

SECTOR PROGRAMME FICHE

PHARE 2006

for

ECONOMIC AND SOCIAL COHESION

Part 1 RO/2006

**Improving infrastructure,
provision of SME support, environmental protection and improving access to education and
training at regional level in order to enhance economic development**

PHARE/2006/018-147.04.01

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1. Basic Info and Summary

CRIS Nr (2006) :	PHARE/2006/018-147.04.01	Country: Romania
Title	2006 Phare Programme fiche for Economic and Social Cohesion, Part 1	
RO 2006	Improving infrastructure, provision of SME support, environmental protection and improving access to education and training at regional level in order to enhance economic development	
Sector	Priority sector Economic and Social Cohesion	Evaluation sector Economic and Social Cohesion
Budget 2006	Total [€Mio] 248.72	Phare contribution [€Mio] 142.85

Summary:

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

- To develop and implement multi-annual policies and programmes for economic and social cohesion, through investment projects in priority sectors, in line with the provisions of the National Development Plan 2004-2006 (NDP), to support the overall national and regional economic growth, in order to increase the overall potential of the country and of each of the eight development regions, as well as to diminish the economic and social disparities between them;
- To strengthen the institutional capacity of central ministries, the 8 Regional Development Agencies and relevant local authorities to prepare for the implementation of investment support to be provided, in line with provisions regarding the Extended Decentralised Implementation Systems (EDIS) in candidate countries.
- To build the institutional, administrative, programming and implementation structures necessary to effectively manage EU Structural Funds after accession.

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

Under the 2006 programme the following specific tasks will be implemented: improve regional and local infrastructure, support education and training systems, continue supporting SMEs, improve environmental protection, support the government in labour market and social exclusion issues, continue to support the development of an appropriate management system for EC funds after accession and support the technical preparation of projects to be financed through structural or rural funds.

Part 1 deals in particular with Regional and local infrastructure, education and training, SMEs and environment.

2. Overall objective of the ESC sector programme

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

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

- To develop and implement multi-annual policies and programmes for economic and social cohesion, through investment projects in priority sectors, in line with the provisions of the National Development Plan (NDP), to support the overall national and regional economic growth, in order to increase the overall potential of the country and of each of the eight development regions, as well as to diminish the economic and social disparities between them.
- To strengthen the institutional capacity of central ministries, the 8 Regional Development Agencies and relevant local authorities to prepare for the implementation of investment support to be provided, in line with provisions regarding the Extended Decentralised Implementation Systems (EDIS) in candidate countries.
- To build the institutional, administrative, programming and implementation structures necessary to effectively manage EU Structural Funds after accession.

The 2006 programme (parts 1 to 3) address the following measures contributing to fulfill the objectives:

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

This sector is split into three parts; each one implemented by one Implementing Agency.

Sector Economic and Social Cohesion**Part 1: Improving infrastructure, provision of SME support, environmental protection and improving access to education and training at regional level in order to enhance economic development**

The following specific tasks will be implemented:

Tasks, for 2006 funds are:
3.1.1 Regional and local transport, business and tourism infrastructure (Priority A)
3.1.2 Project Preparation Facility
3.2.1 Improving region specific Technical and Vocational Education and Training (TVET) system (Priority B)
3.2.2 Continuing training of pre-university education staff (Priority B)
3.3.1 Institutional Support for the National Agency for SMEs (NASMEC) to introduce and develop e-governance and to foster use of Information and Communication Technology (ICT) by innovative SMEs (Priority C)
3.3.2 Support SMEs to cope with internal market (Priority C)
3.3.3 Improving access to finance of SMEs start-up and micro-enterprises (Priority C)
3.4.1 Improving environmental protection at local and regional level (Priority D)
3.5.1 Development of administrative capacities for Structural Funds management (Priority E) – sub-project 4 (Co-ordination, management and implementation of regional, cross-border and trans-national programmes, without twinning)

3. Description of priorities and measures

3.1. Sub-projects implementing Priority A - measure a

Within the framework set by the Financing Agreement 2006 these sub-projects implement a measure foreseen in the multi-annual ESC Programme document 2004 referred to as follows:

Priority A:	Improving regional infrastructure to support economic development
Measure a:	Regional and local transport and business infrastructure

3.1.1. Sub-project 1 – Regional transport and business infrastructure

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

3.1.1.1 Objectives:

To rehabilitate and develop local and regional infrastructure related to tourism, transport, industrial areas and business development.

The main tasks are:

- The rehabilitation and development of tourism related infrastructure including leisure facilities and historical/ cultural infrastructure and provision of transport links to such facilities as well as to increase the attractiveness of the areas with natural SPA potential.
- The improvement and rehabilitation of regional transportation to include ring roads, county roads, and roads safety measures;
- The rehabilitation and improvement of industrial areas including environmental clean-up and upgrading of such areas and provision of transport links to such facilities;
- The development of business infrastructure and related access roads in order to improve access to markets, information, services and technologies in order to improve business competitiveness.

3.1.1.2 Activities and means in 2006

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

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

a. Tourism-Related Infrastructure

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

Eligible activities :

- Investment projects that improve the quality of tourism through the improvement, rehabilitation and up-grading of access infrastructure (roads – including bridges/rail/infrastructure for river transport etc.) in areas with demonstrated tourism attractiveness;
- Environmental rehabilitation of public areas of high tourist value, such as lakes included in recognised tours, public parks, surroundings of attraction points of demonstrated value, etc;
- Rehabilitation of urban areas of high tourist value, including street rehabilitation in spas of demonstrated tourist attractiveness, rehabilitation of historic centers and pedestrian areas in towns endowed with high-value historical and cultural heritage;
- The recovery and arrangement of access alleys to the mineral resources and saline, of the recreation and halting spaces, of the sites for using springs;
- The recovery of networks for the supply and collecting of mineral springs in fixed usage points for tourists (if not private);
- The recovery and creation of balneary parks;
- Improvement of saline infrastructure;

- Support accompanying infrastructure improvements and acquisition of essential equipment, if in the ownership of local authorities;
- Development of winter sports infrastructure in the ownership of local authorities in order to increase the diversification of tourist products necessary to satisfy the request of special profile markets.

b. Regional Transport Infrastructure

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

The rehabilitation of Ring roads and by-passes

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

County Roads

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

Eligible activities:

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

c. Rehabilitation of Industrial Sites

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

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

Eligible activities:

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

d. Business Infrastructure

This type of project will respond to the regional need for job creation and economic development. Selected projects will aim to develop infrastructure for business activity in areas affected by

industrial restructuring, where strong dynamics for SME creation and/or foreign investment exists. Projects should demonstrate that there is a significant demand for new sites and premises.

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

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

Selection mechanism for projects included in measure a:

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

Preparation of Tender Documents

After the finalization of the selection process, the Technical Assistance - provided under Phare 2005 PPF - will prepare for tendering the selected projects for financing under Phare 2006 (out of 2004 – 2006 portfolio). This will consist of the elaboration of required technical and contractual documents, including detailed design, drawings and technical specifications. Environmental Impact Assessment will be required following the EU Directive n° 85/337/EEC and technical design will be in compliance with EU standards.

Tendering and contracting

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

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

Implementation and monitoring of the works contracts

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

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

A. Preparation of the Terms of Reference

The Contracting Authority shall prepare the Terms of Reference for contracting the Technical Assistance that will be in charge with the supervision of Works Contracts. The Consultant thus contracted will have the to perform following main tasks (at contract level):

- Act as adviser

The Consultant shall act as an Adviser to the MEI in its role as the Employer for the Works contracts and shall support the RDAs and PIUs in their implementation of the Employer's obligations as delegated by the Employer.

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

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

- Act as 'The Engineer' under FIDIC Conditions of Contract (1999) for the Works Contracts

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

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

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

- Pre-construction is the period from signing of the Contract to the start of construction and is the period when all impediments to construction should be attended to. The Engineer should assist the RDA/PIU, as well as the Contractor, in obtaining all necessary permits, licenses and statutory approvals prior to commencement of construction; ensure an efficient system of reporting and communication is implemented between the MEI, RDA/PIU, and Engineer; assist PIU in giving the Contractor full access to the site, etc.
- Mobilisation is the initial period of the construction phase of the Contract (approx. 2 months). During this time the Contractor will establish the site facilities for both himself and the Engineer. The Engineer will use this period to review, and where appropriate approve, the Contractor's design and procedures.
- The construction period is the time allowed under the Contract for the implementation of the Works. The Engineer will allow for continuous supervision of the Contractor during this period and will control the performance and quality of the works undertaken by the contractor.
- The contract close out is a period at the beginning of the Defects Notification Period and is the time allowed for the Contractor to make good any items not completed to the satisfaction of the Engineer as contained in the attachment to the Taking Over Certificate (approximately 2 months).
- The Defects Notification Period is, as defined in the Contract (usually 365 days from the issue of the Taking Over Certificate), the period when the completed Works are continuously monitored for proper performance. Any defects noted during this period could, under the Contract, be grounds for extending the Defects Notification Period. If this situation occurs, the involvement of the Engineer in the tasks 5 and 6 during the extended Defects Notification Period shall be the subject of a negotiation.
- Contract Completion is when all contractual obligations of the Contractor have been completed to the satisfaction of the Engineer, MEI, RDA and PIU.

- Transferring Know-How to the RDAs and PIUs

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

B. Tendering and contracting the Technical Assistance for site supervision

A tendering process will be organised by MEI according to the procedures established in the *Practical Guide to contract procedures financed from the General Budget of the European Communities in the context of external actions (Services section)*. This will lead to the selection of the TA Consultants and to the conclusion of the services contracts for the supervision of each group of Works Contracts financed under the Phare ESC funding years 2005 and 2006.

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

C. Implementation and monitoring of the Supervision Contract

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

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

D. Evaluation of the supervisions' achievements

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

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

Evaluation of the achievements of works contracts

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

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

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

3.1.1.3. Results for 2006

The following results refer to the 2006 list of infrastructure projects (Annex 10), which is indicative. Should any rescheduling of projects occurs, the indicators will be revised accordingly.

Infrastructure projects (works contracts)

Tourism Related Infrastructure

Results

- Improved touristic infrastructure;
- Increased attractiveness of touristic sites

Indicators of achievement

- Number of tourism attractions created or refurbished = 9 tourism sites created or refurbished;
- Annual number of tourist visitors to assisted tourism attractions increased by at least 2500;
- Annual number of tourist visitors from abroad to assisted tourism attractions increased by at least 800;
- New jobs in the tourism sector at least 100.

Regional Transport Infrastructure

Results

- Improved accessibility
- Reduced traffic in city centers

Indicators of achievement

- Number of projects (ring-road, by-passes and county roads) = 5 (depending on the type);
- Kilometers of roads developed / improved (applies to ring road, by-pass and county road projects) at least 60 Km (average cost of 300000 Euro/Km of road – 500000 Euro/km for a new road and 200000 Euro/km for a rehabilitated road);
- Number of standard vehicle movements daily on roads developed / improved = increase with 15-20% on the modernised roads;
- Car traffic in city centers = reduction with 10-20% in cities where a ring road was built;

Rehabilitation of Industrial Sites

This type of projects is not included in 2006 indicative list. Depending on the maturity of the projects included in the 2006 indicative infrastructure project list and the assessment of projects made by TA, it might be possible that the content of the list be changed and this type of project to be financed. At the time that this situation occurs, the indicators will be revised accordingly.

