to a diversification of the forms of tourism (rural, urban and weekend type of tourism) and to creating new jobs.
- The environment, by its special qualities, is in favour of the good development of social and economic activities in some areas within the region.

WEAKNESSES

- The dependence of certain areas of the region on the existence of one or more industrial sectors which activity is in decline.
- The lack of coherent policy as concerns co-operation and collaboration with research institutes represents a hindrance in enterprise development.
- The low economic power and the absence of a stimulating framework causes the number of SMEs acting in the productive sector to keep low.
- The poor size of the private sector acting in the services sector determines services be supplied below the level of population requirements.
- At regional level there is an increasing trend in mortality and a decreasing one in birth rate.
- The drop in the number of active population employed has a negative influence on the social and economic development of the region.
- The increase in the number of unemployed and the decrease in the average net monthly salary generate social problems in the region.
- A decreasing trend in the population's interest as concerns educational and cultural activities is noticed.
- The technical condition of county and commune public roads, as well as some railway stations is inappropriate.
- The rural environment records a poor development, especially in the South subregion, generated by the low weight of the population employed in non-agricultural activities, the low amount of rainfalls, risk of flood and the demographic decline due to sharp ageing, inappropriate technical endowment and the infrastructure in deficit.
- The rural environment in the rest of the region is facing problems relating inefficient exploitation of local resources, inappropriate endowment with telephone networks, earth glides and existence of strongly degraded soils.
- The reduced facilities for the private sector in tourism, the existence of a physical infrastructure and inappropriate endowment make the touristic activity in the region be poor.
- The unreasonable exploitation of the land and forest fund favours soil depreciation and erosion.
- The employment of polluting technologies by certain enterprises influence in a negative way the quality of the environment.

OPPORTUNITIES

- Infrastructure modernisation and enterprise retechnologisation create a propitious framework for attracting investment.
- The establishment at regional level of a network for business support and promotion and a system of incentives (financial aid, making available the existing infrastructure that is not employed) represents a real support to establish and develop the SME sector acting in sectors like industry, agriculture, tourism and services.
- Establishing professional training centres and implementing programmes for the qualification, professional training and retraining for all the economic fields would contribute the generation of a skilled labour force.
- Updating the road and railway transport infrastructure would determine an increased fluency of the goods and passengers transport.
- Creating new free zones, and developing the infrastructure of the one in Giurgiu would determine the establishment of commercial companies with private capital and implicitly new jobs.
- The establishment of agricultural consultancy centres would represent a support in orienting the producers in the rural environment towards utilising high performance and ecological technologies aimed at deriving competitive products.
- The technical and urban updating, the improvement of social services and the development of the service sector would contribute the revival of social and economic life in the rural environment.
- Co-operation, home and international association would favour the development of the rural environment from multiple viewpoints.

- The initiation and development of tourism promotion activities at home and international level would contribute the attraction of an increased number of tourists.
- The information and education of the population as concerns the need to protect the environment would determine an improvement in the latter's quality.
- The protection and provision of ecological value to the natural environment would represent a basic component in supporting the social and economic activities.

THREATS

- The decline and reduction in the activity of enterprises found in various areas of the region can generate a high level of unemployment, with implications in the depopulation of the areas, by labour force migration.
- If the private sector development were not supported by concrete measures, then there would be a risk that certain areas of the region might lag behind as concern development.
- The lack of prompt intervention in order to stop the depreciation of the health condition and health state of the population determines both a decrease in the average life duration, and the impossibility to provide healthy labour force in the future.
- The lack of educational programmes for professional training and reconversion of the population would determine an increase in the unskilled labour force weight in the future.
- The lack of intervention by concrete measures in the rural environment would lead to the impossibility of reaching an appropriate living standard to the depopulation of the rural environment and the loss of rural specificity.
- The lack of concrete measures in the tourism area would determine its reduced competitiveness and implicitly a drop in the number of tourists.
- If there was no intervention through concrete measures, there is a risk for a continuous degradation of the environment, which would influence the good development of the social and economic activities in the region.

4. SWOT ANALYSIS - NORTH-WEST REGION

SWOT analysis of the region's social-economic situation is a first stage in the preparation of the region's development strategy in order to emphasise the region's potential as well as the problems it needs to cope with.

SWOT analysis presented below covers the following social-economic fields:

1. Human resources and labour force
2. Physical infrastructure
3. Environment
4. Investments and physical structure
5. Rural and local development
6. Industrial structure
7. Tourism

1. Human resources

STRENGTHS

- Large university centre
- Highly skilled population in urban areas
- Active population rate above national average
- Good level of education and civilisation:
- high literacy level
- good education coverage;

WEAKNESSES

- Emigration of highly skilled population
- Negative demographic phenomena in the rural area
- Decrease in the live-birth rate
- underused of highly skilled manpower
- Lack of social accompanying programmes for the unemployed under professional restructuring
- High share of population employed in the primary sector and relatively low in the service sector
- Dramatic reduction of professionals in science and science provision,
- Lack of professional orientation centres

OPPORTUNITIES

- High diversity of population ethnical structure

Legislation: establishment of National Agency for Training and Employment;

- Law on health insurance no 145/97; Law 20; GD 525 on disadvantaged areas
- Changing dismissed people's mentality: active attitude on the labour market, looking for a job and retraining

THREATS

- Population ageing
- Active population reduction
- Lack of intervention in the depreciation of health and living standard leads to low life expectation.
- Inadequate fiscal policy generates work on the black market, negatively affecting the labour market
- Difficulties in collecting the contribution to the social insurance fund from the great bad payers of the national economy, which endangers human resources development programmes and policy

2. Physical Infrastructure

STRENGTHS

- High density of roads
- Two major communication axes
- 4 airports
- Many durable buildings
- Good territorial coverage of the electric power distribution network
- Methane gas main pipe lines

WEAKNESSES

- Low speed and low capacity of current transport network
- Lack of quality interurban public transportation
- Low weight of modernised communal and county roads
- Deficit drinking water supply networks
- Few localities having technical-urban utilities networks

