

## FINANCING MEMORANDUM

The European Commission, hereinafter referred to as "THE COMMISSION", acting for and on behalf of the European Community, hereinafter referred to as "THE COMMUNITY"

on the one part, and

The Government of Romania, hereinafter referred to as "THE RECIPIENT"

on the other part,

HAVE AGREED AS FOLLOWS:

The measure referred to in Article 1 below shall be executed and financed out of the budget resources of THE COMMUNITY in accordance with the provisions set out in this Memorandum. The technical, legal, and administrative framework within which the measure referred to in Article 1 below shall be implemented is set out in the General Conditions annexed to the Framework Agreement of 12 March 1991 between THE COMMISSION and THE RECIPIENT, and supplemented by the terms of this Memorandum and the Special Provisions annexed hereto.

### ARTICLE 1 - NATURE AND SUBJECT

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

Programme number:                    **2003/005-551.01 to 551.06**

Title:                                    **2003 Phare National Programme for Romania.**

Duration:                            **Until 30 November 2005**

### ARTICLE 2 - COMMITMENT OF THE COMMUNITY

The financial contribution of THE COMMUNITY is fixed at a maximum of **€265.5M** hereinafter referred to as "THE EC GRANT".

### ARTICLE 3 - DURATION AND EXPIRY

For the present MEASURE, THE EC GRANT is hereby available for contracting until **30 November 2005** subject to the provisions of this Memorandum. All contracts must be signed by this date. Any balance of funds of the EC GRANT, which have not been contracted by this date shall be cancelled. The deadline for execution of contracts of THE EC GRANT is **30 November 2006** with the exception of the projects 2003/005-551.04.03 and 2003/005-551.05.03 where the deadline for execution of contracts is **30 November 2007**. Execution of all contracts must end by the deadline for execution of contracts. THE COMMISSION may however, in exceptional circumstances, agree to an appropriate extension of the contracting period or of the contract execution period, should this be requested in due time and properly justified by THE RECIPIENT. This Memorandum shall expire at the expiry date for

the execution of contracts of the EC GRANT. All the funds which have not been disbursed shall be returned to the Commission.

ARTICLE 4 - ADDRESSES

Correspondence relating to the execution of THE MEASURE, stating THE MEASURE'S number and title, shall be addressed to the following:

**for THE RECIPIENT:**

Mr. Alexandru Fărcaș  
Minister of European Integration  
Government of Romania  
St. Apolodor 17  
Iatru Nord, sector 5  
Bucharest  
Romania  
Fax: 00 40 1 336 85 09

**for the COMMUNITY:**

Mr. Jonathan Scheele  
Head of Delegation of the  
European Commission in Bucharest  
St. Jules Michelet 18-20  
010463 Bucharest  
Romania  
Fax: 00 40 1 212 88 08

ARTICLE 5 - NUMBER OF ORIGINALS

This Memorandum is drawn up in duplicate in the English language.

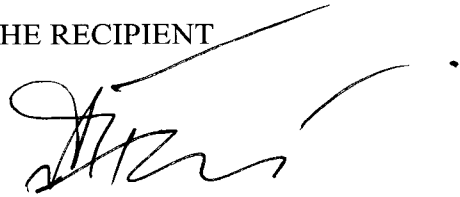
ARTICLE 6 - ENTRY INTO FORCE

This Memorandum shall enter into force on the date on which it has been signed by both parties. No expenditure incurred before this date is eligible for the EC GRANT.

The Annexes shall be deemed an integral part of this Memorandum.

Done at Bucharest  
Date *2 December 2003*

for THE RECIPIENT



Mr. Alexandru Fărcaș  
Minister of European Integration  
National Aid Co-ordinator

Done at Bucharest  
Date *2 December 2003*

for THE COMMUNITY



Mr. Jonathan Scheele  
Head of Delegation of the  
European Commission in Romania

Encl.

1. Framework Agreement (incl. Annexes A & B)
2. Special Provisions (Annex C)
3. Visibility/Publicity (Annex D)
4. Budget overall allocations (Annex E)

2. Special Provisions (Annex C)
3. Visibility/Publicity (Annex D)

## 1. OBJECTIVES AND DESCRIPTION

### **SUB-PROGRAMME 1 – 2003/005-551.01 (Total: €34.90 M)**

#### **POLITICAL CRITERIA**

This sub-programme includes 5 projects:

#### **PHARE/2003/005-551.01.01 Developing and diversification of child protection activities (Continued support for Children first) (€11.50 M)**

As a continuation of the activities initiated under Phare 1999 and continued through Phare 2001 and Phare 2002, Phare 2003 will continue to support the “Children First” programme of the Romanian Government. The programme assists local authorities in their efforts to de-institutionalise children by closing large old-style residential care institutions, while developing a range of diversified child protection services. Since 1999 70 institutions have been closed with Phare support. The Phare 2003 project is expected to support the closure of a further 30 institutions.

Projects prepared by the counties’ Departments for Child Protection and proposed by county councils will be selected for support under Phare 2003 on the basis of criteria derived from the national child protection strategy adopted by the National Authority for Child Protection and Adoption (NACPA). Partnerships involving municipal/commune-level authorities and non-governmental organisations may be supported. The main objective of the grant scheme will be the closure of large “old-style” institutions and the development and implementation of modern integrated child protection services, such as family type homes, day care centres, recuperation centres, foster care networks and maternal centres. Priority will be given to projects that will support the closure of institutions for children up to the age of three, of homes for handicapped children (camin spital) and of any other large “old style” institution with more than 100 children.

As with the previous years’ programmes, Phare 2003 funding for county council projects will be provided in the context of county-level strategies for development of child protection services. The proposed activities will have to be sustained by the provision of funding from county budgets to cover operating costs for the services being developed. It is the responsibility of the national authorities, in particular the NACPA and the Ministry of Finance, to ensure that an effective compensatory mechanism is established to ensure that local authorities in a relatively weak financial situation are able to meet the costs of sustaining the services developed through “Children First”. Phare support will also cover the continuing costs of technical assistance to the authorities at national level for the assessment of project proposals from local authorities, and to monitor the implementation of the local projects. The Technical Assistance will also provide training aimed at improving the quality of project proposals submitted by local authorities. This assistance aims at supporting in particular those among the local authorities, which have not benefited from previous Phare assistance where large numbers of children remain in old-style institutions.

The continued support for “Children First” under Phare 2002 depends on the continued commitment of the Government of Romania to the policy of prevention of

child abandonment and the implementation of the reforms leading to closure of large old-style residential care institutions by developing a range of diversified child protection services.

The NACPA is the Implementing Authority for this programme. The CFCU is the Implementing Agency responsible under the Phare Decentralised Implementation System. As with the previous Phare programmes, the grants component of this programme will be implemented on the basis of grant agreements between the CFCU and local authorities.

**Conditionality:** After completion of contracting under the Phare 2002 grant scheme and before launching the 2003 call for proposal, the National Authority for Child Protection and Adoption will provide to the Commission an overview of the remaining large old style institutions still open whose closure would trigger Phare support under the project. At that stage the project budget will be re-assessed on the basis of the identified needs. Funds in excess of the needs will be re-allocated to other performing projects.

**PHARE/2003/005-551.01.02 Access to education for disadvantaged groups  
(€9.00 M)**

The overall objective of the project is to prevent and fight marginalisation and social exclusion and foster a mechanism for improving access to education for disadvantaged groups as well as the quality of the education they receive. The project focuses in particular on the situation of the Roma minority.

The project aims at creating a mechanism to increase school participation of children from disadvantaged groups (with particular attention to Roma children) in the mainstream education and improve their school performance by:

- improving the conditions of pre-school education of disadvantaged groups;
- improve success rates of children from disadvantaged groups succeed in compulsory education (prevention of dropout);
- stimulate the enrolment in second chance programmes at the primary and secondary level.

The current project is an organic continuation of 2001 assistance and will allow the extension of Phare support to new areas. This is the more important as since 2002 the Romania has initiated a policy of inclusive education and gradual closure of special schools.

Support will take the form of technical assistance at national level, and grants to local authorities.

The technical assistance will support development of the needed methodologies and curricula, will strengthen teachers, Roma mediators and inspectors training, and will reinforce the co-operation between the schools and the Roma community. It will also support the preparation, implementation and management of the grant scheme for local projects.

Grant financing will be provided to projects proposed by county schools inspectorates and schools in partnership with local authorities and representatives of the Roma community. The grants will support the implementation of innovative local projects in line with national policies on enhancing Roma access to education in the context of the Government inclusive education policy framework. The proposals are expected to include projects covering all three aspects indicated above in approximately equal proportions. Criteria will be set ensuring that the selected projects will adequately target the Roma population.

The Implementing Authority for the project is the Ministry of Education, Research and Youth, Directorate for Pre-university Education, in co-ordination with the General Secretariat of the Government (Office for Roma Population Issues). The National Office for Roma will be involved in the Project Steering Committee at national level and the County Offices for Roma will be involved in the Steering Committees at County level. The CFCU is the Implementing Agency responsible under the Phare Decentralised Implementation System. The grants component of this programme will be implemented on the basis of grant agreements between the CFCU and local authorities.

**PHARE/2003/005-551.01.03 Institutional building in the field of anti-discrimination (€0.90 M)**

In 2001 Romania has set the National Council to Combat Discrimination. The Council, established in response to the EU anti-discrimination directives is responsible for identifying and sanctioning cases of discrimination. The project aims at strengthening the capacity of action of the Council in the fields of prevention and sanctioning of discrimination.

The project will be implemented through a twinning arrangement. In this context the selected partner organisation from the EU Member State will assist the Council in reviewing and improving its organisational arrangements, training its personnel, screening existing legislation to detect discriminatory provisions and developing awareness in this field among the relevant actors.

Limited investment funding is foreseen to equip the Council and establish a documentation centre.

The Implementing Authority for the project will be the National Council for Combating Discrimination. The CFCU is the Implementing Agency responsible under the Phare Decentralised Implementation System.

**PHARE/2003/005-551.01.04 Support to the reform of the system of the protection of the persons with disabilities (€7.50 M)**

The overall objective of the project is to assist Romania in the implementation of the National Strategy for special protection and social integration of the persons with disabilities.

The project will have a Grant scheme and Institution Building Component.

The Grant scheme will support projects proposed by selected County Councils and the relevant Social Assistance Public Services (SAPS). It will be a part of an inter-linked series of activities aimed at supporting the efforts of the National Authority for

the Persons with Handicap (NAPH) to reform the system of protection of the persons with handicap. Community-based services promoted through the Phare 2003 Program will provide support, counselling, and education to families of the persons with handicap, especially families at-risk and in need. This will help raise self-awareness and contribute to poverty alleviation. Mechanisms to prevent abandonment and promote de-institutionalisation of the persons with handicap promoted through the Phare 2003 Programme will contribute to maintaining/reintegrating the persons with handicap into the social structure of the community. This will help them to become productive members of society in the future, contributing both to poverty alleviation and human capital development.

The grants will support projects aimed at prevention of abandonment, prevention of institutionalisation and de-institutionalisation of disabled, improvement of quality of residential care, establishment of alternative community-based services.

The Institution Building component of the programme will cover the Technical assistance services needed to support the management of the Grant scheme. It will also finance a public awareness campaign aimed at promoting acceptance of people with disabilities and fighting discrimination against them.

The implementing authority for the project will be the National Authority for the persons with Handicap. The CFCU is the Implementing Agency responsible under the Phare Decentralised Implementation System. The grants component of this programme will be implemented on the basis of grant agreements between the CFCU and local authorities.

#### **PHARE/2003/005-551.01.05 Strengthening Civil Society in Romania (€6.00 M)**

Phare assistance to Civil Society development under the 2003 programme aims at improving the capacity and the credibility of the sector in order to better serve community needs and interests. Phare will support NGO projects relevant to the implementation of the acquis and to certain social needs and projects in the field of democracy, human rights and rule of law.

The objectives will be attained through:

- I. Enhancing the credibility and strengthen the institutional and operational capacity of the sector in direct relation with both large public and decision-makers at the level of local and central administration.
- II. Developing and strengthening of the network of Citizens Advice Bureaux (CABs) and increase efficiency of the services provided by CABs.
- III. Strengthening and promoting the role of NGOs in the adoption and implementation of the acquis communautaire in the fields of labour and social dialogue, consumer protection, environment and socio-economic development.
- IV. Enabling the NGOs and professional associations to play an important role in maintaining and supporting the democracy, rule of law, human rights and minorities protection, independence of justice, and fighting against corruption.
- V. Developing the capacities of NGOs to answer the needs and promote the interests of the marginalised individuals and groups of population and to

prepare and advocate for adequate social policies or improvement of existing ones, involving a wide range of social partners

The project will be implemented through open call for proposals for eligible NGOs. Direct agreements are envisaged under component I to support the self-regulation mechanism of the sector set up under previous programmes and under Component II for supporting the National Association of Citizen Advice Bureaux.

All components of the present programme will be managed by the Romanian Civil Society Development Foundation (CSDF). CSDF will not be an eligible beneficiary of the programme, other than through payments of these administrative and auditing costs. CSDF will develop the overall strategies for programme implementation, prepare detailed criteria (subject to the approval of the Commission and the National Aid Co-ordinator) for project selection, manage and evaluate the calls for proposals, and prepare draft contracts between the CFCU with the project beneficiaries. CSDF will also monitor the implementation of all grants under the programme and report on the technical implementation of the programme to the National Aid Co-ordinator, the CFCU and the European Commission

CSDF will further develop its competence in the transparent management of grant schemes and the operational and financial monitoring of projects, will ensure cost-effectiveness in the management of the programme, and will take particular care to avoid any conflicts of interest or partiality in the project selection procedures. CSDF will operate under the joint supervision of the National Aid Co-ordinator and the Commission, who will jointly approve the strategies for implementation, the project selection criteria, and the results of the evaluation of the calls for proposals.

The Ministry of European Integration, in its capacity of national Aid Co-ordinator will be the Implementing Authority. The CFCU will be the implementing agency and in that capacity will enter into contracts with beneficiaries on the basis of the calls for proposals managed by CSDF.

## **SUB-PROGRAMME 2 – 2003/005-551.02 (Total: €11.40 M)**

### **ECONOMIC CRITERIA**

This sub-programme includes three projects:

#### **PHARE/2003/005-551.02.01 Implementation of the Cadastre and real property rights registration system in Romania (€5.60 M)**

The project aims at assisting Romania in completing the development and implementation of a secure, unitary, integrated and cost efficient system of cadastre and real property rights registration to foster a well functioning land market and to support the general strategy of Romania in preparation for EU-accession.

Current support is organically connected with earlier Phare assistance (1992-98) and designed in close co-ordination with the ongoing World Bank "General Cadastre and Registration Project" aimed at supporting the establishment of a functioning cadastral system in selected areas of Romania. Phare will cover geographical areas not covered under the World Bank project and support the completion of selected activities initiated in that context.

The project will have three main components: Institution building, mass registration and systematic registration, developing user services

### **Component 1**

Under this component the following results will be achieved through a twinning arrangement:

1. Management, planning, quality assurance and monitoring systems developed and functioning with monthly updates including all offices of partner institutions;
2. Joint management structures strengthened at national and local levels between the partner institutions;
3. Training programmes and courses designed and prepared for countrywide capacity building; training of managers, trainers and specialists, study visits conducted;
4. Harmonised, simplified and standardised procedures and standards; including standardisation of definitions and formats of identifiers and key data for all types of real properties and entities;
5. Proposed amendments of legal framework required for harmonisation and for systematic registration and dispute resolution;
6. Analysis of user requirements and significant improvements in delivery of services;
7. Proposed strategies and action plans to optimise the services of partner institutions to major user groups;
8. Inventory of relevant data in other registers/ other organisations - Proposals on principles of data exchange, pricing of services, and formal agreements with co-operation partners;
9. Proposals for use of cadastre and real property rights data for property valuation and taxation;
10. Proposals on role of cadastre and real property rights data in building the IACS-LPIS.
11. Economic analysis of the cadastre and land registration sector;

### **Component 2**

Under this component the following results will be achieved through technical assistance and design of the IT system:

1. Updated design and specification of national IT-system (based on experience with sites in operations financed by World Bank Project);
2. Integrated production planning and monitoring system in place with monthly updating of operational plans and reports;



3. Proposed strategies, and methods for digital conversion and migration of key data of Land Book offices;
4. Proposed strategies, and methods for conversion of old Land Books to Law 7, and for systematic registration in general;
5. Public campaign methodology and material prepared; campaigns conducted in support of the mass registration activities;

### **Component 3**

Under this component the following results will be achieved through Phare contracts of technical assistance and procurement and under 2 contracts financed by the government:

1. Cadastral and Land Book offices equipped for mass registration and general IT-infrastructure for data and system management matches capacity requirements for mass registration;
2. Acceleration of establishment of ground control for cadastral works coordinated with mass registration planning;
3. Acceleration of determination and surveys of administrative and intravillan boundaries;
4. Cadastral index mapping of high priority areas (Ilfov /Bucharest and of pilot area in old land book area, in total about 2500 sqkm).
5. Base mapping for cadastre increased with 27000 sqkm

Co-financing under this project will be parallel and will be utilised for purchasing supplies and ortophoto maps and financing aerial photography.