Business Infrastructure

Results

- SMEs attracted in these premises
- Number of business centers/incubators and expositional centers created = 3 business premises created or modernised;
- Square meters of business premises created, at least 11,500 m² (if 50% of the money available for this category would be used for premises created - at an average cost of 800 Euro/m²);
- Square meters of business premises refurbished, at least 18,000 m² (if 50% of the money available for this category would be used for premises refurbished - at an average cost of 500 Euro/m²);

Indicators of achievement

- Number of companies assisted and receiving business support, at least 15 companies;
- Sqm of business space occupied after 1 year from project completion = min. 50% of the total space
- Number of gross jobs created, at least 120 new jobs;

Site supervision contract

Results:

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

Indicators of achievement:

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

3.1.2. Sub-project 2 – Project Preparation Facility

3.1.2.1 Objective

To support the preparation of large-scale infrastructure projects to be financed under ROP 2007 - 2013.

3.1.2.2 Activities and means in 2006

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

- preparation of large infrastructure projects (from the 2007-2009 pipeline) to be financed under 2007-2013 Regional Operational Programme
- training local authorities and RDAs in preparation of large infrastructure projects.

The pipeline of projects should comply with the priorities established in the ROP 2007 – 2013 and take into account the relevant sectoral strategies.

3.1.2.3 Results 2006

Results:

- Pipeline ready for contracting under ROP 2007-2013, starting with 2010
- People trained in infrastructure projects preparation

Indicators:

- No. of infrastructure projects prepared and ready for contracting .
- No. of infrastructure projects prepared, with a total value of around 140 Meuro (Phare plus national co-financing, plus 10% local contribution).
- No. of staff from local authorities and RDAs trained

3.1.3 Budget for Priority A, measure a

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

Taking into account that this is the last year for Phare support to Romania, site supervision in 2006 will cover both infrastructure projects financed from Phare ESC 2005 and 2006 programmes.

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

Year 2006	Phare funding			National	IFI	Total
Priority A/Measure A	Investment	IB (PPF)	Total Phare	Co- financing		
Regional infrastructure	62.10		62.10	20.70		82.80
- Site supervision for 2005	3.60		3.60	1.20*		4.80
- Site supervision for 2006	5.40		5.40	1.80*		7.20
- Works, out of which:	53.10		53.10	17.70		70.80
1. Nord – Est 21,57%	11.454		11.454	3.818		15.272
2. Sud-Est 13,92%	7.392		7.392	2.464		9.855
3. Sud-Muntenia 16,07%	8.533		8.533	2.844		11.378
4. Sud-Vest Oltenia 11,99%	6.367		6.367	2.122		8.489
5. Vest-România 8,84%	4.694		4.694	1.565		6.259
6. Nord – Vest 11,57%	6.144		6.144	2.048		8.192
7. Centru 11,03%	5.857		5.857	1.952		7.809
8. Bucureşti-Ilfov 5.01%	2.660		2.660	0.887		3.547
Project preparation facility	7.50		7.50	2.50		10.00
Total 2006	69.60		69.60	23.20		92.80

* Co-financing for site supervision will be used for supporting the RDAs (see Priority E, project 4, component C).

3.1.4 Implementation arrangements for Priority A, measure a

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

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

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

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

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

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

The list of infrastructure projects has been approved by the NBRD. Contracting the works for **sub-project 1** shall be under the responsibility of MEI.

3.1.4.1 Non standard aspects for Priority A, measure a

- It should be stressed that the contracting procedure for the site supervision (allocated under Phare 2006) of the Works Contracts (financed under Phare 2005 and 2006), may take place before the Financing Memorandum for Phare 2006 is signed between the European Commission and the Romanian Government. Therefore for this supervision contract, the tender procedure with “**suspension clause**” should be used.
- Although the tender procedure for all the Works Contracts will follow strictly the PRAG¹, the Conditions of Contract will be FIDIC “Conditions of Contract for Construction” (1st Edition, 1999) and/or FIDIC “Conditions of Contract for Plant and Design-Build” (1st Edition, 1999).

¹ *Practical Guide to Contract Procedures Financed from the EC general Budget in the context of External Actions:*
http://europa.eu.int/comm/europeaid/tender/gestion/pg/npg_en.doc

3.2.Sub-projects implementing Priority B/Measure d:

Within the framework set by the Financing Agreement 2006 these sub-projects implement a measure foreseen in the multi-annual ESC Programme document 2004 referred to as follows:

Priority B:	Human Resource Development
Measure d:	Improving access to education and region specific technical and vocational education and training system (TVET)

3.2.1 Sub-Project 1 - Improving region specific technical and vocational education and training system

3.2.1.1 Overall Objective:

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

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

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

The main **objectives** to be achieved during the multi-annual 2004-2006 projects, are:

- To increase the access and participation to initial vocational training developed according to region specific, as mentioned in the Regional Education Action Plans, mainly organized in disadvantaged areas as rural areas and small and medium localities not yet assisted through support development programmes, offering similar quality learning conditions of the education process as those in the schools already assisted. Enhanced capacity of TVET schools to provide continuing vocational training will remain focused on, as in the previous Phare 2001-2003 projects, in order to contribute to the increased access and participation to CVT. Qualifications provided by Higher Education (HE) would be considered while strengthening the overall capacity of the educational system to assure the quality of training.
- To consolidate reviewed responsibilities, governance and accountability mechanisms in the provision of initial TVET in line with the social and economic development as stated in the National Development Plan and based on further recommendations acquired through IB activities of the Phare 2001 -2003 TVET projects. . Role of agencies related to Higher education would be part of the overall design as far as certification and quality assurance is concerned.
- To further assist in the provision of equal chances for young people to obtain a relevant professional qualification corresponding to European standards, by providing TVET which responds flexibly to the needs of each individual, taking into account the institutional achievements of 2001 -2003 projects. Special attention will be given to young people in disadvantaged areas and people with special needs education.

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

3.2.1.2 Activities 2006

Investments

- Assurance of specialised didactic equipments for 150 schools, 50 of them participating to the Phare TVET 2003 project, having regard to the specificity of special needs education in case of students with disabilities, **in the year 2006 of the multi-annual programme**. An average amount of 135,000 Euro/school unit (Phare) represents a provisional estimation of the costs that should be allocated for specialised equipment. procurement. Total estimated Phare amount is about 20.25 Meuro.
- Assurance of specific equipments to distance communication and learning infrastructure and related software for the national unit and the 16 support centres, **in 2006**. The PPF for TVET 2004 will prepare technical specifications and it will propose the necessary IT and office equipment, as well as the estimation of the costs for the national unit and each support center, within the total estimated Phare amount of 2.4 Meuro. An average amount of 400,000Euro for the central unit and 125,000 Euro for the support centers is indicative.

The TVET component will also include an amount of 50.000 EURO designated to the equipment procurement, out of the total of 1.50 Meuro for technical assistance, for the PIU (NCDVET) premises. This equipment will be mainly used to equip some regional offices of NCDVET, serving to facilitate meetings and training events in the region for assisting TVET potential project promoters to develop projects pipeline for ESF.

The equipment to be procured, as estimated at this stage, will include:

The Office equipment is representing the minimum provision for the Bucharest headquarters and the 8 regional offices. This equipment includes: 16 PCs (2.6 GHZ, 512 MB DDR-RAM, HDD 60 GB, 7200 RPM, FDD 3,5", VIDEO CARD 32MB AGP, SB AC 97, CD ROM 52X, CD writer, Network CARD 10/100 UTP, 17" TFT-LCD Monitor 1024x768, WIN 98 LICENSE), 16 UPS (500 VA, 10 minute autonomy) , 8 laser printers (monthly duty cycle 20,000 pages, 600x600 dpi, 32MB, 12 ppm, input/output capacity 200 sheets, parallel IEEE 1284, USB2.0, LAN 10/100TX) and related spare parts and consumables for 120,000 pages/year, 8 Switch LAN (24 port 10/100TX stackable managed Fast Ethernet switch with RJ-45 connectors, 2x1000T port, 128 MBD RAM, 32 Gbps switching fabrique forwarding rate 30 Mpps, auto-negotiation, auto MDI/MDIX, Quality of Service, management software, IEEE 802.1x standard, power over Ethernet)

A vehicle to ensure the traveling facilities for the PIU (NCDVET staff who have to assist all regions: 5 seats, cylinder capacity 1900-2200, roomy body, the trunk in particular, Diesel engine, ABS assisted braking system.

The car is needed for the NCDVET staff that will continue working at regional level with special responsibilities related to TVET planning and Labour market responsiveness improvement. In the same time, Phare know how transfer from the PIU staff to the Intermediate body acting within the Ministry of Education is implying activity to be developed at regional and local level.

Annex 9 is providing the list with 150 selected schools, 16 support centers and supplementary justification and clarifications on budget allocation for TVET equipments.

Institution building

In the year **2006 the technical assistance** will focus mainly on:

- Training and consultancy activities in order to organize teams of authors for distance education courses, to assure the education software for vocational training and to form a group of trainers who will assist and monitor courses in order to validate them through verifications, tests, examinations or projects. The number of trainees and the competences to be achieved, as well as levels of qualifications will be defined according to priorities set by REAPs. The 16 support centers will be the main beneficiaries of the above mentioned activities in order to assure their role as regional:
 - providers in distance learning – in this respect they will be responsible for training needs assessment and identification of available corresponding training offers; based on this information they will develop the specific courseware and assure their appropriate marketing and dissemination.
 - facilitators for school networking – in this respect they will identify and assist the setting up of groups of courseware developers; they will also assure the conditions for assessment and certification of competences.
- School networking and good practices exchange between the already assisted schools in the previous Phare programmes and the new ones, as well as the collaboration with schools not included in the Phare programmes is promoted.
- Training in school and universities- companies networking
- Training of about 80 qualifications developers for higher education
- Development of about 16 qualifications for higher education from at least 4 sectors
- Development or revision of qualifications in TVET and training for about 300 developers based on the recommendations of the sectoral committees, in order to adapt the education system to the challenges of the knowledge society and to the qualification levels described by the European Framework for the Qualifications
- Methodologies for certification mechanism in higher education developed
- Updating of Regional Education Action Plans and Local Education Action Plans
- Training of staff for quality assurance in TVET and universities implemented.

