

Standard Summary Project Fiche

1. Basic Information

- 1.1 **Désirée Number:** RO-2002/000-586.05.02
- 1.2 **Title:** Investments in Economic and Social Cohesion
- 1.3 **Sector:** Integrated Regional Measures (RE)
- 1.4 **Location:** Romania
Target areas as identified in National Development Plan

2. Objectives

2.1 Overall Objective(s):

- To support the Romanian Government to implement an integrated pluri-annual regional development policy through investment projects in priority sectors, in order to enhance the indigenous economic and social potential of the identified target areas facing severe industrial restructuring and demonstrating potential for economic growth, in line with the provisions of the National Development Plan (NDP) and in close correlation with the institution building support provided for designing national economic and social cohesion policies in line with the EU policies and practices.

2.2 Project purpose:

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

A. Technical and Vocational Education and Training (TVET)

- To strengthen and consolidate the achievements of the reform acquired through the Phare VET RO 9405 programme for initial TVET, as well as through Phare 2001-Economic and Social Cohesion in order to further assist in the modernisation of the rationalized TVET system and to follow up on the 2001 programme;
- 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 Institution Building activities of the 2001 programme;
- To further assist in the provision of equal chances for all young people to obtain a good professional qualification at a level equal to European standards, by providing TVET, which responds flexibly to the needs of each individual, taking into account the institutional achievements of 2001 programme.

B. Human Resources Development

- To develop labour force skills to become more adaptable to structural changes according to identified labour market skill shortages, with special focus on business management abilities and entrepreneurship development in order to encourage future economic growth.
- To facilitate access to employment for job seekers by enhancement of active employment measures and to develop new skills according to evolving needs of the labour market, promoting equal employment opportunities for vulnerable groups, such as long-term unemployed, unemployed aged over 45, young persons leaving the institutions, single women or women returning to the labour market.

C. Regional/large-scale infrastructure

C.1 Business related Regional infrastructure

- To develop infrastructures supporting business and tourism development, in order to strengthen competitiveness of SMEs through better access to technologies, services, markets and information;
- To rehabilitate degraded sites or to protect environmentally vulnerable sites with economic potential (industrial sites, closed enterprises from urban heavily polluted areas, natural sites and area with tourist potential), with particular attention to the remediation of the severely contaminated industrial sites;
- To upgrade regional transport infrastructure for improving access to economic areas and strengthening linkage between economic poles and European transport corridors;

C.2 Small and Medium Towns Infrastructure Development Programme (SAMTID)

- To support the Romanian Government to develop and implement the pilot phase of an integrated multi-annual national program creating and promoting a framework of transforming service provision and investing for sustainable water services in small and medium towns. This will help national and local authorities comply with National Development Plan (NDP) and EU directives, through:
 - the commercialisation of water and wastewater services provision of small and medium towns on a voluntary basis, through the creation of efficient and financially viable and autonomous integrated regional services providers, as free from political influence possible;
 - the implementation of capital investment for rehabilitation, modernization and up-grading of local water and wastewater infrastructure and performance improvement programs that raise service standards while promoting the application of cost recovery principles.

D. Awareness Campaign, Selection, Monitoring and Site Supervision

- To promote measures and provide information and advice on project preparation
- To ensure a transparent, competitive and effective process for project appraisal and selection
- To increase capacities of regional structures for programming and effective implementation of projects financed under this programme in order to carry out monitoring, control and evaluation activities, efficiently.
- To upgrade and sustain an adequate implementation system for the infrastructure type projects, including site supervision and inspection.

2.3 Accession Partnership and NPAA priority

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

- To develop national policy for economic and social cohesion, prepare for the implementation of regional development programmes, improve inter-ministerial co-ordination for structural funds
- To promote competitiveness through market driven enterprise restructuring (including small and medium size enterprises)
- To continue efforts to improve conditions for the development and sustainability of private enterprises with particular attention to micro, small and medium size enterprises (SMEs)
- To fight against social exclusion through the fostering of the employment opportunities and the increase of access to education
- To prepare the future participation of Romania in the European Employment Strategy.
- To develop local public services and to improve their quality in order to meet EU requirements, notably for activities related to water and wastewater services.

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

- To create new jobs through stimulating and the setting up and development of SMEs.
- The consolidation of the reform process in the field of school education including the corrections imposed by the feed-back element in this process.
- The initiation and development of “e-learning” educational policies, in the field of communication technologies and updating the infrastructure of institutions and educational units to meet European quality standards.
- To improve the adult professional training system through training programmes designed by modules and the development of the occupational standards.
- To adapt the training and retraining to the actual demand on the labour market.
- To improve and develop the local and regional infrastructure, essential requirement for the private sector development.
- A special attention should also be given to the compliance with the principles of sustainable and environmentally sound development. One of the short-term priority of the Accession Partnership being to complete transposition and enforcement of the Environmental Impact Assessment Directive.
- Transport and environmental infrastructure that will be financed form an indispensable part of integrated industrial restructuring or regional development programmes
- The development of efficiency measures in the water and wastewater services sector as well as the obligation of the utilities to assume responsibilities in relation to the quality of services to their customers.

2.4 Contribution to National Development Plan

In line with the demand of the present exercise, Romania’s regional policy, included in the National Development Plan for the period 2002-2005, states as development axes the following:

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| Axis 1: | Development of the productive sector and related services, strengthening the economic activities competitiveness and private sector promotion |
| Axis 2: | Improvement and development of infrastructure |
| Axis 3: | Improvement of human resources potential, labor force capacity to adapt to the market needs/requirements and the social services quality |
| Axis 4: | Support to agriculture and rural development |
| Axis 5: | Environment quality improvement and its protection |
| Axis 6: | Support to scientific research, technology development, innovation as well to communications, IT and information society |
| Axis 7: | Improvement of economic structure of the Regions, support to sustainable and balanced regional development. |

Projects financed under this component will address directly or indirectly the following axes:

- **Axis 2 - Improvement and Development of Infrastructure** - the economic potential of a region, as well as its attractiveness for locating investment, depend highly on its infrastructure conditions. Successful regional development initiatives require that the local infrastructure, as a component of the economic base, is able to support the demands placed upon it. It is, however, generally recognised that the Romanian social and economic infrastructure is insufficiently developed to meet the needs and requirements of a growing economy.
Local infrastructure, as an element of the economic base, must support the demands placed on it. Emphasis has been given in recent years to improving water and wastewater service delivery in large cities and in priority areas for regional development. The more recent policy to create new opportunity for small and medium towns to improve their local

- services is being incorporated into the NDP.
- **Axis 3 - Improvement of human resources potential, labor force capacity to adapt to the market needs/requirements** - Social policy is central to reducing inequalities and imbalances and promoting social cohesion. Along with economic policies and the employment policy, it creates the necessary mechanism for attenuating poverty, improving living and work conditions and raising the quality of life. It is imperative, therefore, to establish a genuine correlation among these policies and close co-operation between the respective implementing factors, thus achieving an integrated strategic approach. The national strategy of the labour force aims at creating such structures that are able to transform the unemployed into working people on the first labour market, by supporting competitive and sustainable job creation. This objective will be realised by promoting active measures of job creation.
 - **Axis 5: - Environment quality improvement and its protection** - Measures related to environmental rehabilitation of degraded industrial sites and closed enterprises in heavily polluted areas, in order to make use of the existing industrial infrastructure for the development of new economic activities. The SAMTID project will bring strong environmental benefits too, enabling small and medium municipalities to meet EU and Romanian environmental standards.
 - **Axis 6: - Developing the information society and IT** - The broad use of opportunities offered by the information society represents an important aspect of the economic support strategy.

2.5 Cross Border Impact

Not applicable.

3 Description

3.1 Background and justification:

As it is shown in the National Development Plan, the economic development disparities within the Development Regions, between the judets, towns and communes, are much larger than those between the NUTS II regions.

Starting with 2001, Phare National Programme for Economic and Social Cohesion, financial assistance was focused within the areas most seriously affected by industrial restructuring, identified at sub-regional level, taking into account the economic potential of the areas concerned. Romania identified 11 such areas as "priority zones/target areas". Investment projects financed under components A and B should be located in these priority zones. For infrastructure component priority will be given to projects in those areas, but projects covering the whole territory are eligible for financing.

A TVET

The VET system aims to respond in a dynamic and flexible way to the increasingly changing demands of the community at large, resulting from economic developments and from specific measures for social cohesion as defined by the government policy.

The proposed project represents the continuation of the Phare 2001 – Investment in Social and Economic Cohesion – TVET, and it is based on the achievements of Phare VET programme RO 9405 and its generalisation policy. At the end of the EU Phare VET programme RO 9405, in December 1998, the system of vocational education and training has been partially completed (levels of vocational schools and post-high schools), and left clear recommendations for generalisation and the completion of the whole system.

The regional and local disparities on the availability and quality of TVET are specifically addressed. Heavy industrial restructuring does also require restructuring of educational offer

in TVET from traditional industrial trades to economic areas (e.g. agro-tourism) and trades, which are emerging in the labour market, as well as rural areas.

The development of core skills implied by the new technologies and management styles - required in order to ensure the continuation of reforms initiated by the Phare RO-9405 programme and answer to the challenges raised by the extension of compulsory education, the lasting regional and local disparities in the quality of TVET and the specific needs of the groups at risk - demand investment in TVET school infrastructure. Moreover, the introduction of the modular training through the TVET reform supported by the previous EU Phare RO 9405 supposes a modular design of the training places and appropriate facilities for acquiring core skills, such as self-management and use of IT. At the same time, the process of rehabilitation should convert under-utilised TVET schools into modern training centres, for both initial and continuing training.

According to the current information on the TVET school infrastructure, there is a need for rehabilitating, upgrading, and providing appropriate furniture and equipment to the schools. These measures have in view both respecting the safety standards and general pedagogical norms of the MoER, and the standardisation of the working process and quality assurance required by each employment domain.

At **national level** the project is aiming at adjusting the whole VET system to enable schools to respond to the education and training needs at local and regional level. This by providing initial education and training, lifelong learning, as well as training on demand. The provision of education and training has to be sustainable and of good quality, comparable with European standards. The project wants to ensure the coherence of the national VET system and as such counteracting disparities between regions as well as assuring the quality of VET provision all over the country.

At **local and regional level** the project is aiming at VET schools to learn to respond to the education and training needs of individuals, those of the community at large and the business community in particular. As such VET schools will contribute in a pro-active and flexible way to economic growth and social cohesion of the area they are serving.

B. Human Resources Development

Taking into consideration that the performances of the Romanian economy and the capacity to respond to the competition pressure and the labour market forces from the European Union are directly conditioned by the quality of the human factor and by the structural adaptation of the labour force, an important place among the measures envisaged in the governing programme is given to the actions aimed at the increase in the qualification level of the labour force concomitantly with its retraining to match labour market demand and supply.

Due to the economic changes that have occurred, the development of market economy and privatisation and restructuring of Romanian economy in general have led to important problems appearing on the labour market. Beyond unemployment due to the lack of jobs, a deficit in well-qualified population appears more and more clearly. Moreover, the main asset for contributing to a solid, healthy and sustainable business development, the promotion of entrepreneurship and business management skills are not sufficient or adequate to the requirements of the global economy.

Due to scarce financial resources, investment in Human Resources Development has been insufficient and the gap between the market needs and the skills of the labour force has been maintained. Phare '98 Industrial Restructuring and Human Resources Development Projects had an absorption rate of 89%, showing that needs and interest exist. The HRD projects covered 23% of the total number of projects financed (106 out of 457) under this programme. They focused mainly on training activities and less on other measures for labour market and

employment promotion. The planned number of persons trained was 17,158, which results in a cost per trained person of 391 euro.

An evaluation of the Phare '98 Regional Policy and Cohesion Programme was undertaken by WM Enterprises Ltd.. Conclusions of this evaluation and other considerations are included in **Annex 4.2**. A brochure with success stories, from Phare '98 programme was published, promoting good practices and experiences in regional development projects implementation in Romania.

The total number of applications received in the first call for projects under Phare 2000 HRD component is around 750, amounting double of the public financial resources available. That shows the success of awareness and information campaign, but the quality of projects seems to be poor as long as around one third are selected and recommended for financing. The main outcome of this round was the difficulties of the beneficiaries to provide local contribution of 40% of the total eligible expenditures, due to lack of resources and non-profit types of activities financed under this component. Taken into account that in-kind contribution is also difficult to assess and to provide evidence of including it in the project during the implementation (Phare '98), a request for modification of the local contribution from 40% to 20% cash contribution in the Project fiche for Phare 2000 ESC, HRD component, is under consideration with EC Delegation. In support of this reduction of local contribution it is worth to mention that beneficiaries of HRD component of Phare'98 were around 66% composed of NGOs, Local Authorities, public training providers and Universities, around 9% were prefectures and decentralised services of central administration including MoLSS county offices, organisations that, usually, have scarce financial resources.

The projects to be financed will be mainly directed towards enhancing employment opportunities (through training and re-training of the labour force), developing entrepreneurship, improving the capacity of enterprises and their management staff to adapt to the requirements of market economy. Measures to support job seekers, unemployed, with special attention to long-term unemployed, young people and women, to find a job and avoid social exclusion, are financed too. These measures will alleviate the effects of economic restructuring also, by addressing the social groups most hit by it, without overlapping with the World Bank programme.

Complementarity is ensured with the current projects and programmes carried out by MoLSS:

- The Institution Building twinning project for improvement of continuing vocational training (CVT) systems is supporting the development of the framework for continuous training provision;
- The World Bank Labour redeployment Programme (2001-2006), with a budget of 20 M\$, provide services driven and available for displaced workers from enterprises meeting eligibility criteria specified in the Government Ordinance no. 9/1997.

The TVET component and the CVT twinning project will contribute to the efficiency of this component by ensuring development of vocational training according to the immediate needs of the labour market in the context of industrial restructuring and emerging market economy. CVT and TVET will put the grounds for a long term training strategy and creation of a coherent and flexible institutional and regulatory framework for training provision, development of occupational standards and methodologies, based on quality standards defined at European level.

C. Regional Large-scale Infrastructure

C1. Business related Regional infrastructure

Investment in regional and local infrastructure is intended to create the framework for domestic and/or foreign investment to be attracted into enterprises and sustainable jobs created, in the target areas. The projects will respond to regional economic development needs and shall have to comply with sustainable development requirements.

Phare 2002 will finance regional infrastructure projects on the basis of the 'pipe-line' of projects identified and listed under "Infrastructure projects for 2001-2002" as well as similar ones considered to be a priority for the regions and having a high degree of maturity from the documentation point of view (**Annex 6 & 7**).

Selected projects shall aim to develop **infrastructure for business and tourism**. There is a need to develop tourism access infrastructure and to improve and rehabilitate the touristical attractions and visitors facilities in those areas presenting high tourist potential, with a view to stabilising and, gradually, broadening the structure of the tourist supply.

Particular attention should be given to the specific **environmental remediation projects** for severely contaminated industrial sites, the wastewater treatment and to minimising air pollution. Highly polluted areas create a risk for health damage and are a negative factor in the economic development process. In order to limit the environmental outputs due to the forced industrialisation and to reintroduce the derelict industrial areas mentioned above in the social and economic circuit. Funds for the preparation of such infrastructure projects can be drawn from the Phare 2001 project preparation facility.

The same low priority as in Phare 2001 will be given to the **transport infrastructure**, in order to avoid ISPA overlapping and due to the fact that Romania, despite the economic crisis, has made important progresses in developing its transport infrastructure and in particular the Trans-European networks. Nevertheless, the shortcomings of the transport infrastructure, in particular of the road network, lead to losses of economic efficiency and generate a negative image of the areas as locations for investments. Financial support will be given to projects aiming to improve and develop the infrastructure and thus contribute to the overall efficiency of the economic life of the regions and localities and to their attractiveness, through improved access to the economic (industrial and services) areas and areas with demonstrated touristic attractiveness.

Support for ensuring a good implementation of these activities will be provided through technical assistance for awareness campaign, preparation and supervision of projects, training to beneficiaries. This technical assistance under Phare 2000, having a budget of 4.5 Meuro can prepare projects amounting at a total value of 90-100 Meuro (around 70 Meuro public funds), thus ensuring the readiness of projects pipe-line to be financed from this component.

C.2 Small and Medium Towns Infrastructure Development Programme (SAMTID)

After a period of more then four decades of centralized management, Romania has decided to return to local autonomy principle, in this way transferring major and concrete responsibilities to the local administration. One of these, specifically mentioned in Law no. 215/2001 concerning the local public administration, enforced by the Law no. 326/2001 regarding the local public services, refers to their obligation to organize their functioning efficiently and adequately. In this context, the Ministry of Public Administration has assumed important responsibilities in promoting the investments in the field of local services. Thus, in conformity with the provisions of the Government Decision No. 8/2001, the Ministry of Public Administration has the following responsibilities in this field:

- organize actions to attract external investments for the benefit of local communities;
- support and advise local public administration authorities in their steps concerning attracting investments;
- monitor the way of attracting investments and accomplishment of conditionalities;
- support local public authorities in contracting internal or external loans and in providing guarantees.

Currently 17 municipalities, each with more than 150.000 inhabitants, have benefited from capital investment programs for rehabilitation of their water and wastewater infrastructure. Many of these municipalities also obtained funds through the ISPA Program to continue the rehabilitation and modernization of the water supply and wastewater systems. Bucharest and Ploiesti municipalities concluded concession contracts with private operators and succeeded in this manner to attract external capital for financing their local infrastructure. In total, 50% of the urban population of the country benefits from these programs.

Justification

The *“Strategy concerning the acceleration of the public administration reform,”* approved through the Governmental Decision no. 1006/2001, established the fundamental objectives for the development of local public services:

- decentralization of public services and increase in responsibility of local authorities regarding the quality of the services supplied to the population;
- extension of the systems for basic services (e.g. water supply, wastewater and sanitation) and increase access of the population to these services;
- extension of credit financing of local infrastructure;
- promotion of the sustainable development measures.

The *“Strategy regarding the development of the local public services”* foresees in chapters 4.2 and 4.7:

a) *“Expansion of the services with major impact on public health and standard of life (water supply, wastewater and sanitation)”*.

The poor infrastructure makes population access to these services difficult. The Government intends to increase the access of the population to these services through:

- promoting investment programs for rehabilitation, extension and modernization of the water supply systems, wastewater, collecting, transport and disposal of the domestic waste from urban area (ISPA, SAMTID);
- implementing development programs for rural infrastructure (Sapard, RDP)

b) *“Promoting sustainable development measures”*.

Local public services have a special impact on the environment. On the one hand they can be an important pollution factor, but on the other hand they also can contribute in an essential way to limit the degree of pollution (adequate treatment of wastewater and improved solid waste collection and disposal). Compliance with environmental requirements during the life cycle of local infrastructure (building – operating – maintaining – demolition) plays an important role in the sustainable development concept. For this, the Government intends to:

- provide financial support to those programs which contain measures for the development of environmental infrastructure (ISPA, Sapard, RDP, SAMTID, TECP2, etc.)
- promote special programs for small towns with the purpose of rehabilitating and modernizing local environmental infrastructure.

In Romania, out of 263 urban localities, around 230 are considered small and medium-sized towns that have not been able to attract financing from either the international financial institutions or private operators. Depending, therefore, solely on central budget contributions, these towns have made very little investments during the last 10 years to maintain and develop their water and wastewater infrastructure. As a consequence, the condition of these systems is very poor. Given all this, the towns still need to:

- comply with environment standards regarding drinking water quality and treatment of wastewater;
- assure an adequate living standard to their inhabitants and a continuous water supply.

- are not eligible for ISPA:

The Ministry of Public Administration decided to develop the SAMTID Program for this category of towns, taking into consideration that they:

- have not the financial power to sustain investment projects in environmental infrastructure by themselves;
- have not sufficient revenues in the local budget to guarantee a loan for the full amount of large infrastructure projects;

The necessity for investment in small and medium towns was outlined in the strategy for investment promotion in local environmental infrastructure. In July 2001, the SAMTID concept was presented during a meeting organized at Victoria Palace, with participation of central and local authorities who were involved in MUDP 1 and MUDP 2, representatives of IFI's and mass media.

As present fragmented structure for provision of municipal service are not favourable to effective management of investment resource and service provision, SAMTID will aim to motivate groups of towns to begin to work together, taking account of experience in EU Member State and elsewhere as regards consolidation in water sector, to benefit from economies of scale and to ensure the rational use of water resources.

The Government of Romania views the transformation and modernization of the water and sanitation services in these municipalities as a long-term effort. As many as 230 small and middle-sized towns with a total of approximately 6.2 million inhabitants, representing 50% of the country's urban population, are in need. Even with focusing on the most urgent needs to rehabilitate and upgrade water and wastewater systems, SAMTID may need a full decade to reach most of the towns. The government is committed to implementing this program in three phases:

Phase 1: Pilot - Runs from 2002 until 2004, a design phase to establish the foundation elements, followed by an application stage to test these elements on a pilot basis for a few groups of municipalities, and prepare for future projects taking into account the lessons learned. Phare 2002 resources will finance this phase, together with loans from IFI's.

Phase 2: Expansion – From 2005 to 2006, the program will be adjusted and expanded to a wider number of groups of municipalities within the context of the framework loans by the international banks that finance these first two phases. Subsequent requests for Phare resources will be made for this. IFI's will provide additional funding for investments from the framework loans they will put in place for these two phases.

Phase 3: Consolidation – From 2007 to 2010, a new framework facility and additional Phare resources can finance rehabilitation and modernization in additional municipalities, as well as other investment needs such as system expansions for the participants in the initial phases.

Phare investment support under this project is for the pilot phase to be implemented during 2003/2004, preparing for later expansion scale of activities.

As a general rule, each project will have a minimum 1 and a maximum of 5 Meuros Phare contribution. Selection of the projects takes into account other potential or actual projects financed from different sources, in order to avoid overlapping with ISPA and SAPARD financing. A substantial co-financing from different national and international sources and solid agreement on this issue is presented (**Annex 4.5**).

SAMTID will finance projects on the basis of a similar procedure with "Call for proposal" with a bottom up approach. Local authorities are already preparing for this, identifying their needs for projects under USAID Regional Infrastructure Project (RIP) in collaboration with the Water

Training Centre of the Romanian Water Association. Additional assistance will continue with support of PPF Phare 2001 as described in the accompanying Terms of Reference (**Annex 4.6**) and Phare 2002 ESC IB project fiche on technical assistance and project preparation facility for SAMTID.

The PPF of Phare 2001 will finance the detailed preparation of this pilot phase. The main tasks of this technical assistance are:

- Examination of a range of approaches to the following issues:
 - the appropriate pattern of consolidation (associations based on shared water resources, common receiving water, same river basin, same county);
 - legal aspects of voluntary association between municipalities, in particular as regards the capacity of groups of towns to contract with an operating company and to assume the debt;
 - the formation of consolidated operating companies;
 - the form of operating contract between the group of municipalities and the operating companies;
- Management support to the Romanian institutions involved in the implementation of the programme, to develop the guiding principles and instruments for the programme and to prepare model documents like framework agreements, contracts, guidelines etc., and to give continuing support to the Program Coordination Unit and Project Implementation Units;
- Transformation support starting with three to five pilot groups of localities, assisting them to select and form their groups and to contract an operating company for each group through an open tender;
- Preparation of tender documents and final designs for investment projects

A “project” under the program would be the integrated investment sub-program (two parallel investment schemes¹ and the relevant contract package mentioned under the Financial Architecture in **Annex 4.4.**) for a single group of municipalities with one identified local authority (municipality or county council) acting as leader to be financed by a consistently applied combination of grants (Phare & National Fund) and loans (single IFI per project). Presentation of the concept for the complex (multiple financial sources), multi-annual SAMTID programme is included in **Annex 4.4.**

D. Awareness campaign, selection and site supervision

A previous awareness campaign, financed under Phare 2000 Programme, acknowledged the importance and the benefits of a well-conducted awareness campaign and advisory actions for the potential beneficiaries. This campaign revealed some of the main causes for the poor quality of many of the grant applications with direct impact on the absorption capacity and implementation of many of the selected projects

One of these causes is the lack of understanding and knowledge about the whole mechanism of grant allocation, general background, institutions involved, availability of information, procedures, as well as regional development, partnership, role and contribution of the local actors. Most of the potential applicants do not know and/or understand where they fit in all this, what role could they play; therefore “the relevance concept” becomes a question mark.

¹ Loan + grant financed parallel projects

This situation was also pointed out in the Evaluation Report of the Phare 1998 “Regional policy and cohesion” sub-programme, drafted by WM Enterprise Ltd. at the request of the DG Enlargement and the EC Delegation in Romania. According to this report, the RDAs have inadequate resources to promote effectively the „Open calls for proposals” and as a result the potential beneficiaries did not understand sufficiently what the eligibility and selection criteria were when they submitted their application. This resulted also in high numbers of projects of low quality and reduced relevance to the regional and national priorities for regional development.

The conclusion of the report was that a more effective promotion campaign would have reduced the overall number of applications – thus reducing the burden on the Regional Evaluation Committees – but increasing the quality of the applications.

In addition, the report states that “as most of the applicants heard of the Open call from the mass-media, it is likely that a media campaign, explaining more about eligibility and selection criteria would have served to encourage the eligible and deter the ineligible”.

In order to address this situation there is a need for a large and continuous awareness campaign at national and regional level to increase the knowledge and understanding, of all potential applicants for international financial support especially from EU, of the main concepts and procedures and supporting the beneficiaries in submitting good quality applications.

3.2 Linked activities

See **Annex 4.1**.

The state of implementation of current Phare ESC programmes is presented in **Annex 4.3**.

3.3 Results

The majority of projects financed by the Phare ESC 2002 Programme will have to have an integrated approach by implementing clusters of the types of projects in target areas within the development regions.

A. Technical and Vocational Education and Training (TVET)

- As a continuity of Phare 2001 Programme, which provided for structural repairs and consolidation of the units presenting serious damages, under Phare 2002 the 111 selected units (100 TVET schools and 11 resources centres) will benefit from the rehabilitation of the vocational workshops in order to be fit for installing the specialised equipment and to facilitate the delivery of initial and continuing TVET equal to European standards.
- Didactic and modern technologies equipment and didactic software (which has been identified on the basis of a labour market assessment of the medium and long-term strategies for skills development) supplied, installed and in use.
- Obtaining core skills by the students facilitated.
- Transition from school to working life facilitated.
- Better access to information and documentation ensured and training facilities for trainers and trainees improved.

B. Human Resources Development

- Studies to identify labour market needs existing.

- Labour force will have increased knowledge and acquire better and new skills according to labour market needs, due to increased responsiveness of training providers.
- Improved management skills in SMEs will ensure the survival and development of enterprises, increasing also their competitiveness on the market.
- New jobs as result of enterprises established following entrepreneurial skills development.
- Improvement of human resources management through development of human resources strategies including training needs analysis in enterprises.
- Improved skills and advice to facilitate access to employment for job seekers and unemployed people shall rank also among the programme results.
- Social inclusion of the most disadvantaged groups on the labour market, through promoting active employment measures.

C. Regional/ large-scale infrastructure

C.1 Business related Regional Infrastructure

- Investment in large-scale infrastructure shall create the framework within which investment can be attracted into enterprises and jobs created in the Romanian regions.
- The improvement of regional transport infrastructure strengthening linkage between economic poles and European transport corridors .
- The improvement of business infrastructures and communication infrastructure in order to permit better access to services and markets of SMEs for strengthening competitiveness.
- The rehabilitation of the environment of degraded industrial sites or closed enterprises from urban areas, for improving the conditions of life and for stimulate economical development.

C.2 Small and Medium Towns Infrastructure Development Programme (SAMTID)

- Implementation of water supply rehabilitation, upgrading and modernization works in 15 to 25 small and medium sized Romanian towns (three to five groups) as a pilot experience to be expanded around the country.
- Improvement of the quality of water supply services with an impact in these towns.
- Amalgamation and restructuring of the operations and administration of the water supply services and stimulation of cooperation between local authorities to resolve some priority needs in the field of public services;
- Identification of measures to improve the creditworthiness of utilities, thus creating possibility of accessing credit schemes;
- Development of the institutional and organizational basis for the implementation of the EU Water Framework Directive concerning the water management within river catchment basin areas.

D. Awareness campaign, Selection, Monitoring and Site supervision

- Focused and intensive promotion campaign for all types of projects, to ensure transparency of the Phare rules and procedures and wide information of potential beneficiaries.

- The promotion will lead to improved quality of applications submitted for financing, with high relevance in terms of their responsiveness to the development strategy included in the Regional Development Plans and in the National Development Plan.
- Transparent, objective and professional appraisal, selection and contracting process ensured
- Improved strategies and plans developed at regional level.
- Improved and effective monitoring and control process, by providing financial support to RDAs as Implementing Authorities.
- Improved supervision, responsibilities distribution, reporting and record-keeping procedures for all infrastructure projects under **A** and **C** components.

3.4 Activities:

A. TVET

Planning of the activities for the overall Phare supported TVET reform covers a long-term perspective of three consecutive Phare programmes. An indicative figure to cover the Phare investment was in Phare 2001 programming estimated as 48,4 MEURO. It was initially planned to cover two consecutive Phare programmes. However, in order to ensure efficient use of funds, better absorption and enough time for implementing the results of the Phare 2001 programme (preparing the TVET system for further investment by upgrading infrastructure), it was decided to spread the financing to cover three consecutive Phare programmes (16 MEURO for Phare 2001+ 18 MEURO for Phare 2002 + 14.4 MEURO for Phare 2003).

18 MEURO of Phare funding will be provided for TVET investment in 2002. The short-term (annual) perspective is subject of annual revision in accordance with the economic and social dynamics at the level of the priority areas. The long-term perspective corresponds to the planning integrated in the NDP.

Two types of contracts will be concluded under this component:

A1. Schools buildings rehabilitation (works)

A2. Procurement of the specialised workshop equipment (supply of equipment)

A1. Works: The selected schools will benefit of gradual rehabilitation, starting with basic repairs from Phare 2001 and finalising with the upgrading of vocational workshops from Phare 2002, as follows: 100 schools units involved in the Phare 2001 TVET programme + 11 resources centres inside the target areas; rehabilitation of the vocational workshops and necessary upgrading for installing the specialised equipment.

Technical specifications for the rehabilitation of workshops will be prepared under Phare 2001 by short-term technical assistance.

An average amount of **54 000 euro/ school** unit (Phare) represents a provisional estimation of the costs that should be allocated for the works. Local authorities could provide local co-financing for additional works for preparation, improvement and rehabilitation of school areas. Total Phare amount for A1 **is 6 Meuro.**

A2. Supply of Equipment: The Investment component for equipment contracting started already in Phare 2001, with the delivery of the information technology (computer networks) and office equipment, as well as the preparation of technical specifications for the specialised

equipment and preparation of the related tender documents for Phare 2002. The investment sub-component for procurement of didactic and modern technologies equipment and didactic software will be implemented based on labour market assessment concerning the medium and long-term strategies for skills development, in order to assure the core skills achievement and facilitate the transition from school to working life.

The preparation of the technical specifications for the specialised equipment will be contracted during the Phare 2001 IB sub-component programme. It will secure timely delivery and will allow for the full use of the specialised equipment for laboratories and workshops starting with the school year 2004-2005, when training will reach the intended performance level.

The County School Inspectorates will take part in the identification of necessary specialised didactical equipment that will facilitate the competitive qualification of young and adults, in accordance with the economic and social development of the concerned Counties. The identification process will be based on training standards requirement, to secure the relevance of the training programmes. The expected delivery for July 2004 will allow the teacher and instructors training during the Phare 2002 programme.

Total amount allocated from Phare funds: 12 Meuro, available for 100 schools for at least basic training (first 2 study years) related revised curriculum and 11 resource centres.



In order to ensure the coherence of the TVET system and to create equal opportunities to all 100 schools and 11 resource centres, allowing all of them to start using the specialised equipment in the school year 2004-2005, they will receive the equipment for *basic training* (namely the first two years of TVET) from Phare 2002 and the rest of the equipment for *specialised training* (the 3rd and the 4th years of TVET) will be supplied under Phare 2003. The two type of supplies are linked to the model of Romanian TVET, which aims to delay early specialisation and create a large basis for training in the first year of school.

The average costs of the equipment for basic training and the relevant didactic software are estimated as follows:

115,000 Euro per school, from Phare 2002 contribution

45,450 Euro per resource centre, from Phare 2002 contribution

The average amount will be allocated to schools according to the finalisation of the works (rehabilitation of the workshops).

Risk assessment: in case that the works will not be finalised in due time for all schools, a reallocation of the funds to the finalised schools workshops will be envisaged; the remaining schools will receive the entire package of specialised equipment in the third year of the programme (Phare 2003).

Eligible beneficiaries:

The local level is represented by the TVET schools, as main beneficiaries together with their social partners at local, county and regional levels, and assures the operational activities. The estimated total number of the involved schools located in the target areas is 111, from which 11 will act as resource centres. It will be assisted also an additional number of 11 resource centres located outside the target areas, but supporting the TVET reform of the units located in the 11 areas, that will be distributed according to the specific needs of the selected target areas.

Selection procedure:

The Investment contracts are based on previous (Phare 2001) selection of school units in each of the priority area. The task has been carried out by the Regional Consortia that

operate at the area level under the coordination of Regional Development Agencies. All the institutions involved in the process of running Phare 2001 programme are going to continue, in the established way, the activities in 2002.

Co-financing

The local authorities as well as local economic agents could contribute to the co-funding of additional investments (not included in the main works and supply contracts) for the selected school units in each county within defined area.

B. Human Resources Development

The objectives and activities of this component are in line with the EU Employment Strategy guidelines and with the European Social Fund priorities.

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

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

- Improving the quality of continuing vocational training and develop training packages in accordance with identified labour market needs and identified skill shortages;
- Training of SMEs staff to maximise the use of new production technologies and practices and develop new products;
- Training programmes, which enable staff, particularly in SMEs, to develop the capacity to utilise new Information and Communication Technologies;
- Training in management skills including environmental, innovation, quality control and human resources management, especially in SME's;
- Training for entrepreneurs, with priority in high value added industries, to support business development. Particular attention shall be given to the promotion of women.
- Enhancing Human Resources Development in the context of industrial restructuring; good practice in SMEs through for example developing workforce development strategies or training plans; in-company key workers (manager/company training adviser/personnel staff/trade union officer) to develop a life-long learning culture for all employees within enterprises and HRD good practice networks (provision of high quality counselling and guidance).

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

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

- Development and delivery of training programmes for the unemployed, which address skill shortage opportunities;
- Training needs analysis and identification of current and future skill needs required by the labour market to be used as tools by the local employment offices, in their current activities.
- Supporting employment of the long-term unemployed and other vulnerable groups such as young people, single women or women returning to the labour market, unemployed aged over 45 years, by specific training and placement schemes;
- Vocational guidance and training in business-related services for identified potential entrepreneurs;
- Advice and guidance for business start-up in order to promote entrepreneurship and job creation;
- Range of support measures for unemployed people, especially young unemployed, to return or enter the labour market (including professional counselling and vocational guidance, job search, job clubs, individual training/development action planning, work trials, work placements, pre-vocational and vocational training and retraining, mentor support, links to employment opportunities and mediation services).

Coherence between enterprises needs and training programmes will be ensured, in order to foster the increasing competitiveness among the SMEs. Projects should be

supported with labour market studies or clear evidence of the needs for the proposed training programme.

In any project the service provider should be clearly identified no matter who the project beneficiary is. The service provider shall comply with legal regulations in force concerning the provision of the services. In order to increase the impact of such projects they should ensure a minimum rate of job placement for the unemployed.

Beneficiaries: non-profit making or profit-making organisations submitting an application as an individual applicant or associate in a consortium with other partners; the applicants may be: Vocational Training Agencies, Education and/or training providers and Associations of Training Providers, Chambers of Commerce, Trade Unions, Local Public Administrations and decentralised services of the central administration, Universities, Employers' Organisations, Private companies, Research Bodies, Employment brokers, other relevant profit and non profit organisations.

Target groups: All management levels in enterprises (top, middle, line managers), as well as regular staff within state or private owned enterprises; persons returning to the labour market after a period of absence, unemployed or other job seekers with special focus on young graduates, young persons leaving the institutions, long-term unemployed, unemployed aged over 45 and women.

General implementing provisions:

Open calls for proposals will be organised at regional level by the Regional Development Agencies (RDAs). A Regional Selection Committee approved by the Regional Development Board will carry out the technical and financial appraisal of grant applications. The evaluation reports will be submitted to the Ministry of Development and Prognosis and endorsed by the EC Delegation. The list of the selected projects will be approved by the Regional Development Board and endorsed by the Delegation of the European Commission.

The following minimum and maximum amounts apply to the grants for the individual projects, which may be financed under the programme (Phare contribution):

- minimum amount : 15,000 euro equivalent
- maximum amount : 75,000 euro equivalent

Co-financing

In case of priority 1, profit-making organisations will have a contribution of minimum 20% of the total project eligible costs, in cash.

Contracting

MDP will conclude a Regional Framework Agreement with each RDA for the technical management of the projects implemented under this component. Contracting grants shall be under the responsibility of the Regional Development Agencies as Implementing Authorities and Ministry of Development and Prognosis, as Implementing Agency.

Estimated budget: 12 Meuro

C. Regional Large-scale Infrastructure

C1. Business related Regional infrastructure

Business and tourism infrastructure

This type of projects will respond to regional needs of job creation and economic development, and shall have to comply with sustainable development requirements. Selected projects shall aim to develop infrastructure for business and tourism activity and to rehabilitate existing economic areas, including the derelict industrial sites, with a view of strengthening the competitiveness of forecasted future beneficiaries, SMEs such as, and of preparing the

conditions for further development and diversification of the services. which will contribute to longer holidays and better use of the accommodation capacity, especially off season.

- Industrial and commercial zones and business incubators
- Development of business sites and premises including the extension or rehabilitation of existing premises for facilitating restructuring process
- Regeneration of depressed areas, including development of environmental assets
- Development, improvement and up-grading of the public utilities in areas with demonstrated tourism attractiveness, and restoration works of the built heritage, preserving in the same time the sensitive natural environment.

No direct support for 'productive' (private, public or mixed) tourism investments, like accommodation or catering, will be provided under this component.

Environmental rehabilitation and protection of industrial sites and areas with economic and tourist potential

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

- Rehabilitation of derelict industrial sites and closed enterprises from urban areas in order to improve the social-economic climate and allow the development of new sites and premises for industrial and technological parks, including remedial projects for severely contaminated industrial sites
- Rehabilitation and/or protection of environmentally vulnerable sites with economic potential (natural sites and other areas with tourism potential).

Transport infrastructure:

- Improvement or creation of access infrastructure to industrial zones, factories, warehouses and other economic areas (e.g. services areas) from the main transport networks;
- Improving transport infrastructure, in order to support a modern, efficient transport and to facilitate access to areas with high tourism potential;

The project could support transport infrastructure only if it demonstrates a clear, direct link to economic development (e.g. ring roads, access roads to industrial/technology zones, or roads/rail/river transport contributing to tourism development).

The projects should meet regional needs possibly with impact at national level and will be developed as large local/regional and/or regional/national partnerships.

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

Priority will be given to project located in the target areas but projects with high regional impact located outside the priority areas are also eligible.

Budget: 35.864 Meuro

C.2 Small and Medium Towns Infrastructure Development Programme (SAMTID)

The SAMTID program will provide a balanced distribution of grant and loan resources in a fair and transparent manner for all beneficiaries over a multi-annual period. As a general principle all beneficiaries will have equal access to a pre-established balance between loans and grants. Project proposals will identify separately the loan and grant components, that will be executed through separate contracts. Phare 2001 PPF resources will be used to determine the manner to apply this principle to the pilot projects (and for other purposes that

are described in the Terms of Reference – **Annex 4.6**). Financing for all components in a project will be agreed prior to development of tender documents.

The investments of SAMTID should be selected based on the identified needs of the SAMTID eligible local beneficiaries and the linked proposal for improving the quality of the services and the performance in the water and wastewater field, emphasizing a short payback period and maximum cost-effectiveness, to reduce operating costs, improve efficiency and reliability. The mentioned proposal should include an investment in infrastructure proposal, a financial analysis showing the financial viability of the investment² and a complete cost-benefit or cost effectiveness analysis, including the overall impact of the proposed investment and the related measures³. New meter installation programs should form part of every project where these are not universal and should be part of demand management programs.

Minimum Criteria for Project Selection

The Steering Committee of SAMTID with TA support will establish specific eligibility and selection criteria. As an indicative listing, the following type of *eligibility criteria* are envisioned:

- Licensed, commercial operating company is contracted/formed or the commitment to do this is demonstrated;
- Creditworthiness of the grouping of local authorities or their joint entity;
- Use of PHARE funds in schemes only for individual towns that are not eligible for SAPARD or ISPA support. However, this should not preclude a promoter from using either additional loan finance or other EC instruments for other schemes within its overall investment program;
- Geographical and hydrological rationale (share water resources, common receiving water, same river basin, same county);
- Preparedness to delegate asset management linked to reasonable service standards under governance structures and a technically strong "lead" authority that avoid political interference in procurement and operational decisions;
- The towns having fewer than 150,000 inhabitants (definition of small and medium towns);
- Total project financing of grants and loans must be foreseen in the proportion that SAMTID sets.

The recent decision to implement a national regulator, allows Romania to impose minimum *criteria for licensing services operators* that will help reduce the number of small operators. Technical assistance in preparation for SAMTID will refine and develop these minimal criteria as SAMTID eligibility criteria, in consultation with the national regulatory body and the other TA that is in place supporting this body. Some indicative minimum criteria for the operators are:

- Financially and economically efficient scale of operations. Experience from other countries suggests a minimum of 25,000 water connections or family units (about 100.000 inhabitants).
- Investment planning capability with geographic coverage that allows rational use of water resources and cost-effective choice of technology for environmental protection.
- Demonstrated capacity for sustainability, through experience and business planning that includes proposing tariffs and planning capital improvements.

² Including tariffs policy, etc. – it is the analysis substantiating the creditworthiness

³ I.e. tariff policy and performance improvement measures

Technical assistance will prepare and disseminate model documents like framework agreements, contracts, guidelines for the defining the contractual relation between the Regional Water and Wastewater Companies (RW&WC) and the eligible towns.

The indicative list of *selection criteria* that are envisioned:

- Technical and financial feasibility of the investment program and maturity of the documentation;
- Potential for significant improvements of water services and/or environment;
- Positive benefit/cost analysis or least cost analysis;
- Demonstrated commitment to universal metering and demand management measures.

It is expected that four to five regional groupings will be selected from different areas of the country for the pilot phase.

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

- Projects that could overlap activities already financed or in process of being financed from Community funds;
- Projects where the applicant was declared to be in serious breach of contract for failure to comply with obligations in connection with another contract with the same contracting authority or another contract financed with Community funds.

Project Selection Procedure

The technical assistance for preparation of the pilot phase of SAMTID will develop a full description of the selection procedure, using the following general approach:

- The procedure will be similar with the “Call for proposal” type (but not identical with the standard procedure⁴), with a bottom-up approach;
- An identification and pre-screening phase organised at the level of regions (RDAs and regional offices of the national regulator) with advice and guidance from technical assistance (TA) experts;
- A pre-screening phase at the level of regions (RDAs and regional offices of the national regulator), applying the eligibility criteria;
- After pre-screening phase, TA supports pre-selected groups of towns in order to prepare (generally with their own resources) their detailed proposals - including a feasibility study of investments in infrastructure, a financial analysis showing the financial viability of the investment⁵ and a complete cost-benefit or cost effectiveness analysis – and improve/up-date the contract with the operating company, taking account of any relevant guidelines on best practise in this area drawn up by National Regulatory Authority for Communal Services which has been set up by MoPA;
- TA supports the selection process conducted at national level, by a Selection Committee nominated by the National SAMTID Steering Committee. The Selection Committee will compulsorily includes representatives of the regional authorities. The final list of the selected projects will be approved by the National SAMTID Steering Committee.

A detailed Manual of selection procedures, including Standard Forms and Check Lists, will be issued and tested through the pilot phase.

⁴ Essential mentioning, in order to do not be constrained to use the un-appropriate standard of Practical Guide

⁵ Including tariffs policy, etc. – it is the analysis substantiating the creditworthiness

Eligible activities and expenditures

The infrastructure scheme will support the ***rehabilitation and modernization*** of local water and wastewater infrastructure. SAMTID will finance expansions of the systems and building of new assets, such as extensions of networks or new treatment plants for water or wastewater, only in exceptional and duly justified cases. Investments will be selected and prioritized for financing which reduce costs, improve efficiency and improve basic services. New meter installation programs will form part of every project where these are not universal and should be part of demand management programs.

Expenditures must be directly linked to achieving the purpose of the project and appropriately accounted for. Eligible expenditures could include investment costs related to the site preparation, public utilities networks, main works, plant and machinery, supervision during implementation, contingencies. Cost of land acquisition is not eligible under the programme.

Generally, Phare resources will be used for components valued at a minimum of 1 Meuro and a maximum of 5 Meuro.

Eligible beneficiaries

The final beneficiaries will be small and medium municipalities that have not yet benefited from international financing under the programs MUDP I, MUDP II, or ISPA. Unlike MUDP II that worked with single cities or counties and existing utilities, SAMTID must motivate groups of towns to begin to work together to benefit from scale of operations and to plan and implement investments that ensure rational use of water resources and of environmental conditions. This can involve any combination of municipalities and/or county council covering a suitable group of towns, associated in partnership - with a clearly identified leader assuming the responsibility for the loan component - and contracting⁶ a single licensed services operator. Technical assistance from the Phare PPF 2001 program should provide an informed opinion and recommendations on the suitability of the grouping of municipalities to ensure adequate investment planning and operations and on the alternative institutional/legal arrangements for grouping the concerned towns, highlighting their advantages and disadvantages. The Steering Committee established for the co-ordination of SAMTID will take a decision on the most appropriate arrangement, after consultations with the European Commission.⁷

To be eligible for SAMTID, municipalities should choose a form of delegated management to a licensed services operator from an open bidding process as required by recent legislation. This is critical to the sustainability and efficiency of the services. Technical assistance from the program will support the process.

It is expected that the group of municipalities must demonstrate being capable of implementing projects and receiving and servicing credit financing for infrastructure based on fees from the operator. They must comply with all financial criteria approved by the SAMTID Steering Committee. Further, the groups of municipalities will be responsible for securing the management and control structures of the projects that will be grouped for the purpose of common operation by commercial companies, complying with relevant legislation and with policy to reduce the number of small utilities. The Phare PPF 2001 programme and Phare 2002 Institutional Building technical assistance that accompanies the investment program will provide support for grouping the cities and contracting the commercial service operators first for the pilot projects and then for the next phase.

⁷ Flexibility clause & decision mechanism for this issue; to be correlated with TORs

The municipality that receives program financing will own the respective new assets and maintain the public sector ownership of the rehabilitated infrastructure for a period of at least 5 years. If privatisation occurs before, the conditions of private capital involvement will be subject to formal approval from the EC Delegation.

Access to the infrastructure must be guaranteed for all potential users on equal terms; if differentiated tariffs are foreseen, detailed justification should be provided on a case-by-case basis.

Contracting

Parallel co-financing of investment within the overall SAMTID framework will allow procurement, contracting and financial management arrangements for specific investment contracts to correspond to the specific requirements of each source of financing.

Contracting of the works financed from Phare ESC shall be under the responsibility of the MDP as Implementing Agency, subject to endorsement by the EC Delegation. A separate agreement for the implementation of the projects will be concluded between MDP and each leader of the selected group of local authorities, in order to ensure the close monitoring and supervision.

As general principles for contracting:

- Individual contracts can not combine loan and grant financing;
- Therefore, there must be at least two contracts for each beneficiary that separate the grant and loan components;
- The Ministry of Development and Prognosis will manage contracting that uses Phare funds and the corresponding national co-financing.

D. Awareness Campaign, Selection, Monitoring and Site Supervision

D.1. Awareness campaign, support for preparation of applications, appraisal and selection of projects

D.2. Technical assistance to support the implementation of the investment projects

D.3. Infrastructure projects site supervision for business-related and SAMTID infrastructure projects

The sound implementation of this programme implies that:

- A transparent and competitive process for projects selection is put in place, including large awareness campaign and publicity.
- Advice and support to applicants to develop good quality projects which can be financed
- Close monitoring of the implementation process is ensured under the responsibility of the RDAs and of the MDP.
- Ensuring financial control
- An adequate implementation system is developed for the infrastructure type projects, including site supervision and inspection, for both types of projects.

The indicative allocation by activity of the Phare plus national co-financing available will be the following:

- Activity D1 1.2 Meuro
- Activity D2 2 Meuro
- Activity D3 4.5 Meuro

D.1. Awareness campaign, support for preparation of applications, appraisal and selection of projects

Awareness campaign and publicity will raise awareness of potential beneficiaries on the availability of Phare support and modalities to access it. Information will be disseminated

through a diversity of channels in order to reach as many as possible potential beneficiaries, local mass media, local SMEs associations, Chambers of Commerce, local employment offices, local authorities Associations and NGOs. Support under this activity will include covering costs for press advertisements, seminars and conferences, for editing, publishing, and disseminating information materials, brochures, guidelines, etc.

A help desk will be established in each RDA to provide information and advice to potential applicants. External assistance will support the RDAs relevant staff in providing information to applicants, including advice with regard to the projects' administrative compliance, eligibility criteria, relevance for the programme objectives etc.

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

Appraisal and selection of projects

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

For each component, a team of independent experts, supporting the MDP and the RDAs in the co-ordinating and implementation of the whole selection procedure and ensuring its transparency and efficiency will be in charge of supporting each Evaluation Committee in selecting the individual projects. This task will imply, among others, appraisal of applications, reporting participation in the Selection Committee as voting members.

D.2. Technical assistance to support the implementation of the investment projects

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

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

Allocation of these funds to RDAs, should contribute to the improvement of the monitoring and control activities carried out by RDAs, and is based on the following assumptions:

- each RDA has some general tasks to accomplish and that will be covered by a fixed amount allocated to all RDAs
- a variable part which will correspond to the number of projects managed and monitored by each RDA.

Activities financed under the service contract refer to four areas:

i) Preparation of regional strategies and plans

The RDAs should work with all relevant actors in the region, involving also the social partners, to identify regional needs and establish the regional priorities, based on studies and analysis carried out at regional level. After that, they will design regional strategies and plans to be implemented with financial support from various sources. This plan should include projects with regional impact like business-related infrastructure, and other major projects that contribute to the economic development of the region.

ii) Ex-ante evaluation

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

iii) Monitoring and control

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

Detailed reports on the monitoring visits undertaken (based on a template provided by MDP) statistical data on the projects, based on a system of indicators, problems encountered and measures taken.

Procurement

All procurement of goods, services and public works of each project shall be according to the provisions included in the standard contracts annexed to the 'Practical Guide for Phare, ISPA and SAPARD'. Sub-contracting related to the project is permitted only under the Phare rules. All procurement of services, equipment and other supplies, and works is permitted only from EU countries or Phare countries. The RDAs will assist the beneficiaries to apply the Phare procedures.

iv) Evaluation

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

D.3. Infrastructure projects site supervision

D.3.1 Business-related regional infrastructure supervision

The Romanian authorities responsible for the implementation of the large-scale infrastructure projects and of the 'works' activities contracted under the TVET component should ensure sites technical supervision of the contractors' work. Independent experts agreed by EC Delegation will also supervise the implementation of these projects at regional and national level.

D.3.2 SAMTID projects supervision

Technical assistance provided for site supervision to the Implementing Agency for certifying the payments in compliance with FIDIC procedures. Based on the experience gained by MDP, the budget needed is about 5 percent of investment costs, of Phare contribution plus its GOR counterpart. Phare 2002 resources would provide 1 Meuro.

3.5. Lessons learnt

Conclusions on the evaluation of Phare'98 Programme – Regional Policy and Cohesion-carried out by WM Enterprise Ltd. have been presented in a workshop organized at the end of February 2002.

Recommendations of the evaluation report are the following:

1. Improved training function within the Ministry of Development & Prognosis
2. Improved funding of the Regional Development Agencies
3. Improved training of the Regional Development Agencies
4. Improved information exchange between the RDAs and MDP
5. Increasing partnership within the Regional Development Boards
6. Strengthening the role of the RDBs
7. Determine the exact role of the RDBs in the project selection process
8. De-politicising the project selection process
9. Improving the selection criteria for projects
10. Improving the quality of selected projects
11. Greater involvement of financing institutions

12. Reducing possible conflicts of interest
13. Improving internal procedures

Most of these recommendations are taken into account in the ESC Programme, both in the institution building and in the investment components.

More details on the evaluation of Phare '98 are included in **Annex 4.2**.

Out of the previous MUDP projects some lessons have been learned:

Previous Projects:	Lessons Learned:	Implications:
MUDP I & II	Importance of municipalities assuming as much implementing responsibility as possible	Infrastructure Development Organizations of towns should take this responsibility.
	Value and need for adequate technical assistance	Dimension according to experience and request Phare support.
	The population accepts cost-recovery when they are involved in planning and company managers learn sound business principles.	Provide technical support and monitoring of a Financial and Operational Improvement Program, linked with the financial covenants of the loan component and the new regulatory framework.
	Commercial Bank of Romania as efficient in managing cash resources	Recommend the same role through open bid for a bank.

Since August 2001, with the support of Regional Infrastructure Program (RIP) financed by USAID within the framework of the Balkan Stability Pact, the local authorities are supported to identify and prepare their priority projects in the field of rehabilitation of water supply systems, which will be submitted for financing within the SAMTID Programme. Within the programme described in the complimentary fiche of Phare financing for Institutional Building, local authorities could benefit also in 2002 and subsequently from technical assistance for developing their projects., further funds being available also from Phare 2001 Project Preparation Facility. The SAPARD and RDP programmes, focused on rural area, can be linked to this project, by creating the possibility of using the water savings resulting from the rehabilitation in the small and medium towns. Moreover, the multi-municipal water companies can provide certain services, especially in terms of water quality monitoring and backstop maintenance, for the systems in the rural area.

4 Institutional Framework

The **Ministry of Development and Prognosis** will be the **Implementing Agency – Contracting Authority and Paying Agency** - for Investment in Economic and Social Cohesion Programme financed under Phare 2002, with administrative and financial responsibilities.

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

- the overall responsibility for the technical implementation of the programme, ensuring that the objectives of this proposal are met,
- co-ordinating the establishment and chairing the Steering Committee set up at national level;

- elaborating the selection and implementation procedures in accordance with the guidelines set by in European Union;
- contracting the grants with the selected applicants, together with relevant RDA;
- the overall responsibility for monitoring and evaluation of the programme and components;
- acting as paying agency and ensuring the link with National Fund, RDAs and with the contractors/grant beneficiaries;
- providing the Implementing Authorities with all appropriate support to ensure that they achieve their task properly (templates and guides for ex-ante evaluation, monitoring and ex-post evaluation, common understanding of selection criteria and eligibility criteria);
- reporting to National Board for Regional Development and EC Delegation on the stage of implementation of the programme.

The Regional Development Agencies will act as **Implementing Authorities**, with the three following exceptions:

- 1) the National Authority for Roads is Implementing Authority for the National Roads financed under the Business-related Regional Infrastructure component
- 2) the Ministry of Education and Research is Implementing Authority for the equipment supply services contract of the TVET component.
- 3) The Ministry of Public Administration is acting as Implementing Authority for the municipal water infrastructures (C2 SAMTID)

The specific implementation responsibilities and tasks of the RDAs, for the respective development region, are:

- overall responsibility for monitoring and implementation of the projects from the region;
- prepare the grant contracts and conclude them with the selected applicants;
- accomplish the tasks related to monitoring and evaluation and ensure the link with MDP;
- report to Regional Development Board and to the MDP the stage of implementation of the programme.

At the National level, **the Phare ESC Steering Committee** established under Phare 2000 Programme, and functional for Phare 2001 is composed from representatives of: the Ministry of Development and Prognosis, RDAs, Ministry of SMEs and Co-operation, Ministry of Education and Research, Ministry of Labour and Social Solidarity, National Agency for Employment, Ministry of Public Works, Transport and Dwellings, National Administration of Roads, the Ministry of Water and Environment Protection, Ministry of Public Administration, National Centre for Vocational and Technical Education Development, Ministry of Youth and Sport, Ministry for European Integration, EC Delegation and other relevant stakeholders identified at the national level for each component.

The Steering Committee is chaired and serviced by MDP, which will therefore undertake all the necessary administrative tasks (organising meetings, planning agendas, general secretariat) and will produce all papers to be discussed at its meetings. The role of the Steering Committee was defined in the previous programme and a functioning regulation will be prepared.

Meetings of the Steering Committee will be held quarterly, or more frequently if business demands.

The **Regional Development Boards** will play an important role at regional level in both institution building and investment components:

- approve the list of HRD and infrastructure projects to be financed under investment components;
- approve the target area specific objectives and priorities;
- approve the list of TVET schools and resource centres selected at regional level.

The Regional Development Boards could invite in the meeting the relevant stakeholders/partners for different components, including the local de-concentrated services of line ministries, in order to ensure a broader partnership and commitment at regional level.

The role of existing **Regional Consortia** (described below) will be extended from TVET to Human Resource Development.

A **Regional Selection Committee** approved by the Regional Development Board, chaired by RDA, will carry out the technical and financial appraisal of grant applications. The Regional Selection Committee shall comprise one or more experts agreed by EC Delegation, as independent voting members and members from line ministry and MDP will compulsory participate in the Regional Selection Committee as observers. MEI and EC Delegation may also participate in the Regional Selection Committee as observers. The evaluation reports will be submitted to the Ministry of Development and Prognosis and endorsed by the EC Delegation. The list of the selected projects will be approved by the Regional Development Board and endorsed by the Delegation of the European Commission.

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

- approve the procedures for projects selection, implementation and monitoring of the selected projects; such procedures will be also endorsed by the National Fund and the EC Delegation;
- approve the list of human resources projects selected at regional level and approved by the Regional Development Boards
- approve the list of large-scale infrastructure projects proposed for financing.

Technical and Vocational Education and Training (TVET)

The MoER will supervise and co-ordinate the preliminary activities and work with the technical assistance under Phare 2000 to prepare all necessary documents for Phare TVET 2001 and 2002. Close cooperation between MDP and MoER will ensure the coherency of the Phare 2002 activities. As main beneficiary of the programme and specialised governmental authority the MoER will supervise the 2002 programme activities from the technical relevancy of provided investments to the TVET provision improvement and students achievements enhancement.

The **Phare ESC Steering Committee** already established will follow the progress of the TVET component according to the Implementation schedule, in view of assuring an effective correlation between IB and Investment activities. Representatives of MoER, MDP, RDAs, PIU – NCDVET and ETF (European Training Foundation) will participate in the committee when TVET is analyzed.

The project continue to get advise from the **Regional Consortia** that represent institutions at the regional level, formed by Regional Development Agencies, Local (County) Committees for Social Partnership Development in VET, County Councils, as well as the County School Inspectorates. The leading institutions will be represented by the Regional Development Agencies. The Regional Consortia act as consultative structure, both for TVET and HRD components, and their main tasks will be:

- identification of specialised didactic equipment to enable training relevant for regional development;
- identifying the HRD priorities;
- members of Regional Consortia can participate in the selection committees for HRD projects, as individual experts, contracted under D1 component.

The regional level represents a concerted action of different key actors in order to maintain the coherence of VET within the regional development policy.

SAMTID programme

The following premises are to be considered in order to understand the institutional framework for this component:

- The number of utilities have to be reduced taking into consideration financial and operational criteria. At the completion of this project, it is expected that the number of operators in this field will be halved;
- The linkages between the various projects in the water supply and wastewater sector executed in the different programmes (ISPA, Sapard – 2.1 Measure, RDP, Phare, Ricop – Public Works Component etc), have to be coordinated at least at county level, and eventually at river catchment basin areas;
- The implementation of the provisions of Law No.326/2001 concerning the public services and Government Ordinance No 32/2002 concerning water and wastewater services, will bring in the near future some restructuring elements and actions.

During the preparation phase, the project will stimulate the inter-town grouping through the proposals coming from different local authorities and communities to solve in common priority needs in the local environmental infrastructure field. The process of acquiring a loan of 50% from the estimated costs of the proposed priority investments projects will contribute to debates among local authorities with positive effects on the better understanding of these services and public participation in the decision process. In this way the mechanism of defining and readjusting of the tariffs becomes clearer, and the contractual parties will consciously assume the obligations and rights as the new law on regulation becomes operative.

The implementation arrangements of this component build on and extend those functioning for Phare under Investments in Economic and Social Cohesion, Integrated Regional Measures.

The Ministry of Public Administration is the **Coordinating Body for the overall SAMTID program, including loan and grant components**. It will establish framework agreements with other entities (shared roles) as needed for the various program components.

The main tasks of MoPA will include:

- the overall responsibility for the technical implementation of the programme and its strategic direction, ensuring that the objectives of this proposal are met;
- establishing and chairing a national SAMTID Steering Committee;
- assuring that IFI requirements are met for approving and contracting the loan agreements with beneficiaries, establishing and implementing the appropriate financial guarantees, and acting as paying agency and managing repayment of debt from beneficiaries;
- monitoring and evaluation of the programme.

At the National Level, a **SAMTID Steering Committee** will be established, chaired by the Ministry of Public Administration. The committee will have representatives of: the Ministry of Development and Prognosis, Ministry of Public Finance, Ministry of Public Works, Transport and Dwellings, the Ministry of Water and Environment Protection, Ministry for European Integration, Regional Development Agencies, the Federation of Municipalities, and EC Delegation.