The implementing authority for the project will be the National Office for Cadastre, Geodesy and Cartography in close collaboration with the Ministry of Justice. A project steering committee comprising senior representatives of both institutions including as well the Ministry of Public Finance will be set up. The CFCU will be the Implementing Agency for the project.

**Conditionality:** The National Office for Cadastre, Geodesy and Cartography and the Ministry of Justice will sign before the time of signature of the financing memorandum the following agreements:

1. Agreement on the structure and commitment to establishment of joint management structures both at central and local levels with definitions of roles and responsibilities;
2. Commitment of counterparts within the responsible organisations to work with the TA-project team, and the specification of necessary new positions (government employees) in the national budgets beginning with 2004, in order to ensure sustainability of the system in both organisations;
3. Agreement on the principles and practices of cadastre and land registration systems and data as an important part of public data infrastructure to remain a public good.

Failure to comply with this conditionality will lead to the re-allocation of the funds.

**PHARE/2003/005-551.02.02 Strengthening the National Bank of Romania in acquis related areas (€4.00 M)**

The overall objective of the project is to enhance stability and confidence in the banking sector through increasing the institutional and administrative capacity of the National Bank of Romania (NBR) in those areas relevant for the implementation of the acquis.

Through the project the efficiency of the National Bank will be enhanced through:

- Strengthening the banking supervision.
- Implementing the EU standards in financial account statistics.
- Improving the National Bank personnel expertise through training for legal advisers.
- Promoting further legislative harmonisation in the banking field.
- Harmonising the NBR Internal Audit activity with the European central banks practices in view of future integration of the NBR into ESCB.
- Completing the process of computerisation of the accounting system started with Phare 1998 and 2001 with a view to creating an integrated accounting system complying with the national accounting system and the International Accounting Standards.
- Computerising, in the market operation area, activities of the front and middle offices in order to facilitate data processing and risk monitoring.

The project will be implemented through a twinning component, a technical assistance component and an investment component. The twinning component will support the areas of supervision, statistics, legal, regulatory and internal audit. The technical assistance component will cover the creation of an integrated accounting system that contains different accounting modules, to improve document flows and information exchange between NBR's headquarters and its branches, and the training of the system users. The investment component will cover IT equipment for market operations, accounting and banking supervision.

The Implementing Authority for the project will be the National Bank of Romania. The Implementing Agency will be the CFCU.

**PHARE/2003/005-551.02.03 Strengthening the capacity for analysis, macroeconomic forecasts and elaboration of economic policies in the National Commission of Prognosis (€1.80 M)**

The overall objective of this project is to strengthen the capacity of the National Commission of Prognosis, the Ministry of Economy and Trade (for former Department of Economic Policies), and the Prime Minister's Cabinet, to design economic policies complying with the European accession process, and to enhance the implementation of the policies to be undertaken in accordance with the

Government Programme, the Accession Partnership and the Road Map.

The project will be implemented mainly through a technical assistance contract. Under the contract, the following activities will be covered:

- Specific economic assistance regarding macroeconomic issues and policy formulation for the Department of Strategies and Forecasts within National Commission of Prognosis, for the Ministry of Economy and Trade, the Ministry of European Integration as well as for the Prime Minister Cabinet;
- Annual update of the Pre Accession Economic Programme;
- Elaboration of sectoral studies as early warnings in order to ensure smooth development in the field of analysis.
- Providing conceptual and methodological assistance for the elaboration of the Convergence Programme after EU accession;
- Assistance in methodology development (with a focus on sectoral forecast methods) and improvement of econometric models to comply with EU countries practices and accommodate international methods in the Romanian economy;
- Training of personnel in the field of modern forecasting methods and increasing participation in the process of economic developments harmonisation with EU Members States;
- Organisation of seminars with local and foreign experts covering methods and techniques for macroeconomic forecast and sharing experience of EU Member States in the projection of convergence and stability programmes;
- Training periods, including study and visits in EU Member States, which will provide a comprehensive view of national experiences and practices in EU Member States as regards forecasts elaboration with a focus on forecasts based on national account systems as well as the approach and formulation of sectoral forecasts (regional, medium and long term).

A small investment component will allow the purchase of IT and office equipment as necessary.

The Implementing Authority will be the National Commission of Prognosis. The Implementing Agency will be the CFCU.

**SUB-PROGRAMME 3 – 2003/005-551.03 (Total: €27.395 M)**

**STRENGTHENING ADMINISTRATIVE CAPACITY**

This sub-programme includes four projects:

**PHARE/2003/005-551.03.01 Support for the Public Administration Reform process in Romania (€4.38 M)**

The overall objective of the project is to support the wider reform of the Romanian public administration to respond efficiently and effectively to Romania's economic and social needs and to the requirements of the EU accession process.

The project has two main components, the first aimed at strengthening the capacity of the Central Unit for Public Administration Reform (CUPAR) and the associated reform network and the second aimed at developing the Corps of Professional Public Managers.

**Component 1** will cover activities aimed at:

- Improving capacities of the reform network and CUPAR to coordinate, monitor and assess the implementation of the reform measures specific to their activity fields and also to enforce the *acquis communautaire*
- Properly define multi-annual modernisation programmes developed by each ministry, prefecture and county council
- Disseminate information on the main topics related to the public administration reform
- Establish a functional IT network between CUPAR, ministerial and county groups for monitoring the public administration reform

**Component 2** will cover activities aimed at:

- Strengthening the Central Unit for Public Administration Reform (CUPAR) so that it can assume a leading role in the development of a stable, apolitical and performant corps of Professional Public Managers contributing to the modernisation of the Romanian public administration and in the development of the accelerated mechanism for selection, training, rotation, internships, scholarships and adequate post placement.
- Providing training to 100 trainees in the context of the Young Professional Programme.
- Providing training to 30 selected civil servants through internship in EU public administration and assigning them to relevant posts;
- Providing post-graduate training in EU integration related matters for 100 participants.

The project will be implemented through a twinning operation covering institution building assistance to CUPAR, and a technical assistance contract covering the management of the various training schemes. Under both arrangements limited provisions to purchase IT equipment have been made under separate procurement contracts. The Implementing Authority for the project will be the Ministry of Administration and Interior. The Implementing Agency will be the CFCU.

**PHARE/2003/005-551.03.02 Strengthening the administrative capacity of the Romanian Parliament (€2.00 M)**

This project has been devised against the background of an intensive political debate in Romania about the future of the Romanian parliamentary system and perceived shortcomings of key parliamentary processes, including Parliament's legislative procedures and the exercise of its executive control and oversight functions. The project is to be seen within the context of this reform process, which it is designed to assist.

The overall objective of this project is to enhance the administrative capacity of the Romanian Parliament. Its purpose is to achieve a sustainable improvement in the ability of the Chamber of Deputies to carry out legislative controls and monitoring functions efficiently and effectively.

The main results of the project will be:

- the establishment of a human resources management system in the Chamber of Deputies that meets international standards and secures the medium and longer-term staffing needs of the parliamentary support services;
- the increase in the capacity of new members of the Chamber of Deputies to take full part in all aspects of parliamentary activity, including, in particular, committee business;
- the elaboration of a comprehensive Code of Conduct for Parliamentarians, supported by effective enforcement arrangements;
- the comprehensive revision of the Standing Orders of the Chamber of Deputies, with a special focus on a) consultation with interests associations and NGOs during the parliamentary legislative process and b) the practice of impact and implementability assessments.

The project will be implemented mainly through a twinning arrangement. A Technical assistance contract will cover aspects complementary to those of the twinning project. The Implementing Authority for the project will be the Romanian Chamber of deputies, which will set up the appropriate Project Implementation Unit. The Implementing Agency will be the CFCU.

**PHARE/2003/005-551.03.03 Capacity development within the Romanian administration to manage and monitor EU pre-accession funds in an adequate and efficient way (€ 11.015 M)**

The overall objective of this project is to support Romania's efforts towards accession through further strengthening of the administrative capacity to manage the EU financial assistance.

Four areas of activity are envisaged:

**1. Project Preparation Facility (PPF)**

Along the lines of the assistance already provided under Phare, the Project Preparation Facility will provide technical assistance for preparation of feasibility studies, detailed designs of investment projects, design of training programmes and aid schemes, environmental impact assessments, preparation of institution-building projects, and preparation of technical specifications, procurement plans and tender dossiers.

Decisions on eligibility for support under the Project Preparation Facility will be taken by common agreement between the Commission services and the Romanian National Aid Co-ordinator on the basis that project development activities proposed should correspond to Accession Partnership priorities and those of Romania's National Programme for Adoption of the Acquis.

## **2. Unallocated Institution Building Envelope**

Under the project an envelope for as yet unspecified Institution Building projects to provide assistance to the Romanian Government in addressing specific urgent and unforeseen needs identified in the course of the accession negotiation process, in the Regular Report, in the Accession Partnership, during the Peer reviews or in other relevant contexts. The projects will deliver using advice from officials from Member States through standard twinning assignments or twinning light and/or technical assistance provided by commercially contracted experts.

Decisions on financing of projects under the facility will be taken by common agreement of the National Aid Co-ordinator and Commission services.

## **3. Training for officials in Project Cycle Management**

The project responds to the need to continue strengthening the capacities within both the national co-ordination structures for pre-accession assistance and Project Implementation Units (PIUs) attached to ministries and other Romanian institutions, to prepare, implement and monitor pre-accession programmes in a systematic and adequate way. The training under this project will be compatible with the overall efforts to strengthen training provision in the context of the reform of the Public Administration. The specific focus of the training under this project will be on achieving a rapid improvement in the operational effectiveness of the bodies concerned with pre-accession assistance.

The training, to be delivered through one or more technical assistance contracts, will be closely linked to the programming and implementation cycle, and will reinforce the capacity to undertake feasibility studies and project design work, to prepare project documentation (project fiches, terms of reference, tender documents) according to the requirements of the pre-accession instruments, to supervise and monitor the implementation of programmes, and to conduct evaluations. The design of the training activities under this contract will take account of similar support provided under earlier Phare programmes, and it will also provide more advanced follow-up training to officials who have already benefited from the first round of training.

Project Cycle Management training for the specific requirements of ISPA will be provided through technical assistance under the ISPA programme rather than under this project.

## **4. Technical Assistance to the Ministry of European Integration on Programming, Monitoring and Evaluation**

Under this component of the project a technical assistance team will assist the Ministry of European Integration in improving the quality of the programming documents, strengthening its evaluation capacity and setting up a proper monitoring and evaluation system.

In the programming phase assistance will be provided for the elaboration of good quality programming documents including for the ex-ante evaluation of the project proposal that the Ministry receives from the beneficiaries. This assistance should result in project documents of better quality and also assist in improving inter and intra-ministerial co-ordination.

As regards the implementation phase, the project will assist the NAC in setting up a functioning monitoring and evaluation system. In that respect personnel will be trained, proper monitoring procedures elaborated and communication mechanisms established.

The Implementing Authority for the project is the Ministry of European Integration. Close co-ordination will be maintained with the National Fund in the Ministry of Public Finances. The CFCU is the Implementing Agency, responsible for contracting and financial management.

#### **PHARE/2003/005-551.03.04 Support to the Ministry of Public Finance in the implementation of the IT strategy (€10.00 M)**

In 2002 the Ministry of Public Finance prepared a strategy document for the period 2002 - 2006 defining objectives and priority actions in the areas of budgetary and fiscal policy, co-ordination of fiscal and budgetary policy with social and economic policy, administration of state revenues and public debt, financial control and internal audit, and public accounting. Under the 2002 National Programme Phare has already supported a first tranche of urgent measures focussing largely on Institution Building.

The current project focuses on the implementation of the first phase of the IT strategy.

The overall objective of the project is the development and implementation of the integrated solution for the IT system in order to support the Ministry of Public Finance functions. The project will cover:

- the implementation of a Disaster Recovery (DR) solution;
- the central management of the IT infrastructure (central inventory, software distribution, configuration monitoring, anti virus protection etc.)
- the purchase of workstations, printers and scanners to increase the end-users accessibility to the IT system;
- the procurement of equipment for the central site (Bucharest) and of the Disaster Recovery Centre to build up processing/storing/communications capacity to concentrate the interactive data processing for approx. 1,5 million taxpayers each
- installation of a communications solution to connect the 450 remote sites with the central database, based on a high level of service quality – first phase

- elaboration and implementation of a solution to migrate from client-server applications to web enabled applications
- the re-design of the Ministry Web site;
- the necessary bandwidth to support thousands of simultaneous accesses
- the training of IT staff at central level to use the new technology,
- the technical assistance to develop new applications, to administer purchased hardware, software and communications, to manage the entire infrastructure, as general support for each twinning project Phare 2002
- the design of the overall solution and the establishment of responsibilities for system integration.
- Management of the project.

The project will comprise of equipment procurement and technical assistance. The Implementing Authority for the project will be the Ministry of Public Finance while the Implementing Agency will be the CFCU

**SUB-PROGRAMME 4 – 2003/005-551.04 (Total: €56.40 M)**

**MEETING THE OBLIGATIONS OF THE ACQUIS**

This sub-programme includes 18 projects in ten areas of the acquis communautaire:

**AGRICULTURE**

**PHARE/2003/005-551.04.01 Designing of an Integrated Administration and Control System – IACS in Romania and support for formulation of a policy for consolidation of farms (€1.50 M)**

The project overall objective is twofold:

- To prepare the institutional and legal framework required to absorb EAGGF subsidies once Romania becomes member of the EU
- To assist the transformation of subsistence farms into commercially viable units by fostering the increase of economy of scale in the farming sector.

The first component of the project will aim at assisting the IACS management Unit (within recently set up paying Agency) in preparing a Master Plan for establishment of Integrated Administration and Control System – IACS. The administrative capacity of the Unit, at central level and within its subordinated regional structures, will also be strengthened so as to ensure the timely implementation of the master plan. This component will be implemented through a twinning. Under the project, staff will be trained and basic equipment supplied.

Under the second component the project will assist in the identification of specific steps to be taken to improve the transformation of subsistence farms into viable units.



It will help identifying specific steps that could be taken to improve this process and propose agricultural policy actions for the elimination of the negative effects correlated to the division and fragmentation of agricultural lands. This component will be covered by a technical assistance contract.

The Ministry of Agriculture, Forestry, Waters and Environment will be the Implementing Authority for the project and the CFCU the Implementing Agency.

**PHARE/2003/005-551.04.02 Strengthening the capacity to manage the veterinary acquis (€4.00 M)**

In the veterinary area Romania needs to continue aligning its administrative and technical capabilities and the procedures used for surveillance, prevention of animal disease, diagnosis and those necessary for border veterinary control, with those of the European Union.

Under the current project assistance will be provided to strengthen the National Sanitary Veterinary Service through capacity building at specific levels in respect of epidemiology, disease surveillance, prevention and control of diseases with particular reference to List A and zoonotic diseases including strengthening of laboratory services.

The project will be implemented through a twinning and a contract for the procurement of the necessary laboratory equipment.

The twinning component will assist the Institute for Diagnosis and Animal Health within the Veterinary Service to establish an Epidemiological Surveillance Unit. It will also assist the Veterinary Service to elaborate a strategic plan, elaborate proper procedures for animal waste and animal by-products disposal and linking border control with the epidemiological surveillance network. Under the Twinning expertise will be provided to review the list of equipment to be procured under the project on the basis of the current report being finalised under the "project preparation facility" and of the NSVA strategic plan to be drafted under the twinning. The final list of equipment to be procured will be finalised at that time.

The equipment procurement component will mainly assist the Central Laboratory of the Institute for Diagnosis and Animal Health which is the Romanian National reference laboratory.

Co-financing under the project will be parallel, as government contribution will cover the refurbishment works of the buildings hosting the laboratories

The Implementing Authority for the project will be the National Sanitary Veterinary Agency within the Ministry of Agriculture, Forestry, Waters and Environment. The Implementing Agency will be the CFCU.