Target groups of this project:

- 150 schools mainly from the rural areas, small and medium size localities, as well as from counties and the region which did not benefit of any assistance, 50 of them have been beneficiated from activities of institution building through Phare TVET 2003 project. The list of 150 TVET is attached (Annex 9).
- 8 University centers or University Consortia developing and providing training for about 16 qualifications in each of the sectors having sectoral committees operational, as established by the National Authority for Qualifications. The 4 sectors assisted by the multi-annual Phare 2004-2006 project will have priority but other sectors will also be considered. Proposed National Agency for Quality Assurance in Higher Education play a role in setting the certification mechanism.
- Social partners at national, regional, county and local level who participate actively to the updating the National Qualification Framework, and training needs identification and planning. The Regional Education Action Plan for Technical and Vocational Education and Higher Education Development revisited. The Annual Local Action Plan for Technical and Vocational Education Development revisited. The schools and universities – enterprise cooperation will be enhanced.

- staff from institutions responsible for quality in education and vocational training, as well as personnel from the education institutions at local, county, regional and national level in TVET and universities, involved in the quality assurance piloting schemes
- a national unit, the National Center for Technical and Vocational Education Development, and 16 equipped support centers, operational in distance education domain, selected from the 175 schools representing 75 schools which have been assisted through Phare VET RO 9405, out of which 22 have been involved in Phare 2001-2003, as well as the 100 schools assisted in the Phare TVET 2001-2003 multi-annual programme. The main selection criteria, additional to those used in the selection of the 150 TVET schools are the following:
 - school TVET supply including qualification level III, in line with REAP and LEAP recommendations:
 - SAP developed according to LEAP recommendation and based on priorities for quality improvement identified through the annual self assessment report
 - Minimum 90% qualified staff
 - Existing Internet connection infrastructure, minimum 512 Kbps
 - School TVET supply adapted to community needs for HRD through CVT programmes, online education, multimedia online courses, Cisco academies or other adult training provision
 - Partnerships with enterprises, public local authorities or other stakeholders in view of increasing supply adequacy to individual or institution learning/training needs.

The 16 support centers, out of the 175 schools assisted with the Phare VET 9405 and 2001-2003 multi-annual Phare ESC programme have been selected.

The list of 16 selected support centers are attached (Annex 9).

The project will continue the activities started in Phare ESC 2004 and 2005, for the selected 150 schools and 16 selected support centers as well as for the 8 universities or university consortia.

3.2.1.3 Results for 2006

Results for 2006- Investment

1. Specialised didactic equipment delivered to 150 schools to assure achievement of qualifications from level 1 to 3, including adopting e-packages for interested publics.
2. 1+16 support centers will be equipped with computers, software and other necessary equipment to create an infrastructure for developing online and distance learning.
3. NCDVET and its 8 regional offices equipped.

Indicators:

- 150 schools equipped with specialised equipment
- 1 central unit and 16 support centers equipped to deliver distance educations
- NCDVET and its 8 regional offices equipped for facilitating meetings and training events for ESF project promoters

Results for 2006 technical assistance

1. 16 resource centers to develop training offers and courseware for distance education as well as appropriate marketing mechanisms to disseminate them.

Indicators:

- approx. 32 staff, that means at least 2 persons per center, will be trained to monitor the development and transfer to schools and other providers of the electronic material developed in the 16 support centers.
- about 50 electronic packages (e-packages containing curricula and guidebooks) developed for different domains and levels, according to the dynamics of qualifications (relevance, access, transferability to online education).
- Electronic platform developed to assure the networking of the 16 centers.
- Approx 100 developers trained to develop the e-packages for the 150 schools.

2. about 10 TVET schools per region, to provide access to vocational training according to the training needs recommended by REAPs and LEAPs, by implementing the e-packages as developed by the authors trained and monitored in the 16 support centers.

Indicators:

- approx 160 technical staff trained to assist teachers and instructors in evaluating online and distance education.
- approx. 160 staff trained to develop extra tutorials to assist in developing practical training sessions associated to online and distance education (laboratories and workshop sessions).
- 32 staff of the support centers to assist school staff to manage intranet and internet connections to promote e-packages for interested publics.

3. School and universities- companies networking

4. About 166 (150 for TVET and 16 for higher education) training standards/qualification portfolios and curriculum developed or revised for all levels as training results, according to the REAPs recommendations and the levels descriptors of the EQF
5. Methodologies for certification mechanisms in higher education developed
6. 8 regional labour market surveys to update the regional planning mechanisms;
7. approx. 100 staff of the regional Consortia trained
8. 8 revised REAPs, 42 revised LEAPs and 272 revised SAPs
9. Quality assurance piloting schemes in universities implemented; training of about 40 staff from universities and institutions for quality assurance in higher education
10. Adapted modules for students with learning disabilities, for new or revised qualifications
11. Approx. 75 staff trained to develop about 150 learning packages (curriculum auxiliaries) for qualifications for which there are no such packages developed in previous Phare programmes or MoER actions.
12. 150 learning packages for students to assist in the transition from school to work
13. At least 150+42+10 staff involved in training of Quality Assurance Committee's Coordinators in TVET, school inspectorates and quality management national structures
14. Quality Assurance Manual for TVET adopted by the 150 schools and implemented for annual planning and improvement

PPF

Technical assistance from Phare ESC 2004 will elaborate the technical specifications and tender documents for IT and office equipment to be provided to 100 schools, for the didactic equipment to be provided to all 150 schools in the programme and for the distance education scheme, which includes a central unit and 16 support centers.

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

3.2.2.1 Objective:

To increase the quality of the education process and institutional management, improve the teaching – learning process, matching the educational offer with the specificity of the community needs; improve teaching and material equipment; diminish school-drop out, stability of the labour force, decrease social mobility.

Background

Presently, as a result of the supply analysis for continuous training programmes accredited until December 2005, the situation has a twofold aspect regarding the main directions of the target groups involved:

1. Teaching staff

In this respect there have been accredited 104 continuous training programmes offered by 51 accredited continuous training programme providers that cover a diversified target group within the teaching staff.

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

Nationally, there have been accredited 33 continuous training programmes offered by 31 accredited providers.

It is of outmost importance to emphasise that only 3215 out of the total number of teaching staff and approximately 1045 school decision making staff completed in 2003 the continuous training through accredited continuous training programmes. The above has been calculated in relation with the total number of the education staff who should participate once every five years in continuous training, as enforced by the educational legal framework. In the period 2003-2005 the teaching and manager staff in pre-university education was more involved in accredited continuous training programmes. This was realised because of immense efforts of NCTPE in the dissemination of information about professional transferable credits system and in the accreditation process of continuous training programmes. Developing the number accredited continuous training programmes providers and adequate with the number of accredited continuous training programmes was also developing the number of involved staff. Though the access of teaching and manager staff from high school of rural areas in accredited continuous training programmes is still very low.

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

3.2.2.2 Activities and means for 2006

In 2006 a grant scheme of 20 teachers training grants up to 30,000 Euro each will be implemented. The grant scheme is part of the multi-annual approach which in total, covers 45 grants.

The rationale in the choice of 45 grants is: i) the present teacher training needs analysis, ii) the reduced number of teachers trained through accredited teacher training programmes; iii) the present teacher training supply distribution considering the total number of counties (i.e. 41 counties) in Romania.

Each grant will address minimum 80 trainees.

Out of total number of grants (45 grants) 39 will target teachers and 6 teaching staff in decision making positions and teachers with management, counseling and control attributions in pre-university education in rural areas. There is a change in the figures in comparison with the Phare 2005 fiche for the following reasons:

- in 2004-2005 an important number of rural localities became towns and thus the number of high-school managers in rural areas did decrease;
- extension of compulsory education from 8 to 10 years increased the number of teaching staff;
- creation and development of schools for arts and craft from rural areas led to increasing the number of teaching staff.

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

Grant scheme

In 2006 a grant scheme of **20 teachers training grants up to 30.000 Euro** will be implemented. The scheme will be launched together with the 2005 grant scheme. The 2004 TA will prepare the launching and selection process, and assist the selected training providers, both for Phare 2005 and 2006 grant schemes.

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

The approximate grant scheme distribution for the teacher training grants:

<i>Development Regions</i>	<i>No. of grants</i>	<i>2005</i>	<i>2006</i>
•	7	3	4
•	4	2	2
•	6	3	3
•	6	2	4
•	5	3	2
•	6	3	3
1.	3	2	1
2.	2	1	1
Total	39	19	20

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

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

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

The **eligible beneficiaries** (training providers) are: Teacher Houses, Universities, the Institute for Educational Sciences, NGOs whose activities include teacher training.

The training providers shall comply with legal regulations in force concerning the provision of the services.

The training programme proposal will be developed according to:
a student-centered teaching and learning competencies framework and objectives proposed by the National Center for Staff Training in Pre-University Education in accordance with the outcomes envisaged on the training needs analysis results (from 2004 TA) both from the competencies and regional distribution of training needs perspectives.

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

TA to support NCTPE:

The 2006 TA will support NCTPE in the following activities:

- Assist the training providers in delivering the programme
 - revising the monitoring system
 - continuous counseling of training programme providers
 - training NCTPE and the 16Rcs staff to monitor and evaluate the training programme, and to enhance their capacity to carry out these activities in the future.
- Carry out an impact analysis on the competencies delivered by the programmes of the grant scheme to teachers and managers of high schools in the rural area. The TA will identify the benefits of the training activities and their impact over the school. It will determine the future possible objectives of the development of high school in rural area to develop their organisational capacity and their involvement in solving the local community's problems. TA will determine the benefits of the program on students in high school from rural area looking for the improvement of the university education admission or the employment in the local labour market.

3.2.2.3 Results in 2006

- Enhanced capacity in promoting the continuous staff training priorities in order to improve the continuous training supply
- Selected programme providers accredited and trained (20 programmes accredited)
- Improved training capacity for supplying teachers training
- Improved skills of teachers and managers from lyceums in rural areas
- A clear programme revised monitoring system of the grant scheme developed
- An impact study to become the base for development of future programs
- Conference at the end of the project, presenting the results of the final evaluation: main achievements, conclusions and recommendations

Indicators

- NCTPE and 16 Resource centers staff trained
- 20 training application selected
- 20 accredited programs resulting at the end of the process
- An approximate number of 1600 – 2200 teachers from lyceums in rural areas will be trained. (20 grants)
- Monitoring system exist
- Impact study exist and conference for dissemination of the results of the grant scheme held.

The National Center of Staff Training in Pre-University Education and its 16 regional branches will be responsible for all developments; thus, staff training and consultancy for the above developments will be addressed to this institution.

Target groups of this sub-project:

The staff in pre-university education working in the post-compulsory education in rural areas: teachers, the teaching staff in decision making positions and teachers with management, counseling and control attributions. They belong to the following categories:

- teachers in the rural areas who did not participate in any training programs of the WB and/or Phare;
- 50% of the teachers who at all for the last three years or did not achieve the foreseen number of credits (Education Minister Order) ;
- 25% of the teachers of 35 years old maximum;
- and 25% of the teachers with management, counseling and control attributions in pre-university education

3.2.3 Budget for Priority B/ measure d

The regional allocations for this measure will take into account the findings of REAPs.