OPPORTUNITIES

- Borders towards the West – cross-border programmes
- Programmes for infrastructure development
- legislation: Law no 60/1998 on combined international transport; law no 118/1996 on Establishment of special fund for public roads

THREATS

- Inadequate management of water resources lead to low life quality
- Lack of immediate intervention for technical-urban utilities endowment leads to depopulation of rural area

3. Environment

STRENGTHS

- Good environment quality
- Natural very diversified protected areas
- Diversified fauna and flora (biodiversity)
- Natural background variety
- High hydroenergetic potential

WEAKNESSES

- Missing water treatment and filtration system
- Lack of installation and systems for preventing pollution and natural disasters
- Lack of waste recycling technologies
- Effective institutional structures for protecting the environment and places for domestic waste deposit
- Areas facing floods/ land slide risk

OPPORTUNITIES

- Effective management of the natural framework (soil, subsoil) may lead to environment protection
- legislation: adopting and implementing the legislation on disadvantaged areas;

Romania's joining to the related international agreements.

THREATS

- Lack of secondary roads in certain urban centres
- Illegal or abusive forest deforestation
- Ineffective management structures of protected natural areas lead to environment degradation

4. Investments in physical infrastructure

STRENGTHS

- Financial – banking centres
- Numerous SMEs

WEAKNESSES

- Lack of high technology industry
- Far away from the capital
- Low economic potential of the SMEs
- Missing cargo air transportation

OPPORTUNITIES

- National parks development
- Important resources of unexploited non-ferrous metal
- Set up and develop a regional network of business and technology transfer centres for certain products
- Declaration of 9 disadvantaged areas
- Setting up new SMEs in monoindustrial and disadvantaged areas would lead to the economic background development
- Coupling to Euro-info networks

THREATS

- Absence of a stimulating legislative framework could reduce interest of investors in the area

5. Local and Rural Development

STRENGTHS

- Diversity of local agricultural products
- Areas with traditional activities and handicraft wares
- Ecological agricultural production
- Livestock potential
- Agro-forestry resources

WEAKNESSES

- Deficit of drinking water resources in certain areas
- Few non-agricultural activities
- Non-economic size of farms
- Few farmers associations
- Fragmentation of agricultural households
- Lack of industrial activities in the rural areas
- Lack of production – collection – processing – distribution in agriculture
- Poor medical assistance in rural areas

- Demographic decline

OPPORTUNITIES

- Setting up agricultural consulting centres and establishment of SMEs in rural areas
- Physical infrastructure development in rural areas could lead to progress of rural area
- Development of social services would lead to high living quality
- Inverse migration of unemployed people towards rural areas

THREATS

Lack of major intervention in rural area leads to rural area depopulation, alteration of living standard and deeper human disparities

6. Industrial Structure

STRENGTHS

- Diversified industrial segments and its related infrastructure
- High weight of private sector in agriculture
- Large companies, joint ventures, with high economic potential

WEAKNESSES

- Failure to adapt industrial production to market demand
- Poor quality of products
- Lack of representation of the third sector in certain areas
- Dependency of certain areas on declined industrial activities
- Numerous monoindustrial areas
- Ineffective industries in most of the industrial sectors
- Many units using out-of-the-region resources
- Lack of high technology goods
- Low co-operation between university education, economy and industry

OPPORTUNITIES

- Effective use of region's resources would lead to new economic units
- Retechnology and modernisation of infrastructure of existing companies lead to an attractive economic framework
- Setting up and development of business and technological transfer centres
- Setting up regional representatives for promoting internal and international industrial activity
- Development of exhibition centres
- Setting up industrial and agricultural parks

THREATS

- Failure to take urgent steps for retechnology and modernisation of current industrial structures leads to degenerated industrial activity and low competitiveness
- Unbalance of certain areas by no intervention in declined sectors leads to increased unemployment and decreased living standard

7. Tourism

STRENGTHS

- Large number of attractive tourist sites, cultural-historic patrimony
- Agro-tourism agencies
- Tourist sites having national and international resonance

WEAKNESSES

- Lack of public transportation to the tourist sites
- Inappropriate physical infrastructure and endowment
- Lack of supporting promotion
- Low mobility between tourist, rural and urban areas
- Poor management in tourism
- Lack of access roads leading to tourist sites
- Lack of coherent policy for holiday houses
- Lack of coherency in the policy of the tourist economic units

OPPORTUNITIES

- Intense exploitation of tourism together with including the cultural and historical monuments in the tourist circuit
- Associating tourism with spa treatment would be beneficial
- Training provided to staff working in tourism, as well as promotion
- Taking advantage of the cultural, scientific and traditional events
- Development of National Parks
- GD no 118/ 98 on collaboration in tourism
- GO 63/1998 and Law no 187/1998 on creating facilities for rural tourism

THREATS

- Lack of immediate intervention leads to decreased interest in tourism
- Lack of intervention in services field and in tourism management increases ineffectiveness more
- Possibility for any type of tourism: cultural, scientific, religious, sportive.