**TRANSPORT**

**PHARE/2003/005-551.04.03 Assistance to implement new safety aspects of the EU legislation in the field of Road Transport (€7.30 M)**

The project overall objective is to improve traffic conditions, implement road-side inspections and improve safety on the Romanian roads network. The project will be implemented through four sub-projects.

**Under sub-project 1**, purpose-built roadside inspection areas will be constructed in order to enable effective traffic monitoring, vehicle safety inspections and the weighing of heavy goods vehicles. The increased monitoring should reduce the heavy traffic non-compliant with EU directives and increase road safety. Phare funding will support construction works at selected locations and supervision activities.

**Under Sub-Project 2**, on the job, training will be provided to complete the bridge management system. Staff will be trained to perform regular visual inspection and assessment of bridges. The exercise will assist in realising a complete inventory of bridges of the Romanian national road network, estimate their structural soundness status, evaluate needs for intervention and prepare a prioritised intervention programme. Assistance will be provided through a Technical Assistance contract.

**Under Sub-project 3**, control activities will be improved and mechanical devices for reading and interpreting the tachograph disks will be procured. This should allow fast and accurate reading of tachograph disks in traffic and at the transport operators premises. Hence it will help reducing illegal activities and ensuring the compliance of all drivers and transport operators with AETR regulations, Regulation 3820/85 on the harmonisation of certain social legislation relating to road transport and Council Directive 88/599 on standard checking procedures for implementation of Regulation 3820/85. Assistance will be provided through an equipment procurement contract. Training of the inspectors will be done with the assistance of Member States' experts under a twinning light operation.

**Under sub-project 4**, road laboratory test equipment will be procured with the aim of promoting the application of European standards in the construction works. The beneficiaries of this sub-project will be the Centre for Technical and Road studies and informatics and the regional road laboratories of the National Administration of Roads.

The Implementing Authority for the project will be the Ministry of Transport, Constructions and Tourism. The Implementing Agency will be the CFCU.

## STATISTICS

**PHARE/2003/005-551.04.04 Sustainable development of the Romanian statistical system (€3.30 M)**

The project aims at improving the basis for sustainable development of the Romanian statistical system and at consolidating the progress of the Romanian statistical system in reaching compliance with EU norms and standards. The project has five components.

- 1) The first component aims at strengthening the institutional capacity of the National Institute of Statistics (relationship with media and with public at large) and

statistical infrastructure with a view to continuously improving the data quality as well as to meeting the user's needs. Under this component, technical assistance will be provided to the IT Department of the Institute to introduce best practices in IT management, establishing a centralised network management, define standardised IT platforms and implement the data administration and the database administration function. Equipment will also be procured to upgrade the network and allow better communication between Headquarters and the decentralised entities.

In relation to the goal of improving relations with the media and the public at large, technical assistance will be provided to re-design the web-site and support the establishment of a media support office within the Institute.

- 2) The second component aims at harmonising and improving the statistics on information society and the new economy. Under this component, technical assistance will be provided to design the methodology of surveys in this area, carry out the pilot surveys for micro enterprises, public administration, health, education services, design the database of information society and disseminate by internet the surveys results.
- 3) The third component aims at developing new modules in the field of social statistics so as to enrich the investigation of new aspects of social life. Under this component technical assistance will be provided for the design and implementation of a sample survey on income and social exclusion from the design of the statistical tools to the analysis and publication of the survey results.
- 4) The fourth component aims at developing service statistics and more specifically the statistics on passenger transport by road. Under this component technical assistance will be provided to prepare and implement a survey on passengers road transport carried out with motor vehicles.
- 5) The fifth component will focus on developing national accounts (especially the segment of satellite accounts - environment protection expenses) and on implementing flexible structures such as the social accounting matrix. Under this component technical assistance will be provided for designing of the institutional structures to carry out the satellite account of environment protection expenditure, carrying out the methodological framework of the satellite account of environment protection expenditure and the statistical framework of data collection and processing, designing and developing a survey on financial statistics that will entail the compilation of the satellite account. Technical assistance will also be provided for the elaboration of the Social Accounting Matrix throughout all the stages from identification of data sources (especially labour force ones) to the elaboration of the methodology to the organisation of a specific survey.

The Implementing Authority for the project will be the National Institute of Statistics and the Implementing Agency will be the CFCU.

## **SOCIAL POLICY AND EMPLOYMENT**

**PHARE/2003/005-551.04.05 Programme for Supporting Institution Building of the Ministry of Labour, Social Solidarity and Family (€0.80 M)**

The project overall objective is to ensure the correct implementation of the new Labour Code provisions in a way consistent with EU legislation and practice. This will be mainly addressed through the reinforcement of the capacity of the staff within the Ministry of Labour, Social Solidarity and Family.

*The project will be implemented through a twinning, which will assist the Ministry in establishing a unified legal system harmonised with the Community provisions with regard to the Labour Code. In that context the twinning partner will assist the Ministry in:*

- training the Ministry experts and inspectors on the Labour Code and all related secondary legislation as well as on the methods of inspection;
- raising the awareness of the social partners represented on the branch level.

The Implementing Authority for the project will be the Ministry of Labour, Social Solidarity and Family. The Implementing Agency will be the CFCU.

#### **PHARE/2003/005-551.04.06 Promoting autonomous social dialogue (€2.00 M)**

Social dialogue in Romania plays an increasingly important role in the development of social policy. In recent years, tripartite social dialogue has known important developments by institutionalising tripartite structures for consultation and information of the social partners at national, sectoral and territorial level. Nevertheless there is a predominance of tripartite structures, where government still plays a major role, while Romania faces certain problems as regards bipartite dialogue.

The project overall objective is to develop and strengthen an autonomous bipartite social dialogue. The project has two subprojects:

The first subproject aims at assisting the Ministry of Labour, Social Solidarity and Family in:

- setting up a management information system on collective agreements and labour conflicts;
- strengthening the capacity to design regulations and measures in order to promote the development of bipartite social dialogue;
- enhancing social partners' knowledge base and tools to be used for collective bargaining and for implementation and development of the acquis in the labour law field.

The sub-project will be implemented through a twinning arrangement and a relatively small procurement contract for the provision of IT equipment.

The second sub-project aims at assisting the Economic and Social Council through:

- setting up a specialised training unit and a resource centre in the social dialogue and industrial relation field;
- improving the capacity of the social partners to participate in implementing the acquis in the field of social dialogue.

The sub-project will be implemented through a twinning arrangement and a relatively small procurement contract for the provision of IT equipment.

A steering committee will be set up to monitor the implementation of both sub-projects. The Implementing Authority for the first sub-project will be the Ministry of Labour, Social Solidarity and Family. The Implementing Authority for the second sub-project will be the Economic and Social Council. The Implementing Agency will be the CFCU.

**PHARE/2003/005-551.04.07 Improvement of the efficiency of the Romanian system for occupational health surveillance and control of occupational diseases, work related diseases and injuries due to occupational risk (€3.00 M)**

The project aims at increasing the efficiency and effectiveness of the Romanian services for occupational health and safety and at raising awareness among the Romanian population in general and social partners/decision makers (Government) in particular about occupational health and safety as a major public health factor.

More specifically it will assist in:

- creating a national system of occupational health and safety making efficient use of the existing institutions and resources;
- increasing the number of qualified staff in the occupational health system
- increasing efficiency of the advisory, surveillance and inspection bodies (Public Health Directorates, Institutes of Public Health) .

The expected results will be obtained through the implementation of the following range of activities to be carried out within the framework of the Institution Building and investment components of the project:

**Component I. Institution Building**

Sub-component I Institution building and development

- Setting-up an inter-ministerial executive committee composed of decision-makers from the institutions involved;
- Creation of a National Reference Facility (NRF) through a network of Occupational Health professionals of various institutions active in the system and elaboration of a working plan;
- Elaboration of a practical plan for integrating occupational health into workplace inspection and for co-ordinating activities between the two authorities (Ministry of Health and Ministry of Labour, Social Solidarity and Family);
- Analysis of the current reporting system for occupational diseases;

- Assessment of the present situation in Romania concerning multidisciplinary occupational health and safety services;
- Regarding quality assurance and quality management, the quality concept for occupational health and safety in Romania will be defined by the representatives of the Institutes of Public Health with the involvement of the Labour Inspectorates.

#### Sub-component 2 Occupational Health Services Information and Promotion

- Assessment of the Romanian situation regarding the extent to which modern methods of Occupational Health promotion and communications are used;
- Elaboration of a proposal for a National Information Network on Occupational Health and Safety;
- Elaboration of a list of proposals for pilot activities related to a promotion and information campaign for the second part of the project period;
- Launching a nation-wide campaign for occupational health and safety in the last quarter of the project period based on the experience from the pilot activities;

#### Sub-component 3 Education and Training

- Assessment of the needs regarding the professional specialities in occupational health and safety in Romania;
- In addition to this needs assessment, a list of professional profiles and a training needs assessment will also be undertaken.
- Elaboration of a training strategy for workplace risk assessment (taking into account the already existing training plans referring to local needs);
- Training of occupational health professionals based on the elaborated strategy;
- Establishment of criteria for notification and disability assessment for compensation for occupational diseases.

### **Component II. Investment**

- Laboratory equipment will be provided to the laboratories of the occupational health sections of the Institutes of Public Health to become part of the network of the National Reference Facility, bringing the technical standard for Occupational Health and Safety laboratory facilities up to European level. Equipment provided to the laboratories will improve the quality and uniformity of laboratory tests throughout the country.
- Equipment for instant field measurements will be provided to Occupational Health Units in District Directorates of Public Health (DDPH) as a support for preventive action in the workplaces.

- Equipment will be procured to DDPH occupational health units and occupational health sections in Institutes of Public Health for improving the communication system.
- Equipment will be purchased for distance learning.

The Implementing Authority for the project will be the Ministry of Health and the Implementing Agency will be the CFCU.

**PHARE/2003/005-551.04.08 Improvement of accountability and transparency in the allocation and use of healthcare resources (€3.00 M)**

The overall objective of the project is to increase efficiency in the use of public funds and to reduce waste and opportunity for corruption in hospitals through the implementation, at a national scale, of a case-based financing mechanism.

The project purpose is to assist in the implementation of a system for fair, transparent allocation of resources within hospitals and identify where there are opportunities to shift to alternative services that are more cost-efficient. The case based financing system provides the tools to help hospitals live within their means and ensure value for money spent.

Project results include:

- the establishment of a system standardised at international level for morbidity reports in all Romanian hospitals in place (covering the diagnosis and procedures).
- the establishment of a system for hospital morbidity data, (based on a Minimum Basic Data Set for each discharged patient) collection and reporting approach in all Romanian hospitals in place;
- the transparent allocation of resources done mainly through a case based financing mechanism system in place;
- the reduction of the average length of stay and patient admissions level reduced.

Support will be provided through a technical assistance contract which will assist in the roll out of the “Diagnostic Related Groups” (DRG) case based system already successfully piloted and provide the necessary training to the relevant health personnel.

The necessary IT equipment to introduce the system in all Romanian hospitals will be purchased through a procurement contract.

The Implementing Authority for the project will be the Ministry of Health and the Implementing Agency the CFCU.

**Conditionality:** In order to avoid waste of resources, the Government of Romania will take a substantiated decision on the rationalisation of the hospital network before the tender for the equipment component is launched.

**ENERGY****PHARE/2003/005-551.04.09 Strengthening the regulatory capacity in the energy sector (€1.60 M)**

The overall objectives of the project are:

- to enable the power and gas regulators to bring about and enforce the real restructuring and introduction of market mechanisms;
- to develop a sustainable regulatory framework in order to increase the efficiency of the internal power and gas markets;
- to ensure, through the regulations, the smooth integration of the internal power market to a regional level.

Phare will support the strengthening of the National Regulatory Authority in the Field of Energy (ANRE) and of the National Regulatory Authority in the Field of Natural Gas (ANRGN). The two institutions will be assisted in complying with their mission namely to create and implement fair and unbiased regulations so that the efficient, transparent and stable operation of the Romanian electricity and gas sector may be ensured to the benefit of all.

The first sub-project aims at strengthening the regulatory capacity of ANRE and will include the provision of technical assistance for:

- designing and implementing the necessary steps to pass from the self-scheduling with a compulsory market design to the self-scheduling with a voluntary market design;
- designing the secondary legislation related to regional power market development;
- implementing a transparent and objective regulatory framework to promote and sustain renewable energy sources and co-generation;
- assisting the regulatory authority in drafting appropriate regulation regarding electricity market monitoring activities and to build in-house experience in market power monitoring;
- further developing the price mechanisms to ensure that the developed price cap formula is operating as designed and further development of transmission and ancillary services tariffs;
- evaluating through a study the impact of introducing externalities costs in the electricity and heat prices;
- drafting the license condition for a supplier of last resort;
- designing the standard offer for customers who will be unable to choose a supplier (prices, tariffs, framework contract, delivery conditions).



In addition, training should be provided to ANRE staff.

The project will comprise also the acquisition of a power quality monitoring system (measuring equipment with software, dedicated software for evaluating data collected by measurement) and the acquisition of the necessary hardware and software to improve the infrastructure for the development of the data bases dedicated for internal and regional power market. The necessary equipment, hardware and software will be identified under the Institution Building component.

The second sub-project aims at strengthening the regulatory capacity of ANRGN and will include the provision of technical assistance for:

- development of rules and regulations related to protection and safety zones of capacities and their accessories in the natural gas sector;
- development of secondary legislation concerning the management of congestions in the national gas system;
- adoption of technical/economic regulations designed to guarantee all gas network users freedom of access under conditions of impartiality, neutrality and transparency required by the EU Gas Directive;
- recommendations for improving the monitoring of the conditions under which the services are provided in the natural gas sector;
- training of staff.

The Implementing Authority for the project will be the Ministry of Economy and Trade and the Implementing Agency will be the CFCU.

## TELECOMMUNICATIONS

### **PHARE/2003/005-551.04.10 Improving the institutional capability of the National Regulatory Authority for Communications (€2.00 M)**

The project overall objectives are the following:

- to provide a sustainable framework for fair competition in the Romanian markets for electronic communications and postal services;
- to create an appropriate framework for access to the Universal Service in the field of electronic communications and postal service;
- to assist in the implementation of the *acquis communautaire* in the field of *ex ante* regulation.

The project will be implemented through two components.

**Under the first component**, a twinning arrangement will provide support for *Ex Ante* regulation and aim at achieving the following results:

- Romanian electronic communications *ex ante* regulation and practice benchmarked against the practice in EU Member States and Acceding/Candidate Countries; Regulations revised accordingly and implemented;
- Appropriate communication channels for co-operation and joint working with the National Regulatory Authorities of Member States and Acceding / Candidate Countries established and operational;
- ANRC personnel trained at best standards applicable in EU regulatory bodies;
- Strategy for medium to long term institutional and professional development issued;
- Awareness of market players and public in the field of *ex-ante* regulation increased;
- Strategy for medium to long term awareness raising and maintenance issued.

**Under the second component** a technical assistance contract will provide support for implementing the Universal Service and aim at achieving the following results:

(a) electronic communications

- Detailed and up-to-date analysis of the Universal Service policy, implementation mechanisms and concrete results achieved in each of the Member States and the Acceding/Candidate Countries completed;
- Romanian framework on electronic communications Universal Service analysed, the results achieved so far in the implementation evaluated and the recommendations for improvement subsequently issued;
- Amendments and completions to the existing framework on Universal Service drafted: scope of Universal Service implementation in Romania reviewed, concept of Universal Service re-formulated, market studies supporting the implementation of the Universal Service requirements carried out/updated, procedures and conditions for designating the Universal Service providers revised, scope of obligations imposed on the Universal Service providers with special focus on disabled end-users revised, regulatory instruments for securing the affordability of services falling within the scope of the Universal Service revised, Universal Service funding schemes adjusted, accounting and verification methodology of justified net cost of Universal Service provision elaborated/updated, model for collecting and processing data for accounting related to Universal Service net cost and revenues of the designated undertakings elaborated/updated, tariff re-balancing process completed, framework for transparency and accessibility of information on Universal Service prices and conditions created/updated;

(b) postal services:

- In-depth screening of postal Universal Service funding methods under the new Postal Services Directive and of costing methodologies available for each of the Member States and Acceding/Candidate Countries; postal Universal Service costing methodology drafted;

- Assessment of implications in reducing the scope of the reserved area on Romanian Universal Service provider's revenues; Recommendations for the timetable of weight and price reductions;
- Scope of exceptions for vision impaired persons assessed, relevant recommendations subsequently issued;
- Amendments to the legal and regulatory framework on postal services in order to implement the above recommendations and methodology drafted.