Year 2006	Phare funding			National Co-financing	IFI	Total
Priority B /Measure D	Investment	IB	Total Phare			
Sub-project 1 , out of which:	22.70	1.45	24.15	7.57		31.72
Specialised didactic equipment	20.25		20.25	6.75		27.00
Distance communication equipment	2.40		2.40	0.80		3.20
Technical assistance	0.05	1.45	1.50	0.02		1.52
Sub-project 2	0.60	0.50	1.10	0.20		1.30
Total 2006	23.30	1.95	25.25	7.77		33.02

3.2.4 Implementation Arrangements for Priority B/measure d

Ministry of European Integration (MIE) will be the Implementing Agency for this measure.

Sub-project 1

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

Close cooperation between MEI, MER and RDA will ensure the coherency of the Phare 2004-2006 activities. As main beneficiary of the programme and specialised governmental authority the MER will supervise the 2004-2006 programme activities from technical relevancy of provided investments to the TVET provision improvement and students achievements enhancement.

The project continues to get advice from the Regional Consortia which will be restructured in view of enhancing social partners' representation. Their main responsibility is to update the Regional Education Action Plans, to monitor their implementation and to assist the Local (county) Education Action Plans development. The later will be under the each school inspectorate responsibility which will cooperate with its consultative managerial structure, the Local Development Committees for Social Partnership Development.

Sub-project 2

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

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

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

Risks and Conditionalities

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

3.3 Sub-projects implementing priority C measure a

Within the framework set by the Financing Agreement 2006 these sub-projects implement a measure foreseen in the multi-annual ESC Programme document 2004 referred to as follows:

Priority C:	Development of the productive sector through support to SMEs
Measure a:	Support to SMEs, Business Start-ups and Micro-enterprises and business support service providers

The Government of Romania recognises the importance of SMEs and micro-enterprises as the basis for establishing and developing a modern, dynamic and knowledge-based economy. The European Union experience demonstrates that SMEs and micro-enterprises can make a substantial contribution to GDP growth, enhance employment opportunities and stimulate exports. SMEs have the ability to respond flexibly to challenges posed by competitive markets and to adapt quickly to cyclical and structural changes in the global economy. A well-developed SME and micro-enterprise sector can therefore underpin macro-economic stability and growth.

3.3.1 Sub-project 1 – Support institutional, human resources and technical capacity of NASMEC to develop e-governance and to foster use of ITC by innovative SME

3.3.1.1. Objectives

To familiarise SMEs with modern e-governance practice improving the communication and sharing of information between public administration authorities and SMEs.

Tasks:

- To improve SMEs access to ICT applications, creating an environment that enables SMEs to join and better compete on the global e-marketplace;
- To manage post-delivery evolution of SME e-governance portal;
- To train a critical mass of ICT operators within SMEs capable of spreading e-business culture and practical solutions among Romanian enterprises.

Identification of needs and necessary actions

The SME national strategy pursued by the Romanian Government stresses

- the need to bridge the ICT gap existing between Romanian and European SMEs

A specific survey on ICT penetration in Romania has been recently undertaken by the National Institute for Statistics (INS) noted:

- the shortage of relevant ICT skills and competences in Romanian enterprises is considered to be a drawback for increasing their competitiveness and establishing operational business contacts with their EU counterparts;
- very few SMEs have their own network for internal communication.
- other business operations such as electronic payments and trade, which are widely used in Europe, play an almost insignificant role in Romanian SMEs, despite technical solutions being increasingly available in the country and becoming more and more popular among foreign companies and large enterprises operating on the Romanian market.
- Web-based and e-business opportunities are difficult to seize for most SMEs, primarily because they have limited knowledge of the ICT potential in developing or improving business operations.

The Charter Report 2003 notes that:

- despite the progresses made to date introducing new legislation in support of e-commerce,

SMEs are not yet able to make use of ICT innovations and seize the opportunities of the e-economy.

3.3.1.2 Activities and means in 2006

a) **Technical assistance-maintenance component** to support NASMEC to develop and maintain the SME portal to improve the interface between private SMEs and public administration bodies, as well as the relations between NASMEC and its partner organisations (mainly territorial offices of NASMEC, RDAs, Chambers and SME associations) for the implementation of SME support policies at the regional, local scale, through e-governance practices.

The technical assistance will also provide training to a critical mass of ICT operators within NASMEC and its partner organisations and SMEs capable of spreading e-business culture and practical solutions among Romanian enterprises.

ToRs will be prepared by NASMEC with initial assistance from the Phare 2004 TA, which is expected to be launched no later than July 2006.

3.3.1.3. Results for 2006

- Maintenance releases (corrections, minor changes, bug reports);
- Development of the SMEs portal;
- Software updates;
- Request for changes by the beneficiary delivered;
- NASMEC and its partner organisations staff training delivered;
- Updated user and system documents delivered.

3.3.2 Sub-project 2 – Support SMEs to cope with internal market

3.3.2.1 Objectives

To increase the capability of Romanian companies to face competition on the EU market through strengthening the implementation of the horizontal industrial acquis at SME level in the field of workers' safety, environment protection and product safety.

In the context of the Phare 2006 Programme, the project will be implemented via a Grant Scheme, that will be implemented jointly with an EBRD credit line.

Identification of needs and necessary actions

The *Accession Partnership 2003* noted that:

- Lack of fulfilling the commandments of legislative approximation made under European Agreement and the screening exercise;
- Necessity to ensure that it actually are applied the same standards as those applied in the EU;

The *Regular Report 2004* noted that:

- Further steps are required in some sectors to complete alignment with the acquis.

The *Monitoring Report 2005* recommended:

- As regard horizontal and procedural measures, Romania must considerably upgrade its administrative capacities in the field of accreditation. Enhanced efforts are still needed to complete transposition of the old approach acquis (...) and further (...) awareness-raising of and training on health and safety requirements among employers, especially SMEs should continue'

- The project contributes to the fulfillment of the **Second Copenhagen criterion** ‘The existence of the functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union’.

3.3.2.2. Activities and means in 2006

The scheme will provide investment support to activities meant to:

- Implement the horizontal industrial acquis at SMEs level in the field of worker’s safety, environmental protection and product safety.

The scheme is focusing on companies from four productive sectors: furniture, wood processing, electronics/electrotechnics and textile industry; meeting the criteria for potential export companies, important growth potential and high value added production.

TA carried out under Phare 2006 Internal Market component will prepare the background of the project: take stock of the existing relevant directives and to propose a selection of 20 directives where the implementation will be more critical for the particular sector. TA will conduct the selection of the pilot SMEs from the mentioned sectors, design of auditing, evaluation, and alignment planning methodology and instruments. It will also audit the existing situation of companies, evaluate the companies financial needs for investment, and elaborate alignment plans and provide specific information and training to the managers.

Grant scheme

The **grant scheme addressed to SMEs** will be implemented jointly with an **EBRD credit line**. Eligibility criteria will be elaborated according to sectoral priorities and identified reflecting the priorities of National development strategies for SMEs.

Implementation mechanism

First level:

EBRD extends loans on a competitive basis to participating banks, which will be selected on the basis of their financial strength, branch network, knowledge of their clients and, most importantly, their commitment to finance Romanian private companies to upgrade their production facilities to meet EU standards. EBRD loans usually are extended for 5 – 6 years, with a maximum of 8 years maturity. The loan size depends on the capacity of the bank to use the funding over a two year draw down period.

Local banks may receive loans from EBRD for on-lending to Romanian private corporates (“sub-borrowers”), with a **performance fee** provided through the EU grant to encourage them to enter this business.

Second level :

The eligible Romanian companies will receive an **incentive** from the EU to upgrade their production facilities to meet the EU standards on worker’s safety, environmental protection and product safety. This incentive will consist in a reduction in the principal to be paid back to the local bank up to [20] % of the value of the loan, but **no more than 100,000 Euro** public funds.

Eligible beneficiaries (sub-borrowers)

Loans will be provided to Romanian SMEs, having majority private ownership and control, as well as being majority owned by Romanian residents, satisfying the following criteria:

- company will meet legal criteria for SME definition, regarding maximum number of employees, and maximum turnover²;
- companies will be manufacturers belonging to the selected sectors;
- companies demonstrating a strong need for investments in order to comply with EU standards on product quality, work safety, product safety or environment protection;
- companies that obtain all necessary appropriate approvals, permits, etc;
- companies that can meet performance standard defined by the local bank..

The scheme is open to all SMEs complying with the above mentioned criteria. The SMEs assisted under the TA (from Internal Market component) will be encouraged to participate in the scheme.

The EU grant will be used for:

- payment of the incentive fee to the sub-borrower on agreed benchmarks (performance indicators) based on the progress achieved on the upgrade of the facilities as confirmed by the consultants;
- hiring consultants to set-up the benchmarks for each sub-borrowers and also check the compliance and eligibility for receiving the incentive fee;
- payment of the performance fee to the participating banks as described below.

Incentive fee :

- Will support investments in SMEs to comply with EU directives regarding work safety, product safety and environment protection.
- The maximum incentive fee will be 20% of the loan but, not more than EUR 100,000 per sub-borrowers (Phare and national co-financing);
- The Incentive Fee will be paid to sub-borrowers after the investment is completed and meets EU standards (after receiving the confirmation of the consultant).

Performance fee:

The grant provides banks with a performance fee to encourage them to finance this business segment. The performance fee will start at a maximum of 3% p.a. and is phased out over the two following years. To “earn” the performance fee, banks must provide finance to Romanian private companies in the production sector to upgrade their production facilities to meet EU standards. The bank should maintain a sound quality portfolio, which is achieved through rigorous credit analysis, frequent amortisation of principal payments and active problem solving. To receive the performance fee, the bank must ensure its loan portfolio at risk, i.e., principal outstanding of loans overdue, for 60 days or more does not exceed 5% of the total portfolio funded by the EBRD loan.

The performance fee is set off against semi-annual interest payments to EBRD. Payment is made based on the (EBRD) loan portfolio outstanding during the month prior to the payment of the performance fee. The performance fee is only payable against loan funds disbursed and outstanding to Romanian private companies.

Independent experts will be contracted for appraisal and selection of applications by EBRD to set-up the benchmarks for each sub-borrowers and also check the compliance and eligibility for receiving the incentive fee.

² SME definition according to the Government Ordinance to modify and complete Law 346/2005 regarding promotion of SMEs.

The funds available to implement all the components of this grant&credit scheme are: 7.65 MEuro Phare contribution, 2.55 MEuro national budget co-financing, and 40.00 MEuro EBRD contribution.

3.3.2.3 Results for 2006

The definition of the grant scheme (priorities, eligibility and selection criteria, general guidelines) for SMEs will have been completed prior to the start-up of this scheme, with technical assistance provided under Phare 2004, which is under preparation.

- The Grant&Credit Scheme is in place;
- A minimum of 100 grants/credits are approved;
- At least 100+ SMEs will have benefited from the scheme and improved their standards in the field of workers' safety, environment protection and product safety.

The scheme will also contribute to improve SMEs skills to propose projects under future Structural Funds.