Annex 5. List of relevant Laws and Regulations

I. REGIONAL DEVELOPMENT

1. Law No.151/1998 on Regional Development in Romania
2. Government Decision No 634/1998 approving the methodological norms for application of the Law No.151/1998 concerning Regional Development in Romania and the framework Regulations for the organisation and operation of the Regional Development Councils. The art. 16, Annex 1 is rectified by the Rectification No. 634/24.09.1998.
3. Government Decision No 978/1998 concerning the organisation and functioning of National Agency for Regional Development
4. Government Decision No 979/1998 for designating the members of the Government representatives in the National Board for Regional Development
5. Government Emergency Ordinance No 24/1998 concerning the disadvantaged areas, republished
6. Government Decision No.907/1998 for approving the methodological norms to apply the Government Emergency Ordinance No 24/1998
7. Law No. 20/1999 for the approval of Government Emergency Ordinance No. 24/1998 concerning the disadvantaged areas
8. Government Decision No.525/1999 for approving the methodological norms to apply the Government Emergency Ordinance No 24/1998
9. Law No. 143/1999 on State Aids, promulgated by Decree No. 272/1999
10. Law No.189/1998 concerning the local public finance (OJ 404/22.10.1998)
11. Law No.72/1996 concerning public finance (OJ 152/17.07.1996)
12. Law No.213/1998 concerning public propriety and its legal status
13. Government Decision No. 749/1999 regarding the elaboration of the National Plan for Development for 2000 - 2002 (OJ 453/ 17.09.1999)
14. The Government Decision no.1011/1999 for approval of the Memorandum of Understanding between Government of Romania and European Commission. Consequently, a National Fund was established, as a distinct body within Ministry of Finance , empowered to manage and to channel the E.C. funds in pre-accession period.
15. The Government Ordinance no 63/1999 regulates the financial management of the Phare funds as well as co-financing funds related to it.
16. The Ordinance no. 118/1999 on public procurement and the Ordinance no.119/1999 on internal control and audit, adopted in August 1999 by the Romanian Government

II. Human Resources Development

1. **Law of Education no. 84/1995 republished on the Official Jurnal no. 606/1999**
2. **Emergency Ordinance of the Romanian Government no. 102 concerning the continuing education system**
3. Government Decision no. 855/1998 concerning the setting up of the National Centre for Technical and Vocational Education Development
4. Government Decision no. 779/1999 on setting up the National Council for Occupational standards and Assessment
5. Minister of Education Decisions no.:

- 3407/13.03.1998 concerning the involvement of schools and universities in the continuing vocational training programmes
- 3633/14.04.1999 concerning the diminishing of illiteracy and combating the school drop-outs measures
- 5077/30.06.1999 concerning adult education
- 4231/18.08.1999 concerning the adoption of the National Programme for combating the social and professional exclusion of the school drop outs
- 4322/31.08.1999 concerning the integration of the school into the community development environment
- 4780/27.10.1999 concerning the adoption of the National Programme "Second chance education"
- 5171/30.12.1999 concerning the setting up of the County Centre for Continuing Vocational training in Constanta based on school network and local consortia

6. Law no. 1/1991 on the social protection of the unemployed and their professional reinsertion, amended and completed by the Law no.65/1997 and the Law no.126/1998

7. Decision of the Government no.288/1991 regarding the training and retraining of the unemployed

8. Emergency Ordinance of the Government no.35/1997 concerning certain measures meant to stimulate natural and legal persons to hire graduates of educational units, approved by the Law no.162/1997; Decision of the Government no.456/1997 approving the Norms for implementation of the provisions of the Emergency Ordinance no.35/1997;

9. Law no.145/1998 on the establishment, organisation and functioning of the National Agency for Employment and Vocational Training; Decision of the Government no.4/1999 approving the Statute of the National Agency for Employment and Vocational Training;

10. Emergency Ordinance no.98/1999 on the social protection of the persons whose individual labour contracts are to be terminated as a consequence of collective dismissals, amended and completed by the Emergency Ordinance no.185/1999.

11. Decision of the Government no.624/1999 approving the Norms for implementation of the Provisions of the Emergency Ordinance of the Government no.98/1999

12. Law no.132/1999 concerning the setting up, organisation and functioning of the National Council for Adults Vocational Training

13. Norms no. 435/1995 regarding organisation, progress and graduation of the qualification-requalification, specialization courses and other forms for unemployed vocational training.

III. SME

1. ACCOUNTING

- Law no.82/1991 on the accounting system
- Government Ordinance no.75/1999 on the financial audit activity
- Government Urgent Ordinance no.119/1999 on internal audit and preventive financial control

2. BANKING

- Law no.58/1998 on the banking activity, amended by Government Urgent Ordinance no.24/1999
- Law no.101/1998 on the Statute of the National Bank of Romania
- Law no.83/1997 on the privatisation of banking corporations in which the state is shareholder, amended by Government Urgent Ordinance no.88/1997 on the privatisation of companies
- Government Ordinance no.39/1996 on the establishment and operation of Banking Deposits Guarantee Fund, approved and amended by Law no.88/1997
- Government Urgent Ordinance no.51/1998 on certain measures prior to the privatisation of banks
- Government Decision no.387/1999 on the organisation and operation of the Agency for Banking Assets Recovery

3. *BANKRUPTCY*

- Law no.64/1995 on the procedure of judicial reorganisation and bankruptcy (as modified by the Government Urgent Ordinance no.38/1996, Government Urgent Ordinance no.58/1997 and the Law no.99/1999 regarding certain measures for the acceleration of the economic reform)
- Law no.83/1998 on the banking bankruptcy procedure

4. *CAPITAL MARKETS*

- Law no.52/1994 on the securities and stock exchanges
- Government Ordinance no.18/1993 regarding the over-the-counter transactions of securities and organisation of brokerage institutions
- Government Ordinance no.24/1993 on the regulation for the establishment and operation of investment funds and investment trusts as financial intermediary institutions
- Government Decision no.788/1993 for the approval of the Regulation on the public offer for securities sale and the Regulation on the authorisation of brokerage companies and securities agencies

5. *COMPANY LAW*

- Company Law no.31/1990
- Law no.15/1990 on the reorganisation of state-owned enterprises into autonomous administration and commercial companies
- Law no.26/1990 on Register of Commerce
- Decree-Law no.122/1990 on the authorisation and operation in Romania of the representative offices of foreign companies and corporations
- Government Urgent Ordinance no.30/1997 on the reorganisation of autonomous administration
- Law no.99/1999 on certain measures for accelerating the economic reform
- Decree-Law no.54/1990 regarding the organisation and development of economic activities based on free initiative (traders, natural persons, family associations)

6. *COMMERCIAL ARBITRATION*

- Decree-Law no.139/1990
- Civil Procedure Code (art.340-371)
- Law no.105/1992 on the regulation of the private international law relationship