(c) both areas:

- ANRC staff trained at EU best-practice level in the field of Universal Service;
- Awareness and knowledge transferred to local administration officials to support the Universal Service policies delivered.

The Implementing Authority for the project will be the National Regulatory Authority for Telecommunications and the Implementing Agency the CFCU.

## ENVIRONMENT AND HEALTH

### PHARE/2003/005-551.04.11 Implementation of an adequate environmental radioactivity and reporting system (€2.00 M)

The project is aimed at the implementation of an adequate environmental radioactivity monitoring and reporting system, compatible and harmonised with EU regulations. In that context it will support:

- the improvement of the technical capacity of the existing National Environmental Radioactivity Surveillance Network (NERSN) and of the National Reference Laboratory (ERL) to fulfil the national and EU requirements related to radiological surveillance, both under routine and emergency conditions
- the provision of adequate training in order to ensure the expertise required to carry out the activities related to the implementation of the radioactivity monitoring and reporting system

The upgraded NERSN is conceived as an integrated system comprising a number of specialised components, including:

- **An Early Warning System (EWS)**, comprising the territorial and source-related air gamma dose network (RAS) and the source-related water radioactivity monitoring network (RAW);
- **A network of thermoluminescent dosimeters (TLD network)**, consisting of dosimeters exposed in open space;

- **Radioactivity monitoring laboratories network (RMLN)** capable of addressing all types of environmental samples (atmospheric aerosols, wet and dry atmospheric deposition, surface water, soil, terrestrial and aquatic biota).
- **A central network coordination laboratory (ERL)** that will be provided with the same equipment, and in addition, with capability for environmental airborne gamma spectrometry that will be used for mapping environmental radioactivity over the national territory in order to provide baseline data as well as in emergency response (e.g. in case of a reactor accident for plume tracking and to locate areas of high radiation or deposition).
- **A data management and reporting system.**

The project will be implemented through a procurement contract covering the procurement and installation of the necessary equipment and a technical assistance contract covering technical training, scientific visits and workshops.

The Implementing Authority will be the Ministry of Agriculture, Forestry, Waters and Environment and the Implementing Agency the CFCU.

## JUSTICE AND HOME AFFAIRS

### PHARE/2003/005-551.04.12 Strengthening Border Control (€9.90 M)

The project aims at strengthening the capacity to implement the provisions of the *acquis communautaire* in the area of border management. It focuses on enhancing border control capacities of the Romanian Border Police on the future EU external borders. The project has three components.

**Under the first component** institution building support will be provided to the Romanian Border Police through a twinning for an institutional review, the elaboration of methodologies, procedures and protocols, and for training. A second twinning will be aimed at assisting the border guard to validate the feasibility study on the integrated observation and control system on maritime traffic at the Black Sea coast and review the terms of reference for the procurement. The twinning will also provide advise on institutional organisation and procedures and training as appropriate. Finally a twinning light will also support the establishment of a Tri-lateral (Romania, Ukraine and Moldova) Border Contact Centre in Galati.

**Under the second component,** assistance will be provided for the implementation of the Border Police Communication and IT strategy in compliance with the recently revised Schengen Action Plan. This component will mostly cover equipment procurement. The results of the pilot project funded under Phare 2001 and covering the communication system in two judets along the Eastern and Northern borders, will be duly taken into account in the detailed identification of needs and the preparation of the tendering documents.

**Under the third component**, assistance will be provided for strengthening surveillance and control at the Black sea coast and at the border crossing checking points. This component includes investment support.

The project will also cover the first tranche of investment necessary to set up and integrated observation and control system on maritime traffic at the Black Sea coast and support the provision of detection and control devices for the Border Crossing check-points.

None of the activities planned under this project will anticipate a decision on the final architecture of SISII or any other IT network which still needs to be taken at EU level

The Implementing Authority for the project will be the Ministry of Administration and Interior and the Implementing Agency the CFCU.

**PHARE/2003/005-551.04.13 Compliance with EU accession criteria on police co-operation and the fight against organised crime (€4.00 M)**

The project aims at assisting the Romanian Police in bringing its institutional and operational capacity up to EU standards and adopt best practices in the fields of police co-operation and the fight against organised crime.

The project will have four components.

- 1) **The first component** aims at strengthening the institutional and operational capacity of the General Directorate for Countering Organised Crime and Anti-Drugs within the Romanian Police Inspectorate General (RPIG) in the fight against trafficking in human beings.

Under this component assistance will be provided through a twinning light for drafting legislation on the operation of the Resource Centre, establishing a database on trafficking in human beings, establishing connections with similar structures from EU Member States and provide training sessions in data collection and processing techniques. IT equipment for data analysis will also be procured.

- 2) **The second component** aims at developing a national DNA profiling database for use in the forensic identification of Romanian nationals perpetrating offences on the territory of EU Member States.

Under this component technical assistance will be provided for drafting primary and secondary legislation on using DNA profiles as evidence in court, training, establishing the sample of criminals to be used to set up the genetic DNA profiles database, establish the statistical analysis of DNA profiling and ensuring the quality supervision of the laboratory work flow in order to get reliable results. DNA profiling kits will also be procured.

- 3) **The third component** will support the strengthening of the institutional and operational capacity of the Romanian Police and of the Anti-drug National Agency in preventing and fighting against drugs trafficking and abuse.

Under this component, assistance will be provided through a twinning arrangement. The activities under the twinning will cover drafting of legislation, organising the Anti-drug National Agency's national campaign against drugs and provision of training in various areas. Drug analysis equipment will be procured for the regional centre in Cluj, the centre in Bucharest as well as the National Resource Centre on Drugs.

- 4) **The fourth component** will support the establishment of the EUROPOL Unit within the Romanian Police Inspectorate General (RPIG).

Under this component assistance will be provided through a twinning arrangement. The twinning activities will cover studies on the situation of the Romanian Police, drafting of legislation, training of officials and the establishment of direct links with the EUROPOL Central Co-ordination Unit. IT equipment will be procured to establish the necessary connections between the headquarters of the Romanian Police and the County Police Inspectorates in order to set up a national database in a multi-annual approach.

The Implementing Authority for the project will be the Ministry of Administration and Interior. The Implementing Agency will be the CFCU.

#### **PHARE/2003/005-551.04.14 Strengthening migration management (€1.00 M)**

The project aims at supporting Romanian bodies involved in migration management in meeting the obligations deriving from the commitments taken by Romania in the process of accession to the European Union. It will enhance the professional management and monitoring capacity within both the Directorate for Aliens and Migration Issues (DAMI) and accommodation centres for illegal immigrants, in accordance with EU best practices. The project has three components.

- 1) The first component will be implemented through a twinning arrangement that will follow previous assistance provided under the 2001 programme. Following the recommendations made under that project, new legislation will be adopted and a new structure for the directorate implemented. Newly hired staff will be trained.
- 2) The second component will support the establishment of a research and analysis centre within DAMI. Under this component IT equipment (software and hardware) will be purchased. The Romanian parallel co-financing contribution will support the cabling INTERNET/LAN, the subscription to specialised international magazines and purchase of books related to migration management issues.
- 3) The third component will support the rehabilitation of the Bucharest Aliens Office. Phare contribution will support engineering works while the parallel Romanian co-financing will cover the furniture and related equipment.

The Implementing Authority for the project will be the Ministry of Administration and Interior and the Implementing Agency the CFCU.

**PHARE/2003/005-551.04.15 Further strengthening the institutional capacity to fight against corruption (€2.00 M)**

The project aims at improving the institutional capacity of the National Anti-corruption Prosecutor's Office (NAPO). The project is an organic follow-up of the project funded under the 1999 Phare programme and is complementary to a twinning light operation currently being launched. The project will have two components.

**Under the first component**, assistance will be provided through a twinning arrangement. It is expected that the twinning will:

- provide assistance for creation of anti-corruption courts;
- continue to assist in elaborating and improving the legislation in the field of fight against corruption
- train the NAPO personnel with the purpose of creating a uniform practice of investigating the corruption cases within the competencies of the NAPO through the best practice application of the domestic legislation in accordance with the community acquis and the European standards
- assist in improving access to information through efficient functioning of the information network of NAPO

**Under the second component**, IT equipment will be purchased so that:

- the central structure of NAPO has a developed and integrated IT system;
- the territorial structure of NAPO has a communication IT system.

Under this component the end-users and maintainers of the IT systems will be trained.

The Implementing Authority for the project will be the National Anti-corruption Prosecutor's Office (NAPO) and the Implementing Agency the CFCU.

**PHARE/2003/005-551.04.16 Support for the improvement of justice for minors (€2.00 M)**

The current Romanian law on judiciary stipulates, as special provision for minors cases, that the presidents of the courts must nominate judges dealing with criminal minors' cases. The future amendments of the Judicial Organisation Law, as a part of the reform of the child protection in Romania bring as novelty the creation of specialised courts for minors (first and second degree of jurisdiction). These courts will hear civil, family and criminal cases involving minors.

The Romanian Criminal Code stipulates that criminal responsibility of minors could lead to imprisonment or educative measure. The imprisonment applies only if there are

strong reasons to believe that the educative measures are not sufficient for the improvement of the minor's behaviour.

In this context the current project aims at supporting the process of ensuring general protection of minors' rights.

The project will be implemented through a twinning and an investment component.

As regards the twinning arrangement, the following results will be achieved through the following activities:

**Result I:** The *legal and institutional framework* on the general protection of minors' rights including probation *will be improved* in accordance with the EU standards

*Activities*

- Propose the appropriate amendments of the relevant legislation and regulations, including the draft laws elaborated by the National Authority for Child Protection and Adoption (NACPA) having in mind also the recommendations of the experts, contracted through the Phare funded Project Preparation facility, in order to harmonise all the legal provisions in the field
- Establish a special structure for Minors' Affairs within the Ministry of Justice
- Establish a special structure for Juvenile Delinquency within the General Directorate of Penitentiary

**Result II:** Specialised teams (composed by a police officer, prosecutor, judge, social worker) will be set up in order to insure a civil protection of minors (twinning component)

*Activities*

- The new competencies referring to the aspects concerning the general protection of the minors will be confided to the judges within the pilot court. In this respect, a working team model will be set up in order to help the actors in the field to get used to their new tasks. This aim will be achieved by a close co-operation with the authorities presently dealing with the minors' protection (e.g. the courts, NACPA and Special Services for Child Protection related to County Councils, Police, Prosecutor's Offices). The working teams will consist of a policeman, a prosecutor, a judge, a social worker – in order to create experts for solving cases on the general civil protection of the minors. The prosecutors and social workers will attend the trial sittings and will observe the impact of the courts decisions. The teams will be established by appointment and will be in place when implementation starts and they will be permanent. The working teams will have the role to pre-examine aspects of civil cases regarding: maintenance payments in the case of divorce, requests on adoptions, loss of parental rights, requests of marriage annulment and any other causes pertaining to the rights, obligations and legitimate interests concerning the person of the minor, ascribed by the law into the competence of the courts. The working teams will also have to co-operate in taking any protection measures (ascribed by the law into the competence of the courts)



concerning children in emergency situations – children that are abandoned, abused, assigned to placement centres or to special re-education schools.

- When this model will become effective, it will be spread out firstly to 15 future juvenile courts (one for each court of appeal).

**Result III:** Specialised training will be organised for the magistrates (judges and prosecutors), probation counsellors and re-education centres and police personnel involved in activities related to protection of minors and a Documentation and Resources Centre will be created

#### *Activities*

- Training for judges and prosecutors
- Establish a network of 15 trainers of the National Institute of Magistrates (NIM) (one trainer in each Court of Appeal) in the field of juvenile protection in order to ensure the continuous training of magistrates
- Design and printing of a training manual
- Introduce the minors' protection topic in the NIM curricula for the initial training
- Training for specialised (for minors) magistrates, probation, penitentiary, re-education centres, police personnel and social workers (NAPCA personnel).
- Procurement of books and reviews on European legislation in the field for the Resources and Documentation Centre.

Through the investment component the project will provide appropriate equipment to the probation services in the Country and to four re-education centres.

A steering committee including the Ministry of Justice, the General Division of Penitentiary (GDP), the National Institute for Magistrates (NIM), the Courts, the National Authority for Child Protection and Adoption (NACPA) and the Ministry of Administration and Interior will be set up to monitor the project.

The Ministry of Justice will be the Implementing Authority for the project and the CFCU the Implementing Agency.

#### **PHARE/2003/005-551.04.17 Support for the improvement of the activities of the penitentiary system (€4.00 M)**

The project aims at supporting the reform of the penitentiary system in line with the EU standards. In particular, it will focus on control of drug related problems and developing viable social re-insertion programmes for adult prisoners. It will be implemented through a twinning and an investment component.

Under the twinning component a strategy for the prevention and combat of drug use and traffic in the prison system shall be drawn up, specialised training for prison staff dealing with drug-addicted prisoners will be provided, individualised socio-educative programmes for adult prisoners will be elaborated and personnel in socio-educative prison departments will be trained.

Under the investment component prisons will receive equipment for detection of used drugs in blood and urine, for the detection of drugs when entering and inside the prisons and for the management of overdose crises. Equipment will also be provided for the prison workshops in order to improve the prisoners' vocational skills.

The Implementing Authority for the programme will be the Ministry of Justice and the Implementing Agency the CFCU.

## Customs

### **PHARE/2003/005-551.04.18 Further assistance to the integration of Romania in the EU Customs Union (€3.00 M)**

Phare support under this project has the objective of strengthening the administrative, operational and technical capacity of the Romanian Customs Administration to enable it to achieve full harmonisation with the EU Acquis and European Union best practice.

The project will have five components covering:

1. Efficient and secured trade facilitation in line with the EC/WCO (World Customs Organisation) new guiding principles and policies,
  2. Investment support in Constanta Port for the surveillance and control activities,
  3. Organisation of the customs laboratories network;
  4. Enhancement of the customs administration participation into the integrated border management system in relation to combating fraud, corruption and organised crime;
  5. Preparation for the adhesion to the Convention on the use of the IT in customs purposes (CIS).
- 1) **The first component** will focus on developing and promoting trade facilitation concepts in the customs operational environment, in respect of the global approach of the commercial transactions in the actual security requirements, risk analysis based, in order to ensure an efficient and secured control. The component is complementary to the previous initiatives and projects in the perspective of the new versions of the CDPS (customs declaration processing system) as well as the web services for brokers to be implemented, together with TARIC and NCTS operation. The component has to take into account the specific of the Romanian north-eastern border, to become the future external border of the EU, and has to be compliant with the EC/WCO trade facilitation principles and policies related to the future European customs concept. It will be implemented through a twinning light for the organisational aspects and through technical assistance for the IT related aspects.
- 2) **Under the second component** the surveillance and control capacity of the system implemented at the level of Constantia Port will be enhanced through the provision of assistance under the twinning arrangement and the procurement of equipment.

- 3) **Under the third component** assistance will be provided to establish the legislative and methodological frame, organisation and the equipment of the customs laboratories network, in order to assure necessary environment for an efficient activity in combating commercial fraud and illicit traffic of sensitive goods. This component will be implemented through the provision of assistance under the twinning arrangement and the procurement of further equipment.
- 4) **The fourth component** will focus on the enhancement of the border management in order to improve the control of the future external borders of the European Union. In this process all control agencies with responsibilities in the border management and their counterparts in the neighbouring countries are involved based on agreements, protocols, memoranda of understanding. The component will cover complementary areas with the cross-border project achieved for Bulgarian border (the evaluation and adjustment of the control procedures defined for the Danube frontier, CBC 2000), especially related to the specific of the Romanian North-eastern border, within the enhancement and adaptation of the customs participation into the integrated border management system, in the perspective of the Romanian North-eastern border, to become the future external border of the EU. This component will be implemented through a twinning light and through technical assistance.
- 5) **The fifth component** will focus on preparation of the Customs authorities for the adherence to the Convention to use the IT of customs purposes (the majority of Member States adhered to this convention), taking into account the existing legislation on personal data management, the protection of personal data and access security. This component will be implemented in the context of the twinning.

The Implementing Authority for the project is the Romanian Customs Administration and the Implementing Agency is the CFCU.