The implementation of the scheme implies a non-standard type of contract. In order to apply it, a derogation will be requested to the European Commission HQ. Technical Assistance from Phare ESC 2004 will be provided to carry out a Feasibility study and provide a detailed design of the implementation mechanism.

Moreover, it should be noted that Phare or national procurement rules for secondary procurement cannot be observed. EBRD procurement rules might be applied, as in the case of EU/EBRD SME Facility and EU/EBRD Municipal Finance Facility, depending on EC approval.

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

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

3.3.3.1 Objectives

To improve access to finance for SME start-ups and micro-enterprises³.

3.3.3.2 Activities and means in 2006

Taking into consideration National Strategy for SMEs sector development 2004-2008 Priority C-Improving SMEs access to finance/Measure C2-Sustaining a national network of SME Guarantee Funds development. These priorities have been integrated in the conclusions defined under the Follow-up Technical Assistance for SMEs sector A capillary network of SME Guarantee Funds can thus become the main vehicle for the effective delivery of SME financial support measures in Romania. Guarantee Funds are the channel through which SME financial support measures are actually channeled in most EC

³ See previous footnotes for accurate definition of these target groups.

countries. As the experience from other countries in Europe clearly indicates, proximity to the client base is a critical factor for the success of the Guarantee Funds.

In accordance with the provisions of the PPD ESC 2004-2006, a **Feasibility study** was undertaken for the development of the operational arrangements, in view of introducing a credit scheme targeted at start-ups and micro-enterprises. The feasibility study explored different mechanisms for supporting start-ups and micro-enterprises based on EU “best practices”, and also on the legal/regulatory framework and market conditions in Romania.

The most important recommendations and findings emerged from the Feasibility Study are that detailed analyses strongly indicate **high need, high potential demand, and high potential for sustainability**. Therefore, the conclusion of the consultant is that **the proposed scheme is feasible** with a good probability of full credit disbursement within a two year period. At the same time, the study emphasised that **there is a compelling need for the credit scheme focusing on start-ups and micro enterprises**.

Consequently, the major reasons supporting the implementation of the scheme are the following:

- The Micro and SME (MSME) sector in Romania seriously lacks access to development funding and exhibits structural weaknesses leaving it exposed to international competition.
- The commercial banking system, as elsewhere in Europe, is averse to lending to the MSME sector: start-ups and micro enterprises are particularly affected.
- Micro Finance Institutions (MFIs) in Romania, within the limits of their funding resources, have successfully targeted the start-up / micro enterprise segment of MSMEs and have an impressive performance record, even by international standards.
- The Romanian market for micro-financing is very reduced, in terms of volume of funds available for lending to start-ups and micro-enterprises;
- 88% of the Romanian SMEs are micro-enterprises, which is a very high percent for a healthy economy; one of the objectives of the credit scheme is to help micro and start-ups to grow to the status of small and medium enterprises, with all economic and social positive impacts that shall derive there from;
- Such a scheme would help the Romanian Authorities change the perception of applicants/beneficiaries that grants are “free money”, and educate them to receive and pay back the money received.
- The scheme will act as a promoter for JEREMIE – Joint European Resources for Micro to Medium Enterprises – an initiative by which it is intended to improve the supply of risk capital to small and medium-sized enterprises in the regions and it is expected to begin before the start of 2007.

The project will focus on **the capitalization of a regional-based credit scheme** targeted at SMEs start-ups and micro-enterprises. The On-lending Finance Facility for Start-Ups and Micro-Enterprises in Romania (Micro Credit Scheme) shall operate at regional level, according to mechanisms proposed as result of the Feasibility study. Specific allocations are made to each of the 8 development regions based on the ratios identified in the Budget Table, and are indicative. The final regional allocation will be agreed within the FA concluded with EBRD, in close connection with the number of selected Partner Lending Institutions (PLIs)⁴ in all the regions.

⁴ PLIs -Well established, regulated MFIs and possibly a limited number of Micro-finance Banks

The budget allocated for the credit scheme in the Phare ESC 2006 programme will be used to cover the following actions: on-lending fund and the risk sharing fund.

The central elements of the scheme and optimum **institutional framework for its implementation** are:

- The European Bank for Reconstruction and Development (EBRD), Romanian Micro Finance institutions (MFIs) and the limited number of Banks (which will have been selected under the Phare 2005 component of this scheme) interested in micro and small financing, which we call from now on PLIs, should be central in the management and administration of the scheme.
- EBRD, through the Contribution Agreement with the MEI (the Implementing Agency), will be appointed as Fund Manager (FM) and will assume overall management functions for the scheme.
- The MEI (as Implementing Agency) would transfer funds to EBRD (FM) on request and EBRD would on-lend to the PLIs (delivery agents), on a similar basis as the current SME Facility but with agreed policy and developmental targets. Core terms and conditions for selection of PLIs by EBRD and of final beneficiaries by PLIs should form part of the EBRD – MEI Contribution Agreement.
- Romanian PLIs will be the primary delivery agents, selected by the EBRD, operating under its umbrella - first level.
- The Delivery Agents would **on-lend the funds** in the form of micro loans to the eligible SMEs (start-ups and micro enterprises) – second level.
- For start-ups, the proposed Fund manager, EBRD, will manage a **Risk Sharing Fund**, funded by EU sources in the amount of approx 10% of on-lending funds. The Risk Sharing Fund and PLIs will cover portfolio losses on a 50-50 basis. Unused amounts could also be returned to the on lending fund.
- The financial terms, such as the interest rates for the loans provided to PLIs, will be set at levels coherent with the MCS's development goals and ongoing market rate in Romania with the aim to be additional and not competing with the private sector financial institutions. The combined cost of funds will be established by the FM, considering that the EU and Romanian Government funds bear zero interest rates. The interest rate will be diversified to reflect different levels risk associated with PLIs, after subtracting Direct Operating Cost, all remaining interest income will be capitalized.
- Interest rates to the final beneficiaries shall be calculated taking into account the prevailing market interest rates for the micro loans in Romania; but with discretionary moratoria on principal and minimal collateral as a consequence of loan portfolio guarantee cover. The micro loans repaid would be re-circulated as other micro loans in the normal way during project implementation.

Eligibility criteria for PLIs (first level): PLIs established and operating according to the Romanian law.

Eligibility criteria for Final Beneficiaries (Micro Enterprises and Start Ups): Micro-Enterprises and start-up companies established according to the Romanian law.

Eligibility of costs for loans extended to Final Beneficiaries (Micro Enterprises and Start Ups)

Second level: Investment in fixed assets and working capital.

Up to 85% of total project cost. The balance of 15% should be covered in cash from the own contribution of the sub-borrower or from sources other than EC.

Investment Instruments

The micro-credit scheme will include the following Investment instruments

First level:

- short to medium term loans to PLIs. Loans to PLIs are expected to be from EURO 0.3 million to EURO 3 million.

Second level:

- short to medium loans up to EURO 25,000 provided by PLIs-MFIs, in compliance with the Romanian Micro-Finance Law.

- short to medium loans EURO 25,000 up to 50,000 provided by PLIs –Micro-finance Banks.

The National Guarantee Fund for SMEs may be involved in this micro-credit scheme at first or second level.

The financial model developed for the purpose of evaluating the financial sustainability of the micro-credit scheme indicates that under given assumptions in the Base Scenario, the micro-credit scheme will be self-sustainable within two years of operations.

Contribution agreement

Under the proposed procedure, the EBRD will be entrusted with overall management tasks over the Phare funds destined to this sub-project. The structure of the on-lending finance facility envisage that Phare funds and EBRD contribution are pooled into a fund managed as a single source.

The contribution agreement shall lay down the terms on which the external aid shall be managed by the contractor. The proposed exit mechanism will be included in the agreement.

The exit mechanism

Unless otherwise and explicitly stated in the basic acts, normally the Commission would retain the ownership of the Community funds that are earmarked for the purpose of the credit scheme/revolving funds mechanisms, irrespective of the fact that it has delegated responsibility for the implementation of the budget concerned to a third party. Generally, in the standard Financing Memoranda⁵/Financing Proposals are a number of indicators which lead to the conclusion that the unused/uncommitted funds are still the property of the European Commission and can be reimbursed. These indicators are, for example, the existence of an expiry date, after which any balance of funds shall be cancelled; the possibility of the Commission to suspend the financing of the measure in case of failure to carry out an obligation set out in the Financing Memorandum or in the general Conditions; the condition that all the funds which have been disbursed by the expiry date of the programme, including interest accrued, shall be returned to the Commission, etc.

Where the Commission does not explicitly transfer the ownership to these funds they remain its property.

It follows that in order for such exit mechanisms to be enforced, the Financing Memorandum, and all its annexes, as well as the contribution agreement with the EBRD should explicitly establish, or set the conditions for, the transferring of ownership rights of the uncommitted funds, including interest accrued and non-utilized risk-sharing funds.

There are two options for the exit mechanism, either to transfer the funds to PLIs or to a Romanian public body who will continue their management. The TA from 2004 will further explore these

⁵ The actual title is now changed as Financing Agreement

possibilities and will make a proposal. Anyhow the decision on the exit mechanism lays with the Commission, after carrying out a closure audit.

3.3.3.3 Results for 2006

Conditioning upon approval by EC services of the recommendation of the feasibility study carried out in 2005:

- The Micro-Credit Scheme is in place;
- A minimum of 550 loans are approved.

3.3.4 Budget for Priority C/measure a

Year 2006	Phare funding			National Co-financing*	IFI	Total
	Investment Support	Institution Building	Total EU (=I+IB)			
Sub-project 1- ITC platform		1.75	1.75			1.75
Sub-project 2 – industrial acquis	7.65		7.65	2.55	40.00	50.20
Sub-project 3 – - Micro-credit facility	9.60		9.60	3.20	20.00	32.80
1. Nord – Est 21,57%	2.071		2.071	0.690	4.314	7.075
2. Sud-Est 13,92%	1.336		1.336	0.445	2.784	4.566
3. Sud-Muntenia 16,07%	1.543		1.543	0.514	3.214	5.271
4. Sud-Vest Oltenia 11,99%	1.151		1.151	0.384	2.398	3.933
5. Vest-România 8,84%	0.849		0.849	0.283	1.768	2.900
6. Nord – Vest 11,57%	1.111		1.111	0.370	2.314	3.795
7. Centru 11,03%	1.059		1.059	0.353	2.206	3.618
8. București-Ilfov 5.01%	0.481		0.481	0.160	1.002	1.643
Total 2006	17.25	1.75	19.00	5.75	60.00	84.75

3.3.5 Implementation arrangements for Priority C, measure a

Ministry of European Integration will be the Implementing Agency.

NASMEC and MEC are the institutions responsible with policy development and will provide technical support for investments implementation.

For the technical assistance under sub-project 1, ITC e-governance portal maintenance NASMEC will be the Implementing Authority.

For the grant&credit scheme under sub-project 2, EBRD will be responsible as the Fund Manager both for grant fund and credit fund. An agreement will be signed between MEI and EBRD for management of the scheme. A further agreement will be signed by EBRD and EU Phare.