Ministry of Public Finance will advise the SAMTID Steering Committee on the requirements as regards the institutional and financial architecture of the programme, drawing on previous relevant experience in Romania, to assure the parallel co-financing by Phare and IFIs of contracts within selected overall investment programmes proposed by groupings of towns.

The SAMTID Steering Committee will be chaired by a Secretary of State, and will undertake all the necessary administrative tasks (organising meetings, planning agendas, general

secretariat) and produce all papers to be discussed at its meetings. The Steering Committee will play an important role by:

- Assuring that the actions implemented under SAMTID are in line with the National Development Plan and other relevant strategies;
- offering advice on the strategic direction of the program;
- approving the final selection of investment projects and their schedule for implementation;
- offering advice on procedures for the selection and implementation of the institution building and investment projects, and being an observer in each phase of the process;
- approve the selection criteria for water infrastructure projects;
- ensuring the equitable balance between grants and loan financing for beneficiaries, and advising and providing information on financing for projects;
- participating in the monitoring of the SAMTID, both Institutional Building and Investment components;
- providing an opinion on the Terms of Reference for evaluation of the programme (mid-term and ex-post)

Meetings of the Steering Committee will be held quarterly, or more frequently if business demands.

The Ministry of Development and Prognosis will be the **Implementing Agency for the Phare financed component** for investments, including the 25 percent co-financing from the National Fund.

The main tasks of Implementing Agency will include:

- serve as the Contracting Authority and Paying Agency for Phare resources;
- ensure that the objectives of this proposal for Phare resources are met;
- participate in the SAMTID Steering Committee;
- elaborate the selection and implementation procedures in accordance with the guidelines set by the European Union;
- report to National Board for Regional Development and EC Delegation on the stage of implementation of the programme;
- arrange framework agreements with **Ministry of Public Administration** that will ensure public awareness of the program, monitor the implementation of the projects, evaluate project performance and report to the MDP.
- conclude framework agreements with each beneficiary for the management of Phare financed work contract.

Regional Development Agencies will keep their important role in promoting SAMTID, sharing information and guiding the potential beneficiaries. Regional Development Agencies (RDAs) /Regional Development Boards (RDBs) and regional offices of national regulator will take part in the pre-screening process with support of technical assistance. RDBs and/or RDAs representatives will participate also in the final national selection of the pilot projects.

The **Regional Development Boards** will play an important role at regional level in both institution building and investment components, participating in the selection of projects to be financed.

A **Selection Committee** established at national level will compulsory comprise representatives of regional authorities, including RDBs/RDAs representatives. The evaluation reports will be submitted to the Ministry of Development and Prognosis, the

Ministry of Public Administration and the EC Delegation. The list of the selected projects will be approved by SAMTID Steering Committee and endorsed by the Delegation of the European Commission in Romania..

Project Implementation Units (PIU's) staffed and located at the leader of the group of local authorities, have as main task the day by day management of the projects, they will report simultaneously to the MDP (through RDAs) and to the MoPA for the Phare component.

The **annex 4.4** on the concept of SAMTID outlines the **Financial and Institutional Architecture of IFI Financed Investments** that will accompany Phare investments in separate contracts for the same beneficiaries. Phare PPF 2001 will finance technical assistance that refines and develops the framework instruments for SAMTID and puts them into practice for groups of pilot cities.

5 Detailed Budget

The SAMTID investment needs of the cities from the target group are particularly big. According to the estimations from the Strategy, the amount is around 2 billions euro, in a program to be developed over a period of 17 years. The financing of such needs will be realized from many resources, including private capital. Due to the low affordability level of the population in this transition period, the SAMTID program contains only the most urgent needs for rehabilitation of water supply and wastewater systems, up to a maximum of 60 €/inhabitant. This level is comparable with the average of the realized investment in the MUDP2 program and has proved, on one hand, sufficient for covering the emergencies and on the other hand, affordable for the population. The tentative budget of the multi-annual SAMTID program is estimated at Euro 380 million and is described in **annex 4.4**.

The total budget for investment in 2002 ESC is the following:

Component	Phare	Support	(Meuro)		National Co-financing	IFI	TOTAL
	Investment Support	Institution Building	Total Phare (=I+IB)				
A. TVET	18		18	6			24
B. Human resources development	12		12	4			16
C. Regional large scale infrastructure	50.864		50.864	16.855	20		87.719
C1. Business-related infrastructure	35.864		35.864	11.855			47.719
C2. SAMTID	15		15	5	20		40
D. Awareness campaign, selection, monitoring and site supervision	5.7		5.7	2			7.7
D1. Awareness campaign, preparation of applications, appraisal and selection of projects	1.2		1.2				1.2
D2. Support for implementation of investment component				2			2
D3. Infrastructure projects site supervision	4.5		4.5				4.5
D3.1 Business-related infrastructure	3.5		3.5				3.5
D3.2 SAMTID	1		1				1
Total	86.564		86.564	28.855	20		135.419

6 Implementation Arrangements

6.1. Implementing Agency

The Ministry of Development and Prognosis, Strada Cristian Popisteanu 2-4, Sector 1, Bucuresti, tel. (401) 312 08 09, fax (401) 314 08 09 will be the Implementing Agency and Contracting Authority. The PAO will be the Minister of Development and Prognosis.

The Regional Development Agencies will be the Implementing Authorities for the HRD, TVET (works sub-component), infrastructure components. The Ministry of Education and Research will be the Implementing Authority for equipment supplies contracts implemented under the TVET component. The Ministry of Public Administration will be the Implementing Authority for SAMTID component.

The Ministry of Development and Prognosis and the Regional Development Agencies will closely work with the partner governmental institutions relevant for the TVET, HRD, large-scale infrastructure, that will be actively involved in each phase of the process.

The Ministry of Public Administration is the Coordinating Body for the overall SAMTID program. It will establish framework agreements with other entities as needed for the various program components.

6.2. Twinning

No twinning arrangements are anticipated under this project.

6.3. Non-standard aspects

The "Practical Guide for Phare, ISPA and SAPARD" procedures will be followed under this project. Romanian national public procurement rules will not apply to these, including when the beneficiary is a public administration. Special procurement rules will be followed for loans, depending on each IFI own rules. It is recommended that the IFI's and the EC Delegation agree to use a single set of procurement rules that will simplify enormously implementation of the programme.

6.4. Contracts

6.4.1 TVET investment scheme

The two types of contracts (for works and supplies of specialised equipment) shall be under the direct responsibility of the Ministry of Development and Prognosis. MDP will conclude a Regional Framework Agreement with each RDA for monitoring of the works contract implemented under this component and a Framework Agreement with the Ministry of Education and Research for the monitoring of the supplies contracts (one or more).

6.4.2. Human Resources Development

MDP will conclude a Regional Framework Agreement with each RDA for the total Phare budget allocated for this type of projects per region. Contracting each grant with the final beneficiary shall be under the responsibility of the Regional Development Agency and Ministry of Development and Prognosis.

6.4.3. Regional Large-scale Infrastructure

6.4.3.1 Business-related regional infrastructure

Works contracts will be concluded by MDP as Contracting Authority. Contracting each project with the final beneficiary shall be under the responsibility of the Ministry of Development and Prognosis. MDP will conclude a Framework Agreement with each beneficiary for the implementation of the infrastructure sub-projects financed from local co-financing and coordination of the all sub-projects. In the case of national road projects, the

contracts will be endorsed by the Ministry of Transport and Public Works/the National Administration of Roads.

6.4.3.2 SAMTID Programme

Works contracts, under Phare component, will be concluded by MDP as Contracting Authority. Contracting each project with the final beneficiary shall be under the responsibility of the Ministry of Development and Prognosis.

6.4.4. Awareness Campaign, Selection, Monitoring and Site Supervision

- MDP will conclude a TA contract for the activities to be undertaken for a large awareness campaign and advice to applicants.
- MDP will conclude a TA contract for the selection and appraisal of projects under each of the investment components, as members of the (Regional) Selection Committee.
- MDP will conclude a service contract with each RDA for the activities under D2.
- MDP will conclude two contracts for the activities to be undertaken under the Site Supervision and Inspection of Business-related Infrastructure Projects and respectively TVET works contracts.
- MDP will conclude one contract for the activities to be undertaken under the Site Supervision and Inspection of SAMTID Projects, for supervision of works contracts financed from Phare, of 1 Meuro.

The Ministry of Development and Prognosis and the Regional Development Agencies will closely work with the partner governmental institutions relevant for the TVET, HRD, large-scale infrastructure sectors (such as MER, MoLSS, MoPA, etc.), that will be actively involved in each phase of the process.

7 Implementation Schedule

7.1 Implementation Schedule

Activity	TORs/Project specification / feasibility studies ready	Launching calls for proposals / start of tendering/selection of infrastructure projects	Start of project activity	Project completion
Activity A1 Works contract	04.2003	05.2003	01.2004	31.11.2006
Activity A2 Equipment supply	09.2003	10.2003	06.2004	31.11.2006
Activity B Call for proposals	05.2003	06.2003	01.2004	31.11.2005
Activity C C1. Works contracts C2. SAMTID works	05.2003 05.2003	06.2003 06.2003	02.2004 04.2004	31.11.2006 31.11.2006
Activity D1	11.2002	12.2002	06.2003	31.11.2005
Activity D2	12.2003	01.2004	03.2004	31.11.2006
Activity D3.1	04.2003	05.2003	01.2004	31.11.2006
Activity D3.2	05.2003	06.2003	03.2004	31.11.2006

8. Equal opportunity

All project mechanism will have equal access for women, men and disadvantaged groups. Particular projects will be developed and selected and operated by women and young people.

The TVET and the HRD sub-components are developed in order to ensure equal opportunities

to vocational education, training and labour market services of individuals and groups at risk/in need as mentioned above. The project will develop promotional and training activities at national, regional and local level to encourage girls and young women to follow technical careers through vocational education and training institutions, including business and administration careers and will develop special measures for women unemployed aged over 45 or women (re)entering labour market. The partners involved in the project will include interested women/professional associations or trade groups.

9. Environment

The environmental protection is one of the top priorities and adequate support will be required under Phare and ISPA assistance. The measures implemented under the project will therefore be complementary to the measures implemented with ISPA. PHARE will only co-finance works when responding to EU environment standards. Environmental Impact Assessment will be carried out following EU Directive n° 85/337/EEC.

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

TVET Environmental aspects will be considered in a structured way with particular reference to environmental sustainability concept as regards the Regional Development Plans, selection of the didactic equipment and technologies recommended for training.

The Business infrastructure and SAMTID components will bring strong environmental benefits, enabling small and medium municipalities to meet EU and Romanian environmental standards.

On the institutional side, particular attention will be given to participation of Ministry of Water and Environment protection in the Steering Committee and to participation of Local Environmental agencies and groups to decision-making process, including water resource management functions.

10. Rate of Return

Projects will include feasibility studies with complete economic and financial analysis (FIRR and EIRR), including creditworthiness analysis. Increasing of tariffs will be justified and the affordability of these tariffs will be demonstrated, and their implementation supported and monitored through the financial and operational improvement program and the interface with the country's new regulatory regime.

11. Investment criteria

11.1 Catalytic effect:

A. TVET investment scheme

The development regions are already confronted with high levels of unemployment affecting young population, or will be confronted with sharp raises of the unemployment, as the structural reform and industrial restructuring measures will be implemented. Therefore, there is in these regions a strong demand to complement restructuring measures with effective VET as a tool for improving labour market integration. Also, the resumption of sustainable economic growth and the development of private enterprises need a flexible, skilled and adaptable labour force.

B. Human Resources Development scheme

The development regions are already confronted with high levels of unemployment, or will be confronted with sharp raises of the unemployment, as the structural reform and industrial restructuring measures will be implemented. Therefore, there are in the target areas a strong demand for complement restructuring measures with effective tools for employment fostering,

as training and the active employment measures. Also, the resumption of sustainable economic growth and the development of private enterprises need a flexible, skilled and adaptable labour force, that will be provided by the priority I measures. Implementation of priority II measures will help at fighting discrimination and foster employment opportunities for the disadvantaged groups, such as long-term unemployed, unemployed aged over 45, youth and women.

C. Regional/large-scale infrastructure

C1. The development regions have an unsatisfactory transport, environment and business infrastructure. Therefore, there is in these regions a strong demand for systematic tools for improving the overall quality of the transport network, introducing significant environmental activities and strength the business infrastructure.

C2. Small and medium towns have an unsatisfactory water and wastewater infrastructure. In these towns there is a strong demand for systematic tools for improving the overall quality of public services, from which water supply is one of the most important.

By their multiplying effect, water and wastewater systems rehabilitation can stopped economic decline of the small and medium towns, and act as a dynamic element of global economic system, contribute to improvement of quality of life and being an effective source for attracting investments in those towns.

11.2 Co-financing

In compliance with Phare Guidelines, 25% national co-financing for investment projects (equal to MEURO 28.855) will be provided from the state budget, corresponding with the Phare contribution for investment components of MEURO 86.564. State budget co-financing will cover 25% of the total public support (Phare + State budget co-financing).

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

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

The national state co-financing will be implemented following the same procedure as the Phare funds, for the entire cycle of the project.

- Regional Development Agencies through MDP, will be responsible for reporting to the Commission (EC Delegation) about the implementation and the results achieved.
- National Fund will ensure this co financing and the mechanism for delivering the funds to MDP and to the development regions
- When the direct beneficiaries of the projects will be private legal entities, an adequate co financing will be provided by the private sector.

In case of SAMTID programme in compliance with Phare Guidelines, 25% national co-financing for investment projects (equal to 5 Meuros) will be provided from the state budget, corresponding to the Phare contribution of 15 Meuros for investment components during pilot phase

The National Fund will ensure this co-financing and the mechanism for delivering the funds to MDP.

The financing of SAMTID scheme for each project will include IFI co-financing (equal to 20 Meuros). For each project only one IFI will be involved. In addition to these funds, some local contribution will be required, especially for technical assistance for works supervision.

11.3 Additionality

The project will not generate competition with any private service providers, and no other financiers will be displaced by the Phare intervention, in particular as the project target mainly beneficiaries whose demand for financing and training measures, are still unmet by the private sector, due to the dimension of the towns under SAMTID and the power of the municipality to access credit scheme will be improved.

11.4 Project readiness and Size

Terms of Reference and contracts for the project are being prepared by taking into account the studies already carried out at the regional level by the Regional Development Agencies, with the support of the Technical Assistance provided by Phare 2000 and 2001 Programmes. Implementation will be ensured by the RDAs, under guidance and monitoring of the Ministry of Development and Prognosis adequately assisted by the Phare supported technical assistance already in place.

Beneficiaries have developed Project Proposal Documents with training and technical assistance provided by USAID – Regional Infrastructure Project, in collaboration with the Water Training Centre of the Romanian Water Association. They are developing feasibility studies that they will finance after all documents will be approved by Steering Committee and EC Delegation.

Terms of Reference for PPF Phare 2001 are being prepared with support from the RIP and the Water Training Centre (***Annex 4.6***).

11.5 Sustainability

- The national regional development policies of Romania ensure the sustainability of the project
- Projects shall be in compliance with state aids provisions
- Investments must respect the state aids provisions of the Europe Agreement.
- The programme represents a contribution to National Development Plan
- Investment Support from Development of Regional infrastructure projects must be a feasible part of the regional development strategy from development regions, as defined in the National Development Plan.

The improvement of financial performance of the operators as well as the conditionality relating to the loan part of the financing of the programme will ensure the sustainability of each project. Operating and maintenance costs as well as loan repayments will be covered through tariffs, as a consequence of the cost recovering principle, which drives the SAMTID programme. The national policies for municipal services ensure the sustainability of SAMTID.

All investment shall comply with EU norms and standards and be in line with EU sector policy aquis.

11.6 Compliance with state aids provisions

Projects shall be in compliance with state aids provision.

Investments must respect the state aids provision of the Europe Agreement.

12. Conditionality and sequencing

The co-financing by the Government is a pre-condition for the effective operation of the programme.

The SAMTID programme depends also on loan agreements with IFIs and approval of the sovereign guarantee.

ANNEXES

- Annex 1** - Logframe matrix for investment in ESC
- Annex 2** - Detailed implementation chart for investment (compulsory)
- Annex 3** - Contracting and disbursement schedule by quarter for full duration of programme (including disbursement period) (compulsory)

Reference to feasibility / pre-feasibility studies. For all investment projects, the executive summary of the economic and financial appraisals, and the environmental impact assessment should be attached (compulsory)

- Annex 4.1** - Linked activities
 - Annex 4.2** - Evaluation of Phare'98 Programme
 - Annex 4.3** - State of play of Phare 2000 and 2001 Programmes
 - Annex 4.4** - SAMTID – Concept paper
 - Annex 4.5** - Translation of the Agreement between MoPA and MPF
 - Annex 4.6** - ToRs for PPF Phare 2001 - technical assistance support for defining the overall framework for SAMTID and implementation of the pilot phase
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- Annex 5** - List of relevant Laws and Regulations (optional)
 - Annex 6** - List of infrastructure portfolio for Phare 2001 – 2002
 - Annex 7** - Infrastructure projects short project fiches

Annex 1 to Project Fiche

LOGFRAME PLANNING MATRIX FOR			Programme name: and number:	RO 02
INVESTMENTS IN ECONOMIC AND SOCIAL COHESION - 2002 INTEGRATED REGIONAL MEASURES			Contracting period expires: 30.11.2004	Disbursement period expires: 30.11.2006
<i>Project Number</i> RO-2002/000-586.05.02			Total Budget:(MEuro) 135.419	Phare contribution: (MEuro) 86.564
Overall Objective(s)	Objectively verifiable indicators	Sources of verification		
<ul style="list-style-type: none"> To support the Romanian Government to implement an integrated pluri-annual regional development policy through investment projects in priority sectors, in order to enhance the indigenous economic and social potential of the identified target areas facing severe industrial restructuring and demonstrating potential for economic growth, in line with the provisions of the National Development Plan (NDP) and in close correlation with the institution building support provided for designing national economic and social cohesion policies in line with the EU policies and practices. 	<ul style="list-style-type: none"> Positive assessment in the pre-accession framework of that the economic and social cohesion objectives in the Accession Partnership have been met All investment funds (Phare 2002) committed; Efficiency of using investment money are used. Increased regional GDP and improved employment Improved socio-economic conditions in the target zones 	<ul style="list-style-type: none"> Programme evaluation by the European Commission Periodical reports to EC Delegation, JMC, SMSC Evaluation Reports on implementation progress 	<ul style="list-style-type: none"> Political and macroeconomic stability Continuing fulfilment of the conditions for receiving EU grant assistance Development of national policy for economic and social cohesion according to EU's policy in this field Favorable economic growth conditions exist or at least no sharp economic downturn occurs so that the number of sustainable jobs created is maximized Continuing commitment of national and regional authorities to support regional development policy Continued Government commitment to restructure the economy and improve conditions for private sector development 	

Project Purpose	Objectively verifiable indicators	Sources of verification	Assumptions and Risks
<p>A. Technical and Vocational Education and Training (TVET)</p> <ul style="list-style-type: none"> • To strengthen and consolidate the achievements of the reform acquired through the Phare VET RO 9405 programme for initial TVET, as well as through Phare 2001- Economic and Social Cohesion in order to further assist in the modernisation of the rationalized TVET system and to follow up on the 2001 programme • 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 2001 programme; • To further assist in the provision of equal chances for all young people to obtain a good professional qualification at a level equal to European standards, by providing TVET, which responds flexibly to the needs of each individual, taking into account the institutional achievements of 2001 programme. 	<ul style="list-style-type: none"> • Local governance of investment in TVET (School Inspectorates, and Municipalities) advised by the regional structures in place (RDAs together with the Regional Consortia) • Phase 1 of a multi-annual investment programme completed - renovation of selected TVET schools and vocational workshops and provision of IT equipment, resources centres inside and outside target zones equipped and renovated. • Improved premises and trainers to provide vocational training • Instruments for local/regional planning for school investment in use, based on recommendations from Regional Consortia and formulated by the REAPs 	<ul style="list-style-type: none"> • Reports by RDAs on the stage of investment on behalf of regional consortia and county schools inspectorate • Periodic Phare 2002 evaluation reports submitted by the TA • Decentralised school planning at the regional/local level to allow investment according to the priorities for economic and social cohesion 	<ul style="list-style-type: none"> • Rationalised TVET school network agreed with the social partners and public authorities, based on the conclusions set by the previous Phare 2001 • Complementary financial allocation to TVET from the public budget (local budget) • Enhanced capacity of the Regional Consortia to support the County Councils, Local Councils and County School Inspectorates related to the equipment investment in schools (allocation of funds for preparation of premises, full use of equipment, maintenance and repairing)

<p>B. Human Resources Development</p> <ul style="list-style-type: none"> • To develop labour force skills to become more adaptable to structural changes, with special focus on business management abilities and entrepreneurship development in order to encourage future economic growth. • To facilitate access to employment for job seekers by enhancement of active employment measures and to develop new skills according to evolving needs of the labour market, promoting equal employment opportunities for vulnerable groups, such as long-term unemployed, unemployed aged over 45, young persons leaving the institutions, single women or women returning to the labour market. 	<ul style="list-style-type: none"> • New training modules developed according to labour market needs • Studies on the labour market existing • People trained according to labour market needs • Measures for unemployed and disadvantaged groups developed and implemented • Management training courses provided to SMEs • Business start-ups are supported and strategies for developing their human resources are designed • Reintegration rate of disadvantaged groups is increasing 	<ul style="list-style-type: none"> • Progress reports provided by the the RDAs to MDP • MDP reports to JMC, SMSC • MDP monitoring databases and statistics 	<ul style="list-style-type: none"> • Regional development authorities and regional partnership support the project; • Implementing institutions have adequate institutional capacity • Entrepreneurs, microenterprises and SMEs are willing to participate in the project and implement it within their enterprises • Qualified managers and consultants associated with project • Effective implementation of ongoing • Intensive information campaign is launched prior to calls for proposals
<p>C1.Business-related Regional infrastructure</p> <ul style="list-style-type: none"> • To upgrade regional transport infrastructure for improving access to economic areas and strengthening linkage between economic poles and European transport corridors; • To develop infrastructures supporting business and tourism development, in order to strengthen competitiveness of SMEs through better access to technologies, services, markets and information; 	<ul style="list-style-type: none"> • Number of km of regional transport infrastructure developed/improved • Number of locations developed for modern industrial activities; • Number of business infrastructure centers improved permitting the creation of a minimum number of jobs; • Number of industrial sites 	<ul style="list-style-type: none"> • Site supervision reports and final report • Programme evaluation by the European Commission 	<ul style="list-style-type: none"> • Regional and local authorities support the projects; • Effective implementation of the infrastructure projects financed from Phare 2000 • Co-financing available

<ul style="list-style-type: none"> • To rehabilitate degraded sites or to protect environmentally vulnerable sites with economic potential (industrial sites, closed enterprises from urban heavily polluted areas, natural sites and area with tourist potential), with particular attention to the remediation of the severely contaminated industrial sites; 	<ul style="list-style-type: none"> rehabilitated; • Number of km of tourist infrastructure (access roads, restoration works); • Number of new jobs created in local and regional infrastructure projects; 		
<p>C.2. SAMTID</p> <ul style="list-style-type: none"> • To support the Romanian Government to develop and implement the pilot phase of an integrated multi-annual national program creating and promoting a framework of transforming service provision and investing for sustainable water services in small and medium towns. This will help national and local authorities comply with National Development Plan (NDP) and EU directives, through: <ul style="list-style-type: none"> ➤ the commercialisation of water and wastewater services provision of small and medium towns on a voluntary basis ➤ the implementation of capital investment for rehabilitation and modernization and performance improvement programs that raise service standards while promoting the application of cost recovery principles. 	<ul style="list-style-type: none"> • Percentage for improvement of technical performances (percentage for reducing leakages, percentage for saving energy, percentage of increasing quality of water supplied, number of hours of delivering water, pressure); • Percentage for improving financial performance (percentage of collecting revenues, percentage of reducing costs, capability of repayment of the loan) • the quality of services in the 15-25 small and medium towns increased with 50% • Percentage of beneficiaries with positive net operating margin 	<ul style="list-style-type: none"> • Monitoring data supplied by PIUs to MoPA and MDP • Site supervision reports • Progress reports to Steering Committee • Programme evaluation by the European Commission 	<ul style="list-style-type: none"> • Local authorities support the projects; • Creditworthiness of the Local Authorities; • Co-financing available; • Commitment of the beneficiaries to the project; • Maturity, quality and consistency of the project submitted.
<p>D..Awareness Campaign, Projects Appraisal and</p>			

Selection, Monitoring, and Supervision <ul style="list-style-type: none"> • To promote measures and provide information and advice on project preparation • To ensure a transparent, competitive and sound process for project appraisal and selection. • To increase capacities of regional structures for programming and effective implementation of projects financed under this programme in order to carry out monitoring, control and evaluation activities, efficiently. • To upgrade and sustain an adequate implementation system for the infrastructure type projects, including site supervision and inspection 	<ul style="list-style-type: none"> • Better promotion events organized; • Increased quality of information and advice to applicants • Regional strategies and priorities exist • Monitoring and control procedures developed and site-visits undertaken • Creation of appropriate and effective implementation, evaluation and control systems for infrastructure and small investment projects; 	<ul style="list-style-type: none"> • Reports provided by contractors to MDP 	
Results	Objectively verifiable indicators	Sources of verification	Assumptions and Risks
A. Technical and Vocational Education and Training (TVET) <ul style="list-style-type: none"> • Rehabilitation of the vocational workshops in order to be fit for installing the specialised equipment and to facilitate the delivery of initial and continuing TVET equal to European standards. • Didactic and modern technologies equipment and didactic software supplied, 	<ul style="list-style-type: none"> • 100 TVET schools, and 11 resource centres benefiting from workshops rehabilitation • 100 TVET schools, and 11 resource centres benefiting of the first lots of specialised equipment 	<ul style="list-style-type: none"> • Reports by Regional Consortia / County School Inspectorates • Periodical Phare evaluation reports • Programme monitoring reports 	<ul style="list-style-type: none"> • Selected TVET schools and resources centres as recipients of the concentrated investment ; • Responsible involvement of local actors (schools, county schools inspectorates, etc) in the decision making process regarding needed equipment/works • Adequate technical specifications for specialised equipment

<p>installed and in use.</p> <ul style="list-style-type: none"> • Obtaining core skills by the students facilitated. • Transition from school to working life facilitated. • Improved training facilities for trainers and trainees • Better access to information and documentation ensured 			
<p>B. Human Resources Development</p> <ul style="list-style-type: none"> • Studies to identify labour market needs exist. • Labour force will have increased knowledge and acquire new skills according to labour market needs, due to increased responsiveness of training providers. • Improved management skills in SMEs will ensure the survival and development of enterprises, increasing also their competitiveness on the market. • New jobs as result of enterprises established following entrepreneurial skills development. • Human resources strategies 	<ul style="list-style-type: none"> • At least one labour market study in each priority area • At least 10 training modules developed according to labour market needs • Min. 15,000 people trained according to labour market needs • Min. 1000 managers trained in management skills • Min 200 of those trained in entrepreneurship are starting a business • Support services to min 55 entrepreneurs starting their own business • Min. 1000 new jobs created • At least 10 businesses are developing human resources strategies and carry out training 	<ul style="list-style-type: none"> • Reports and payments made to beneficiaries • Reports by RDAs to National Agency for Regional Development on the progress of projects • MDP reports and statistics, data bases • Documentation on selection and approval of projects by National Board for Regional Development and EC Delegation • Feedback from direct beneficiaries • Analysis of Phare evaluation reports 	<ul style="list-style-type: none"> • Capacity of potential beneficiaries to design HRD projects exist • Assistance to improve capacity of RDAs to monitor implementation of projects was in place • Procedures for financial and technical monitoring are designed and applied • Qualified managers and consultants associated with the project • Inadequate commitment of funds due to lack of appropriate evaluation methodologies for the grant financing scheme

<p>including training needs analysis are developed in enterprises.</p> <ul style="list-style-type: none"> Improved skills and advice to facilitate access to employment for job seekers and unemployed people Social inclusion of the most disadvantaged groups on the labour market, through promoting active employment measures. 	<p>needs assessment</p> <ul style="list-style-type: none"> Min 10,000 unemployed assisted 40% of assisted unemployed find a job Min 2500 long-term unemployed and disadvantaged people assisted and trained, out of which 30% found a job 		
<p>C.1 Business-related Regional infrastructure</p> <ul style="list-style-type: none"> the improvement of regional transport infrastructure strengthening linkage between economic poles and European transport corridors will be realised; the improvement of business infrastructures and communication infrastructure in order to permit better access to services and markets of SMEs for strengthening competitiveness, will be realised; the rehabilitation of the environment of degraded industrial sites or closed enterprises from urban areas, for improving the conditions of life and for stimulate economical development will be realised; 	<ul style="list-style-type: none"> At least 150 km of road to be developed/improved At least 550 km of sewerage/running water pipes built/improved At least 100 SMEs to be located in industrial parks At least 17 locations developed for modern industrial activities At least 5 business infrastructure At least 1 industrial site rehabilitated At least 40 km of tourist access infrastructure At least 5000 of jobs created 	<ul style="list-style-type: none"> Sites supervision reports and final report Programme evaluation by the European Commission 	<ul style="list-style-type: none"> Regional development authorities and regional and local partnership support the projects

<p>C.2. SAMTID</p> <ul style="list-style-type: none"> the improvement of water and wastewater systems in small and medium towns will be realized; the improvement of quality of water services with an impact on 50% of the urban population in the country will be realised; the creditworthiness of utilities in order to create possibility of accessing credit schemes will be rich; the restructuring of the administration of water services in order to solve some priority needs in the field and to implement of the concerning the water administration within basin areas will be realized.; Development of the institutional and organizational basis for the implementation of the EU Water Framework Directive concerning the water management within river catchment basin areas. 	<ul style="list-style-type: none"> the system in 15-25 small and medium towns rehabilitated Number of components rehabilitated (km of pipes, number of pumps, number of other type of works); the quality of services in the beneficiary small and medium towns increased with 50% Percentage of beneficiaries with positive net operating margin No. of solid utilities created through regrouping and restructuring the olds small operators; information about programme available payments made in due time, no reclamation 	<ul style="list-style-type: none"> Monitoring data supplied by county PIUs to MoPA and MDP Site supervision reports Progress reports to Steering Committee Programme evaluation by the European Commission 	<ul style="list-style-type: none"> County and local authorities support partnership and the projects
<p>D. Awareness Campaign, Projects Appraisal and Selection, Monitoring and Supervision</p> <ul style="list-style-type: none"> Focused and intensive promotion campaign Increased impact on the applicants Improved quality of 	<ul style="list-style-type: none"> Min 7 promotion and information events organised Number of articles in newspapers and brochures Number of potential applicants receiving advice Number of applications 	<ul style="list-style-type: none"> Records from information seminars, newspapers Reports of RDAs Reports provided by the contractors to the MDP 	<ul style="list-style-type: none"> Technical assistance under this component coordinated with grant schemes implementation

applications submitted for financing <ul style="list-style-type: none"> • Improved projects appraisal, selection and contracting process • Improved strategies and plans developed at regional level • Improved and effective ex-ante evaluation and monitoring and control process • Effective infrastructure works supervision and inspection • Improved supervision, responsibilities distribution, reporting and record-keeping procedures 	submitted <ul style="list-style-type: none"> • Rate of selected projects increased • Strategies and plans, based on studies carried out at regional level, exist • Existence of an appropriate and effective monitoring, evaluation and control system • Procedures for site supervision 	<ul style="list-style-type: none"> • Applications submitted 	
Activities	Means		Assumptions and Risks
<ul style="list-style-type: none"> • Preparation of information packages • Designing ToRs for technical assistance components • Tendering and contracting the technical assistance • Preparing and concluding contracts with RDAs for monitoring of projects • Launching calls for proposals for components B • Organising seminars and providing information and advice to applicants • Appraisal and selection of projects • Observation and checking of the selection process • Concluding contracts with 	<ul style="list-style-type: none"> • Technical Assistance will support the preparation of documents needed for launching calls for proposals and tenders • Promotion and information campaign • Brochures and other documentation on different components • Training seminars and advice • Personnel from all institutions involved (MDP, RDAs, and line ministries) • Providing premises and minimum equipment necessary to implement the programme 		<ul style="list-style-type: none"> • Government co-financing (25%) is ensured • TA is contracted in due time

approved projects for financing <ul style="list-style-type: none"> • Ex-ante evaluation, monitoring and control of projects • Reporting at different levels • Payments to projects • Tendering and contracting components C1 and C2 (works) • Tendering and contracting component A (works and supplies) • Tendering and contracting site supervision of works 			
			Preconditions ToRs for Phare PPF 2001 are designed in order to contract technical assistance for designing the SAMTID scheme

CONTRACTING AND DISBURSEMENT SCHEDULE BY QUARTER

INVESTMENT IN ESC – Phare 2002

Phare + National Co-financing (Meuro)

	31/03 2003	30/06 2003	30/09 2003	31/12 2003	31/03 2004	30/06 2004	30/09 2004	31/12 2004	31/03 2005	30/06 2005	30/09 2005	31/12 2005	31/03 2006	30/06 2006	30/09 2006	31/12 2006
A. TVET																
A.1. TVET works = 6 + 2 = 8 Meuro																
CONTRACTED				8	8	8	8	8								
DISBURSED					1.5	2	2.5	3	3.5	4	4.5	5	6	6.5	7	8
A.2. TVET supplies = 12 + 4 = 16 Meuro																
CONTRACTED					8	16	16	16								
DISBURSED					4	8	10	10	10	10	10	10	10	12	14	16
B. Human Resources Development = 12 + 4 = 16 Meuro																
CONTRACTED				16	16	16	16	16								
DISBURSED					12.5	12.5	12.5	12.5	13	14	15	16	16	16	16	16
C. Large-scale infrastructure																
C.1. Business related infrastructure = 35.864 + 11.855 = 47.719 Meuro																
CONTRACTED				15	47.719	47.719	47.719	47.719								
DISBURSED					3.5	5	7	11	14	18	23	28	33	38	43	47.719
C.2. SAMTID pilot phase = 15 + 5 = 20 Meuro																
CONTRACTED				10	20	20	20	20								
DISBURSED					1	2	4	6	8	10	12	14	16	18	20	20

	31/03 2003	30/06 2003	30/09 2003	31/12 2003	31/03 2004	30/06 2004	30/09 2004	31/12 2004	31/03 2005	30/06 2005	30/09 2005	31/12 2005	31/03 2006	30/06 2006	30/09 2006	31/12 2006
D. Awareness campaign, Selection, Monitoring and Site supervision																
D1. Awareness and Selection = 1.2 Meuro																
CONTRACTED		1.2	1.2	1.2	1.2	1.2	1.2									
DISBURSED		0.7	0.7	0.9	1	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
D.2. Support to implementation = 2 Meuro																
CONTRACTED					2	2	2	2								
DISBURSED						0.2	0.3	0.4	0.6	0.8	1	1.2	1.4	1.6	1.8	2
D.3. Infrastructure projects site supervision																
D.3.1 Site supervision for business infrastructure = 3.5 Meuro																
CONTRACTED				3.5	3.5	3.5	3.5	3.5								
DISBURSED					0.3	0.5	0.8	1.1	1.4	1.6	1.9	2.2	2.5	2.8	3.1	3.5
D.3.2. Site supervision SAMTID = 1 Meuro																
CONTRACTED					1	1	1	1								
DISBURSED						0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1	1
TOTAL																
CONTRACTED		1.2	1.2	53.7	107.41 9	115.41 9	115.41 9	115.41 9								
DISBURSED		0.7	0.7	0.9	23.8	31.4	38.5	45.5	52.1	60.1	69.2	78.3	86.9	97	107.1	115.41 9

ANNEX 4.1 : Linked Activities

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

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

EU/Phare LIEN Programme

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

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

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

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

Some of the achievements of this programme are as follows:

- *curriculum development*
Curricula were developed for vocational schools, with a broad vocational base for the first two years and a more specialised modular provision in the last year. The curricula developed for post-high schools have a two-year flexible modular structure.
- *teacher training*
Student centred methods of teacher training were introduced and didactical material for independent learning was introduced
- *school management*

Management training based on a democratic leadership style, focusing on a whole school approach in adopting innovation, as well as creating a sustainable learning environment

- *partnership with the community*
Structural partnerships with various stakeholders in the community were developed, aiming at: making vocational education more relevant to its users and facilitating the entry of graduates into the labour market
- *equipment*
Occupational learning equipment was provided to VET schools, to facilitate implementation of the newly developed curricula. It should be mentioned that some studies indicate that the equipment was not adequate enough for the specialised curriculum of the final year of the vocational schools.
- *evaluation and certification*
A system of evaluation including the active involvement of the social partners was put in place and a certification system based on the assessment of competence through final examinations was introduced.

Phare projects related to quality assurance - TTQM Phare RO 9602-05 project

TTQM Phare RO 9602-05 project for development of *education for quality* with the purpose of creating curricula for compulsory and post-compulsory education; the project has been developed in co-operation with the National Agency for Science and Technology Innovation and conceived of profile of an effective consumer or producer of qualitative goods or services. The educational component consisted of specific curricula developed for several levels of education and specialised VET structures.

ETF Parallel funded project for human resource development at local and regional level

The project supported two activities in the Southeast region, one on the development of strategies for human resource development at county level and the other on the establishment of school consortia or school networks for the delivery of continuing vocational training.

Education for a Second Chance

The objective of this programme is to assist young people who abandoned compulsory education, to re-enter education and to get at the same time a pre-qualification that will help them either to find work in the local community or formally access other professional routes within VET.

Reform of Pre-university Education co-financed by the World Bank and the Romanian Government (RPE) 1995 - 2001

The WB programme Reform of Pre-university Education complemented the Phare VET RO 9405 programme through its component RPE. The component focused on activities, which are equally important for general education as well as for VET.

Community Programme Leonardo da Vinci

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

EU/Phare Energy Programme (RO 9504 an RO 0108.04)

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

Catch-up Mining Fund Programme (MARR)

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

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

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

1. Support to the establishment of the SME agency (CRIMM) and five locally-based SME development centers. Technical assistance and seed finance has been provided to the centres, established as locally-based foundations, with members ranging from the local administration to chambers of commerce and private entrepreneurs. Each center provides basic advice and information to entrepreneurs and acts as a focal point for SME development in the area. The centres are self-sustainable. All five centres commenced operation in April 1994.
2. Development of a favorable atmosphere for SMEs. There has been a programme of support to SME associations in developing their structures. This programme has moved relatively slowly due to the fragmentary nature of the associations and the need to clarify which bodies were truly representative and had identified projects for support. Reform of the education system is also important, a project has been supported to introduce entrepreneurship into the way in which subjects are taught in secondary schools. Support for policy making has taken the form of support for the establishment of an Office of Advocacy which produced a White Paper, in July 1995, outlining the main obstacles existing at the different levels, to the development of the SMEs sector in Romania. Support to international business relations development has been provided through a special grant scheme developed in order to allow all business advisory centers to become promoters of local economic development initiatives.
3. Setting up of pilot Business Innovation Centers (BICs). The basic objective of this project was to stimulate entrepreneurship and encourage the introduction of innovative processes into existing SMEs with growth potential and which can directly contribute to economic development and job creation. Four Business Innovation Centres (BICs), using EU models, have been established since September 1995.

Phare provided technical assistance for the setting up of the centres, accommodation and capital for incubated companies, and seed money for the start-up and supply of the equipment. Funding was digressive, BICs were able to be self sustainable in the third year of operation.

4. Setting up of a 3,4 Meuro grants scheme for SMEs. A conditional micro- grant scheme for assisting SMEs to purchase equipment and other assets directly related to their activity has been operational since December 1993. The maximum individual grant which could be given to an enterprise was 50,000 Euro. Beneficiaries were registered private enterprises with up to 50 employees maximum capital of 0,5 Meuro and turnover of 1 Meuro. Applications for obtaining a conditional grant, supported by adequate documentation proving the reliability of the applicant company, were submitted to one of the Business Advisory Centres, which assisted the company in developing a business plan. After appraisal of the projects, the grant decision was taken by a Steering Committee, composed of members of financial institutions and the CRIMM Foundation. The recipient SME contributed at least 50% of the total cost of the machinery procured. Around 240 enterprises have received financial assistance since early 1996 and around 2400 new jobs have been created.

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

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

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

At the *national level*, the programme provided training and technical assistance to the National Agency for Privatization. The aim was to assist the Romanian authorities to create an enabling environment (fiscal incentives, financial instruments, etc) for the

development of the SMEs sector. A separate objective aimed at enhancing the dialogue and the debate between the Government and the private sector on how to promote SMEs development.

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

Technical Assistance related to SME issues available under the Phare Programmes in 1992, 1994, 1997, 1997, 1998, 2000 and 2001.

Technical assistance within the first Phare support programme has been provided to establish CRIMM Foundation and five locally based SME development centres, for the setting up of business innovation centres. The support for policy making capacity has taken the form of support for the establishment of an Office of Advocacy which produced a White Paper in July 1995.

The component '*Support for regional policy analysis and development and SME policy support to the national Agency for Privatisation*' of the Phare Programme RO 9408 provided training and technical assistance to help the Romanian authorities to develop more appropriate policies for the SME sector. The focus of the activities undertaken was on measures to improve the fiscal, legislative and regulatory frameworks (the "enterprise environment").

The Phare Programme '*Enabling Environment for Enterprises and Investment*' RO 9706 was intended to develop the ability of the National Agency for Small and Medium Enterprises (NASME) to contribute to building an enabling environment for enterprise and investment, with a specific focus on the main obstacles presently faced by SMEs. Technical assistance was offered to enhance the capacity of the NASME in four main areas:

- Formulating SME support programmes in line with EU good practice and relevant EC policy guidelines;
- Designing and implementing systems for monitoring the impact of SME support programmes and measures;
- Collecting, updating and disseminating relevant knowledge on the business environment of the SME sector in Romania;
- Monitoring and assessing emerging legislation with an impact on enterprise and investment.

The *Technical Assistance for Small SME Credit Scheme* RO 9711.02 was intended to contribute to effective management of the SME credit scheme launched in 1997 by Phare in order to improve access by micro, small and medium enterprises (SMEs) to loan financing. The project is intended to provide all implementing parties with technical assistance for effective implementation according to Phare guidelines, and with clear sustainability perspectives.

The *Technical Assistance component of the MARR Fund – SME Credits* RO 9809.02.02 provides assistance to design the scheme, select the implementing banks, negotiate the funding agreement with the selected financial institution(s), finalise the operations manual, train a number of credit officers, monitor progress with the scheme, establish evaluation procedures, elaborate statistics, assess the scheme's overall results and impact.

The project *Technical Assistance for the preparation of the SMEs Credit Line under Phare 2000* - RO9807.01.02.12 has as main objective to prepare the detailed design of the SME credit line, to select the Romanian bank(s) which will implement the Credit Lines in the four target regions and to make the whole system functional, so that the objectives of the **SME Credit Line**, which will be financed under Phare 2000, can be fully and timely achieved.

EU/Phare Human Resources Development Programme (RO 9701.01)

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

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

The objective of the programme is to support the establishment of a comprehensive framework for regional development, incorporating policy, and legislation instruments, together with the administrative capacity to manage ISPA, SAPARD and Phare in an Objective 1 context. The programme has a budget of 33 Meuro to support actions related to industrial restructuring of areas blighted by the decline of traditional industries, including: human resource development to support integrated development of designated regions, project preparation for ISPA, environment and transport infrastructure, rural development, technical assistance, etc. The main supervisory role of programme implementation belongs to the National Agency for Regional Development. To co-ordinate and consider issues related to actions falling under all components of the programme, a Monitoring Committee composed of relevant Romanian authorities and Commission's services was established. The programme implementation will last until December 2001.

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

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

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

- TA to the ISPA co-ordination unit within the Ministry of Transport;
- TA for Ministry of Transport for ISPA-Roads Projects - Motorway By-Passes Feasibility Study and Design;
- TA for Ministry of Transport for ISPA - Roads Projects - Review of Feasibility Study and Preparation of Detailed Design for the project " Bucharest- Giurgiu Expressway";
- TA for Ministry of Transport for ISPA - Railway Projects, Preparation of detailed for the project " Rehabilitation of the Railway line Bucharest, section Baneasa-Fundulea";

- TA for the ISPA co-ordination unit within the Ministry of Environment;
- Rehabilitation and Modernization of the Water Supply and Sewerage Systems for Area of Cluj;
- Upgrading the Water and wastewater System in Iasi in order to comply with International Standards for Water Quality and Environmental Protection;
- Rehabilitation of Wastewater Treatment Technology Drinking Water Supply and Sewerage Improvement for the population of Timisoara City;
- TA for the National Co-ordination of ISPA projects;

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


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

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

The immediate objectives are:

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

There are five main components to the programme: Redundancy intervention, Public works, Employment promotion initiatives, Small business finance and Social response measures. Taken together they represent an integrated approach to enterprise restructuring and employment conversion. The "Measures to diminish the social impact of industrial restructuring" component (Total budget 10 Meuro) aims at offering an adequate social support and employment opportunities in the areas most affected by the industrial restructuring. It is intended to develop 50 social centers, 20 emergency reintegration centers, 17500 benefici-aries of social services, 1300 new jobs, out of which at least 900 for the unemployed.

 Elaboration and implementation of National Action Plan for Employment, including measures for continuing vocational training – **twinning Phare project RO9908**.

Elaboration of **the Yearly Training Programme by the National Agency for Employment**, approved by the Ministry of Labour and Social Solidarity.

Phare Economic and Social Cohesion Programmes 2000 and 2001

Activities linked to investments to municipal infrastructure

The SAMTID Programme is based on the experience and results achieved during implementation of the following programmes:

- MUDP 1, MUDP 2 and Jiu Valley - financed by EU, Romanian Government and EBRD;
- The Project titled "Assessment of Environment Projects" financed under Phare Programme;
- The Project titled "Strengthening the Capacity of Local Authorities to Develop Environmental Infrastructure Projects" financed by DFID.

Since August 2001, with the support of Regional Infrastructure Program (RIP) financed by USAID within the framework of the South East Europe Stability Pact, the local authorities are supported to identify and prepare their priority projects in the field of rehabilitation of water supply systems, which will be submitted for financing within the SAMTID Programme. The SAPARD and RDP programmes, focused on rural area, can be linked to this project, by creating the possibility of using the water savings resulting from the rehabilitation in the small and medium towns. Moreover, the County Level Organisations can provide certain services, especially in terms of water quality monitoring, for the systems in the rural area.

Other Donors' Support:

World Bank Redeployment Programme – 1997-1999

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

World Bank Labour Redeployment Programme –2001-2006

The programme, launched in 2001, is managed by the Ministry of Labour and Social solidarity together with National Agency for Employment and is co-financed by the World Bank with a loan of 20 million USD. It is specially targeted to workers displaced from enterprises meeting eligibility criteria specified in Ordinance 9/1997.. The programme supports pre and post lay-offs measures, for instance: rapid response and planning services, job counselling and job search and placement, business incubators, community services, vocational training, small business consulting, local economic promotion and studies, etc

Social Development Fund

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

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

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

The **World Bank Programme** - "Employment and Social Protection Project" (Total budget 95.2 M\$) aimed at reforming the social insurance and assistance system so as to target assistance to the most vulnerable to poverty.

Employment and Social Protection Project (World Bank loan 3849RO, 1996 – 2003) – components “National Training Board” and “Regional Vocational Training Centres”;

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

SME Credit Schemes financed by bilateral and multilateral institutions

ANNEX 4.2

Evaluation of Phare 1998 Programme

Financial and Contractual Data of the Programme RO 9807.01

Programme Number	Programme Title	Expiry Date	Allocation (MEUR)		Commitment and Disbursement	
			Phare	Co-financing	EUR	%
RO 9807.01	Regional Policy & Cohesion - MDP - CFCU		33.9 31.0 2.9	4.57 4.57 -		
	Committed: - by MDP - by CFCU	31.12. 2000		4.55	33,772,879.26 30,926,580.94 2,846,298.32	99.62 99.76 98.15
	Disbursed: - by MDP - by CFCU	31.12. 2001		3.875	28,723,276.39 26,568,969.94 2,154,306.45	84.73 85.71 74.29

Source: Perseus data

I. Regional Development Support

Component Project Title/IAg/IAu	Allocated (EUR)	Committed (EUR)	Disbursed (EUR)
Technical assistance for Programme Management/MDP/MDP	700,000.00	700,000.00	684,951.64
Realisation of the full-length and abridged version of the National Development Plan/MDP/MDP	44,860.00	44,860.00	44,860.00
Promotion Materials for Regional Development/MDP/MDP	29,840.00	29,840.00	29,840.00
Industrial Restructuring and Human Resources Development Projects/MDP/RDAs (absorption rate 89%)	15,807,292.00	15,801,709.38	14,095,854.14
TOTAL	16,581,992.00	16,576,409.38	14,855,505.78

Phare '98 Industrial Restructuring and Human Resources Development (HRD) Projects had an **absorption rate of 89%**, showing that needs and interest exist.

The **HRD projects covered 23%** of the total number of projects financed (106 out of 457) under this programme. The planned number of persons trained was 17,158, which results in a cost per trained person of 391 euro.

The total number of applications received in the first call for projects under **Phare 2000 HRD** component is around 750, amounting double of the public financial resources available. That shows the success of awareness and information campaign, but the quality of projects seems to be poor as long as around one third are selected and recommended for financing. The main outcome of this round was the difficulties of the beneficiaries to provide local contribution of 40% of the total eligible expenditures, due to lack of resources and non-profit types of activities financed under this component.

Taken into account that in-kind contribution is difficult to assess and to provide evidence of including it in the project during the implementation (Phare '98), a request for modification of the local contribution from 40% to 20% cash contribution in the Project fiche for Phare 2000 ESC, HRD component, is under consideration with EC Delegation. In support of this reduction of local contribution it is worth to mention that beneficiaries of HRD component of Phare'98 were around 66% composed of NGOs, Local Authorities, public training providers and Universities, around 9% were prefectures and decentralised services of central administration including MoLSS county offices, organisations that, usually, have scarce financial resources.

A statistic of financed HRD project beneficiaries, by categories:

Type of beneficiary organisation	Number of projects
Non-governmental organizations (NGOs)	29
Public institutions, out of which:	38
- Training providers	6
- Local Authorities	23
- Prefectures and decentralized services of public administration	5
- MoLSS offices and services	4
Universities	12
Chambers of Commerce Business Schools	7
Private companies	20
Total	106

During 2001 an evaluation of this programme was commissioned by the European Commission to **WM ENTERPRISE LTD.**, who submitted the evaluation report in December 2001, and presented the conclusions on a workshop organised at the end of February 2002.

We will highlight the most relevant conclusions of this report for the implementation of future programmes and mainly investment schemes:

Utility of the Programme: It is clear that the financial support has had substantial impact upon the investment decision of the beneficiaries and, as such, can be considered to be extremely useful with a positive impact.

Relevance: The regional development support component: has had a positive impact in preparing Romania for the management of pre-Accession funds in line with the EU Policy for Social and Economic Cohesion, but has not been entirely successful in providing experience to the regional administrative structures in the programming and management of Structural Fund-type instruments.

Selection criteria: The selection criteria utilised in the calls for project proposals did not stress sufficiently the importance of synergy between the components nor the need for a project to have genuine regional impact. They were not adapted to the specific needs of the component or region to which they applied. The mechanistic approach utilised was inconsistent with a regional development programme where there should be scope for significant regional variation in the selection criteria to reflect the significant socio-economic differences inside a region and between different regions.

Consideration should be given to limiting the number of projects awarded to a single organisation under any one call

Effectiveness: The programme has been successful in achieving this higher level objectives in that the necessary administrative structures and management capacities do exist and have demonstrated an acceptable level of competence, based on their level of experience. It is also clear that the individual projects have had a substantial impact upon job creation at a reasonable cost to the EU and Romanian taxpayer.

Sustainability: the substantial achievements made with respect to the administrative capacity to manage EU structural policy are put at risk by three major factors:

- The demise of the training function within MDP
- Uncertainty over funding of the RDAs
- The downgrading of the role of the RDBs in the whole process of establishing regionally specific project selection criteria and linking these to a regional development plan.

Most projects have only recently been implemented [due to the delays already described] which means that it would be premature to discuss the sustainability of the jobs created.

Statiscal data of the programme

In the following tables there is comparison of the profile of the successful and rejected applicants:

Domain of activity	Rejected applicants	Successful applicants
No response in questionnaire	5.46%	1.96%
Public services for the population	22.95%	13.41%
Commercial services for the productive sector	10.38%	3.07%
Industrial production	32.51%	50.56%
Tourism	4.10%	7.54%
Other	24.59%	23.46%

It is worth to notice that half of the succesfull applicants are from industrial sector, so they can contribute directly to economic development of the regions.

Organisational type	Rejected applicants	Successful applicants
No response in questionnaire	9.56%	5.59%
Public institution	10.66%	13.69%
Company	68.58%	71.23%
NGO/foundation/association	9.84%	8.38%
Other	1.37%	1.12%

This suggests that the variation in organisational type had no real impact upon the likely success or failure of an applicant, but that applicants in the industrial production sector were more likely to be successful than those from the service sector.

The case study work has highlighted three particular types of approved project:

- Applications from Judet Councils and Prefectures: it is clear that these were not scrutinized as severely as they should have been. There are instances when the project was approved although the required own contribution funding was not available. It is clearly difficult for the Director of the RDA to reject such projects – if he wants the Judet Council to continue to pay his salary. We propose a possible solution in our recommendations section.

- **Training Projects:** we noted that far too high a percentage¹ of the training projects we reviewed in our case study work did not involve a detailed training programme or make use of skilled and experienced trainers². We are not mandating for the use of only “approved” trainers – in fact, some of the best training programmes we encountered utilised highly experienced and skilled [but unqualified] artisans who were passing on their skills to young people. However, we do feel that a properly structured training programme is essential. We consider the main problem is that the Selection Committee, faced with the mountain of applications to evaluate, do not have time for proper scrutiny of the applications. Our recommendations seek to reduce the quantity of applications to allow the Selection Committee adequate time to scrutinize the proposals to identify quality proposals.
- **Investment projects** where there is little similarity between the picture painted in the application [especially if prepared by an external consultant] and the reality we found during our case studies. This is reinforced by the data already presented based on our analysis of Chamber of Commerce returns. We consider the main problem is that the Selection Committee, faced with the mountain of applications to evaluate, do not have time for proper scrutiny of the applications. Our recommendations seek to reduce the quantity of applications to allow the Selection Committee adequate time to scrutinize the proposals to identify quality proposals. We believe that a more thorough site visit will be necessary as part of the selection process – but this is only possible if the number of applications is reduced by a significant number.

With respect to size almost all are categorised as SMEs, but with less than 25% being in the microenterprise category. The majority of successful applicants are small enterprises:

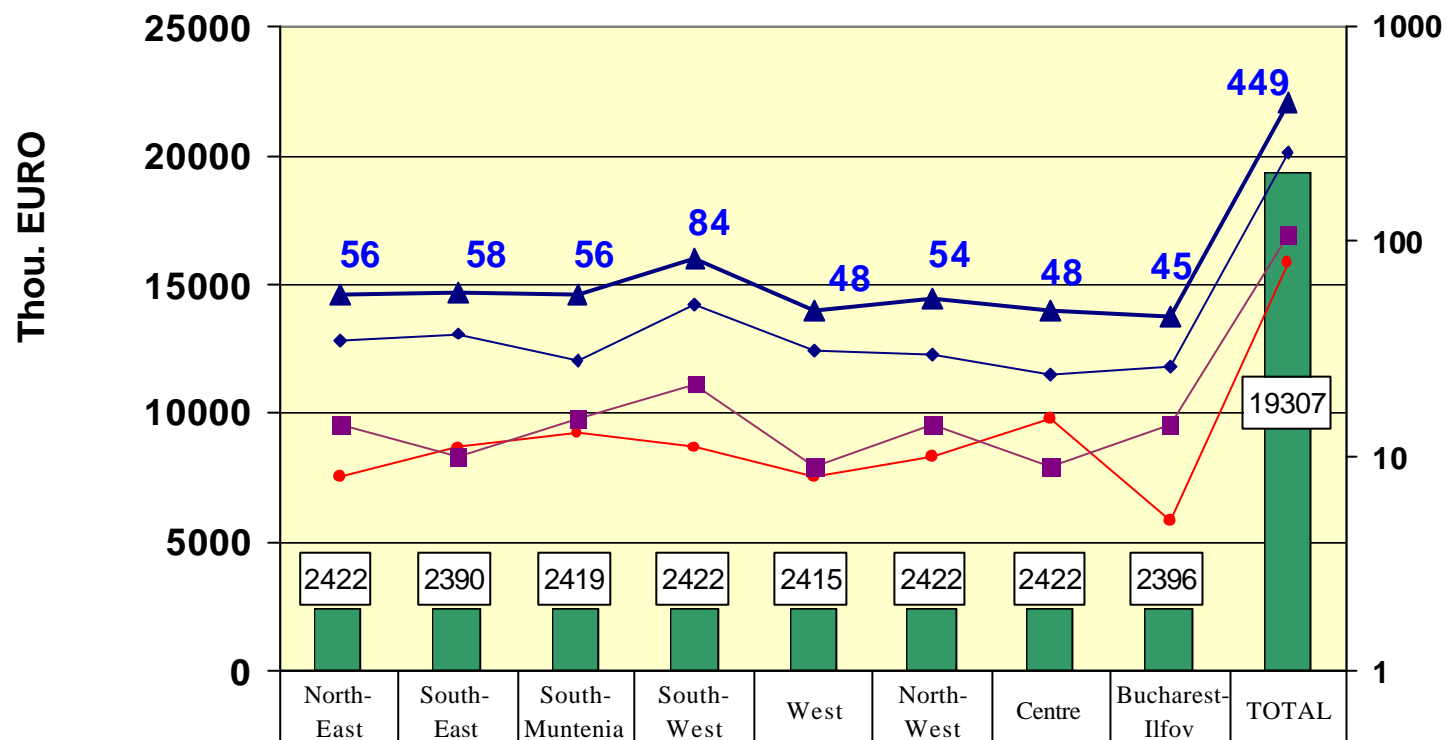
Number of employees	%
1-10	23.66
11-100	54.37
101-250	18.03
250 and over	3.94

The following tables give more details on the nature of the successful applicants – by region, ownership and project component.

¹ Around 80% of those training projects that we reviewed in the case study were considered to be ineffective by the Team

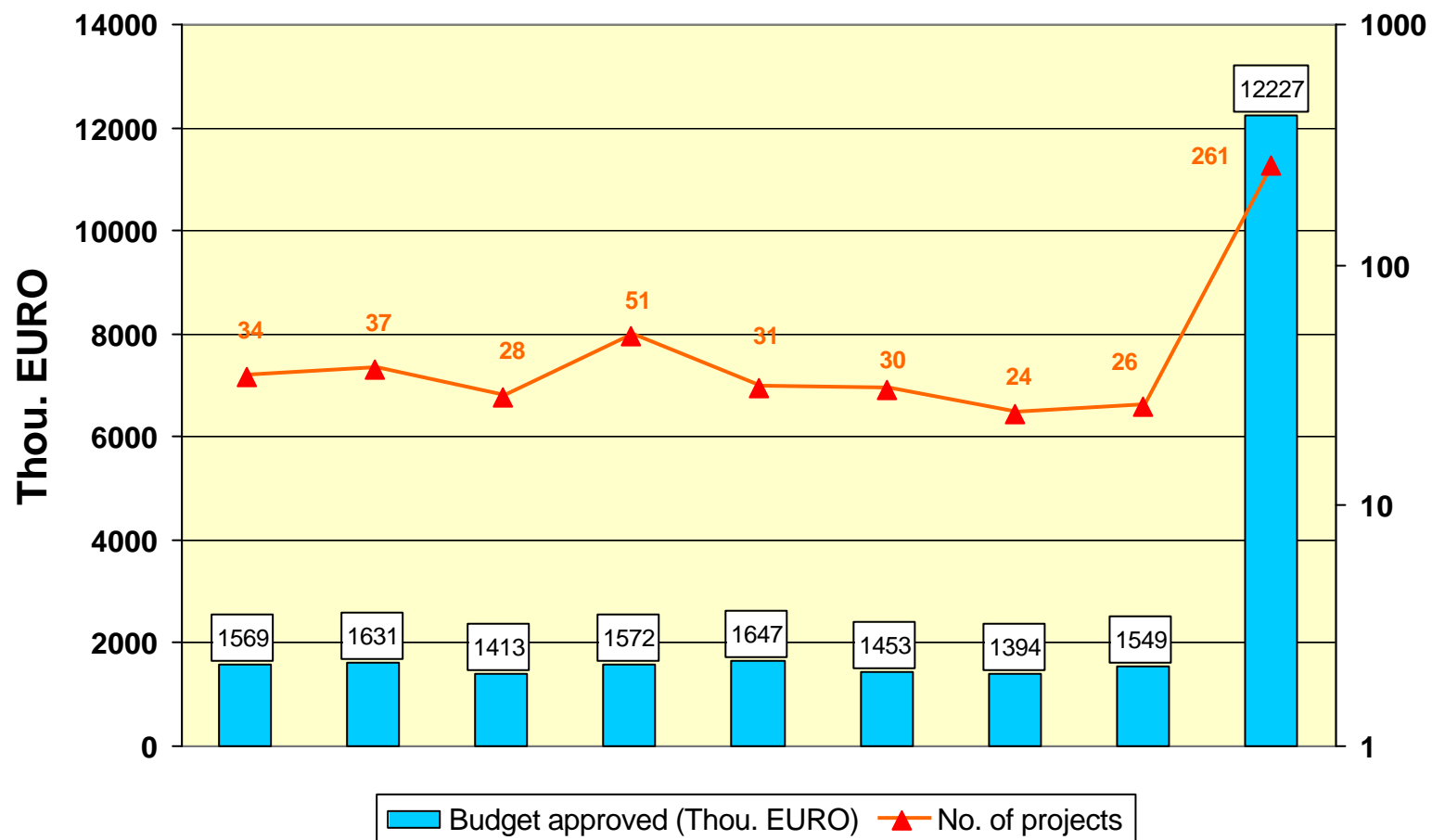
² One of our team is Director-General for Higher Education at the Ministry of Education and a full Professor at the University of Bucharest. He was distressed by the misuse of resources on ineffective training courses. One training course that he reviewed had 400 participants – clearly not the ambient training environment.