#### **SUB-PROGRAMME 5 – 2003/005-551.05 (Total: €112.005 M)**

##### **ECONOMIC AND SOCIAL COHESION**

The 2003 economic and social cohesion programme represents a continuation of earlier Phare programmes 2001 and 2002 and follows a similar approach with some adaptation. The principles upon which this approach were developed are the following:

1. Institution building support is provided alongside investment with the aim of promoting among the Romanian authorities the understanding of the integrated and multi-sectoral nature of Economic and Social Cohesion programmes and fostering inter-ministerial co-ordination. In particular, support will be provided to the Ministry of Labour, Social Solidarity and Family to start preparations for its future role as Managing Authority for human resources development type programmes under Structural Funds. Technical assistance and twinning support will be provided to national and regional authorities to develop the institutional and the policy framework required for implementation of Phare investments in a manner consistent with the future requirements for structural funds.
2. Investment support is focussed on a limited number of measures selected within the National Development Plan, including new pilot measures chosen in view of preparing Phare 2004-2006 programming.

3. Implementation arrangements: The Ministry of European Integration, is the Implementing Agency responsible for the overall management of the Economic and Social Component of the Phare programme with the exception of the twinning arrangements. The Ministry chairs a national steering committee where all the relevant line-Ministries and the Delegation of the Commission are represented to ensure coherence and exchange of information about the implementation of the programme. In most cases, the Regional Development Agencies are Implementing Authorities. The implementing agency for twinning arrangements will be the CFCU.

This approach takes fully into account the principle of sustainable development and the projects, which will receive funding, will be duly appraised so as to ensure that a sustainable path to development is promoted.

<b>PHARE/2003/005-551.05.01</b>	<b>Institution building for Economic and Social Cohesion – Technical Assistance (€13.10 M)</b>
---------------------------------	--

<b>PHARE/2003/005-551.05.02</b>	<b>Institution building for Economic and Social Cohesion – Twinning (€6.40 M)</b>
---------------------------------	---

The overall objective of the project is to develop and implement national and sectoral policies and programmes in line with the provisions of the National Development Plan (NDP) and of Council Regulation 1266/99 on Extended Decentralised Implementation Systems (EDIS) in candidate countries. It also aims at supporting Romanian authorities' efforts in building up the institutional and administrative structure necessary to effectively manage EU Structural Funds after accession.

Phare 2003 will focus on strengthening the institutional capacity of central ministries and agencies (Ministry of Labour, Social Solidarity and Family, National Agency for Employment, Ministry of Education, Research and Youth, Ministry of Administration and Interior, Ministry of Agriculture, Forestry, Waters and Environment) and the relevant regional bodies (Regional Development Agencies) to prepare for implementation of investment support to be provided on a multi-annual basis under Phare 2004-2006

The project is divided into five sub-components:

***Sub-component A (€ 4.80 M) - Institution building to strengthen the co-ordination function for ESC policy design and implementation at regional level***

This sub-component involves twinning arrangements for the Regional Development Agencies (RDAs) for improving the regional development plans (ex-ante appraisal, partnership consultation, identification of quantitative indicators, management information systems etc.). This twinning will be the continuation of the on-going 2000 regional twinning and will have as main objectives:

- To develop knowledge and understanding of regional development, EU policy and Structural Funds mechanisms
- To improve co-ordination, information dissemination and partnership structures including with the corresponding Regional Environmental Protection Inspectorates

- To develop RDAs capacities in promoting, monitoring and implementing the relevant 2004-2006 ESC programmes on the basis of EDIS rules.
- To regularly improve the 2004-2006 regional plans through ex-ante evaluation and environmental assessment.
- To create a pipeline of infrastructure projects in line with the priorities of the 2004-2006 Phare programming document.

***Sub-component B (€ 1.00 M) Institution building support for the reform of initial and continuing vocational training.***

The activities have been defined in a multi-annual perspective in relation with the investment programme and adapted to the revised planning perspective, which now covers three years of Phare programming (2001-2003). In 2003, the technical assistance will perform the following main tasks:

- An analysis of the results of the Phare 2001 and 2002 programmes and of the contribution of TVET to economic and social cohesion in the regions concerned by the tri-annual investment project
- Strategic review of the programme implementation and corrective actions
- Development and adoption of the revised Regional Education Actions Plans
- Development of local school-based components of the curriculum and related standard for training on new trades and professions
- Development and strengthening schools networks and enhancing co-operation with enterprises, so as to facilitate student transition from school to work. Development of teaching and learning materials to facilitate individual learning and extension for students with special needs in order to gradually integrate them in the normal school settings
- Development of measures for implementing TVET quality assurance instruments with a special focus on rural and remote areas
- Development of school capacity to develop student life long learning competencies
- Training of teachers and school managers for participative planning education

Visits, including study visits in EU and other central and southern European countries will be organised as well. Dissemination of information on the programme will be ensured through media, web-sites and any other relevant supports.

The scope of assistance will be extended from the schools covered during 2001 and 2002 to schools in the neighbouring rural areas and will aim at adapting the TVET system to the new extension of compulsory education to 10 years.

***Sub-component C (€ 1.25 M) Institution Building to support the Small and Medium Towns Infrastructure Development Programme (SAMTID)***

Preparation and implementation of the SAMTID programme, the second phase of which will receive investment support under the Phare 2003 Economic and Social

Cohesion programme, will require sustained technical assistance. Following the Phare 2002 technical assistance project, Phare 2003 will provide technical assistance for **management support** to the national coordinating body (the SAMTID steering committee), to the national Project Co-ordination Unit and to Project Implementation Units established at the level of final beneficiaries (groups of local authorities).

Phare 2003 will also support the implementation of a “**Financial and Operational Performance Improvement Programme**” (FOPIP) directed as a first priority at the nine to twelve associations of towns selected for the current phase of SAMTID investment support. FOPIP will provide technical assistance to improve the capacity of the selected groups of towns to monitor the performance of their service operators, emphasising efficiency, cost-control and loss reduction thereby enhancing their capacity to plan the investment programmes and assume and service debts. Appropriate training in management and operational issues will also be provided to the service operators. This project will be extended to other groups of towns that will establish FOPIP programmes as a part of their preparation for receiving SAMTID support. Associations of towns benefiting from SAMTID investments assume an obligation to closely monitor and seek to improve the performance of their service operators. It is considered appropriate that, in line with the approach developed under the project “Strengthening Capacity in Environmental Project Development” currently being implemented by the Ministry of Agriculture, Forestry, Waters and Environment, an element of self-financing should be introduced into training and human resource development for the towns and operating companies. FOPIP will therefore require a partial contribution towards training costs from the beneficiaries.

***Sub-component D (€ 5.30 M) Institution Building to support administrative capacity of line Ministries to prepare for Structural Funds and for EDIS implementation.***

*D1-Support to Ministry of Labour, Social Solidarity and Family to design and implement employment policy and to manage EU funded programmes according to EDIS requirements. (€ 1.5 M)*

The main objectives of this technical assistance are:

- to strengthen the capacity of the Ministry of Labour, Social Solidarity and Family to design and implement the recommendations identified in the Joint Assessment Paper and in the National Action Plan for Employment ;
- to prepare the MLSSF to assume its responsibilities in the implementation of the human resource component of the Phare 2004-2006 programming document under preparation. This will also include the creation of an implementing agency in the Ministry of Labour and the preparation for accreditation.

Therefore the main activities of the technical assistance will be the following:

to advise MLSSF in designing and implementing an ESF-type programme based on the priorities of the NAPE and in line with the recommendations of the Joint Assessment Paper recommendations. It will also assist in setting up and strengthening regional and local partnerships in view of better identifying employment priorities.

- In order to ensure that the MLSSF will have the capacity to assume its role in the implementation of this programme (as a minimum as Implementing Authority) the technical assistance will assist the Ministry in elaborating and implementing an action plan related to: administrative (re-)organisation, equipment and staffing needs and training plan, organisation of a management information system, financial control arrangements, monitoring procedures, relationship with the Ministry of Finance and the Ministry of European Integration, relationship with the RDAs and the local bodies of the National Agency for Employment. This plan will be based on agap assessment and take into account the requirement of Regulation 1266/99.
- In addition, assistance will be provided to the Programme Co-ordination Unit and the 8 Programme Implementation Units to manage the Phare 2003 project (see Investments component) in the perspective of Phare 2004-2006. The assistance will cover training on Project Cycle Management, training on selection procedures, identification of local employment initiatives, organisation of local partnerships, dissemination of best practices etc.
- Finally, assistance will be provided to the Ministry and to the National Agency for Employment as Programme Co-ordination Unit for the selection and the monitoring of the EQUAL-type projects, including the ex-ante evaluation team (preparation of the Community initiative programme, impact assessment analysis, elaboration of national guidelines, application forms, evaluation criteria, financial and administrative rules etc.)

*D2-Support to National Agency for Employment (€ 0.8 M)*

A twinning will support the NAE in creating a sound training system for its staff and to establish a fully functional National Training Centre.

*D3- Institution building to the Ministry of Agriculture, Forestry, Waters and Environment to support preparation and implementation of environmental projects under ESC (€ 3 M)*

Two types of assistance are envisaged to support the MAFWE in preparing the multi-annual environment scheme and in implementing a 2003 pilot grant scheme for local projects in the waste management field (see Investment component).

The Ministry will benefit from a twinning whose main task will be to assist in:

1.The development of the multi-annual programming concept (2004-2006) for the whole environmental sector.

The objective is to support local investment projects, to improve environmental protection and to meet commitments made during accession negotiations to comply with the environmental acquis. Support will be provided through grant schemes to ensure equal opportunity to access funds for all potential beneficiaries and to select the best prepared and most effective projects. Hence, for the various sub-sectors covered (waste, nature protection etc.) and for each type of beneficiaries (commercial sector or not) the project will define (i) the type of projects to be financed, (ii) the eligible expenditures (iii) the selection criteria, (iv) the rate of assistance and the financial ceilings, (v) the rules and conditionalities for providing support.

Considering the type of projects identified and the NDP objectives, the implementation mechanism will be defined in co-ordination with all concerned stakeholders (MEI,

RDA, REPIs). On that basis rules and procedures for the implementation of the grant scheme will be defined.

2. The design of a grant scheme at national level to provide support for the project preparation (for projects that may then apply for financing through grant schemes prepared under activities described in point 1.)

3. The selection and training of “waste advisors” for local authorities and SMEs.

The twinning will propose a selection mechanism. The trainees (the future “waste advisors”) will be selected on the basis of their curricula. The trainees will include staff of the Environmental Protection Inspectorates, individuals, Chamber of commerce’s staffs, etc.. The objective is to develop local competencies in the waste management field and to encourage the use of local expertise for preparing feasibility studies in the field of waste management for both local authorities and SMEs. The beneficiaries will not be accredited or have an exclusivity in performing this type of advisory services.

4. The assistance for the successful implementation of 2003 Phare grant scheme for local projects in waste management.

The twinning team will provide support to the entities responsible for the management of the 2003 grant scheme to ensure full respect of rules including the transparency of the selection process, the respect of eligibility criteria and the compliance with state aid rules. To perform this task, it will have access to all necessary documentation and will attend all selection committees and preparatory meetings

The Ministry will benefit from a Technical Assistance (€ 2.00 M). The two main activities will be:

1. To support the implementation of projects under the waste management grant scheme under Phare 2003. In particular, the technical assistance will participate to the appraisal and selection of projects and will provide assistance to the beneficiaries for the contracting, implementing and monitoring phases.

2. To prepare investment/infrastructure projects for the multi-annual scheme 2004-2006 in the waste management field.

(i) The technical assistance will prepare/revise pre-feasibility/feasibility studies for some selected projects in the waste sector which could be supported through the grant scheme(s) to be put in place in the period 2004-2006 continuing the 2003 pilot phase.

(ii) The technical assistance will realise pilot studies for projects in the field of processing of stored waste, valorisation of waste and recycling, in view of extending the scope of the grant scheme in the waste management field.

These projects (i and ii) will be selected after a call for proposals managed by the RDAs, in close co-ordination with REPIs.

***Sub-component E (€ 7.15 M) Economic and Social Cohesion Project Preparation Facility***

*E1 - Preparation of regional infrastructure projects (technical assistance) (€ 3.0 M)*



Under the ongoing Phare 2002 programme funding will be allocated to finance an evaluation of the regional infrastructures' portfolio. This evaluation will concern the quality of the projects selected for implementation as well as the performance and weaknesses of the selection mechanism, in order to provide practical recommendation to the MEI and the RDAs. On this basis, the technical assistance will provide support to the MEI and the RDAs in designing schemes for financing regional infrastructure projects corresponding to the agreed Regional Development plan priorities for 2004-2006. The schemes will define among others the quantifiable objectives, the eligible beneficiaries, the types of eligible projects, the eligible activities and eligible expenditures, the rate of assistance, the co-financing requirements, the conditions for private-public partnership, the specific selection criteria. A grant scheme to provide support for project preparation will also be elaborated. Simple, clear, efficient and transparent implementation arrangements in line with EDIS requirements will be defined including: call for proposals, specific guidelines for applicants, clear application form, clear awareness package, transparency and equal opportunities of the process, evaluation committee for projects selection and steering committee for monitoring and assessment of the projects, responsibilities in terms of control and audit activities and scheme monitoring.

On this basis Phare 2003 will finance a technical assistance contract covering the following activities:

Activity 1 - Preparation of the regional investment projects to be financed under Phare 2004-2006. The selection of these projects will be based on the pre-selection mechanism designed under Phare 2002, corresponding to the priorities adopted in 2004-2006 Phare programming document.

Activity 2 – Improvement of existing manuals and training. In close co-operation with the regional twinning, the technical assistance will deliver training sessions to beneficiaries and to the managing authorities.

- training to the beneficiaries will cover project preparation, elaboration of detailed work schedules, cost-benefit analysis, environmental impact assessment, preparation of application form, elaboration of business plans, contracting, preparation of tender documents, including detailed design, drawings and technical specification, support for tendering. etc
- training to the managing authorities (RDAs and MEI) will cover: evaluation of applications, project selection and scoring system, elaboration of project port-folio, project monitoring, elaboration of guidelines and manuals for monitoring and projects supervision.

*E2 - SAMTID (€ 3.4 M) identification, feasibility studies and preparation of future investment projects.*

Project Preparation Facility will continue to support the identification and the selection process and preparation for implementation of SAMTID projects, including the detailed design and tender documents.

For waste water treatment plants serving agglomerations of more than 10 000 inhabitants, SAMTID will, in principle, only finance secondary treatment but conditional to be upgradable to tertiary treatment in a cost effective way at a later stage. Tertiary treatment may be funded but only after a case-by-case examination taking account of specific locations or project characteristics.

Project design will have to ensure proper handling of any industrial waste (preferably to ensure that it is not dangerous before it leaves the industry) and a scheme to dispose sewage sludge, taking into account the requirements of both the landfill directive and also the sewage sludge directive.

### *E3 - Restructuring Municipal District Heating Systems (€ 0.75 M)*

This action will be implemented in close co-operation with the World Bank and the EBRD intending to support the Romanian government strategy in the District Heating sector. This strategy indicates that several combined heat and power plants will be put under the exclusive responsibility of the municipalities which are confronted with the challenge of restructuring/modernising these plants as well as defining alternative solutions for producing energy and delivering heating services.

Two PPF were launched by the Ministry of Administration and Interior in order to define the current state of affairs in the district heating sector (financial flows, clarity in the overall cost-subsidies system) and to assess the possible modernisation/restructuring of the Combined Heat Power Plants transferred to the municipalities.

Based on the result of this PPF two municipalities will be selected and will benefit from feasibility studies aiming at developing alternative solutions for heat production and delivery. On this basis, a concept paper will be prepared for a financing facility for restructuring projects in district heating systems.

## **PHARE/2003/ 005-551.05.03 Investments in Economic and Social Cohesion (€92.505 M)**

2003 is a transitional programming year as from 2004 the Economic and Social Cohesion component of Phare will be programmed on the basis of a new multi-annual NDP/programming document. Therefore, some measures represent a continuation or a completion of previous Phare measures (achievement of reform of the technical and vocational education and training - TVET-; regional infrastructures; water provision and water management in small and medium towns - SAMTID -), whereas other measures are intended to test pilot actions in the perspective of Phare 2004-2006 (active employment measures and qualification of the work force; small scale waste management investment scheme; provision of service to SMEs). Support to ensuring a good implementation of these measures will be provided through technical assistance for awareness campaigns, preparation and supervision of projects and training to beneficiaries

Following previous Phare ESC programmes, measures in identified priority sectors will be implemented in close co-ordination with institution building support provided to improve administrative capacity of managing EU funds and preparation for EDIS implementation.