For the micro-credit scheme under sub-project 3, MEI (CA) shall appoint the European Bank for Reconstruction and Development as Fund Manager. EBRD will assume overall management functions for the scheme, including selection of Romanian delivery agents on a competitive and transparent basis among Micro Finance Institutions and micro-finance banks. Delivery agents will

on-lend micro-loans to start-up companies and micro enterprises, under the terms and conditions mentioned in the PPD ESC 2006 and detailed in the Proposal submitted for EC approval.

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

Non-standard contracts:

Sub-project 2 – Support to SMEs to cope with Internal Market

The implementation of the scheme implies a non-standard type of contract. In order to apply this scheme a derogation will be requested to the European Commission HQ.

Moreover, it should be noted that Phare or national procurement rules for secondary procurement cannot be observed. EBRD procurement rules might be applied, as in the case of EU/EBRD SME Facility and EU/EBRD Municipal Finance Facility, depending on EC approval.

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

The request for derogation was submitted to EC Delegation. Final approval of the scheme will be subject to the result of internal consultation in the Commission HQ.

3.4 Sub-projects implementing priority D/ measure A

Within the framework set by the Financing Agreement 2006 these sub-projects implement a measure foreseen in the multi-annual ESC Programme document 2004 referred to as follows:

Priority D:	Environmental Protection at regional level
Measure A:	Improving environmental protection at local and regional level

3.4.1. Objectives

To improve environmental protection at local and regional level through supporting relevant investments and strengthening the institutional capacity to manage grants and cope with the future structural funds

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

Background

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

Consequently, in accordance to the regional policy and strategy, besides waste management sector, investments could be also performed in areas such as:

- water management ;
- air quality;
- biodiversity.

Considering the "Strategy for Water Management", in water management sector the following types of projects could, in principle, be implemented:

- rehabilitation, modernization of sewerage and waste water treatment systems;
- reduction of damages produced by the hazardous meteorological phenomena, by taking actions protective against flood and other potential calamities in the area and/or their effects;
- assurance of good quality of water and protection against the nutrients originated in agricultural sources.

The projects that, in principle, could receive support in the field of air quality should consider and meet the priorities and measures mentioned in the "Strategy for Atmosphere Protection" and the subsequent "National Action Plan for Atmosphere Protection", both prepared with support from a PPF and approved.

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

- in-situ and ex-situ conservation of threatened, endemic or rare species and of those with high economical value;
- implementation of the National Protected Areas Network and ensuring the management for natural habitats and biodiversity conservation. Promoting and implementing the legislation regarding natural protected areas;
- implementation of new management systems as well as new alternative technologies for sustainable development of biodiversity. Development of sustainable tourism, without affecting biological diversity;
- conservation of natural habitats and ecological restoration, based on scientific studies, of the affected ecosystems. Conservation and reconstruction of wetlands and the protection of the endemic species, based on scientific studies;

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

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

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

For 2006, it is foreseen to continue the **investment grant scheme** designed under Phare ESC 2003, implemented under Phare ESC 2004 for the waste sector and extended under Phare ESC 2005 to the relevant priority environmental sectors in the eight regions of the country. The investment grant scheme to be implemented under Phare ESC 2006 will be open for the public authorities.

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

For environmental sectors that will be addressed further on by the 2006 programming, the twinning project that has supported the Ministry of Environment and Water Management under Phare ESC 2003 has prepared the multi-annual programming concept including: specific activities to be supported in each environmental sector, types of projects to be financed in each environmental sector, selection criteria, rates of assistance, support for the local preparation (definition of rules and procedures) etc. Guidelines for applicants will be approved according to the procedures that are in place at the time when they are finalized, PRAG or EDIS procedure.

The following projects will be considered:

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

Following an analysis of the specific activities within each environmental sector and in line with the recommendations of the European Commission, the priority investment areas for the public sector are: waste management, water and waste water management and nature protection/biodiversity (particularly the protected areas). The 2 priority environmental sectors identified for the 8 regions of the country by their respective regional authorities, RDAs and REPAs, are the following:

- **Region 1 – North-East**
 - Sector 1: waste management
 - Sector 2: water and waste water management
- **Region 2 – South-East**
 - Sector 1: waste management
 - Sector 2: nature protection/biodiversity
- **Region 3 – South-Muntenia**
 - Sector 1: waste management
 - Sector 2: water and waste water management
- **Region 4 – South-West**
 - Sector 1: waste management
 - Sector 2: water and waste water management
- **Region 5 – West**
 - Sector 1: waste management
 - Sector 2: water and waste water management
- **Region 6 – North-West**
 - Sector 1: waste management
 - Sector 2: water and waste water management
- **Region 7 – Centre**
 - Sector 1: waste management
 - Sector 2: nature protection/biodiversity
- **Region 8 – Bucharest-Ilfov**
 - Sector 1: waste management
 - Sector 2: water and waste water management

Eligible beneficiaries:

The eligible beneficiaries are the public authorities, who can apply for any of the two priority environment sectors identified by their respective regional authorities (RDAs and REPAs).

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

A) In the field of waste management

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

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

Size of grants :

- Minimum amount of grant: 100,000 €
- Maximum amount of grant: 1,000,000 €

B) In the field of water and waste water management

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

- rehabilitation of water treatment plants, main water pipes, water nets, storage tanks;
 - reconstruction of existing assets, where the current situation poses a health risk;
 - extension of public water supply, where it is efficient;
 - remediation of water resources , where no alternative source of supply is available by effective means ;
 - completion of mattering;
 - investments in decreasing of water loses.
- activities/investments regarding public wastewater systems within agglomerations larger than 2000 (equivalent inhabitants) p.e. (Non-overlapping with other potential financing sources/ programmes: the projects should not be eligible for ISPA, SAMTID, SAPARD or PHARE CBC programmes), such as :
 - rehabilitation of the sewage treatment works, collectors, sewer systems, pressure stations, storm water storage or treatment;
 - reconstruction or refit of sewage treatment works, where currently thresholds stipulated by law are not met;
 - reconstruction of main sewers, where urgent needed to get the system function;
 - extension of sewer systems within the borders of agglomerations larger than 2.000 p.e., where connection to the public sewer system does not trigger excessive costs.
 - activities/investments aimed at providing protection against floods/ water overflows and the dangers they can bring:
 - construction of new public assets/infrastructure elements whose role is to provide protection against floods, such as dykes, walls, retention systems ;
 - reconstruction of existing public assets/infrastructure elements that have been identified as being at risk..

Size of grants :

- Minimum amount of grant: 100,000 €
- Maximum amount of grant: 1,000,000 €

C) In the field of nature protection/biodiversity

The main types of investments to receive financial support in the field of nature protection/biodiversity shall contribute to conservation of the natural habitats and ecological reconstruction and could refer to issues such as:

- Conservation (in-situ or ex-situ) of threatened, endemic or rare species and of those with high economical value;
- Implementation of the National Protected Areas Network;
- Establishing of the Natura 2000 network at the national level;
- Improvement of management systems of the actual protected area;
- Implementation of new management systems as well as new alternative technologies for sustainable development and biodiversity conservation;
- Setting up the monitoring system for protected natural habitats and wild species.

Size of grants :

- Minimum amount of grant: 100,000 €
- Maximum amount of grant: 1,000,000 €

Maximum rate of grant for public sector: 90% of eligible cost

In order to ensure the fulfillment of its objectives, each project proposal received under this **Investment Grant Scheme** should compulsorily include 3 components:

1. investment operations;
2. a training component for the operation of the investment;
3. a public awareness component

The activities under components 2 and 3 will be performed by Consultants, which will be selected after the signature of the grant contract through service procurement procedure.

The local public authorities, as grant beneficiaries, should provide a co-financing amounting at least 10% of the total budget, as local contribution, in cash.

In principle, the 8 regions can submit proposals in the priority environmental sectors selected by the regional authorities of each region. The funds allocated to each region will support projects in both 2 sectors chosen. The Regional Development Agencies (RDAs) and the Regional Environmental Protection Agencies (REPAs) are going to conclude collaboration agreements in view of implementing the scheme. This way, they will be able to jointly establish the priority environmental sectors for each region.

Selection procedure:

For the stages of grant appraisal and selection related to the Phare ESC 2006 grant scheme, evaluation committees will be set up at regional level. Those committees will include independent experts, who are going to be ensured by the Technical Assistance in project 2 to be implemented under Phare ESC 2006, as well as representatives from REPAs and RDAs. The representatives from MEI, MEWM and EC Delegation may participate as observers.

3.4.3` Sub-project 2: Technical Assistance to support the implementing authorities in projects appraisal&selection and strengthen the project implementation capacity of REPAs

Technical Assistance (TA) is foreseen in 2006 in order to support the implementation of the grant schemes and strengthen the REPAs' capacity to implement projects in the filed of environment

More specifically, the TA will provide support to the implementing authorities (RDAs and REPAs) in the appraisal and selection of projects, as well as specific support, increased awareness and appropriate skills to REPAs with regard to their project/program implementation responsibilities, including the ones related to project selection, contracting and monitoring. The support provided to REPAs under this project will be complementary to the one provided under the Priority E of the Phare ESC 2006 Programming Document.

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

3.4.4 Results 2006

- Investment projects developed, selected and contracted through the Phare ESC 2006 Investment Grant Scheme for public authorities throughout the country, in water, waste and biodiversity sectors,;
- Local and regional public authorities capable to independently manage environmental protection activities at a high professional level ;
- Increased capacity of REPAs to fulfill their implementation responsibilities related to EU funded projects in the field of environment;
- Accurate, well-prepared evaluation reports for the selection process.

3.4.5 Budget for Priority D/measure a

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

Year 2006	Phare funding			National Co-financing*	IFI	Total
Priority D/Measure a	Investment Support	Institution Building	Total EU (=I+IB)			
Sub-project 1: Environmental investment scheme for local public authorities (equal per region):	27.45		27.45	9.15		36.60
1. Nord – Est	3.4312		3.4312	1.1438		4.575
2. Sud-Est	3.4312		3.4312	1.1438		4.575
3. Sud-Muntenia	3.4312		3.4312	1.1438		4.575
4. Sud-Vest Oltenia	3.4312		3.4312	1.1438		4.575
5. Vest-România	3.4312		3.4312	1.1438		4.575
6. Nord – Vest	3.4312		3.4312	1.1438		4.575
7. Centru	3.4312		3.4312	1.1438		4.575
8. București-Ilfov	3.4312		3.4312	1.1438		4.575
Sub-project 2: Technical Assistance to support the appraisal and selection of the projects and support to REPAs		0.55	0.55			0.55
Total 2006	27.45	0.55	28.00	9.15		37.15

3.4.6 Implementation arrangements for Priority D/measure a

The main agencies, which are going to assist in implementation, are Regional Development Agencies, as Implementing Authorities, coordinated by the Ministry of European Integration, as Implementing Agency.