7. *COMPETITION*

- Competition law no.21/1996
- Unfair competition law no.11/1991
- Law on state aid no.143/1999

8. CONCESSION

- Law no.219/1999 on the regime of concessions

9. CONTRACTS

- Civil Code and Commercial Code
- Government Ordinance no.51/1997 on the leasing companies and leasing operations, as approved and amended by Law no.90/1998 as amended by law no.99/1999 (republished in 2000)
- Government Ordinance no.52/1997 on the legal regime of franchising
- Government Urgent Ordinance no.10/1997 on diminishing financial blocking and economic loss (factoring)

10. CUSTOMS

- Law no.141/1997 on Customs Code
- Customs Regulation approved by Government Decision no.626/1997
- Order of the Ministry of Finance no.1090/1998 for the approval of the methodology regarding the exemption from the customs debt warranty

11. FOREIGN INVESTMENT

- Law no. 35/1991 on foreign investment in Romania
- Government Urgent Ordinance no.31/1997 on the regime of foreign investment in Romania
- Government Urgent Ordinance no.92/1997 on the incentive of direct investment
- Government Decision no.94/1998 for the approval of the methodological norms for enforcing Government Urgent Ordinance no. 92/1997
- Law no.241/1998 for the approval of Government Urgent Ordinance no.92/1997
- Government Ordinance no.66/1997 on foreign investment in Romania, achieved by purchase of state bonds as modified and completed by Government Ordinance no.131/1998

12. IMPORT AND EXPORT

- Government decision no.215/1992 on the regime of export and import licenses
- Order of the ministry of Industry and Trade no.13/1998 on the regime of export and import licenses for the goods and subject to license

13. INSURANCE

- Law no.47/1991 on the establishment, organisation and operation of insurance companies
- Law no.136/1995 on insurance and reinsurance in Romania

14. INTELLECTUAL PROPERTY

- Patent law no.64/1991
- Law no.84/1998 on trademarks and geographical indication
- Law no.8/1996 regarding copyrights and related rights
- Law no.129/1992 regarding the protection of industrial models and drawings
- Law no.16/1995 on the protection of integrated circuit designs
- Government Ordinance no.41/1998 on taxation in the field of intellectual property protection and their use
- Laws and Government Ordinances for ratification of some international agreements

15. LABOUR

- The Labour Code
- Law no.168/1999 on the settlement of collective labour conflicts
- Law no.6/1992 on the holiday of the employees, legal leaves and other kind of leaves
- Salary Law no.14/1991

16. PUBLIC PROCUREMENT

- Government Ordinance no.118/1999 on Public Procurement

17. REAL GUARANTEES

- Civil Code
- Commercial Code
- Civil procedure Code
- Law no.99/1999 regarding certain measures for the acceleration of the economic reform

18. SMALL AND MEDIUM ENTERPRISES AND SME AUTHORITY

- Law no.133/1999 on Stimulation of SME's
- Government Decision no.975/1998 for the organisation and functioning of the Agency for Small and Medium Enterprises (with subsequent modification and completion)

19. TAXATION

- Government Ordinance no.70/1994 on the profit tax (with subsequent modification and completion inclusive G.U.O.no.217/1999)
- Government Ordinance no.26/1995 on the dividends tax
- Law no.34/1994 on agricultural income tax (republished)
- Government Urgent Ordinance no.85/1997 on the personal income tax
- Government Ordinance no.24/1996 on the revenue tax of representative offices in Romania of foreign companies and economic entities
- Government Ordinance no.83/1998 on the non – resident individuals and legal person income tax in Romania
- Law no. 27/1994 on the local taxes and duties (republished in M.O.273/1998, modified by

- Government Urgent Ordinance no. 62/1998 and Government Urgent Ordinance no.15/1999)
- Government Ordinance no.3/1992 on the value-added-tax (with subsequent modification and completion inclusive G.U.O.no.215/1999)
- Government urgent Ordinance no.82/1997 on the excise regime and other indirect taxes
- Law no.87/1994 on the prevention of tax evasion
- Law no.141/1997 on the Romanian Customs Code
- Government Ordinance no.15/1996 on the strengthening on financial and currency policy
- Government Ordinance no.34/1995 on delay penalties
- Government Ordinance no.13/1996 on the granting the facilities related to delay penalties
- Law no.105/1997 on the settlement of objections, appeals and claims on the amounts ascertained and applied by control or taxation acts of the Ministry of finance as amended by the Government Ordinance no.13/1999
- Government Ordinance no.70/1997 on the fiscal control
- Order no.1495/1997 of the Minister of Finance
- Order no.1283/1998 on the proceeding and powers to grant payment facilities
- Government Ordinance no. 73/1999 on the global income tax
- Customs taxes: Government Ordinance no.26/1993

OTHER

- Law on public debt no.81/1999
- Law no. 189/1998 on Local Public Finance
- Law no.72/1996 on Public Finance
- Law no.69/1991 on Local Public Administration (with subsequent modification)

IV. Development of Regional and Local Infrastructure

1. Emergency Ordinance No. 157/1999 for ratification the Financing Memorandum on R0 9903 Phare Programme, regarding Facilities for great infrastructure – 4th part, preparation for ISPA
2. Law for Environmental Protection no.137/959 (OJ304/30.12.1995)
3. Financing Agreement for the Implementation of Phare Projects through Implementing Agency between National Fund and the National Agency for Regional Development
4. Law No. 71/1996 for the approval of the Special planning of the National Territory (SPNT) Section I – Transport Infrastructure modified by the Rectification No. 71/1996 and promulgated by Decree No. 271/1996
5. Law No. 171/1997 for the approval of the Special planning of the National Territory (SPNT) Section II – Water, promulgated by Decree No. 567/1997.
6. Government Decision No 577/1997 for the approval of the Programme for pavement of communal roads, energy supply, water supply and telephone connections in rural villages, republished in OJ 294/1999