### ***Sub-component A (€ 16.305 M) Technical and Vocational Education and Training (TVET)***

This component is the completion of the three-year programme implemented in 2001 and 2002. The specific objectives are the following:

- To strengthen and consolidate the achievements of the reform launched with the support of Phare 1994 and to support the modernisation of the present TVET system;
- To contribute to reviewing responsibilities, governance and accountability mechanisms in the provision of initial TVET
- To contribute to promote opportunities for young people to obtain a professional qualification in line with European standards

With the view to broadening the access to education and diminishing disparities in the territorial provision of TVET, the scope of the programme will be extended to young people in rural areas.

In 2003, Phare support will focus on the following activities:

- The selected 111 schools and resources centres will receive specialised equipment for laboratories and training workshops (maximum budget € 14.4M). They have been rehabilitated with the support of Phare 2001 and have received the equipment for basic training from Phare 2002.
- 50 additional schools in rural areas will receive IT and office equipment.

The TVET schools as main beneficiaries, together with social partners at local, county and regional levels will be responsible for the operational activities. The European Training Foundation will assist the Ministry of Education, Research and Youth in managing the TVET programme, and will participate in the programme steering committee. All the institutions involved in the Phare 2001 and Phare 2002 programme will continue to be involved in the same way.

The 50 additional schools will be selected among the ones designated as "commune centres" by the Ministry of Education, Research and Youth. The selection will take place at national level by a Selection Committee appointed by the Ministry of Education, Research and Youth. The Selection Committee will include representatives of the Regional Consortia. The Phare programme Steering Committee will approve the final list of schools and the EC Delegation will endorse it.

***Sub-component B (€ 5.60 M) Human resource development: National Action Plan for Employment implementation.***

The specific objectives of this project are the following:

- To facilitate access to employment for job seekers through active employment measures
- To develop labour force skills to become more adaptable to structural changes according to identified labour market shortage.

With the support of a twinning, the Romanian authorities completed their National Employment Action Plan, approved by the Government in 2002 (GD 759/2002) and the Commission and the Government signed the Joint Assessment Paper on Employment Priorities in October 2002. On this basis the Ministry of Labour, Social Solidarity and Family decided to select two of the guidelines identified in the NAPE (Guideline 1 and 4) and to begin to implement them through two types of measures.

- **GUIDELINE 1:** tackling youth unemployment and preventing long-term unemployment. The actions eligible under this priority will target long term unemployment and unemployed young people between 15 and 25. The following type of actions will be supported:

- Development and delivery of vocational training programmes which address shortage opportunities (basic training, qualification, re-qualification, skill upgrading)

- Training and guidance for business start-ups or activities to assist self-employment for identified potential entrepreneurs

Support measures for groups to return to or enter the labour market (such as jobs clubs, professional counselling, mediation services etc.)

**GUIDELINE 4:** Developing skills for the new labour market in the context of lifelong learning(improving employability). The actions eligible under this priority will aim at increasing management and workers skills, particularly as regards new technology and at promoting a concept of lifelong learning in companies. The following type of activities will be supported:

- Delivery of training to the staff in enterprises to maximise the use of new production technologies and develop new products

- Delivery of training programmes to develop staff capacity to utilise new information and Communication technologies.

- Enhancing human resources development in the context of industrial restructuring: promotion of good practices in enterprises (training plans),

The target groups: all management levels in enterprises.

***BENEFICIARIES:*** Vocational training agencies, education and/or training providers, chambers of commerce, trade unions, employers organisations, universities, local authorities, private companies, research bodies, employment brokers and other relevant profit or non profit organisations.

Open calls for proposal will be organised at regional level led by the Programme Implementation Units, under the responsibility of the Ministry of European Integration and the Ministry of Labour, Social Solidarity and Family. A regional selection committee will carry out the technical and financial appraisal. The list of projects will be approved by the regional development boards and submitted for final decision to the Ministry of Labour, Social Solidarity and Family as Implementing Authority. The MEI will be responsible for contracting and payment, as Implementing Agency.

***Conditionality:*** The grant scheme will be implemented under the condition that the PCU and the PIUs will be set up at central and regional level by December 31<sup>st</sup> 2003. If this condition is not met the budget for this component will be reallocated.

***Sub component C (€ 4.00 M) Small-scale waste management investment scheme.***

The overall objective of this sub-component is the following:

- To provide waste management facilities in order to ensure environmental rehabilitation and protection in line with the acquis on waste management.

- To implement, on a pilot basis, a set of measures preparing a multi-annual programme to be incorporated in the new NDP 2004-2006

Improving the waste management infrastructure is one of the priorities of the National Waste Management Plan currently under revision with the support of a twinning project funded under the 2001 Phare programme. The plan includes the following objectives: increasing the level of selective collection, reducing the volume of waste stored (including hazardous agents), reducing the number of biodegradable waste.

With the support of a twinning and technical assistance a two phases programme will be implemented:

Pilot phase - A grant scheme denominated "Small-scale waste management investment scheme" is designed and tested on a pilot basis for a few number of local public authorities and the lessons learned in the process will be used to prepare for future projects (see IB component). The implementation of the grant scheme will be supported by technical assistance (see IB component) and a PPF contracted under Phare 2002 (TORs are attached as Annex 4.10 of the 2003 ESC investment project fiche)

Extension phase. For the period 2004-2006, the program will be adjusted and expanded within a multi-annual environmental scheme with the aim of extending the scope of activities in the waste management field and address other environmental issues (air; nature protection;...). This extension will be prepared by the twinning activities (see IB component).

Projects for funding under the 2003 scheme will be selected following an open call for proposal call for proposals. The following activities will be eligible for funding:

- Construction of bio-mechanical pre-treatment plant for households waste
- Development/rehabilitation of sanitation system: creation of collection infrastructure, temporary depositing spaces, selective collecting
- Construction of composting platforms

The beneficiaries are local public authorities, which will provide at least 10 % co-financing. In order to cover the local contribution the National Environmental Fund is ready to provide support with soft bridge loans of a maximum value of 300,000 Euro per project. To be eligible, projects will have to be located in the region for which a regional waste management plan is to be prepared in the framework of the above mentioned twinning arrangement. Eligible expenditures, different rates of assistance and the selection criteria will be defined by the end of 2003 taking into account the recommendations of the consultants contracted under the Project Preparation Facility. The financial sustainability of projects will be a key selection criterion.

The concerned RDA, under the responsibility of the Ministry of European Integration (as Implementing agency) and the Ministry of Agriculture, Forestry, Waters and Environment will launch a call for proposals.

***Sub component D1 (€ 36.00 M) Regional infrastructure (business related infrastructure)***

The main objectives of this component are the following:

- To develop infrastructure supporting tourism development
- To rehabilitate degraded industrial sites and develop infrastructures supporting business activities
- To improve regional transport infrastructures.

The projects to be funded under this measure are being selected through the "pipeline" mechanism initiated in 2000. The identification, appraisal, selection and implementation of the projects follow the same rules and priorities decided in 2000, 2001 and 2002. A list of eligible projects will be annexed to the project fiche including two types of project: the projects which were included in the 2002 "reserve list" and new projects identified by the RDAs with the assistance of twinning experts working at regional level. The "new" projects should be in line with the priorities identified in the Regional Development Plans.

The technical assistance (financed under Phare 2002) will assess all the projects listed and prepare or complete the feasibility studies. On the basis of the technical assistance report, the Ministry of European Integration, as Implementing Agency, will be responsible for the final selection of projects together with the concerned line-ministries. The technical assistance will complete the cost-benefit-analysis and all the necessary technical design documents including, if necessary, the environmental impact assessment of the selected projects. The final approval will be given by the National Board for Regional Development and endorsed by the EC Delegation.

Beneficiaries of the project are local public authorities, which will provide a contribution of at least 10 % of the total cost of the projects. The maximum Phare support will be €5 M.

***Sub-component D2 (€ 21.00 M) Investment support for small and medium towns infrastructure development programme (SAMTID)***

SAMTID is a multi-annual programme co-financed from various sources, including local public and state budget resources, international financial institutions (IFIs), and EU pre-accession funding. It has the following overall objectives:

- to commercialise the water and wastewater services provision of small and medium towns on a voluntary basis, through consolidation of water service providers and the creation of efficient and financially viable and autonomous integrated regional service providers;
- to improve the performance of the operators and raise the water and wastewater service standards through capital investment for rehabilitation and modernisation and assistance programs, while promoting the application of the cost recovery principle.

For waste water treatment plants serving agglomerations of more than 10 000 inhabitants, SAMTID will, in principle, only finance secondary treatment but conditional to be upgradable to tertiary treatment in a cost effective way at a later stage. Tertiary treatment may be funded but only after a case-by-case examination taking account of specific locations or project characteristics.

To be approved, project design will have to ensure proper handling of any industrial waste (preferably to ensure that it is not dangerous before it leaves the industry) and a scheme to dispose sewage sludge, taking into account the requirements of both the landfill directive and also the sewage sludge directive.

Phare investment support under the current programme is for the expansion phase based on the experience gained during the 2002 pilot phase.

The SAMTID programme will provide a balanced distribution of grant loan resources for all beneficiaries. Eligible investments are expansions of systems and building of new assets and, in few and justified exception cases, new treatment plants for water or wastewater. Eligible beneficiaries are associations of local public authorities, which will be responsible for contracting of services with a licensed operator. The "SAMTID manual" elaborated during the pilot phase defines the conditions and criteria for eligible projects, namely: (a) the appropriate pattern for association; (b) the legal aspects of voluntary association between municipalities, in particular as regards the capacity of associations to contract with an operating company and to assume debt, (c) the formation of consolidated operating companies, and (d) the form of operating contract between the municipal associations and the operating companies. Technical assistance will provide support for grouping the cities and contracting the commercial service operators (see Institution Building component).

The selection procedure will be similar to a "call for proposals" with a pre-selection phase at the level of regions (RDAs) with active participation of technical assistance experts. After pre-selection, technical assistance will support pre-selected groups of towns in order to refine their proposals and implement the process for contracting a licensed operator. The National SAMTID Steering Committee will make the final selection.

The Ministry of Administration and Interior (MAI) is the co-ordinating body for the entire SAMTID Programme and acts as Implementing Authority for the Phare-financed technical assistance components. The Ministry of European Integration is the Implementing Agency for the Phare financed investment components. A work contract will be concluded for each project financed from Phare grants, national co-financing and EIB loan, following the Phare procedures. Work contracts for projects financed from Phare grants, national co-financing and EBRD loan will follow the IFI's procedure.

**Sub-Component E - (€ 4.00 M) Business development support** The main objectives of this sub-component are:

- to develop and strengthen the capacity of SMEs intermediaries to deliver financial and business services to enterprises
- To develop the private sector by reinforcing the SMEs capacity in creating jobs, investing in new activities or new products and increasing export capacity.

A strong demand for business development support existed in Romania but SMEs had difficulties in articulating their needs. Therefore, this project will finance training; counselling and advice related service to SMEs in order to:

- improve the marketing and sales approach
- develop their capacity to deal with EU directives and regulations

- meet the demand of quality certification
- undertake Research and Development, innovation, technology transfer and IT technology actions
- develop other areas of demonstrated SME needs, established through Regional Development Plans.

The project will be implemented through a technical assistance contract.

The implementing Agency will be the Ministry of European Integration. The National Agency for SMEs and Cooperation (NASMEC) will provide technical support to MEI as appropriate in the implementation of the project.

***Sub-component F (€ 5.60 M) Awareness campaign, selection, monitoring and evaluation***

As in previous Phare ESC projects the following measures will be financed for ensuring the optimal implementation of the above sub-components:

- An awareness campaign, support for preparation of applications, appraisal and selection of projects (E1). Information will be disseminated through a diversity of channels in order to reach as many potential beneficiaries as possible. Support under this activity will include covering costs for press advertisements, seminars and conferences, editing, publishing and disseminating information materials, brochures and guidelines. A help desk will be established in each RDA/MoLSSF-PIU and external assistance will support RDAs MoLSSF-PIUs relevant staff in providing information and advice to potential applicants. At the end of the programme publicity will be organised to make information available to the public at regional level about the results of the programme and the implemented projects). As regards appraisal and selection of projects, external independent experts will assist and train RDAs MoLSSF-PIUs staff. The independent experts will be in charge of appraising the applications, participating in the selection procedure as voting members of the Regional Selection Committees and assessing the whole selection process.
- Technical assistance to support implementation of the investment projects (F2). In order to support the Regional Development Agencies in performing their tasks as Implementing Authorities, a service contract will be concluded between MEI and each RDA. This contract will describe the specific tasks and responsibilities of the RDAs and identify the corresponding means (financial, staffing, equipment). Agreed indicators of achievement will be set up as well as precise reporting obligations. As a derogation from the general arrangement for co-financing, these contracts will be fully financed by Romanian public budgetary funds. Contracting of Phare investment support under economic and social cohesion will be conditioned upon signature of these contracts and their notification to the European Commission.
- Infrastructure projects site supervision (F3)
  - (1) Independent experts agreed by the EC delegation will ensure on site technical supervision of the regional infrastructure projects (sub-component D1)



- (2) Technical assistance will be provided for site supervision, certifying payments as well as monitoring and evaluation of SAMTID programme activities. (D2)

### ***Institutional Framework.***

The responsibilities of various Romanian institutions under the programme are summarised in a table annexed.

As regards the investment part of the programme the different responsibilities and tasks are defined as follows:

(1) The main tasks of the Implementing Agency will include:

- The overall responsibility for the technical and financial implementation of the programme, ensuring that the objectives are met and that the selection procedures are efficient, clear and transparent.
- The overall responsibility for monitoring and evaluation of the programme and sub-components
- Co-ordinating and chairing the **National Steering Committee (see 4)** and reporting to the National Board for Regional Development and the EC Delegation on the state of implementation of the programme.
- Elaborating the selection and implementation procedures in accordance with the guidelines set up by the European Union
- Nominate the evaluation committee and the assessors, in consultation with the implementing authorities and the relevant technical ministries. The experts will be nominated "ad personam" on the basis of their technical and professional expertise in the relevant area
- Contracting the grants with the selected applicants.
- Acting as paying agency and ensuring the link with the National Fund, RDAs and with the contractors/grant beneficiaries
- Providing the Implementing Authorities with all appropriate support to ensure that they achieve their task properly, (templates and guides for ex-ante evaluation, monitoring and ex-post evaluation, common understanding of selection criteria and eligibility criteria, etc).

(2) Project selection and project approval:

a) As regards sub-component B (HRD), the project selection mechanism will be organised by the Programme Implementation Units and involve Regional Consortia chaired by RDAs and bringing together county committees for social partnership development, local employment agencies and other relevant bodies. Regional selection committees, chaired by RDA, will be set up at regional level in order to assess grant applications and project proposals.. The decentralised services of the relevant ministries, where they exist, could attend the meetings as observers. To ensure coherence with national orientation and policies, the Ministry of European Integration (as Implementing Agency) and the Ministry of Labour, Social Solidarity and Family will be member of the Regional selection Committee. Representatives of NAC

(Ministry of European Integration), and representatives of the Delegation of the Commission may attend as observers.

The Regional Consortia will also have the task of identifying employment and education priorities, the specialised didactic equipment to enable relevant training for regional development and to appoint representatives as members of the regional selection committee HRD.

b) Concerning the small scale waste management scheme (sub-component C), in the selected region, a Regional Selection Committee chaired by the RDA, as implementing authority, will be put in place. Representatives of the RDA, of the Local Environmental Protection Inspectorates and of the Regional Environmental Protection Inspectorate, and also independent experts will be closely involved in the assessment, selection and monitoring of the projects. The National Environmental Fund representative will also participate in the Selection Committee. A twinning will provide support to the Ministry of Agriculture, Forestry, Waters and Environment (MAFWE) and to the local and regional environmental authorities as well as to the RDA to successfully implement this grant scheme (see IB component) and a technical assistance will provide support to beneficiaries (see IB component).

c) As concerns the regional infrastructures (sub-component D1), the technical assistance will assess the projects proposed by the Regional Development Agencies and be annexed to the project fiche. Furthermore, it will establish the list of the more mature and valid projects. The final list of the selected regional infrastructure projects, endorsed by the Regional Development Boards, will be approved by the National Board for regional development and endorsed by the Delegation of the European Commission. The municipal service projects identified by the technical assistance under SAMTID (sub-component D2) will be endorsed by the Regional Development Boards and submitted to the SAMTID National Steering Committee for final approval.