TOTAL Projects - PHARE 98

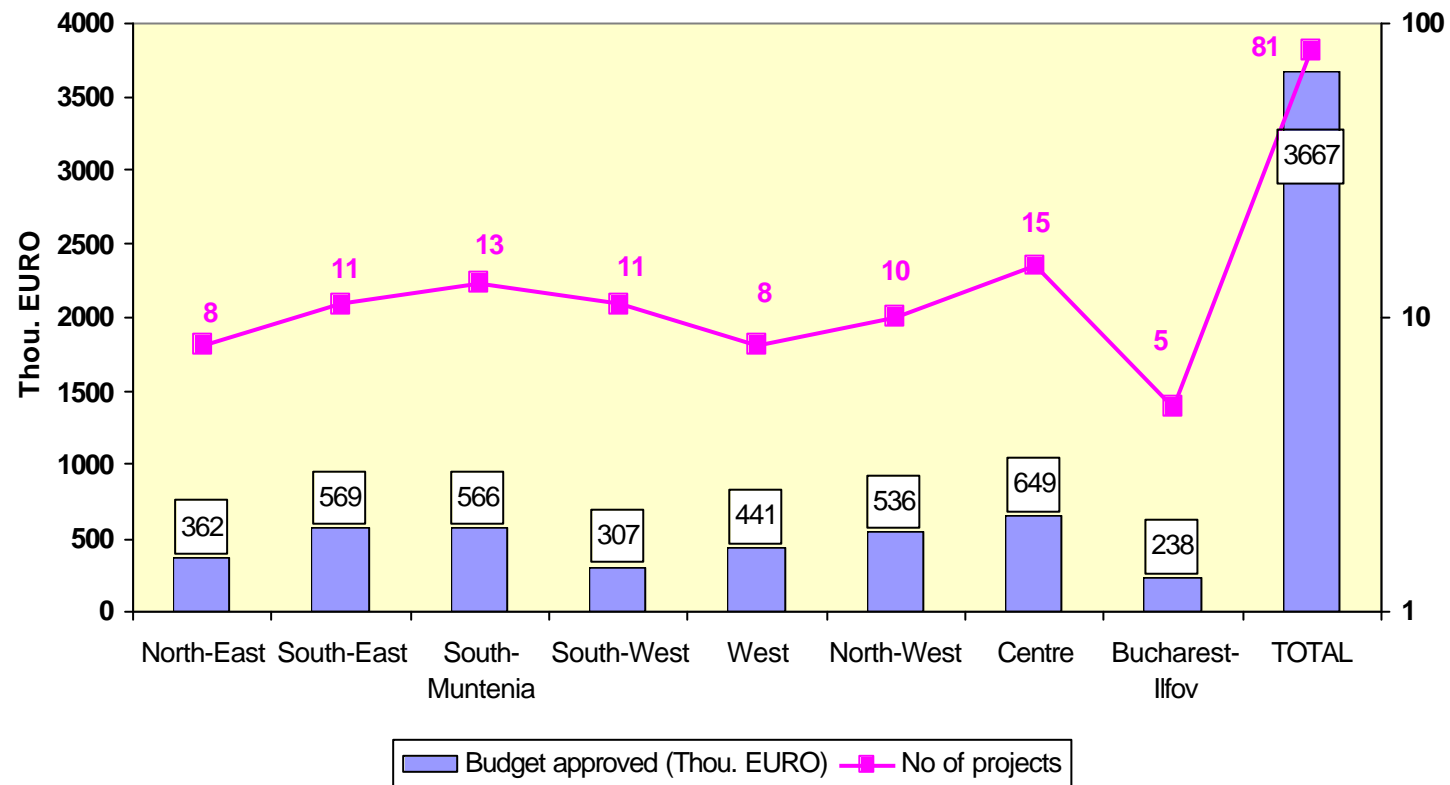


 Budget approved (Thou. EURO)	2421,875	2389,969	2418,896	2421,8745	2415,316	2421,81	2421,86771	2395,8423	19307,4505
 No of projects	56	58	56	84	48	54	48	45	449
 Local Initiative	34	37	28	51	31	30	24	26	261
 Tourism	8	11	13	11	8	10	15	5	81
 Human Resources	14	10	15	22	9	14	9	14	107

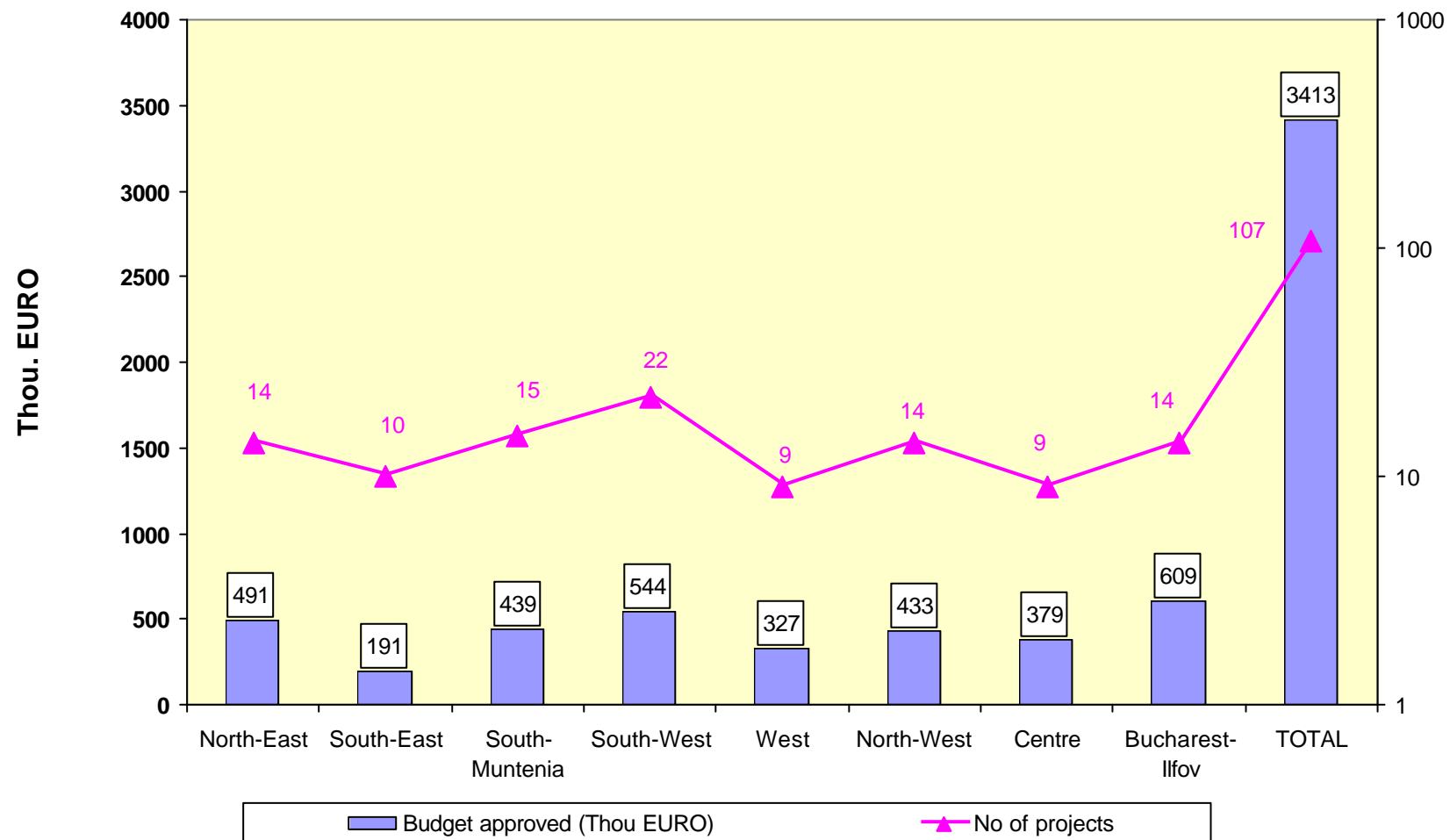
PHARE 98 - Local Initiative Projects, across Development Regions



Tourism Projects



PHARE 98 - Human Resources Projects, across evelopment Regions



Recommendations of the evaluation report:

1. Improved training function within the Ministry of Development & Prognosis
2. Improved funding of the Regional Development Agencies
3. Improved training of the Regional Development Agencies
4. Improved information exchange between the RDAs and MDP
5. Increasing partnership within the Regional Development Boards
6. Strengthening the role of the RDBs
7. Determine the exact role of the RDBs in the project selection process
8. De-politicising the project selection process
9. Improving the selection criteria for projects
10. Improving the quality of selected projects
11. Greater involvement of financing institutions
12. Reducing possible conflicts of interest
13. Improving internal procedures

ANNEX 4.3

State of Play of Phare 2000 and 2001 Programmes

Financial and Contractual Data of the Programme – RO 0007

Table 1

Programme Number	Programme Title	Expiry Date	Allocation (in MEUR)		Commitment and Disbursement			
			Phare	Co-financing	Date ¹ EURO	%	Date ² EURO	%
RO-0007.01	National Development Plan Implementation	30.11.2003	13.0					
	Commitment				1,000,000	7.69	0	0
	Disbursement				303,849	2.34	0	0
RO-0007.02	Regional Development	30.11.2004	75.0	25.0				
	Commitment				612,144	0.80	0	0
	Disbursement				483,243	0.47	0	0

*Source: Perseus date

Table 2

Programme(s) components data:			
Programme Component Title	Allocated (MEUR)	Committed (EURO)*	Disbursed (EURO)*
RO-0007.01 National Development Plan Implementation	13.0	1,000,000	303,849
National Twinning	1.0	1,000,000	303,849
Regional Twinning	6.0	0	0
Technical Assistance for project preparation	6.0	0	0
RO-0007.02 Regional Development	75.0	0	0
Human Resources Development	18.0	0	0
Support to SMEs	18.0	0	0
Local and Regional Infrastructure	35.0	0	0
Awareness campaign, appraisal, monitoring and control, supervision and inspection of infrastructure projects	4.0	612,144	483,243
Total	88.0	1, 612,144	787,092

¹ Current report cut-off date: 28.02.2002

² Previous report cut-off date: 01.06.2001

Time schedule of Phare 2000 Programme – Investments in Economic and Social Cohesion – RO 0007.02

Table 3

	Components	Code	Budget (Meuro)		Guide for applicants		Launching call for proposals	Deadline for receiving project proposals	End of Evaluation (incl. approval)	Contracting
			Phare	National	Submitted to EC Del. for approval	Date of Approval				
A.	Human Resources Development	RO 0007.02.01	18.00	6.65		27.07.2001	30.07.2001	30.10.2001	30.03.2002	30.04.2002
					20.02.2002		29.03.2002	31.05.2002	31.07.2002	31.08.2002
B.	Support to SMEs	RO 0007.02.02	18.00	6.65						
B1	Grant scheme		6.30	6.65		19.05.2001	20.05.2001	20.07.2001		
B2	Credit line		8.10		Tendering for selection of the implementing bank			February 2002	March 2002	Aprilie 2002, launching the scheme
B3	Training and Counselling		3.60		13.12.2001		06.03.2002	06.05.2002		
C.	Local and Regional Infrastructure	RO 0007.02.03	35.00	11.70	Please see detailed table 6 with status of each infrastructure project					November 2002
D.	Awareness campaign, appraisal, monitoring and control and site supervision of infrastructure projects	RO 0007.02.04	4.00		Details are presented in the following table 4					

Time schedule of Phare 2000 Programme – Investments in Economic and Social Cohesion – RO 0007.02

D. Awareness campaign, appraisal, monitoring and control and site supervision of infrastructure projects – only approved projects

Table 4

No	Project Title	Planned Contract Start Date	Tender Launch Date	Tender Evaluation Date	Contract Signature Date	Actual Contract Start Date	Contract Expiry Date	Contract Amount (Euro)	Disbursed to cut off Date (Euro)
1.	TA for SME Grant Schemes projects evaluation and selection	23.07.2001	21.06.2001	10/07/2001	23/07/2001	31/07/2001	31/07/2002	181,740	145,392
2.	Support for the assessment of SME funding applications	25/07/2001	23/06/2001	06/07/2001	24/07/2001	25/07/2001	24/12/2001	63,580	50,864
3.	TA for the organization of the public awareness campaign related to HRD projects financed under Phare 2000	30/07/2001	05/07/2001	20/07/2001	30/07/2001	02/08/2001	02/03/2002	198,744	158,995
4.	TA for the evaluation and selection of the funding application under the HRD grant scheme –Phare 2000-programme	20/10/2001	24/09/2001	17/10/2001	16/11/2001	19/11/2001	19/06/2002	159,990	
5.	Printing the Guidelines to Applicants for B3 grant scheme	15/04/2002			29/01/2002		29/05/2002	1,500	
6.	“Driving Regional Development” Success Stories Brochure	1/02/2002	21/11/2001	08/01/2002	29/01/2002	1/02/2002	22/02/2002	6,590	
Total for the Component								611,654	355,251

**Time schedule of Phare 2000 Programme – National Development Plan Implementation – RO 0007.01
TWINNING Projects**

Table 5a

No	Project Title	Planned Project Start Date	Tender Launch Date	Tender Evaluation Date	Approval by the SC in Brussels and Endorsement by the EC Delegation and CFCU	Actual Project Start Date	Project Expiry Date	Contract Amount (Euro)	Disbursed to cut off Date (Euro)
1.	Support for the National Development Implementation (IB)- National level	01-03.2001	30.08.2000	29.09.2000	11.09.2001- SC 7.11.2001- EC Delegation and CFCU	7.11.2001	7.06.2003	1,000,000	303,849
2.	Support for the National Development Implementation (IB)- Regional level	01-03.2001	30.08.2000	29.09.2000 22.01.2001 24.04.2001 3.07.2001	12.12.2001- SM and NE Regions- SC Brussels Under endorsement 13.12.2001- W and NW Regions - SC in Brussels Under endorsement 15.01.2002-SE and SW Regions - SC in Brussels To be transmitted for endorsement by 17.01.2002 Central and Bucharest- Ilfov Regions under the Delegation for approval	Estim. 1.03.2002 Estim. 1.03.2002 Estim. 1.04.2002 Estim. 1.04.2002	7-09.2003 7.09.2003 7.10.2003	- - -	- -
Total for the Twinning Component								1,000,000	303,849

**Time schedule of Phare 2000 Programme – National Development Plan Implementation – RO 0007.01
TECHNICAL ASSISTANCE Projects***

Table 5b

No	Project Title	Planned Project Start Date	Tender Launch Date	Tender Evaluation Date	Contract signature Date	Actual Project Start Date	Project Expiry Date	Budget (Euro)	Disbursed to cut off Date (Euro)
1.	TA for the preparation of large scale infrastructure projects to be financed under Phare 2001 and Phare 2002	1/10/2002	23/05/2002	13/08/2002	16/09/2002		16/11/2003	4.5	
2.	TA for the preparation of the technical specification for TVET sub-component – Phare 2001	1/09/2002	15/05/2002	15/07/2002	15/08/2002		15/08/2003	0.750	
3.	Training and technical assistance for strengthening the capacity to manage and control the use of ESC funds	15/11/2002	25/05/2002	25/09/2002	25/10/2002		25/10/2003	0.750	
Total for the TA Component								6	

* Estimated date

LOCAL AND REGIONAL INFRASTRUCTURE PROJECTS FINANCED UNDER PHARE 2000 PROGRAMME

Note: The below dates are estimative.

Table 6

Nr. crt	Project code	Project title	Contract Value (Meuro)	Tender procedure	Forecast publication	Estimated date of the tender publication	Site-visit	Deadline for applicants	End of evaluation	Contracting
1.	RO 0007.02.03.01	HIT Industrial Park Bacau	4.8	international	17.11.2001	8.04.2002	9.05	19.07	1.08	30.09
2.	RO 0007.02.03.02	South Industrial Park Satu Mare	4.0	international	17.11.2001	19.04.2002	8.05	26.07	9.08	30.09
3.	RO 0007.02.03.03	West economic zone Cluj Napoca	4.0	international	17.11.2001	11.03.2002	16.04	14.06	27.06	31.07
4.	RO 0007.02.03.04	Busteni – Valea Cerbului access way substructure	2.7	local	17.11.2001	11.03.2002	5.04	24.05	6.06	31.07
5.	RO 0007.02.03.05	Rehabilitation of the industrial area infrastructure of Siret city	4.3	international	17.11.2001	18.03.2002	24.04	24.06	4.07	31.08
6.	RO 0007.02.03.06	Industrial Park "Tehnopolis" Iasi	4.0	international	17.11.2001	25.03.2002	8.05	3.07	17.07	31.08
7.	RO 0007.02.03.07	Reconstruction of the bridge over the river Prut at Radauti Prut / Lipcani	3.55	local	17.11.2001	8.04.2002	25.04	12.07	26.07	31.08
8.	RO 0007.02.03.08	Economical and ecological rehabilitation of the Teleajen river basin	2.8	local	17.11.2001	11.03.2002	4.04	24.05	7.06	31.07
9.	RO 0007.02.03.09	Infrastructure development in the industrial area Tandarei	2.7	local	17.11.2001	11.03.2002	1.04	10.05	20.05	30.06
10.	RO 0007.02.03.10	Infrastructure modernization and development for a better conservation and use of therapeutic potential of Amara Lake	2.7	local	-	18.03.2002	2.04	31.05	14.06	31.07
11.	RO 0007.02.03.11	Modernization and development of the tourist infrastructure in Piatra Neamt city	1.88	local	-	11.03.2002	11.04	17.05	29.05	30.06

Nr. crt	Project code	Project title	Contract Value (Meuro)	Tender procedure	Forecast publication	Estimated date of the tender publication	Site-visit	Deadline for applicants	End of evaluation	Contracting
12.	RO 0101.01	Utilities in Arad industrial zone	2.0	local	17.11.2001	11.03.2002	28.03	17.05	29.05	30.06
13.	RO 0101.02	Industrial Park Timisoara	2.85	local	-	18.03.2002	29.03	31.05	18.06	31.07
14.	RO 0101.03	Industrial Park Tg. Mures	4.5	international	17.11.2001	25.03.2002	17.04	3.07	15.07	31.08
15.	RO 0101.04	Danube River – Corabia Harbour and environment rehabilitation in Corabia town	1.0	local	-	11.03.2002	9.04	10.05	20.05	30.06
16.	RO 0101.05	Constanta international fair	3.7	international	17.11.2001	8.04.2002	30.04	19.07	6.08	30.09
18.	RO 0101.06	Industrial Park in Braila Free Zone	4.25	international	17.11.2001	18.03.2002	29.06	24.06	8.07	31.08
17.	RO 0101.07	Construction of Tecuci North west By-pass	4.0	international	17.11.2001	11.03.2002	--	14.06	25.06	31.07
19.	RO 0101.08	Industrial Park Jibou	2.6	local	-	2.05.2002	9.05	12.07	23.07	31.08

Time schedule of Phare 2001 Programme – Investments in Economic and Social Cohesion – RO 0108.03

Table 7

	Components	Code	Budget (Meuro)		Guide for applicants		Launching call for proposals	Deadline for receiving project proposals	End of Evaluation (incl. approval)	Contracting
			Phare	National	Submitted to EC Del. for approval	Date of Approval				
A.	Assistance to SMEs	RO 0108.03.01	15.00	5.00						
A1	Grant Support Schemes		12.00		March 2002		May 2002	July 2002	October 2002	November 2002
A2	SME Counselling and Advice Scheme		3.00		June 2002		September 2002	November 2002	January 2003	February 2003
B.	TVET Investment Scheme	RO 0108.03.02	16.00	5.33	Selection of VET schools – May 2002 Technical Specifications – October 2002		Launching works tender - Launching IT equipment tender -			
C.	Social services scheme	RO 0108.03.03	12.00	3.67						
C1	Grant scheme for social services projects		11.00	3.67	May 2002		June 2002	September 2002	November 2002	January 2003
C2	Training in skills for social services	RO 0108.03.03.02	1.00							January 2003
D.	Large-scale Regional Infrastructure	RO 0108.03.04	15.00	6.00	Completion of feasibility studies – April 2002 Project list approved by NBRD – May 2002					
E.	Small-scale infrastructure scheme	RO 0108.03.05	19.00	6.33	April 2002		May 2002	September 2002	November 2002	January 2003
F.	Awareness Campaign, Selection, Monitoring and Evaluation, and Supervision		8.00	2.00	Time schedule correlated with launching of each scheme					

Time schedule of Phare 2001 Programme – Institution Building for Economic and Social Cohesion – RO 0108.01

Table 8

	Components	Code	Budget (MEuro)	Forecast publication	Estimated date of tender launch date	End of Evaluation (incl. approval)	Contracting (estimated)
A	Institution Building to Support Regional Development Policy Implementation	RO 0108.01.01	6				
A I	<i>Overall co-ordination, policy programming and decentralisation</i>	RO 0108.01.01.01					
1	Training and Technical assistance for strengthening the administrative capacity to manage the EU structural type assistance during the pre-accession period.	RO 0108.01.01.01	2	29/03/2002 (estimated)	1/08/2002	15/11/2002	06/01/2003
A II	<i>Economic and Social Cohesion Investment Project Preparation Facility</i>	RO 0108.01.01.02					
1	TA for the preparation of the large infrastructure projects to be financed under Phare 2003	RO 0108.01.01.02.01	3.6	27/02/2002	30/10/2002	1/02/2003	1/03/2003
2	Support for the designing of the future investment schemes for SMEs support	RO 0108.01.01.02.02	0.199,999		1/06/2002	15/08/2002	30/09/2002
3	Support for designing of the future HRD investment schemes	RO 0108.01.01.02.03	0.199,999		1/06/2002	15/08/2002	30/09/2002

The actual status of the implementation of the Phare **Infrastructure components**

:

- Projects financed under Phare 2000 and Phare 2001 SIF:
 - 19 projects selected from the initial portfolio, grouped as follows: 9 industrial parks, 2 rehabilitation of industrial areas; 1 environmental; 3 tourism; 2 roads/bridges; 2 special.
 - 13 projects have the Tender dossier (TD) prepared and sent to EC Delegation, from which 5 TD were already approved.
- The multi-annual 2001 – 2002 portfolio” (of 47 projects)
 - the first meeting of the inter-ministerial Workgroup took place on 7.02.2002 and made a selection based on the eligibility criteria. The list remained after this selection includes 29 projects (amounting 124.96 Meuro Phare contribution) from which 13 are very mature and recommended for financing and the rest of 16 not recommended for financing in 2001 because of the low quality of documents presented in support of the proposals.
 - at this moment in time the local authorities are making the prioritization of the remained eligible projects in order to propose the final list of the projects to be financed from Phare 2001 programme;
 - due to the poor quality of the projects included in the initial portfolio 2001 – 2002 a new revision of the proposals for 2002 is necessary for obtaining the desired quality. The low quality of the projects initially proposed is due mostly to the bad understanding of the business related infrastructure notion

The PPF contract “Technical Assistance for the preparation of the local and regional infrastructure projects to be financed under the Phare 2000 Programme”, financed from RO 9915 programme, achieved the following activities which will help MDP, as a Contracting Authority and Implementing Agency, to improve the management of the infrastructure component(s) in the years to come:

- were defined the selection criteria for appraisal, taking into account the maturity of the proposed projects and also the regional impact, elements presented in the original documentation submitted to MDP;
- were redrafted the feasibility studies according to a standard format;
- were prepared the EIAs and also a standard document showing the steps to be followed by the future beneficiaries for obtaining the “Aviz de mediu”;
- were prepared/redrafted the cost benefit analysis for each of the 19 projects selected;
- was prepared the complete procedure package for monitoring of the 19 projects during the implementation phase. It contains the following documents:
 - Guidelines for establishing the PIUs, also defining the activities to be fulfilled;
 - Framework agreement between MDP and each of the Local Beneficiaries;
 - Terms of Reference for supervision during the construction period;
- was prepared the standard format of the Tender Dossier which contains the following volumes:
 - Instructions to tenderers;
 - Contract documents;
 - Standard formats for Drawings, Bills of Quantities and Technical Specifications

SMALL AND MEDIUM TOWN INFRASTRUCTURE DEVELOPMENT PROGRAM - SAMTID CONCEPT

1. BACKGROUND

Since 1998, 17 of Romania's municipalities having more than 150,000 inhabitants, benefited from international financing for rehabilitation and modernization of their water and sewerage infrastructure. Out of the country's 263 urban localities¹, about 230 small and medium sized towns (under 150,000 inhabitants) were unable to attract financing. They require support to remedy very poor conditions of their water and wastewater systems, to comply with environment standards, and to assure continuous water supply. The Ministry of Public Administration is developing the SAMTID Program for these towns, encouraging them to seek ways to gain the benefits of scale of the larger operators and to build on the positive experience these operators gained particularly from MUDP II.

1.1 SECTOR STRUCTURE

In the large cities, public sector operators – Regii Autonome – manage water and wastewater services, subordinated to municipal or county councils. The Regii can operate other services also, such as district heating. They collect revenues for their operations, using tariffs that they propose to Municipal or County councils, and a national level agency. The Regii plan and implement projects, staffing the Project Implementing Units for the works done in MUDP II. County or Municipal Councils own the system assets.

Many of the country's other operators are very small, most serving fewer than 100,000 people. These operators provide services for some 6.2 million inhabitants, representing 50 percent of Romania's urban population. A department of the local government often directly runs the smaller systems. Tariffs generally cover only operating and maintenance costs at best. Capital investment has been provided mainly from the State budget, with funding being inadequate to maintain the value of the assets. As a result, the quality and reliability of the services provided is deteriorating due to lack of investment.

1.2 CHANGES IN NATIONAL FRAMEWORK

Romania is implementing reforms in order to separate the functions of policy making, operations and regulation for decentralized community services.

Financial: Centralized funding is being replaced by delegating increased responsibility to the local governments and to the utilities. Both spend their own revenues and can assume limited debt.²

¹ While there are 102 municipalities (municipalities) and the remainder smaller urban centers, this paper uses the "municipality" and "town" generically for urban local government.

² TA should review current legislation that may overly restrict municipal indebtedness for water and sanitation by excluding the operating revenues that these services generate from the calculation of municipal capacity for debt.

Contractors under this program:

Louis Berger (LB), Urban Institute (UI), Institute for Public Private Partnerships (IP3), Transportation
and
Economic Research Associates (TERA), and Cargill Technical Services (CTS)

Sector Structure: Committed to the autonomy of communities to manage communal services (Law 69/ 1991 modified by Law 215/2001), the government improved the legal framework with the public ownership Law 213/1998 and Law 219/1998 on concessions. Law 207/1997 requires municipal utilities to be commercial companies, operating under concession contracts. These companies may be owned privately or publicly, while the main system assets remain the property of the municipality or county.

Law 326/2001 and Governmental Ordinance 32/2002 recently introduced specific reforms for the water and sanitation sector. Cities may continue administering water services directly or by delegating operations to a service provider. If they choose to delegate operations, the law requires that they use licensed operators selected through formal competition and open bidding. Regii that have loan conventions that prohibit reorganization are exempt for the time being. Debate on the Ordinance is ongoing. Municipalities also most likely will be allowed to merge or form commercial companies from existing services providers and contract them through direct negotiations under certain conditions.

The recent government decision (April, 2002) implements a system of "light handed" regulation based on licensing regulators, monitoring levels of service and identifying poor performers. The EU is providing the MoPA with technical assistance to identify and draft other needed secondary legislation, develop policies to implement EU environmental directives, prepare framework contracts to delegate operations and maintenance, and support private sector participation in several cities (tentatively including the water and wastewater services of Craiova, Timisoara and Brasov). This assistance will help establish national norms for setting tariffs.

National Priorities:

SAMTID is consistent with the *"Strategy concerning the acceleration of the public administration reform"* (Governmental Decision no. 1006/2001), that supports decentralization; holds local authorities responsible for the quality of their services; promotes improved access to services; and use of credit. The *"Strategy regarding the development of the local public services"* promotes investments in rehabilitation and modernization of services in the cities and rural areas. Two of the central Axis of the National Development Plan cover: Axis II: Improvement and development of infrastructure; and Axis V: Protecting and improving the quality of environment. While past policy focused on improving local services of the large cities, recent policy for the creation of new opportunity for small and medium towns is being incorporated into the NDP.

2. THE PROGRAM

2.1 Program Purpose and Phases

Objective: To support the Romanian Government to develop and implement an integrated multi-annual national program creating and promoting a framework of transforming service provision and investing for sustainable water and wastewater services in small and medium towns. This will help national and local authorities comply with National Development Plan (NDP) and EU directives.

The Government of Romania views the transformation and modernization of the water and sanitation services in these municipalities as a long-term effort. Even with focusing on the most urgent needs to rehabilitate and upgrade water and wastewater systems, SAMTID may need a full decade to reach most of the towns. The government is committed to implementing this program in three phases in order to achieve the following coherent multi-annual specific objectives:

- to commercialize the water and wastewater services provision of small and medium towns on a voluntary basis, through the creation of efficient and financially viable and autonomous integrated regional services providers, as free from political influence possible;
- to improve the performance of the operators and raise the water and wastewater service standards through capital investment for rehabilitation and modernization

and assistance programs, while promoting the application of cost recovery principles.

The Program includes three phases:

Phase 1: Pilot - Runs from 2002 until 2004, a design stage to establish the foundation elements, followed by an application phase to test these elements on a pilot basis for a few groups of municipalities, and prepare for future projects taking into account the lessons learned.

Phase 2: Expansion – From 2005 to 2006, the program will be adjusted and expanded to a wider number of groups of municipalities within the context of the framework loans by the international banks that finance these first two phases.

Phase 3: Consolidation – From 2007 to 2010, a new framework facility can finance modernization in additional municipalities as well as other investment needs such as system expansions for the participants in the initial phases.

Program Phases	Phase 1 Pilot	Phase 2 Expansion	Phase 2 Consolidation
Years	2002 – 2004	2005 – 2006	2007 – 2010
Program Development Objective	<ul style="list-style-type: none"> Guiding principles and instruments for transformation are developed Pilot localities choose and implement transformation strategies FOPIP established in the corresponding pilot operators Pilot cities rehabilitate and modernize their services 	<ul style="list-style-type: none"> Instruments and policies adjusted Transformation of services in a third of the counties Pilot localities demonstrate success from FOPIP and investments 	<ul style="list-style-type: none"> Instruments and policies adjusted Transformation of services in two-thirds of the counties Most beneficiaries show success from FOPIP and investments Former beneficiaries financing other needs and attracting private investment
Triggers for Subsequent Grant and Loan Financing	<ul style="list-style-type: none"> Framework instruments developed and applied in practice successfully New regulatory structure and benchmarking implemented Initial investment budget is contracted External evaluation of program is satisfactory Other groups of cities solicit program support 	<ul style="list-style-type: none"> Pilot localities repaying loans Investment budget is contracted Regulatory structure functioning adequately Benchmarking established and showing positive trends Other groups of cities solicit program support, and existing beneficiaries request credit for other needs 	<ul style="list-style-type: none"> Most cities repaying loans All investment budget is contracted

2.2 Key Features

The program relies on a combination of incentives and discipline to promote its goals:

- **Incentives.** These include grants and loans, corporate models and guidelines, standard contracts, technical assistance (TA) programs for groupings/partnerships of the local authorities for investment planning and implementation, and for contracting Regional Water and Wastewater Companies (RW&WCs), which may be new or existing companies to operate municipal assets.
- **Discipline** Competition and concession agreements, loan covenants, efficiency incentives, licensing and regulation, efficient operations, cost-effective investment and adequate cost-recovery largely achieved through loan covenants (debt service, financial performance indicators) and mechanisms developed under MUDP II.

A "project" under the program would be the integrated investment sub-program (two parallel investment schemes³ and the relevant contract package mentioned under the Financial Architecture – Arrangements paragraph) for a single group of municipalities to be financed by a consistently applied combination of grants (Phare & National Fund) and loans (single IFI per project).

MUDP II provides a good basis to gauge the needs for similar investments in the small and medium cities. The average realized investment in MUDP II was approximately €60 per inhabitant served. This level proved, on the one hand, sufficient for covering the most urgent needs, and on the other hand, affordable for the population. This MUDP II average level will be used as a baseline in the evaluation of the proposed investments though not rigidly imposed.

In workshops throughout the country conducted by RIP and the Water Training Center (WTC) of the Romanian Water Association ARA, local authorities have confirmed they have similar investment priorities as in MUDP II. Many participants also benefited from parallel training that DFID sponsored and WTC also implemented to improve the capacity of municipalities to develop environmental infrastructure projects and to make rational decisions on private sector participation. The result is that the local authorities have already identified real needs and begun to formulate project proposals that respond to them.

The investments of SAMTID should be selected based on those needs and the linked proposal for improving the quality of the services and the performance in the water and wastewater field, emphasizing a short payback period and maximum cost-effectiveness, to reduce operating costs, improve efficiency and reliability. The mentioned proposal should include an investment in infrastructure proposal, a financial analysis showing the financial viability of the investment⁴ and a complete cost-benefit or cost-effectiveness analysis, including the overall impact of the proposed investment and the related measures⁵. New meter installation programs should form part of every project where these are not universal, and should be part of demand management programs.

Technical Assistance: Technical assistance with Phare resources from 2001 and subsequent years is being considered to support key program elements:

- Management support to the Romanian institutions involved in the implementation of the program, to develop the guiding principles and instruments for the program and to prepare model documents like framework agreements, contracts, guidelines etc., and to give continuing support to the Program Coordination Unit and Project Implementation Units;
- Transformation support starting with a pilot group of localities, assisting them to group and contract a single operating company through an open tender;
- Financial and Operational Improvement Program "FOPIP" for the operators and to train municipalities to monitor their performance;

³ Parallel projects financed separately by a loan and a grant.

⁴ Including tariffs policy, etc. –the analysis substantiating creditworthiness

⁵ I.e. tariff policy and performance improvement measures

- Preparation of tender documents and final designs for investment projects;
- Construction supervision (for the Phare financed works).

The international financial institutions that co-finance SAMTID will give their inputs and their non-objection prior to launching all such technical assistance. The Terms of Reference developed to prepare the SAMTID program using PHARE 2001 funds, are considered preliminary and will be left open as such as possible to investigate alternatives in terms of financing, investment planning and service delivery structures.

Transformation of Sector Structure

Municipal Groupings: Unlike MUDP II that worked with single cities or counties and existing utilities, SAMTID must motivate groups of towns to begin to work together to benefit from scale of operations and to plan and implement investments that ensure rational use of water resources and of environmental conditions. This can involve any combination of municipalities and/or county council covering a suitable group of towns, associated in partnership - with a clearly identified leader -assuming the responsibility for the loan component and contracting a single licensed services operator.

A critical factor in efficient service delivery is to integrate operations and asset management planning at an effective scale. The long-term goal should be to create financially viable and autonomous integrated regional services providers, as free from political influence as possible. The exact legal form of the entities carrying out the investment program will be an open subject for the TA in consultation with, *inter-alia*, the lenders. Alternative forms of Private Sector Participation (e.g. lease or management contracts) should also be addressed as options, but not as an objective. The primary goal should be commercialization, creditworthiness and service delivery efficiency.

Romania can benefit in this regard from experiences in other countries, though current laws and PHARE procedures require that government entities (and not commercial companies even fully government owned) maintain public ownership of water and wastewater system assets. One viable model used across Europe is to create joint stock regional water and wastewater companies (RW&WCs) owned by the municipalities. In some cases these include strategic private investors. Another possibility is to form Special Purpose Municipal Entities "SPMEs" most likely in the legal form of associations of municipalities similar those many towns and counties in Romania have been forming during the past year in preparation for the SAMTID program. These can contract a single Management Company responsible for fund channeling, debt management, monitoring and reporting. The SPMEs should be market driven, self-financing entities with a commercially oriented supervisory board and policy of balanced cost recovery tariffs at the local level. However, the evidence concerning associations is not positive, as they risk becoming a vehicle for political horse-trading rather than operational efficiency. One of the most important aspects for SAMTID is that structures should be flexible and provide incentives to allow other municipalities or villages in a region to join at a future date.

Technical assistance from the program should provide an informed opinion and recommendations on the suitability of the grouping of municipalities to ensure adequate investment planning and operations and on the alternative institutional/legal arrangements for grouping the concerned towns, highlighting their advantages and disadvantages. The Steering Committee established for the co-ordination of SAMTID will take a decision on the most appropriate arrangement, after consultations with the European Commission and the IFI's.

Commercialization of Operations: To be eligible for SAMTID, municipalities should demonstrate their willingness to reform and choose a form of delegated management to a licensed services operator from an open bidding process as required by recent legislation. This is critical to the sustainability and efficiency of the services.

The government is developing further secondary legislation to clarify the norms and procedures required to guide this process. Much remains to be decided, such as what will happen to the other services in the vast majority water utilities that manage other services as well. While delays in defining these matters pose a risk for SAMTID, they also open an opportunity for the program to develop and propose different institutional arrangements. Technical assistance from the program will support the process for the towns in the SAMTID program, in consultation with the lenders. Coordination will be needed with the parallel TA financed also by PHARE to develop further secondary legislation.

Regulation: The government recently implemented a national regulator for communal services. This entity will establish and enforce the criteria for licensing operators, monitoring and benchmarking their performance and compliance with "concession" contracts. Debate continues on the exact role it will play in setting tariffs, a responsibility local authorities argue they should retain.

This regulator should have clear responsibilities and procedures for the approval and monitoring of investment programs of all RW&WCs. As there is no track record yet for this entity TA for the SAMTID will be proactive in assuring there are clear procedures for approving and monitoring the investment programs of the RW&WCs it assists, and for agreeing of tariffs and performance standards in agreements with relevant authorities including the lenders. This will be done in coordination with the Regional Development Agencies and the national regulator and its regional offices.

Financial and Operational Performance Improvement Program – "FOPIP": In addition to setting plans and targets with operators, the Financial and Operational Performance Improvement Program should equip towns to monitor the performance of their service operators. This will build the chain of responsibility for repaying debt that extends from users to operator to borrowing municipalities.

Romania's utilities involved in MUDP I and II offer a very rich experience that needs to be transferred to the small towns. The national regulatory benchmarking system will help provide reference points for the towns.

Romania needs systematic ways to transfer experience to the smaller utilities. There are several approaches that TA establishing SAMTID will investigate, propose and then facilitate:

1. Some Regii will become the operators for these towns. They may need some incentives to do this (tax breaks, lower interest financing, etc.), as operating costs in small towns often are higher than in bigger cities.
2. Structure a "Bid Fund" to pay for local consultancies and/or training tied to investments in operational improvements that the operators would repay from their improved revenue streams. RIP has developed all the groundwork for the Bid Fund concept. A good track record is forming for local authorities to make direct contributions that will supplement these resources. All towns that sent participants to RIP and DFID training workshops paid for part of their costs. Two groups of towns also contracted consultants to help them formulate projects for SAMTID using professionals who also attended the workshops.
3. ARA organizes a program to train and direct teams of executives from host utilities to establish FOPIP improvements for beneficiary utilities who request this assistance and contribute to defraying expenses. The host utilities donate the time of their executives. The American Water Works Association uses this approach in its *QualServe* program and could be a twinning association to ARA. A logical extension of the Bid Fund concept would be to use EU and/or USAID resources as seed capital to start a self-financing scheme institutionalizing the *QualServe* approach as a permanent Romanian instrument of horizontal collaboration among water utilities that also can facilitate the work of local consultancies and training institutions.

Financial Architecture for the IFIs Loan Component

Guarantees: The Government of Romania would provide its sovereign guarantee with the Ministry of Finance serving as borrower, as in MUDP II. While responding to IFI coverage, the sovereign guarantee should be seen as a bridge never to be called upon for repayment and that could be eliminated later. The security structure can include a guarantee fund/reserve account funded by borrowers (and perhaps PHARE) to an acceptable multiple of the annual debt servicing requirements. The TA will investigate and propose suitable structures.

Terms of Lending: As a matter of principle, loan conditionalities regarding on-lending terms, financial covenants, tariff adjustments, etc. should be harmonized to provide common incentive for financial, investment and operational discipline. However, it is unlikely that the two funding banks will have identical funding terms (grace, maturity, interest). A critical issue will be how the groups of municipalities are allocated between the two IFI's. TA will identify indicative term sheets and possible criteria for allocating borrowers between financiers or even structuring projects for possible co-financing.

Final Borrowers: Local authorities (municipalities and county councils "judets") will be the final borrowers for SAMTID. The sovereign guarantee is consistent with their being public entities that own the assets, also a requirement of PHARE. As borrowers who also approve tariffs, the urban local governments and the county councils have incentives to choose investments wisely and to be cautious in structuring solid contractual and working relations with service operators. These in turn must pay fees that at least cover debt service plus contributions to Maintenance Replacement and Development (MRD) funds that supplement inadequate depreciation procedures. The obligation of the borrowers to capitalize a guarantee fund/reserve account will strengthen their incentives to use commercial criteria when setting tariffs.

This arrangement also adds flexibility that promotes a market for suppliers of operating services for water and wastewater. Towns will be able to change their services providers more easily than they could if the operators were the borrowers. Lenders will have less reason to constrain the growth of operating companies by using their assets to guarantee the investments in infrastructure rather than to grow the operating company's business. After this initial arrangement and the achievement of operational improvements that SAMTID offers, conditions will be better for other forms of borrowing and investment, including greater involvement of private capital.

Agreements: The TA that develops the foundation for SAMTID will develop standard loan and project agreements. The loan agreements are between the Ministry of Finance and the local authorities represented by their formal joint organization (association, joint stock company, etc.) or by a leader they designate and with whom they have formal subsidiary financial agreements. Following the example of MUDP II, the agreements should oblige basic conditionality on the municipalities and their operators covering: tariff increases, customer debt control, cost control, debt service cover ratio, implementation of MRD Funds to guarantee financing for basic maintenance, replacements and projects. Project agreements used in MUDP II between the donors and beneficiaries would be supported by contract with the operating company.

Payments Agency: In light of the good experience in MUDP II, the Ministry of Finance should again consider using a financial institution to administer loans and monitor financial performance of borrowers and their guarantors. That institution probably need not take any risk. An open, competitive bid will be needed, similar to that used to contract the BCR for MUDP II.

Procurement: Each IFI will have its own procurement rules, but also experience of cofinancing with EC funds in Romania. Procurement rules and procedures should be harmonized as far as possible in the interest of the overall program and to minimize administrative demands on the promoters. The new EIB procurement guidelines will be

made available to the TA Consultant, as well as the EBRD's Procurement Policies and Rules for Public Sector Operations. Having separate procurement rules for each IFI is not considered a key issue at this stage.

Minimum Criteria for Project Selection

The Steering Committee of SAMTID with TA support will establish specific eligibility and selection criteria. As an indicative listing, the following type of eligibility criteria are envisioned:

- Licensed, commercial operating company is contracted/formed or the commitment to do this is demonstrated;
- Creditworthiness of the grouping of local authorities or their joint entity;
- Use of PHARE funds in schemes only for individual towns that are not eligible for SAPARD or ISPA support. However, this should not preclude a promoter from using either additional loan finance or other EC instruments for other schemes within its overall investment program;
- Geographical and hydrological rationale (share water resources, common receiving water, same river basin, same county);
- Preparedness to delegate asset management linked to reasonable service standards under governance structures and a technically strong "lead" authority that avoid political interference in procurement and operational decisions;
- The towns having fewer than 150,000 inhabitants (definition of small and medium towns);
- Total project financing of grants and loans must be foreseen in the proportion that SAMTID sets.

The indicative list of selection criteria that are envisioned:

- Technical and financial feasibility of the investment program and maturity of the documentation;
- Potential for significant improvements of water services and/or environment;
- Positive benefit/cost analysis or least cost analysis;
- Demonstrated commitment to universal metering and demand management measures.

It is expected that four to five regional groupings will be selected from different areas of the country for the pilot phase.

The recent decision to implement a national regulator, allows Romania to impose minimum criteria for licensing services operators that will help reduce the number of small operators. Technical assistance in preparation for SAMTID will refine and develop these minimal criteria as SAMTID eligibility criteria, in coordination with the national regulatory body and a separate technical assistance activity that the EC is providing. Some indicative minimum criteria for the operators are:

- Financially and economically efficient scale of operations. Experience from other countries suggests a minimum of 25,000 water connections or family units (about 100,000 inhabitants).
- Investment planning capability with geographic coverage that allows rational use of water resources and cost-effective choice of technology for environmental protection.
- Demonstrated capacity for sustainability, through experience and business planning that includes proposing tariffs and planning capital improvements.

Technical assistance will prepare and disseminate model documents like framework agreements, contracts, guidelines for the defining the contractual relation between the RW&WC and the eligible towns.

Project Selection Procedure

The technical assistance for preparation of the pilot phase of SAMTID will develop a full description of the selection procedure, using the following general approach:

- The procedure will be similar to a "Call for proposals" (but not identical to the standard procedure), with a bottom-up approach;
- An identification and pre-screening phase at the level of regions (RDAs and regional offices of national regulator) with active participation of technical assistance experts;
- A pre-screening phase at the level of regions (RDAs), applying the eligibility criteria;
- After pre-screening phase, TA supports pre-selected groups of towns in order to prepare their proposals - including a feasibility study of investments in infrastructure, a financial analysis showing the financial viability of the investment⁶ and a complete cost-benefit analysis – and improve/up-date the contract with the operating company, if necessary;
- TA supports the selection process conducted at national level, by a Selection Committee nominated by the National SAMTID Steering Committee. The Selection Committee will compulsorily include representatives of the regional authorities. The final list of the selected projects will be approved by the National SAMTID Steering Committee.

A detailed Manual of selection procedures, including Standard Forms and Check Lists, will be issued and tested through the pilot phase.

Eligible activities and expenditures

The infrastructure scheme will support the **rehabilitation, modernization and up-grading** of local water and wastewater infrastructure. SAMTID will finance expansions of the systems and building of new assets, such as extensions of networks or new treatment plants for water or wastewater, only in exceptional and duly justified cases. Investments will be selected and prioritized for financing which reduce costs, improve efficiency and improve basic services. New meter installation programs will form part of every project where these are not universal and should be part of demand management programs.

Expenditures must be linked directly to achieving the purpose of the project and appropriately accounted for. Eligible expenditures could include investment costs related to the site preparation, public utilities networks, main works, plant and machinery, supervision during implementation, contingencies. Cost of land acquisition is not eligible under the program.

Generally, projects will range from a minimum of 2 Meuro to a maximum of 13.3 Meuro.

Institutional Architecture

The Ministry of Public Administration is the Coordinating Body for the entire SAMTID Program. Via a Steering Committee, it will provide overall direction and policy. Technical assistance that is consistent over time should help to develop and implement a sound philosophy and procedures. Shared roles with other independent entities can provide "checks and balances" to implementation.

The **SAMTID Steering Committee** will be chaired by the Ministry of Public Administration. The committee will have representatives of: the Ministry of Development and Prognosis, Ministry of Finance, Ministry of Public Works, the Ministry of Water and Environment Protection, Ministry for European Integration, Regional Development Agencies, EC Delegation.

The Ministry of Public Finance, acting through an independent financial institution, can assess financial and credit capacity of borrowers, structure loan agreements and monitor financial performance of borrowers. The National Fund, established in Ministry of Public Finance, will ensure the availability of Phare ESC and State Budget co-financing funds.

⁶ Including tariffs policy, etc. – it is the analysis substantiating the creditworthiness

The Ministry of Development and Prognosis is the **Implementing Agency** for the Phare financed investment components. The established structure delegates considerable autonomy on investment decisions to Regional Development Agencies, that will be the **Implementing Authorities** for the Phare grant component. The implementation of this component should build on the previous relevant experience the RDAs achieved during the implementation of the Phare 2000 and 2001 regional and local infrastructure components.

Regional Development Agencies will keep their important role in promoting SAMTID, sharing information and guiding the potential beneficiaries. Regional Development Agencies (RDAs) and Regional Development Boards (RDBs) will take part in the pre-screening process with support of technical assistance. Representatives of RDBs or RDAs also will participate in the final national selection of the pilot projects.

Grouping of local authorities will be established in order to identify problems, assess real needs, produce a global "master plan" for the region, based on individual needs in each town from the group and on the principle of rational use of water resources and cost-effective choice of technology for environmental protection. These groupings of the local authorities will act as the promoters of the projects. TA will be provided to assess the adequacy of these groupings and assist in their conformation.

Final beneficiaries of the projects will be local authorities, as owners of assets, having contracts with the same licensed operator.

ACTIVITIES

Institution Building Technical Assistance:

	MEuros Contracted					
Phare Programming year	2001	2002	2003	2004	2005-2008	Total
Phare Implementing year	2003-2004		2005 - 2006		2007-2010	Total
Phare application/ PPF:						
a) Transformation and contracting of operators (3% of all investments)	1.2	1.6	1.7	1.7	5.2	11.4
b) Tender Docs. (5 % of all investments)	2.0	2.8	1.7	2.9	8.5	19.0
Mgmt.Support for Steering Committee, PCU and PIU's		0.6	0.5	0.5	1.9	3.5
Financial & Operational Improvement Program (FOPIP)		0.65	0.75	0.7	2.1	4.2

Investment Program:

	"SAMTID I"		"SAMTID II"	
Phare Implementing year (MEuros Contracted)	2003-4 (Pilot)	2005-6 (Expansion)	2007-10 (Consolidation)	Total
GOR	5	14	29	48
Phare	15	41	86	142
IFI's	20	55	115	190
TOTAL	40	110	230	380

	MEuros Contracted					
Phare Programming year	2001	2002	2003	2004	2005-2008	<u>Total</u>
Phare Implementing year	2003 - 2004		2005 - 2006		2007-2010	<u>Total</u>
Contract Supervision and Monitoring (5 % each donor's investments)						
- Phare ESC		1.0	1.4	1.4	5.7	9.5
- IFI - Beneficiaries		1.0	1.4	1.4	5.7	9.5
Feasibility Studies (3 percent of all investments) - Beneficiaries	1.2	1.6	1.7	1.7	5.2	11.4



EUROPEAN UNION
DELEGATION OF THE EUROPEAN COMMISSION IN ROMANIA

Bucharest,

*Ref.: I:\Directorate D\D3-Progr. and Monitoring\Personnes\delolsa\2002 manc\FM 2002 Publications\Romania\586.05.02 Investment ESC 2002\Annex4.5
SAMTID.doc*

From:

Ministry of Public Administration; Ministry of Public Finance

To:

Mrs. Hildegard Carola Puwak, Minister

Ministry of European Integration

Dear Mrs. Puwak,

Regarding the assurance of the co-financing from foreign loans of the Programme for Rehabilitation of the local infrastructure in small and medium towns (SAMTID), necessary to the approval of the Phare component in value of 142 M Euro, we mention the following:

1. The Romanian Government considers the SAMTID Programme to be a priority for the improvement of the living conditions of most 6.2 million inhabitants living in the small and medium towns. This programme will accelerate the process of decentralisation of the public services and will contribute to the strengthening of the financial autonomy and decentralize the decision-making process for the local authorities. In this respect, the preparation and the implementation of the programme are included in the action plan meant to lead to the fulfillment of the objectives of the National Strategy regarding the acceleration of the reform in the sector of public administration, approved through Government decision no. 1006/2001.

2. The Ministry of Public Administration (MAP) and the Ministry of Public Finance (MoF) started the process of consulting the International Financing Institutions (The European Bank for Reconstruction and Development [BERD] and the European Bank of Investments [BEI] regarding the conditions of obtaining loans with the view to co-finance the SAMTID programme. The MoF designated a specialist to analyse the legal means in order to begin the negotiations with the two banks, and for projecting the crediting schemes of the local authorities, which are the final beneficiaries of this programme.

3. Taking into account that the entity receiving the loan from the IFI's will be the Romanian Government, MAP and MoF, together with the local authorities – the final beneficiaries of the investment programmes – the activities of going through the stages stipulated by the legislation in force have started for the co-financing of the SAMTID programme: the drawing up and the approval of the Feasibility Studies by the competent authorities, the initiating and the submitting to approval to the Romanian Government of the Loan Agreement Memoranda for the contracting of some foreign loans from BERD and BEI.

In this respect, we kindly ask you, dear Minister, to assure the representatives of the European Commission of the starting of the necessary activities for contacting the loans stipulated in the Phare 2002 fiche of the SAMTID Programme.

Signed: **Octav COSMANCA**, Minister, Ministry of Public Administration

Mihai Nicolae TANASESCU, Minister, Ministry of Public Finance

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TERMS OF REFERENCE

Technical assistance to be financed under Phare 2001 for preparation of the Small and Medium Town Infrastructure Development (SAMTID) Program - Pilot Phase

1. BACKGROUND INFORMATION

- 1.1 Beneficiary country: ROMANIA**
- 1.2 Contracting Authority: Ministry of Development and Prognosis**
Address: 2-4 Ministerului Street, Sector 1 Bucharest
- 1.3 Relevant country background:**

The present state of affairs of water and waste water infrastructure for public services as well as the possibility for Romanian citizens to have access to these services are inadequate both at regional and local level.

The length of the public drinkable water supply network is 38,238 Km (at the end of 2000) at the national level, being a lot more below necessities; in the localities where this utility exists, the installations are qualitatively degraded and have very reduced efficiency. In the urban areas there are centralized installations to produce and distribute the drinkable water in all towns and municipalities, but the distribution network spread on only 70% of the street length. In the rural areas, half of the villages (50.4%) have public network for water supply and only 55% of the rural population have access to it.

In the last decade, the water supply network was extended (with 35.7% taking as base the year 1990), especially in the rural areas. The number of localities provided with installations for water supply increased from 2,331 in 1990 (from which 260 municipalities and cities), to 3,029 in 2000 (from which 265 municipalities and cities). At the end of 2000, the number of localities having public sewerage system was 674, from which 264 municipalities and cities.

The sewerage network was spreading on 16.3 ths. km (almost half length of the drinkable water supply network). The sewerage network existing in the rural areas stands for 6.3% of the national sewerage network. Three quarters of the streets within the towns have both water and sewerage pipelines. Though in the last years the wastewater discharge network spread up, the overall situation has not improved significantly, due to antiquated sewerage network, extremely degraded. The existing public utilities networks, at the national and local level, are insufficient and not corresponding to the modern standards in the field, both in terms of dimension and quality.

Currently 17 municipalities, each with more than 150.000 inhabitants, have benefited from capital investment programs for rehabilitation of their water and wastewater infrastructure. Many of these municipalities also obtained funds through the ISPA Program to continue the rehabilitation and modernization of the water supply and wastewater systems. Bucharest and Ploiesti municipalities concluded concession contracts with private operators and succeeded in this manner to attract external capital for financing their local infrastructure. In total, 50% of the urban population of the country benefits from these programs.

However these programs have only benefited a small minority of the 263 towns in Romania. There is need to ensure that all towns can invest to maintain and upgrade their infrastructure in order to have good services able to meet EU standards. This will require the adoption and implementation of carefully development policies focused on meeting the real needs of the population if services are to be affordable to everybody.

Local public services have a special impact on the environment. On the one hand they can be an important pollution factor, but on the other hand they also can contribute in an essential way to limit the degree of pollution (adequate treatment of wastewater and improved solid waste collection and disposal). Compliance with environmental requirements during the life cycle of local infrastructure (building – operating – maintaining – demolition) plays an important role in the sustainable development concept.

For this, the Government intends to:

- provide financial support to those programs which contain measures for the development of environmental infrastructure (ISPA, Sapard, RDP, SAMTID, TECP2, etc.)
- promote special programs for small towns with the purpose of rehabilitating and modernizing local environmental infrastructure.

1.4 Current state of affairs in the relevant sector

After a period of more than four decades of centralized management, Romania has decided to return to local autonomy principle, in this way transferring major and concrete responsibilities to the local administration. One of these, specifically mentioned in Law no. 215/2001 concerning the local public administration, enforced by the Law no. 326/2001 regarding the local public services, refers to their obligation to organize their functioning efficiently and adequately. In this context, the Ministry of Public Administration has assumed important responsibilities in promoting the investments in the field of local services. Thus, in conformity with the provisions of the Government Decision No. 8/2001, the Ministry of Public Administration has the following responsibilities in this field:

- organize actions to attract external investments for the benefit of local communities;
- support and advise local public administration authorities in their steps concerning attracting investments;
- monitor the way of attracting investments and complying with conditionality;
- support local public authorities in contracting internal or external loans and in providing guarantees.

In Romania, out of 263 urban localities, around 230 are considered small and medium-sized towns that have not been able to attract financing from either the international financial institutions or private operators. Depending, therefore, solely on central budget contributions, these towns have made very little investments during the last 10 years to maintain and develop their water and wastewater infrastructure. As a consequence, the condition of these systems is very poor. Given all this, the towns still need to:

- comply with environment standards regarding drinking water quality and treatment of wastewater;
- assure an adequate living standard to their inhabitants and a continuous water supply.

The Ministry of Public Administration decided to develop the SAMTID Program for this category of towns, taking into consideration that they:

- have not the financial power to sustain investment projects in environmental infrastructure by themselves;
- have not sufficient revenues in the local budget to pay for the full amount of large infrastructure projects;
- are not eligible for ISPA.

The establishment of the SAMTID program takes into account other potential or actual projects financed from different sources, in order to avoid overlapping with ISPA and SAPARD financing. A substantial co-financing from different national and international sources and solid agreement on this issue is necessary.

SAMTID program includes three phases:

- **Pilot phase**, runs starting with Phare 2002 programming period, to establish overall framework for implementing scheme and apply this on a pilot basis for a few groups of towns;
- **Expansion phase**, where the elements will be adjusted and applied to a wider number of groups of towns;
- **Consolidation phase**, for other municipalities that have not yet modernized their systems, and adapting the program based on lessons learned.

Due to the large number of beneficiaries and their small size, projects developed under SAMTID framework have to be addressed to a group of towns answering to a minimum set of criteria, such as:

- geographical;
- scale of the project;
- rational use of water resources;
- willingness to associate;
- economical sustainability.

In order to ensure equal conditions for financing for municipalities, each project has half part grant (from EU Phare ESC plus national contribution from State Budget – National Fund) and half part loan from one of the IFIs (EBRD or EIB). This approach familiarise local authority to use credit as a financial source for their investment and improve their capacity to plan their investment in municipal infrastructure on sustainable basis.

Another key point of the SAMTID program is the definition of relationship between local authorities, as owner of assets, and operators. This relationship will be based on a commercial contract for delegate services, according with Ordinance 32/2002. The newly establish Regulatory body gives licences to the eligible operators, according to a set of criteria regarding their size, their professional and managerial capacity, their technical and financial performance.

The group of municipalities set a supplementary set of criteria in order to choose the operators able to operate existing infrastructure improved through SAMTID program and to promote other investments. Together with the discipline of legal framework, SAMTID program will be the incentive in the transition period from a large number of weak services providers to a limited number of big and strong operators capable to provide better services at an affordable level of tariffs which ensures full cost recovery and loan reimbursement for local authorities.

SAMTID program is based on a consistently applied combination of loans (single IFI per project) and grants (Phare ESC and National Fund State Budget contribution). A project would be integrated investment program with multiple contracts. A project will be promoted by a group of local authorities, established in order to develop and implement this project, according such criteria as:

- Willingness to contract or form a licensed, commercial operating company;
- Creditworthiness;
- Geographical and hydrological rationale (shared water resources, common receiving water, same river basin, same county);
- The towns have fewer than 150,000 inhabitants (definition of small and medium towns);
- Willingness to assume debt financing in the proportion that SAMTID sets.

The group will be lead by one of Local Authorities member of group.

A project under the programme would be the integrated investment sub-programme (two parallel investment schemes and the relevant contract package mentioned under the financial architecture) for a single group of municipalities to be financed by a consistently applied combination of grant (Phare and National Fund) and loan (single IFI per project).

The indicative list of selection criteria that are envisaged for the selection of the proposed projects are:

- Technical and financial feasibility of the investment program and maturity of the documentation;
- Potential for significant improvements of water services and/or environment;
- Positive benefit/cost analysis or cost-effectiveness analysis;
- Demonstrated commitment to universal metering and demand management measures.

For the grant part a special Grant Contract will be concluded. For the loan part a Loan Agreement will be concluded between MoPF and IFI, and after then a subsidiary loan agreement between MoPF and the local authorities or between leader of the group and the next level of agreement will be between leader and each member of the group (see Program Concept SAMTID in annex).

An implementation bank, for the loan part, will be selected by MoPF.

A Regional Operating Company will be selected or formed by the group of municipalities in order to operate existing infrastructure and investment. This ROC must be licensed and prove its capacity to operate in a sustainable basis through a Business plan, and proposals for adjusting investments recommended in SAMTID

The Consultant will establish tariff structure in order to ensure reimbursement of the loan and support MRD fund. According to these, the ROC will recommend tariffs, collect revenues and pay a "lease fee" to local authorities, which will cover at least debt service and MRD fund contribution.