ANNEX A : Linked Activities

EU/Phare Programme on Active Employment Measures “PAEM” (RO 9209.01)

The PAEM programme supported the Romanian Government in the development and implementation of labour market policy and reform, through the implementation of 66 local projects of active employment measures in 57 localities of Romania. The programme was administrated by FIMAN. The local projects were designed and implemented in partnership within the context of a local development plan and included: information and mediation centres; business incubators; centre for the promotion of agro-tourism; job clubs; public works; vocational training; entrepreneurial development in schools; job placement centres; small business development centres; mobility centres within restructuring enterprises; employment services for disadvantaged categories of unemployed people; temporary labour agencies, etc. 35,000 persons were assisted by information centers, 20,000 unemployed persons were supported by mediation, 1,000 persons participated in entrepreneurial training courses, 1,500 persons attended the job clubs, 10,500 persons were placed in jobs and 3,075 new jobs were created. The total budget of the programme was 10 Meuro. The active employment measures of RICOP will make full use of PAEM experience.

EU/Phare Social Services Development Programme “SESAM” (RO 9209.03 and RO 9305.02)

The programme was managed by the Ministry of Labour and Social Protection. The objective of the SESAM programme (5.5 Meuro) was to support the Romanian authorities in the decentralization and diversification of social services through the promotion of 41 innovatory projects in more than 25 counties of Romania. The projects were developed through partnerships (public authorities – NGOs) and were based on a co-financing principle (50% Phare – 50% local contribution). Phare support was digressive. Target groups comprised families in need, old people, the handicapped, socially excluded long-term unemployed, etc. The types of social services which were financed included meals on wheels, social canteens, day care centres, protected workshops, temporary shelters, home aid support, juridical and medical assistance. The social response measures of RICOP will build upon the valuable experience of the SESAM Programme.

EU/Phare LIEN Programme

The Phare multi-country LIEN Programme is designed to support institution building and promote initiatives of non-governmental organizations in the field of social actions designed to protect the disadvantaged categories of the population (women, children, old people, roma, handicapped people, the unemployed, etc.)

Projects are submitted by NGOs and are based on a co-financing principle. Romania has been an active participant in the Lien Programme since 1993.

EU/Phare Programme on Vocational Education and Training “VET” (RO 9405)

The objective of the VET programme (25 Meuro) , administered by the Ministry of National Education, was to support the Ramanian Government to better prepare students for work in a market economy by modernizing the curricula and the methods used in vocational schools and through adapting the system to the best European practice. More specifically, the programme assisted the reform of the VET system through policy changes and the introduction of practical measures in a nationally-spread and forward-oriented group of pilot and demonstration schools which pioneered change throughout the system. The programme resulted in 75 modern VET schools, new programmes for in-service teacher training, reformed curricula, assessment and certification methods, modern learning and teaching materials. VET partnerships developed at a local level and represented a revised VET policy for the future.

Community Programme Leonardo da Vinci

This Community Programme, opened up to Romania in 1997, and aims to : promote transnational co-operation and partnerships between training establishments and industry in the field of vocational training; improve employability of workers, especially of those disadvantaged the labour market, through vocational training, career counseling and lifelong learning; promote language skills, dissemination of information, open and distance learning; ease these transition of young people to working life, etc. Romania participated successfully in the last three calls for proposal organized within the framework of the Leonardo Programme.

EU/Phare Energy Programme (RO 9504)

The programme, managed by the Ministry of Industry and Trade, has financed a project of active response measures (850 KEuro) to cope with the distress caused by the restructuring of coal mining industry and massive redundancies in Gorj county and Jiu Valley. Following competitive procedure, around 20 grants (20.000-80.000 Euro) were provided to local enterprises for job creating projects in the two regions. It is estimated that 800 new jobs will be created. The implementation will last one year and finish by December 1999. The Energy programme has also financed regional development studies for both areas mentioned above, and may inspire the overall trend of the future development of the regions as well as government and other donors' support. The finance component of RICOP may usefully use the model of implementation arrangements of the Energy programme.

Catch-up Mining Fund Programme (MARR)

Given the size of the problem and the high absorption capacity of funds in the Energy Programme (detailed above) the Commission has approved in the 1998 a further allocation of 10 Meuro from the 'Catch-up Facility' for the establishment of a Fund designed to further alleviate the social costs of coal mining restructuring in Gorj county and Jiu Valley. 6 Meuro of the total allocation will finance local partnership projects for active employment measures, small infrastructure, environment protection, social investment, welfare services, vocational education and training, community projects, public work, etc. The remainder of 4 Meuro will be used for the provision of credits to local SMEs. Implementation will last until December 2001.

EU/Phare SMEs Support (1992, 1994, 1997 Phare allocations)

The first phase of Phare support to the SME sector in Romania commenced in 1993 with an allocation of 10 Meuro. It consisted of four main inter-related components:

1. Support to the establishment of the SME agency (CRIMM) and five locally-based SME development centers. Technical assistance and seed finance has been provided to the centres, established as locally-based foundations, with members ranging from the local administration to chambers of commerce and private entrepreneurs. Each center provides basic advice and information to entrepreneurs and acts as a focal point for SME development in the area. The centres are self-sustainable. All five centres commenced operation in April 1994.

2. Development of a favorable atmosphere for SMEs. There has been a programme of support to SME associations in developing their structures. This programme has moved relatively slowly due to the fragmentary nature of the associations and the need to clarify which bodies were truly representative and had identified projects for support. Reform of the education system is also important, a project has been supported to introduce entrepreneurship into the way in which subjects are taught in secondary schools. Support for policy making has taken the form of support for the establishment of an Office of Advocacy which produced a White Paper, in July 1995, outlining the main obstacles existing at the different levels, to the development of the SMEs sector in Romania. Support to international business relations development has been provided through a special grant scheme developed in order to allow all business advisory centers to become promoters of local economic development initiatives.