The Regional Development Boards will have the following responsibilities and tasks:

- Approve the specific objectives and priorities in the target areas
- Endorse the TVET schools and resource centres selected at regional level as well as the infrastructure projects to be financed under the Economic and Social Cohesion programme.
- Ensure that the different sub-components are implemented in the region in a consistent way, in line with the priorities of the regional development plans.

The Regional Development Boards should invite to their meetings the relevant partners, including representatives of the Regional Consortia, the decentralised services of the line-ministries and other relevant bodies in order to ensure a broader partnership and commitment at regional level. In order to strengthen the role of the Regional Development Boards.

(4) The Regional Development Agencies will act as Implementing Authorities, with the following exceptions:

- The Ministry of Labour, Social Solidarity and Family is Implementing Authority for the sub-component "Human resources development " (B)

- The Ministry of Education, Research and Youth is Implementing Authority for the equipment supply service contract of the TVET component (A)

The Ministry of Administration and Interior is acting as Implementing Authority for the municipal water infrastructures (D2 SAMTID). The tasks to be performed by the Regional Development Agencies, under the overall responsibility of the Implementing Agency, will include:

- Overall responsibility for monitoring and implementation of the projects
- Preparation of grant contracts and their conclusion with the selected applicants
- Monitoring and evaluating the implementation of the projects and ensuring links with the MEI
- Report to Regional Development Boards and to Ministry of European Integration

(5). The National Steering Committee is chaired by the Ministry of European Integration and composed of the Ministry of Public Finance, NAC (Ministry of European Integration), all the Ministries or Agencies involved in the implementation of the three sub-components (including the 8 RDAs) and the Delegation of the European Commission.

It will ensure that the actions implemented under the sub-components of the programme are in line with the National Development Plan and other relevant strategies. The National Steering Committee will play an active 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. A functioning internal regulation will be prepared to formalise its working rules and procedures.

The table on the following pages summarises the institutional responsibilities for implementation of the 2003 Economic and Social Cohesion programme for Romania.

<b>Programme Component</b>	<b>Implementing Agency , contracting authority and paying agency (1)</b>	<b>Authority approving the selected projects (Project selection mechanism) (2)</b>	<b>Implementing Authority (3)</b>	<b>Line Ministries technically Competent (4)</b>
<b>Economic and social cohesion programmes (Investment)</b>	Ministry of European Integration (MEI)			Phare ESC Steering committee (Ministry of Public Finances, Ministry of Education, Research and Youth, Ministry of Labour, Social Solidarity and Family, National Agency for Employment, Ministry of Transports, Constructions and Tourism, National administration of roads, Ministry of Agriculture, Forestry, Waters and Environment, Ministry of Administration and Interior, National centre for vocational and technical education, NAC - Ministry of European Integration, other relevant administration, EC Delegation and other relevant bodies identified at national level for each measure)
Modernisation of vocational schools (A) (works and supply)	(MEI)	Regional development board	Ministry of Education, Research and Youth (supply)	Ministry of Education, Research and Youth
Human resources (B)	(MEI)	Regional development board (Regional consortia chaired by RDAs will identify needs, assess the applications and nominate members in the regional selection committee)	Ministry of Labour, Social Solidarity and Family through the PCU and the PIUs	Ministry of Labour, Social Solidarity and Family and National Agency for Employment
Small-scale waste management investment scheme (C)	(MEI)	Regional Development Boards (RDAs, regional environmental protection inspectorates, local environmental protection inspectorates)	RDA	Ministry of Agriculture, Forestry, Waters and Environment
Regional infrastructures (D1)	(MEI)	Regional Development Board /National Board for Regional Development (Maturity and impact of projects appraised at regional level List of projects approved by RDBs Final approval by NBRD based on RDB approval)	RDA	Ministry of Transport, Constructions and Tourism (, Ministry of Agriculture, Forestry, Waters, and Environment)
SAMTID (D2)	(MEI)	SAMTID Steering Committee/ National Board for Regional Development	Ministry of Administration and Interior	Ministry of Administration and Interior, Ministry of Public Finance, Ministry of Transport, Constructions and Tourism, Ministry of Agriculture, Forestry, Waters and Environment,

Annex C-Special provisions

Business Development Support (E)	(MEI)		MEI	National Agency for Small and Medium size enterprise and co-operation
Technical assistance (F)	(MEI)		Ministry of European Integration and RDAs	
<b>Institution Building</b>				
Technical assistance	Ministry of European Integration		Concerned Ministries and Regional Development Agencies	
Twinning	Ministry of Public Finances		Concerned Ministries (beneficiaries)	

**SUB-PROGRAMME 6 – 2003/000-586.06 (Total: €23.40 M)**

**COMMUNITY PROGRAMMES**

**PHARE/2003/005-551.06.01 Participation in Community Programmes and agencies (€19.40 M)**

On the basis of Association Council decisions and Agreements, candidate countries may participate in certain European Community programmes and agencies.

An allocation is provided under the Phare 2003 national programme for Romania to cover a part of the financial contribution to be paid by Romania to participate in these programmes and agencies in the following calendar year (2004).

The total allocation to Community programmes respects the general principle that a maximum of 10 % of the Phare national programme may be used for such co-financing. Participation in the R&D programme does not count towards the 10 % limit.

The estimated individual allocations for specific programmes are detailed in a separate information fiche.

Co-ordination of Romania's participation in Community Programmes and Agencies is the responsibility of the Ministry of European Integration.

**PHARE/2003/005-551.06.02 Phare end-user support for the participants of the mobility schemes of the Socrates II Community Programme (€3.50 M)**

The scheme financed under this project will facilitate access of Romanian university students and pre-university teachers to educational and training resources in Europe by ensuring additional funding for all Romanian students and teachers participating in the mobility schemes of the Socrates II (ERASMUS and COMENIUS 2.2 Actions) Community Programme. Phare 2003 represents a continuation of the mechanism and activities established in earlier Phare programmes for higher education students, together with an extension of the support scheme to benefit pre-university teachers, in order to increase possibilities to attend European teacher training courses.

The Phare End-User Support project will assist :

- a) higher education students` mobility in the Socrates programme, focusing on supporting the mobility for Erasmus Action 2;
- b) pre-university teachers` mobility under Comenius Action 2.2., for in-service teacher training courses

Given the increasing level of demand to participate in Socrates II, the project will ensure equal access to studies abroad to all participants, irrespective of their financial background.

The scheme will be managed by the Romanian National Agency for Socrates (NAS), which acts as the Implementing Agency on the basis of a Financing Agreement which will be signed with the National Fund in the Ministry of Public Finance. This agreement sets the conditions for the transfer to the National Socrates Agency of the totality of the funds,

the criteria for provision of end-user support, priorities, level of financing, and establishes procedures for decision making and reporting.

The NAS is responsible for publishing details of the project and checking the transparency of the information at the university level. The scheme will be implemented according to the rules established by the NAS, and approved by the EC Delegation.

As regards ERASMUS, the NAS will sign grant agreements with universities participating in the scheme. The grants for the final beneficiaries will be allocated on the basis of an individual contract between the university and each student.

For COMENIUS, grants to teachers will be provided on the basis of direct grant agreements between NAS and the beneficiaries.

**PHARE/2003/005-551.06.03 Support for improving the participation of Romania in the Sixth Framework Programme and in the European Research Area (€0.50 M)**

The main instrument for promoting EU integration in research and development is the participation in EU Framework Programmes for Research and Development and the implementation of the European Research Area. Romania participated as an associated state in the Fifth Framework Programme (1998-2002) of the European Union and is currently participating in the Sixth. Romania's participation is supported by Phare. However, Romanian proposals have had less success in the competition for funding than those of other candidate countries.

During the fifth programme Romania set up a network of regional contact points to disseminate information and support the preparation of the proposals. This network comprises 7 regional centers. Based on this experience, the project aims at establishing a "permanent" regional network.

Under the current project support will be provided to increase the numbers and improve the quality of the proposals so as to promote participation of the Romanian scientific community in the programme.

The project will have two components. Under the institution building component (which includes a twinning light and a technical assistance contract), support will be provided to elaborate methodologies and procedures for improving the information flow and dissemination of information on the Sixth framework programme. Training will also be provided. Furthermore, training will be provided for the whole network of contact points covering the preparation of project proposals and the financial implementation of the project.

Under the investment component limited support will be provided for building up a permanent network of regional contact points dedicated to the sixth Framework Programme.

The Implementing Authority for the project will be the Ministry for Education, Research and Youth and the Implementing Agency will be the CFCU.

## 2. BUDGET

SUB-PROGRAMME	Investment (indicative)	Institution Building (indicative)	PHARE TOTAL IN €M
<b>2003/005-551.01 Political Criteria</b> Developing and diversification of child protection activities, Access to education for disadvantaged groups, Institution building in the field of anti-discrimination, Support to the reform of the system of the protection of the persons with disabilities, Strengthening Civil Society in Romania	22.10	12.80	<b>34.90</b>
<b>2003/005-551.02 Economic Criteria</b> Implementation of the Cadastre and real property rights registration system in Romania, Strengthening the National Bank of Romania in acquis related areas, Strengthening the capacity for analysis, macroeconomic forecast and elaboration of economic policies in the National Commission of Prognosis	3.585	7.815	<b>11.40</b>
<b>2003/005-551.03 Strengthening administrative capacity</b> Support to the Public Administration reform process in Romania, Strengthening the Administrative capacity of the Romanian Parliament, Develop a professional human resources capacity within the Romanian administration to manage and monitor EU pre-accession funds, Support the Ministry of Finance in the implementation of the IT strategy	8.93	18.47	<b>27.395</b>
<b>2003/005-551.04 Meeting the obligations of the acquis</b> Designing an Integrated Administration and Control System (IACS) in Romania and support for the formulation of a policy for consolidation of farms, Strengthening the capacity to manage the veterinary acquis, Assistance to implement new safety aspects of the EU legislation in the field of Road transport, Sustainable development of the Romanian Statistical system, Programme for supporting institution building in the Ministry of Labour, Social Solidarity and Family, Promoting autonomous social dialogue, Improvement of the efficiency of the Romanian system for occupational health, Strengthening regulatory capacity of the Energy Sector, Improving the institutional capability of the National Regulatory authority for Communications (ANRC), Implementation of an adequate environmental radioactivity monitoring and reporting system, Improvement of accountability and transparency in the allocation and use of healthcare resources, Strengthening border control, Compliance with EU accession criteria on police co-operation and the fight against organised crime, Strengthening migration management, Support for the National anti-corruption prosecutor office, Support for the improvement of the justice for minors, support for the improvement of the activities of the penitentiary system	32.140	24.26	<b>56.40</b>
<b>2003/005-551.05 Economic and Social Cohesion</b> Institution Building for Economic and Social Cohesion, Investments in Economic and Social Cohesion	92.895	19.11	<b>112.005</b>



<b>2003/005-551.06 Community Programmes</b> Participation in Community Programmes and agencies, End-user support, Support for improving the participation of Romania in the Sixth Framework Programme and in the European research Area	8.715	14.685	<b>23.40</b>
<b>TOTAL</b>	<b>168.365</b>	<b>97.135</b>	<b>265.500</b>

(The figures in the budget table are indicative only)

In accordance with the Phare Guidelines of 1999 and Revised Guidelines of 2003, all investment projects supported by Phare must receive co-financing from national public funds.

The Community contribution may amount to up to 75 % of the total eligible<sup>1</sup> public expenditure.

Co-financing for Institution Building projects is provided by the beneficiary bearing certain infrastructure and operational implementation costs, through financing the human and other resources, required for effective and efficient absorption of PHARE assistance

All national public budget co-financing of investment (e.g. financial schemes, purchase of equipment and works contracts) is provided on the basis of joint co-financing of contracts by Phare and national public budget funds under Phare rules and procedures, unless other specific arrangements shall be provided in the Financing memorandum in relation to specific projects.

### 3. IMPLEMENTATION ARRANGEMENTS

#### a.) Financial and Project Management by the Candidate Country

The programme will be managed in accordance with the Phare Extended Decentralised Implementation System (EDIS) procedures as set down in the EDIS Accreditation Decision and the Agreement on the Implementation of EDIS (EDIS Implementation Agreement; EIA) concluded between Romania and the Commission<sup>2</sup>. Prior to the conclusion of said Agreement, implementation will follow Phare Decentralised Implementation System (DIS) procedures<sup>3</sup>. Extended Decentralisation will, however, apply from the date of accession at the latest.

The National Aid Co-ordinator (NAC) will have overall responsibility for programming and monitoring of Phare programmes. The National Authorising Officer (NAO) and the Project Authorising Officers (PAO) will ensure that the programmes are implemented in

---

<sup>1</sup> Taxes are not an element eligible for co-financing

<sup>2</sup> in accordance with the rules set down in the Council Regulation 1605/2002 (Financial Regulation), in particular Art. 164, Commission Regulation 2342/2002 (Implementing Rules of the Financial Regulation) and the annex of Council Regulation 1266/1999

<sup>3</sup> in accordance with the rules set down in Council Regulation 1605/2002 (Financial Regulation), the Commission Regulation 2342/2002 (Implementing Rules of the Financial Regulation) and the annex of Council Regulation 1266/1999

line with the procedures laid down in the EDIS Implementation Agreement and/or the *DIS Manual* as well as the other instructions of the Commission, and that all contracts required to implement the Financing Memorandum are awarded using the procedures and standard documents defined and most recently published by the European Commission for the implementation of External Actions. The NAC and the NAO shall be jointly responsible for co-ordination between Phare (including Phare CBC), ISPA and SAPARD as well as the Structural and Cohesion Funds.

The National Fund (NF) in the Ministry of Finance of Romania, headed by the NAO, will supervise the financial management of the Programme, and will be responsible for reporting to the European Commission. The NAO shall have overall responsibility for financial management of the Phare funds. He shall ensure that the Phare rules, regulations and procedures pertaining to procurement, reporting and financial management as well as Community state aid rules are respected, and that a reporting and project information system is functioning. This includes the responsibility of reporting all suspected and actual cases of fraud and irregularity. The NAO shall have the full overall accountability for the Phare funds of a programme until the closure of the programme.

#### **b.) Project size**

All projects will be greater than € 2 M, except for the following:

- 2003/005-551.01.03** Institutional Building in the field of anti-discrimination
- 2003/005-551.02.03** Strengthening the capacity for analysis, macroeconomic forecast and elaboration of economic policies in the National Commission of Prognosis
- 2003/005-551.03.02** Strengthening the Administrative Capacity of the Romanian Parliament
- 2003/005-551.04.01** Designing of an Integrated Administration and Control System – IACS in Romania and support for formulation of a policy for consolidation of farms
- 2003/005-551.04.05** Programme for Supporting Institution building for the Ministry of Labour, Social Solidarity and Family
- 2003/005-551.04.06** Promoting Autonomous Social Dialogue
- 2003/005-551.04.09** Strengthening regulatory capacity in the energy sector
- 2003/005-551.04.10** Improving the institutional capability of the National Regulatory Authority for Communications (ANRC)
- 2003/005-551.04.11** Implementation of an adequate environmental radioactivity monitoring and reporting system
- 2003/005-551.04.14** Strengthening migration management
- 2003/005-551.04.15** Further strengthening the institutional capacity to fight against corruption
- 2003/005-551.04.16** Support for the improvement of the justice for minors

**2003/005-551.06.03** Support for improving the participation of Romania in the Sixth Framework Programme and the European Research area

These exceptions are justified given the predominantly Institution Building nature of the projects.

**c.) Deadline for contracting and execution of contracts ; programming deadline**

All contracts must be concluded by 30 November 2005. In no case can the contracting period exceed 3 years after the date of the global commitment.

Execution of all contracts must end by 30 November 2006. Budgetary commitments which have not given rise to payments during three years counted from the date of the legal commitment will be decommitted.

In the cases of the following projects execution of contracts must end by 30 November 2007:

**2003/005-551.04.03** Assistance to implement new safety aspects of the EU legislation in the field of Road Transport - Sub-project 1

**2003/005-551.05.03** Investments in Economic and Social Cohesion

**d.) Clearance of Accounts Procedure and Recovery of Funds**

A clearance-of-accounts procedure in line with Art. 53 para 5 of the Financial Regulation<sup>4</sup> and Art. 42 of the Implementing Rules to the Financial Regulation<sup>5</sup> will be put in place.

Any proven irregularity or fraud<sup>6</sup> discovered at any time during the implementation of the programme will lead to the recovery of funds by the Commission.