A Project Implementation Unit will be established at the Leader of the group.

Definition of SAMTID architecture, both financial and institutional (assessment of the best approach for the water infrastructure beneficiary organisations, supporting the groups of towns in process for selection the commercial operators), revision of selection criteria, description of selection and implementation process, identification of the projects, selection and preparation them in order to test the defined procedure, preparation of tender documents for the projects financed from the Phare 2002 programme – SAMTID Pilot Phase - will be carried out in this technical assistance.

1.5 Related programmes and other donor activity:

The project RO99.15.01 *"TA for the Preparation of the large infrastructure projects to be financed under Phare 2000"* has the aim of helping the involved Romanian authorities (the NARD and the 8 RDAs) select and prepare for implementation the local and regional infrastructure projects which are best suited for financing under Phare 2000 - Economic and Social Cohesion component.

Under MUDP II (Phare RO9710) umbrella some TA was developed in order to enhance the capacity of local public administration to identify and prepare infrastructure projects in municipal investment: "Training on project appraisal" and "Identifying bankable projects"

The Phare 2001 Institutional building component is providing MoPA with technical assistance to identify and draft other needed secondary legislation, develop policies to implement EU environmental directives, prepare framework contracts to delegate operations and maintenance, and support private sector participation in several cities. This assistance will help establish national norms for setting tariffs.

The Department for International Development (DfID) of the British Government is undertaking two projects to improve the capacity of municipalities to develop environmental infrastructure projects (SCEPD) and to make rational decisions on private sector participation (PSP).

During last years, USAID developed two programs related to local authorities:

Local Government Authorities (LGA) with aims to support local authorities in developing their management capacity, financial sustainability and municipal services. One of its component

is referring to municipal credit. A special methodology and tools was developed under this component for assessing local authorities creditworthiness.

The second program is Regional Infrastructure Project (RIP). The RIP project CY 2001 R-24 supported municipalities to identify their real needs in order to prepare a joint project eligible for SAMTID. The RIP project CY 2002 R-28 is supporting MoPA and MDP in preparing SAMTID concept design and Phare 2002 SAMTID Pilot phase documents.

2. CONTRACT OBJECTIVES

The **overall objectives** of the assistance covered by this Terms of Reference are:

- To support Romanian Government to develop an integrated multi-annual capital investment programme in order to improve the standards of municipal water and wastewater services in small and medium towns together with improvement of operational and financial performance in this sector, in line with National Development Plan (NDP) and EU policies and practices, through:
 1. The creation of a framework for sustainable water services that comply with relevant EU directives and the merging of service providers into multi-municipal organizations in a pilot experience with selected groups of towns;
 2. The rehabilitation of the water and wastewater systems in small and medium towns with particular attention to improving technical and financial performance and promoting the application of cost recovery principles in these municipalities.

The **specific objectives** to be achieved by the Contractor under this project are mainly divided into two major categories :

A. Preparation of the overall framework of SAMTID for implementing the scheme:

1. to define the architecture of the program (legal, financial and procedural);
2. to review and refine selection criteria set up in the project fiche, including consideration for grouping towns for investment planning and operations;
3. to submit a full description of the selection and implementation process and to prepare a guidance manual containing SAMTID projects identification, preparation and implementation to be used by groups of local authorities;

B. Support for the selection and Preparation pilot projects to test the defined procedure:

B1. Support for the selection of pilot groups in order to implement the scheme:

4. promote the scheme and support the pre-selected groups of towns in preparing their proposals;
5. support the selection process conducted at national level by a Selection Committee nominated by the National Steering Committee

B2. Preparation of the pilot projects:

6. review the existing documents and suggest better solutions, operational benchmark targets or tariffs if necessary ;
7. prepare the technical design, working drawings and technical specifications according to the EU standards, as well as the tendering documentation according to the FIDIC regulations for the pilot projects;
8. provide assistance during the tendering procedure for works to be contracted for the pilot projects;
9. revise and improve the existing methodologies and Management Plans for monitoring, site supervision and inspection of the infrastructure projects and to prepare the Terms of Reference for the contracting of the required technical assistance;

B3. Know-how transfer:

10. to ensure knowledge transfer to the MoPA, MDP ,RDAs and development their expertise in the assessment and selection of the SAMTID projects, implementation, supervision and evaluation through formal and on-the-job training and through the elaboration and/or up-dating of the relevant papers;

11. to support MDP and RDAs in disseminating the relevant information and assisting the actual and potential local beneficiaries in the preparation of the all supporting documents required for the assessment of the eligibility, feasibility and economic and social viability of the SAMTID projects, through designing terms of reference for local consultancies, building on existing training organizations, proposing new organizational models of horizontal collaboration between utilities, and establishing national and regional focal points.

The main beneficiaries of this project are:

- the MDP – as main beneficiary
- the 8 Regional Development Agencies
- the MoPA – as Coordinating Authority
- the groups local authorities – as beneficiaries of the prepared projects.

3. ASSUMPTIONS AND RISKS

3.1 Assumptions underlying the project intervention

- The projects implementation rules and principles are based on the standard “Financing Memorandum” relating to the infrastructure investment and on the National Development Plan;
- This project is to be completed by the established deadlines, in order to allow contracting and implementation of the selected infrastructure projects within the commitment and disbursement time frame for the Phare 2002 Programme for Economic and Social Cohesion;
- It is assumed that the SAMTID pilot projects will be approved in time to enable works tender to be invited by Contracting Authority in July 2003.
- It is assumed that the loan agreement between MoPF and IFIs is to be signed in due time; the subsidiary loan agreements for pilot projects will signed in time to able to start implementation in April 2003.

3.2 Risks

The majority of the risks relate to the potential delays in the implementation of this project, as a consequence of possible:

- Delays in submitted appropriate proposals due to difficulties with municipalities forming associations and choosing an operator;
- Delays in the assessment and selection, due to inadequate documentation prepared by the owners / beneficiaries of the infrastructure projects and disagreements between the relevant institutions on the weights of the selection criteria;
- Preparation of Design Briefs feasibility documents may take longer than anticipated, particularly if field investigations are needed, delaying the selection process and/or the preparation of the detailed design and specifications;
- Delay in tendering process for contractors' selection;
- Project Owners cannot afford to increase their contribution if construction costs increase when detailed designs are completed, a possibility if the Design Briefs were not ready when the project was selected for funding.

4. SCOPE OF THE WORK

4.1 General

4.1.1. Geographical area to be covered by the project

The SAMTID Pilot project will cover the entire country.

4.1.2 Target groups

The TA project will reach three target groups:

- the decision makers and technical staff at national/regional level involved in the set up of SAMTID implementation scheme, selection of the SAMTID pilot projects that will be financed under Phare 2002, and implementation and dissemination of the information related to the SAMTID pilot phase.
- local authorities who are beneficiaries of the financing who will be directly involved in infrastructure project preparation and implementation as well as local authorities intending to identify and prepare infrastructure projects to be financed from ESC Phare funds- SAMTID component.
- regional utility operating companies that the local authorities contract or form to manage their water and wastewater systems and that assist in implementing the SAMTID investments.

4.1.3 Nature of services

This project is a 'technical assistance/service contract approach, according to the Practical Guide for Phare, ISPA and SAPARD manual, Section 2 "Service Contract".

The contractor is responsible for performing the tasks entrusted to him in the terms of reference and ensuring the quality of the services provided.

4.2 Specific activities

The Consultant must provide the following services:

Component A : Preparation of overall framework for implementation the scheme:

Task 1 : Definition of SAMTID architecture (legal, financial, procedural)

Under this task the Consultant must prepare an integrated scheme for implementation of the SAMTID program, based on SAMTID Concept design. This detailed scheme will be tested with 3 to 5 pilot projects financed under Phare 2002 ESC.

This scheme must clearly define key elements in project implementation, main actors and the role of each of them in order to reach the consensus from MoPA, MoPF, MDP, IFI and EC. The scheme proposed has to be sufficiently detailed and feasible from legal, financial and procedural point of view, in order to start implementation immediately after its approval. The Consultant should also provide an informed opinion and recommendations on the suitability of the grouping of municipalities to ensure adequate investment planning and operations and on the alternative institutional/legal arrangements for grouping the concerned towns, highlighting their advantages and disadvantages. Therefore the Contractor is required to provide the following **outputs**:

- a) detailed architecture of program to clearly describe *inter alias* the role, attributions, contribution and the responsibilities of all involved institutions
- b) agreement with MoPF, MDP and IFI on this architecture;
- c) design of a guarantee fund/reserve account to eventually replace the sovereign guarantee;
- d) standard loan and project agreements;
- e) standard Grant Contract;
- f) criteria and tender documents for selecting implementation bank.

All these documents have to be approved by the Steering Committee.

Task 2 : Revision of project selection criteria, including consideration for grouping towns for investment planning and operations

The Steering Committee of the SAMTID, with support of this TA, will establish specific eligibility and selection criteria based on following indicative list:

eligibility criteria:

- Licensed, commercial operating company is contracted/formed or the commitment to do this is demonstrated;
- Creditworthiness of the grouping of local authorities or their joint entity;
- Use of PHARE funds in schemes only for individual towns that are not eligible for SAPARD or ISPA support. However, this should not preclude a promoter from using either additional loan finance or other EC instruments for other schemes within its overall investment program;
- Geographical and hydrological rationale (share water resources, common receiving water, same river basin, same county);
- Preparedness to delegate asset management linked to reasonable service standards under governance structures and a technically strong "lead" authority that avoid political interference in procurement and operational decisions;
- The towns having fewer than 150,000 inhabitants (definition of small and medium towns);
- Total project financing of grants and loans must be foreseen in the proportion that SAMTID sets.

selection criteria:

- Technical and financial feasibility of the investment program and maturity of the documentation;
- Potential for significant improvements of water services and/or environment;
- Positive benefit/cost analysis or cost effectiveness analysis;
- Demonstrated commitment to universal metering and demand management measures.

The recent decision to implement a national regulator, allows Romania to impose minimum criteria for licensing services operators that will help reduce the number of small operators. Technical assistance in preparation for SAMTID will refine and develop these minimal criteria as SAMTID eligibility criteria, in consultation with the national regulatory body. Some indicative minimum criteria are:

- Financially efficient scale of operations. Experience from other countries suggests a minimum of 25,000 water connections or family units (about 100.000 inhabitants).
- Investment planning capability with geographic coverage that allows rational use of water resources and cost-effective choice of technology for environmental protection.
- Demonstrated capacity for sustainability, through experience and business planning that includes proposing tariffs and planning capital investments.

This basic list have to be developed in order to select pilot projects. After approval of final list, the potential beneficiaries will be informed though RDAs.

Outputs:

The detailed lists of eligibility and selection criteria approved by Steering Committee

Task 3 – Design of selection and implementation process and preparing a guidance manual

After setting the eligibility and selection criteria, a special type of "Call for proposal" will be developed in order to select the pilot projects, with a bottom-up approach. Under this task the Consultant will describe in detail all procedures regarding implementation of the project, such as: concluded Grant contract and loan agreements, set up and training a PIU, recommended targets for financial and operational performance of ROC and monitoring procedures for them, establish and implement procedures for continuing learning from results, procedures for payments – for loan part and for grant part, periodical reports. The manual containing SAMTID project identification, preparation and implementation to be used by the groups of local authorities will be distributed to all relevant institutions.

Outputs: SAMTID Manual that contains:

- guideline for identification of projects, including eligibility and selection criteria and Standard Application forms;
- selection procedures (including Standard Forms and Check Lists);
- guideline for project preparation, including Standard Feasibility Study content and the list with all accompanying studies;
- Implementation procedures (including procedures and Standard Reports);

Manuals need approvals from Steering Committee, EC Delegation, MoPF and IFI involved.

Component B: Support for the selection and preparation pilot projects to test the defined procedure:

Sub-component B1 – Support for the selection of pilot groups in order to implement the scheme:

Task 4 : Identification of the projects

Under this task the Consultant will support the RDAs in promoting the SAMTID scheme and guiding the potential beneficiaries how to develop their proposals and explain how the eligibility criteria can be met (what are the criteria to contract a **Regional Operating Company**, and what special conditions have to be included in the contract with ROC).

Task 5: Selection of the projects

The Consultant will play an active role in the selection process together with RDAs, other relevant national actors, and the Steering Committee.

The selection process will be described step by step, as a bottom up process, following the provisions of the Phare 2002 Standard Project Fiche: pre-selection at the level of RDAs, selection at the national level with participation of the Consultants, approvals by the Steering Committee needed for grant and loan part.

Based on an expression of interest from the groups of towns, the Consultant will assist and recommend groups of towns to comply with eligibility criteria (especially selection of ROC).

A special duty of the Consultants under this task is to advise preparation of bidding and contracting process with ROC.

Those towns with projects that meet the eligibility criteria will receive guidance in developing proposals: recommend needed improvements. A creditworthiness analyses of potential borrowers will be conducted.

After these stages we assume up to 14 possible projects will receive guidance and enter in selection process of 3 to 5 projects.

Outputs:

- Standard format for application in the pre-selection phase;
- Up to 14 projects pre-selected.
- 3 to 5 projects selected.

Sub-component B2. Preparation of the pilot projects

Task 6: Reviewing of the existing and approved documents

For the selected pilot projects, guidance will be provided to local authorities in contracting and supervising local consultants in preparing Feasibility Studies according to Phare and IFI requirements.

The Consultant will be responsible for checking the feasibility and readiness for implementation of the pilot projects included in the list proposed for Pilot phase (Phare 2002).

If necessary, local beneficiaries will receive assistance to carry out any special site investigations (topographical surveys, water system mapping, hydraulic studies, leak and

flow detection, laboratory testing etc.) necessary to confirm the technical feasibility of the project, to provide accurate construction cost estimates and to provide the information for design.

Therefore the Contractor is required to provide the following:

- a) Terms of reference and assistance for contracting feasibility studies;
- b) Special site investigations;
- c) Review the documents and suggest refined technical solutions, if appropriate.
- d) Support the local authorities to incorporate the comments/suggestions in the feasibility studies issued according to the Romanian Legal framework.
- e) Support the Implementing authority and MDP to have a good understanding of the projects in order to achieve the best implementation mechanism.

***Task 7 :** Preparing of the technical design, working drawings and technical specifications according to the EU standards, as well as the tendering documentation.*

7.1 Technical Design

For each of the Pilot Projects, the Consultant shall prepare appropriate engineering plans and reports and detailed drawings of the technical elements. The technical specifications will be prepared in accordance with the European standards where applicable. The Consultant will check the integrity and the completeness as well as the consistency between the specifications, the design and the drawings. The level of the detail in the design documents will be consistent with international practise for the works contracts.

The Consultant should recommend the most appropriate approach to be followed for the selected SAMTID-related works contracts, advising MDP on the advantages and disadvantages of the various types of contracts, like 're-measurement/as-build' contracts, lump-sum contracts, etc., in a special dedicated section of the Inception Report. On the basis of the Consultant recommendation, the project Steering Committee will formally decide the type of the works contract to be used for each individual infrastructure project.

Designs by the Consultant will develop construction details from the existing feasibility studies, already prepared by the project owners, and will produce drawings and technical specifications that can be used to seek tenders from constructors to build the projects or provide equipment. All works shall be fully detailed and only limited design tasks will be passed to the constructor. Only shop, or fabrication details and specialist details will have to be completed by the contractors.

In the exceptional cases when the project owners prefer to use their own designers, financed from local sources, the role of the Consultant will be to provide technical assistance and quality assurance, in order to ensure compliance with the established standards and good business practices.

The responsibility of endorsement of the construction plans according to the Romanian regulation remains with the Final Beneficiary.

Outputs:

- Full detailed designs, working drawings and technical specifications for 3-5 projects.

7.2. Tender documents

The tendering procedure for contracting the selected Local and Regional Infrastructure Projects shall follow either the Practical Guide for Phare, ISPA and SAPARD - Works chapter or FIDIC procedures (tendering procedures and relevant EC Directives on public procurement including 93/36, and 93/38). However, the basis for the works contract shall be the FIDIC Conditions of Contract, First edition, 1999 ('The Red Book'). If the relevant EC

Directives are not fully complied with, this must be clearly stated and explained by the Consultant.

The decision on tendering procedure will be taken by the Steering Committee based on the Consultant's proposals.

The content of the legal part of the tender documents shall be:

VOLUME 1 INSTRUCTIONS TO TENDERERS

Section 1	Instructions to Tenderers
Section 2	Form of Tender, Appendix to Tender
Section 3	Form of Tender Guarantee
Section 4	Questionnaire
	Form 4.1 General Information about the Tenderer
	Form 4.2 Organisation Chart
	Form 4.3 Power of Attorney
	Form 4.4 Financial Statement
	Form 4.5 Financial identification
	Forms 4.6.1.1 through 4.6.10 Technical Qualifications
	Cash Flow Schedules
Section 5	Glossary of Terms
Section 6	Draft template Evaluation Grid

VOLUME 2 CONTRACT

Section 1	Form of Contract
Section 2	General Conditions
Section 3	Special Conditions
Section 4	Form of Performance Guarantee
Section 5	Form of Advance Payment Guarantee (if applicable)
Section 6	Form of Retention Money Guarantee

VOLUME 3 TECHNICAL SPECIFICATIONS

VOLUME 4 BILL OF QUANTITIES/PRICE SCHEDULE

VOLUME 5 DESIGN DOCUMENTS INCLUDING DRAWINGS

Outputs:

- Full tender documentation for the 3 to 5 pilot projects.

Task 8. Technical assistance for organising works tender process for works to be contracted under pilot projects

The Consultant will delegate representatives to participate in all the site visits/clarification meetings and the evaluation committee meetings concerning all the projects. The delegated person(s) will be responsible for detailed analysis of submitted offers and preparation of recommendations for selection. The Consultant shall also make recommendations to the Implementing authority on subjects to be negotiated in the contracting process and assist in the preparation of the contract dossier for signing.

The Consultant shall report to MDP as Implementing authority for Phare financed investment component (works related to SAMTID projects) any problems and irregularities noted during the tender evaluation process and provide an independent report and advice on these matters.

Outputs:

- All contracts signed for the 3 to 5 pilot projects;

Task 9 – Definition of Monitoring and External Supervision of SAMTID Pilot Projects

The Consultant is also to prepare the Terms of Reference (in accordance with Practical Guide for Phare, ISPA and SAPARD) for the MDP to contract qualified expertise to manage and/or supervise the implementation of the SAMTID Pilot Projects financed under the Phare 2002 Programme.

The Consultant's representative shall also assist the MDP in selecting the supervision TA Consultants / 'Engineers', who will monitor and supervise the construction works financed from Phare 2002 on behalf of the Implementing Authority in accordance with the Phare and/or FIDIC rules. The Consultant's role will be to assist in the process of preparing tender dossier for selection of the supervision TA Consultants, in the eligibility and selection criteria establishment and will delegate one representative in each supervision bids evaluation committee.

Outputs:

- ToR for Monitoring and External Supervision under Phare IB 2002;
- TA for Monitoring and External Supervision timely contracted in order to ensure the appropriate implementation of the Phare 2002 SAMTID Pilot projects.

Sub-component B3. Know-how transfer

Task 10: Know-How Transfer

Know-how transfer through on-the-job training is an important element of the Consultant's task, aimed at developing expertise of the MoPA, MDP and RDA's in prioritising, selecting, contracting and monitoring the SAMTID projects by providing day-to-day training to the MoPA, MDP and RDAs relevant staff. It is important also that the local counterparts from the eight RDAs have a reasonable understanding of the Consultant's overall activity and methodology used during the completion of the component A.

Task 11: Training for the appropriate Staff

The Consultant will propose and help organize proper training for staff dealing with realisation of SAMTID projects at national, regional and local level. The programme of training should concentrate on expertise and the Consultant's proposal developed during realisation of the activities within the scope of tasks 1,2,3 and approved by the Project Steering Committee. The training should utilize and strengthen existing or new capacities for training and technical assistance in Romania.

The Consultant should analyse the existing management system for the infrastructure projects of the Romanian regional development authorities (MDP and RDAs) and the corresponding training needs. The consultant should then propose ways to organize the training through local institutions, and help in the design of the appropriate training for MDP, RDAs, PIUs and other relevant institutions staff (MoPA, local authorities, regional operating companies) concerning the management of the infrastructure projects and improvement of financial and operational performance.

The training should be organised outside headquarters of the MDP and MoPA and should last 5 or more days (according to the needs and the Consultant's proposal agreed with the MDP and MoPA). As much as possible, the organizations benefiting from the training should contribute to defraying its cost. Each participant will be provided with training materials prepared by the local training or technical assistance organization. After the training each participant should be able to carry out responsibility for proper realisation of assessment, management and monitor activities.

It is expected that 25 persons will participate in the training, as follows (breakdown by institutions/target groups):

- representatives of appropriate departments of MDP and line Ministries: Ministry of Public Administration, Ministry of Waters and Environmental Protection, Ministry of Public Works, etc.;
- representatives of regional development institutions (RDAs and RDBs). These representatives must have clear responsibilities in the implementation of large and small infrastructure projects;
- representatives of PIUs;

- representatives of the beneficiaries of infrastructure projects – local authorities (County and Local Councils), environmental authorities, etc.:

Outputs:

National, regional and local authorities staff trained in all aspects required for projects implementation.

The Consultant should include in their Technical Proposal **the time frame with tasks detailed per expert** for the delivery of the outputs of this project, according to the following deadlines:

Tasks	Month	Experts
1. Definition of SAMTID overall architecture	M1-M2	TL, LDTL, STE
2. Revision of projects selection criteria, including consideration for grouping towns		
3. Design of selection and implementation process and preparing a guidance manual		
4. Identification of the projects		
5. Selection of the projects		
6. Reviewing of the existing documents		
7.1.Preparation of Detailed Design, Drawings and Technical Specifications		
7.2. Preparation of Procurement Documentation		
8. Technical assistance for organising works tender process for works to be contracted under pilot projects		
9. Definition of Monitoring and External Supervision of SAMTID Pilot Projects		
10. Know-how transfer		
11.Training for the appropriate staff		

Note : a detailed plan shall be presented with the Inception Report.

TL = Team Leader
 LDTL =Local Deputy Team Leader
 LTRE =Long Term Regional EU Experts
 LLTE =Local Long Term Experts
 EU-LT =EU Long Term Expert
 STE = Short Term Experts

4.3 Project Management and Contractor's tasks and Responsibilities

Throughout the performance of this project, the Consultant shall maintain close and regular contact with the Contracting Authority and the Beneficiaries: MoPA, MDP and RDAs.

The consultant will work closely with the MoPA, MDP and the Regional Development Agencies, as well as with other relevant counterparts (groups of local authorities). The Consultant will transfer skills and knowledge to local counterparts and officials.

A Project Steering Committee will be set up, chaired by the MoPA, including named representatives of various Departments of: the Ministry of Development and Prognosis, the Ministry of European Integration, CFCU and of the European Commission / EC Delegation in Bucharest. However, other relevant stakeholders may be invited to attend to Steering Committee meetings as observers. In any case, the total number of permanent members of the steering group shall not exceed 14 persons.

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 with the project implementation (final format of SAMTID architecture, manuals and

guidelines, final selection of the pilot projects, tender process schedule, etc.) and will have a critical role in the approval of the activities and documents proposed by the Contractor under the tasks 1-3 and 5.

Liaison with the Contracting Authority (MDP)

The consultant shall maintain general liaison with MDP, which will nominate a Project Manager person to act as a point of contact for day-to-day operation of the project. The Consultant shall comply with administrative orders given by the Project Manager. The focus of liaison with MDP shall primarily relate to financial and contractual issues and to technical matters of financial consequence. The consultant may be required to attend regular meetings with MoPA to deal with important issues or problems, which may arise. In certain circumstances liaison with MDP may be through the MoPA. The requirements for this shall be mutually agreed with the MDP and the MoPA at the start of the project.

Liaison with the MDP

The MDP will be represented on the project by the Project Co-ordinator who will be nominated by Director of Regional Programme Directorate. The Project Co-ordinator will deal with all technical aspect of the project.

The MDP shall make available to the project:

- full access to all documents and information required by the Phare experts during the execution of their tasks.

The Regional Development Agencies shall make available one full time counterpart of the Phare experts plus adequate and furnished office space, ensuring access to the Regional Development Plans and any other relevant document to support the pre-feasibility and the feasibility activities.

Counterpart staff will be assigned by the beneficiary institutions at no cost for the project and will help the experts in all aspects related to the development of the project.

Liaison with the MoPA

The MoPA shall make available to the project:

- two civil servants as full-time counterparts of the Phare experts nominated by Director of Foreign Investments Directorate;
- full access to all documents and information required by the Phare experts during the execution of their tasks.

Counterpart staff will be assigned by the beneficiary institutions at no cost for the project and will help the experts in all aspects related to the development of the project.

Liaison with other parties to the project

The Consultant shall also liaise, as required, with the EC Delegation in Bucharest. Arrangements and procedures relating to such contacts shall be formalised with the Project Manager. Meetings with EC Delegation can be expected to coincide with the monthly progress meetings.

The Consultant shall also liaise with MoPF and IFI's representatives. Arrangements and procedures relating to such contacts shall be formalised with the Project Manager.

Level of support of MDP and RDAs

Each Regional Development Agency and the MDP will designate the necessary personnel to form a task force that will work throughout the project together with the Consultant's team of experts.

MDP, each Regional Development Agency and selected project owners shall make available to the Consultant all the existing documentation relating to the list of projects, e.g. updated programming documents (National Development Plan, Regional Development Plans, Master Plans, etc.) and reports, studies, drawings, cost estimates.

Contractor's obligations

The project will provide the technical assistance for definition of SAMTID architecture, financial, institutional and procedural, revision of selection criteria, description of selection and implementation process, including preparation of guidance manuals, identification of the projects, selection and preparation of pilot projects in order to test the defined procedure, preparation of tender documents for the projects financed from Phare 2002 SAMTID Pilot Phase. The role of the Consultant will be to prepare overall SAMTID program design, to establish selection criteria and selection and implementation procedures, to select the pilot projects according with these procedures, and to prepare for contracting and implementation the selected projects. As a general rule, the local beneficiaries will be required to prepare full feasibility documentation, while the Consultant should prepare the detailed designs and related documents.

The Consultant shall perform the services under this contract with due care, efficiency and diligence, in accordance with the best practice.

The Consultant shall provide the qualified experts to carry out the tasks requested by these terms of reference in section 3 – Scope of the work and achieve the objectives defined in Section 2, and is responsible for their work.

The Consultant shall appoint a full time Project Team Leader who will be responsible for managing resources effectively and ensuring that the timing of inputs reflects the needs of the project, and a full time Local deputy Team Leader who will be responsible with all liaisons between actors involved in the project.

The Consultant shall not make changes in the staff assigned without prior written approval of the MoPA and MDP. It is recommended that the Consultant will make such changes only in exceptional cases (e.g. in the event of death, in the event of illness or in the event of accident, resignation or inefficiency during the assignment).

5. Logistic and timing

5.1 Project location

The project will be carried out in Romania, in Bucharest at the Consultant's office. The Consultant must have its own office in Bucharest or make all the necessary arrangements to hire one. The Consultant will work closely with MoPA and other related bodies and will travel and work with Regional Development Agencies and groups of local authorities. The Consultant shall provide the necessary logistical support.

5.2 Project period

The Project duration shall be of 14 months with an estimate start date the four quarter of 2002. The project will start within one month after the contract signature by both parties based on an administrative order given by the Project Manager. The disbursement period for this project is 30 November 2004.

6. Requirements

6.1 Personnel

The Consultant shall provide a team of experts of proven competence and experience to undertake the tasks defined by these Terms of Reference. Team members shall have the experience specified in relation to their assignment and shall have an overall background in infrastructure projects in Eastern Europe, pre-accession countries.

The team will be composed by:

Item	Description	Field of specialization	Man months total	Task
1	Team Leader – Foreign civil engineer with minimum 10 years experience in water and institutional building, experience in EU financed projects	0116,0119,0506,1001-1004	14	1-11
2	Co-Team Leader – national expert, with economics/finance/institutional background, with minimum 10 years experience in the field of water and infrastructure projects, institutional building	1001-1004,0506,1301,1302,1401,1402	14	1-11
3	Administrative staff, secretary, drivers		56	
4	Legal expert – Foreign expert with experience in the corporatization, commissioning contracts, with minimum 10 years of experience in the infrastructure/public utilities sector	0618, 1002-1004,	4	1,2
5	2 Legal experts – national experts with experience in the corporatization, commissioning contracts, with minimum 10 years of experience in the infrastructure/public utilities sector	0605, 0618,1002-1004,	16	1,2
6	Financial expert – Foreign expert with minimum 10 years experience in banking, agreements with IFI's	1401, 1402,0603,0604,0606,0610	2	1,2,10
7	Financial expert – Foreign expert with minimum 10 years experience financial analysis, economical project appraisal, creditworthiness, tariff studies	1401, 1402,0603,0604,0606,0619,0506	14	1-6, 10
8	Economical expert – Foreign expert with minimum 10 years experience commercial and customers practices, demand	1401, 1402,0603,0604,0606,0619,0506,1002-1004	4	3-5,10

	management			
9	2 Financial expert – national experts with minimum 10 years experience financial analysis, economical project appraisal, tariff evolution	1401, 1402,0603,0604,0606,0619,0506,1002-1004	28	3-5,10
10	Technical Expert – Foreign Civil engineer with minimum 10 years experience in the water field, with experience in developing and/or AC countries , issuing of the technical design and tender documents	0116,0119,0118,0121,0506,1301,1302	10	2-11
11	4 Technical experts- national civil or hydro technical engineers with minimum 5 years experience in design/works supervision/operation and developing tender documents according to IFI's requirements	0116,0119,0118,0121,0506,1301,1302	56	2-9
12	Regional development expert – Foreign expert with Degree in Engineering, Economics, or Business Administration with experience in regional development in AC , and programme management	1002-1004,018,0619	4	1-4
13	2 Short term technical experts- national civil or hydro technical engineers with minimum 10 years experience in design/works supervision/operation and developing tender documents according to IFI's requirements	0116,0119,0118,0121,0506,1301,1302	8	2-9
14	Technical expert – Foreign, engineer expert in system administration, leak control, and demand management		10	
15	Short term training expert – Foreign expert with experience in training of staff for preparing and implementing infrastructure projects	0806,0809,0810	4	3,11
15	Short term training expert – national expert with experience in training of staff for preparing and implementing infrastructure projects	0806,0809,0810	8	3,11
16	Allow a sum to cover all expenses related to issuing of the Technical Design and Tender Documents		L.S.	7

17	Allow a sum to cover the training of the stakeholders staff		L.S.	11
18	Incidental expenditures			

The areas of expertise presented above are described on the following web site address:
http://europa.eu.int/comm/europeaid/experts/cf/domanins_en.cfm

All of these experts shall have considerable experience in similar projects and strong international experience. They shall be familiar with whole project life-cycle, including preparation of applications, feasibility studies.

The curricula vitae of the Team Leader, the foreign long- and short-term experts and the local experts involved in the TA type tasks should be provided in the technical proposal. .

The Consultant should show, in the technical proposal, a proposed allocation of local experts by activity and a short description of their required qualifications and experience.

All staff, including secretarial staff, as well as all the experts, must be fluent in English. The Consultant is encouraged to utilise the local resource base to a maximum extent. However, the responsibility for fulfilment of the tasks should remain exclusively on the lead

6.2 Equipment:

The consultant is requested to have its own computers, cars (or hire) and to provide its staff with all necessary equipment for a good running of the project.

6.3 Services

According to the Practical Guide for Phare, ISPA and SAPARD, the contractor shall sub-contract a financial audit firm to certify any financial aspect related to the contractor activity.

Save as provided under Article 8 (Code of conduct) the Contractor shall endeavour to publicise any work undertaken and to highlight the participation of the European Union in the programme.

The Contractor shall follow the Identity Guidelines, which apply, to all information and publicity products to be employed in the course of the work. The Guidelines are specified in a brochure and/or CD-ROM produced both in English and Romanian language. This brochure/ CD-ROM forms an integral part of the contract and one copy is provided at Annex II of the contract. Further copies may be obtained from the Information Officer at the EC Delegation in Romania. In specific cases, or where further clarification is required the contractor shall, in the first instance, turn to the Information Officer in the EC Delegation in Romania. The identity standards contained in this brochure/CD-ROM may only be used in connection with the implementation of this contract.

The contractor shall liaise with the EC Delegation in Romania on matters in which guidance is sought, including compilation of guest lists, use of mailing lists and promotional items.

6.4 Office space and logistical support

The Consultant should have its own office or hire one in Bucharest, which must be reasonably accessible by phone, fax, e-mail and personally every day during the whole period of assignment. Ways of advising and providing day-to-day on-the-job training to the MoPA, MDP and RDAs staff will be determined with the MoPA, MDP senior management staff. The Consultant will bear all costs of the office hiring and operating. The RDAs will put

on the contractor disposal a furnished regional office, with fixed telephone line and Internet access.

Logistic support

The MoPA, MDP and RDAs shall provide the Consultant with every assistance in respect of:

- gaining access to and arranging meetings with Central and Local Government, municipalities and other relevant authorities
- gaining any works permits, residence permits, licences or visas necessary the Consultant's personnel to effectively and economically perform their duties
- the ready provision of all information in their possession that is needed for the proper performance of the services.

Generally, the MDP shall provide such assistance relating to matters arising in Bucharest and the RDAs shall provide such assistance in relation to matters arising in regions.

6.5 Budget

The overall budget for this project is Euro 3.2 MEuro. All components of this project should be tendered as one although bidders are requested to present a clear breakdown of the man/month and other inputs by specific TA-type tasks.

The provision for incidental expenditure is 0,5 MEuro. This amount must be included without modification in the Budget breakdown. The provisions in the General Conditions and in the notes in Annex V of the Contract govern its use. Under this line of financing the Consultant is to budget for local travel, audit company as foreseen by General Conditions under Practical Guide for Phare ISPA and SAPARD provisions, training etc.

7. REPORTS

7.1 Reporting requirements

Report	Draft submission
Inception Report	1 month from the starting date of assignment
Quarterly Progress Report	Quarterly, within two weeks of the end of quarter
Tender Documentation	M8;M12
Guideline for project monitoring	M4
Term of Reference for site supervision and control	M4;M10
Final Report	1 month before the end of the contract

The Inception Report will confirm the aims and objectives of the technical assistance to be provided. If there are proposed changes to the original ToR due to changes of circumstances after arrival on site, these are to be discussed and agreed with the CFCU and MDP before submission of the Inception Report.

The Inception Report will set out a detailed work plan for completion of the activities in the rest of the project, together with detailed work plans for interrelated, sequential and complex activities with an agreed project log-frame matrix. The expected achievement of the outputs listed in the TOR should be clearly identified with any milestones, and the confirmation of the counterpart staff and other commitments to be made by the recipient counterparts.

Interim Reports (Quarterly Progress Reports) are to be in the form as will be specified in the meetings following the submission of the Draft Inception Report. These reports will include progress on the activities of all short-term consultancy assignments (with technical attachments as applicable) in summary format.

The Final Report will be submitted no later than one month before the end of the contract for comments. The Final Report, incorporating the comments of the Contracting Authority, will be in compliance with the Phare format.

All reports will be presented according to the standard EC Phare format and written in concise, clear and well edited standard English with translation into Romanian where called for, providing information on the following:

- General progress: activities related to defined outputs, actions, work plans, meetings with recipient institutions, suppliers, customers, etc.;
- Problems encountered, and the solutions found or not found;
- Fully detailed, justified and where appropriate, action plans and recommendations
- Man power utilisation;
- Requests.

All reports, guidelines shall be produced in A4 size and printed on both sides of the paper. Spreadsheets and schedules shall be produced in a maximum of A3 size for reporting purposes and may be printed single-sided.

File origins shall be clearly identifiable in a header or footer.

A list of essential contact persons is to be included. The reports should have a title page which should include project name, project code or reference, report title, date issued and period covered, and the name and address of the Consultant.

Quarterly reports should provide information on the state of progress of the project over the period, for ease of monitoring activities and outputs.

Quarterly reports should clearly distinguish between activities/outputs achieved and considered finished, and activities still in progress, so that the evaluation of the project is clear.

7.2 Submission and approval of the reports

Draft documents (as presented under Chapter 7.1, shall be submitted for review to the CFCU, the MoPA, MDP and RDAs. Comments will be received within two weeks of receipt of the drafts and the Consultant shall amend and re-issue the document in final form within a further period of two weeks. A document control sheet shall be inserted at the front of each report and shall record the Consultant's internal review and approval process. Space shall be also be provided for the approval of the final version by both the firstly the MDP and secondly by the CFCU.

7.3 Distribution

Copies will be distributed in hard copy and disk to:

Institution	No of copies in English	No of copies in Romanian
MoPA	1	1
MDP-Regional Programmes Directorate	1	
RDAs		8 (1 for each RDA)
EC Delegation	1	
European Investment Bank	1	
European Bank for Reconstruction and Development	1	

8. MONITORING AND EVALUATION

8.1 Definition of indicators

The key indicators for monitoring and evaluation of the Consultant's performance are the following:

- on-time completion of the various tasks, including field surveys,
- on-time delivery of the reports,
- use of internationally recognised methodology and design methods.

The contractor should clearly define the expected realistic results (outputs, outcome and impact) of the project activities, using appropriate analyses. Monitoring and assessing progress and resources consumed shall be done through the process of identifying indicators that will reveal, over time, the degree to which results have been achieved and can be attributed to the project activities.

Within their technical offer, the bidders are expected to comment on the likely impact of the work included in these Terms of Reference. They should identify suitable Performance Indicators for each component of the tasks described. These Performance Indicators will be used to monitor the progress and achievements of the project by the consultant, the beneficiary, and the donor.

The Steering Committee shall monitor the implementation of the project on the basis of the reports and deliverables submitted by the Contractor.

8.2 Special requirements

No special requirements are foreseen.

No briefing/debriefing is foreseen under this project.

Annex 5. List of relevant Laws and Regulations

Regional Development

1. Law No.151/1998 on Regional Development in Romania
2. Government Emergency Ordinance No. 268/2000 for modifying and completion of the Law No. 151/1998 concerning Regional Development in Romania
3. Government Decision No. 634/1998 approving the methodological norms for application of the Law No.151/1998 concerning Regional Development in Romania and the framework Regulations for the organisation and operation of the Regional Development Councils. The art. 16, Annex 1 is rectified by the Rectification No. 634/24.09.1998.
4. Government Decision No. 16/2000 concerning the organisation and functioning of the ministry of Development and Prognosis, modified and completed by Government Decision No. 340/2001
5. Government Decision No. 404/2001 for designating the members of the Government representatives in the National Board for Regional Development
6. Government Decision No. 544/1999 approving the Regulation for organisation and operation of the National Board for Regional Development
7. Government Decision No. 399/2001 concerning industrial restructuring areas with economic growth potential to which Phare 2001 funds – from Social and Economic Cohesion component – and the Romanian co-financing from the State Budget, will be focused
8. Government Decision No. 749/1999 regarding the elaboration of National Development Plan for 2000 – 2002 (OJ 453/ 17.09.1999)
9. Law No.143/1999 on State Aids, promulgated by Decree No. 272/1999
10. Law No.189/1998 concerning the local public finance (OJ 404/22.10.1998)
11. Law No.72/1996 concerning public finance (OJ 152/17.07.1996)
12. Law No.213/1998 concerning public propriety and its legal status
13. The Government Decision no.1011/1999 for approval of the Memorandum of Understanding between Government of Romania and European Commission. Consequently, a National Fund was established, as a distinct body within Ministry of Finance , empowered to manage and to channel the E.C. funds in pre-accession period.
14. The Government Ordinance no 63/1999 regulates the financial management of the Phare funds as well as co-financing funds related to it.
15. The Ordinance no. 118/1999 on public procurement and the Ordinance no.119/1999 on internal control and audit, adopted in August 1999 by the Romanian Government
16. Government Decision No. 16/2001 concerning the organisation and functioning of the Ministry of Development and Prognosis, modified and completed by
17. Government Decision No. 340/2001
18. Government Decision No. 404/2001 for designating the members of the Government representatives in the National Board for Regional Development

In January 2001, the newly created Ministry of Development and Prognosis, through the General Directorate for Regional Development, has taken over, entirely, the responsibilities of the former NARD.

Relevant Legislation in the field of Technical and Vocational Education and Training 1999-2000-2001

- MONEO no. 4938/05.11.1998, regarding the approval of measures for implementing the VET reform curriculum for vocational school and post-high school (Phare VET RO 9405) in the school year 1998/1999.
- GO no.855/26.11.1998, regarding the establishment of the National Center for Development of Vocational and Technical Education
- MONEO no.3230/10.02.1999, regarding the adoption of the Methodology for generalizing the Reform of the Technical and Vocational Education in the school year 1999/2000
- Law no.132/20.07.1999, regarding the organization and functioning of the National Council of the Continuing Training of Adults
- MONEO no. 4058/07.07.1999, regarding the antreprenorial education in preuniversity education in
- MONEO no.4931/19.11.1999, regarding the curriculum for the facultative subject matters for the continuation of studies from vocational schools to high schools
- MONEO no. 4932/19.11.1999, regarding the functioning of the National Council for Approval of Textbooks
- MONEO no.4986/30.11.1999, regarding the establishment of the National Distance and Open Education Centre
- MONEO no. 5021/06.12.1999, regarding the initial and continuing training of teachers within the pre-university education system
- MONEO no. 5021/06.12.1999, regarding the link between the educational system and the economic environment
- MONEO no. 5145/28.12.1999, regarding the decentralization of the preuniversity education and the institutional autonomy of the school inspectorates, schools, and high schools
- MONEO no. 5157/29.12.1999, and MMPS no.74/07.01.2000 regarding the approval of the certification system and of the methodologies for organising the final exams in vocational schools

- MOERO no.3007/03.01.2000, regarding the financing of VET at the request of the economic agents and other institutions
- MOERO no. 3058/17.01.2000, regarding the organization of the post-high schools in public and private institutions
- MOERO no. 3062/18.01.2000, regarding the programmes for adult education through schools, high-schools and Teachers'Houses
- MOERO no.3064/18.01.2000, regarding the vocational guidance and counseling within the educational system
- MOERO no. 3750/08.05.2000, regarding the preparation of extending the compulsory schooling to 9 years
- MOERO no.4093/04.07.2000, regarding the Regulation of admission in vocational and apprenticeship schools for the school year 2000-2001
- MOERO no. 4277/09.08.2000, regarding the vocational training through apprenticeship schools
- MOERO no.4312/16.08.2000, regarding the education for quality in the pre-university system of education in Romania
- MOERO 4375/26.08.2000, regarding the amplification of the programme "COMPUTERS IN SCHOOLS AND HIGH-SCHOOLS"
- MOERO 4447/05.09.2000, regarding the institutional autonomy of the pre-university school units
- MOERO no.4604/21.09.2000, regarding the school year structure 2001-2002
- MOERO no. 4923, 4922, 4920, 4924, 4981/2000, regarding the approval of the school curricula
- MOERO 5363/15.12.2000, regarding the approval of the subjects within the curricular area of Technologies and of the Methodology for registration of students for different specializations in grade XI and grade XII
- MOERO 3592/03.04.2001, regarding the practical training required for Technical High Schools

GO = Government Ordinance

MONEO = Ministry of National Education Order

MOERO= Ministry of Education and Research Order

Other laws and regulations in the field of labour market and human resources development

1. Law no. 1/1991 on the social protection of the unemployed and their professional reinsertion, amended and completed by the Law no.65/1997 and the Law no.126/1998
2. Decision of the Government no.288/1991 regarding the training and retraining of the unemployed
3. Emergency Ordinance of the Government no.35/1997 concerning certain measures meant to stimulate natural and legal persons to hire graduates of educational units, approved by the Law no.162/1997; Decision of the Government no.456/1997 approving the Norms for implementation of the provisions of the Emergency Ordinance no.35/1997;
4. Law no.145/1998 on the establishment, organisation and functioning of the National Agency for Employment and Vocational Training; Decision of the Government no.4/1999 approving the Statute of the National Agency for Employment and Vocational Training;
5. Emergency Ordinance no.98/1999 on the social protection of the persons whose individual labour contracts are to be terminated as a consequence of collective dismissals, amended and completed by the Emergency Ordinance no.185/1999.
6. Decision of the Government no.624/1999 approving the Norms for implementation of the Provisions of the Emergency Ordinance of the Government no.98/1999
7. Norms no. 435/1995 regarding organisation, progress and graduation of the qualification/re-qualification, specialization courses and other forms for unemployed vocational training.
8. Government Decision No 779/1999 – concerning occupational standards and certification council;
9. Government Decision no.4/2001 concerning the organization and operation of the Ministry of Labour and Social Solidarity (MoLSS);
10. Government Decision no.1317/2001, amending the GD 4/2001, enabling MoLSS as Managing Authority for the programmes financed under ESF;
11. Government Decision no.1318/2001 provides that the National Agency for Employment will have the role of implementing and payment authority for the programmes to be financed from the European Social Fund;

12. Government Ordinance No 129/2000 - concerning adults vocational training system, contains regulations regarding quality promotion in the domain of adults vocational training, both in the public and the private area. The regulations also aim at authorizing vocational training providers, and at assessing and certifying adult vocational training;
13. Law No 76/2002 – regarding the unemployment insurance system and employment stimulation.

Legislation in the Field of Social Security

1. Law no 69/1991 on decentralization and local autonomy - responsibility of the local authorities to coordinate and administrate social services;
2. Law no 34/1998 - subsidies to social assistance units developed by NGO's;
3. Law no 208/1997 - local canteens for the poors organized by the local councils;
4. Law no. 17/2000 - social assistance for elderly;
5. The law project on the social assistance system organization;
6. The law project concerning the minimum guaranteed income

SMEs LEGISLATION

1. ACCOUNTING

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

2. BANKING

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

3. BANKRUPTCY

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

4. CAPITAL MARKETS

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

5. COMPANY LAW

- Company Law no.31/1990
- Law no.15/1990 on the reorganisation of state-owned enterprises into autonomous administration and commercial companies
- Law no.26/1990 on Register of Commerce
- Decree-Law no.122/1990 on the authorisation and operation in Romania of the representative offices of foreign companies and corporations

- Government Urgent Ordinance no.30/1997 on the reorganisation of autonomous administration
- Law no.99/1999 on certain measures for accelerating the economic reform
- Decree-Law no.54/1990 regarding the organisation and development of economic activities based on free initiative (traders, natural persons, family associations)

6. COMMERCIAL ARBITRATION

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

7. COMPETITION

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

8. CONCESSION

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

9. CONTRACTS

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

10. CUSTOMS

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

11. FOREIGN INVESTMENT

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

12. IMPORT AND EXPORT

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

13. INSURANCE

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

14. INTELLECTUAL PROPERTY

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

15. LABOUR

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

16. REAL GUARANTEES

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

17. SMALL AND MEDIUM ENTERPRISES AND SME AUTHORITY

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

Legislative documents issued in 2000 and 2001

- Government Ordinance no. 64/2000 to ammend the Law 133 regarding the stimulation of the private entrepreneurs and for the establishment and the development of SMEs (suspended through the Emergency Ordinance no. 295/2000).
- Emergency Ordinance no. 297/2000 to ammend Law no. 133.
- Government Decision no. 244/2001 to approve the Methodological Norms for the application of Law 133/199.

- Government Decision no.272/2001 for updating the limits of contraventional fines foreseen by the Law 133/1999.
- Government Decision no.15/2001 regarding the organisation and functioning of the Ministry for SMEs and Co-operatives and Domestic Trade.

18. TAXATION

- Government Ordinance no.70/1994 on the profit tax (with subsequent modification and completion inclusive G.U.O.no.217/1999)
- Government Ordinance no.26/1995 on the dividends tax
- Law no.34/1994 on agricultural income tax (republished)
- Government Urgent Ordinance no.85/1997 on the personal income tax
- Government Ordinance no.24/1996 on the revenue tax of representative offices in Romania of foreign companies and economic entities
- Government Ordinance no.83/1998 on the non – resident individuals and legal person income tax in Romania
- Law no. 27/1994 on the local taxes and duties (republished in M.O.273/1998, modified by Government Urgent Ordinance no. 62/1998 and Government Urgent Ordinance no.15/1999)
- Government Ordinance no.3/1992 on the value-added-tax (with subsequent modification and completion inclusive G.U.O.no.215/1999)
- Government urgent Ordinance no.82/1997 on the excise regime and other indirect taxes
- Law no.87/1994 on the prevention of tax evasion
- Law no.141/1997 on the Romanian Customs Code
- Government Ordinance no.15/1996 on the strengthening on financial and currency policy
- Government Ordinance no.34/1995 on delay penalties
- Government Ordinance no.13/1996 on the granting the facilities related to delay penalties
- Law no.105/1997 on the settlement of objections, appeals and claims on the amounts ascertained and applied by control or taxation acts of the Ministry of finance as amended by the Government Ordinance no.13/1999
- Government Ordinance no.70/1997 on the fiscal control
- Order no.1495/1997 of the Minister of Finance
- Order no.1283/1998 on the proceeding and powers to grant payment facilities
- Government Ordinance no. 73/1999 on the global income tax
- Customs taxes: Government Ordinance no.26/1993

OTHER

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

Development of Regional and Local Infrastructure

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

SAMTID

1. Government Decision No. 8/2001 concerning the organization and operation of the Ministry of Public Administration;
2. Law no. 215/2001 concerning the local public administration;
3. Law no. 326/2001 regarding the Communal husbandry public services;
4. Governmental Decision no. 1006/2001 concerning the approval of the “Strategy concerning the acceleration of the public administration reform”;
5. Law 213/1998 on Public ownership
6. OUG 32/2002 on Organization and operation of the public services of water supply and sewerage
7. Resolution 373/2002 Regarding the organisation and operation of the National Authority of Settlement for Public Services of Communal Husbandry - NASPSCH

LIST OF INFRASTRUCTURE PROJECTS FOR PHARE 2001- 2002

(mil. Euro)						
Project Title	Beneficiary	Activities	Location	Total cost	Phare contrib	Local contribution
NORTH - EAST						
1. Economical Center “Bucovina”, Suceava Objectives: ▪ Economical and social development of the area by building an Economic Center for business starting and development; ▪ Improvement of business environment and enhancement of SME’ s competitiveness in North East Region; ▪ Promoting of research and new technologies <i>Feasibility study, economic and financial analysis completed</i> Priority project, recommended for Phare 2001 financing	Suceava County Council	▪ construction of a business incubator ▪ construction of a room for manufacturing activities ▪ construction of a Show Room Center ▪ improvement of the access to the business area	Suceava County	7.65	5.0	1
2. Rehabilitation of the Agapia Monastery tourist area Objectives: ▪ intensification of the tourist circuit in the area; ▪ conservation of the historical monuments; ▪ development of the tourist information centre; ▪ preservation of the environment in the touristic area, through the development of the water-supply network sewerage for a durable management of the used waters <i>Feasibility study, economic and financial analysis, EIA completed</i>	Agapia Monastery	▪ the rehabilitation of the Agapia Monastery village area through the achievement of a durable management system of the residual waters ▪ construction of a collection and drainage system of the area infiltrated waters ▪ works of preservation of the historical monuments	Neamt County	4.5	3	0.5
3. Business infrastructure development of Iasi airport Objectives: ▪ Cargo terminal building and providing the necessary logistics. ▪ Aircraft apron extension. ▪ Access Infrastructure Development. <i>Feasibility study, economic and financial analysis completed</i>	Iasi County Council	▪ Cargo terminal building and providing the necessary logistics. ▪ Aircraft apron extension. ▪ Access Infrastructure Development.	Iasi County	7.68	5.0	1.01
4. Tutova – Barlad Business Center and Incubator Objectives: ▪ realisation of an area favourable to business initiation and development by constructing an Expositional centre and business incubator and spaces for production activities <i>Feasibility study, economic and financial analysis completed</i>	Barlad Local Council	▪ construction of a 2358 sqm Central Pavilion for expositional areas; office areas and firm headquarters; conference halls, ▪ construction of 6 pavilions for production activities with a	Vaslui County	4.99	3.2	0.71

*Large scale infrastructure portfolio of projects
RO0108.03 and RO-2002/000-586.05.02*

<i>Newly proposed project</i>		serviceable area of 2520 sqm. The buildings will be equipped with the following utilities: natural gas, water-sewerage, electric energy, telephone, automobile access and parking, loading-unloading platforms. An access road of 400 m and connections to natural gas, water, sewerage electric energy and telephone networks will be realised.				
5. Business Incubator for SME's in the Municipality of Botosani Objectives : <ul style="list-style-type: none"> ▪ Economical and social development of the area by realising a business incubator for SME's, which is absolutely necessary for business setting up and developing; ▪ Small and middle-sized companies' development; ▪ Creating connections between the technological and entrepreneurial potential; ▪ Reducing the unemployment rate by creating new job opportunities; ▪ The unemployed workers' awareness about the market economy mechanisms. <i>Feasibility study completed</i> <i>Newly proposed project</i>	Botosani Local Council	rehabilitation of two groups of buildings, that will be fitted out for the consultancy/advise activity and respectively for the production and services provision of the incubated SMEs	Botosani County	3.25	2.25	0.5
Total ADR 1 North - East				28.07	18.45	3.72
SOUTH - EAST						
1.Rehabilitation of the National Road DN2B (E87) Galati – Giurgiulesti, length 12 km (linkage between South-East Region and European road transportation corridor IX and IV) <ul style="list-style-type: none"> - The modernisation of transport infrastructure within the overall frame of the alignment of the infrastructure to the European standards; - The increase of the number and the strengthening of the competitiveness of SMEs through the improvement of the transport infrastructure in the Galati area; 	NAR / Galati County Council	Modernization of the physical access infrastructure	Galati County	9.32	5.0	2.66

*Large scale infrastructure portfolio of projects
RO0108.03 and RO-2002/000-586.05.02*

<ul style="list-style-type: none"> - The improvement of the transport infrastructure strengthening the linkage between South-East Region and European road transportation corridor K IX and K IV; - making the traffic more fluent, decreasing the negative impact on the environment and increasing traffic safety. <p><i>Feasibility study, Technical Project, EIA and tender Documents completed</i> <i>Project proposed under Phare 2000</i> Priority project, recommended for Phare 2001 financing</p>						
Total ADR 2 South - East				9.32	5.0	2.66
SOUTH – MUNTENIA						
1. Improvement of the access to the Pan – European Corridor IV Objectives: <ul style="list-style-type: none"> ▪ Contributes to the rehabilitation of the environment conditions, allowing the development in good conditions of the economic and social activities. ▪ Contributes to the modernization of national and European roads networks, in order to improve road traffic flow in the area <p><i>Feasibility study, Technical Project, EIA and tender Documents completed</i> <i>Project proposed under Phare 2000</i> Priority project, recommended for Phare 2001 financing</p>	N.A.R.	Modernization of the physical access infrastructure	DN 21 Calarasi-Slobozia	10.8	5,0	4.14
2. Development of the tourist area Bratul Borcea – Calarasi Objectives: <ul style="list-style-type: none"> • Contributes to the development of the tourist infrastructure in the area near Borcea branch and Calarasi municipality • Contributes for attracting in the area private investors and tourists interested in hunting and fishing tourism • Contributes to the maintenance of the environment conditions in the area <p><i>Feasibility study completed</i></p>	Calarasi County Council	Arrangement of a land surface necessary for locating the tourist objectives <ul style="list-style-type: none"> ▪ Ensuring the town infrastructure of the tourist area ▪ Achievement of operational tourist infrastructure of the area : <ul style="list-style-type: none"> - Centre for tourist department and park administration - Centre for tourist promotion of the area - Local village museum - Navigation center - Space arrangement for 	Calarasi city , Bratul Borcea	6.25	3.5	0.5 + privat 1.1 meuro ptr. proiect paralel

		<p>accommodation</p> <p>- Achievement of objectives with thematic tipology (hunting and fishing)</p> <p>The last three objectives will be achieved from the County Council and the private sector contribution, as parallel financed projects.</p>				
<p>3. Inter-county road in Bucegi mountains</p> <p>Objectives:</p> <ul style="list-style-type: none"> The measure is the first one from a set of measures aimed to raise of the touristic and economic level of the Bucegi area in conformity with the development predicted by the General Urban Plan by interconnecting the Ialomita and Arges hydrographic area related and the networks of European roads which are passing through. <p><i>Traffic Analysis, Feasibility Study, Cost Benefit Analysis, Environmental Impact Assessment, Non-Technical Report completed</i></p> <p><i>Project proposed under Phare 2000</i></p>	Dambovita and Brasov County Councils	<ul style="list-style-type: none"> The rehabilitation of the existing road in Dambovita County, namely Moroieni – Coteanu for access in touristic area Pestera-Padina; <i>The rehabilitation of the existing road in Brasov County, namely Valea Bargaleasa – Moeciul de Sus;</i> <i>The construction of a tunnel to link the two existing roads, Coteanu – Valea Bargaleasa.</i> <p>The last two components will be achieved from the Brasov County Council and NAR contribution, as parallel financed projects.</p>	Dambovita and Brasov County Councils	11	4.8	4.8
<p>4. Turnu-Magurele Industrial Park</p> <p>Objectives:</p> <ul style="list-style-type: none"> Economic re-launching of the business environment from South – Muntenia Development Region; Business infrastructure development in the context of industrial activity restructuring; Creating a favorable environment for the private sector development; Rehabilitation of the environment conditions, by developing the economic and social activities under proper conditions; <p><i>Feasibility study completed</i></p> <p><i>Newly proposed project</i></p>	Teleorman County Council	<p>Construction of:</p> <ul style="list-style-type: none"> the access roads and alleys to the precincts; the industrial park administrative pavilion; the utilities in the precincts the Industrial park enclosure 	Teleorman Council	4.5	3.5	0.5

Total ADR3 South Muntenia				32.55	16.8	11.04
SOUTH WEST OLTENIA						
<p>1. Development of the touristic region Gorj</p> <ul style="list-style-type: none"> ❑ Developing the public infrastructure for facilitating access to, and increasing the tourism attractivity of, the mountainous touristic area of Ranca-Novaci, Baia de Fier, Polovragi and Sacelu, in Gorj county, with an extension of 130 kmq. ❑ Protection of the environment through land and forests preservation ❑ Ensuring the safety of tourists by availability of specialized emergency help and prevention services (such as guides and climbing/ski trainers) <p><i>Feasibility study, economic and financial analysis completed</i> Priority project, recommended for Phare 2001 financing</p>	Gorj County Council	<ul style="list-style-type: none"> - Rehabilitation and modernisation of county road 665, that is the access road to the target area - 54% of the total investment. - Sewerage and waste water treatment system Râncea - Novaci and Sacelu resort water supply rehabilitation - 37% of the investment. - "RANCA SALVAMONT CENTRE" and regional centre for training of operators specialising in emergency help in mountain areas rehabilitation - 9% of the total investment. 	Gorj County	4.8	3.1	0.7
<p>2. Improvement of environmental conditions in Calafat</p> <p>a) Improving the environmental conditions in Calafat through a sewer and waste water treatment system which shall serve the municipality, in the areas with potential interest for the investors</p> <p>b) Attracting investors in Calafat, in industry and tourism sectors, in order to capitalise the advantageous border and Pan-European corridor location.</p> <p><i>Feasibility study completed</i></p>	Calafat Local Council / Dolj County Council	<p>Establishing the sewerage network with a length of 7900 m</p> <p>Establishing the collecting network of the pluvial waters with a length of 3111 m</p> <p>Building of a waste water treatment plant with mechanical, biological and treatment station for the muds with a capacity of 200 l/sec of treated waste water (the mechanically and biologically cleaned waste waters will be then discharged in the Danube)</p> <p>Consolidation of the Danube banks in the plant location.</p>	Dolj County	2.6	1.4	0.5
<p>3. Sustainable development of area Ilovita – Bahna – Ciresu – Marga, <i>Mehedinti</i></p> <ul style="list-style-type: none"> - increasing attractivity of the tourist area of Ilovita-Ciresu-Marga, in order to increase the number of tourists and attract additional private investment into the area. 	Mehedinti County Council	<p>Rehabilitation, consolidation and modernisation of County Roads 607C (18 km) and 607B (7,2 km) for a total of 25,2 km connecting the European Road 70 with Baia de Arama and the northern counties of Caras Severin, Gorj,</p>	Mehedinti County	6.5	4.5	0.5