3. Setting up of pilot Business Innovation Centers (BICs). The basic objective of this project was to stimulate entrepreneurship and encourage the introduction of innovative processes into existing SMEs with growth potential and which can directly contribute to economic development and job creation. Four Business Innovation Centres (BICs), using EU models, have been established since September 1995. Phare provided technical assistance for the setting up of the centres, accommodation and capital for incubated companies, and seed money for the start-up and supply of the equipment. Funding was digressive, BICs were able to be self sustainable in the third year of operation.

4. Setting up of a 3,4 Meuro grants scheme for SMEs. A conditional micro-grant scheme for assisting SMEs to purchase equipment and other assets directly related to their activity has been operational since December 1993. The maximum individual grant which could be given to an enterprise was 50,000 Euro. Beneficiaries were registered private enterprises with up to 50 employees maximum capital of 0,5 Meuro and turnover of 1 Meuro. Applications for obtaining a conditional grant, supported by adequate documentation proving the reliability of the applicant company, were submitted to one of the Business Advisory Centres, which assisted the company in developing a business plan. After appraisal of the projects, the grant decision was taken by a Steering Committee,

composed of members of financial institutions and the CRIMM Foundation. The recipient SME contributed at least 50% of the total cost of the machinery procured. Around 240 enterprises have received financial assistance since early 1996 and around 2400 new jobs have been created.

The second phase supported SMEs and regional development in an integrated manner, given that experience in both EU and CEECs shows the strong interdependence between the two sectors. The programme had different components, support for regional policy analysis and development of SMEs policy; information, training, and support to advisory centres activities, to raise awareness and skills of SME and local development initiatives; allocation of resources for the establishment of a Local Development Initiatives Fund (FIDEL) and SME financial pilot schemes.

At the *local level*, the objective was to provide financial services to the business community, advisory centres and local development actors. A Resource Centre to support local development and SMEs was established in order to improve circulation and exchange of experience. More than 40 training courses were delivered to the main target groups covering issues related to local/regional development and project management, followed by courses in consultancy skills for the 84 SME development centres and business incubators set up by various donors in Romania. In addition, 6 Meuro was earmarked for a pilot credit scheme to improve SMEs access to commercial finance and encourage banks to provide loans to SMEs.

The FIDEL project provided small grants to support local development initiatives in particular to strengthen basic and promising structures (existing and new support institutions, start-up of production oriented services) of the emerging SME sector. The programme was based on the concept of local partnership. Applicants were local consortia comprising typically, local authorities, prefecture, SME associations, Chamber of Commerce, trade unions, universities, etc. The three calls for proposal resulted in the submission of about 450 project proposal and the selection of 64 projects for financing. The contracts were signed in December 1997 the implementation completed in December 1998. Typical projects included: support for SMEs expansion; setting-up of new support service centres for SMEs; development of services in the field of agriculture, agro-industry, quality control, technological transfer and export promotion activities. The finance component of RICOP will benefit from the experience of FIDEL.

At the *national level*, the programme provided training and technical assistance to the National Agency for Privatization. The aim was to assist the Romanian authorities to create an enabling environment (fiscal incentives, financial instruments, etc) for the development of the SMEs sector. A separate objective aimed at enhancing the dialogue and the debate between the Government and the private sector on how to promote SMEs development.

The third phase of the Phare support (5,75 Meuro) for SMEs commenced in 1997. It will provide investment credits to enterprises through commercial banks, which in turn will strengthen banking services for SMEs. Banks were selected and the implementation of the programme is expected to start soon.

EU/Phare Human Resources Development Programme (RO 9701.01)

The objective of this programme, supervised by the Development for European Integration and steered by an interministerial Task Force, is twofold: to support Romanian enterprises in upgrading the managerial and technical skills of their staff, thus strengthening their competitiveness in the market; and to improve the enterprise training industry in Romania. The programme also aims to develop recommendations for policy makers in stimulating enterprises to invest in the development of their human resources. The successful applicants will receive grants on a co-financing basis. The implementation of the programme, with a budget of 3 Meuro, will last until end 2000.

EU/Phare Regional Policy and Cohesion Programme (RO 9807.01)

The objective of the programme is to support the establishment of a comprehensive framework for regional development, incorporating policy, and legislation instruments, together with the administrative capacity to manage ISPA, SAPARD and Phare in an Objective 1 context. The programme has a budget of 33 Meuro to support actions related to industrial restructuring of areas blighted by the decline of traditional industries, including: human resource development to support integrated development of designated regions, project

preparation for ISPA, environment and transport infrastructure, rural development, technical assistance, etc. The main supervisory role of programme implementation belongs to the National Agency for Regional Development. To co-ordinate and consider issues related to actions falling under all components of the programme, a Monitoring Committee composed of relevant Romanian authorities and Commission's services was established. The programme implementation will last until December 2001.

Under Phare RO98.07.01 - ISPA Preparation Facilities assistance provided for physical infrastructure is for the following components:

- Environmental measures enabling Romania to comply with the requirements of Community environmental law with the objectives of the Accession Partnership;
- Transport infrastructure measures which promote sustainable mobility and in particular those that constitute projects of common interest based on the criteria of Council Decision 1692/1996 and those that enable the beneficiary countries to comply with the objectives of the Accession Partnerships; this includes interconnection and inter-operability of national networks as well as with the Trans- European networks together with access to such networks.