The Regional Environmental Protection Agencies (REPAs) coordinated by the Ministry of Environment and Water Management will provide technical support in the implementation process and will also participate in the evaluation process by appointing their representatives as evaluators in the Regional Selection Committees. Cooperation agreements in the field of environment protection have been concluded between the RDAs and REPAs, in the autumn of 2005. These agreements set clearly the conditions of their cooperation and the tasks that REPAs will undertake as regards appraisal and selection, contracting and monitoring of projects.

For TA concerning project appraisal and selection, as well as the capacity strengthening of REPAs (sub-project 2), the MEWM will be Implementing Authority.

The enforcement of a sustainable system related to environmental management implies major changes of the present practices. The implementation of such changes will lead to the involvement of the whole society: individuals as users, entrepreneurs, socio-economic institutions, public authorities.

3.5. Sub-projects implementing Priority E

Within the framework set by the Financing Agreement 2006 these sub-projects implement a measure foreseen in the multi-annual ESC Programme document 2004 referred to as follows:

Priority E:	Building the institutional structures in order to achieve, upon accession, sound and efficient management of EU Structural Funds
Measures a:	Development of administrative capacities for Structural Funds management

The Sub-project numbering corresponds to the numbering given in the 2004 – 2006 programming document.

In the framework of Part 1, only sub-project 4, components B and C will be carried out, the other projects being included either in Part 2 or 3 of ESC 2006 Phare Programme.

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

3.5.1.1 Objectives

- To strengthen MEI's role in the overall co-ordination of regional policy formulation and implementation, continuing with the development of decentralized, effective and broad partnerships, refining of programming documents required for Structural Funds..
- To support the general Directorate for Regional Development to prepare to take over its role as ROP Managing Authority under Structural Funds and of the Cross Border Cooperation Directorate within Ministry of European Integration to take over the role of National Supporting Unit for INTERREG programmes and Managing Authority for NEIGHBOURHOOD programmes, as well as of the Intermediate Bodies for these programmes.

3.5.1.2 Activities and means in 2006

Component A - National Twinning for regional programmes implementation

This project is included in Part 3 for which CFCU is Implementing Agency.

Component B - Training at National and Regional Levels to enhance Structural Funds' ROP absorption capacity

It is assumed that the project will start in 2007 or early in 2008 when the Operational Programmes and European territorial cooperation Programmes are under implementation. If the financial allocations proposed by the European Commission are realised Romania will be eligible for 5,973 million EURO for Structural Actions (Structural Funds and the Cohesion Fund) over the period 2007-09. The guideline from the European Commission is that two-thirds of these funds are for the Structural Funds, some 3,982 Million EURO, which amount to substantially more than the Economic and Social Cohesion allocations under pre-accession (in fact ESC represent just 12% of the 2007-09 SF allocation).

The European Commission have allocated an increasing scale of commitment appropriations from 2007 to 2009 to allow the absorption capacity to develop. However, unless well-prepared, eligible projects at the regional level can be ensured, only a small percentage of the funds will be committed

and spent effectively. A considerable amount of training in project identification and preparation must be carried out at regional level to give regional partners the ability to access funds.

Taking into account that twinning will provide mainly on-the-job training and guidance, this project will develop and deliver a formal training programme, based on revised training needs assessment, for ensuring the taking over the ROPs management responsibilities in real time, at all levels.

The project will fill the gap between Phare ESC programme and Structural Funds ROP management, until the TA under ROP will effectively be starting.

Therefore the objective of this Technical Assistance project is to support the preparation, information, management, control, evaluation and other tasks of the Managing Authority and Intermediate Bodies, through training in order to improve the capacities at national and regional levels, ensuring correct utilisation of ERDF, ESF and Neighborhood and Partnership Instrument/Pre-accession Instrument.

Training needs

Since the Operational Programmes and European territorial cooperation Programmes will have been running for one year or more by the time the TA project has been contracted, a review of the progress made in implementing the programme will be carried out to identify training needs. The TA team will need to liaise with the Intermediate Bodies and Managing Authority of the ROP and European territorial cooperation Programmes to get feedback on managing difficulties encountered, project quality and any of their identified training needs for national and regional actors. In addition the Regional Twinning projects will provide feedback regarding other training needs at regional level, including final beneficiaries.

This will be a continuation of the 2004 project, addressing further needs for staff in ROP MA and IBs, as well as national and regional stakeholders and beneficiaries.

Method of Delivery of Training

As with the 2004 training project the training will be delivered, as far as possible, by Romanian Trainers. The TA team will carry out a training for trainers course at the beginning of the project.

The preferred training delivery method is the interactive workshop. The Managing Authorities and Intermediate Bodies will organise information seminars for potential beneficiaries so this type of activity should not be repeated under this Phare TA project.

The workshops should aim to identify and help guide preparation of projects for submission to the MA's and IB's. Help desks already existing in the IBs will be used as information dissemination and guidance points. This kind of guidance will be used complementary to specialized workshops addressed to potential beneficiaries. The workshops will focus on general information and procedural issues, which applies to all types of projects, while the help desks will support individual projects design and provide specific project related information.

The training process

Regional Training teams (minimum two per region and minimum one person per eligible cross-border area) will be established to carry out a series of initial workshops at which SF project promoters will be introduced with the priorities of ROP and examples of eligible projects and, afterwards will be asked to outline their project ideas. These project ideas will be reviewed and discussed to determine their eligibility and adherence with the ROP and INTERREG/NEIGHBOURHOOD programmes. Further guidance will be provided through the

help desks on further developing the projects so that project promoters are taken through the stages of project preparation and submission.

The training is expected to incorporate such issues as;

- Methods to identify ERDF and ESF type projects in accordance to Operational Programmes, and INTERREG/NEIGHBOURHOOD programmes, for example by providing examples of successful project types and eligible activities
- Project design techniques – including definition of quantified inputs and outputs
- Improving value-for-money at the project level, through providing training in Cost Benefit Analysis
- Environmental Impact Assessment requirements and method of preparation
- Explaining the need for respecting horizontal themes in all project applications (i.e. environmental and equal opportunities criteria).

Potential Beneficiaries of the training (to be confirmed through needs analysis);

- staff members from the County (Judet) administration who have a role in investment project design, development and implementation
- staff from Local councils/municipalities with a potential role in investment project design, development, selection and implementation (principally local development).
- Public utility institutions
- Non Government Organisations
- Private firms

Managing Authority and Intermediate Bodies will also attend this kind of training; in addition training for efficient management and coordination of programmes, monitoring (including implementation of the monitoring system and maintenance of information channels), reporting and control will be delivered to them and other stakeholders, information and publicity as well as networking at national and regional level.

Results:

- Training Needs assessed
- Core group of Romanian Trainers proficient in training provision
- Staff from Managing Authority and Intermediate Bodies trained
- A minimum of 100 key people trained/guided from each NUTS II region and 25 key people trained from each of 5 cross-border cooperation eligible areas.
- Training workshops participants submit 50 projects per region, of which 30 are successful
- Training workshops participants submit 30 projects per eligible cross-border area, of which 20 are successful.

Component C – Support to RDAs for improving their premises

Project purpose: To provide support to RDAs to improve their working conditions, in order to effectively perform the tasks delegated by MEI according to the Regional Framework Agreement, and to manage ROP implementation, after accession to EU.

According to the RDAs' premises survey, whose results are presented in the Chapter 1.1 – Implementing Authorities (page 9), most RDAs have inadequate premises, considering also the needs for hiring more personnel in view of the implementation of ROP 2007-2013.

This project will provide financial support for building rehabilitation, modernization, reconstruction, new building acquisition or construction (including the land), or rent, in accordance with the purpose of the project.

The support to RDAs will take the form of grant contracts concluded using a “direct award” procedure.

The grant beneficiaries will be the RDA or the County/Local Council who is/will be the owner of the infrastructure. Should the grant beneficiary be a different organization than the RDA, it will make the commitment to put the upgraded/new premises for RDAs use.

No local co-financing should be provided by the direct beneficiaries. Nonetheless, if the grant does not cover all activities envisaged in the project, the beneficiaries may contribute to cover the eventual budget increases.

Contracting is the responsibility of MEI. Monitoring is performed by MEI, who will be both, Implementing Agency and Authority for this project. Procurement following approval of grants will be the responsibility of the beneficiary and will follow the Romanian national legislation procurement rules.

Results:

- Improved working environment for RDAs
- Improved premises.

3.5.2 Budget for Priority E/ measure a – sub-project 4

Year 2006	Phare funding			National Co-financing	IFI	Total
Priority E / Measure A	Investment	IB	Total Phare			
Sub-project 4, ROP MA, out of which:		1.00	1.00			1.00
- Component B		1.00	1.00			1.00
- Component C*						
TOTAL 2006		1.00	1.00			1.00

* Co-financing for site supervision will be used for supporting the RDAs (3.00 Meuro from Priority A/measure a).

3.5.3 Implementation arrangements for Priority E/ measure a –sub-project 4

Ministry of European Integration is Implementing Agency for sub-project 4 components B and C.

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

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

Implementing Authority for sub-project 4 is MEI for both components.

4. Linked activities

See Annex 7. See also Annex 1 with corresponding log frame matrix for priorities.

5. Detailed budget

The ESC sector programme will be implemented by three Implementing Agencies. The budget of the ESC Phare Programme corresponding to Part 1 is reflected in the tables below:

€M	Phare/Pre-Accession Instrument support	Co-financing			Total Cost
		National Public Funds (*)	Other Sources (**)	Total Co-financing of Project	
Year 2006 – Part 1					
Investment support jointly co funded					
Priority A, measure A	69.60	23.20		23.20	92.80
Sub-project1 Regional infrastructure	62.10	20.70		20.70	82.80
Sub-project2 Project preparation facility	7.50	2.50		2.50	10.00
Priority B, measure D	23.30	7.77		7.77	31.07
Sub-project 1					
- Specialised didactic equipment	20.25	6.75		6.75	27.00
- Distance communication equipment	2.40	0.80		0.80	3.20
- Supply of equipment to NCDVET	0.05	0.02		0.02	0.07
Sub-project 2 – grants for pre-university staff training	0.60	0.20			0.80
Priority C, measure A	17.25	5.75	60.00	65.75	83.00
Sub-project 2 – industrial acquis	7.65	2.55	40.00	42.55	50.20
Sub-project 3					
– Assistance to PLIs & potential beneficiaries		3.20		3.20	3.20
- Micro-credit facility	9.60		20.00	20.00	29.60
Priority D, measure A	27.45	9.15		9.15	36.60
Sub-project 1: Environmental investment scheme for local public authorities	27.45	9.15		9.15	36.60
Priority E, measure A	0.00	0.00		0.00	0.00
Investment support – Part 1 sub-total	137.60	45.87	60.00	105.87	243.47
% of total public funds	max 75 %	min 25 %			

Year 2006 – Part 1					
Institution Building support					
Priority A, measure A	0.00				0.00
Priority B, measure D	1.95				1.95
Sub-project 1- TA for NCDVET	1.45				
Sub-project 2 – TA for NCTPE	0.50				
Priority C, measure A	1.75				1.75
Sub-project 1- ITC platform	1.75				1.75
Priority D, measure A	0.55				0.55
Sub-project 2: Support the appraisal and selection of the projects and support to REPAs	0.55				0.55
Priority E, measure A	1.00				1.00
Sub-project 4, Training for ROP	1.00				1.00
IB support – Part 1	5.25				5.25

Total Part 1 2006	142.85	45.87	60.00	105.87	248.72
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(*) contributions from National, Regional, Local, Municipal authorities, FIs loans to public entities, funds from public enterprises

(**) private funds, FIs loans to private entities

All **investment** sub-projects supported by Phare must receive co-financing from **national public funds**. Minimum requirement for co-financing from national public funds is 25% of the combined Phare and national contributions to the overall investment support.