*Large scale infrastructure portfolio of projects
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- Improvement of road connection between the northern area Mehedinti with the municipality of Drobeta Tr. Severin, Municipality of Orsova and the area of Clisura Danube. <i>Traffic Analysis, Feasibility Study, Cost Benefit Analysis, Environmental Impact Assessment completed</i>		Valcea and Hunedoara counties, and the respective touristic zones				
Total ADR 4 South – West Oltenia				13.9	9.0	1.7
WEST ROMANIA						
1.Environmental protection of the Surduc Lake Area – Rehabilitation of the rural infrastructure and introduction of the Surduc Lake Area in the international tourist circuit - To create a basic and specialised infrastructure in order to capitalise the local and regional economic and tourist potential and to develop the tourism and tourist businesses, but also making operational some sustainable mechanisms that are necessary for providing the public services and protecting the environment. <i>Feasibility study completed</i> Priority project, recommended for Phare 2001 financing	Timis County Council	Environmental infrastructure (water and waste water management system) building; Arrangement of land for storing the garbage from the leisure area; Modernisation of access roads; Building Multifunctional Centre for public services, marketing and tourist information - total surface of 1600 sqm; Landscaping and leisure fitting out of the area;	Timis County	6.6	4.5	0.6
2. Caransebes Industrial Park <ul style="list-style-type: none"> • Creation of an industrial park with the aim of improving the facilities offered to the investors in order to expand their businesses in a competitive market in various economic fields; • Economic re-launching of the business environment from Caransebes area; • Decreasing the unemployment rate through new jobs opportunities <i>Feasibility study completed</i> <i>Newly proposed project</i>	Caras-Severin County Council	Endowment of the 30 ha industrial park with the following utilities: <ul style="list-style-type: none"> - Water supply, sewage, gas and electricity supply, all these networks connected to the existing urban network - Access road with parking and green space - Administrative building; - Loading station – designed to ensure minimal service and activities for the trucks and the companies dealing with road transportation; - 2 warehouses of 2,000 sqm 	Caras-Severin County	7.2	5.0	0.55

		each;				
Total ADR 5 West Romania				13.8	9.5	1.16
NORTH – WEST						
<p>1. Development of the Borsa and Luna – Negresti Oas, Satu Mare County tourist area</p> <ul style="list-style-type: none"> ❑ Development of the infrastructure support for the tourist activities ❑ Increasing the incomes per inhabitant through the capitalisation of tourism and entertaining potential; ❑ Sustaining the activities of promoting the different forms of high standard tourism, based on the capitalisation of the regional potential <p><i>Feasibility study, economic and financial analysis, EIA completed</i></p> <p>Priority project, recommended for Phare 2001 financing</p>	<p>Borsa Local Council / Negresti Oas Local Council / Maramures County Council / Satu Mare County Council</p>	<p>Modernising the car access to the tourist objectives in order to take over an important and comfortable tourist traffic with a high level of safety during all the year (Luna Ses + Borsa)</p> <p>Construction of the necessary technical and public utility infrastructure – limited extensions of the existing networks, in order to deserve the ski tracks start stations (Luna Ses + Borsa)</p> <p>Arranging and endowing ski tracks, sledge tracks and some sport- grounds (Luna Ses + Borsa)</p> <p>Ensuring and checking the protection of environment factors and natural landscape (Luna Ses + Borsa).</p>	<p>Maramures County / Satu Mare County</p>	8.8	5.0	2.1
<p>2.Bors Industrial Park</p> <ul style="list-style-type: none"> • Provide public utilities networks for a 25 ha surface, so that it can offer potential investors the conditions necessary to settle their business in Bors; • The creation of 400 jobs in the new industrial area, within 3 years from the beginning of the project supplanting the local budget by a yearly 8% for at least 8 years by increasing the income tax chapter. <p><i>Feasibility study completed</i></p>	<p>Bors Local Council / Bihor County Council</p>	<p>15 hectares of non-utilised land arranged and ready-made for investors;</p> <p>1500 m. of sewerage network and water cleaning station ;</p> <p>1500 m. of water network, water tank and pump station;</p> <p>1,5 km. of internal and connection roads;</p> <p>at least 10 companies settled down in the park</p> <p>at least 400 new jobs achieved in the next 3 years;</p>	<p>Bihor County</p>	3.5	2.4	0.3

<p>3. Marketing agro-food center in the light industry field</p> <ul style="list-style-type: none"> - Optimisation of the market circuits in order to improve local business area; - the implementation of marketing and a production system according European standards together with a system providing favorable conditions for development and restructuring of food industry, according to market demands. - Efficient using of the local agriculture potential; <p><i>Feasibility study completed</i></p> <p><i>Project proposed under Phare 2000</i></p>	Cluj County Council	<p>Building a Wholesale Market: Total surface: 60.000 m² Hall of marketing: it is a first floor construction having a total surface of 3776,10 m² Administrative office: - Used surface - 1147,50 m² Gate pavilion: - Used surface - 24,0 m² Waste storage: - Used surface - 54,0 m² Wrapping storage: Used surface - 216,00 m² Utilities (water supply, natural gas network, electricity, refrigerators, services building, offices etc.) Parking areas, green fields</p>	Cluj County	6.5	3.75	1.5
<p>4. Modernization of the environment infrastructure for increasing the attractivity of the Zalau Industrial and Business area</p> <p>Objectives:</p> <ul style="list-style-type: none"> • Improvement and extension of the environment infrastructure, in the areas with potential interest for the investors • Attracting investors in Zalau. <p><i>Feasibility study and EIA completed</i></p>	Zalau Local Council	<ul style="list-style-type: none"> • To attract at least two investors in Zalau in the following three years grace to rebuilt environment infrastructure • modernization and extension of WWTP Phase I, • replacement of 4, 895 m of damaged pipes of the sewage 	Salaj County	5.3	3.1	0.79

*Large scale infrastructure portfolio of projects
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<p>5. Business center "Milenium III", Baia Mare, Maramures county</p> <p>Objectives: To develop infrastructures supporting business and tourism development, in order to strengthen competitiveness of SMEs through better access to technologies, services, markets and information</p> <p><i>Project proposed under Phare 2000</i></p> <p><i>Feasibility and marketing studies, Technical Design completed</i></p>	<p>Baia Mare Local Council</p>	<p>The MILLENNIUMIII Business Centre will contain essential functions in modern business:</p> <ul style="list-style-type: none"> • Administrative space of the MillenniumIII Business Centre • Spaces for offices • Conference halls on an area of 998,75sqm • Modern reference centers 'Multimedia House', library, offices (about 2500sqm.) • A exhibition square of about 7,105sqm • An optic fibre communication network, inter-connecting all the locations of the MillenniumIII –ring Centre • Parking areas (69 lots) 	<p>Maramures County</p>	<p>6.83</p>	<p>4.65</p>	<p>0.3</p>
<p>6. Stimulation of the economic development in North West Region and co-operation with Hungary and Ukraine by transport infrastructure support Construction of a ferro-concrete bridge over the Tisa river and contact road Romania –Ukraine (Sighetu-Marmatiei, Maramures county)</p> <p>Objectives:</p> <ul style="list-style-type: none"> • To improve transport infrastructure strengthening linkage between economic poles and European transport corridors; to improve roads that facilitate access to industrial zones, areas in on-going restructuring process and other economic areas, including tourist areas <p><i>Project proposed under Phare 2000</i></p> <p><i>Feasibility study, economic and financial analysis completed</i></p>	<p>Sighetu- Marmatiei Local Council</p>	<ul style="list-style-type: none"> • Constuction of a bridge over Tisa River with a length of 206 m • Construction of the acces road, linking the two states, in length of 2.682 km 	<p>Maramures County</p>	<p>8.2</p>	<p>5.0</p>	<p>1.54</p>
<p>Total ADR 6 North – West</p>				<p>39.13</p>	<p>23.9</p>	<p>6.53</p>
<p>CENTRAL</p>						
<p>1. Rehabilitation of DJ 131 in order to improve the regional traffic</p>	<p>Harghita / Brasov /</p>	<p>▪ Works for embankments and ditches</p>	<p>Harghita/Br asov/Covas</p>	<p>7.0</p>	<p>5.0</p>	<p>0.35</p>

*Large scale infrastructure portfolio of projects
RO0108.03 and RO-2002/000-586.05.02*

<p>Objectives:</p> <ul style="list-style-type: none"> ▪ The project will make easier the road transportation between the Brasov, Covasna and Harghita counties; <p><i>Feasibility study, economical and financial analysis, EIA completed</i> Priority project, recommended for Phare 2001 financing</p>	Covasna County Councils	<ul style="list-style-type: none"> ▪ Works for defense – consolidation (concrete walls and gutters) ▪ Establishment of broken stone ▪ Road shoulders and pavements ▪ Accessory works ▪ Art works (21 paved small bridges) 	na County Counties			
Total ADR 7 Central				7.0	5.0	0.35
BUCURESTI - ILFOV						
<p>1. Improving the infrastructure for socio-economic development of the northern sub-urban area of Bucharest</p> <ul style="list-style-type: none"> ☞ Provide basic infrastructure endowment to support economic development and social sustainable growth; ☞ Improvement of business opportunities and enhancement of the economic tissue in the area; ☞ Creation of a necessary endowment for SME's location. ☞ Promoting the region tourism activities - the area is the major tourist attraction of the Bucuresti city; <p><i>Feasibility study, economical and financial analysis, Completed</i> Priority project, recommended for Phare 2001 financing</p>	Bucharest City hall	<p>Building of the "Sewerage Collector Bucharest Otopeni", providing a reinforced concrete Sewerage collector Ø 2.50 m, made with a shield, phase 1:</p> <ul style="list-style-type: none"> - From the emisar to the intersection of DN1 Bucharest-Ploiesti with Alea Privighetorilor. 	Bucharest	11.61	5.0	4.96

*Large scale infrastructure portofolio of projects
RO0108.03 and RO-2002/000-586.05.02*

<p>2. Environmental rehabilitation of Snagov lake</p> <ul style="list-style-type: none"> ☞ Economical and social development of the area by the rehabilitation of the existing hydrographical system (Snagov Lake) in the central areas of Snagov and Ghermanesti ; ☞ Improvement of business environment and development of the economic tissue in the area; ☞ Promoting the region tourism activities - the area is the major tourist attraction in the county, region, and proximities; ☞ Improving the health conditions and living standards for the habitants of the area; <p><i>Feasibility study, economical and financial analysis, EIA, completed</i></p>	<p>Snagov City hall</p>	<p>- hydro-technical structure necessary to human settlements – sewerage, caption, transportation pipes, tanks, pump up stations, disaffection, and cleaning station. - building of the individual networks and the transportation to the cleaning station (Floresti village) for the taking over of the used waters from all lake neighbouring localities</p>	<p>Ilfov County</p>	<p>8.0</p>	<p>5.0</p>	<p>1.35</p>
<p style="text-align: right;">Total ADR 8 Bucuresti - Ilfov</p>				<p>19.61</p>	<p>10.0</p>	<p>6.31</p>

<i>INTER-REGIONAL PROJECTS</i>						
<p>1.Development of heating systems based on the use of bio-mass in five touristic areas</p> <p>Priority project, recommended for Phare 2001 financing</p>	<p>Romanian Energy Conservation Agency (in co-operation with DEPA)</p>		<p>RDA North-East, North West, Central</p>	<p>13.13</p>	<p>5.0</p>	
<p style="text-align: right;">Total Inter-regional projects</p>				<p>13.13</p>	<p>5.0</p>	<p>6.46</p>
<p style="text-align: center;">TOTAL INFRASTRUCTURE PROJECTS PHARE 2001 and 2002</p>				<p>176.51</p>	<p>102.65 (58%)</p>	<p>39.93 (22.6%)</p>

PROJECT FICHE no. 1 Center (22)

„CENTRE” Development Region

Project title: REHABILITATION OF ROAD DJ 131 IN ORDER TO IMPROVE THE REGIONAL TRAFFIC FOR ENHANCING THE ATTRACTIVENESS FOR NEW INVESTMENT

1. The project responds to the following wider objectives:

- ☐ The project will make easier the road transportation between the Brasov, Covasna and Harghita counties;
- ☐ The project will determine the economic development of the area crossed by the DJ 131;
- ☐ The project will support the development of the economy from Baraolt area;
- ☐ The project will make better connections with the European network;
- ☐ The project will make important savings of fuel and will reduce the pollution of the environment;
- ☐ Taking over, besides the local traffic, of the traffic of transit in the area Baraolt (Covasna county), to DN 13 (national road), this road being preferred by the traffic users.

2. Sector: Development of the local infrastructure from **Covasna county**, between the limit with the Brasov County and the limit with Harghita County, with a total length of 23 km and km 7+366; Harghita county - the county road (DJ 131) which is 32.239 km. long (across Harghita County) links the road DJ 137 between Odorhei Secuiesc (this is one of the three municipiums of the county) and Cristuru Secuiesc city with the road DN 13 (E 15); and Brasov county, the localities Apata – Ormenis – Augustin – limit with Covasna county (0+12+978) .

3. Localization: Romania - 'Centre" Region – counties: Covasna - the project is situated in the western part of Covasna County in the neighbourhood of the Baraolt town; Harghita – Ocand and Brasov - Ormenis commune, Augustin village.

4. Correlation with the main goals of the National Development Plan and Regional

Development Plan: The rehabilitation of the county road DJ 131 will complete and increase the economic and touristic potential of the counties and of the "Centre" Region and will attract a more substantial foreign capital. It also will develop the disadvantaged area Baraolt and will reduce the pollution of the environment.

5. The direct beneficiary:

- ☐ Beneficiary: Covasna County Council, Sf. Gheorghe, Libertatii Street 4
Contact person: Ursache Ioan, Adjunct Director of Urbanism and Public Work
Direction, tel. 067311551, fax.067351228, e-mail:
ursache_ion@consjud.covasna.ro;
Harghita County Council, Miercurea Ciuc, 4100- Ro, p-ta Libertatii 15
Contact: Mr. Gyorgy Bela, Tel: +40-66-113253, Fax: +40-66-171013, e-mail:gybela@kabelkon.ro;
Brasov County Council, Brasov, 5, Bd Eroilor
Contact: Department of the Administration of Roads and Bridges, Tel: 068/410777, Fax: 068/475576, E-mail: cjbv@deuroconsult.

The direct beneficiaries are this three counties councils, the administrator of the roads, but also the whole population of the counties and Region.

6. Background and justification of the necessity of the project:

The road DJ 131 is laying on the territory of three counties from the „Centre” Region: Covasna, Harghita and Brasov, which have three different levels of development and three different industrial structures. Because the Brasov is a well-developed economic center - the main economic center of the region - its influence area is appreciated as around 50 km, and it can influence positively both the

development of Baraolt town and the further areas as Odorheiu Secuiesc. The development of these towns was hindered by the very poor quality of the existing access infrastructure.

In the Covasna county the road was laid with asphalt between 1980-1983, so the normal duration of service is already expired. In the same time, in Virghis zone, at the limit with the Harghita county, the land slides and this movements damage the road. The growth of the transport capacity will contribute to save money at fuel and tires and the environment will be polluted not in the same measure. The road passed, in the Covasna county, over the bridge that cross the Olt river at Aita Mare locality. The bridge was built in 1970-1972 years, with a metallic superstructure on a wood infrastructure, with a total length of 80 meters. This bridge was built to support a weight of 10 tones, but in fact he can't assure the crossing of the river Olt at this level. The crossing of two vehicles on the bridge is virtually impossible. The new bridge will provide traffic of 267 etalon vehicles in a single day. This road (nr. 131) links Harghita County with its neighbours: Covasna County, and Brasov county. In the Brasov county the road DJ 131B (county road) is situated at the Easter side of the county, being the only connection for the localities on the left side of the river Olt (Apata – Ormenis – Augustin).

On the section Ormenis – Augustin, 5.25 km long, the superstructure of the road is very deteriorated, being necessary to reinforce the road system, with amelioration of the geographical elements and remaking of the art and consolidation works.

The development of the area crossed by DJ 131 will represent an stimulating factor for the economy of the three counties involved in this project: Brasov, Covasna, Harghita. The Covasna county, having the longest part of the road, will benefit more from the development, especially in the Baraolt area. In order to obtain a regional impact and the economic effects in order to achieve the objectives of the project, the three county councils signed a Partnership Covenant where are included the tasks and the obligations of each part.

The total number of the impact on population is about 275,000-280,000 peoples including the Brasov neighborhood.

The main beneficiary of the road rehabilitation is Baraolt town, locality that have the status of disadvantaged area. From the data that we have we can extract the following data regarding the firms from Baraolt. There are a number of 397 firms which have a total turnover by 500.1 billion lei. From these firms a number of 53 firms have a turnover of over 1 billion, representing a total turnover of 458.1 billion lei (91.7%). For the firms which benefits by the facilities of the disadvantaged area (39 firms - 5 established by the foreign capital entirely) the turnover is by 246.8 billion lei, 49.2% from the total turnover of the all firms. If we take into consideration the residence of the main shareholders of the firms from Baraolt, it came out that from 685 shareholders a number of 549 had the residence in the area of DJ 131. From the establishment of the underprivileged zone status, the percent of unemployment diminished at 30 % from the initial level of 50%.

The discovery of new deposit of diatomite in the Baraolt neighborhood, estimated at 11 millions tones, will create more than 200 new jobs. The Austrian ARP Autbereitung Recykling Prufftechnik GMBH (8700 Leoben) is very interested in this kind of investment (the total amount is 2,5 millions USD). The deposit is situated at Filia but the processing at Baraolt. That means that for more than 10 years the exploitation will transport on DJ 131 approximately 4500 tones /year, on very good road.

The construction of a **new industrial parks at Baraolt and Odorheiu Secuiesc** will contribute to the benefits of the population. Also the region touristic potential will be greater after the rehabilitation of this road.

7. Project description:

a. Existing studies and summary of them:

There are feasibility studies for each part of the road from all counties, and a part of them has already ready the technical project and execution details.

The studies on the various parts of the road with a greater status of degradation revealed the necessity of improvements like: asphaltting, supporting walls to prevent the slide of land, tubular bridges for the draining of surface waters, drainage tubes for the underground waters and protection parapets.

b. Specific objectives:

- ❑ The improvement of the speed transportation
- ❑ The growth of the transport capacity with specific low costs
- ❑ Rising of the technical parameters of the existent road at the level of those imposed for a road of county interest;
- ❑ A safer crossing of the river
- ❑ The development of the area over which it is crossing
- ❑ Reinforcement of the road DJ 131B (county road) supposes specific problems as:
 - Inside the localities: adequate achieving of the geometrical elements in plan, the breadth of the platform and the rays of the curves.
 - Outside the localities: consolidation of the embankment.

c. General description:

The improvement of this road will contribute at the growth of economic and touristic potential, at the attraction of the capital and the improvement of the way of life in this disadvantaged area.

The road is situated in a hill-depression area, along the river Olt, at an altitude of 460 – 480m. The transversal slope of the land impose adopting of some big works of consolidation and of some adequate road sub layers.

Therefore, there are necessary the following:

- Works for embankments and ditches
- Works for defense – consolidation (concrete walls and gutters)
- Establishment of broken stone
- Road shoulders and pavements
- Accessory works
- Art works (21 paved small bridges)

d. Expected results:

- ❑ The improvement of regional transport infrastructure and the savings through the diminution of the consumption of fuel;
- ❑ The diminution of the pollution ;
- ❑ The social and economical development of the region.

8. Estimated impact:

a. Economic impact

- The reduction of the number of vehicles who prefers now the much longer road through Miercurea Ciuc-Odorheiul Secuiesc by 70% and the difference between the length of the two routes (40km) will make an important saving in fuel at approximate figure of 0,577 millions EURO every year. It reduces the distance of transport, by achieving an favourable connection between the area Baraolt – Bodoc (in Covasna county) and DN 13 (national road – in Brasov county) to Sighisoara. It contributes to the development of new economic activities in the area (as SMEs).

The main economic impacts of the rehabilitation of DJ 131 are:

- the growth of the regional GDP with 2.28 – 2.97% in the areas crossed by the road and with 1.87-2.24% in the adjacent areas;
- the increasing of the foreign investment with 70%;
- will be created 900 new SMEs;
- direct financial benefits by 5.5 billion lei, resulted after the construction works through the use of the unemployed;
- the extension of the economic influence of industrial center Brasov on Baraolt and Odorheiul Secuiesc;
- will offer a real opportunity of development to Baraolt, an disadvantaged area.

b. Social impact

We can estimate that this project will create about 800 new jobs in Baraolt city area only and because are a big number of enterprises in the area, the improvement of transport conditions will permit the creation of new indirect jobs.

c. Environmental impact

The diminution of the transit time will contribute at the reduction of the noxes level and leaking of the oils at the transport meanings.

The categories of works foreseen in the technical project will contribute to the protection of the environment by:

- assuring the draining of the surface waters through ditches and gutters
- placing paved small bridges to cross the small rivers will be done without modifying the flow of the waters

9. The timetable of the project:

ACTIVITY	BEGINNING	ENDING
Feasibility study	2000	2000 (completed)
Economical analysis	2001	2001(completed)
Financial analysis	2001	2001(completed)
Environmental impact	2001	2001(completed)
Project studies	2001	2002
Tender documents	2002	2002
Acquisition of land	-	-
Construction	2002	2004
Operational phase	2004	

10. Estimated budget:

Total Budget: 7 Meuro of which:

Phare 5 Meuro

National Fund: 1.65 Meuro

Local contribution: 0.35 Meuro

Project fiche No. 1 B-I (23)

BUCHAREST/ILFOV DEVELOPMENT REGION

Project Title: Improving The Northern Suburban Area Of Bucharest

1. The project responds to the following wider objectives:

Project will contribute to:

- ☞ Provide basic infrastructure endowment to support economic development and social sustainable growth;
- ☞ Improvement of business opportunities and enhancement of the economic tissue in the area;
- ☞ Creation of a necessary endowment for SME's location.
- ☞ Promoting the region tourism activities - the area is the major tourist attraction of the Bucuresti city;
- ☞ Improvement of social and economic position of areas affected by industrial restructuring – the north area is one of the most affected by the deindustrialization process but with high growth potential;
- ☞ Improving the local authorities revenues.

2. Sector:

Development of business infrastructure
Improvement of the environment

3. Location:

COUNTRY:	ROMANIA
REGION:	BUCURESTI ILFOV
County:	BUCURESTI
Locality:	<i>Bucuresti</i>

4. Correlation with the National Development Plan and Regional Development Plan objectives:

The project meets the objectives of National Development Plan (2000 – 2002):

- ☞ Priority 3 - "Development of regional and local infrastructure";
- ☞ Priority 5 - "Development of tourism";
- ☞ Priority 9 - "Natural environment protection".

The project meets the objectives of Regional Development Plan (2000 – 2002):

- ☞ Priority 1, Measure 1.2 - "Creation of an attractive business environment";
- ☞ Priority 4, Measure 4.1 – "Water pollution reduction".

The project meets the objectives of Bucharest's General Council zonal urban plan for the northern area of the city:

- ☞ Zonal urban plan for the Baneasa International Airport - Decision no. 128 of Nov. 11, 1995;

☞ General urban plan for Bucharest city - Decision no. 269/Dec. 21, 2000;

5. Direct Beneficiary and Partnership:

- Beneficiary:

Name:	GENERAL MUNICIPALITY, CITY OF BUCHAREST
Address:	BD. REGINA ELISABETA NO.47, BUCHAREST
Contact:	Gheorghe Udriste, General Manager
Telephone:	01-3150110, 3102535
Fax:	01-3157952
Internet E-mail:	pmb@pmb.ro , udriste@pmb.ro
- Partners: End user Sector 1 Bucharest Municipality

6. Background and justification of the necessity of the project

Background of the project

Great touristic potential, the area is well known as the city major touristic attraction.
Good general economic potential (international airport, railway station, major coach station, local urban public transport node, airplane factory, Eastern European Trade Centre, and many others).
Further regional development - the network can be extended to cover Voluntari Commune (Ilfov County part of the region), the local (Voluntari) and the county council (Ilfov) has expressed the direct interest in the extension of the network.

The Baneasa neighborhood, the Baneasa wooded area, and the Baneasa Zoo have a particular significance from the point of view of the Bucuresti City territory, being at the same time a touristic area, a residential area, a resting area, and being an major air travel node with fast linkage with railway station.

Further development possibilities:

- ☞ Voluntari Commune extension;
- ☞ Baneasa north - vest Pipera neighborhood extension;
- ☞ Baneasa north industrial park;
- ☞ South and South East European International Trade Center;
- ☞ Supermarkets (like: Cora, Mediteranean, Sel Gros);
- ☞ Eastern European Trade Chambers of Commerce;

Necessity of the project:

- ☞ Creation of the premises for area development taking account the opportunities for economic activities, with special attention to the touristic potential;
- ☞ Establishing proper endowments for economic activities development;
- ☞ Assuring proper health and living conditions in the area;
- ☞ Creation of premises for further development of the region through private and public-private direct investments.
- ☞ There has to be given a special attention to the endowment with hydrographical and environment protection endowments in accordance with the actual qualitative requests.

The project is necessary in order to replace the 60 years old channel (Ø 40 mm) designates to collect the used waters was made along DN1, which is now in an advanced wear condition because of overloading, since many new users developed in the area over the years.

The project is necessary in order to enhance the reduced conveyance capacity of this channel that can no longer cover the collecting of used waters, for which reason the units served are equipped with retainer tanks and pumping stations to alternate the flows (The meteoric waters in the area, reduced in quantity because of the low occupation of the field, are directed at ground level and seep into the ground or reach into natural water flows.).

The implementation of this project is urgent giving the actual environmental state of the area. Being a project for **supporting the small infrastructure for business** it was proposed for PHARE financing (not includable in ISPA financing scheme because the ISPA priorities are established for the next 3 years, at least). The activities included in the project are not covered by the Bucuresti ISPA project, that is financing only the building of the Bucuresti WWTP, and not extension and/or rehabilitation of the sewerage network.

7. Project Description

a. Existing Studies and summary of conclusions:

Circulation survey
 Water supply survey
 Sewerage building survey
 Gas supply survey
 Electricity supply survey
 Environmental impact survey

No.	Item	Summary of conclusions
1.	Technical Feasibility Study	The investment is technically feasible
2.	Economical-financial Feasibility Study	<p>The project is profitable and viable, leading to:</p> <ul style="list-style-type: none"> ▪ increase of municipality budget income by Euro 15 M and local budget income by Euro 5M yearly ▪ creating of more than 3000 new job opportunities <p>Main rates:</p> <ul style="list-style-type: none"> ☐ IRR – 12%% ☐ NPV – Euro 12,820,800 ☐ Benefit/Costs Rate – 13,88

b. Specific Objectives (Project Purpose)

In order to drain the used household and rain waters in the northern part of the Capital, PROIECT BUCURESTI SA has drawn up upon request of the Municipality of Bucharest the feasibility study no. 21613/1991 "Sewerage Collector Bucharest Otopeni", providing a reinforced concrete Sewerage collector Ø 2.50 m, made with a shield.

The path of this collector is parallel to DN1 in its shoulder, connection point C1, Ø 3.50 m.

This collector is designed to discharge the household used waters and rain waters from the area nearby DN1 up to the outskirts road of Bucharest. Its extension is also provided to the north to take the household used waters from Otopeni International Airport.

The collector s construction is divided into 3 phases:

Phase 1 – From the emisar to the intersection of DN1 Bucharest-Ploiesti with Aleea Privighetorilor.

Phase 2 - Aleea Privighetorilor to the Ring Road of Bucharest-Otopeni Passage (the outer limit of the Bucharest municipality administration)

Phase 3 - The Bucharest Ring Road to the Otopeni International Airport, phase placed on the territory of the Ilfov County.

This documentation provides for the first phase of the project - the collector to be made up to Aleea Privighetorilor (length- 2.650 km; Ø 2.50 m; $i = 1\text{‰}$ – shield made). Downstream this collector is connected to the existing channel, Ø 1.25 m, on Neagoe Voda Street. The existing channel has got a piezometric slope of about 7.5‰ and it can take over the flows of used waters and rain waters from the existing and future developments of the organizations placed in the area.

c. General Description.

The collector Dn 2.5m will be built along the Bucharest-Ploiesti (DN1) road, and will gather from the very beginning an important flow of used and rain waters.

The area serviced under this project covers 215 ha divided into 6 hydrographic basins as follows:

The hydrographic basin no. 1, located in the northwest of the enclosure, with buildings for offices, services and trade, has got a total surface of 27 ha.

Along the axis of the main street of the basin (Jandarmeriei Str.), having a NE-SV orientation, a main Sewerage was provided, Ø 80-100 cm, slope of 2‰, connected to the public collector, Ø 2.50 m, on DN1 Bucharest-Ploiesti (boarding house CP6). A flowmeter is provided on the main Sewerage, Ø 100 cm to measure the discharged flow, upon the discharge into the channel CP6. This main Sewerage unit on Jandarmeriei Str. collects from both sides, through service channels Ø 30-50 cm, the household used waters and rainwaters coming from buildings, platforms, parking lots, roads, etc.

The calculation flow for this main Sewerage upon the discharge point into the collector Ø 2.50 m is of 1170 l/s.

Hydrographic basin no. 2, surface 36 ha, is in the south of hydrographic basin no. 1; buildings are for offices, trade, hotel (front) and residential buildings (civic centre of the block consisting of blocks of flats, school, town hall, and fire station, etc.).

A main Sewerage with growing diameters from upstream to downstream (Ø 60-80-100-120 cm) and discharge into the public collector, Ø 2.50 m, in the connection chamber CP5, was provided on the central axis of this basin, on the main street NE-SV oriented.

A flowmeter to measure the flows taken over into the public channel is provided before discharge into the collector, on the Sewerage Ø 1.20 m. According to the attached calculation summary, the flows discharged at a calculation frequency of 1/1 amount to about 1500 l/s. This flow is added by pumping the waters collected into hydrographic basin no. 6.

The meteoric and household waters collected from buildings, concrete platforms, parking lots, roads, etc. are discharged on both sides, through service channels Ø 30-50 cm into the main Sewerage Ø 60 cm - 1.20 m.

Hydrographic basin no. 3, surface 76 ha, is located in the southwest of the enclosure, its neighbours being the hydrographic basin no. 2 to the north, DN1 to the west, Baneasa Airport to the south. In the front part towards DN1 there are trading buildings (type METRO), with large surfaces built for trade and corresponding parking lots, while to the east there is a residential area.

According to the attached calculation summary, the flows discharged from this hydrographic basin are meteoric waters- 3560 l/s and household used waters- 70 l/s.

A main Sewerage is provided with growing diameters from upstream to downstream (Ø 60-80-100-150 cm), the last downstream segment Ø 1.80 m, along about 720 m. This main Sewerage is located on the main street axis, where the new unit of the Baneasa Airport will be built to the south end.

The channel Ø 1.80 m, average slope 1.5‰, will be connected to the public collector Ø 2.50 m into the connection chamber CP4; a flowmeter is provided on the linear segment before connection to measure the flow taken into the public channel.

Secondary (service) channels Ø 30-50 cm connected to the main Sewerage are provided on the street paths of this hydrographic basin.

Waters collected in the hydrographic basins 4 and 5 are also pumped into the main Sewerage Ø 100 cm.

Hydrographic basin no. 4 has a surface of about 27 ha and is located in the southeast of the enclosure (its neighbours are a military unit to the south and west, the hydrographic basin no. 3 to the west and the Saula Valley to the north). Discharge of the used household and meteoric waters has to be provided by pumping due to the average heights lower than 88.00 (this is a plateau zone against the rest of the enclosure).

Thus, the collected waters are run through a system of Sewerage networks, Ø 30-80 cm to a retainer tank of about 1000 m³ volume, with two compartments, located in the lowest point of the enclosure. From here the collected waters are pumped into the main Sewerage Ø 100 cm of the hydrographic basin no.3 by means of a pumping station of 120 l/s total output, endowed with special submersible pumps for used waters.

The calculated flows for the hydrographic basin no. 4 comprise a household output of 20 l/s, a rain output of 648 l/s, the total output being of 668 l/s.

Hydrographic basin no. 5, surface 24 ha, is located in the east part of the enclosure, within a plateau zone (between two grooves of the Saula River).

The used and rainwaters collected from this basin of total output 529 l/s are taken through a Sewerage networks system Ø 30-80 cm to a retainer tank of 800 m³ volume, with two compartments, and from here they are gradually pumped to the main Sewerage of the hydrographic basin no. 3 by means of a used waters pumping station.

Hydrographic basin no. 6, surface 25 ha, is located in the northeast of the enclosure, being delimited by Alea Privighetorilor the north and by a groove of the Saula River to the south.

This hydrographic basin is in a plateau zone and cannot be gravitationally connected to the public network (the collector of Ø 2.50 m on DN1); consequently, the household used waters and rainwaters from this basin of 656 l/s total output are collected into a system of Sewerage networks Ø 30-80 cm to a retainer tank of 1000 m³ volume, with two compartments, located into the lowest point of the hydrographic basin. The waters gathered into the retainer tank are gradually pumped in a 120 l/s flow, by means of a pumping station, to the main Sewerage Ø 60 of the hydrographic basin no. 2

The retainer tanks provided for the three hydrographic basins are made of reinforced concrete and are endowed with retaining grates for floating items and gross suspensions, as well as with outfits for periodical cleaning of deposits.

The pumping stations accompanying the retainer tanks comprise submersible electric pumps specially designed for water, flow rate 35 l/s, and a pump, operation height being 20 mCA. The stations are automated depending on the water level in the suction tank and include all the warning and protection facilities needed (there is a frequency converter to one of the pumps).

The three pumping stations will be fenced and properly staffed with operation and maintenance personnel.

The materials provided for the Sewerage pipes are reliable and of high quality, ensuring a high life time (50-80 years) of service. Thus:

- Polyester tubes reinforced with glass fiber and sand (Pafsin) was provided for the main Sewerages Ø 60-180 cm, joined with Pafsin sleeves; the rated pressure is of 1 bar;

- PVC tubes were provided for the service Sewerages Ø 30-50 cm, with KG-type coupling for the outer Sewerages;

- Compressed Pafsin tubes are provided for the (compressed) back circulation conduits from the used waters pumping stations, with cleaning pieces installed into the direction changing points; 4 bar pressure;

- Flowing mouths with siphon deposit connected to the Sewerage are provided to discharge the used waters collected from concrete platforms, concrete parking lots, concrete roads.

Sewerage connections

Joints of Ø 20-40 cm of PVC tubes type KG with coupling are provided to discharge the household used waters and rainwaters collected on the terraces of the buildings, on industrial platforms, etc.

d. Expected results

The optimal use of the high growth potential area

To comply with the demand for sewerage and adjacent services for the existent customers and future ones, according to the development plans drawn for this area.

8. Project Estimated Impact

a. Economic

- ✓ Raising the existing attraction potential of this area for domestic and foreign investors;
 - ✓ Direct private investments will be drawn to the area amounting to 750 million USD within 15 years from project completion.
 - ✓ Private capital will ensure a growth rate higher by at least 3 % than the national average.
 - ✓ Ensuring the conditions for future development of public and private sector in the area
 - ✓ Raising of land value
 - ✓ Future development of nearby areas (especially neighbor localities from Ilfov county).
 - ✓ The near future developments depending on the present project development are listed below with their corresponding yearly estimated turnover:
- "BANEASA NORTH" INDUSTRIAL PARK - 19,6 ha estimated 4800 mld. annual turnover
 - SOUTH AND SOUTH EAST EUROPEAN INTERNATIONAL TRADE CENTRE
 - SUPERMARKETS: CORA, MEDITERANEAN, SEL GROS - over - 4.000 mld p.a.
 - EASTERN EUROPEAN TRADE CHAMBERS OF COMERCE
 - BRITISH AIRWAYS AIRCRAFT FACTORY AND INTERNATIONAL FLYGHT CENTRE
 - ROMANIAN -FRENCH REZIDENCIAL QUARTAL EXTENSION
 - BANEASA NORD - VEST PIPERA QUARTAL EXTENSION

Development that will bring additional revenue for around 450 MEuro.

This investments will bring a minimum **additional income of 20 MEuro to the local councils.**

The value of operational income of the facility is not yet available due to the development stage of the Project.

b.Social

- ✓ Creating more than 3000 new jobs and reducing of unemployment rate of the area. About 3000 new jobs will be created within 15 years from project completion, with net wage incomes by minimum 15% higher than the average income in Romania.
- ✓ Raising population life standards; Improvement of the housing standard up to European level for at least 18000 people shall be achieved.

c. Environment

- to cut down pollution with garbage and residues being taken over in the Sewerage network;

- Rehabilitation of the land;

9. The Main Activities Timetable and Description

	<i>Start date</i>	<i>Completion date</i>
Feasibility study:	08/04/2002	30/05/2002 (completed)
Economic analysis:	15/04/2002	30/05/2002 (completed)
Financial analysis:	15/04/2002	30/05/2002 (completed)
Environmental impact assessment :	15/04/2002	30/06/2002
Design studies:	15/05/2002	30/05/2002 (completed)
Tender documents:	20/08/2002	20/09/2002
Land acquisition:	-	-
Construction:	01/03/2003	01/09/2005
Operational phase:	31/09/2005	

9. The Estimate Budget.

10.

Total Budget: 11.61 Meuro:

of which

Phare: 5 Meuro

National Fund: 1.65 Meuro

Local co-financing: 4.96 Meuro

Others sources: -

- Has an application been made for assistance from any other public source, or International Financial Institution, for this project or any part of this project?

NO.

Project Title:

Rehabilitation of Snagov Lake

1. The project responds to the following wider objectives:

Project will contribute to:

- ☞ Economical and social development of the area by the rehabilitation of the existing hydrographical system (Snagov Lake) in the central areas of Snagov and Ghermanesti ;
- ☞ Improvement of business environment and development of the economic tissue in the area;
- ☞ **Promoting the region tourism activities** - the area is the major tourist attraction in the county, region, and proximities;
- ☞ Improving the health conditions and living standards for the habitants of the area;
- ☞ **Improving the local and county revenues.**

2. Sector:

- ☞ **Development of business infrastructure**
- ☞ **Improvement the environment**

3. Location:

COUNTRY:	ROMANIA
REGION:	BUCHAREST ILFOV
County:	Ilfov
Locality:	Snagov

4. Correlation with the National Development Plan and Regional Development Plan objectives:

The project meets the objectives of National Development Plan (2000 – 2002):

- ☞ Priority 3 - “Development of regional and local infrastructure”;
- ☞ Priority 5 - “Development of tourism”;
- ☞ Priority 7 - “Development of rural area”;
- ☞ Priority 9 - “Natural environment protection”.

The project meets the objectives of Regional Development Plan (2000 – 2002):

- ☞ Priority 1, Measure 1.2 - “Creation of an attractive business environment”;
- ☞ Priority 3, Measure 3.2 - “Improvement of health conditions in rural area”;
- ☞ Priority 3, Measure 3.4 - “Development and diversification of non-agriculture activities in rural area”;
- ☞ Priority 4, Measure 4.1 – “Water pollution reduction”.

5. Direct Beneficiary and Partnership:

• Beneficiary:

Name:	SNAGOV LOCAL COUNCIL
Address:	LOCAL COUNCIL SNAGOV, Ghermanesti Village, Ilfov
Contact:	Biris Teodor – Snagov mayor

Telephone: 491 06 42; 491 06 53 30
Fax: 491 06 42
Internet E-mail:

- Partners: No.

6. Background and justification of the necessity of the project

Background of the project

Great touristic potential, the area is well known as the regional major touristic attraction.

The Snagov Lake and the area that surround it has a distinct significance from the point of view of the territory fitting out, being at the same time a touristic area, a rural household's area, a resting area, and being important for agriculture and fishery.

The Snagov Lake is also used, thanks to its position, dimensions, as a base for nautical sports and even for international contests. The existing endowment is out-dated and needs further developments.

The neighborhood with the Bucharest, the easy road access makes that this area to have distinct perspectives for a development from all points of view: economic, leisure and to be a real residential area.

Snagov commune with its villages - Tancabesti, Ciofliceni, Vladiceasca, Ghermanesti and Snagov hasn't a proper sewerage system. Only Ghermanesti and Snagov village have water and sewerage system that assures partially the necessary.

Besides that, in these localities there have improper endowments of water and sewerage, which don't fit in the sanitary and environment standards.

Necessity of the project:

- ☞ Development of alternative opportunities for non-agriculture economic activities, by the exploitation of the huge touristic potential;
- ☞ Establishing proper endowments for economic activities development;
- ☞ Assuring proper health and living conditions in the area;
- ☞ Creation of premises for further development of the region through private and public-private direct investments.
- ☞ There has to be given a special attention to the endowment with hydrographical and environment protection endowments in accordance with the actual qualitative requests.

The project is necessary in order to eliminate the present malfunction in sewerage system, as a pre-condition of local business development, and one at a time to create a performing hydrographical system in accordance with the qualitative and quantity requests and to reach a proper comfort standard.

The implementation of this project is urgent giving the actual environmental state of lake Snagov. Being a project for **supporting the small infrastructure for business** it was proposed for PHARE financing (not includable in ISPA or SAMTID financing schemes because the project covers a rural area). It is also synergetic with another project which will be proposed for SAMTID program, having as object improvement of water supplies in the area.

7. Project Description

a. Existing Studies and summary of conclusions:

No.	Item	Summary of conclusions
1.	Technical Feasibility Study	The investment is technically feasible
2.	Economical-financial Feasibility Study	<p>The project is profitable and viable, leading to:</p> <ul style="list-style-type: none">▪ Increase of Ilfov county yearly budget income by Euro 500.000 and local budget income by Euro 200.000 Euro yearly▪ Creating of more than 1000 new job opportunities for the inhabitants in the area▪ Obtaining of direct and indirect socio-economical effects, leading to economic development of this area, reducing of unemployment rate, raising of population life standards <p>Main rates:</p> <ul style="list-style-type: none">□ IRR – 10.6%□ VNP – Euro 1.583.000□ Benefit/Costs Rate – 3.09 %

b. Specific Objectives (Project Purpose)

- to create a proper infrastructure for the development of businesses in the area
- to eliminate the existing malfunction in sewerage system of the touristic area
- to extend this system in the county
- to insure correlation with other future projects in the area

c. General Description

The project propose a hydro-technical structure necessary to human settlements – sewerage, caption, transportation pipes, tanks, pump up stations, disaffection, and cleaning station. In order to preserve the Snagov Lake, for sewerage there is foreseen the taking over of the used waters from all localities through individual networks and the transportation to the cleaning station (Floresti village).

In each village will be set up a sewerage network and pump up station for wasted waters.

The projected capacities are as it follows:

Ghermanesti village: Q= 28,5 l/sec

Snagov Village: Q= 32 l/sec

Tancabesti village: Q= 16,4 l/sec

Ciofliceni village: Q= 13,4 l/sec

Vladiceasca village: Q= 2,9 l/sec.

8. Project Estimated Impact

a. Economic

- ✓ Development of the area by providing tourist services of high quality in accordance with the actual requests. (estimated 50 Billions of Lei/ season/ year)

- ✓ Increase of Ilfov county yearly budget income by Euro 500.000 and local budget income by Euro 200.000 Euro yearly

b. Social

- ✓ Creating of more than 1000 new jobs and reducing of unemployment rate;
- ✓ Improving the health conditions and life standards for the habitants of the area;
- ✓ Reducing the migration of county population towards the capital city.

c. Environment

- ✓ Rehabilitation of the lake, polluted by the used waters.
- ✓ Rehabilitation of the land in vicinity of the lake

9. The Main Activities Timetable and Description

	<i>Start date</i>	<i>Completion date</i>
Feasibility study:	30.01.2002	15.04.2002 (completed)
Economic analysis:	30.02.2002	15.04.2002 (completed)
Financial analysis:	30.02.2002	15.04.2002 (completed)
Environmental impact assessment:	1.04.2002	20.05.2002 (completed)
Design studies:	01.06.2002	31.08.2002
Tender documents:	01.10.2002	05.01.2003
Land acquisition:	-	-
Construction:	1.03.2003	10.12.2004
Operational phase:	1.03.2003	10.12.2004

10. The Estimate Budget

Total Budget: 8.0 Meuro:

of which

Phare: 5 Meuro
National Fund: 1.65 Meuro
Local co-financing: 1.35 Meuro
Others sources: -

- NO application has been made for assistance from any other public source, or International Financial Institution, for this project or any part of this project

Project fiche no. 1 NE (1)

NORTH EAST Development Region

Project Title: Bucovina – Suceava Economic Center

1. The project responds to the following wider objectives:

Project will contribute to:

- Economical and social development of the area by building an Economic Center for business starting and development;
- Improvement of business environment and enhancement of SME' s competitiveness in North East Region;
- Promoting of research and new technologies;
- Reducing the unemployment rate by creating new job opportunities;
- Improvement of the access to Bucovina Economic Center from Suceava-Botosani national road DN2;
- Improving of county and local budgets' financial situation

2. Sector:

Development of business infrastructure

3. Location:

COUNTRY:	ROMANIA
REGION:	NORTH EAST
County:	SUCEAVA
Locality:	Salcea

4. Correlation with the National Development Plan and Regional Development Plan objectives:

The project meets the objectives of National Development Plan (2000 – 2002), priority 3 - "Development of regional and local infrastructure" and North-East Regional Development Plan (2000 – 2002), Priority 1, Measure 1.1 - "Services for business", Measure 1.4. – "Supporting of technological transfer".

5. Direct Beneficiary and Partnership:

- Beneficiary:

Name:	SUCEAVA COUTY COUNCIL
Address:	Stefan cel Mare 38 Street, Suceava - 5800, Suceava County
Contact:	RADU ADRIAN VELEANU – Technical Manager OVIDIU RATA – Consultant, Best Consulting
Telephone:	+40 30 522904, +40 30 212943
Fax:	+40 30 222839
Internet E-mail:	raduv@consiliu.suceava.ro
- Partners: No.

6. Background and justification of the necessity of the project

The project is based on the following premises:

- Stagnation of business environment development, affecting especially the SMEs, demonstrated by the relatively low turnover/employee and value-added/employee figures,

comparing with the national average (190.5 mill. ROL in 1999 comparing with 244.5 mill. ROL national average, respectively 25.9 mill. ROL, comparing with 35.3 mill. ROL);

- High unemployment rate (12.88%);
- Lack of proper sites for economic activities development;
- Lack of proper showing rooms in this area.

These problems were amplified by:

- Old and outdated capacities of utilities networks;
- Big losses of infrastructure exploiting, leading at high utilities operating costs affecting SME' s competitiveness;
- Closing of big enterprises generating high unemployment rate;

To solve these problems it's necessary to improve business environment in North-East Region by:

- Reducing SME' s costs generated by utility systems losses;
- Facilitate access to information, new services and markets;
- Facilitate access to modern utilities;
- Stimulate SME' s competitiveness and creating new job opportunities.

There is no Economic Center in North-East Region offering this kind of services for the start-up and young SMEs and other enterprises, and mainly for the SMEs specialized in wood, furniture and agro-ecological products processing. Building of Bucovina Economic Center will improve the regional business environment.

The Bucovina-Suceava Economic Center project, co-financed by Phare, will be synergistic with a parallel separate project, financing - through a public-private partnership of the County Council with foreign investors - the development of Salcea-Suceava Airport for facilitating the access in Bucovina area of the investors, business partners and foreign tourists.

7. Project Description

a. Existing Studies and summary of conclusions:

No.	Item	Summary of conclusions
1.	Technical Feasibility Study	The investment is technically feasible
2.	Economical-financial Feasibility Study	<p>The project is profitable and viable, leading to:</p> <ul style="list-style-type: none"> ▪ increase of county budget income by Euro 900.000 and local budget income by Euro 175.000 Euro yearly ▪ creating of 1248 new job opportunities ▪ obtaining of direct and indirect socio-economical effects, leading to economic development of this area, reducing of unemployment rate, raising of population life standards <p>Main rates:</p> <ul style="list-style-type: none"> □ IRR – 9.66% □ VNP – Euro 1,451,180 □ Benefit/Costs Rate – 1,93

b. Specific Objectives (Project Purpose)

Project purpose is to build an Economic Center for business starting and development: ***Bucovina-Suceava Economic Center.***

Project's specific objectives are construction of:

1. Business incubator
2. Room for manufacturing activities

3. Show Room Center
4. Improvement of the access to the business area

c. General Description

Bucovina Economic Center is placed in Salcea village, Suceava County, near Salcea Airport. The site is near county road DJ209A, 5 km away from Suceava-Botosani national road DN2, 14 km away from Suceava City.

Bucovina Economic Center's land is situated in Northern Salcea village and in the West side of Salcea Airport. This land, which is Suceava County Council private property, has a total surface of 125 600 sqm and a total value of Euro 44 860. This land will be divided as it follows:

- 75 600 sqm – future Bucovina Center area;
- 50 000 sqm – available land for expanding, concession or renting.

Bucovina Economic Center will have the following buildings:

- one building for offices or company headquarters (Business incubator) with a total surface of 2400 sqm;
- 8 pavilions for manufacturing activities with a total surface of 3840 sqm;
- one building for showing room and research activities with a total surface of 4488 sm.

These buildings will have all utilities at European standards needed for economic activity development: drinking water, sewerage, thermal and electrical energy, telephone, auto access and parking, loading-unloading platforms. The investment works suppose also building of an access road of 700 m, from county road DJ209A.

Bucovina Economic Center will supply room and facilities for:

- ✓ *start-ups and new SME's (Business Incubator);*
- ✓ *development of wood processing and furniture manufacturing (Room for manufacturing);*
- ✓ *development of ecological agro-alimentary products processing (Room for manufacturing);*
- ✓ *extension and diversifying of markets (Showing room);*
- ✓ *development of research activity (Research room);*
- ✓ *conferences, presentations, trainings;*
- ✓ *receptions and public alimentation (activity financed in parallel by the private sector).*

d. Expected results

Building of Bucovina Economic Center will contribute to both increase in county and local budgets income and direct and indirect socio-economical effects leading to economic development of this area, reducing of unemployment rate, raising population life standards.

8. Project Estimated Impact

a. Economic

- ✓ Raising the attractivity of this area for domestic and foreign investors;
- ✓ Improvement of socio-economic environment in North-East Region;
- ✓ Promoting of research and new technologies;
- ✓ Raising county budget's income by Euro 900 000 yearly;
- ✓ Raising local budgets' income by Euro 175 000 yearly;
- ✓ Ensuring the conditions for future development of public and private sector;
- ✓ Raising of land desirability and value from this area;
- ✓ Development of whole region (including neighbor villages).

b. Social

- ✓ Creating of over 1248 new jobs and reducing of unemployment rate by 3,1%;
- ✓ Raising population life standards;
- ✓ Limiting teenager's exodus to other cities.

c. Environment

- ✓ Development of ecological agro-alimentary products processing;
- ✓ Correlation with European standards regarding the investment works.

9. The Main Activities Timetable and Description

	<i>Start date</i>	<i>Completion date</i>
Feasibility study:	15.01.2002	11.03.2002 (completed)
Economic analysis:	15.02.2002	19.03.2002 (completed)
Financial analysis:	15.02.2002	19.03.2002 (completed)
Environmental impact assessment:	1.06.2002	31.07.2002
Design studies:	15.06.2002	31.10.2002
Tender documents:	01.10.2002	20.12.2002
Land acquisition:	-	-
Construction:	1.05.2003	20.12.2004
Operational phase:	1.05.2003	20.12.2004

No earlier phases of the project have already been undertaken.

10. The Estimate Budget

Total Budget: 7.65 Meuro of which:

Phare: 5 Meuro

National Fund (33% from Phare funds): 1.65 Meuro

Local co- financing: 1 Meuro

Others sources: -

- Has an application been made for assistance from any other public source, or International Financial Institution, for this project or any part of this project?

NO.

Project Title:

**REHABILITATION OF THE MONASTERY AGAPIA
TOURIST AREA**

1. The project responds to the following objectives:

- ◆ intensification of the tourist circuit in the area;
 - ◆ conservation of the historical monuments;
 - ◆ development of the tourist information centre;
- preservation of the environment in the touristic area, through the development of the water-supply network sewerage for a durable management of the used waters

2. Sector:

Development of tourism and the infrastructure

3. Location:

COUNTRY: **ROMANIA**
REGION: **NORTH EAST**
County: **NEAMT**
Locality: **Agapia**

4. Correlation with the National Development Plan and Regional Development Plan objectives:

The project meets the objectives of National Development Plan (2000 – 2002), priority 3 - "Development of regional and local infrastructure" and North-East Regional Development Plan (2000 – 2002), Priority 2 – "Physical infrastructure development", Priority 3 – "Tourism development", Measure 3.2 - "Tourism services development", Measure 3.4 – "Tourism promotion" and Measure 3.5. – "Roads infrastructure and adjacent infrastructure development", and Priority 4 – "Rural Development", Measure 4.1. – "SME's Development" and Measure 4.5. – "Rural infrastructure development".

5. Direct Beneficiary and Partnership

- ◆ Beneficiary:
 - Name: LOCAL COUNCIL, AGAPIA commune
 - Address: Neamt County, AGAPIA commune
 - Contact: Gavrilă Ilea, Mayor
 - Telephone: +40-33-244603
- ◆ Partners:
 - Name: AGAPIA MONASTERY
 - Address: Neamt County, AGAPIA commune
 - Contact: Olimpiada Chiriac (the abbess)
 - Telephone: +40-33-244736
 - Fax: +40-33-244736
 - E-mail: mag@decebal.ro

6. Background and justification of the necessity of the project



The history of this monastery starts with the old settlement - Agapia din Deal (Agapia from the hill) - founded, probably, by Petru Rares and his wife Elena, between 1527- 1538 or 1541-1546. The high place, hardly accessible, where Agapia din deal is located, makes that at the beginning of the 17th century all the annexes to be moved on the place that it is today at Agapia din Vale (from the valley). Ruined and again built, burned and remade again, Agapia din Deal became a very charming hermitage. On the place of the church, built at the beginning of the 17th century, hetman Gavril, the brother of Vasile Lupu (Moldavian ruler), and his wife, Liliana, raised at Agapia din Vale, in 1642, the Agapia Monastery.

The monastery has a museum with an important collection of objects having great historical and artistic value such as: icons from XVI-XVII and XVIII centuries or signed by N. Grigorescu (the most famous artist), textures and embroideries, crosses, other religious objects etc. There are also old manuscripts, carpets in Moldavian style made in the monastery workshops.

At the same time, Agapia Monastery along with other Moldavian monasteries (Sucevita, Moldovita, Voronet, etc) and cultural establishments are part of a UNESCO patrimony.

The Agapia Monastery (see pictures above) is a remarkable settlement being surrounded by forested hills of a rare beauty; it is an ensemble of historical monuments made up of 141 houses, the buildings of the enclosure (about 11000 square meters extended area), four churches and household annexes, having an area of over 43 hectares.

Hundreds of thousands of visitors come to Agapia and enjoy the beauty of the place but leave dissatisfied with the lack of modern conveniences. The whole monastic complex should be turned to account (many houses need works of conservation, water supply system equipment and sewerage, toilets but all the monuments need rehabilitation, water evacuation of the cellars, drainage the dampness removing sewerage of the residual waters and creation of an ecological station for their purification).

7. Project Description

a. Existing Studies and summary of conclusions:

- General town planning of Agapia commune (1998-1999) pr. 27/98/99 EDILPROIECT S.A. Piatra Neamt;
- Fitting out plan of the Neamt County territory pr. 14 URBANPROIECT BUCHAREST;
- Technical Feasibility Study, February 2002;
- Economic and Financial analysis, February 2002;
- Technical expert's report concerning the conservation state of the historical monuments 1995-1999.

Conclusions: This is a high tourist potential area, when thousands of tourists may be attracted by the cultural values and the historical, artistic and architectural patrimony but there is a discontent caused by the lack of conservation of some monuments, and also by the lack of modern conveniences and the necessity of water-supply system, hygienic consume and ecological evacuation, all these keep an itinerant tourism and less a resting one, even if partially there have been executed works for feed-pipe from the Tg. Neamt-Baltatesti pipeline achieving the water-supply of the houses but the accommodation space for tourists are not workable failing the supply-water instalments and the station for the residual waters purification.

Also the lack of a special space for visitors equipped with cultural facilities (video and audiocassettes, books, leaflets, tourist maps), toilets, chemist's shop, an aid-post, which could be a tourist information centre in the area, prevents the tourist circuit development.

The absence of the sewerage system and the station for the water purification causes the pollution of the water sources from the ground-water layer and the river Agapia. This project focuses on the elimination of these important difficulties and the rehabilitation of the Agapia Monastery tourist area and turning to account of this patrimony area through infrastructure works (priority provisions in the regional development programmes).

b. Specific objectives (project purpose):

This project aims to the rehabilitation of the Agapia Monastery village area through the achievement of a durable management system of the residual waters (water-supply network development sewerage and ecological station for the water purification) together with a collection and drainage system of the area infiltrated waters and works of preservation of the historical monuments and turning to account of the tourist area potential.

c. General description

The purposed project is meant to assure the rehabilitation of the Agapia Monastery tourist area turning to good account the tourist potential offered by the inestimable patrimony values found in the historical site of the monastic village with the four churches, the buildings for the enclosure associated to a specific habitat.

The main components of the rehabilitation are:

1. The ensemble rehabilitation of the tourist area and preservation of the historical and cultural heritage:
 - ◆ rehabilitation of each historical monument house (the foundations and ground consolidation, walls and roofs restorations, providing the modern conveniences through water supply introduction and sewerage, equipment with toilets;
 - ◆ rehabilitation of the monastic village streets and alleys;
2. Development of a tourist information centre by the construction of a space for visitors equipped with a cultural products shop, audio-video cassettes, books, tourist leaflets, maps, guide-books, tourist services (information, guides), a sale stall for the monastic handiwork, toilets, aid post, chemist's shop.
3. The ecological rehabilitation through:
 - .. the development of the water- supply network
 - .. execution of domestic sewerage network;
 - ◆ achievement of a durable management system of the residual waters by the construction of an ecological station for the residual water purification together with a system of collection and drainage of the area waters.

d. Expected results

- increased number of the foreign visitors and longer stay periods;
- rehabilitation and conservation of the historical monuments;
- decrease of the negative ecological of the tourism activity impact on the Agapia area and the protected areas;
- income increase from the tourist activities meant to cover same charitable actions (aged-people homes, monuments maintenance).
- getting new employment places;

8. Project Estimated Impact

a. Economic

- increase by 100% of the number of tourists and of the income from the tourism activity;
- development of the international tourism and of the cultural exchanges through the complex rehabilitation of Agapia Monastery area;
- development of an intense tourist information and of some tourist activities and services specific to this area and to the inestimable cultural values;
- increased quality of the tourism services and facilities;
- reduction of the monument maintenance costs after their conservation;

b. Social

- getting new employment places;
- achievement of sanitary conveniences in Agapia Monastery area and consequently health improvement of the local population;

c. Environment

- elimination of the pollution of the ground-water layer and insurance of water sources protection;
- improvement of the drinking water quality, increase of ground stability, of the aquatic ecosystems of the area waters found under the project incidence;

-turning into account of the beauty offered by the natural environment, through the elimination and prevention of the negative impact caused by the lack of water ecological management system and due to the lack of the conservation of historical monuments and protected areas.

9. The Main Activities Timetable and Description

	Start date (*)	Completion date (*)
Feasibility study:	August 2001	February 2002 (completed)
Economic analysis:	January 2002	February 2002 (completed)
Financial analysis:	January 2002	February 2002 (completed)
Environment impact assessment:	March 2002	May 2002 (completed)
Design studies:	April 2001	October 2002
Tender documents:	October 2002	February 2003
Land acquisitions:	Not necessary	Not necessary
Construction:	March 2003	March 2005
Operational phase:	April 2005	April 2006

(*) The terms are changed function of the approval date of project.

10. The Estimate Budget

Total Budget: 4,5 Meuro of which:
 Phare 3 Meuro
 National Fund (33% from)-1 Meuro:
 Local co-financing 0,5 Meuro
 Others sources: ---

Has an application been made for assistance from any other public source, or International Financial Institution, for this project or any part of this project?

No.

PROJECT FICHE NO. 3 NE (3)

NORTH – EST DEVELOPMENT REGION

1. PROJECT TILTLE:

BUSINESS INFRASTRUCTURE DEVELOPMENT OF IASI AIRPORT

PROJECT'S OBJECTIVE

The general objective of this project consists in economic and social development of business community of the entire county due to **the building of a cargo bay on Iasi Airport**, accelerating the rotation of overall input of the existing firms, with immediate effects over global productivity within the covered area.

2. SECTOR:

Local and regional infrastructure.

3. LOCATION:

Iasi Airport, City of Iasi, Iasi County, North-East Development Region.

4. CORRELATION WITH THE NATIONAL DEVELOPMENT PLAN AND REGIONAL DEVELOPMENT PLAN OBJECTIVES:

The project's objectives are correlated with the Priority 3 "Development of regional and local infrastructure" from National Development Plan established for 2000 – 2002 and with the Priority 1, Measure 1.1 "Services for business" of North East Regional Development Plan (2000 – 2002) .

5. DIRECT BENEFICIARY AND PARTNERSHIP:

Beneficiary :

- Name : Iasi County Council
- Adress : Stefan cel Mare si Sfânt Bd. no.69 Iasi
- Contact : eng. Lucian Flaiser
- Phone/Fax : 032-210330/210336
- Email : economic@icc.ro

Partner :

- Iasi International Airport
- Adress : Moara de Vânt Street, no 34, Iasi, code 6600, PoBox 55, PO 1 Iasi
- Telephone 032/271570

6. BACKGROUND AND JUSTIFICATION OF THE NECESSITY OF THE PROJECT:

From the economical-social status evaluation of Iasi City and County and from the analysis of the possible evolvement of the studied zone, resulted as a top priority " The Bussines Infrastucture Development of Iasi Airport "

1. Justification of the projects necessity

- Iasi County Economy is diverse, the main branch represented by manufactures.
- Iasi Airport is the interface between the international commerce flows and the local economy.