If the implementation of a measure appears not to justify either a part or the whole of the assistance allocated, the Commission is to conduct an appropriate examination of the case, in particular requesting the beneficiary country to submit its comments within a specified period of time and to correct any irregularity.

Following the examination referred to in the previous paragraph, the Commission may reduce, suspend or cancel assistance in respect of the measures concerned if the examination reveals irregularity, an improper combination of funds or a failure to comply with one of the conditions in the financing memorandum and in particular any significant change affecting the nature or conditions of implementation of the measure for which the Commission's approval has not been sought. Any reduction or cancellation of the assistance is to give rise to recovery of the sums paid.

Where the Commission considers that an irregularity has not been corrected or that all or part of an operation does not justify either all or part of the assistance granted to it, the Commission is to conduct a suitable examination of the case and request the beneficiary country to submit its comments within a specified period. After the

---

<sup>4</sup> Council Regulation 1605/2002 of 25 June 2002

<sup>5</sup> Commission Regulation 2342/2002 of 23 December 2002

<sup>6</sup> As defined under number 8a (Audit and Anti-fraud Measures by the Candidate Countries) of this document

examination, if the beneficiary country has undertaken no corrective measures, the Commission may:

- (a) reduce or cancel any advance;
- (b) cancel all or part of the assistance granted to the measure.

The Commission is to determine the size of a correction taking into account the nature of the irregularity and the extent of any failures in the management and control systems.

Any funds not used by the expiry date of the programme will be recovered by the Commission. A final written declaration with supporting documentation shall be issued by the NAO two months after all payments have been made, showing the total amount contracted and disbursed. A final bank reconciliation showing the existing balances in the NF/IA/CFCU shall also be enclosed.

Notwithstanding the recovery of unused and ineligible funds after expiry of the Financing Memorandum, a complementary recovery order may be issued after the final audit of the reliability and consistency of contracts and disbursements as well as their compliance with the provisions of the Financing Memorandum has been carried out, taking into account the independent opinion of the final audit.

The National Authorising Officer will ensure the reimbursement of any unused funds or any sum wrongly paid within sixty calendar days of the date of notification. If the NAO does not repay the amount due to the Community, the beneficiary country shall refund this amount to the Commission. Interest on account of late payments shall be charged on sums not repaid by applying the rules specified in the Financial Regulation governing the Community Budget.

#### **e.) Financial Flows**

The Commission will transfer funds to the NF in accordance with the Memorandum of Understanding signed between the Commission and Romania in December 1998. Funds will be transferred following requests from the NAO onto a separate bank account, denominated in €, which will be opened and managed by the NF in a Bank agreed in advance with the Commission.

##### **aa) Transfer of Funds to the National Fund**

A first transfer of up to 20 % of the funds to be managed locally\*, representing pre-financing<sup>7</sup> will be sent to the NF following signature of the Financing Memorandum and the Financing Agreements (FAs) between the NF and the Implementing Agencies (IAs)/Central Finance and Contracts Unit (CFCU). The provisions foreseen in articles 2 and 13 of the MoU on the NF must also be met. Furthermore, the NAO must submit to the Commission the designation of the PAOs and a description of the system put in place, highlighting the flow of information between the NF and the IA/CFCU and the manner in which the payment function will be carried out.

Two further transfers of up to 30 % each of the funds to be managed locally\* will be made. The second transfer will be triggered when 5 % of the budget\* has been

---

\* *excluding the amount foreseen for the Community programmes*

<sup>7</sup> as defined in Art. 81.1.b.i of the Financial Regulation

disbursed by the IAs and the CFCU. The third transfer may be requested when 35 % of the total budget\* in force has been disbursed. A fourth transfer will be made when 70 % of the total budget\* in force is disbursed and when all expenditure has been incurred (i.e. fully contracted). No later than 2 months after all payments have been made the National Fund will submit a final declaration of expenditure, which will trigger a balancing operation of all transfers against final certified expenditure incurred, which at that point will be equal to payments made. (closure of expenditure)<sup>8</sup>.

Exceptionally the NAO may request payment of more than the percentages mentioned above in accordance with the procedures laid down in the aforesaid Memorandum of Understanding. Save for express prior authorisation from the Commission HQs, no interim payments may be made if the trigger points mentioned above have not been respected.

#### bb.) Transfer of Funds to the Implementing Agencies

The National Fund will transfer funds to IAs, including the Central Financing and Contracting Unit (CFCU), in accordance with Financing Agreements (FAs) signed between the NFs and the IAs/CFCU where applicable. Bank accounts for sub-programmes shall be opened in the name of the relevant Implementing Agency/CFCU in charge of the financial administration of the sub-programme in line with Art. 13 of the MoU on the Establishment of the National Fund.

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

For those contracts with funds retained for a warranty period the overall total of funds related to those contracts, as calculated by the PAO and established by the Commission, will be paid to the Implementing Agency before the official closure of the programme. The Implementing Agency assumes full responsibility of depositing the funds until final payment is due and for ensuring that said funds will only be used to make payments related to the retention clauses.

The Implementing Agency further assumes full responsibility towards the contractors for fulfilling the obligations related to the retention clauses. Funds not paid out to the contractors after final payments have been settled shall be reimbursed to the Commission. An overview of the use of funds deposited on warranty accounts - and notably of the payments made out of them - and of interests accrued will annually be provided by the NAO to the Commission.

#### cc.) Transfer of Funds to the National Fund for Participation in Community Programmes and Agencies

A single advance will be made to the National Fund to cover the full amount of the PHARE part of the financial contribution for participation in Community programmes and agencies. This advance will be made following signature of the Financing Memorandum and upon request from the National Fund.

---

<sup>8</sup> as defined in Art.105 of the Implementing Rules

This advance is separate from the advances made for the rest of the programme. However, it should be noted that the Phare contribution for each programme will only be transferred when the Association Council Decision or Memorandum of Understanding establishing the terms and conditions for participation in that programme is in force.

If there is a delay in the entry into force of some of the Memoranda of Understanding, the payment to the National Fund may be divided into two or more tranches, so that 100 % of the funds necessary for the programmes in force can be transferred immediately.

The National Fund will be responsible for transferring the funds back to the Commission, following the call for funds of the Commission's Directorate General responsible for the programmes concerned and within the deadlines requested.

dd.) Interest

In principle, all bank accounts<sup>9</sup> will be interest bearing. Interest will be reported to the European Commission. If the Commission so decides, on the basis of a proposal from the NAO, interest may be reinvested in the Programme.

**f.) Implementing Agencies will be responsible for sub-programmes as follows:**

The Implementing Agency for the entire programme, with the exception of Sub-programme 5 2003/005-551.05 "Economic and Social Cohesion" and Projects 2003/005-551.06.1 & 2 "Participation in Community programmes and agencies and Phare end-user support for the participants of the mobility schemes of the Socrates II Community Programme" will be the CFCU in the Ministry of Public Finance. The Implementing Agency for Economic and Social Cohesion will be the Ministry of European Integration. However, within the Institution Building component of Sub-programme 5 "2003/005-551.05.02 Institution Building for Economic and Social Cohesion", twinning covenants will be dealt with by the CFCU, rather than the Ministry of European Integration, on account of the CFCU's experience of the specific aspects of twinning procedures.

Under sub-programme 6, for the project 2003/005-551.06.01 "Participation in Community programmes and agencies" the Phare funds will be handled by the National Fund itself. For the 2003/005-551.06.02 "Phare end-user support for the participants of the mobility scheme of the Socrates II Community Programme" the Romanian National Agency for Socrates will act as an Implementing Agency.

**g.) Environmental Impact Assessment and Nature Conservation**

The procedures for environmental impact assessment as set down in the EIA-directive<sup>10</sup> are fully applicable for all investment projects under PHARE. If the EIA-directive has not yet been fully transposed, the procedures should be similar to the ones established in the above-mentioned directive. If a project would fall within the scope of

---

<sup>9</sup> in particular, but not exclusively, accounts run by the NF, the CFCU and IAs

<sup>10</sup> DIR 85/337/EEC; OJ L 175/40; 5.7.1985; as amended by DIR 97/11/EEC; OJ L 73/5; 14.3.1997

annex I or annex II of the EIA Directive, the carrying out of the EIA-procedure must be documented<sup>11</sup>.

If a project is likely to affect sites of nature conservation importance, an appropriate assessment according to Art. 6 of the Habitats-Directive<sup>12</sup> must be documented<sup>13</sup>.

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

## **h.) Special rules for certain components for the programme**

### Twinning

The amounts earmarked for twinning projects will cover the eligible costs (as set down in the DIS instructions) for implementing the work plan agreed between the Member State and the Applicant Country. The eligible costs may include costs incurred by the selected Member State during the preparation of the twinning covenant in the period between signature of the Financing Memorandum and the final notification of the financing approval of the covenant.

### Grant Schemes

For Grant Schemes in the field of Economic and Social Cohesion the precise implementation arrangements will be specified in the relevant project fiches in line with the following principles:

- The procedures and formats to be used in the implementation of the schemes and award of the grants will follow the provisions of the Practical Guide. In particular, due care will be given to the selection process of the beneficiary projects, which has to be done at technical level through selection committees composed of experts appointed by the authorities which are co-financing the schemes as well as by the relevant administrations and interest groups involved in the schemes.
- The competent PAO for the programme under which the grant scheme is financed has to retain his/her contractual and financial responsibility for the implementation of the schemes. In particular, the PAO has to formally approve the call for proposals, application forms, evaluation criteria, as well as the selection process and results. The PAO has also to sign the grant contracts with the beneficiaries and to ensure adequate monitoring and financial control under his/her authority and responsibility. With this reservation, the management of the schemes can be decentralised from the PAO to the appropriate bodies at sectoral or regional level.
- Prior to EDIS accreditation, the ex-ante approval of the Commission Delegation in Romania will be required, in conformity with the provisions of chapter 6 of the Practical Guide (decentralised ex-ante control).

---

<sup>11</sup> in **Annex EIA** to the corresponding investment project fiche

<sup>12</sup> DIR 92/43/EEC; OJ 206/7; 22.7.1992

<sup>13</sup> in **Annex Nature Conservation** to the corresponding investment project fiche

- The implementation of selected projects through provision of works, supplies and services, sub-contracted by the final beneficiaries of the individual grants, shall be subject to the procurement regulations in the Practical Guide.
- Following a positive assessment of the Implementing Agency's capacity to operationally and financially manage the schemes in a sound and efficient manner, the Commission Delegation may decide to waive its ex-ante approval of sub-contracting carried out by final beneficiaries of individual grants. The detailed provisions governing the role of the Delegation in the above mentioned sub-contracting phase will be specified, as appropriate, in the exchange of letters between the Delegation and the National Authorities following the above mentioned assessment exercise.
- Grant schemes will not involve projects for which PHARE contribution is more than € 2 million and less than € 50,000. This lower limit may be waived as a result of the above-mentioned assessment of the Implementing Agency's capacity of giving assurance of sound financial management. This lower limit is not applicable in the case of NGOs.

The financial commitments in Phare terms will be effected at the date of signature of the grant contracts by the competent PAO. The projects should be fully implemented before the expiry date for contract execution of the present Financing Memorandum.

#### Technical Assistance Contracts

For project 2003/005-551.01-05 "Strengthening Civil Society in Romania" The CFCU will award a service contract to the Romanian Civil Society Development Foundation (CSDF) through a negotiated procedure with a single tender. The CSDF is a non-profit organisations specialised in the management of Civil Society programmes that has been set up with Phare support.

Under this agreement CSDF will receive appropriate administrative costs of not more than 7.25 % of the budget, including the audit costs. CSDF will not be an eligible beneficiary of the programme, other than through payments of these administrative costs. Being a non-profit organisation, CSDF will be exempted of the obligation foreseen by the standard service contract related to the bank guarantee.

#### **4. MONITORING AND EVALUATION**

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

For the PHARE programme, the JMC will be assisted by Sectoral Monitoring Sub-Committees (SMSC) which will include the NAC, the PAO of each Implementing Agency (and of the CFCU where applicable) and the Commission Services. The SMSC will review in detail the progress of each programme, including its components and contracts, assembled by the JMC into suitable monitoring sectors. Each sector will be supervised by one SMSC on the basis of regular monitoring reports produced by the Implementing Agency, and interim evaluations undertaken by independent evaluators. The SMSC will put forward recommendations on aspects of management and design,



ensuring these are effected. The SMSC will report to the JMC, to which it will submit overall detailed opinions on all Phare financed programmes in its sector.

The Commission services shall ensure that an ex-post evaluation is carried out after completion of the Programme.

## **5. AUDIT AND ANTI-FRAUD MEASURES**

### **a.) By the Candidate Countries<sup>14</sup>**

Each year an audit plan and a summary of the findings of the audits carried out shall be sent to the Commission. Audit reports shall be at the disposal of the Commission.

Appropriate financial control shall be carried out by the competent national financial control authority with respect to the implementation of the programme.

Beneficiary countries shall ensure investigation and satisfactory treatment of suspected and actual cases of fraud and irregularity following national or Community controls.

Irregularity shall mean any infringement of a provision of national or Community law<sup>15</sup>, this Financing Memorandum or ensuing contracts or resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them, either by reducing or losing revenue accruing from own resources collected directly on behalf of the Communities, or by an unjustified item of expenditure.

Fraud shall mean any intentional act or omission relating to:

- (i) the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Communities or budgets managed by, or on behalf of, the European Communities,
- (ii) non-disclosure of information in violation of a specific obligation, with the same effect,
- (iii) the misapplication of such funds for purposes other than those for which they are originally granted.

The national authorities shall ensure the functioning of a control and reporting mechanism equivalent to the one foreseen in Commission Regulation 1681/94<sup>16</sup>.

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

### **b.) By the Commission**

---

<sup>14</sup> in accordance with the rules set down in Art. 54 of the Financial Regulation

<sup>15</sup> defined as the entirety of Community rules applicable between the Parties of the Financing Memorandum (for example the Europe Agreements, the Framework Agreement, the Memorandum of Understanding on the Establishment of the National Fund etc.).

<sup>16</sup> OJ L 178; 12.7.94; p. 43-46

All Financing Memoranda as well as the resulting contracts are subject to supervision and financial control by the Commission (including the European Anti-fraud Office) and audits by the Court of Auditors. This includes on-the-spot checks and, as long as the Extended Decentralisation System is not yet applicable to the Implementing Agencies in the Candidate Country concerned, measures such as ex-ante verification of tendering and contracting carried out by the Delegation in the Candidate Country concerned.

In order to ensure efficient protection of the financial interests of the Community, the Commission may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (Euratom, EC) No. 2185/96<sup>17</sup>.

The accounts and operations of the National Fund, and, where applicable, the CFCU and all relevant Implementing Agencies may be checked at the Commission's discretion by an outside auditor contracted by the Commission without prejudice to the responsibilities of the Commission and the European Union's Court of Auditors as referred to in the "General Conditions relating to the Financing Memorandum" attached to the Framework Agreement.

## **6. VISIBILITY/PUBLICITY**

The appropriate Programme Authorising Officer will be responsible for ensuring that the necessary measures are taken to ensure appropriate publicity for all activities financed from the programme. This will be done in close liaison with the Commission Delegation. Further details are set down in the Annex "Visibility/Publicity".

## **7. SPECIAL CONDITIONS**

The Phare 2001 National Programme for Romania contained a special condition which required the preparation of a governmental action plan specifying the actions needed to reinforce the implementing agencies and implementing authorities in order to ensure that all have an adequate endowment of qualified full-time personnel, as well as operating budgets and other necessary conditions for the effective implementation of programmes.

As a condition for implementation of Phare 2003, the Government of Romania will by 31 March 2004 present the Commission with a detailed report on progress in implementing the above action plan, describing for each implementing agency and implementing authority the specific measures which have been carried out in line with the provisions of the action plan. Together with this report the Government will also present an update of the plan, taking account of the experience gained in implementing the plan over the previous 12 months, together with any further institutional strengthening measures needed to ensure adequate capacity for the implementation of the Phare 2003 programme.

Contracting of Phare investment support under Economic and social cohesion is conditioned upon the signature of the service contracts between MIE and RDAs, (as described under 2002/000-586.05.02 above), after approval by the EC Delegation.

In the event that agreed commitments are not met for reasons which are within the control of the Government of Romania, the Commission may review the programme with a view, at the Commission's discretion, to cancelling all or part of it and/or to

---

<sup>17</sup> OJ L 292; 15.11.1996; p. 2-5

reallocate unused funds for other purposes consistent with the objectives of the Phare programme.