6. Implementation Arrangements

6.1 Institutional Framework

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

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

6.2 Implementing Agencies

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

Contact:

PAO: Maria CRIVINEANU
Ministry of European Integration
Bd. Libertății, nr.12, sector 5, Bucharest
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6.3 Implementing Authorities

<i>Tasks</i>	<i>Implementing Authority and Intermediate Bodies</i>	<i>Remarks on Organisation, resources required</i>
Priority A: Improving regional infrastructure to support economic development Measure a Regional and local transport and business infrastructure	RDAs for works (RDBs and NBRD approved the list of infrastructure projects) MEI for site supervision, PPF and for RDAs support contracts.	PIUs will be established within beneficiary local authorities Infrastructure Steering Sub-committee, chaired by MEI
Priority B: Human Resource Development Measure d Improving access to education and region specific technical and vocational education and training system	Ministry of Education and Research, National Centre for Vocational education and training for TA and equipment supply, sub-project 1 National Centre for Pre-university Education Staff Training for sub-project 2	Regional Consortia provide the forum for human resources strategies and action plans development and monitoring HRD Steering Sub-committee, chaired by MoLSSF
Priority C: Development of the productive sector through support to SMEs Measure a SMEs support	NASMEC for TA under sub-project 1 EBRD for sub-projects 2 and 3, grant and credit schemes.	National agency for SMEs and Co-operatives will provide technical support SMEs Steering Sub-committee, chaired by MEI
Priority D: Environmental protection at regional level Measure a	Regional Development Agencies (RDAs)	MEWM and REPAs will provide technical support

RDA Premises (evidence of 8.02.2006)

Nr crt	RDA	Existing Spaces			Current situation			Necessary to buy a new building	Costs Estimation/option
		Legal aspects	Current no. of Staff/ Approved no. of staff	Adequate/ Inadequate	Rehabilitation/ Modernization	Extension	Refurbishment		
1	RDA NE	a) Headquarters (600sq m) = claimed by the owner. Possibilities: purchasing or long term rental b) 3 offices in the building of the CC Neamt (free loan contract) c) 3 offices = from a company which belong to the LC Piatra Neamt (rental contract)	47 / 66	a) Old and battered building			Consolidation and remedies	New building with a minimum 1,200 sq m surface	1. Purchasing new building: 750,000 – 800,000 Euro (land included) 2. Purchasing and modernize a): 450,000 – 500,000 Euro + supplementary building around 500-600 sq m, which means additional financial effort of 450-500,000 Euro Total: 1,000,000 Euro
2	RDA SE	Actual headquarters (185,99 sq m) = rental contract	50 / 112	Inadequate				New building with 768 sq m surface	460,800 Euro
3	RDA SM	Headquarters in the building of the CC Calarasi, charging utilities only (heat, water, electricity)	41 / 60	Adequate in present, inadequate if employing additional staff				New building	No estimations received
4	RDA SW	a) Building put at RDA disposal by the prefecture (long time period) b) Space in the Ex-School “Regina Maria” given to the Agency in administration by the CC Dolj for a 5 years period, an extension will be possible with the agreement of the MEC	37 / 71				a) Top overhaul and rehabilitation b) Remedies	c) New building (land chartered for 49 years from the LC Craiova)	a) 989,050 RON without VAT b) 317,583,76 RON c) 2,976,866 RON including VAT + endowment and additional works => 5,194,419 RON = 1,430,891 Euro
5	RDA W	N/A information	38 / 53						
6	RDA NW	a) Free loan contract with AVAS Bucharest, annually renewable and, which will expire at 10.03.2006, There are demarches to obtain this building as a property of the CC Cluj for the Agency	44 / 94	Adequate in present Inadequate if employing additional staff	a) Necessary to have an upper story			b) New building P+3 (200 sq m/ floor)	a) 140,000 Euro b) 720,000 Euro

7	RDA C	a)Headquarters which belong to the CC Alba = 487 sq m downstairs + 10 offices and annexes to the entresol b)Space put at disposal of the RDA by CC Alba (free loan contract for.10 years) = 799 sq m hence 270 sq m for the Agency + 377 sq m land carriage free c)Space=132 sq m free of charge put at the disposal of the RDA by the City Hall for 10 years period	56 / 101			b)New building near the existing head-quarters (P+E+M) 695 sq m surface b)Remedies and internal rehabilitations		b) 70,000 Euro for remedies and rehabilitations b) 360,000 Euro for extension
8	RDA BI	Existing space put at the disposal of the RDA by the City Hall (free loan contract)– will be soon recovered by the owner	30 / 81	Inadequate			1.Assign a different space by the City Hall to the Agency 2.Rental an adequate space 3.Purchasing/construct a new building with a minimum 800 sq m surface	2.Monthly Costs 9000-15000 euro according to endowment and location 3.Costs 700000 - 1000000 euro

6.4 Implementing tools

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

The Phare ESC Steering Committee is chaired and serviced by MEI, which will therefore undertake all the necessary administrative tasks (organizing meetings, planning agendas, general secretariat) and will produce all papers to be discussed at its meetings.

The tasks of the Phare ESC Steering Committee are defined in the Regulation of Organization and Functioning, adopted in the first meeting that took place on 12 March 2003. The Phare ESC Steering Committee puts the basis for the future Monitoring Committee under Structural Funds.

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

The main tasks of **Implementing Agency** are:

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

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

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

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

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

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

6.5 Lessons Learnt

See Annex 6.

7. Risks and Conditionality

Table of acronyms

Acronym	Description
AEM	Active Employment Measures
AP	Accession Partnership
BSP	Business Services Provider
CCIR	Chamber of Commerce and Industry of Romania
CFCU	Central Financing and Contracting Unit
CSF	Community Support Framework
CVT	Continuing Vocational Training
EC	European Commission
ECSE	European Charter for Small Enterprises
ECT	Education Credit Transfer
EDIS	Extended Decentralised Implementation System
EIA	Environment Impact Assessment
ERDF	European Regional Development Fund
ESC	Economic and Social Cohesion
ESF	European Social Fund
EU	European Union
FB	Final beneficiaries
FDI	Foreign Direct Investment
FOPIP	Financial Operators Performance Improvement Programme
GD	Government Decision
GDP	Gross Domestic Product
HRD	Human Resource Development
IB	Institution Building
IBRD	International Bank for Reconstruction and Development
ICT	Information & Communication Technology
IFI	International Financial Institution
IRIS	Integrated Regional Information System
ISPA	Pre-Accession Structural Instrument
IT	Information Technology
JAP	Joint Assessment Paper
JIM	Joint Inclusion Memorandum
LEAP	Local Education Action Plans
LEPI	Local Environment Protection Inspectorate
LLL	Life long learning
LM	Labour market
MA	Managing Authority
MC	Monitoring Committee
MEI	Ministry of European Integration
MER	Ministry of Education and Research
MEWM	Ministry of Environment and Water Management
MIS	Management Information System
MoAI	Ministry of Administration and Interior
MoLSSF	Ministry of Labour, Social Solidarity and Family
MPF	Ministry of Public Finances
MTCT	Ministry of Transport, Constructions and Tourism
NAE	National Agency for Employment
NAPE	National Action Plan for Employment
NAQ	National Authority for Qualification
NASMEC	National Agency for Small and Medium Sized Enterprises and Cooperatives
NATB	National Adults Training Board
NBRD	National Board for Regional Development
NCDVET	National Center for Development of Vocational Education and Training
NCTPE	National Center of staff Training in Pre-University Education
NDP	National Development Plan
NEF	National Environmental Fund
NGO	Non Government Organisations

<i>NNI</i>	<i>New Neighborhood Instrument</i>
<i>NPAA</i>	<i>National Programme for the Adoption of the Acquis</i>
<i>NSC</i>	<i>National Steering Committee</i>
<i>NTB</i>	<i>National Training Board</i>
<i>NTC</i>	<i>National Training Center</i>
<i>PA</i>	<i>Paying Authority</i>
<i>PAO</i>	<i>Programme Authorising Officer</i>
<i>PATJ</i>	<i>County Spatial Development Plan</i>
<i>PC</i>	<i>Programme Complement</i>
<i>PCU</i>	<i>Programme Coordination Unit</i>
<i>PES</i>	<i>Public Employment Service</i>
<i>PIU</i>	<i>Programme Implementation Units</i>
<i>PPD</i>	<i>Phare Programming Document</i>
<i>PPF</i>	<i>Project Preparation Facility</i>
<i>PQNR</i>	<i>Professional Qualifications National Register</i>
<i>PRDT</i>	<i>Programme for Regional Development Training</i>
<i>PSC</i>	<i>Project Steering Committee</i>
<i>RC</i>	<i>Regional Centers</i>
<i>RDA</i>	<i>Regional Development Agency</i>
<i>RDP</i>	<i>Regional Development Plan</i>
<i>RDS</i>	<i>Regional Development Strategy</i>
<i>REAPS</i>	<i>Regional Education Action Plans</i>
<i>REPA</i>	<i>Regional Environmental Protection Agencies</i>
<i>REPI</i>	<i>Regional Environment Protection Inspectorate</i>
<i>ROP</i>	<i>Regional Operational Programme</i>
<i>SAMTID</i>	<i>Small and Medium Towns Infrastructure Development</i>
<i>SAPARD</i>	<i>Special Programme for Pre-Accession Aid for Agriculture and Rural Development</i>
<i>SF</i>	<i>Structural Funds</i>
<i>SME</i>	<i>Small and Medium Sized Enterprise</i>
<i>SOP</i>	<i>Sectoral Operational Programme</i>
<i>TA</i>	<i>Technical Assistance</i>
<i>TD</i>	<i>Tender Dossier</i>
<i>TORs</i>	<i>Terms of Reference</i>
<i>TVET</i>	<i>Technical and Vocational Education and Training</i>
<i>VET</i>	<i>Vocational Education and Training</i>
<i>WB</i>	<i>World Bank</i>

ANNEXES

Annex 1	Log frame planning matrix for Part 1-2006
Annex 2	Detailed Implementation chart for Part1-2006
Annex 3	Cumulative Commitment and Disbursement for Part1-2006
Annex 4	List of Relevant Laws and Regulations
Annex 5	Monitoring Sheet Part1-2006
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