- Once the integration process within the UE structures is over, Iasi Airport would be the most eastern airport of these institutions which means that it would function as a connection between the UE and ISC in the domain of cargo and passenger exchange.
- UE traffic will increase up to 318 % in the following 6 years compared with the previous 6 years. The ISC traffic is also to increase with almost 200 % in the following period and Romania is situated in the middle of these growths.
- There are only several others airport cargo bays concentrated in the southern and western part of Romania, at Otopeni, Constanta, Arad and Timisoara.
- Cargo transports (trucks + railways) in Iasi County are over 200,000 USD per month, which expresses the real need of the local economy for fast processing of inputs and shipping the outputs for both internal and external market.
- The cargo transport are expected to significantly increase after the completion of Iasi Technopolis Industrial Park construction, co-financed by the ESC Phare 2000 Programme;
- Foreign investments in this area are increasing, which means will grow the need for fast cargo transport.
- The Iasi airport is deserving also other two eastern counties (Botosani and Vaslui), confronted with significant development problems and included in the target areas identified in National Development Plan and Phare 2001 Financing Memorandum;
- There are forwarding firms in the area, like Romtrans, UPS, TNT, DHL with already famous results and successes.
- With an appropriate training, the airport personnel can cover the labour need of this objective, generating in the same time 30 new direct jobs.

2. The necessity of building a cargo bay on Iasi International Airport.

The production processes are already slowed down by the inappropriate receiving and shipping flows for the primary inputs and the final products respectively. The increase of the investment stimulated through the support of the ESC Phare programmes (2000, 2001, 2002) will lead to serious goods flows congestion.

The cooperation with the cargo bay of the interested firms will significantly reduce the awaiting times within the contracts performing, will accelerate the production process trading and services, stimulating the overall economic activity leading to a more rational use of the scarce resources and will increase employment ratio.

This creates the basis of the economic activity growth, stimulation of investments and therefore of the regional development.

Existing conditions for building the airport cargo bay:

- the airport runway allows the receiving of up to 52 tones aircrafts.
- radio-navigation equipments installed here facilitate the traffic under low weather conditions.
- the available terrain surface it's at least of 3 ha, owned by the Iasi Airport, which is a Iasi County Council public company.
- utility supply network already exists on the Airport territory.
- the access road to/from city already exists but needs to be upgraded for heavy traffic.

7. PROJECT DESCRIPTION:

a) Existing studies and summary of conclusions:

The feasibility study and the technical documentation shall be performed according to the Timetable Pt.9, from distinctive sources.

According to the existing pre-feasibility study there are the following phases:

- road access consolidation for heavy traffic.
- extension of the apron for aircraft manoeuvres and parking.
- cargo terminal building, where are included : storage and handling surfaces for loads with a minimal capacity of 300 tonnes, functional-administrative rooms, incinerator, freezing rooms for perishable consignments, fito-sanitarium space, quality control and certification, ramp for loading and off-loading the trucks, parking lot. For this building there is also

provided the necessary facilities for handling, like: computer systems, elevating platforms for containers, frontal loaders, conveyer transporters for loading and off-loading, ULD trunks.

b) Specific Objectives (Project Purpose)

Due to the implementation of this project the following objectives will be accomplished:

- airport technical facilities for handling and loads processing increases labour productivity, reducing the time for aircraft awaiting time, and therefore of the operating costs and also the delivery of the consignment in maximum 5 hours to any client situated on the territory of the North-East Development Region.
- the storage facility ensures the possibility of local trading.
- the possibility of receiving more aircrafts as a basis for airport traffic increasing.
- extension and consolidation of the road access from Airport to/from the city, adequate both to passenger and cargo traffic, building up a permanent connection with the city centre due to the public transport.

c) General Description

From the local economy evaluation and operational problems analysis with which the local firms face, resulted as a top priority “ Bussines Infrastructure Development from Iasi Airport” through:

1. Cargo terminal building and providing the necessary logistics.
2. Aircraft apron extension.
3. Access Infrastructure Development.

1. Cargo terminal building and providing the necessary logistics.

The achievement of this objective requires a building from metal structure and concrete, with a storage capacity of at least 300 m, with semi-automatic shells for loads handling, rooms for functional-operational and administrative purposes, security and custom check rooms and others.

In the same time the necessary logistics and equipments for handling operations will be provided for the purpose of fast loading/off-loading process, for the overall objective of these operations is to deliver in maximum 5 hours any consignment to any client within the North-East Development Region.

2. Aircraft apron extension.

The existing apron from Iasi Airport allows the manoeuvres of maximum 4 aircrafts ATR 42 model, configured especially for packs transport. More, the actual design of the manoeuvre surface allows exclusively operation of the passenger terminal.

Traffic cargo requires operations with aircrafts like AN 24, 26, and 32, YAK 42, or HERCULES C 115 which are larger aircrafts and therefore need larger surface for manoeuvres but, maybe the most important matter, no intersection points with passenger flows due to security reasons. Thus, apron extension is meant to double the actual size, and is to be done through: elevating the construction area continuing the existing apron, works for the carrying foundation, coverage with high resistant asphalt.

3. Access Infrastructure Development.

These works are imposed by the necessity of supporting a road heavier traffic considering the airport activity development.

These are to be done through a partial re-designing of the road, consolidation of the carrying foundation, enlargement for four lanes, water collect facilities.

d) Expected Results

1. Creation of a modern and adapted business infrastructure for the future.
2. Superior use of the industrial potential from Iasi County and North-East Development Region.
3. Business development in this region with national benefits.
4. The possibility for the local industry to enter the international exchange flows through a modern, fast, easy to use and sure transport technology.

8. PROJECT ESTIMATED IMPACT:

a) Economic

On short run, implementation of this project leads to local firms competitions, typical to healthy market economy, because:

- the ability of reducing production cycle times will generate a higher productivity which transforms in differential advantages.
- productivity higher ratio generates scale savings generating the possibility of capital improvements which transforms in strengths for the market competition.
- the evolution of the firms engaged in this competition will seek the intensive development.

On long run :

- commercial activity will increase at mezzo-economic level.
- the global productivity ratio will increase therefore attracting more investors in the area.
- local budget incomes will increase with 20 billions lei, generating new finance resources.

b) Social

There are at least 1200 firms benefiting from implementation of this project in Iasi County. Economic activity increasing will generate an unemployment ratio decreasing with at least 5 %, also the overall qualification skills of labour hand will improve.

Improved rentability of economical branches will generate a higher level of life.

c) Environment

Air transport is not toxic emission factor and this is the most important reason why it has been chosen as solution for the future by most of countries worldwide.

Noise pollution in this case is negligible due to the noise reduction measures taken on Iasi Airport and also due to the 8 km woods surrounded distance from the city.

9. THE MAIN ACTIVITIES TIMETABLE AND DESCRIPTION:

	Start Date	Completion Date
Feasibility Studies	15.09.2001	15.04.2002 (completed)
Economic analysis	15.02.2002	15.04.2002 (completed)
Financial analysis	15.03.2002	01.04.2002 (completed)
Environmental impact assessment	15.09.2001	15.06.2002
Design studies	15.02.2002	15.11.2002
Tender Documents	15.06.2002	15.12.2002
Land acquisitions	Not necessary	Not necessary
Construction	15.01.2003	15.06.2004
Operational Phase	25.06.2004	

10. THE ESTIMATED BUDGET:

Total Budget:

7.676.837 Euro, of which:

Phare	5.000.000 Euro
National Fund	1.666.666 Euro
Local co-financing	1.010.171 Euro

Project Title: TUTOVA-BÂRLAD BUSINESS CENTRE AND INCUBATOR

1. The project responds to the following wider objectives:

- 1) Realising a business centre, which is absolutely necessary for business setting up and developing;
- 2) Economic re-launching of the business environment from one of the poorest area of the **North - East Development Region**;
- 3) Increasing in SME' s competitiveness through facile access to modern utilities and services, decreasing the present expenditures with the utilities;
- 4) Improvement of the local budget financial situation.
- 5) Decreasing the unemployment rate through new jobs opportunities

2. Sector:

Development of business infrastructure

3. Location:

Country:	ROMANIA
Region:	NORTH - EAST
County:	Vaslui
City:	Bârlad

4. Correlation with the National Development Plan and Regional Development Plan objectives:

The project "Tutova- Bârlad Business Centre" responds to the Priority 3 - "Development of regional and local infrastructure" from National Development Plan established for 2000 – 2002 and to the Priority 1, Measure 1.1 "Services for business" of North East Regional Development Plan (2000 – 2002).

5. Direct Beneficiary and Partnership

- Beneficiary:

Name:	BÂRLAD CITY HALL
Address:	1 Decembrie street, no 21, 6400 Bârlad, Vaslui County
Contact:	IOAN JUVERDEANU–Mayor ANGELA TODERITA–Chief of Development Forecast Department OVIDIU RATA – Consultant- Best Consulting
Telephone:	+40 (0)35 411760, +40 (0)35 412163, +40 093 358670
Telex/Fax:	+40 (0)35 416867
E-mail:	pbarlad@spectral.ro , vrata@xnet.ro
- Partners: -

6. Background and justification of the necessity of the project

The premises of the project are as follows:

- **Decline of the business environment;**
- **Very high unemployment rate (over 20%);**

- **Lack of adequate spaces for developing some productive activities;**
- **Lack of show rooms in the city and county.**

The causes that have contributed to these problems are as the following:

- Outdated capacities of the utilities systems;
- High losses for the infrastructure exploitation;
- High maintaining costs which determinate high expenses with the utilities for SME' s;
- Liquidation or reorganization of the enterprises that lead to high mass dismissal;

Barlad city was identified in the National Development Plan and in the Phare 2001 Financing Memorandum as a target area, affected by the industrial restructuring, but with relevant development potential. Moreover, Vaslui county is one of two most poorer counties from Romania.

Solving of these major problems suppose the economic re-launching of Bârlad City and North-East Region. To get this, it's necessary to improve the business environment through the following:

- Reducing the supplementary expenses of SME' s, generated by the utilities systems losses;
- Assurance an easier access to information concerning new services and markets;
- Assurance the consumers access to modern utilities;
- Developing of SME' s competitiveness through these measures and also new jobs opportunities.

At present, there isn't any business centre in eastern area of the North-East Development Region - the poorest sub-region of the development region - in order to supply those services to SME' s.

A major direct effect of Tutova Business Centre setting up will be improvement of region's business environment.

7. Project Description

a. Existing Studies and summary of conclusions:

No	Name	Summary of conclusions
1.	Technical Feasibility Study	The investment is technically feasible
2.	Economic and Financial Feasibility Study	The project is financially profitable and economically viable leading to: <ul style="list-style-type: none"> ▪ Increasing the local budget receipts with 500.000 Euro annual ▪ Producing over 800 new jobs ▪ Obtaining direct and indirect social and economic effects destined to lead to the economic re-launching of the area, unemployment rate decrease and improving the people life standard
3.	Economic analysis	Benefit/cost rate – 2.35
4.	Financial analysis	Reference indicators: <ul style="list-style-type: none"> □ IRR – 10.35 □ VNP – 1,259,830 Euro

b. Specific Objectives (Project Purpose)

Project goal is the realisation of an area favourable to business initiation and development:
Business Centre Tutova – Bârlad.

In order to achieve this goal the investment presumes the realisation of the following **precise objectives**:

1. **Expositional centre and business incubator;**
2. **Spaces for production activities.**

c. General Description

Tutova Business Centre will be situated in the **North-East Development Region**.

Emplacement site of Tutova Business Centre is situated in the industrial area of Bârlad City, in the proximity of the Bearing Factory (S.C. Kombassan S.A.) and Bârlad Hothouses. The land is in the private property of Bârlad Local Council and has an area of 1.150.000 sqm. The land will be structured as follows:

- 100.000 sqm for the future area of Tutova Business Centre worthing 250 000 Euro;
- 1.050.000 sqm vacant land for extension, granting or hiring.

Business Centre Tutova – Bârlad implies the realisation of the following buildings:

- Central Pavilion – a building with a serviceable area of 2358 sqm for:
 - ✓ Expositional areas;
 - ✓ Office areas and firm headquarters;
 - ✓ Conference halls, presentation, training.
- 6 pavilions for production activities with a serviceable area of 2520 sqm.

The buildings will be equipped with utilities on European standards indispensable for economic development: natural gas, water-sewerage, electric energy, telephone, automobile access and parking, loading-unloading platforms. An access road of 400 m and connections to natural gas, water, sewerage electric energy and telephone networks will be realised.

In present exists an increased interest for expositional and production activities areas. The most advanced industrial branches in Vaslui County are:

- **Machines production;**
- **Textile, ready made clothes, shoes;**
- **Food industry.**

Business Centre Tutova – Bârlad will offer spaces and facilities for:

- ✓ **Start-ups and young SME' s (Business Incubator);**
- ✓ **Foreign investors;**
- ✓ **Local co-operative societies famous for workmanship activities (production areas and expositional areas);**
- ✓ **Development of machines production, textile and food industries (production areas);**
- ✓ **Development of agro-alimentary ecologic processing (production areas);**
- ✓ **Promoting the wine production (expositional areas);**
- ✓ **Extension and diversification of commodity market (expositional areas);**
- ✓ **Conferences, presentations, trainings;**
- ✓ **Festive dinners and public alimentation (activity financed in parallel by the private sector).**

At present Vaslui County has a high unemployment rate, which represents over 20% of the total active population. The project will produce over 800 new jobs (50% for unemployed workers and 15% for young graduates) and the local budget receipts will increase

d. Expected results

The investments proposed in the project "Business Centre Tutova – Bârlad" will lead to the increase of the local budget receipts and the obtaining of direct and indirect social and economic effects destined to lead to the economic re-launching of the area, unemployment rate decrease and improving the people life standard.

8. Project Estimated Impact

a. Economic

- ✓ Increase of region attractively for domestic and foreign investors;
- ✓ Improvement of **North-East Region** socio-economic environment;
- ✓ Stimulating of SME' s development from the region;
- ✓ Economic re-launching of the city and improvement of the business environment;
- ✓ Promoting high technologies in viticulture and workmanship activities;
- ✓ Activating workmanship production;
- ✓ Promoting ecological agro-alimentary products and viticulture;
- ✓ Increasing in local budget collections by over Euro 500,000 yearly;
- ✓ Assuring necessary conditions for development of public and private sector;
- ✓ Enhancement of desirability and territories values;
- ✓ Re-developing of the entire region (of those neighbouring communes).

b. Social

- ✓ Creating over 800 new jobs and reducing in the unemployment rate by 10%;
- ✓ Improvement of population life standard;
- ✓ Limitation of the teenagers' exodus to other cities.

c. Environment

- ✓ Development of ecological agro-alimentary products processing through renting production spaces;
- ✓ Updating with European standards about the reached investments.

The investment won't have a negative environment impact.

The necessary measures in order to mitigate the negative environment impact were preliminary identified in the Feasibility Study, and they will be mainly organizational ones:

- Storage of the raw material and auxiliary materials in the constructor deposits;
- Maintaining the site in perfectly cleanliness;
- Transport of the wastes to the city bunkers in order to avoid their transportation by the atmospheric waters.

9. The Main Activities Timetable and Description

	Start date	Completion date
Technical feasibility study:	20/02/2002	25/03/2002(completed)
Economic and financial feasibility study	1/03/2002	25/03/2002(completed)
Economic analysis:	1/03/2002	25/03/2002(completed)
Financial analysis:	15/02/2002	25/03/2002(completed)
Environmental impact assessment:	1/05/2002	15/06/2002
Design studies:	15/06/2002	30/10/2002
Tender documents:	01/10/2002	20/12/2002
Land acquisition:	-	-
Construction:	1/09/2003	30/04/2005
Operational phase:	01/05/2005	-

No earlier phases of the project have already been undertaken.

10. The Estimate Budget

Total Budget: 4,985.2 Meuro of which:

Phare: 3,210 Meuro

National Fund (33% from Phare funds): 1,070 Meuro

Local co- financing: 0.705 Meuro

Others sources: No

- Has an application been made for assistance from any other public source, or International Financial Institution, for this project or any part of this project?

No.

PROJECT FICHE no. 5 NE (5)

North-East Development Region

PROJECT TITLE:

“Business Incubator for SME’s in the Municipality of Botosani”

1. The project responds to the following wider objectives:

- Economical and social development of the area by realising a business incubator for SME's, which is absolutely necessary for business setting up and developing;
- Small and middle-sized companies' development;
- Creating connections between the technological and entrepreneurial potential;
- Reducing the unemployment rate by creating new job opportunities;
- The unemployed workers' awareness about the market economy mechanisms.

2. Sector:

Development of business infrastructure

3. Location:

Country:	ROMANIA
Region:	NORTH - EAST
County:	Botosani
City:	Botosani

There were selected two buildings, which are municipality propriety.

4. Correlation with the National Development Plan and Regional Development Plan objectives:

The project “ Business Incubator for SME's in the Municipality of Botosani” responds to the Priority 3 - “Development of regional and local infrastructure” from National Development Plan established for 2000 – 2002 and to the Priority 1, Measure 1.1 “Services for business” of North East Regional Development Plan (2000 – 2002).

5. Direct Beneficiary and Partnership:

- Beneficiary:

Name:	Botosani Local Council
Address:	Botosani Municipality, Romania
Contact:	Egner Florin Simion, Mayor
Telephone:	+40 31 511712, +40 31 511825
Fax:	+40 31 531595
Internet E-mail:	egner@petar.ro
- Partners: No.

6. Background and justification of the necessity of the project

The Municipality of Botosani is located in the north-eastern area of Romania, close to the Moldavian and Ukraine border. The city is situated on the cross-border transport corridor opened by the rehabilitation of Radauti Prut – Lipcani Bridge, co-financed by the ESC Phare 2000 programme.

The Municipality is connected to the rail-network, through the railway connecting with Veresti junction. Its total population is about 129,000 inhabitants, the municipality ranking among the first 25 human settlements in the country. The total active working population is about 64,000 persons.

Botosani city was identified in the National Development Plan and in the Phare 2001 Financing Memorandum as a target area, affected by the industrial restructuring, but with relevant development potential. Moreover, Botosani county is one of two most poorer counties from Romania.

Depending on the activity domains, 41,5 % from the employed population belongs to ready-made-clothes, knitwear and textiles industry, 27 % of population works within the budgetary sector, 19 % in other industrial branches, 10% within the trade and services performance sector, 2,5% in farming domain (agriculture).

Activity domains		
No.		% from total turnover
	TOTAL Buildings and civil engineering constructions –	12.28
	TOTAL Meat producing, processing and preserving, therein:	8.93
	TOTAL Other electrical apparatuses, equipment and materials –	7.85
	TOTAL Gases producing and distribution (excluding the natural gas and the associated gases extraction)	4.66
	TOTAL Instrumentation production (equipment for measurement, adjustment and controlling the industrial processes) –	4.42
	TOTAL Animals breeding –	4.19
	TOTAL Dairy produce achieving –	4.14
	TOTAL Drinks (refreshments) production –	3.92
	TOTAL Other activities and services –	3.36
	TOTAL Other metal processed objects producing	3.15
	TOTAL Installation and insulation works –	3.00
	TOTAL Plastic material items production –	2.64
	TOTAL Other land transports –	2.32
	TOTAL The auto-vehicles maintenance and repair –	2.18
	TOTAL Furniture production –	1.86
	TOTAL Wood raw processing and permeation –	1.85
	TOTAL Textile ready- made items producing (except clothes and under-linen)-therein:	1.84
	TOTAL Other food products producing –:	1.77
	TOTAL Other fabrics and textile material –	1.73
	TOTAL – Mill products, starch and starch products producing –	1.50
	TOTAL Leather clothes and made of leather substitutes (except fur coats) –	1.48
	TOTAL Glassware and glassware items producing –	1.18
	TOTAL Other activities of services, performed especially for companies –	1.12

The main characteristic of industry is the aggravating crisis situation, on the background of the continuously declining of production, of the restructuring and even the liquidation of economic agencies

The “horizontal” industry doesn’t work in the local economy, only in a small measure, and the export is realized mainly by the utilization of qualified labour force, as it is the case in Botosani the industry of clothes manufacturing industry, which produces in the ‘lohn’ system.

The situation of evolution of SMEs sector is presented in the below table:

Year		LS	JSS	SP	FA	PP
1997	From which:	3275	178	270	119	124
	- micro-enterprises	2022	54			
	- small enterprises	157	16			
	- medium enterprises	29	38			
	No. of societies which didn't submit balance sheet	1065	64	148		
1998	From which:	3541	194	270	466	622
	- micro-enterprises	2920	51	101		
	- small enterprises	304	20	2		
	- medium enterprises	70	38	-		
	No. of societies which didn't submit balance sheet	243	48	167		
1999	From which:	3730	226	270	230	492
	- micro-enterprises	2131	63	94		
	- small enterprises	163	29	1		
	- medium enterprises	29	41	-		
	No. of societies which didn't submit balance sheet	1405	79	175		
2000		3878	244	270	63	365

LS – Limited Society, JSS – Joint-Stock Society, SP – Sleeping Partnership, FA–Family Association
PP – Physical Person

From the data obtained at the Commerce Register, County Employment Office and also from the existing data of Municipality Botosani City Hall results:

- a slight evolution in the setting up of small and medium enterprises;
- after the setting up a significant percentage of firms (20 % - 30%) did not submit balance sheet, and usually had no activity in the previous year;

The population employed in the private sector is of 19,754 employees from the total of 33,058, representing a share of 60%.

The unemployment rate reached in August 2001 was of 19,8 %, therein 46,2% women and 54,8% men.

The existing human resources are medium or high qualified, so adaptable to new opportunities. But the beginning of a new business is difficult because of following aspects:

- financial resources are limited and there must be managed very careful, what means expert's advice.
- the difficult access to the expert's advice in legal aspects and business management.
- insufficient available sites endowed with the necessary utilities.

As follows, there is a stringent necessity to create an adequate infrastructure facilitating the SMEs access to the training, information and advice services, highly visible and accessible as price for the new established SMEs. Moreover, in order to polarize the efforts of other institution and organizations in territory, it is preferably to group all this facilities, creating crystallization - points to develop competitive business and train the owners at the same time.

The purpose of the Business Incubator establishment is that of:

- supporting the creation, the start up and development, at the local level, of small and middle sized private companies;
- stimulating the innovative processes within the private business domain;
- the formation, education and development of entrepreneurial character and of the positive attitudes against the private sector;
- the social dialogue development stimulating, at local level, in order to create an open communicational culture, providing the appropriate information exchange for the private sector development and the social protection.

7. Project description:

- a) The project general aim is to accelerate the private sector local development, simultaneously with the unemployment decrease;
- b) Specific aims:
 - generating new jobs by establishing new business and facilitating the various categories access to these jobs recently created;
 - the feasible ideas transfer providing within the companies (business);
 - facilitating the practical appliance of the scientific research results;
 - stimulating the entrepreneurial character – the incubators being the appropriate place for assessing, launching and practical applying the entrepreneurial ideas, promoting the new companies birth and development, highlighting as company innovative character, organisation and culture.
- c) General description:

Designed as an active measure of fighting against the unemployment, the business incubator is a partnership structure, consequently encouraging the new business creation and development, offering:

- consultancy;
- training
- the access to office, training, communication and presentation spaces with an accessible rent;
- financial assistance for SMEs.

Target Group:

- local and foreign investors, entrepreneurs envisaging to start-up or develop a business;
- local consultancy companies and individual experts;
- young students, unemployed persons, craftsmen, employees bearing the reorganisation-restructuring process from within the great companies.

The business incubator will be a unitary structure joining public entities (Town–Hall, Local Council), private entities (the SME' s association) etc. Through its mission, it must be deemed as joiner of ideas, energies and purposes, aiming to develop, at the local level, viable companies, able to create themselves reliable jobs. During the operational phase of the project, the SMEs development will be supported through two approaches, differentiated according to the maturity of the business initiative:

- **The stage of the entrepreneurial project defining and checking** will precede the incubation and will be destined to the entrepreneurial idea feasibility checking concerning the economical and technical respects and the occupational impact. A fundamental element within this stage will be represented by the entrepreneurial guidance and stimulating courses, organised by the Association, also involving some external speciality consultants' co-operation.
- Within **the incubation stage**, the entrepreneur will find the complementary professional competencies, the dwelling spaces and the other facilities, which will decrease his investment needs. Once entered within the incubator, the company will benefit of the logistic and financial support and of the consultancy services for professional promoting and training.

The “Business Incubator for SME’s in the Municipality of Botosani” infrastructure project implies the rehabilitation of two groups of buildings, that will be fitted out for the consultancy/advise activity and respectively for the production and services provision of the incubated SMEs.

The buildings were selected because of their facilities:

- The first one is situated in the commercial centre, near by offices of commercial representation or providers of communication and financial services, and of a large parking.
- The second is near by industrial area, and because of facile access to specific utilities, it will be used for spaces for production and services.

In order to achieve the objectives proposed, the business incubator should achieve a fertile environment for the private initiatives, using:

- the logistic infrastructure comprising : basic services (phone service, fax, mail box, Xerox, typing / text processing, mail, salaries wages recording, a hall intended for meetings/ courses / worker's cafeteria;

- specialised services: business plans developing; budgetary control ; marketing assistance ; legal aid (assistance) concerning the legislative issues ; centralised accounting services; research in view of partners finding out; financial support services ; research in view of data base getting ; library ; making acquaintance, through the mass-media means, of the existing crediting opportunities; consultancy services; training services for the potential entrepreneurs and labour force qualification improvement, training services concerning the skills development within the fields as management, marketing ; the development of other services , for which the request within the local business environment, are already existing in order to support and provide the private sector development, by creating new jobs.
- Facilitation of the access to the information concerning funding processes, warranties;
- The system of contacts and relationships established with the other incubators, within the private and state companies sector and with the institutional infrastructure.

d) Results expected:

- creating the appropriate framework for development of the existing SME' s and setting up new ones;
- facilitating access of SME' s at the business and industrial infrastructure ;
- increasing of SME' s competitiveness
- SME' s increasing access to broader business services;
- easing access of SME' s at informational society;
- diversifying the types of activities existent: new services, certain old professions revival (skilled trades)
- creating a new attitude concerning the option of becoming entrepreneur;
- the project self-financing ability achieving, for its further performance after the funding ceasing
- number of new established companies (SME's) and number of jobs;
- generating the value-added;

8. Project Estimated Impact:

- a. The economic respect: The investments involvement, the turnover increase, the enhancement of economic-financial state for the economic agents existing within the territory, business guidance to the top technology fields .
- b. The social respect: the decrease of the assisted persons' number, creating better-remunerated jobs.
- d. The environmental respect: the business environment guidance to the un-polluting applications, environment and the natural resources preserving.

9. The Main Activities Timetable and Description:

- Developing a new market study including information about:
 - Socio-economic environment
 - services defining: economic agents' incubation;
 - the local market request analysis: there are a lot of economic agents needing economic and financial advices for a business start up ;
 - the competitor's analysis: until now, there are not competitors on the local market.
- Developing the Marketing strategies:
 - price policy – price levels decreased under the market prices level will be applied, in order to encourage the economic agents in carrying out their business, in the circumstances complete services are offered, beginning with the advice concerning the business commencement, up to the economical, financial and legal assistance, during the business progress.
- The development of the Environmental Impact Study, for minimising the harmful effects over the various economic activities incubated.
- Design Studies: will refer to the fitting out of the appropriate building and of the endowment with the utilities necessary for the economic agents' activity performance.
- Project implementation (buildings rehabilitation and fitting out).

	Commencement Date	Completion Date
Feasibility Study	April 2002	June 2002
Marketing Strategies	June 2002	September 2002
The environmental impact appraisal	August 2002	September 2002
Design Studies	August 2002	December 2002

Tender Documents	-	-
Land purchasing	Not necessary	Not necessary
Construction stage	September 2003	April 2005
Operational Stage	May 2005	

10. The Estimate Budget

Total Budget:

Phare:

National Fund (33% from Phare funds):

Local co- financing:

Others sources: -

3.25 Meuro of which:

2.25 Meuro

0.75 Meuro

0.50 Meuro

No application from other public sources or international financial institution has been made.

PROJECT FICHE no. 1 NW (16)

North - West Development Region

PROJECT TITLE

DEVELOPMENT OF THE TOURIST AREAS LUNA SES –BORSA

1) The project responds to the following wider objectives:

The project has in view the achievement of the following wider objectives:

- ☐ Development of the infrastructure support for the tourist activities
- ☐ Creation of an appropriate environment for optimal utilization of the local resources;
- ☐ Increasing the incomes per inhabitant through the capitalisation of tourism and entertaining potential;
- ☐ Sustaining the activities of promoting the different forms of high standard tourism, based on the capitalisation of the regional potential
- ☐ Stimulation of equilibrated development, revitalisation of some areas marked by deep economic and social changes

2) Sector: Tourism

3) Location: (country, region, county, locality): Romania, North -West development region, Satu Mare county, Negresti Oas Town and Maramures county, Borsa Town

The project will be developed on two sites:

- **Site I** – North-West region of the national territory, in Satu Mare County, on the administrative territory of Negresti Oas.
- **Site II** – North-East region of the national territory, in Maramures County, on the administrative territory of Borsa.

This location is defined through some very favourable elements both in the geography of the counties and the North-West Region of Romania, and in the national and European context. Satu Mare County and Maramures County have an exceptional position on Europe map; on a surface of 200 km there are the borders of five countries: Hungary, Slovakia, Poland, Ukraine and Romania. The two counties have direct borders with Hungary and Ukraine and cross-border and control points on traffic routes at Petea, respectively Halmeu and Sighetu Marmatiei (in future), and on railway at Berveni, respectively Halmeu and Sighetu Marmatiei.

4) Correlation with the National Development Plan and Regional Development Plan objectives

Correlation with the National Development Plan objectives

According with the National Development Plan for 2002 – 2005, the project fulfils the following objectives:

Axis I Development of the productive sector and the connected services, enhancement of the competitiveness of the economic activities and promotion of the private sector

1. Main objectives and measures:

- Tourism development – investments in the public sector
 - Investments in the tourist infrastructure and sites famous as attraction points for tourists, for example investments for:
 - creation or development of the infrastructure for the access to the tourist areas, with emphasis the improvement of the infrastructure for the access to the mountain areas

2. National priorities for the productive sectors specified in Axis I:

- Development of the tourist infrastructure
 - The development and the rehabilitation of the tourist infrastructure for mountain tourism

Axis II The improvement and development of the infrastructure

- Infrastructure complementary to the economy
 - The improvement of the infrastructure for tourism: this kind of infrastructure comprises the arrangement of the surfaces allocated for tourism and the creation/extension of the main public facilities for tourism in order to help in this way the development of tourism as an essential economic sector of the country, in perspective.

Correlation with the objectives of the Regional Development Plan of North - West Region

Concerning the North -West Development Region the project addresses to one of the North -West regional development priorities:

- to develop the infrastructure for the tourist activities
- to create a favourable environment for the development of a diversified economy and the increase of region's attractiveness.

The activities proposed through this project comply with the measure of supporting the activities for facilitating the access towards areas with tourist potential and for the valorisation of the natural and ethnographic potential of the region.

5) Direct beneficiary and partnership:

Beneficiary:

Name: Satu Mare County Council
Address: 25 October no.1 Square, Satu Mare
Contact: ec. Nicolae Bura
Telephone: 061-713569
Fax: 061-710651
E-mail: bura@cjsm.ro

Main partner:

Name: Maramures County Council
Address: Str. Gh.Sincai, nr.46, Baia Mare
Contact: Alexandru Cosma
Telephone: 062-212110
Fax: 062-213945
Email: Alexandru.Cosma@cjmm.multinet.ro

Co-partners:

Name: Negresti-Oas Local Council
Address: Str. Victoriei nr.99, Negresti Oas
Contact: Merce Cornel
Telephone: 061-850864
Fax: 061-850864
Email: negresti@cjsm.ro

Name: Borsa Local Council
Address: Str. Gh. Sincai nr. 46, Borsa
Contact: Grec Gavril
Telephone: 062-342864
Fax: 062-342864
Email: Borsa@multinet.ro

6) Background and justification of the necessity of the project

The North -West Development Region has a considerable tourist potential, characterised by the existence of some tourist objectives with national and international resonance, by a very rich ethnographic and cultural-historic background.

Unfortunately, there are many difficulties that must be surpassed for this potential to become a source for the region's economical growth. As it is written in the Regional Development Plan of the North - West Region, the tourism is characterised, as concerns the weaknesses, by the existence of an **inappropriate infrastructure**. For this reason, the tourism in the region needs substantial investments, first in infrastructure, but also in the soft component (training, marketing, etc.) of tourism industry, in order to reach that qualitative level which will make it competitive on international markets

The achievement of this project is of strategic importance, if we analyse the area that it can serve, corroborated with communication and access facilities. There is the risk that, if the project will not be realised, the investments interest in tourism to move away towards Ukraine, which will lead to the **slowing down of the region development**.

Moreover, the project justify entirely its suitability in a period with many changes on economic and social plan; in the context of a policy of natural resources protection, the **re-conversion of the local economy** based especially on the extractive industry of non-ferrous ores, machines construction industry and wood exploitation, in an economy of "green" type based on tourism, is benefic in region where there is potential for practising all the tourism categories.

The selection criteria that stayed at the basis of setting up the two intervention areas of the project were:

- **the tourist potential, respectively an exceptional natural environment** (relief, flora, fauna, karst phenomena, mineral springs, climate conditions) and valuable cultural-historic factors (historical and architectural monuments, traditional arts, popular costume, religious and secular customs).
- **the interest of the tourists** for the areas for entertainment and mountain tourism for winter and summer
- **the favourable strategic regional and trans-regional position**, respectively their location in the border region Romania-Hungary-Ukraine.
- location on the **routes of tourist interest** from the North-West of the country: Apuseni Mountains – Codru Zone – Oas Land – Maramures - Bucovina, respectively the corridor of River Somes (Satu Mare – Baia Mare – Dej – Bistrita - Cluj).

7) Project description

a) Existing studies and summary of conclusions

The base of elaboration of the proposals for the equipment and territorial arrangement for Luna Ses – Borsa area were the following studies and documentation for territory arrangement and town - planning:

1. Feasibility study for the tourist area Luna Ses – Borsa (institutional analysis, technical design, market study, marketing strategy, financial and risk analysis)
2. Pre-feasibility studies for public utility objectives in the Luna Ses tourist area, for the modernisation of DC 75

Negresti Oas – Luna Ses – written by the Design Office of Satu Mare County Council – 2001 and for electrical energy supply of Luna Ses area – written by the Design Office of SC Electrica SA Satu Mare – 2001

3. Detailed Urban Plans for the tourist area Borsa: "Arrangement of ski tracks in the area Fântâna and complex of springboards", "Arrangement of Olympic ski track Cimpioiesu ", "Arrangement of the place named Hait sub Prislop"
4. Feasibility studies for the tourist area Borsa: "Arrangement of ski tracks in the area Fântâna and complex of springboards", "Arrangement of Olympic ski track Cimpioiesu ", "Arrangement of the place named Hait sub Prislop"

As we can see, all the studies achieved by now have treated the intervention locations proposed in singular way, they emphasising **the necessity to make some important investments** for revaluation of the tourist potential of the two locations in conditions of economic efficiency and for obtaining a substantial impact.

All the elaborated studies show also the **maturity degree of the project**, that its implementation can be started any time.

b) Specific objectives (project purpose)

The project proposes the achievement of some objectives of public utility (roads, parking lots, networks and equipment of public utility, administrative equipping, arrangement and endowment of two ski tracks, of an entertainment plateau, arrangements for environmental protection, endowment for services, information, protection, etc.) which will start the operation of an entire chain of services, facilities and benefits both in the immediate territory and in the larger space of the two counties and even of the whole North – Western region.

The specific objectives of the project are:

- the development of mountain resorts having the following functions: practice of winter sports at fans and Olympic level, practice of entertainment activities specific to summer season and watering-climatic treatments
- revaluation of the tourist potential of project locations through the integration with tourist values of Oas – Maramures area (specific, culture, traditions, folklore, historical and architectural monuments, landscape, etc.).

c) General description

The arrangement and valorisation program for Luna Ses – Borsa tourist area has the following main objectives:

- Modernising the car access to the tourist objectives in order to take over an important and comfortable tourist traffic with a high level of safety during all the year (Luna Ses + Borsa)
- Construction of the necessary technical and public utility infrastructure – **limited extensions of the existing networks, in order to deserve the ski tracks start stations** (Luna Ses + Borsa)
- Arranging and endowing ski tracks, sledge tracks and some sport- grounds (Luna Ses + Borsa)
- Ensuring and checking the protection of environment factors and natural landscape (Luna Ses + Borsa).

The project for the development of the tourist area Luna Ses – Borsa establishes the achievement of the following public investments objectives:

Luna Ses	Borsa
Modernisation of the communal road DC 75	-
Access roads and for serving the objectives of public interest	Access roads and for serving the objectives of public interest
Public parking lots	Public parking lots
Pedestrian walks	Pedestrian walks
Electrical energy supply and distribution networks	Electrical energy supply and distribution networks
Water supply	Water supply
Sewerage	Sewerage
Natural gas supply and distribution networks	-
Special installations	Special installations
Arrangement, equipping and endowment of the ski track no. 1	Arrangement, equipping and endowment of the Olympic ski track Buza Dealului (V1)
Arrangement, equipping and endowment of the ski track no. 2	-
Arrangement of water glance for entertainment	Arrangement of water glance for entertainment
Arrangement of green areas	Arrangement of green areas
Salubrity, snow-cleaning and fire department base	Salubrity, snow-cleaning and fire department base
Waste collecting points	Waste collecting points
Area administration building	Area administration building
Personnel services pavilion	Personnel services pavilion

The public objectives for which is requested financing for this project (roads, energy, water supplying, sewerage) will be complemented by **objectives of private** interest, financed from attracted sources:

- hotels
- restaurants
- holiday houses
- tourist cottages with public catering
- camping, with toilets, electrical and water installations
- commercial spaces
- independent public catering units.

In addition, the public infrastructure elements proposed in the project have ecological and preventive character and it is given great importance to the prevention of degradation or disturbance of the natural environment.

d) Expected results

Immediate results

- spaces and lands equipped according to the present norms and exigencies for specific investments in mountain tourism (2 ski tracks at Luna Ses and an Olympic ski track at Borsa) and specific summer/winter sports (sport grounds in both locations);
- access ways, public parking lots, pedestrian walks, heliport in both locations;
- access of visitors to utilities and services of urban type (electrical energy, public lighting, water, sewerage, salubrity and snow cleaning, protection, rescue, guard, information, etc.) in both locations;
- construction of an entertainment lake, with landing place in the area Borsa – Hait sub Prislop and arrangement of a water crystal at Luna Ses;

Long-term results

- Increased number of local and foreign visitors – maximum feasible designed capacity: 884 thousand visitors/year;
- Increased incomes for the counties with around 2 – 3 %;
- Creation of an important number of new jobs after the finalisation of the investment (572 direct jobs);
- Increasing the interest of the investors for private investments in the area;
- Including this area in the regional and even European tourist circuit.

8) Project estimated impact

a) Economic

After the implementation of the stage proposed in this project there are foreseen, from economic point of view, the following:

- a) financial benefits for local and county public authorities
- b) income accumulation from the administration of the area, which will allow for the further development of the capacity and its endowment degree
- c) financial and social benefits in the entire area due to the increase of internal and international tourist flow, respectively of the demand for tourist services
- d) creation of conditions for direct private investments;
- e) increase of the hard currency contribution.

The economic and financial analyses demonstrated the viability of the project and its capacity to self-sustain and self-develop, as is shown by the following indicators:

Economic rate of return	ERR	30 %
Net present value	NPV	22,531
Indicate the discount rate used 8%		
Benefit/cost ratio	B/C	3.95

The benefit/ cost ratio shows a very good performance for this type of projects, giving the guarantee that the project is feasible without being necessary to force the incomes and expenses.

b) Social (including the impact on employment)

The economic development directions that we propose through the implementation of this project are connected to the demand **to keep the human capital in the region**. The development of the activity in the tourism field will change the social-professional profile of the area and will offer new variants and possibilities, fact that will **stimulate the balancing of population movement, the refreshing of economic life and the increase of life standard**.

The project will have as impact the **creation of an important number of jobs** as it is specified in the table below:

- Number of jobs directly created:
- During the implementation phase
 - During the operational phase
 - Average duration of these jobs
- Number of jobs indirectly created:
- During the implementation phase
 - During the operational phase

750 (Luna Ses)+222(Borsa)=972
250(Luna Ses)+150(Borsa)=400
500(Luna Ses)+72(Borsa)=572
25 years (Luna Ses+Borsa)
500(Luna Ses)+60(Borsa)=560
100(Luna Ses)+30(Borsa)=130
400(Luna Ses)+60(Borsa)=460

c) Environment (including measures for prevention/ reduction/ compensation of the negative impact)

Within the project were identified activities with potential impact on the environment as follows:

- **During the construction phase:**
 - Change of forest and agricultural lands destination
 - Vertical systematisation, gradients, digging, support walls
 - Works in the riverbed of the waters
 - Building site organisation
- **During the working phase:**
 - Drinking water supply
 - Collecting and evacuation of used waters
 - Spaces heating and preparing the food
 - Producing and collecting the waste
 - Protection against fire

Ensuring and checking protection of environment and natural landscape by organising the sanitation services, sewerage system, collecting and purifying the used waters, also by the land works made for soil arrangement and for preventing the soil erosion are treated in detail in the Feasibility Study, in the chapter "Initial evaluation of the environmental impact".

9) The main activities timetable and description:

ACTIVITY	START DATE	COMPLETION DATE
Feasibility study, containing:		
- financial request	01.05.2001	31.10.2001
- institutional analysis	01.05.2001	30.11.2001
- <i>market study</i>	01.05.2001	30.11.2001
- marketing strategy	01.05.2001	31.01.2002
- technical report	01.05.2001	30.11.2001
- financial and economic analysis	01.11.2001	31.01.2002
- risk analysis	01.11.2001	31.01.2002
- environmental impact assessment	01.05.2001	31.01.2002
Tender documents and technical design:		
- design tendering	01.01.2002	31.06.2002
- brief design	01.07.2002	31.12.2002
Land acquisition	Private property of Negresti-Oas Local Council	It is not the case
	Private property of Borsa Local Council	It is not the case
Documentation for construction tendering and construction details:		
- execution tendering	01.01.2003	31.03.2003
- execution details	01.07.2002	31.12.2002
- specific suppliers details	01.04.2003	01.06.2005

Construction of project Operational phases:	2003	2005
1. Modernisation of communal road DC 75	01.04.2003	30.06.2005
2. Main access roads and for serving the public utility objectives	01.04.2003	30.07.2005
3. Public parking lots	01.04.2004	15.08.2005
4. Pedestrian walks	01.04.2004	30.06.2005
5. Electrical energy supply and distribution networks	01.04.2003	30.06.2005
6. Water supply and distribution networks		
7. Sewerage	01.04.2003	15.08.2005
8. Natural gas supply and distribution networks	01.04.2003	15.08.2005
9. Special installations	01.04.2003	30.09.2004
10. Arrangement, equipping and endowment ski track no. 1		
11. Arrangement, equipping and endowment ski track no. 2	01.01.2005	30.09.2005
12. Arrangement, equipping and endowment of Olympic ski track Buza Dealului	01.04.2003	30.09.2005
13. Arrangement of water glance	01.04.2003	30.09.2005
14. Green areas arrangement		
15. Salubrity, snow-cleaning and fire department base	01.04.2003	30.09.2005
16. Collecting points for waste		
17. Area administration building	01.01.2004	31.12.2004
18. Personnel services pavilion	01.04.2005	30.09.2005
	01.04.2003	31.12.2004
	01.04.2005	30.09.2005
	01.04.2003	31.12.2004
	01.04.2003	31.12.2004

Please include a summary description and schedule of work.

If earlier phase of the project have already been undertaken, give details.

It was elaborated and signed the **Partnership Agreement** for the project "Development of tourist area Luna Ses – Borsa" between Satu Mare County Council, Maramures County Council, Negresti Oas Local Council and Borsa Local Council.

For the project implementation were obtained the following **approvals** from:

- Satu Mare Environment Protection Agency and Maramures Environment Protection Agency
- SC Electrica SA – SDFEE North Transylvania Satu Mare and SC Electrica SA Maramures
- Transgaz SA Medias
- National Company Romanian Waters SA – SGA Satu Mare and SGA Maramures
- Negresti Oas Local Council and Maramures County Council
- Maramures Forest Department
- Satu Mare County Agency for Survey, Geodesy and Cartography and Maramures County Agency for Survey, Geodesy and Cartography
- Negresti Oas Law Court – Land Register Office – Land Register Extracts for the land lots allocated to the project location Luna Ses and Viseu de Sus Law Court for the land lots allocated to the project location Borsa

There were elaborated the **feasibility studies** for the two locations of the project (brief design, environmental impact assessment, financial, economic, risk and sensitivity analysis, market study, marketing strategy), as well as the financial and economic analysis for the entire project.

10) Estimated budget:

Total budget : 8,769.20 thousand EURO, out of which:

PHARE funds: 5,000.00 thousand EURO

Governmental Funds: 1,670,000 thousand EURO

Local co-financing: 2,099.20 thousand EURO, out of which:

- Satu Mare County Council: 922.30 thousand EURO

- Maramures County Council: 1,176.90 thousand EURO

Other sources -

Has an application been made for instance from any other public source, or International Financial Institution, for this project or any part of this project?

No, there was not made any application for other sources.

Project Title: BORS INDUSTRIAL PARK

1. The project responds to the following wider objectives:

The support of the social-economic development of the region through involvement of investments and valorization of the human resources.

2. Sector: Regional Infrastructure - Infrastructure for economic activities and implementation of high-tech and non-polluting industries

3. Location. Romania, North – West development region, Bihor County - BORS

4. Correlation with the National Development Plan and Regional Development Plan objectives:

The project correlates with the first Priority from the National Development Plan ("Private sector development and investment promotion") and with the second Priority from The Regional Development Plan ("Creating a business environment favorable to developing and economic diversity and to increasing the region attractiveness).

The project is also in accordance with the *Objectives of regional development politics* (extracted from the "Romanian National Strategy for Economic Development on Medium Term") through:

- diminishing the regional existing unbalances;
- stimulation of equilibrated development, revitalisation of disadvantaged areas, forestalling to produce new unbalances;
- correlation of the regional and sector politics;
- stimulation of internal and external interregional co-operation that can contribute to the economic and social national progress;
- consolidation of the cultural and spiritual common space, in accordance with the standards and the values of integration into a united Europe.

• Direct Beneficiary and Partnership.

• Beneficiary:

Name:	BORS Local Council
Address:	Primaria Bors
Contact:	Geza BATHORY - Mayor
Telephone/ Fax:	+40 59 417 291
Telex/:
E-mail:	primaria.bors@comser.ro

• Partners: BIHOR County Council

• Background and justification of the necessity of the project:

The setting-up of the Industrial park Bors in a location near to Oradea and to the Romanian – Hungarian border ensures a favourable and attractive business environment and will realise the necessary framework for the best utilisation of the available ground and of the human resources. The project is located at 20 km from the city of Oradea and 1,5 km from Bors Customs. Oradea is an important railroad crossway for the connections with the European countries (Episcopia Bihor Customs).

The qualified workforce in Oradea is another reason why the Industrial Park has been located in Bors.

Through the geographic location of Oradea - which is close to the border (that has a visible influence on the evolution of the city and the area nearby) - the project will be a decision making centre for the companies that search ways to come back in the area, precisely because it represents a pass through point.

7. Project Description.

a. Existing Studies and summary of conclusions:

Feasibility study according to Phare rules:

- Institutional and organisational arrangements,
- Market Study,
- Technical Report (including hidro, geo, and topographical studies)
- Financial and Economic Analysis,
- Risk analysis
- Environmental Assessment Study
- Feasibility Study for public utilities

b. Specific Objectives (Project Purpose):

1. Provide public utilities networks for a 25 ha surface, so that it can offer potential investors the conditions necessary to settle their business in Bors;
2. The creation of 400 jobs in the new industrial area, within 3 years from the beginning of the project supplanting the local budget by a yearly 8% for at least 8 years by increasing the income tax chapter.

c. General Description

The Bors Industrial park involves a surface of 25 hectares of land, situated along the E 60 European road that comes from the Bors frontier point to Oradea, at a distance of 1,5 km. from the Customs. The project consider the endowment of the existing ground with the necessary equipment and infrastructure, which will attract the setting – up of Romanian and foreign companies in the area, because he created conditions will be very favourable.

The main criteria for the territory organization were:

- Delimitation of lots for the new industrial investements
- Organization of pedestrian and vechicle traffic ways
- Bringing the infrastructure to the sites

The project takes into account for the v1st phase: of development:

- 15 hectares of non-utilised land arranged and ready-made for investors;
- 1500 m. of sewerage network and water cleaning station ;
- 1500 m. of water network, water tank and pump station;
- 1,5 km. of internal and connection roads;
- at least 10 companies settled down in the park
- at least 400 new jobs achieved in the next 3 years;

Among the non-polluting activities there have been identified the following economic areas:

1. electronic industry, with the activities:
 - electronic components production
 - sound and image technical assembly
 - hardware equipment assembly
 - automation and signalization equipment assembly
2. mechanics
 - packing industry
 - building industry:
 - wooden, plastic, aluminum carpentry assembly
 - laminated floors
 - panelling
3. small industry:
 - products made of glass
 - interior decorations
 - pottery products

4. commerce, logistics, warehouse

d. Expected results

- Growing the interest of investors for industrial objectives establishment on important areas,
- Avoiding scattering of industrial activities in protected areas or in areas without proper infrastructure,
- Diversification of the economy, access to new technologies and equipment, grow in quality and competitiveness of the products .

8. Project Estimated Impact.

a. Economic (Please give details of main benefits identified together with values assigned to them)

The attraction and implementation in short time of new investments in the region will contribute the increasement of the social product of the county and the valorization of the local economic and human resources (land, raw materials, personel);

The selection process of the firms that will express the intention to invest in the park will ensure also a technology and know-how transfer in the local economy.

b. Social (including employment impact)

Creation of 400 new jobs in the 1st phase of the project implementation, high-qualified and of long term, which will have a direct impact to the reduction of the unemployment rate of young graduates and specialists ;

c. Environment (including measures for the prevention / reduction /compensation of negative impacts)

Realizing the concentration of more companies in the same area and ensuring the common infrastructure for the industrial activities, the industrial park establish a better control of the possible polluting elements and could prevent and reduce the negative impact of the industry.

9. The Main Activities Timetable and Description.

	Start date	Completion date
Feasibility study:	15 / 03 /2001	30/ 04/2002
Economic analysis:	01/09/2001	30/04/2002
Financial analysis:	01/10/2001.	30/04/2002.
Environmental impact assessment:	01/10/2001.	28/04/2002.
Design studies:	01/09/2001.	28/06/2002
Tender documents:	10/01/2002.	30/08/2002.
Land acquisition:	No necessary /exists	
Construction:	01/09/2002.	30/06/2003
Operational phase:	01/09/2003	

10. The Estimate Budget.

Total Budget: **3,50 MEuro**, of which:

PHARE: 2,40 MEuro
National Fund: 0,780 MEuro
(33% from Phare funds)
Local co-financing: 0,320 MEuro
Others sources:

- Has an application been made for assistance from any other public source, or International Financial Institution, for this project or any part of this project?
NO.

Project fiche no 3 NW (18)
North-West Development Region

Project Title: Marketing agro-food center in the light industry field

1. The project responds to the following wider objectives:

- Optimisation of the market circuits in order to improve local business area;
- the implementation of marketing and a production system according European standards together with a system providing favorable conditions for development and restructuring of food industry, according to market demands.
- Efficient using of the local agriculture potential;
- Competitively sorted and packed products are offered, increasing the market value and profitability
- High quality level and competitiveness of the agro-food products on internal and international level;
- The increase of the products portofolio.

2. Sector: Local and regional infrastructure

3. Location: Romania, North West Development Region, Cluj County, Apahida locality.

4. Correlation with the National Development Plan and Regional Development Plan objectives:

Supporting economic units promoting products based on local resources on external markets

- ☞ increase of environment and hygiene conditions in light industry field;
- ☞ the wholesale market will ensure favorable conditions for production development according market demands;
- ☞ increased presence of Romanian products on national and international market, with improved quality.

It is accordingly with The Social and Economic Development Strategy of Cluj County

5. Direct Beneficiary and partnership.

•Beneficiary:

Name: Cluj County Council
Address: Bdul 21 Decembrie 1989, nr. 58, 3400 Cluj-Napoca Romania
Contact: SPÂNU RADU CALIN
Telephone: 0040-64-198549
Fax: 0040-64-192285
E-mail: cjc@cicluj.ro

•Partners:

Local Council of Apahida

6. Background and justification of the necessity of the project:

Background:

Cluj Napoca city, at about 400,000 inhabitants, presents a high level of demand for vegetal products, fruits, meat products, fish and milk products. These products are required both by small distributors (about 1,500) and by the restaurants, cantines and otherb consumers who need quality and fluence in distribution. The service area of the objective territory covers the North West Region and permanent connections with other regions of the country and with other countries are possible. Taking benefits from all the facilities necessary for a modern and civilised trade, the biggest objective will be in the North West Region, the documentation being elaborated according to the national and European standards.

Justification :

The "Marketing Agro-food Center " will serve the north-west and central-transylvanian area, especially the city of Cluj-Napoca. The general objectives are the following:

- ☞ to strenghten the socio-economic stability and to crete the means for a sustainable economic development for Cluj County at regional but also European level;
- ☞ market system optimization and local business climate improvement;
- ☞ an efficient valorization of the local agricultural potential;
- ☞ Romanian products promotion;
- ☞ to ensure modern ways of presentation and sale.

The project meets the needs of the agriculturers, consumers and producers in the food industry.

By promoting agro-food products, the project does not overlap SAPARD Programme, which support for the moment only measures related to the farm modernisation, processing industry development and the improvement of the rural infrastructure, but does not cover the marketing of the agricultural and agro-food products. The only SAPARD measure related to the product marketing (the support of the producers groups) is scheduled for the 2005-2007 programmes. However, the appropriate marketing of the agro-food products, the dissemination of the best practices in this field (including packaging) and the improvement of the communication and negotiation between the farmers and the agro-food industry are critical elements in the capitalization of the high agricultural potential of the North-West region and in the ensuring of the competitiveness of – relatively – well developed regional food industry.

7. Project description:

a. Existing Studies and summary conclusions:

1. Administrative territorial arrangement plan of Cluj County written between 1994-1999
2. Arrangement plan of inter-country territory in the North-West Development Region - written by Cluj-Napoca "Babes Bolyai University" in 1998
3. Geo-technical and topographic studies carried out by GEOTEHNICA SRL Cluj-Napoca
4. Feasibility study (2002) made by the Cluj County Council. The study reveals the opportunity of a wholesale market in Cluj County
5. Environmental Impact Report carried out by SC PROMINCO INVEST SA

b. Specific Objectives (Project Purpose)

1. to achieve a market based on competitiveness for fruit and vegetable suppliers;
2. to achieve a single purchase facility for fresh product buyers from Cluj county and the 6 Counties around Cluj County;
3. improvement of an out-door market efficiency in Cluj county;
4. improvement of global distribution of light industry both in Cluj County and the neighboring Counties.

c. General Description:

The buildings that sum up the Marketing Centre are:

- the Marketing Hall: serves for agro-food taking over, store, processing, packing and sale, will be endowed with own heating station and airing system;
- the Administrative Pavilion: the building contains offices, refrigerating storehouse and technical spaces, which include: refrigerating, heating and airing plants;
- the Gate Pavilion: is endowed with an automatic swinging weighing machine and automatic barriers;
- the Waste Storehouse: a covered open space for waste storage, located on the platform that is connected to the sewage system and has a washing grade for waste transport vehicles;
- the Packing Storehouse: a light construction, equipped with wire net pannels, so that the storehouse can be shaped considering the amount of goods and the necessary packings;
- the Roads: parking platform for 150 trucks and 100 cars;
- the Surrounding Fence: wire net fence on 2 m metallic poles used also night lighting.

The sight will be endowed with all the public utilities and shall be elaborated considering the established operating technical safety standards against fire, as well as the environmental standards.

According to the dates obtained during the realization of the feasibility study, the Wholesale Market will be as follow:

1. Total surface: 60.000 m²
2. Hall of marketing: it is a first floor construction having a total surface of 3776,10 m²
3. Administrative office: - Used surface - 1147,50 m²
4. Gate pavilion: – Used surface - 24,0 m²
5. Waste storage: - Used surface - 54,0 m²
6. Wrapping storage: Used surface - 216,00 m²
7. Utilities (water supply, natural gas network, electricity, refrigerators, services building, offices etc.)
8. Parking areas, green fields

d. Expected results:

- 🏗️ Construction of marketing agro-food center
- 🍎 Fruit and vegetables sales according hygiene standards;
- 🏠 Ensuring sufficient storage spaces;

- ☞ Increased supply of light products;
- ☞ Development of new activities in light industry field.

8. Project Estimated Impact

a.Economic

At 6,5 mil. Euro total cost of investment, the benefit will be 385.000 Euro/year

- NPV @ 8% 20 years 5.353,75
- IRR 25 years 20%
- Cost NPV @ 20 years 4.129,66
- Revenues @ 11.061,46
- B/C 2,68

b.Social

Optimal working conditions for employees (100 with full-time and 300 with part-time).

c.Environment

The environment protection will be achieved according both European Union and Romanian regulation (these are pre-condition to obtain the construction permit)

9. The Main Activities Timetable and Description

	<i>Start date</i>	<i>Completion date</i>
Feasibility study	2001	10.02.2002
Economic analysis	2001	10.03.2002
Financial analysis	2001	10.03.2002
Environmental impact assessment	2001	15.03.2002
Tender documents	2001	2002
Land acquisition	<i>It is the propriety of the beneficiary.</i>	
Construction	2002	2003
Operational phase		2004

10. The Estimate Budget

- Phare : 3,75 mil Euro
- National Fund: 1,25 mil Euro
- Local Co-financing: 1,5 mil Euro
- Total: 6,5 mil Euro

Project Title:

•MODERNIZATION AND EXPANSION OF THE WASTE WATER TREATMENT PLANT AND THE SEWER NETWORK FOR THE SUSTENABLE DEVELOPMENT OF ZALAU (rehabilitation for the industrial area)

1. The project responds to the following wider objectives:

- a)Improvement and extension of the environment infrastructure, in the areas with potential interest for the investors
- b)Attracting investors in Zalau.

2.Sector:

The third component

- Rebuilding the environment and protection of the industrial sites and of the area with economic and touristic potential.

3. Location. (Country, Development Region, Judet, Locality)

- Romania, NW Regional Development Region, Salaj County, Zalau Municipality

4. Correlation with the National Development Plan and Regional Development Plan objectives:

The objectives of the project are subject to the Development Axis II - Improvement and Development of the Infrastructure from the National Program of Development 2002 - 2005. The economic potential of a region as well as the attractiveness for investors relies in a large extent on the infrastructure conditions. The regional development infrastructure to be successful has to have as economic basis the local infrastructure for a region capable to meet the development criteria.

The measures proposed according to the Plan include also: "Improving the basis infrastructure: water, sewerage, power that serve the productive activities as well as the improvement of the environmental conditions in order to enhance the attractiveness of the areas for economic development.The NDP asserts that "it is the existence of the infrastructure that determine the private investors to choose a certain region, county or site".

Among priorities identified in NDP 2002 – 2005, the objectives of the project are comprised into "Infrastructure Development", sub-measure: "Rehabilitation and modernisation of the urban physical infrastructure"

From the Regional Development Plan one can highlight the following objectives and priorities.

The main objective: *the improvement of the life quality through economic and social sustainable development of the region within the European context.*

The project is subject to **priorities 1.5.** Rehabilitation and development of the urban physical infrastructure support for new industries, and **2.4.** Rehabilitation, protection and preservation of the environmental quality.

6.Direct Beneficiary and Partnership.

•**Beneficiary:**

Name:	Zalau Town Hall
Address:	4700-Zalau, Piata iuliu Maniu, nr.3
Contact:	eng. Iuliu Nosa, mayor
Telephone:	060-661869/662737
Telex/Fax:	060/661869
E-mail:	primaria@zalausj.ro

•**Partners:**

N/A

7.Background and justification of the necessity of the project

Zalau City is the capital city of Salaj County. It has about 70, 000 inhabitants that is one third of the county population.

Despite of the fact that the economic activity decreased at the local level, in Zalau area, Zalau enjoy real potential for economic increasing by establishing of new companies or developing the existing ones and creating of new jobs. The reason for the potential positive evolution are the available buildings and industrial halls.

However, Zalau Municipality is surrounded by cities with high economic potential that grace to their life standard are more suitable for attracting investors. Being in competition with the other cities in the North Western Region for attracting investors and economic growth, the City Hall is interested to ensure those conditions needed for the economic development.

As a proof that companies are interested in the facilities quality, we can state that Zalau City Hall has been contacted by prestigious companies, like Michelin and Leoni, that are interested to develop production units. One of the services they have been looking for is the sewerage services quality, as well as the capacity of the system.

On the other hand, the City is engaged in a complex and democratic process of drafting the economic development strategy of Zalau. The conclusions of the workshops attended by representatives of the local authorities, business area, Chamber of Commerce, NGOs, state services – Community Group - said that the current state of the physical infrastructure and the quality of the services are barriers for economic development. The problems related to infrastructure has been quoted for a critical one with major impact within the economic development of Zalau. Solving the identified problems will led not only to high quality services for the companies but also meet the criteria of the investors and European environment standards.

The project intends to create the premises for attracting investors in the area of Zalau for economic growth of the city. This will be achieved by rebuilding the environment infrastructure. The result is a reduced pollution of the environment.

The Main strengths of Zalau are:

- Access to European road, E 81, Vama Petea-Satu Mare-Zalau-Cluj Napoca-Brasov.
- Distanced Approximately equal from the airports in the NW Region (Cluj Napoca, Oradea, Satu Mare si Baia Mare)
- Skilled unemployment in processing industry: machinery and equipment, tires, furniture, food, textiles, etc
- Access to railroads
- Electrical and gas network that service the city 100%.