For the above-mentioned measures, through Phare 1998 are going to be implemented the following technical assistance projects:

- TA to the ISPA co-ordination unit within the Ministry of Transport;
- TA for Ministry of Transport for ISPA-Roads Projects - Motorway By-Passes Feasibility Study and Design;
- TA for Ministry of Transport for ISPA - Roads Projects - Review of Feasibility Study and Preparation of Detailed Design for the project " Bucharest- Giurgiu Expressway";
- TA for Ministry of Transport for ISPA - Railway Projects, Preparation of detailed for the project " Rehabilitation of the Railway line Bucharest, section Baneasa-Fundulea";
- TA for the ISPA co-ordination unit within the Ministry of Environment;
- Rehabilitation and Modernization of the Water Supply and Sewerage Systems for Area of Cluj;
- Upgrading the Water and wastewater System in Iasi in order to comply with International Standards for Water Quality and Environmental Protection;
- Rehabilitation of Wastewater Treatment Technology Drinking Water Supply and Sewerage Improvement for the population of Timisoara City;
- TA for the National Co-ordination of ISPA projects;

For business infrastructure under Regional Policy and Cohesion Programme - Industrial Restructuring and Human Resources Component was identified and in course of assessment a number of projects, in each of 4 target regions, aimed on services related to business and networks of specific information and communication issues.

The projects under Development of Regional and Local infrastructure must be connected with the projects under the other two components of Regional Development programme Phare 2000, Regional SMEs Development Support and Twinning on regional planning and programme development. This approach can permit a better concentration of funds on the projects with great potential of development and great estimated regional impact avoiding the spreading of funds on too particularly needs. This approach must be a priority in the identification of the regional development projects being a very good exercise preparing the RDAs for the management of the European Regional Development Fund.

EU/Phare Disaster Damage Reconstruction Programme

The programme has assisted the Romanian Government in coping with the damage caused by the floods, which occurred in 1997 and 1998. It has been supervised by the Ministry of Finance and implemented by Municipalities. The implementation mechanisms allowed a very rapid disbursement rate, while assessment to date indicates a positive impact on beneficiary regions. The public works component of RICOP will build upon this positive experience.

EU/Phare Enterprise Restructuring and Employment Conversion Programme (RICOP) – RO9904 - starting with 2000 has the overall objective to assist the Government in moving towards fulfilling EU membership

criteria in the area of economic policy.

The immediate objectives are:

- To assist the government to implement policies and actions to restructure, privatise or close loss making enterprises;
- To alleviate the consequence of enterprise closure through a strengthened social safety net and through the promotion of employment initiatives;
- To encourage economic activity leading to sustainable employment creation through assistance to Small and Medium Enterprises and micro businesses.

There are five main components to the programme: Redundancy intervention, Public works, Employment promotion initiatives, Small business finance and Social response measures. Taken together they represent an integrated approach to enterprise restructuring and employment conversion.

Other Donors' Support:

World Bank Redeployment Programme

The programme, launched in 1997, is managed by the National Agency for employment and Training and is co-financed by the World Bank with a loan of 10 million USD. It is specially targeted to regions where massive redundancies take place. The programme supports pre and post lay-offs measures, for instance: outplacement services, business incubators, public works, vocational training, information and mediation activities, etc. The programme design has been built on the successful experience of the EU/Phare PAEM programme and will last until the end of 1999.

Social Development Fund

The project aims to contribute to poverty alleviation and to community-driven development through:

- a) improving the livelihood of project beneficiaries in poor rural communities and disadvantaged groups; and
- b) increasing the local level organizational and self-help capacity.

It will support small scale local infrastructure, community-based social services, income generating activities and development of employment opportunities. It is estimated that 1,200 local projects, developed in partnership and co-financed by local contributions, will be supported and around 600,000 persons will benefit. The Social Development Fund is co-financed by the World Bank with a loan of 20 million USD, with matching Romanian Government funds totaling 5 million USD. The project is under preparatory phase.

Micro credit schemes financed by the World Bank, USAID, Soros Foundation, Swiss Cooperation

SME Credit Schemes financed by bilateral and multilateral institutions

Annex B

Regional Infrastructure Projects

Project Description Main Activities	Direct beneficiary	Total Cost	Effective Phare Contribution (MEuro)
North-Eastern Development Region			
1.Connection between Vaslui city and area and North South Pan-European Networks -Consolidation of the road -Construct platform -Bridge rehabilitation and strengthening -road signalisation - Falcu - Cantemir (Moldova) electric transmission line (cross border co-operation project)	Local authority Ministry of transport	9	3
2.The University Innovation Center and Business Infrastructure Development Park for SMEs and Private Investor- Iasi (5ha). -building or modernisation of existing production halls, industrial buildings, RD labs -production facilities : public infrastructure related to the industrial park :water supply, energy, access roads	Local authority University of Iasi	6	3.5
3.The Business Infrastructure Development Park for SMEs and Private Investors in Bacau 6ha -building of production halls -production facilities (water supply, energy, access roads) -offices for technical, economical, juridical management	Local authority	8	4.5
4. Rehabilitation of industrial area SIRET (Suceava County) -Modernisation of the public facilities related to the industrial area (water, energy, gas and heating network) - modernisation and extension of the roads; - improvement of the quality of water; - modernisation of the road network and improvement of traffic on European road E85, in order to permit better communication between Ukraine and the south of Europe ; Feasibility studies and market studies are already realised.	Local authority	6.5	3
5. Rehabilitation of industrial area Burdujeni from SUCEAVA (Suceava County) -Modernisation of the public facilities related to the industrial area (water, energy, gas and heating network) - rehabilitation of the access road to the industrial area; - modernisation of the public services and utilities; - modernisation of the road network and improvement of traffic on European road E85, in order to permit better communication between Ukraine and the south of Europe ; Feasibility studies and market studies are already realised.	Local authority	6	3.5