The Current situation All the companies are connected to the sewage. The number of the companies that are affected by the damaged sewerage network amounts to 20% from the total number. There is no new investor in the industrial area due also to the poor sewage services.

This fact is due to the decline of several companies located in the industrial area of the city. The buildings and the infrastructure in the mentioned area were damaged so that the new companies do not consider them attractive. Further more, the ownership of the land is not well established and the water supply/sewage network and the wastewater treatment plant are damaged

According to Societatea de Gospodarire a Apelor Zalau, the level of fines and penalties charged to the companies up to April 2002, according to the Law – Government Resolution 472/2000, exceeds the level of fines in 2001. The value of the fines and penalties is 73 million lei, aproximately = 2,500 euro. Taking into account that the companies will benefit only this year by the facilities of the Art 12 of NTPA 012/742/June 2001, it is expected that with the cancellation of the above mentioned facilities the level of fines to increase.

The sewer network length amounts to 102.3 km, it is old and dusted. It was not taken into account for the investment for improving the utilities, during the period of 1968 - 1989.

Within the industrial area, there are segments of network that needs to be replaced (Industiilor St). The overall length of pipes to be replaced is 4 895 m.

Another aspect consists in dislocation of the concrete tubes. As a consequence, there arose ex-filtrations of domestic wastewater from the tubes to outwards, which partly feed and pollute the air stratum. Through this stratum, the friction mirrors of the clay on the city's slopes are being activated. In the areas that stretch parallel with the thermal network, the wastewater is flown to concrete thermal canals, and flood the underground of the buildings with wastewater. The consequences are:

- thermal isolation damaged,
- corrosion of the metallic pipes and equipment corroded,
- high quantities of thermal energy as uncontrolled energetic loss taken over,
- The maintenance of a permanent source of infections.

Proposed Technical Solution

The modernization by replacing of 4, 895 m damaged network, will assure collection of the urban wastewater, in accordance with the environment standard, NTPA 002/1997, now, part of the wastewaters flows directly to the water streams.

Of equal importance it is the modernization and extension of the wastewater treatment plant.

By modernization and extension of WWTP Phase I of the mechanical stages, the plant will be able to take over and treat the wastewater from all existing and to be industrial consumers. The treated water flow in the emissary will meet the criteria of protected urban environment, NTPA 001/1997.

Modernizing and extension the sewage network within the industrial area shall lead to the increase of area attractiveness for the potential investors. The main interest of the project rests in the extension of the wastewater network and treatment plant, in order to respond to the needs of new industrial users. The extension activities are eligible under the SAMTID programme only in exceptional cases.

7. Project Description.

a. Existing Studies and summary of conclusions:

- The project has the approval of NW Regional Council to apply for Phare 2002 Program Management procedures. Proven readiness criteria:

- Feasibility study.
- Environment impact assessment.
- Economic and Financial Analysis.
- Land juridical situation. *Public domain.*

The waste water treatment plant and its land, as well as the sewer network and its land are public investments placed on public domain, in accordance with the Local Council Resolution, no. 133/1999, on the basis of the Law no. 213/17.11.1998 related to the public property and the legal status of it. (See article no.11)

b. General Objective

Supporting sustainable development and increasing the life standard in Zalau

Specific Objectives (Project Purpose)

1. To attract at least two investors in Zalau in the following three years grace to rebuilt environment infrastructure

Indicators:

- ☞ System of information and promotion of the investing opportunities in Zalau, through the economic development strategy (activity financed separately by the Local Council)
- ☞ Two new investors in Zalau

2. modernization and extension of WWTP Phase I,

Indicators:

- ☞ new technology for WWTP
- ☞ mechanic stage into operation

3. replacement of 4, 895 m of damaged pipes of the sewage

- ☞ new 4, 875 m of PEHD pipes

c. General Description.

- The project will assure the premises needed to attract investors in the area
- The project is meant to decrease the pollution in the area by rebuilding the environment infrastructure in Zalau Municipality.
- Duration: 2 years.
- The main activities that are to be carried out to reach the specific objectives are:

ACTIVITY	Date of commence	Data of completion
Feasibility Study: completed	01/02/02	31/04/02
Economic and Financial Analysis: to be completed	01/03/02	31/04/02
Environmental Impact Study: completed	01/03/02	31/04/02
Designing (tendering, contacting, draft, technical details for works, tendering documents for works, etc):	01/05/02	01/12/02
Project Check up	02/12/02	01/01/03
Project Check up by Grantor	02/01/03	28/02/03
International Tendering for Work	01/03/03	31/08/03

Land acquisition:		
•Public domain, Romanian State Owned	N/A	N/A
Works:		
•Site organization	01/09/03	31/09/04
•Works at the sewage network	01/10/03	31/06/05
•Works at WWTP	01/10/03	31/06/05
•Works monitoring	01/09/03	31/06/05
•Check out the work	01/06/05	31/06/05
Operational Phase: starting from 2005	01-07-05
Zalau promotion for investors	01.01.03

d.Expected results

1. 20% companies benefiting from facilities services
2. two new investors in Zalau area
3. 4 875 m of sewage network replaced;
4. Decreased volume of the overflowing untreated wastewater;
5. Mechanical treatment stage of the treatment plant achieved;
6. Reduced pollution of the "Valea Zalaului" emissary;
7. Reduced soil, underground and ground waters pollution.
9. Environemnt protected.

8. Project Estimated Impact.

Technical benefits

- 4, 895 m pipes replaced
- mechanic stage in operation

Economic

- IRR = 13.09 %
- NPV = 2 267 525
- B/C = 1.92
- New jobs direct created:100 (70 for WWTP and 30 for sewage)
- New jobs indirect created: 14
- period for recover the investment: 11 years from the start up of the investemnt and 7 from the operation
- updated period for recover the investment: 14 years from the start up of the investemnt and 10 from operation phase.
- Other indirect jobs: 900

b. Social (including employment impact)

- Improving the water quality for the industrial purposes will increase the quality of the products, in the same time the number of potential investors within the industrial area is to increase.
- New Jobs indirect and direct: 114
- Other indirect jobs: 900

c. Environment (including measures for the prevention/reduction/compensation of negative impacts)

- The proposed works are included within the framework of arrangements of the Hydrographic Basin of Zalau Valley
- The project is included in the Sustainable Development Program for Tisa River
- The project seeks to reduce the pollution of Zalau Valley with waste waters
- The results from the ecological point of view are preservation and protection of the environmental protection. There will be meet the criteria of NTPA 001/1997 regarding the impurification of wastewater discharged in Zalau Valley.

9. Main activities and schedule. See Chapter. 7.c.

Provide the schedule.

Should some phases have been started, please give details.

10. Overall Budget

a.) Waste water treatment plant modernization with mechanic stage, phase I

ref. no.	Local Council Zalau, euro	Requested Public Fund, euro	National Development Fund, euro	Total, euro
1.	654 502.2	2 618 008.8	1 090 837	4 363 348

b.) Modernization of the sewage

ref. no.	Local Council Zalau, euro	Requested Public Fund, euro	National Development Fund, euro	Total, euro
1.	130 930.05	523 720.02	218 216.75	872 867

Total:

ref. no.	Local Council Zalau, euro	Requested Public Fund, euro	National Development Fund, euro	Total, euro
a) and b)	785 432.25	3 141 729	1 309 053.75	5 236 215

1 euro = 28 128 lei, 01.03.2002

☐ Zalau City Hall = 785 432. 25 euro – 15% local contribution

☐ Phare = 3 141 729 euro – 60% from the overall budget

☐ NDF = 1 309 053.75 euro – 25% from the overall budget

Has an application been made for assistance from any other public source, or International Financial Institution, for this project or any part of this project?

NO.

Project Title:

MillenniumIII Business Center , Baia Mare

1. The project responds to the following wider objectives:

1. The reinstalling of the traditional business environment (buildings, urban spaces, traditional functions, greenery) in the area of the Old Centre by the turning into account of some buildings (re-engineering) – artistic and architectural assets with a view to function-orienting it towards business development;
2. The reinstalling of the urban infrastructures in the area, in general (electricity – lighting, sewage, water, all-pedestrian areas, non-polluting light vehicle traffic: cars, bicycles);
3. The building of a new infrastructure, especially of the modern ones (communication, public informing systems – modern display, informing systems through new technologies – Intranet/Internet, modern banking systems, ATMs, etc.) and the adapting of the system of traditional transport existing in the area to new transport systems based on light vehicles (bicycles, suitable to the area that can be used in supplying/delivery/serving clients);
4. The achieving of a community support for the developing of business by: re-allotting of certain services of the Baia Mare town hall with a role in supporting and developing business (the commercial system, the taxation service, the citizens' informing system, etc.) and the setting up of certain locations specific to business consultancy (information, consultancy, support, banking/financial points, customs, exchange offices, etc.)

2. Sector:

- PHARE 2002 , C2= To develop infrastructures supporting business and tourism development, in order to strengthen competitiveness of SMEs through better access to technologies, services, markets and information;

3. Location. (Country, Development Region, Judet, Locality)

Romania , Nord West Region, Maramures, Baia Mare

4. Correlation with the National Development Plan and Regional Development Plan objectives:

The objectives of the regional development policy (as excerpted from the National Strategy of Medium Term Development of Romania):

- the diminution of the existing regional disruptions;
- the stimulation of the balanced development, revitalizing the disadvantaged zones, preventing the occurrence of new disruptions;
- correlating the regional policies with the sector-oriented ones;
- stimulating the internal and international inter-regional cooperation which should contribute to the economic and social progress;
- consolidating the common cultural and spiritual space, in accordance with the norms and values of the integration into a united Europe.

5. Direct Beneficiary and Partnership.

- Beneficiary:

Name: The Local Council of the Baia Mare Municipality
Address: 37 str. Gheorghe Sincai , Baia Mare

Contact: dr.ing. Cristian Anghel, Mayor
Phone: 062-211001, 213824
Fax: 062-212332
E-mail: Primar@baiamarecity.ro

- Partners: No
Local partnership in preparing project concept, documents and design brief.

6. Background and justification of the necessity of the project

The local council of Baia Mare intends to create a modern “business eco-system” commercial zone (conception, implementation, administration) which will be likely to bring the town and hence the county back in the perimeter of zonal, regional, cross-border, Euro-regional and European business relations, in the perspective of the economic globalization.

By opening a new communicative and relational framework to the target group, which will facilitate a prosperous business environment, the project aims at enhancing the attractiveness of the zone in the interest sphere of the home and foreign investors, attracting supplementary financial resources to uphold the zonal economic development, enhancing the competitive capacity of national firms in the transition towards community-type economy, exploiting the strategic, national and trans-regional zonal position of Baia Mare, as this town is situated where the geographical and commercial borders of several countries once met (Hungary, Poland, Slovakia) – strategic positioning.

The project aims at revitalizing the traditional commercial area of Baia Mare, by the town hall's achieving of the MillenniumIII Business Centre investment project, located in the Old Centre of the town, rehabilitated in a traditional, construction and functional architectural style: 4 buildings modernized at the level of the third millennium from the point of view of the modern business infrastructures and technologies (communication, support and services, information).

At the level of the municipality, the social and economic analysis points out to the same worrying tendency of decrease in the economic activity and the increase of unemployment:

INDICATOR	PERCENTUAL VARIATIONS IN 2000 COMPARED TO 1999 (%)
Total turnover	-6,5
INVESTMENTS	-1,7
Exports	-4,7
Interior commerce and services	-4,2
Tourism	-2,5
Unemployment	+7

The number and the structure of the economic agents

- 8,626 commercial societies with private capital
- 30 commercial societies with cooperative capital
- 7673 private enterprises
- 4346 independents
- 939 companies with foreign capital shares

Other statistical data of the municipality:

The number of tourist enterprises 20

- population of the town 149780 (growing with only 80 people in the last 3 years!!!) of which 48.6 males and 51.5 females, representing 28.2 of the county population
- unemployed people 7085 of which 3535 females
- schooled population 40916 (4491 in higher education)
- NGOs 1497 (24 LPA-NGO programmes amounting to 400,000 Euro in 2000)
- Children's homes 9 (160 children)

7. Project Description.

a. Existing Studies and summary of conclusions:

Marketing study
Risk analysis
Feasibility Study and Technical Design
Impact study
Approvals from utilities (including from the County Agency for culture)

b. Specific Objectives (Project Purpose)

The MILLENNIUMIII Business Centre will contain essential functions in modern business:

- Administrative space of the MillenniumIII Business Centre
- Spaces for offices (front office), 68 units on an area of 1.636,69sqm with a maximum total capacity of 545 working units (3sqm/person).
- Conference halls, 5 units on an area of 998,75sqm (of 16, 18, 20,120,180, 240, and respectively 300 seats) endowed with adequate equipment
- Modern reference centers 'Multimedia House', library, offices (about 2500sqm.)
- A square on a surface of about 7,105sqm destined for exhibitions, cultural and tourist activities and leisure
- An optic fibre communication network, inter-connecting all the locations of the MillenniumIII –ring Centre
- Parking areas (69 lots) for cars and bicycles, modern all-pedestrian areas, greenery

MILLENNIUMIII has as aim the achieving of an environment and of an infra-structure in which business relations will find the ultra-modern and traditional catalyzing necessary for a lasting development of business:

- **Maximum business information**
- An **ambiental business** environment with a **minimum of stress**
- Suitable **physical locations** for carrying on **SMEs business**, within traditional constrains (ancient places adapted to modern requirements by retaining initial dimensions), with ultra-modern infra-structures, especially in communications
- Maximum support for business (administrative, consultancy, banking-financial services) at the minimum physical distance (within the same area)
- A **performant management** of the centre focused **towards clients**, efficient and creative, offering quality, serving the clients of the centre with services, products and solutions for developing business.

c. General Description.

The project's view to combining traditions and modernity into the conception of a modern business centre located in a historical zone has implied the multidisciplinary combination of research work in the temporal, historical, cultural, environmental (architectural) space – beginning with 1329, the first attestation of businesses – and of modern research, development and technological designing – especially in the domain of IT, so as we may present solutions for the economic revitalization of the county capital.

MillenniumIII aims at achieving an environment and an infrastructure in which business relations may find the traditional and ultramodern catalysers which are necessary for the long term development of business.

1. An information and computer system called **Millennium Business Information (MBI)** conceived so as to facilitate the quick access to the information and the business data bases of the centre (potential suppliers, potential clients), as well as to the Millennium services, products and solutions.

The MBI system will be in accordance with the OSI model (open system interconnection), the obtained result being an open system which functions according to international standards, generating business interaction.

2. An close, friendly environmental system, called **Mbe (MillenniumIII Business Environment)** which should minimize the stress due to environmental factors (urban pollution, traffic, noise, dust, architectural, urban, scrap materials, etc) through a chain of environmental redesigning, implementation, monitoring, control and administration.
3. A system to provide support, consulting and business quality, continuing all the influential elements of business (information and support offices: banking, customs, SVM, administration/authorization, legal assistance, revenue/taxation, general and specific consulting, etc) for the presence of which, in the Millennium locations, there will be spaces with special destinations (pre-defined in the project) thus ensuring a permanent and complete business support portfolio (**MBs**).
5. **MBm** management objectives , focused on managing phases and processes from a project management oriented team to a structured managing company type Ltd. Owned by Mayoralty of Baia Mare.

The project suggests as technical sub-objectives of the specific objectives MBx (see Impact Chapter) the rehabilitation and the development of the following types of urban infrastructure.

1. urban access ways to the "Centrul Vechi " zone-Millennium Access-realized through local contribution (cca. 10 km of works)
2. The market place and the outer spaces (yards, passage ways, parking lots) – Millennium "Business Plaza & Circulus Fori" / by restoring the traditional functions (the market place, fair and exhibitions) and modernizing it through adequate urban structure (pavements, parking lots, electrical and lighting installations, technological installations/networking connections for electronic display systems) (cca. 13,000 square m)
3. The four buildings that are historical and architectural monuments / Millennium Buildings & Location – according to the architectural restoration and equipping them with modern communication infrastructure (inner structure cable networks and glass fiber network between the buildings – ring-shaped) (cca. 9,413 square m – inner restored surface, cca. 10 km of networking cable inside and outside the buildings).

d. Expected results

8. Project Estimated Impact.

a.Economic (Please give details of main benefits identified together with values assigned to them)

See : economic –social impact study

b.Social (including employment impact)

See: Social impact study

c.Environment (including measures for the prevention / reduction /compensation of negative impacts)

See: Impact Study

9. The Main Activities Timetable and Description.

	Start date	Completion date
Feasibility study:	2001	15/march/2002
Economic analysis:	2001	15/july/2002
Financial analysis:	2001	1 /august/2002
Environmental impact assessment:	2001	1/march/2002
Design studies:	2001	

DesignBrief Proiect tehnic		15/march/2001
Tender documents:		30/nov/2002
Land acquisition:	Not the case	Not the case
Construction: (18 months)	1/march/2001	1/nov/2003
Operational phase:	1/sept/2003	

*Please include a summary description and schedule of work.
If earlier phases of the project have already been undertaken, give details.*

10. The Estimate Budget.

Total Budget:

6.834.670Euro of which:

Phare =4.650.000Euro

National Fund (33% from Phare funds): 1.500.000Euro

Local co- financing =300.000 Euro,

Other

Others sources: No

- Has an application been made for assistance from any other public source, or International Financial Institution, for this project or any part of this project?
No .

Project Title: REINFORCED CONCRETE BRIDGE OVER TISA RIVER IN SIGHETU MARMATIEI AND LINKAGE ROAD BETWEEN ROMÂNIA AND UKRAINE**1. The project responds to the following wider objectives:**

- C1- To improve transport infrastructure strengthening linkage between economic poles and European transport corridors; to improve roads that facilitate access to industrial zones, areas in on-going restructuring process and other economic areas, including tourist areas

2. Sector: spatial planning**3. Location.** (Country, Development Region, County, Locality): Romania, North-West Development Region, Maramures, Sighetu Marmatiei**4. Correlation with the National Development Plan and Regional Development Plan objectives:**

- **NDP:** Prior objective for development of transport infrastructure: Rehabilitation, updating and development of transport infrastructure and of the related equipment and transport means
- **RDP:** Specific objective: Business environment setting up oriented towards the development of a diverse economy and to the increase of the region attractiveness

5. Direct Beneficiary and Partnership.

- Beneficiary:

Name:	Maramures County Council
Address:	46, Gh. Sincai street, 4800 Baia Mare
Contact:	Alexandru Cosma, eng. President of Maramures County Council
Telephone:	062-212110
Telex/Fax:	062-213945
E-mail:	Alexandru.Cosma@cjmm.multinet.ro
- Partners: No

6. Background and justification of the necessity of the project :

The Northern border of Romania hallmarks the neighborhood with Ukraine. On its entire length, the road link between the two states is realized in two points of transit situated towards the west limit of frontier zone, in Halmeu locality, Satu Mare County and towards the east limit of frontier zone, in Siret locality, Suceava County. Geographical position of the two frontier transit points is unfavorable for Maramures County for road transport use in the economical relationships with Ukraine. The interest for realization of a road link between Romania and Ukraine is obvious concerning that in the frontier zones are situated localities in which population majority is constitute by citizens having the nationality of the neighbor state, in many cases exist blood relations. After 1989, the interest increases for link road realization is justified by:

- At national level, in respect with statistic data, increase of international road transport is estimated at 3.3 times in 2005 since 1990. By laying out a road link in Sighetu Marmatiei area, an important part of transit international traffic could be attracted from the detour way to Halmeu into new link, which assure a shorter way to central economic zones from Ukraine and European zones of Baltic Sea.
- At zonal level, by constitution of economical interest associations between county from Romanian North – West and establishing economical relations with regions from Ukrainian south, economical activities of the neighbor zones will considerably grow, getting an important traffic penetration increase of zonal interest.
- At local level, beside of economical interests at administrative – territorial unit level, social – cultural links and scientific collaboration will bring an important increase of the frontier traffic, for freightage and people transport. It is important to mention that on the right bank of Tisa River live 40,000 Ukrainian citizens of Romanian nationality, and on the left bank there are a series of localities in which the Romanian citizens majority have Ukrainian nationality.

The link will assure the auto traffic display on two directions, each with two lanes. For cyclers and pedestrians traffic is provided a way in each direction. Once the road link is made, the conditions for a frontier transit point will be created, in conformity with international traffic requirements from the volume of the traffic and services point of view.

7. Project Description.

a. Existing Studies and summary of conclusions:

There is a bridge and junction road feasibility study drawn up by "S.C.P.M. GROUP TRADE" Ltd.-Baia Mare, updated in June 2001.

The bridge and the linking road will facilitate the access on the most shorten distance towards the town Lvov in Ukraine, where are intersecting the motorways Dresda – Wroclaw – Lvov – Kiev and Bratislava – Ujgorod – Lvov and will assure an absorption of the transit traffic on the route North-South, being designed to satisfy the fluidity of the ware and person traffic, as well as the small cross-border traffic towards Ukraine.

In accordance with traffic studies, in Maramures county, it is foreseen an annual medium daily traffic (AMD) across the bridge of 832 standard vehicles in first year after commissioning. This traffic would increase in the next 10 years at 1.742 standard vehicle and after another 10 years it would achieve the limit value of 2.132 standard /24 hours and it would become relatively constant. Cross-border point from Sighetu Marmatiei would overtake the transit traffic from Transilvania counties, due to the fact that the transportation distance it would be reduced in medium with 50 km and duration with 1 hour for a medium speed of 50km/h.

b. Specific Objectives (Project Purpose):

The bridge over Tisa river in Sighetu Marmatiei is harmoniously framed in the strategy for road infrastructure of the Central and Eastern Europe countries who started in 1997 a program called T.E.M.P. (Trans European Motorway Program). The program shows the action directions the participant countries should take in order to establish a motorway network in the region.

The bridge and the linking road will facilitate the access on the most shorten distance towards the town Lvov in Ukraine, where are intersecting the motorways Dresda – Wroclaw – Lvov – Kiev and Bratislava – Ujgorod – Lvov and will assure an absorption of the transit traffic on the route North-South, being designed to satisfy the fluidity of the ware and person traffic, as well as the small cross-border traffic towards Ukraine.

c. General Description.

Objective of the investment is composed of:

1. Bridge upon Tisa, in length of 206.10 m. (dungeon) and 202.60m (between the guard walls), which will disserve the link road, can take over the entire traffic

- The road is designed for 60-km/h speed, restrain required by the existence of the control point at frontier transit.
- The bridge will have 5 openings of 40.00 m each, in 2 slopes of 0.5% each.
- The total width of the flooring will be $2 \times 13.50 = 27.00$ m. (median lane 0.50 m, carriage road 9.00 m, cyclers track 1.50 m, walk side 2.50 m)
- Rainwater wastage will be realized through wastage holes installed in ledge of the carriage road exterior, 6 pieces per flooring.

2. Link rod between road networks of the two states in length of 2.682 km., has the platform width in conformity with the road traffic in provider conditions.

- The link road crosses the national road DN 18 (at km.60+260) on Romanian side and the road A 265 Ujgorod – Solotvina – Ivano Frankovsk (at km.171+000) on Ukrainian side.
- The length of the road is 995 m. on the Romanian bank and 1.487 km on the Ukrainian bank.
- The road will have a platform of 27.00 m width, from which 17.00 m width of the carriage road (2 lanes per a direction, with a separation median lane of 1.00 m width), 2×1.50 m the tracks for cyclers, 2×2.50 m width of the walk sides and 2×1.00 m width of the footways.
- On the carriage road, the system is flexible and will have the thickness of 68 cm+12 cm, being made of 4 cm. rugged asphalt concrete BAR 16, 6 cm. asphalt mixture in link layer BADPC 31, 13 cm. asphalt mixture in base layer type C, 2×10 cm. ballast 0...50 mm stabilized with cu cement 6%, minimum 25 cm. ballast 0...70 mm mechanic stabilized and 12 cm. granulated slag of furnace as a thermic-insulating layer.

3. Facilities for necessary activities provided at pct. II (transit frontier point, customs point, commercial services).

Objective placement: west zone of Sighetu Marmatiei locality, so that it can be realized in the minim alternative of length, and the river crossing will be made in the river bed part that assures smallest bridge length.

d. Expected results:

- assurance of the road transport of all categories and types and pedestrian traffic;
- frontier operations ;
- customs operations;
- access operations for road and bridge use;
- commercial services;
- productive activities in free zones;

8. Project Estimated Impact.

a.Economic (Please give details of main benefits identified together with values assigned to them)

Maramures, Salaj and Bistrita Nasaud Counties, which are part of the NORTH- WEST Regione,don't have direct access to Ukraine, the present cross-border point are Halmeu (Satu Mare County) and Siret (Suceava County). It does exist a commune rehabilitation programme for inter-counties roads in the area with a high economic potential, which have the main commune access axis, the future bridge over Tisa river.

Although an exhaustive economic analyze was not carried out, one can estimate that the bridge over Tisa river and the connection road between Romania and Ukraine will have a great impact about the regional economy, particular in the area of the Sighetu Marmatiei city. Also, the presence of a traffic corridor connected to the main European transport axis will create the basis for economic development in industrial activity, tourism and agriculture in the entire area of the Maramures, Salaj and Bistrita Nasaud Counties.

The results of economical analyze are:

Economic Yield Fee	EYF	10%
Present Net Value Indicate the used present fee.....	PNV	2.28
Benefit/Cost Ratio	B/C	12.48

b.Social (including employment impact)

Although an exhaustive economic analyze was not carried out, one can estimate that the bridge over Tisa river and the connection road between Romania and Ukraine will have a great impact about the regional economy, particular in the area of the Sighetu Marmatiei city. Also, the presence of a traffic corridor connected to the main European transport axis will create the basis for economic development in industrial activity, tourism and agriculture in the entire area of the Maramures, Salaj and Bistrita Nasaud Counties.

Number of jobs directly established:	111
- During the implementation phase	91
- During the operational phase	20
- Average duration of these jobs	9.4 years
Number of jobs indirectly established	220
- During the implementation phase	20
- During the operational phase	200

- c. **Environment** (including measures for the prevention/reduction/compensation of negative impacts)

After the completion of works it is necessary to restore the natural frame, including the breaking up of the service bridge.

9. The Main Activities Timetable and Description.

	Start date	Completion date
Feasibility study:	done	
Economic analysis:	done	
Financial analysis:	done	
Environmental impact assessment:	01/02/2002	31/06/2002
Design studies:	01/02/2002	30/06/2002
Tender documents:	01/05/2002	30/06/2002
Land acquisition:	01/05/2001	30/09/2001
Construction:	01/10/2002	31/07/2004
Operational phase:	31/10/2004	

*Please include a summary description and schedule of work.
If earlier phases of the project have already been undertaken, give details.*

10. The Estimate Budget.

Total Budget: 8.193.635 Euro of which:
Phare: 5.000.000 Euro
National Fund (33% from Phare funds): 1.650.000 Euro
Local co- financing: 1.543.635Euro
Others sources: 0

- Has an application been made for assistance from any other public source, or International Financial Institution, for this project or any part of this project?
No.

PROJECT FICHE NO. 1 S (7)

3 SOUTH MUNTENIA REGIONAL DEVELOPMENT AGENCY

Project title : Improvement of access to Pan-European corridor IV – Rehabilitation of NR 21 between Drajna and Calarasi, km 107+500 to km 129+602

1. The project has the following objectives:

- The modernisation of transport infrastructure within the overall frame of the alignment of the infrastructure to the European standards;
- Contributes to the development of business infrastructure in the context of industrial activity restructuring
- Contributes to the creation of a favorable environment for the development of the private sector
- Contributes to the modernization of national and European roads networks, in order to improve road traffic flow in the area, making the traffic more fluent and decreasing the negative impact on the environment.
- improving the road transportation infrastructure and increasing traffic safety.

2. Sector: Local and regional infrastructure development

3. Location: Calarasi county ; 3 South Muntenia Development Region; Romania

4. Link with the objectives of National Development Plan and Regional Development Plan:

The project fits in and responds equally to the priorities of NDP and RDP. The project is consistent with the Strategy of The National Development Plan (2002 – 2005), Axis 2 “Infrastructure Upgrading and Development”

5. Beneficiaries and partnership

- Beneficiaries:

Name:	Ministry of Public Works, Transport and Housing – National Administration of Roads
Address:	Dinicu Golescu 38, Sector 1, Bucharest
Contact:	Ms. Eugenia Dunca, Deputy General Director
Telephone:	311 09 63
Fax:	311 09 63
E-mail:	Phare@andnet.ro

- Parteners:

6. Project necessity

- Creation of best conditions, necessary for the economic development in the area
- Efficiency of local resources utilization
- Road traffic flow on DN 21
- DN 21, km 107+500 – km129+602 links Drajna (future motorway – Pan European Corridor IV) with Calarasi
- Rehabilitation of the environment conditions at the municipality level
- This project connects with projects “Rehabilitation of DN3, km 107+500 – km129+602” which will be realized under Phare CBC 2001 Programme and “Rehabilitation of DN3B, km0+300 – km3+020” which will be realized under Phare CBC 2002 Programme

7. Project description

a. Studies existence

- Feasibility study, Technical Project and tender Documents exist

No	Name	Summary of conclusions
1.	Technical Feasibility Study	The investment is technically feasible
2.	Economic and Financial Feasibility Study	The project is economically viable; The forecast of the traffic data shows that the traffic is intense between km 108+000 and 130+475 (the part of the road to be improved through the project), with more then 8,000 vehicles
3.	Economic analysis	Benefit/cost rate – 1.57
4.	Financial analysis	Reference indicators: ☐ IRR – 14.4% ☐ VNP – 2.9 MEuro

b. Specific objectives

- Modernization of the physical access infrastructure
- Achievement of all the necessary conditions in order to develop and strengthen the private sector in the area
- Diversification of social and economic activities in the area
- Increasing the number of jobs in the private sector
- Increasing the area attractiveness for new investments in the area
- Increasing the travelers and goods traffic in the area
- Creating the premises to get access to the European road transportation corridors;
- Improving the transportation infrastructure at the level of the South East European Development Region

c. General description

This road sector of DN21, km107+500 – km129+602, represents the connection between Calarasi and the future Bucharest-Constanta through Drajna motorway and the European Road E 60 through Slobozia.

Taking into account the continuous increasing of the traffic on this sector, especially the heavy traffic, the road (DN21) must be rehabilitated with a platform of 9 meters, from which 7 meters of carriage way. The actual technical situation of this road is precarious, especially in spring time, and the local maintenance is costly and inefficiently. It is necessary to be rehabilitated all the road, with radical solutions for the difficult areas.

At present, Calarasi municipality faces serious economic and social problems, generated by the activity limitation or by closure of some companies in the field of: steel industry, textile industry, food industry, and constructions industry.

The project, through its proposed investment measures, has in view the creation of a favorable environment, both for the development and for the setting up of new productive SMEs, with the view to improving the social and economic situation of the municipality and the area near it.

At the same time, the project has in view the attractiveness in the area for the foreign tourists and the improvement of the environment conditions in the municipality and in the area near it.

d. Expected results

- Creation of a modern infrastructure, attractive for investments in the area
- Improving better traffic conditions
- Linking easier Calarasi with the future motorway Bucharest – Constanta
- Road traffic flow
- Decreasing of the unemployment rate at the municipality level
- Increasing of the inhabitants living standard
- Decreasing of the soil and air pollution at the municipality level

8. Project impact

a. Economic

- Increasing of the attractiveness for the investors
- Creation of a modern infrastructure, attractive for potential investors, linked directly to European Transport Corridor IV
- Development of the business sector and private sector
- Increasing SMEs competitiveness in the area

b. Social

- Creation of new jobs
- Decreasing of the unemployment rate
- Decreasing of the young qualified workforce migration
- Improvement of the living conditions for the inhabitants in the area

c. Environment

- The project achievement contributes to the improvement of the environment conditions in the area.
- Decreasing the soil, air and water pollution, due to transport pollution
- Exhaust car's gases will diminish due to the short time of transportation.

9. Main activities, program and description

	<i>Starting date</i>	<i>Completion date</i>
Feasibility study:	Exists	
Economic analyses:	Exists	
Financial analyses:	Exists	
Environment impact assessment:	Exists	
Execution designs:	Exists	
Tender documents:	Exists	
Land acquisition:	-	-
Constructions:		
Operational phases:		

10. Estimated Budget

Total Budget: 10,8 MEuro from which:

Phare	5,0 MEuro
National Fund (33% from Phare funds)	1,66 MEuro
Local co-financing (NAR)	4,14 MEuro
Other sources:	-

PROJECT FICHE No. 2 S (8)

3 SOUTH MUNTENIA REGIONAL DEVELOPMENT AGENCY

Project title: Development of tourism and pleasure activities in the area near the Danube, Borcea branch and Calarasi municipality (Danubius Park)

1. The project has the following objectives:

- Contributes to the development of the tourist infrastructure in the area near Borcea branch and Calarasi municipality
- Contributes for attracting in the tourism field some areas with tourist potential, near Borcea branch and Calarasi municipality
- Contributes for attracting in the area private investors and tourists interested in hunting and fishing tourism
- Contributes to the maintenance of the environment conditions in the area

2. Sector: Tourism and infrastructure development

3. Location:

Country : Romania
Region : 3 South Muntenia
County : Calarasi
Area : Borcea branch and Calarasi municipality

4. Correlation with the objectives of the National Development Plan and Regional Development Plan:

The project fits into and responds equally to the priority "Tourism development" of National Development Plan and the priority "Tourism and services development" of Regional Development Plan

5. Beneficiaries and partnership

• Beneficiaries:

Name: Calarasi County Council
Address: No. 1, street 1 Decembrie 1918, Calarasi, Calarasi County
Contact: Damian Ioan
Telephone: +40 (0) 42 311301
Fax: +40 (0) 42 331609
E-mail: cjcalarasi@nex.ro

• Partners: Calarasi Local Council

6. Background and justification of the necessity of the project

The South and South-East part of Calarasi county is one of the most important segment of the Low Danube, this presenting an excellent tourist attractiveness, but insufficiently utilised.

The high number of very beautiful islets, the ramification of the main rivers through unique branches create both a natural environment good for resting and unique conditions for hunting and fishing.

The utilisation of this area, with its wild islets, Delta flora and fauna, lakes and pounds full of fish, and besides these important places for hunting in the leafy forests, is equal to the development of a sportive tourism sector, in an unique, ecological and natural environment.

The project has in view the utilisation of some historical sites (UNESCO monuments) existing in the area, such as : Vicina Pacuiul lui Soare – Byzantine fortress ; Durostoru (Ostrov) – Roman municipality - II-IV century ; Archeological reservation from neolithic era – millenium V B.C.

The project has in view the approaching of the first stage of the high strategy for the tourist and historical potential utilisation in the area, through a series of concrete measures regarding the rehabilitation of the south-east part of the municipality, near the Borcea Branch.

The accommodation capacity at the municipality and the entire county level is quite low, in the county existing five accommodation units (4 hotels and one tourist pension).

After 1989, the economic units in Calarasi municipality area were affected by the industrial restructuring, with an impact on the unemployment increase, this reaching in 2002 at 11.9% in comparison with 10.4% at the region level and 10.5% at the country level.

The development of the tourism in the Calarasi-Borcea area will be facilitated also by the improvement of the access through the rehabilitation of the transport network, envisaged by the CBC financed project and the **Improvement of the access to the Pan – European Corridor IV** project, proposed for financing under Phare 2001 ESC programme.

7. Project description.

a. Existing Studies and summary of conclusions

- Technical feasibility study
- General Town Planning Plan of Calarasi municipality
- General Town Planning Plan of Calarasi county

b. Specific objectives

- Arrangement of a land surface necessary for locating the tourist objectives
- Ensuring the town infrastructure of the tourist area
- Achievement of operational tourist infrastructure of the area :
 - Centre for tourist department and park administration
 - Centre for tourist promotion of the area
 - Local village museum
 - *Navigation center*
 - *Space arrangement for accommodation*
 - *Achievement of objectives with thematic tipology (hunting and fishing)*

The last three objectives will be achieved from the County Council and the private sector contribution, as parallel financed projects.

c. General description

In order to utilise the tourism potential and the tourism development in the area, the project has in view, first of all, the achievement of the infrastructure necessary for the location of the tourist sites. This will be made by fitting and landscaping some surfaces of land with a total of 6 hectares, situated on both sides of Borcea branch, which will be linked with the small bridge only for pedestrians. The land is under the ownership of the Calarasi Local Council.

The public utilities infrastructure needed for the development of the future tourist activities contains the execution of 10 Km. pipeline for drinking water, of 6 Km. sewerage network, of a depth well and of other annexes necessary for their well working.

Within the two arranged surfaces, a centre for tourism department and touristic park administration will be developed. At the same time, a Centre for tourist promotion of the area and a local village museum will be built.

Parallel co-financed projects (Local Council and private sector):

In order to facilitate the access in the historical and attractive sites situated along the Danube, 6 pleasure ships will be purchased.

The accommodation of the tourists attracted in the area will be made in a new hotel and small houses built in a traditional style, with a total capacity of 300 places, where the tourists will benefit by high quality conditions and services.

For ensuring good conditions for a pleasant holiday, a number of four inns will be built, each of them with a different traditional aspect.

d. Expected results

- Increase the incomes from tourism activities
- Increase the number of tourists in the area with 25000
- Setting up 32 new SMEs in the area
- Creation of good pleasure conditions
- Tourist promotion of the area
- Decrease the number of unemployed persons existing at the municipality level

8. Project impact

a. Economic

- Creation of a modern infrastructure for tourism and private investors
- Development of the tourism and business environment
- Increase the SMEs competitiveness in the area

b. Social

- Decrease the unemployment by creating about 1000 indirect new jobs, in the tourism sector, catering and commerce activities
- Improving the life conditions for the inhabitants in the area

c. Environment

- The project achievement contributes to the improvement of the environment conditions in the area

9. Main activities, programmes and description

	Starting date	Completion date
Feasibility study:	Elaborated	December 2001
Economic analyses:	01/05/2002	01/07/2002
Financial analyses:	01/05/2002	01/07/2002
Environment impact assessment:	01/05/2002	01/07/2002
Execution designs:	01/08/2002	01/11/2002
Tender documents:	01/01/2003	01/03/2003
Land acquisition:	Is not the case	Is not the case
Constructions:	01/06/2003	31/05/2005
Operational phases:	01/06/2005	

9. Estimated budget

Total Budget: 6,25 MEuro from which:
 Phare 3,5 MEuro
 National Fund (33% from Phare funds) 1,15 MEuro
 Local co-financing 0.5 MEuro
 Other sources: - private sector: 1,1 MEuro (parallel project)

Project Title: Cross county road in Bucegi Mountains

1. The project responds to the following wider objectives:

The measure is the first one from a set of measures aimed to raise of the touristic and economic level of the Bucegi area in conformity with the development predicted by the General Urban Plan by interconnecting the Ialomita and Arges hydrographic area related and the networks of European roads which are passing through.

2. Sector: Infrastructure. Tourism

3. Location : Romania, South – Muntenia Development Region, Dambovita County, Brasov County

4. Correlation with the National Development Plan and Regional Development Plan objectives:

The project responds to the priorities of "Tourism development and correspondent services" stipulated in the Regional Development Plan and also responds to the priorities: "Tourism development" and "Development of Local and Regional Infrastructure" stipulated in the National Development Plan.

5. Direct Beneficiary and Partnership

- Beneficiary: DAMBOVITA COUNTY COUNCIL

Name	AUREL CUCU, PRESIDENT
Address	No.1, Independentei Street, TARGOVISTE 0200
Contacts	Dan Nitescu
Telephone	0040- 45-611030
Telex/Fax	0040-45-212230
E-mail	consjdb@cjd.ro
- Beneficiary: BRASOV COUNTY COUNCIL

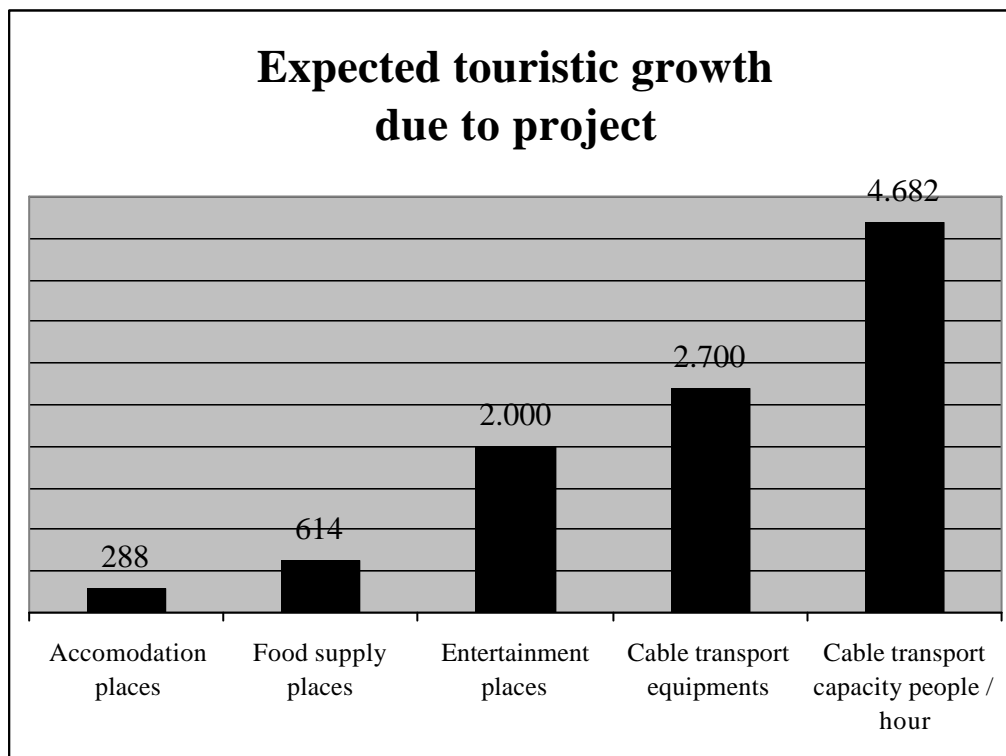
Name	ARISTOTEL CANCESCU, PRESIDENT
Address	No.5, Eroilor Boulevard, BRASOV
Contacts	ARISTOTEL CANCESCU, PRESIDENT
Telephone	0040-68-410777
Telex/Fax	0040-68-476905
E-mail	cjbv@deuroconsult.ro

6. Background and justification of the necessity of the project:

The necessity of the project is a result of economical exchanges between the two areas, which are presently realised with big expenses, through an area with great agriculture resources, having an great touristic potential which is presently not exploited.

As a result of the access and transportation difficulties, most of the area's potential remains unused. In the entire area, the exploitation of the agriculture products, forest wood, the capitalisation of the touristic potential are being realised on a low level, related to the area's potential. This road would open new opportunities for tourism investments, agriculture and other specific activities for a mountain region.

At the present, there are 1,519 touristic accommodation places, 370 food supply places, 50 entertainment places, 1 cable transport facility with 415 people / hour transport capacity, no one winter sports facility. Due to project's implementation, there are expected 4,380 touristic accommodation places (288% increase), 2,270 food supply places (613% increase), 1,000 entertainment places (2000% increase), 27 cable transport facilities (2,700% increase) with 19,430 people / hour transport capacity (4,674% increase), 44 winter sports facilities (please see graph below).



7. Project description

a) Existing Studies and summary of conclusions:

The following studies have been already achieved:

- Traffic Analysis
- Feasibility Study
- Cost Benefit Analysis
- Environmental Impact Assessment
- Non-Technical Report

b) Specific Objectives (Project Purpose):

- To improve the access to the Bucegi Mountains –touristic area Padina – Pesteră;
- To increase the tourists number in the area (to 220% more than the present);
- The touristic and agro touristic businesses increase;
- The increase the local budgets capital with implications in the subsequent economical development;
- To create the infrastructure for the development of the most important Romanian resort for winter sports, a measure that will increase the contributions for the national budget, with direct implications in the GNP raise;
- The increase the attraction of foreign capital inside the area;
- To improve the sustainable development of the forestry sector in the area.

c) General Description

The project comprises three sections, that will be implemented as separate parallel projects:

- The rehabilitation of the existing road in Dambovită County, namely Moroieni – Coteanu for access in touristic area Pesteră-Padina – 29.3 km of road to be modernised (project co-financed from Phare funds);

- *The rehabilitation of the existing road in Brasov County, namely Valea Bargaleasa – Moeciu de Sus – 7.5 km of road to be modernised , estimated at 1.6 Meuro (parallel project, financed from Brasov County Council funds);*
- *The construction of a tunnel to link the two existing roads, Coteanu – Valea Bargaleasa – 2.2 km of new road and tunnel to be built, estimated at 9.5 Meuro (parallel project, financed from State Budget / National Administration of Roads funds)*

d) Expected results

- Indirect incomes of about 38,000,000 Euro for the 25 years project life span;
- 815 new jobs – permanent basis, 400 – seasonal basis;
- An alternative route for the DN 1.

8. Project estimated impact.

a) Economic

As shown in the Financial analysis, annexed.

b) Social

The main benefit is the re-integration of the area in the national touristic circuits, the creation of more than 800 work places, and other indirect benefits for the citizens and for economic and sport areas, heavily to be quantified.

c) Environment

As shown in the IMPACT MATRIX , annexed.

9. The Main Activities Timetable and description:

	Start Date	Completion Date
Feasibility study:	01/01/2002	20/04/2002 (completed)
Economic analysis:	01/01/2002	20/04/2002(completed)
Financial analysis:	01/01/2002	20/04/2002(completed)
Environmental impact assessment:	01/01/2002	20/04/2002(completed)
Design studies:	01/09/2002	15/01/2003
Tender documents:	01/09/2002	01/12/2002
Land acquisition:	01/10/2002	01/12/2002
Construction:	01/03/2003	20/02/2005
Operational phase:	01/05/2005	-

*Please include a summary description and schedule of work.
If earlier phases of the project have already been undertaken, give details.*

10. The Estimate Budget

Total Budget: 11.2 MEuro of which:

Phare 4.8 MEuro

National Fund (33% from Phare funds): 1.6 MEuro

Dambovita County Council: 4.8 MEuro

Has an application been made for assistance from any other public source, or International Financial Institution, for this project or any part of this project?

No other application has been made for assistance from any other public source, or International Financial Institution, nor this project, nor any part of this project.

The availability of funds for the parallel financed projects will be reconfirmed at the beginning of 2003 financial exercise - through the provision of the necessary amounts in the State/NAR, and Dambovita and Brasov County Councils Budgets – and represent a conditionality for the commitment of the Phare funds.

PROJECT FICHE no. 4 S(10)

SOUTH MUNTENIA Development Region

Project title: TURNU MAGURELE INDUSTRIAL PARK

1. The project responds to the following wider objectives:

- Economic re-launching of the business environment from South – Muntenia Development Region;
- Business infrastructure development in the context of industrial activity restructuring;
- Creating a favorable environment for the private sector development;
- Rehabilitation of the environment conditions, by developing the economic and social activities under proper conditions;
- Improving the situation of the local financial budget;

2. Sector:

Local and regional infrastructure development

3. Location:

Country: **ROMANIA**
Region: **SOUTH-MUNTENIA**
County: **Teleorman**
City: **Turnu Magurele**

4. Correlation with the National Development Plan and Regional Development Plan

The project "Turnu Magurele Industrial Park" responds to the priorities "Development of regional and local infrastructure" and "Development of private sector and investment promotion" from the National Development Plan, and the priority "Diversification and extension of the Region industrial base" of South-Muntenia Regional Development Plan.

5. Direct Beneficiary and Partnership:

- Beneficiary:
Name: Teleroman County Council
Address: 178, Dunarii street, Alexandria
Contact: Liviu Nicolae DRAGNEA – President
Aida CATANA – counselor
Telephone: +40(0)47 311201
Fax: +40(0)47 312494
E-mail: cjt@cictelnet.ro
- Partners:
Name: Turnu Magurele Local Council
Address: Republicii street
Contact: Nicolae MOHANU – Mayor
Telephone: +40(0)47 416861
Fax: +40(0)47 416453
E-mail: turnu_magurele@yahoo.com

6. Background and justification of the necessity of the project:

Turnu Magurele Industrial Park is located in **South-Muntenia Development Region**.

Teleorman county is in the South of Romania and Turnu Magurele city is near the point where Olt river discharges into the Danube. The number of people in Teleorman county is 456,163 and there is a high level of unemployment: the unemployment rate at county level was in 2001 of 9%, but the majority of unemployed are concentrated in the Turnu Magurele municipality. The project intends to attract the redundant population from the area, appeared due to the big enterprises restructuring, in the economic activities which will develop in the industrial park.

The existence of a transport and communication infrastructure responds to the traffic requirements, corresponding to the European parameters, having access to E60 European road, creates good conditions for the achievement of this project impact.

Turnu Magurele is very important from the point of view of international traffic; in the next years the checking point and cross-border by ferry boat Turnu Magurele – Nikopol will become functional. The establishment of the cross-border point Turnu Magurele – Nikopol (Bulgaria) will intensify the commercial links with the countries in the Central and South-east Europe and implicitly will support the economic development of the area.

The achievement of the industrial park is an objective stated also in the Teleorman County Development Plan as well as the Local Development Plan of Turnu Magurele municipality; the land deemed for the future industrial park belongs to the Local Council of Turnu Magurele municipality and it is foreseen with this specific destination in the General Town Planning Plan.

7. Project Description

a. Existing Studies

The Feasibility Study is achieved

The geo-technical study is achieved

The documentations were elaborated and submitted for obtaining the approvals and authorizations necessary for the project achievement.

From the economic and financial analysis it results that IRR is 15.91%.

b. Specific Objectives

- The achievement of the access roads and alleys to the precincts;
- The achievement of the industrial park administrative pavilion;
- Ensuring the utilities in the precincts
- Industrial park enclosure

c. General Description

The land chosen for Industrial Park investment is on the west side of Turnu Magurele city, 1 Km further. The area for this investment measures 48 hectares and is represented by a plane.

The place chosen for the Industrial Park ensures the access to national and local roads, railways and Turnu Magurele port, in the shortest way. The position of Turnu Magurele Industrial Park makes possible the connection with Bucharest through 52 National Road and 70 European Road, with Pitesti through 65 National Road or Road no. 546 for all county interest on Olt valley and with Craiova and Timisoara through the Road no. 546 and E70 and also, by train

The area will be divided in 70 different parts; 56 from these will be used for proper industrial activities, 3 for environment and 11 for auxiliary activities.

The Industrial Park will offer proper conditions for investors for developing industrial activities and the following utilities will be ensured, through the construction of the industrial park:

- water supply – network with a length of 4870 m.l. with the link to the city network of 100 m.l.
- waste water sewerage – network with a length of 4000 m.l., with the link to the city network of 100 m.l.
- pluvial water sewerage – network with a length of 4000 m.l.
- electric power supply – precincts network with a length of 5.3 Km.
- telephone – precincts network 5.0 Km.
- natural gas supply – distribution network with a length of 4.8 Km, with the link to the transport network in Turnu Magurele;
transformer station – 20 KW
- thermic energy supply – thermic station: precincts network with a length of 4.9 km.

d. Expected results

- Creation of a modern infrastructure, attracting investments in the area;
- Setting up productive companies, based on the processing of the local resources in the area, and especially of the agricultural ecological products;
- Decrease the unemployment level, by creating at least 2000 new jobs;
- Increase the life standard of the inhabitants;

8. Project Estimated Impact

a. Economic

- Improvement of **South-Muntenia Region** socio-economic environment;
- Increase of region attractively for domestic and foreign investors;
- Stimulating of SME's development in the region;
- Economic re-launching of the city and improvement of business environment;
- Promoting ecological agro-alimentary products;
- Ensuring necessary conditions for the development of the private sector.

b. Social

- Creating new jobs – at least 2000;
- Unemployment rate decrease;
- Increase the qualified young workforce migration to other cities;
- Improving the life conditions of the inhabitants in the area.

c. Environment

By this project achievement the environment conditions in the area will not be negatively affected.

9. The Main Activities. Timetable and Description

	<i>Starting date</i>	<i>Completion date</i>
Feasibility study:	Elaborated	December 2001
Economic analyses:	01/04/2002	01/07/2002
Financial analyses:	01/04/2002	01/07/2002
Environment impact assessment:	01/04/2002	01/07/2002
Execution designs:	01/08/2002	01/11/2002
Tender documents:	01/01/2003	01/03/2003
Land acquisition:	Not applicable	Not applicable
Constructions:	01/06/2003	31/05/2005
Operational phases:	01.06/2005	

10. The Estimate Budget

Total Budget: 4,500.00 MEuro of which:

Phare: 3,000.00 MEuro

National Fund (33% from Phare funds): 1,000.00 MEuro

Local co-financing: 0.500 MEuro

Project fiche no. 1 SE (6)

South Est Development Region

Project Title: Rehabilitation of the National Road DN 2B (E87) Galati – Giurgiulesti, km 138+000 – km 150+000 length 12 km

1. The project responds to the following wider objectives:

- The modernisation of transport infrastructure within the overall frame of the alignment of the infrastructure to the European standards;
- The increase of the number and the strengthening of the competitiveness of SMEs through the improvement of the transport infrastructure in the Galati area;
- The improvement of the transport infrastructure strengthening the linkage between South-East Region and European road transportation corridor K IX and K IV;
- Improvement of the transport infrastructure at the level of the South – East Development Region.
- making the traffic more fluent, decreasing the negative impact on the environment and increasing traffic safety.

2. Sector: Improvement of the Local and Regional Infrastructure for strengthening the linkage between economic poles and European transport corridors.

3. Location: Romania, South – Est Development Region, Galati County

4. Correlation with the National Development Plan and Regional Development Plan objectives:

The project is consistent with the Strategy of The National Development Plan (2002 – 2005), Axis 2 “Infrastructure Upgrading and Development” and meets the objectives of Regional Development Plan of The South-East Development Region, priority 2 – “Infrastructure Development”, measure 2.1 – “Improvement of the access roads to the economic areas and the creation of efficient connections between the economic poles and the European transport corridors”.

5. Direct Beneficiary and Partnership.

- Beneficiary:

Name:	National Administration of Roads
Address:	Blvd Dinicu Golescu nr. 38, Sector 1, Buc
Contact:	Eng. Eugenia Dunca, General Deputy Director Eng. Silvia Ciobanovschi, Head of Phare Office
Telephone:	01-311 09 63
Telex/Fax:	01-311 09 63
E-mail:	Phare@andnet.ro
- Partners: Galati County Council

6. Background and justification of the necessity of the project

- The National Road DN 2B (E87) Galati-Giurgiulesti km 138+000-km150+000 insures the communication between Romania, the Republic of Moldavia and Ukraine.
- The road section goes along Galati district area, starting from the limit of Galati town up to the entry of custom point and from the custom point exit up to bridge over Prut. At present, the road's condition does not comply with the standards of an European road. It has a 7 m carriageway adding 2 x 1 m. At the traffic level registered at the border crossing point of Giurgiulesti, there is a traffic congestion, with negative impact on the environment and decreasing the commercial traffic.

- The importance of this link in consisting in the fact that, the Prut crossing (the natural border crossing between Romania and its eastern neighbours) is provided through a final bridge constructed at class E (European standards). For this region, located on the Black Sea vicinity, this section is the single link for Prut crossing among the three countries, the next bridge being located over 200 Km on Corridor IX, in Albita.
- Actually the road has 9 m platform and 7 m carriageway, geometrical elements inferiore to the technical standards for European roads, for international traffic, demanding a minimum 7 m carriageway and a minimum 12 m road platform.
- The current road infrastructure bearing capacity is inadequate, the heavy traffic calls for the road strengthening in order to meet the increase of axle loads.
- The investment necessity is related with the damages done by the new heavy vehicles upon the existing road structure and upon the small loading class bridges, which have already been subjected to fatigue and to frost-thaw (an important phenomena for the road), and all these entail a continuous degradation of the two main parts of the road: road structure and bridges. To repair the damages, during time the maintenance costs are considerably higher, so the road rehabilitation being an obvious necessity.
- On the national road NR 23, on the section in discussion, there are a few bridges and passes: the Over Pass at Galati – Larga railway, the Bridge over Covurlui irrigation canal and the bridge with no water drainage. The damages and faults on these consist on: the carriageway water runs through the dilatation joints, the operation time has expired; geometry of cone quarters is inappropriate, as it does not allow the platform necessary width; the service time of hydro-insulation has expired, and the openings are not tight to the decks; the carriageway asphalt is damaged and the last cover was performed only on 7,00 m width; there is no guard-rail at the limit between the carriageway and walkways.
- It is going to provide access to the European road transportation corridors K IX and K IV.

7. Project Description.

a. Existing Studies and summary of conclusions:

No.	Item	Summary of conclusions
1.	Technical feasibility study	The investment is technically feasible.
2.	Economic – financial feasibility Study	<p>The project is viable, leading to:</p> <ul style="list-style-type: none"> - benefit/Cost rate more than 1 (1.27) - reduction of maintenance costs in the next 15 years to 0.021 Meuro; - the value of one important indicator „Average Autovehicle Day Traffic” AADT, will increase by 50% until 2005, and in 2010 the value of the same indicator will be doubled; - obtaining of direct and indirect socio-economic effects, leading to economic development of this area, reduction of unemployment rate, raising of population life standards. <p>The main rates forecast:</p> <ul style="list-style-type: none"> - IRR – 12,4%; - NPV – 1,67 Meuro; - Benefit/Costs rate – 1,27

b. Specific Objectives (Project Purpose)

- Consolidation of the route system;
- The increasing of the attractiveness of the area for new investments;
- The increasing of traffic safety
- The increasing transportation capacity on DN2B Galati- Giurgiulesti, which will lead to the improvement of trade at the border crossing point Giurgiulesti.

- The achievement of all the necessary conditions to develop and to strengthen the private sector in the area;
- The increasing of the number of jobs in the area.

c. General Description.

- By its main objective, the project aims to solve the infrastructure problems which will create the preconditions for the alignment to the development policies of the EU.
- The national road will be rehabilitated to meet the available parameters, so that it might harmonise with the European Norms according to AGR and allow the safety space required for the railway adjacent to the road.
- Presently, the road's condition does not fit the standards for an European road. It has a 7 m carriageway adding 2 x 1 m. It is predicted the increase of the section to a carriageway of 7m+2x2.5m.
- In plane between Km 141+700 – Km 142+750 (ramps of pass over railway), the rehabilitation works follow the existing geometrical elements, except for the start and the end of the pass ramps, where the existing curves and counter-curves will be adjusted for a speed of 80 Km/h, giving away the existing obstructing sinuosity. Up to the Km 148+000, the designed centre line of the road is moved almost parallel to the existing centre line, so that between the axis of the first railway and the designed axis of the road, the minimum distance will be 10,75 m. from Km 148+000 where the railway starts being over the road and up to the bridge over Prut, the road designed centre line is placed so that the fill slope of the railway might not be affected.
- The fill slope towards Covurlui channel will be of 2:3.
- Road structure, both for reinforcing of the existing one and for widening, has been sized as a flexible structure with asphalt pavement. Regarding the drainage of surface waters, new gutters will be built between the road and the railway, within the safety area, discharging to the new designed culverts. Walkways will be designed on the pass ramps, replacing the existing ones, which will be removed after the road widening.
- Traffic safety will be assured both for the road operation (metallic guard-rails, horizontal and vertical signs will be made) and for the construction period (signing of the road, pass and bridges work points).

d. Expected results

Through this project will be achieved the following results:

- access to the European road transportation corridors K IX and K IV;
- the value of one important indicator „Average Autovehicle Day Traffic” AADT, will increase by 50% until 2005, and in 2010 the value of the same indicator will be doubled;
- from the technical point of view, the results will be: the platforms length – 10.00 m; the traffic way length – 7.00 m; the traffic lines of 0.75 m length, each included in the landing of 1.50 m length; the bridges will be estimated at „E” loading class and will have the traffic way length of 7.80 m framed with dislevelled footways of 1.00 m length out of localities and 1.50 m minimum in the localities;
- making the traffic more fluent to/from the custom point by a more efficient traffic control;
- the improvement of the quality of the road surface;
- the improvement of the transversal profile of the road;
- reducing the risks of road accidents.

8. Project Estimated Impact.

a. Economic

- The establishment of a modern infrastructure, attractive for the potential investors, directly linked with European transport corridors K IX and K IV;
- new jobs in the area;
- improving the business environment;
- The strengthening of the competitiveness of the SMEs operating in the area;
- The attractiveness of the area will increase, the number of national and foreign tourists or business people that use this custom point will increase too, and the result will be the

development of private investments, including the development of the local offer for services (for example, agro-tourism services).

b. **Social** (including employment impact)

- The decreasing of the unemployment rate, in the area;
- During and after the rehabilitation of infrastructure will be created new jobs for the inhabitants and the specialised staff in the area;
- The reduction of risks of road accidents and lose of human lifes;
- Avoiding the diseases due to the water bogging through the maintaining of draining works functionality.

c. **Environment**

- The decreasing of the transport pollution;
- By achieving rehabilitation works, the enviromental traffic impact changes favourably. By improving the car traffic flow, the specific fuel consumption is reduces by 10-20%, and the pollutant emissions are reduced;
- the risk of traffic accidents and accidental pollution becomes smaller on rehabilitated roads, due to the better circulation and signallilg and parching;
- traffic fluency, the possibility to travel at constant speed both in localities and outside localities with a reduced number of acceleration and deceleration, results pollutant emission decrease at pipe ends;
- Maintaining of natural conditions of subsoil water;
- The high quality of the drinking water.