6.Rehabilitation of industrial area RADAUTI (Suceava County) -Modernisation of the public facilities related to the industrial area (water, energy, gas and heating network) - rehabilitation of the infrastructure of the County Radauti; - decrease of the production costs, transport, access at new services and new markets in order to permit development of the competitiveness of the enterprises by the development of the Radauti county partnerships within Euro-region „Prutul de sus” including the reconstruction of the Radauti-Lipcani bridge (cross border co-operation project) - modernisation and extension of the road network, in order to permit the access to the commercial and public enterprises Feasibility studies and market studies are already realised; the field is own by the local council of Radauti	Local Authority	5.5	2.5
7. Modernisation and development of tourism infrastructure in Piatra-Nemt county - improvement of the tourist potential of Piatra Neamt county - improvement of leisure infrastructure in order to respond to the quality required standards; - development of communication networks, and tourist circuits; - development of a environmental survey system; Feasibility studies are in preparation	Local Authority	8	4
7 projects	TOTAL per region	49	24
South-Eastern Development Region			
1.Rehabilitation of the National Road DN2B (E87) Galati – Giurgiulesti, length 12 km (linkage between South-East Region and European road transportation corridor IX and IV) -upgrading of the roads to EU standards	Local authority Ministry of Transport	4.5	4
2. Improvement of the Traffic on the Route DN 24 (E581) Section km 17+400 – 23+400-Tecuci City -road platform (carriage way, shoulder)	Local authority Ministry of Transport	4.9	3
3. Industrial Park-Braila 6ha -buildings (logistic centre, RD workshops, production incubators and storage facilities) -access roads -green area -promotion The management of the park will be subject to a call for proposal organised by the Braila free zone The management will be ensured by non profit organisation in partnership with the Braila free zone. The whole activity of the Park will be commit under the privilege of the free zone region in compliance with the legislation in force.	Braila Free zone	10.65	5

4. Ecological restoration in the Danube Delta (Rosu-Puiu-Caraorman complex) - to restore the fishery potential; - to improve the water quality and hydrology - to increase the tourist value and the economic situation	Danube Delta Biosphere Reserve Authority Ministry of Environment Local Authority	3.2	2.5
4 projects	<i>TOTAL per region</i>	23.25	14.5
South-Muntenia Development Region			
<i>Stimulation of economic activity of Calarasi city through</i> 1. environment rehabilitation of industrial area -industrial area: modernisation /rehabilitation of buildings and production areas -public facilities related to the industrial area (water, energy, heating) -access roads 2. improvement the access to the IV Pan-European Corridor (Calarasi – Slobozia DN21 road). -rehabilitation of the road	Local authority Ministry of Transport	3.8	3
3.The Infrastructure Modernization aimed to value and maintain the Amara Lake's Therapeutic Qualities with Environmental Rehabilitation Rehabilitation /modernisation of public infrastructure and public facilities -water sewage, natural gas, thermal central system -lake protection (rain channel network) -access roads -park rehabilitation	Local authority	3.8	3
4.Environmental Rehabilitation and Establishment of Tandarei Industrial Park Infrastructure -rehabilitation of access road -public facilities related to the industrial Park (gas, water, electricity)	Local authority	3.3	2.5

<p>5.Complex tourist arrangements on the route Valea Cerbului- Bucegi Mountains and rehabilitation of the tourism area</p> <p>Rehabilitation of public infrastructure and facilities</p> <ul style="list-style-type: none"> -cable transport -access roads -protecting walls -ski facilities and ski slope <p>(ski facilities and ski slopes will remain the ownership of the public authority 5 years at least after the date of public If privatisation occurs before 5 years, formal agreement on the privatisation conditions will be given by the Commission (Delegation)</p>	Local authority	11.1	5
<p>6.Modernisation of Bucegi mountain roads</p> <ul style="list-style-type: none"> -rehabilitation of 23 kms of existing roads -construction of 14 kms of new roads 	Ministry of Transport	5.5	4.5
<p>7. Ecological and economical rehabilitation of the Telejean River Basis</p> <p>The project will elaborate a River Basin Integrated Management system, to be used as blueprint for similar initiatives. In addition, small scale wastewater treatment plants will be placed , using whenever possible, compact and innovative solutions.</p> <ul style="list-style-type: none"> - to improve the environment status and support the sustainable development; - develop procedures for bio-monitoring self monitoring self monitoring and independent monitoring of the river water - make operational a system to manage the information in an integrated manner, interweaving environmental data with economic data - elaborate a Master Plan to further serve as support tool for both local and ISPA granted investment projects; the Master plan will also include plans for small industrial park along the basin as well as opportunities for agri-business and eco-business (in the spirit of SAPARD) - identify ways and places to improve the environmental facilities (wastewater treatment plant, drinking water plant) - build and make operational 10 small wastewater treatment plants along with their sewage systems. 	Local Authority	4.6	3
7 projects	TOTAL per region	32.1	21
North-Western Development Region			
<p>1.Southern Industrial Parc- Satu Mare</p> <p>58.5 ha</p> <ul style="list-style-type: none"> -industrial park (18.5ha); building, institutional and administrative centre -access roads 	Local authority	3.09	2

public facilities (water, gas, transformer station) -The management of the park will be subject to a call for proposal organised by the local authority The management will be ensured by non profit organisation in partnership with the Local authority			
2.Development of the Western Cluj Economic Area through an appropriate business infrastructure network -access road -public facilities related to the industrial zone(natural gas, water supply)	Local authority	8.5	5
3.Environment rehabilitation and development of Jibou Industrial Parc and business infrastructure– Salaj County - field preparation and building - access roads - development of the facilities related to the Industrial park (natural gas, thermal and water network, cleaning stations) The management of the park will be subject to a call for proposal organised by the local authority. The management will be ensured by non-profit organisation in partnership with local authority	Local authority	8.5	5
4. Stimulation of the economic development in North-West Region and co-operation with Hungary and Ukraine by transport infrastructure support Construction of a ferro-concrete bridge over the Tisa river and contact road Romania –Ukraine (Sighetu-Marmatiei, Maramures county) - rehabilitation and development of physic infrastructure; - improvement the support for unpolluted and high technology ; - development of communication and services networks. Feasibility study is under preparation	Local Authority	14,5	5
5. Business center “Milenium III”, Baia Mare, Maramures county - creation the business environment for stimulate the economic development; - develop partnership and economic collaboration between Romania – Ukraine – Hungary; - establishment of new joint firms especially in less-favored areas; The feasibility study is under preparation	Local Authority	13,5	5
5 projects	TOTAL per region	48.09	22
	TOTAL per country	152.44	81.5