9. The Main Activities Timetable and Description.

	Start date	Completion date
Feasibility study:/...../.....	01 /05 /2001 (completed)
Economic analysis:/...../.....	01 / 05/ 2001(completed)
Financial analysis:/...../.....	01/ 05 / 2001(completed)
Environmental impact assessment:/...../.....	01 /05/ 2001(completed)
Design studies:/...../.....	05 /05 / 2001(completed)
Tender documents:/...../.....	01 / 05/ 2001(completed)
Land acquisition:	** / 03 / 2003	01 / 06 / 2003
Construction:	/ 03 / 2004	31 / 12 / 2005
Operational phase:	2006	

** Land acquisition will start after the signing of the Financing Memorandum

10. The Estimate Budget.

Total Budget: 9,322 MEuro of which:
Phare 5,000 Meuro
National Fund 1,666 Meuro
Local co- financing 2,665 Meuro
Others sources:

- Has an application been made for assistance from any other public source, or International Financial Institution, for this project or any part of this project?

NO.

PROJECT FICHE no. 1 SW (11)
South-West OLTENIA Development Region

Project Title

“THE DEVELOPMENT OF THE TOURISTIC GORJ AREA”

1. The project responds to the following wider objectives:

Encourage private investment in the area and targeting the increase in the number of tourists, through:

- ☐ Developing the public infrastructure for facilitating access to, and increasing the tourism attractiveness of, the mountainous touristic area of Ranca-Novaci, Baia de Fier, Polovragi and Sacelu, in Gorj county, with an extension of 130 kmq.
- ☐ Protection of the environment through land and forests preservation
- ☐ Ensuring the safety of tourists by availability of specialized emergency help and prevention services (such as guides and climbing/ski trainers)

2. Sector:

- ☐ Infrastructure supporting business and tourism development
- ☐ Environmental protection of vulnerable natural sites with tourist potential

3. Location

ROMANIA, South – West Oltenia Region, Gorj County, North –East area (Ranca-Novaci, Baia de Fier, Polovragi and Sacelu)

4. Correlation with the National Development Plan and Regional Development Plan objectives

The project objectives respond to the following priorities of the National Plan of Development 2002-2005:

- ☐ Axis 1 Development of the productive service and connected services, including tourism
- ☐ Axis 2 Improving and developing infrastructure
- ☐ Axis 5 Protecting and improving the environment.

As a project which intends to promote sustainable tourism by preserving the non-contaminated environment of the Gorj touristic area, this project is supported by the Ministry of Tourism (through letter no. 1777 dated 9.5.2002) and Ministry of Water and Environmental Protection (through letter no. 45505/DPPI/8.5.2002).

The development strategy of South West Oltenia, that has been integrated into the National Development Plan, includes among its priorities the development of tourism in the northern areas of the region in the counties Mehedinti, Gorj and Valcea, which are recognised as having a high potential for sustainable tourism. Measures to be financed under this priority are expected to comply with environmental regulations and European standards.

Therefore, the project is fully compliant with both the National Development Plan and the Regional Development Plan for South West Oltenia. The Regional Development Board has proposed this project as first priority for funding under the Phare 2001 Economic and Social Cohesion Programme, component D. The decision of the Regional Development Board is dated 2 March 2002.

5. Direct Beneficiary and Partnership

Beneficiary

Name	Gorj County Council
Address	Gorj, Tg. Jiu 1400, Piata Revolutiei no 2-4
Contact	Constantin DOANDES, Florinel ACHIM
Telephone	053/214304, 053/211815 ext. 16
Fax	053/217854
E-mail	Consjud@intergorj.ro

Partners

1	
Name	Bumbesti Jiu Local Council
Address	Gorj, Bumbesti Jiu town
2	
Name	Crasna Local Council
Address	Gorj, Crasna commune
3	
Name	Musetesti Local Council
Address	Gorj, Musetesti commune
4	

Name	Novaci Local Council
Address	Gorj, Novaci town
5	
Name	Baia de Fier Local Council
Address	Gorj, Baia de Fier commune
6	
Name	Polovragi Local Council
Address	Gorj, Polovragi commune
7	
Name	Sacelu Local Council
Address	Gorj, Sacelu commune

6. Background and justification of the necessity of the project

The project originates from the project Oltenia below the mountains' which was partially prepared under component C of the Economic and Social Cohesion Phare Programme 2000, scored with 139 points by the team of technical assistance Hill Halcrow and placed in the portfolio of 5 reserve projects. Initially, it was proposed only as a project for road rehabilitation and modernization but with the support of the technical assistance, the local authorities better identified the needs and the opportunities for ensuring higher regional impact. This has led to the design of 2 additional project components as described below.

This project targets a mountainous area of 130 km² in the county of Gorj comprising several towns and communes with a total population of over 33,000 inhabitants.

The area has a high tourism attractivity rate due to the following aspects:

- ☐ Easy access from urban centers in the region, for example 60 km distance from Targu Jiu
- ☐ An ideal location for winter and summer sports, thanks to ski resorts (at an altitude of 1500 mt), 3 climbing areas, 25 pedestrian alpine touristic walks including two European long routes (E3 and E7), suitable sites for mountain biking and motorcycle rallies, delta plan and parachute
- ☐ Proximity to national parks and natural reservations, speleological sites, as well as to protected forests
- ☐ SPA resort
- ☐ Ethnographic museum in the open space
- ☐ Fishing and hunting
- ☐ Various touristic sites with monuments, churches, monasteries

The touristic area targeted by this project is formed by the following localities (into brackets the main touristic attractiveness for each site):

- ☐ Ranca-Novaci (ski and climbing resort)
- ☐ Baia de Fier (cave)
- ☐ Polovragi (cave and monastery)
- ☐ Sacelu (SPA and mineral waters - 26 km from Ranca)

Ranca is the single area for ski in Oltenia. Its mountains reach the altitude of 2300 mt. A feasibility study elaborated in 2002 by the French company 'Pomoca' has concluded that the existing ski facilities could be extended with 11 new ski sites including a ski fond path of 30 km length.

However, the development of this area has to take into account the need of safeguarding its important natural patrimony as well as the physical safety of the tourists involved in extreme mountain sports (especially but not limited to climbing).

At present the access to the east and west side of the area is possible through two national roads (DN 66 and DN 67), while the road connection between the target localities is ensured by the county road 665, which needs to be modernised and rehabilitated.

The area suffers from important environmental problems due to the complete lack of sewerage and waste water treatment systems in some localities (Ranca-Novaci) or the obsolescence of the water supply system, as it is the case in Sacelu. Water supply and treatment are essential not only for tourists but even more for protecting the land and the forests from waste water discharge.

The local public authorities ensure at present the so-called 'SALVAMONT' public service, consisting in the availability of emergency help in the mountain areas. This is ensured by specialised teams formed by alpinists and health operators, which are in connection with the service of sanitary transport via helicopter. The team actually working in the area targeted by this project is composed by 14 experts, whose number is

however insufficient to guarantee comprehensive coverage of the territory. Moreover, there is a great demand for touristic guides and teachers with specialisation in climbing, exploration of speleological sites, and ski - all resources who can also prevent accidents involving non experienced tourists. This is why this project has been developed as an integrated intervention with the following 3 components:

- COMPONENT 1: Rehabilitation and modernisation of county road 665, that is the access road to the target area
- COMPONENT 2: Sewerage and waste water treatment system Rânca - Novaci and Sacelu resort water supply rehabilitation
- COMPONENT 3: "RANCA SALVAMONT CENTRE" and regional centre for training of operators specialising in emergency help in mountain areas

comprising, therefore, works for road rehabilitation, rehabilitation of water supply system and a sewerage and waste water treatment system, and civil construction works related to the establishment of a specialised regional training center and the rehabilitation of the 'Salvamont' base.

When designing this project, the partners have also carefully studied best practice cases already implemented under the same Phare facility in previous years, as for example the project 'Modernisation and development of tourism infrastructure in Piatra Neamt' (RO 007.02.03.11), project which also comprises the modernization of a tourism access road together with intervention on water supply and treatment systems (Piatra Neamt project is also funding electricity and gas systems).

The current project is very similar, and somewhat less complex, than the above quoted project. Therefore the proponents are confident that all technical assumption relating to implementation schedules be realistic and the project can be contracted to a single entrepreneur.

The project will have a positive impact on the situation of employment in the area, that is characterized by rates of unemployment above the national average in most of the project target localities, as per table below.

Rate of unemployment in the areas targeted by the project

Town /Commune	Population	Employment		
	Number of inhabitants	Active Population	Number of unemployed	Unemployment Rate, %
Bumbesti-Jiu	11.804	5.643	1.380	24,4
Musetesti	2.467	1.056	210	12,6
Crasna	5.604	2.425	524	21,6
Novaci	6.108	2.725	221	8,1
Baia de Fier	4.715	2.049	224	10,9
Polovragi	3.024	1.271	151	11,9
TOTAL / region	33.722	15.169	2.710	17.8

7. Project description

a) Existing studies and summary of conclusion

The stage of maturity of the documentation as per end May 2002 is as follows:

Project Component	Stage of documentation
1 - Access Road	All documentation is available in English and Romanian: <ul style="list-style-type: none"> □ Feasibility study structured on the basis of Hill Halcrow inputs, including environmental impact assessment □ Tender dossier
2 - Water	Feasibility study available in Romanian to be completed by environmental impact assessment due on 30.06.2002
3 - SALVAMONT Help Service and Training	Feasibility study available in Romanian to be completed by environmental impact assessment due on 30.06.2002
Overall feasibility study	Integration of the existing documentation into the

b) Specific objectives

- The project intends to establish the basic infrastructure for tourism development in the North-East area of Gorj comprising the localities of Ranca-Novaci, Baia de Fier, Polovragi and Sacelu, in order to encourage sustainable tourism and compatible business development
- Ensuring the protection of the environment and natural landscape.

c) General description

The project shall implement three inter-related public investment components:

- ❑ Rehabilitation and modernisation of county road 665, that is the access road to the target area. This first component accounts for 54% of the total project investment.
- ❑ Sewerage and waste water treatment system Râncea - Novaci and Sacelu resort water supply rehabilitation. This second component accounts for 37% of the total project investment.
- ❑ "RANCA SALVAMONT CENTRE" and regional centre for training of operators specialising in emergency help in mountain areas - 9% of the total investment.

For all components, works shall be carried out on land which is in the full ownership of the local public administration - this project partners. As regards the Ranca Salvamont Centre, the works shall consist in the rehabilitation of an existing building, at present not equipped to provide emergency help to tourists in difficulty (the building is mainly used as a warehouse of the operators' equipment) nor to intervene with preventive action towards potential individual accidents. In order to expand the services to the tourists, the regional training center shall be arranged also an information point for tourists, offering the services of guides and trainers and providing specialized equipment and items for the safety of the tourists.

d) Expected Results

- Development of both winter and summer tourism
- Increased number of tourists - 15% increase of the current baseline of 30.000 tourists
- Increased volume of investment and quality of the supply offer in the area
- Job creation (250 jobs for 2 years then 1000 permanent jobs)
- Increased income for both public administration and local business

8. Project Estimated Impact

a) Economic

At present the area has already an accommodation capacity formed by 4 hotels and motels, 9 chalets, one camping and a number of private homes in some cases offered to tourists under the form of bed&breakfast accommodation. The existing capacity accounts for 891 beds, but some additional accommodation is offered by monasteries.

As a result of this project, by crossing data supplied by the local public administration, the county statistical office and the National Association of Rural and Eco-Tourism (ANTREC), it is estimated the following increase in the number of tourists in the area (by assuming the hypothesis that the number of beds does not increase but it does increase the rate of occupancy):

Optimistic scenario

Number of tourists in the area	Number of beds	Number of nights spent by tourists in the area	Income, Euro (10 Euro per bed per day)	Income from tourists in transit, Euro (tickets for accessing the 2 local caves, 1 Euro each entrance)	Total annual income per year, Euro
140,000	891	50,000	500,000	140,000	640,000

Pessimistic scenario

Number of tourists in the area	Number of beds	Number of nights spent by tourists in the area	Income, Euro (10 Euro per bed per day)	Income from tourists in transit, Euro (tickets for accessing the 2 local caves, 1 Euro each entrance)	Total annual income per year, Euro
50,000	891	30,000	300,000	50,000	350,000

The above shall allow, even under the pessimistic forecasts, a considerable increase in the financial flows of the local public administration.

Moreover, the new investment shall have an economic impact on the local service businesses and indirectly on the population, which shall be multiplied in case of increase in the rate of occupancy and the number of tourists in the area.

b) Social

It is expected that 250 new yearly temporary jobs shall be created during the 2-years works execution. Considering the foreseen increase in the accommodation capacity that shall follow private investment, it is also expected that 1000 new permanent jobs shall be created in the operational phase, thus reducing unemployment in the area by 37%.

c) Environment

This project is highly beneficial for the targeted mountain area because it will improve the protection of the environment and natural landscape, as a direct result of the organization of the sewerage system and collecting and cleaning the used waters. The Environmental Impact Assessment for 665 County Road Rehabilitation has detailed on the specific impact on environment of the modernization and rehabilitation of this road.

9. The Main Activities Timetable:

Activity	Start Date	Completion Date
Feasibility Study	01.09. 2001	30. 06.2002 Note: documentation is 85% finalized by external Phare consultants.
Market Study		
Marketing Strategy		
Technical Report		
Financial and economic analysis		
Risk analysis		
Environmental Impact assessment (for components 2 and 3)	02.05.2002	30.06.2002
Tender documents and technical design	01. 10. 02	20. 12. 2003
Land Acquisition	Public Property	Public Property
Construction	2003	2004
Operational Phase	2004	-

10. The estimated budget

Total budget	4.799.000 Euro
PHARE funds	3.074.250 Euro
Governmental funds	1.024.750 Euro
Local co-financing	700.000 Euro
Other sources	

Gorj County Council has issued a decision for contributing to local co-financing with 378.282,60 EURO. The other local partners will cover the remaining part of the local co-financing.

PROJECT FICHE no. 2 SW (12)
South-West OLTENIA Development Region

Project title: IMPROVEMENT OF ENVIRONMENTAL CONDITIONS IN CALAFAT
ENVIRONMENTAL PROTECTION OF THE DANUBE

1. The project responds to the following wider objectives:

- a) Improving the environmental conditions in Calafat through a sewer and waste water treatment system which shall serve the municipality, in the areas with potential interest for the investors
- b) Attracting investors in Calafat, in industry and tourism sectors, in order to capitalise the advantageous border and Pan-European corridor location.

2. Sector: Protection and Improvement of the Environment and Health Safety

3. Location (Country, Development Region, Judet, Locality): Romania, South West Oltenia Development Region, Dolj county, Calafat Municipality.

4. Correlation with the National Development Plan and Regional Development Plan objectives:

The General Urbanistic Plan (GUP) issued by the Ministry of Public Works foresees this project. The new waste water treatment plant is specifically identified by the Ministry's cartography finalised in 2002 with location in South West Calafat in the area where the County Road 553 accesses the city. The GUP has been integrated into the National Development Plan, that at point 2.2.3 foresees strategic actions regarding the improvement of the collection, water treatment and discharging of the waste waters.

The GUP also foresees the establishment of an industrial zone including an industrial park in the North East area of Calafat, this latter with an available surface of 25 hectares.

The environmental rehabilitation project is also a pre-condition for the touristic development of this area of the Danube, which is a priority of the strategy for economic and social development of the Dolj, Mehedinti and Olt counties.

The updated Regional Development Plan for South West Oltenia includes measures for the environmental protection of the Danube area in the region and for investment in both business and tourism related infrastructure. Therefore our project fully meets the provisions of both the National and the Regional Development Plan.

According to the National Development Plan the project responds to:

- axis 5 – environment quality protection and improvement, point 1.1."measures for attaining the standards of the acquis communautaire"
- axis 2 – infrastructure improvement and development, point 2.2.3 for the "equipment and rehabilitation of the utilities networks in the urban and rural localities"
- axis 1 – development of the productive sector and of the related services (including tourism), strengthening of the competitiveness, the economic activities and promotion of the private sector, point 1.1. "by attracting the investments"

5. Direct Beneficiary and partnership

- Beneficiary:

Name :	Local Council of Calafat Municipality
Address:	24 Vladimirescu St., Calafat Dolj county, Romania
Contact:	Petre Traistaru - Mayor
Telephone:	051/231424
Telex/Fax :	051/884232
E-mail : -	

- Partners :

Name:	Dolj County Council
Address:	19 Unirii St, 1100 Craiova, Dolj county, Romania
Contact:	Ileana Majina
Telephone:	051/418650
Fax:	051/418650
E-mail:	ion.voiculescu@cjd.dj.edu.ro

6. Background and justification of the necessity of the project

Calafat is highly polluted also due to the fact that the waste waters are treated only occasionally and partially in a small and old waste water treatment station, which does not comply with the European environmental standards. Such treatment station belongs to a sugar producer plant (SC Zaharul SA) which has the legal obligation to treat the waste water resulting from the production process, and therefore can make available the waste water treatment plant for other purposes only when its capacity is not necessary for the company. Moreover, the company treatment plant is very obsolete and does not comply anymore with the standards in force concerning environmental protection. The project aims at improving the environmental conditions in Calafat through a sewer and waste water treatment system which shall serve the municipality. Calafat has 22.000 inhabitants and the fact that untreated waste waters are at present directly discharged into the Danube has a major negative impact on the river, therefore not only for Calafat citizens but for the entire Danube basin. For these reasons the Ministry of Waters and Environmental Protection strongly supports this project as evidenced by letter no. 45558/DPPI dated 24 May 2002.

Additionally, the pollution of Danube affects those local collectivities which use Danube's water for drinking purposes. Hence this project shall also have a positive impact on the living standard and health safety of the population.

At present Calafat municipality has no waste waters treatment station and the sewerage system collects the rain and domestic waste waters only from a small area, while being treated in the treatment station of a Sugar Processing Factory, which has an old and inadequate equipment not to European standards, as well as a small capacity. Due to the development of the municipality both with respect to the population and industrial units, the discharge of untreated waters in the Danube is becoming a dramatic environmental problem.

By extending the distribution network of the drinking water appeared the necessity of collecting the domestic waste waters into a sewerage network, which if it is interconnected with the existing one, will take the waste waters to the treatment station before being purged into the Danube. Thus, the standards and regulations in force concerning the water quality will be respected and Calafat municipality will be aligned to the European Community standards in the fields of environmental protection and business environment.

By extending the sewerage network of the waste waters and pluvial rain waters and by building a water treatment station, the municipality will contribute to the environment improvement with regard to the river waters downstream and to the ecological reconstruction of the area. Consequently the execution of this investment is both necessary and justified.

The economic justification of this project is especially related to both the business environment and the development of tourism. This project shall be complementary to the construction of the bridge Calafat-Vidin (this latter city located in Bulgaria), already planned in cooperation with Bulgaria and to be co-financed by the European Commission. At the local level, the environmental rehabilitation project is a pre-requisite for the development of the future industrial park, intended to be financed from attracted private sources, interested by the advantageous location of Calafat city.

Moreover, it is to be stressed that the lack of proper and well-sized water sewerage network is one of the obstacles for the establishment of new economic activities in Calafat. In fact the Agency of Environmental Protection cannot approve new commercial or industrial activities in the city if these have no possibility to be connected to the water sewerage system. Already this circumstance has severely affected the business environment and the activity of the factories, which closed, has not been replaced by new economic initiatives. This is why the project implementation might also have an important economic impact.

7. Project Description

a) Existing Studies and Summary of Conclusion

The feasibility study for pluvial and waste waters sewerage system and the treatment station in Calafat was finalised in 2002, in compliance with the provisions of Ordin of the Ministers of Public Works and Public Finances 1013/2001, by an authorised consultant contracted by City Hall Calafat. The study proves the necessity of the expansion of the sewerage network and of the execution of a waste water treatment station in compliance with the European environmental standards and regulations. It includes the economic and financial analysis of the investment. The study concludes that this project is viable from both a technical and economic point of view and at the same time is in line with the forecasts of an increased rate of drinking water consumption in Calafat, namely by 120 l/sec by 2010.

b) Specific Objectives (Project Purpose)

- collecting the waste waters
- collecting the pluvial waters
- treatment of the waste waters collected from the end users in a waste waters treatment station managed by the Municipality of Calafat
- increasing the number of end users, providing public utilities appropriate for the industrial users
- diminishing the cost of the service for the investors attracted in the future industrial park
- discharge of the conventionally cleaned waters in the emissary (Danube river)

c) General Description:

The project for the treatment of the waste waters has four components:

1. Establishing the sewerage network with a length of 7900 m
2. Establishing the collecting network of the pluvial waters with a length of 3111 m
3. Building of a waste water treatment plant with mechanical, biological and treatment station for the muds with a capacity of 200 l/sec of treated waste water (the mechanically and biologically cleaned waste waters will be then discharged in the Danube)
4. Consolidation of the Danube banks in the plant location.

For supporting the project the following documents have also been drawn up:

- the decision no. 44/2002 of the Local Council Calafat, according to which the provision of the local co-financing of the project is approved in amount of 546,000 Euro representing 25% of the total project cost;
- the urban planning certificate no. 20/2001 concerning the extension of the municipal sewerage network with all the necessary approvals from the competent institutions and bodies;
- the urban planning certificate no. 15/2002 concerning the extension of the municipal sewerage networks for pluvial and domestic waste waters and the construction of the waste waters treatment station with the discharge of the treated waters into the Danube, accompanied by the necessary approvals from the competent institutions and bodies

The works shall be executed on land which is in the full ownership of the Local Council. The duration of the works has been carefully and realistically estimated as being of 24 months, to which the time for preparing the technical documentation and obtaining the necessary approvals and endorsement has been added (a further one year).

d) Expected results

- the optimization of the collection of the waste and pluvial waters as well as their treatment while observing the European environmental standards.
- increasing the number of the industrial and domestic users connected to the sewerage network
- better collecting of pluvial waters
- 2500 new users of the drinking water network
- improvement of the business environment
- improving the health and sanitary standards of the 22.160 inhabitants of Calafat
- provision of the services of waste water treatment under conditions of economic efficiency.

8. Project Estimated Impact

a) Economic (Please give details of main benefits identified together with values assigned to them)

Only project components 1 and 3 are income generating, as per the following data and indicators:

Investment value	Euro 1,579,119
Capacity	3,359,059 mc used water, treated
Total annual operational costs	Euro 119,513
Total annual revenues	Euro 131,464
Net annual profit	Euro 11,951
Price to end user (net of TVA)	0,0483 mc used water, treated
New jobs	19

The non-monetary benefits of this project shall be quantified on the basis of the study on environmental impact that is being finalised by 30 June 2002. Additional benefits shall derive from increased health safety and increased attractivity of the area as a business location.

b) Social

The project is foreseen to have also a positive impact on employment by providing an average of 160 jobs for three years (the period of project duration), then 19 permanent jobs from the time the waste water plant becomes operational. The project shall employ manpower in the area, which is particularly important when considering the very high unemployment rate in the Calafat municipality, rated at over 35% unemployed.

22.160 inhabitants will live in better and healthier conditions, to which are to be added the populations that shall benefit from decreased pollution of the Danube water.

c) Environment

The main environmental impact will be the discharge into the Danube of clean waters and consequently the environment will be cleaner while the discharge will be done at European standards. During the implementation works there will be used environmental friendly technology.

9. The Main Activities Timetable and Description

	Start date	Completion date
Feasibility study:	February 2002	March 2002 (completed)
Economic analysis:	February 2002	March 2002(completed)
Financial analysis:	February 2002	March 2002(completed)
Environmental impact assessment	April 2002	June 2002
Technical design studies:	July 2002	February 2003
Tender documents and tenders:	March 2003	May 2003
Land acquisition:	-	
Construction:	June 2003	June 2005
Operational phase:	August 2005	

PROJECT COMPONENT	TO BE FINALISED BY	BREAKDOWN OF COSTS	% ON TOTAL PROJECT COSTS
Water sewerage system	November 2003	407 091	16
Collecting network of the pluvial waters	November 2004	474 079	18
Waste water treatment plant	July 2005	1 172 024	45
Consolidation of river banks	July 2005	547 621	21
		2 600 815	100

10. The Estimate Budget

Total budget of the project:	2.600.000. EUR, out of which:
PHARE:	1.370.000. EUR
National Fund Co-financing	684.000. EUR
Local co-financing	546.000. EUR

- *Has an application been for assistance from any other public source, or International Financial Institution, for this project or any part of this project?*

No, no other application has been made because this project is not eligible either for ISPA, requiring a project with total cost in excess of 5 Meuro and target population of over 150,000, or for SAMTID, requiring minimum 25,000 connections to the water/sewerage system or 100,000 inhabitants target population located in towns (communes and villages are not eligible under SAMTID). Hence, this project is not eligible for SAMTID because Calafat is geographically far away from other urban communities and, even in consortium with neighbouring towns could not meet the eligibility conditions. The activities foreseen by the project envisages extension/establishment of new plant and network connections – activities allow in the SAMTID programme only in exceptional cases. The main target of the project is the industrial users, and not the domestic users, like in the SAMTID programme.

SOUTH-WEST OLTENIA REGION

Project fiche South West Oltenia Development Region

Project Title:

“ The Sustainable Development of Ilovita-Ciresu-Marga Area” Mehedinti County

1. The project responds to the following wider objectives:

The general objective of the project is to increase attractivity of the tourist area of Ilovita-Ciresu-Marga, in order to increase the number of tourists and attract additional private investment into the area. Moreover, the project shall improve the living conditions of the local communities.

2. Sector:

- Local and regional infrastructure, tourism infrastructure development

3. Location:

Country : Romania
The Development Region : South-West Oltenia Region
County : Mehedinti
Localities : Ilovita, Bahna, Ciresu, Jupanesti, Marga

4. Correlation with the National and Regional Plans for Development objectives:

The National Development Plan presents the tourism sector as one of the leading sectors for socio-economic development in Romania, including the diversification of rural economies.

The objectives of this project respond to the following priorities of the National Plan of Development 2002-2005:

- ☐ Axis 1 Development of the productive service and connected services, including tourism
- ☐ Axis 2 Improving and developing infrastructure

As a project which intends to promote sustainable tourism by **facilitating access to a touristic area in the Mehedinti county, but also to the touristic areas of the neighbouring counties in the region (Gorj and Valcea)**, this project is supported by the Ministry of Tourism through letter no. 1578 dated 19.04.2002. Furthermore, the project shall facilitate **access to the newly built business infrastructure in the industrial areas under restructuring in Caras Severin and Gorj Counties (mining zone). This is why this project is also supported by the Ministry of Industry and Resources** - see letter no. 235027/29.03.2002.

The development strategy of South West Oltenia, that has been integrated into the National Development Plan, includes among its priorities the development of tourism in the northern areas of the region in the counties Mehedinti, Gorj and Valcea, which are recognised as having a high potential for sustainable tourism. Therefore, the project is fully compliant with both the National Development Plan and the Regional Development Plan for South West Oltenia.

5. Direct Beneficiary, Partnership

Beneficiary : County Council Mehedinti
Address : 1500 – Drobeta Turnu Severin, Traian Street, No.89,
Mehedinti County, Romania
Contact : Prof. Constantin Sarbulescu
Telephone : 0040-52-312717
Fax : 0040 52 –312417
E-mail : chairman@cjmehedinti.ro

SOUTH-WEST OLTENIA REGION

6. Background and justification of the project necessity:

The Mehedinți County is situated in the South – West part of Romania, where the Danube River is creating its longest, most beautiful and narrow path. It is in the neighborhood of the Caras Severin County in the West, Gorj County in the North, Dolj County in the South-West, Iugoslavia and Bulgaria in the South. Due to its position in the border area, the county is considered the entering gate from the S-W of Europe, being accessible on the European road 70 and on a number of national roads.

The North part of Mehedinți offers the highest tourist attractivity, due to the natural beauty of its non contaminated mountains, forests and natural parks (one of which has a surface of 50 hectares), numerous caves including one of the longest of Romania (over 16 km length), as well as wooden houses and wood art. All this area is bordered by the Danube river in the zone of the so-called Iron Gates, has a Mediterranean climate and a particular flora that is not found in other regions of Romania.

Additionally, this area includes a SPA area rich with oligomineral, sulfuric, hypotone, hypothermal, mineral, iodine, chlorine, sodium waters reserves, with a thermal treatment resort in Bala.

This project shall be implemented in the above described area, that at present is hardly accessible due to insufficient road development. The rehabilitation of County Roads 607C (18 km) and 607B (7,2 km) for a total of 25,2 km connecting the European Road 70 with Baia de Arama and the northern counties of Caras Severin, Gorj, Valcea and Hunedoara counties, and the respective touristic zones, shall allow the further development of tourism.

At present the area hosts 51 pensions and 10 tourist public information centers. The tourist paths are already marked thanks to international funding. This project will allow further private investment in the area and the diversification of the tourism opportunities (for example agrotourism and fishing). At present the area is visited by ca 10 000 tourists a year, number that would double thanks to this project.

The project shall also provide an alternative path in case of blockage of the traffic between Orsova and Drobeta Tr. Severin (connecting Timisoara to Bucharest): road 607C + 607B would be the shortest alternative path - another possibility being the national road 67D which would, however, would force the traffic on a way 4 times longer.

7. Project description

a)- Existing studies and summary of conclusions:

- | | |
|--|-----------------------------------|
| <input type="checkbox"/> Feasibility study | Available in English and Romanian |
| <input type="checkbox"/> Environmental impact assessment study | Available in English and Romanian |
| <input type="checkbox"/> Report on environmental assessment | Available in English and Romanian |
| <input type="checkbox"/> Design (drawn pieces) | Available in English and Romanian |

The feasibility study has confirmed that the target area has an important touristic and economic potential and the project can have a considerable direct impact on the socio-economic development of the local communities, as well as an equally important impact on the socio-economic development of the neighbouring counties.

The road rehabilitation works shall benefit over 16,873 inhabitants in the area (men and females irrespective of their sex and age), 5,377 micro farms as well as a number of tourists estimated at 30,000 per year.

The cost-benefit analysis has given the following results:

Net present value	VAN/NPV	2,65	0,91
Modified internal rate of return	RIRm/MRIR	11,0%	12,9%
Internal rate of return	RIR/IRR	14,5%	14,5%
Benefit/cost ratio	B/C	1,46	1,21
Discount factor	Fa/discount	9%	12%

The cost benefit analysis confirms the positive impact of the proposed project (as expanded in the available feasibility study).

SOUTH-WEST OLTENIA REGION

b) Specific objectives:

- Rehabilitation, consolidation and modernisation of County Roads 607C (18 km) and 607B (7,2 km) for a total of 25,2 km connecting the European Road 70 with Baia de Arama and the northern counties of Caras Severin, Gorj, Valcea and Hunedoara counties, and the respective touristic zones
- Improvement of road connection between the northern area Mehedinti with the municipality of Drobeta Tr. Severin, Municipality of Orsova and the area of Clisura Danube.
- Reduction of unemployment in the area targeted by the project

c) General description:

The project comprises improvement works of the access to the tourist objectives from the Ilovita-Ciresu-Marga-Baia de Arama area through the rehabilitation and consolidation of DJ 607 C and DJ 607 B, the optimising of the road link of the north area with the municipalities Drobeta Turnu Severin and Orsova and the Danube Strait, and the improvement of the access via the neighbor counties Caras –Severin, Gorj, Valcea, Hunedoara, namely:

- the maintenance and consolidation works of the county road embankment;
- the embankment works for the correction of the longitudinal profile of the road and of the elements that are part of the plan of the route for bringing the road in the V technical class parameters (with geometrical elements for the IV technical class) with: two bands carriage road of 3,00 m each, 2 framing bands of 0,25 m each;
- the works for the renewal of the road infrastructure
- spaces for the emplacement of the accostments, ditches or gutters for the surface waters collection and of the protection bulwarks;
- the works for the renewal of the footbridges in demotion and the prolongation of the best ones on the whole road width, the accomplishment of the falling chambers, the arrangement of the downstream and upstream of footbridges.

The project takes part from an economical development program of the area, in which are foreseen: the homologation of the agrarian tourist pensions, the drawing up of the tourist offers, the setting up of some tourist points, the identification of the protection and preservation measures of the tourist objectives, the homologation of the tourist routes, the completion of the tourist patrimony registry.

d) Expected results:

- ☐ Increased attractiveness for private capital investment in tourism and productive small business
- ☐ Enhanced tourism attractiveness and competitiveness of the area
- ☐ Increase in the local budgets income
- ☐ The effective integration of the North part of the county in the tourist national and international circuit of the Iron Gates Area, for the tourists that are entering from Timisoara and Yugoslavia and are going to the tourist areas from Gorj or Caras Severin (Cerna Valley, Locvei Mountains);
- ☐ The integration in the tourist circuit of various caves from the north area and Cerna Valley, these ones being able themselves to sustain a very attractive tourist program and accessible in the same time – to be noticed that the majority of the tourist arrangements are pleasure and sport arrangements.
- ☐ Direct access in the various tourist natural and anthropic objectives existent in the area (the Charstic Complex Ponoarele, The Topolnitei cave, the pleasure area Bahna – Ilovita);

- Outputs:

25,2 km of consolidated and modernized road, 13.540 m³ soil and rubble crates, 43 new footbridges, 11 footbridges repairs, 105 m backing walls, 5.120 metallic bulwark, 2.200 m concrete bulwark, 3.680 gutters, 19.570 soil gutters.

- Social results:

-150 new jobs directly created, additional 500 indirect permanent jobs

8. Project estimated impact:

SOUTH-WEST OLTENIA REGION

a) Economic:

The project is expected to have considerable economic impact because it shall allow growth not only of investment in tourism facilities, but especially the development of tourism and small business related activities: local food production, services connected to tourism. Additionally, the project shall make available a necessary infrastructure to develop the local wood and construction materials industry.

Market analysis has led to the following findings:

FORESEEN TOURISM INVESTMENT (additional to existing accommodation capacity made up of 30 pensions)

- Min. 20 new bucolic households homologated as pensions, in Ilovita and Bahna.
- Development of the tourist endowment of Baia de Arama (hotels with 40 beds/restaurants/shops) in the area of the Charsic Complex Ponoarele, the constructing of a motel with restaurant of 80 beds in Balta locality, the constructing of a camping of 160 places, chalet of 80 beds and restaurant in Ciresu locality.
- There are assured the condition of the tourist development of the Bahna Bay (that will be equipped with: holiday village 100 places, arrangement of the camping platform – 100 places, brasserie – 120 places, pontoon + endowments, sport yards, parking place + utilities, motel*** - 100 places, restaurant – 150 places and the tourist equipment of the Vodita area with: parking place + utilities + sanitary units, will generate incomes, inclusive to the local budgets).
- Holiday houses in the area of Izverna and Obarsia Closani communes
- The tourist offer becomes varied: transit and itinerary tourism, cave tourism, agrarian tourism, mountain tourism, hunting and fishing tourism etc.

FORESEEN BUSINESS RELATED INFRASTRUCTURE

- Direct access for the inhabitants of the villages from Ciresu and Ilovita commune to the Drobeta Turnu Severin products market.
- Direct access from the Danube strait via the north of the county, and through Baia de Arama the connection with the Caras – Severin, Gorj and Valcea counties
- The application of the study (PUZ) drawn up for the enlargement of Bala resort of which capacity may reach till 350 persons

FORESEEN BUSINESS INVESTMENT IN FOOD INDUSTRY BASED ON LOCAL RESOURCES

- The setting up of two units for bottling the mineral waters from the Izverna area having a capacity of ca 10. 000 l/day
- The setting up of two units for milk collecting and processing from the Ilovita and Balta localities having a capacity of ca.50kg/day cheese products;
- The setting up of some centers for the wooden fruits collecting (mushrooms, currants, chestnuts, bilberries etc) and the processing of at least 10 000 kg annually in the form of juices, compotes, preserves, that are sold on the county markets and exported (mushrooms).

FORESEEN BUSINESS INVESTMENT IN SECTORS OTHER THAN FOOD INDUSTRY, BASED ON LOCAL AVAILABILITY OF RAW MATERIALS

- Limestone exploiting and processing units
- Enlargement of the wood processing activity and artisanat production of wooden items in Balta, Ponoarele, Ilovita

b) Social:

- Directly and indirectly created work jobs: at least 500 new jobs to an active population of approx 5 000 persons.
- Labour force mobility from Drobeta Turnu Severin, Orsova and Baia de Arama municipalities.
- Improved living conditions for the inhabitants of the West and North area of Mehedinti county.

c) Environment:

- 1) The project contributes to the objectives of sustainable development by assuring the access into the area, the economic activities can be developed, fact that is leading to the stabilisation of the population in the area.

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- 2) The project respects the preventive action principles: the works execution will be implemented with the minimum destruction of the ecological systems and human areas, as the restitution of the ecosystems impacted to their initial state (the works shall be organised in order not to exceed the maximum allowed level of pollution emissions and noises, the use of explosives in knockings shall be prohibited, site arrangements and materials as well as petrol shall be stored outside the protected areas or natural reservations and have a minimum influence upon them).
- 3) The project is based on the principle 'the pollutant pays' in compliance with the Law 37/95 of the Environment that stipulates the liability of this principle on the Romanian territory - the contracted entrepreneur shall have to respect such a principle during the execution of the works.

9. Main activities timetable:

Activities	Start date	Completion date
Fesability study:		Available, English and Romanian
Economic analysis:		Available, English and Romanian
Financial analysis:		Available, English and Romanian
Environmental impact assessment:		Available, English and Romanian
Design studies (execution details):		Available, English and Romanian
Tender documents:	2002	2002
Land acquisition:	2002	2002
Construction:	2003	2005
Operational phase:	2005	

The existing documents and authorisations:

The necessary notices and approvals for the present objectives are obtained or are being obtained. For the portions serious affected by calamities of the county road DJ 607 C there have been elaborated both the Technical Project and the Execution Details.

On the County Road 607 C there have been accomplished, from the special funds of the roads and local funds, consolidation works to the positions: km 0 + 070, km 9 + 300, km 10 + 000, km 10 + 300, km 10 + 750, km 10 + 900, km 11 + 400, km 11 + 700, fact that has made possible the traffic on this road.

The works necessary for safe traffic are not completed according to the provisions of the documentation for this road, fact that has lead to the necessity of asking for supplementary funds.

10. The estimated budget:

The total budget: **7,5 Meuro** from which:

Nr Crt	Financing Source	Value (Meuro)			Observations
		In the execution period of the project 2002 - 2005	Prior to 2002	Total	
1	PHARE	4,5	-	4,5	
2	NATIONAL FUND	1,5	-	1,5	

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3	LOCAL CO-FINANCING	0,5	1,0	1,5	The County Council Mehedinți allocated funds for the viability and consolidation of the County Road 607 C prior to 2002, when they had stipulated the work financing also from the sources from the points 1 and 2 for their completion.
	TOTAL OF THE PROJECT	6,5	1,0	7,5	

The project has not been financed from other sources.

Project Title: *Environmental protection of Surduc Lake Area - Rehabilitation of the rural infrastructure and introduction of Surduc Lake Area in the international tourist circuit*

1. The project responds to the following wider objectives:

To make Surduc area the most attractive tourist centre of Timis County, but also a national and international tourist circuit, through the implementation of global development concept, according to the principles of sustainable development.

To create a basic and specialised infrastructure in order to capitalise the local and regional economic and tourist potential and to develop the tourism and tourist businesses, but also making operational some sustainable mechanisms that are necessary for providing the public services and protecting the environment.

2. Sector: Infrastructure for tourism and environment protection

3. Location: Romania, 5 West Development Region, Timis County, Fârdea Commune, Surduc Lake area.

4. Correlation with the National Development Plan and Regional Development Plan objectives:

The project meets the objectives of:

- National Development Plan, Priority 3 - "Development of regional and local infrastructure" and West Regional Development Plan, Priority 2 - "Development of regional and local infrastructure", measure 2.1 "Transport infrastructure support".
- National Development Plan, Priority 5 - "Improvement and protection of the environmental quality" and West Regional Development Plan, Priority 5 - "Improvement and protection of the environmental quality", measure 5.1. "Decreasing the negative effects resulted from the industrial activities upon the environment"

The rehabilitation of the tourist Surduc Lake area will use the existing regional and local resources in order to achieve the wider national aims.

The necessity to ensure the environmental protection of Surduc Lake area as well as to capitalise the tourist and economic potential at local, county and regional level is emphasised in some planning documents that present the strategic development directions of both Timis County and region: *The Strategy for Social and Economic Development of Timis County*, *The Regional Development Concept for the 5 West Region* and *The Strategy of Economic Development of the Romanian-Hungarian Border Region*.

5. Direct Beneficiary and Partnership:

Beneficiary: Timis County Council

Address: 1900 Timisoara, 17. Revolutiei Street, Timis County, Romania

Contact persons: Busila Liana - manager at Urbanism, Timis County Council
Balasa Sergiu - Executive manager, Economic Development Agency of Timis County

Telephone: 056 - 193 676; 056 - 194 131

Telex/Fax: 056 - 190 587; 056 - 194 596

E-mail: cjt@banat.ro and adetim@xnet.ro

Partner: The City Hall of Fârdea Commune

Address: Fârdea Commune, Timis County

Contact person: Vasiloni PAUN - Mayor

Telephone: 0040-56-320793

6. Background and justification of the necessity of the project:

Describing the existent situation:

a) Localization

Surduc Lake area belongs to Fârdea Commune that is located in eastern side of Timis County and it is situated on the southern lakeside, on the county road DJ 681. The distance from Fârdea to Timisoara is about 100 km and to Lugoj is about 40 km.

Being situated from Fârdea Commune at a distance of 100 km on road, that means about 80 minutes, the International Airport Timisoara provides a quickly access to the area, at national and international level.

b) Access

- Timisoara Airport 100 km
- Railway
- European road **E70** (Timisoara – Lugoj) – 60 km, national road DN 68 A (Lugoj – Faget) – 23 km, county road DJ 681, modernized (Faget – Surduc) - 17 km
- National road DN 68 A (Traian Vuia) – there are 12 km on modernised county road DJ 681 A
- National road DN 6 (Caransebes - Lugoj) - there are 27 km on the modernised county DJ 681
- National road DN 68 A – there are 12 km from Lugoj to Surduc on stone paved county road DJ 694

a) Actual functions and potential

Surduc Lake is a man-made barrage, but also the largest hydro-technical system of the county, belonging to Bega – Timis - Caras hydrographic basin. In the last years, due to the high tourist and leisure potential, many private persons built holiday houses without following the urban planning and ecological norms.

The main functions of Surduc Lake include the main drinking and industrial water supply for Lugoj and Timisoara City and the surrounding areas; diminishing the high flood water and providing the protection against floods through overtaking the additional water flows and storing them into the lake; providing the additional water flow to Bega River for consumable and non-consumable use for the surrounding areas, such as irrigation, energetic utilities.

Unfortunately, inspite of the special potential, until now, the tourist exploitation of the region was made without strong public authority involvement causing negative effects to the local tourist potential. The single infrastructure investment consists in rehabilitation and modernisation of access roads for the local population.

Surduc Lake's leisure sectors are now partly established. The opening of these sectors for the tourists faces many challenges and difficulties, mainly resulting from the lack of an adequate infrastructure for an organised tourism and no offer for organized tourist services.

The services of SMEs sector of the area is not developed. The small enterprises are active mostly in the following domains based on local resources: wood exploitation or processing and animal processing. The unemployment rate in the area is high. The inhabitants are involved in activities specific to the pre-mountains area such as: breeding, wood processing, processing vegetal and animal products, handicraft and craftsmanship.

Opportunity:

In the context of infrastructure development of Surduc Lake area, it is foreseen that the investors from local economy sectors (manufacturing industry and services) will invest in this area and will generate a very important economic growth, and tourism due to the increase of area attractiveness because of the improvement of leisure and tourist services offer in Surduc area.

Taking into account the environment elements (hill, forest, lake), the specific micro-climate (the multi-annual average temperature is +10.7° C and the average temperature in winter time is 0.4° C), the attractive neighbourhood, Surduc Lake Area has a **tourist and leisure offer in hunting and fishing**, bird watching, paraceiling, **agro-tourism**, **equestrian tourism** on herd of horses at Izvin, **speleology** (Românești cave is situated nearby, the concerts that take place inside), **touristic off-road route**, tasting the wine and visiting the cellars, **traditional inns** (Ana Lugojana Inn, Wine cellars from Recas and Lugoj), etc.

As a cross border area, Timis County already has a high level of transit travel, but much of this is concentrated in Timisoara City - the capital of the county. The substantial economic activity of the cross-border region has much to do with making the Surduc Lake area the most attractive tourist centre of the region and Euro-region.

With a proper urban use infrastructure, communication and business tourist activities infrastructure, Surduc area will attract foreign and regional investors, but also tourists in the interest area and in the region.

7. Project description:

a) Existing Studies and summary of conclusions:

At present, for the Surduc Lake area, the pre-feasibility study, the Zone Urban Plan and the Feasibility Study are already realised, strategy for socio-economic development of Timis County, tourist development strategy are also available for this area.

The studies identify that the causes of stagnation local economic development and of the slow development of the tourist area, are mainly due to the lack of endowment with specific public infrastructure, lack of services for supporting tourism business and of business support infrastructure (lack of water supply, partial and temporary electricity supply, lack of sewage network that already has polluting effects upon lake water, lack of telecommunication network and the impact due to not properly location of the buildings).

b) Specific Objectives (Project Purpose)

The project aims to build the communication and public infrastructure, but also the infrastructure for business support, as a basis for the ecological improvement and economic development of tourism in Surduc Lake area.

Objectives aimed to be fulfilled with PHARE funds:

1. Endowment with urban use infrastructure of the Surduc Lake area - water supply, sewage system, water purification;
2. Sanitation of the area through the arrangement of a proper space in order to store the domestic garbage according to the environmental norms;
3. Improving of road and street network infrastructure of the Surduc Lake area, including the access roads, pedestrian alleys, parking place and accessory works (pavements, parks, drains, traffic lights etc.);
4. Building the Multifunctional Centre for public services, marketing and tourist information (Sc=770 sqm, Sd=1.600 sqm);

Objectives aimed to be fulfilled with local funds:

5. Ecologisation of Surduc Lake area, meaning the demolition of the buildings from the easily flooded area and the removal of the materials resulted from the demolition;
6. Promotion of the marketing strategy for the tourist Surduc lake area at national and international level;

c) General Description:

Endowment with access and public utilities infrastructure

1. environmental infrastructure (water and waste water management system):
 - Mechanical and biological waste water treatment plant:
 - Situated on a 0.7 hectares surface and it will work for about 2000 inhabitants (for permanent inhabitants and tourists). (529.464 Euro)
 - Sewage collecting channel, length 8 km (451.758 Euro)
 - Domestic sewage: length 13,58 km (435.358 Euro)
 - Pumping stations for the collecting channel– 3 pieces (78.300 Euro)
 - Pumping stations for connection to the sewage network - 12 pieces (443.700 Euro)
 - Water supply pipe. (1.410 Euro)
 - Distribution pipe for drinking water (164.045 Euro)
 - Reservoir for water storage with the capacity of 300 m³. It consists of: building, electric equipment, level signalling device, hydro-technical equipment (126.622 Euro)
2. Arrangement of land for storing the garbage from the leisure area. It consists of embankments, land arrangements, and access road on 0.4 hectares. (17.257)
3. Modernisation of access roads
 - County Road DJ 694 with the length of 2,9 km and local road DC 115 with the length of 1,7 km which connects Fârdea Commune to Mănicu Mic and Drăgsinesti, total length of 4,6 km; (313.118 Euro)
 - public roads and alleys in the leisure area: total length of 7,5 km (799.740 Euro)
4. Electric power supply network (1.241.113 Euro)

Business support infrastructure - endowments with public facilities:

1. Building Multifunctional Centre for public services, marketing and tourist information - total surface of 1600 sqm (800.000 Euro)
2. Landscaping and leisure fitting out of the area:
 - Public leisure and sport ground: total surface of 300 sqm (105.000)
 - Sports fields and children games ground: total surface of 1900 sqm (110.000)
 - Parking place: total surface of 1200 sqm (16.525 Euro)
 - Green area with a surface of 1600 sqm (8.000 Euro)
 - Park of the resort with a surface of 40 000 sqm (20.000 Euro)

Owners

From the legal point of view, the lands on which the investment will be realised is a land that consists of: public properties of national interest, public properties of county interest, public properties of local interest and public properties of local interests (City Hall Fârdea).

The lands will be distributed through an understanding between local partners.

The infrastructure resulted from the accomplishment of the project will be administrated by the beneficiary (Timis County Council) and by the project partner (Fârdea Commune City Hall)

8. Results:

The rehabilitation of Surduc Lake leisure area will have the following results:

1. Construction of Mechanical and biological waste water treatment plant and all necessary utilities;
2. Rehabilitation of communication infrastructure;
3. Increase the private investments in tourism field (hotels, restaurants, tourist attraction points: leisure and sports, tourists operators, etc.);
4. Attract both Romanian and foreign tourists;
5. Ecologisation of Surduc Lake area, meaning the demolition of the buildings from the easily flooded area and the removal of the materials resulted from the demolition and sanitation of the area through the arrangement of a proper space in order to store the domestic garbage according to the environmental norms (as result of parallel project financed from local sources);

9. Project Estimated Impact:

a) Economic

The project will provide the development of the private investments in tourism field like hotels, restaurants, tourist attraction points: leisure and sports, tourists operators.

The main income sources for the beneficiaries of project results that will ensure economic development and an important economic effect, are the incomes resulting from:

- public services based on public infrastructure, that is the property of Timis County Council and Local Council Fardea. These services will be conceded to a private specialised service supplier (water supply, waste water purifying etc.), who will pay yearly dues to the public administration, based on the fees collected from service beneficiaries or they will be directly administrated by the infrastructure beneficiaries; in this case, the service fees will be collected directly.
- Fees for parking places from the resort, that will be added to the local budget.
- resort fees that are collected from each tourist; these will be added to the local budget, from which sanitation services will be paid
- local taxes and fees on properties and houses
- a share from the taxes on wages of newly hired personnel in the private companies and public services from the resort and the locality
- other local and county incomes resulted from authorisations and permits of construction for the private investments estimated to be accomplished in the hotel and restaurant, sport, leisure and amusement field

The accomplishment of the project will generate the development of the region, will have a significant impact on all elements of the region, from water and air quality to the improvement of local services and infrastructure.

A new development trend is certain for Surduc Lake Area: increasing the competitiveness of local economy, infrastructure development, urbanisation and, not last, environment protection.

a) Social

During the rehabilitation works and infrastructure works period, it is estimated that would be created about 500 new jobs for the inhabitants and the specialised companies located in the area.

After the project completion, there will be born a lot of new jobs for the local population as a result of the growing tourist activities, being also implied in the new administrative and service activities of the Surduc Lake Leisure area. It will be generated the following positive effects:

- ◆ Decreasing the high level of local unemployment
- ◆ Decreasing the de-population of the area
- ◆ Increasing the population incomes, creating the possibility to sell the good quality agro-food goods from the farms
- ◆ Qualification and re-qualification of labour force that exists in the area according to the requirements that will be generated by the development of the area.

a) Environment

The protection of the environment is an important aspect of this project and the distinction has to be made between the environmental impacts of the civil works themselves and the impact due to the rehabilitation of the Surduc Lake, including the improvement of the ecological status of the area.

The rehabilitation of Surduc Lake Leisure area will be carried out in accordance to European norms and standards, particularly as per environment protection.

The first series of impacts will be carefully monitored during the works period. The tender documents will provide for environmental protection measures as: reduction of dust levels by the emission's control at the materials preparation places, control of water run-off stream, prevention of the water pollution, control of equipment's noise emission, but also specific measures of landscape restoring, that consists of sowing turf in order to restore the vegetal cover and planting trees and bushes in order to restore the massif.

The second series of impacts, determined by the rehabilitation of the Surduc Lake leisure area will be kept in environmental friendly ranges by a proper design and exploitation of the sewage and purifying facilities and a strict regulation of the activities carried out in the area and that could have effects on the environment.

Measures of restoring the landscape that have to be done:

- ◆ restoring the vegetal cover through turf sowing
- ◆ restoring the massif through planting trees and bushes, taking care of facilitating the good landscape views

Taking into consideration that Surduc Lake area belongs to the *protected areas*, that area has to be developed and managed according to its single features: microclimate specific area, unique landscape and vegetal treasure, all of these developed around Surduc Lake. The main directions to be followed are:

- ◆ decreasing and eliminating the polluting sources:
 - a) **Waste water treatment** will diminish the polluting sources: uncontrolled domestic waste water discharge in the lake, polluting the lakeside with garbage. In order to diminish the pollution, a global sewage network and a plant for domestic waste water disposal will be build and a sanitation service will be provide.
 - b) **Garbage storage.** The garbage collected from Fârdea Commune and leisure area will be stored on a platform situated on non-productive land of the commune, at an adequate distance from the resort.
- ◆ preservation of the bio-diversity
- ◆ keeping the ecological equilibrium
- ◆ stimulating the echo-tourism

According to the *Arrangement Plan of National Land APNL - Section III - Protected Areas*, Surduc Lake area belongs to *geographical classification of the second protected natural areas*. Because it is necessary a sustainable development of the tourism in the area, the project is a perfect compilation between a proper infrastructure developing and an economic development of the area.

10. The Main Activities Timetable and Description:

	<i>Start Date</i>	<i>Completion Date</i>
Environmental impact assessment	January 2001	Completed
Land acquisition	It is the property of the beneficiary	-
Feasibility study	January 2002	Completed
Economic analysis	April 2002	Completed
Financial analysis	April 2002	Completed
Design studies	July 2002	December 2002
Tender documents	February 2003	May 2003
Construction	January 2005	October 2006
Operational phase	November 2006	

Activities needed to be done:

- Establishing the local - public partnership and the co-operation framework with the local actors that are interested in the accomplishment of the project;
- Elaborating the market study, market strategy and the financial analysis according to PHARE Programme requirements;

- Completing the technical execution projects (design studies);
- Completing the road and urban infrastructure (water supply, sewage system, waste water treatment);
- Building the Multifunctional Centre for public services, marketing and tourist information;
- Establishing the Administrative and Management Unit of the Multifunctional Centre for public services, marketing and tourist information of Surduc Lake leisure area;
- Promoting the tourist offer of Surduc Lake Area;

10.	Total Budget:	6 600 000 Euro
	Of which:	
	PHARE:	4 500 000 Euro
	National Fund (33% from PHARE funds):	1 485 000 Euro
	Local co-financing (Local Council budget):	615 000 Euro
	Other sources:	none.

Has an application been made for assistance from any other public source, or International Institution, for this project or any part of this project?

NO

Project Title: INDUSTRIAL PARK OF CARANSEBES

1. The project responds to the following objectives

1. Creation of an industrial park with the aim of improving the facilities offered to the investors in order to expand their businesses in a competitive market in various economic fields;
2. Economic re-launching of the business environment from Caransebes area;
3. Decreasing the unemployment rate through new jobs opportunities

2. Sector

Local and regional infrastructure for sustaining small and medium sized companies who are able to provide high-quality and competitive services in the region.

3. Location

Country:	ROMANIA
Region:	West
County:	Caras-Severin
City:	Caransebes

4. Correlation with the objectives of the National Development Plan as well as with the Regional Development Plan:

The project "Industrial Park of Caransebes" responds to the *Priority 3 - "Development of regional and local infrastructure"* from *National Development Plan established for the period of 2000 – 2002*.

Concerning the Regional Development Plan, the project responds to the *Measure 1.1 Development of Business Infrastructure*

5. Main beneficiary and partnerships

Main beneficiary

Name: Caras-Severin County Council

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6. Backgrounds and Justification

Caransebes is one of the West Regions cities, which has registered a strong industrial and economical decline due to the restructuring of the main industries of the area, furniture and metallurgy. The area of Caransebes has the character of restructuring area with development potential, established by the Government through the Decision no. 399/2001. This character ensures a concentration of the Economical and Social Cohesion Phare Funds, in particular in these areas.

Caransebes City is a medium sized city, the second after Resita as size within Caras-Severin County, placed on the shores of Timis and Sebes rivers, being the only major communication junction of the Caras-Severin county. The city is crossed by the European Road E70, which connects Bucharest with Timisoara and is an important regional junction point to other access roads of European interest. The city has a population of 32,000 inhabitants, and the rate of unemployment was 10,5% in 2001.

Considering the economical aspect of the city, the traditional companies from Caransebes have been undergoing a major restructuring process, which led to an increase of the unemployment rate. The

personnel of CAROMET SA, a big producer of cars, decreased from 6000 persons in 1990 to 1000 persons in 2002. There is a similar situation in case of MOCARS SA - producer of furniture.

To solve the acute problem of high unemployment involves a re-launching of the private sector, the development of the SMEs. To get this, it's necessary to improve the business environment, to support the business by means of infrastructure and counselling.

Caransebes is crossed by the European Road E70, which connects Bucharest with Timisoara and is an important regional junction point to other access roads of European interest. Also Caransebes is placed on the National Road DN 68, which connects Southern Banat region with Transilvania. The railroad infrastructure is very well developed. Here where taken and transported further to the national and international partners, the products that were produced by UCM Resita, IMR Resita, Gavazzi Steel Otelu Rosu, Caromet Caransebes, Mocars Caransebes companies. By creating this industrial park it will contribute to a new launch of the railroad activities in the area.

7. Project description

a). Existing studies and a summary of the conclusions

Technical Feasibility Study is completed.

b). Specific objectives (the project objective)

The overall objective of the project is to reinforce the economical situation of the area, through creation of an adequate business infrastructure, which will sustain and establish the premises for the development of the SMEs medium, the only sector that created jobs after 1989.

The specific objectives of the project

1. To create an industrial park in Caransebes , with a surface of 30 ha, to establish the needed infrastructure inside the park in order to attract the SMEs in the area. To assure the operability of the park since September 2005, by a proper administration and providing the necessary services.
2. To promote the industrial park at national and international level in order to attract foreign and domestic investments in the area.

c). General description

"Industrial Park Caransebes" will be located in Caransebes, at 1,5 km away from the center of the city, in the proximity of the Caransebes Airport. The surface of the project will be **30 ha**. The land of the park is in the private property of the Caransebes County Council, the beneficiary of the project.

The advantages of the location are the following:

- Placement along the European Road E70 which connects western Europe to Middle East;
- Closeness to the Caransebes airport. The airport has 390 ha and, accordingly to the Development Strategy of the Caras-Severin County, it will establish a **cargo terminal** (separate project of the local authorities).
- Closeness to the railroad connections;
- A pollution-free area.

The project consists in the endowment of the industrial park with the following utilities:

- Water supply, sewage, gas and electricity supply, all these networks connected to the existing urban network (2.200.000 Euro)
- Access road with parking and green space (1.400.000 Euro)
- Buildings:
 1. Administrative buildings for the personnel of the administrators of the industrial park, as well as the personnel which will ensure the service sand the activities for the companies 1500 sqm; (750.000 Euro)
 2. Loading station – designed to ensure minimal service and activities for the trucks and the companies dealing with road transportation; (500.000 Euro)
 3. 2 warehouses of 2,000 sqm each; (2.000.000 Euro)

The administrator of the industrial park will be County Council of Caransebes through a department designed accordingly to the operational requests. The Park administration will function based on a operative and decisional mechanism of the Caras-Severin County Council who will approve: where the new companies will be placed, functioning rules and regulations, solutions for the problems raised by companies who will occupy the park, the promotional campaign for the park, the further development or even extension of the park, will assure the necessary funds for the development and extension plans. The park administration will parcel the park and will offer it to the interested companies at competitive prices.

The services provided by the administration of the industrial park:

a). Services offered by direct supervision from the park administration:

- Water supply and sewage;
- Maintaining the green areas clean as well as the surrounding buildings;
- Promotion – presentation of the parks offer (this aspect will be ensured only partially);
- Protection and guarding;
- General counselling and local/regional business environment information: business, juridical, real estates, etc.;

b). Optional services will be provided by specialized companies depending on the requests placed. The park administration will provide also for them the necessary placement in the park at competitive prices. The following services might be requested:

- Information – network communications, including the network maintenance;
- Postal and messenger services;
- Specialized counseling: intermediation, promotion, marketing, others;
- Training;
- Service for road transporters.

A marketing plan will be developed for the industrial park, who will periodically actualized and who will be managed by the park administration.

d) Expected results:

The proposed project will lead to direct and indirect economic and social effects contributing to the re-launching of the area, decreasing the unemployment rate. .

8. The estimated impact of the project

a). Economically

Economically, the project will have the following estimated effects:

- Increase the area and region attractiveness for domestic and foreign investments
- Stimulating the SMEs sector in Caransebes, in particular taking into consideration its character of priority area of intervention, established by Government Decission 399/2001,
- An overall improvement of the economical regional environment
- Revitalising the activity of the Caransebes Airport due to the synergy which will be created with the activities of the industrial park
- Raising and development of the existing human and economical potential of Caransebes
- Supplementary benefits to the Local Council - different taxes and fees to the local budget – financing source for other social and economical objective of the area.

b. Social

- Creating 500 – 1000 new jobs and reducing in the unemployment rate by 10%;
- Improvement of population life standard;
- Limitation of the teenagers' exodus to other cities.
- Possible integration of the Caras-Severin county in the aerial circuit due to the re-launching of the airport through the industrial park

c. Environment

- Modernisation and rehabilitation of the access road who will reduce and stop the destruction and pollution of the green areas
- The improvement of the residual water system as well as the sewerage.
- Storage of the raw materials and auxiliary in the two created warehouses
- Updating with European standards about the reached investments.
- Through the infrastructure of the industrial park will be avoided the pollution that might occur in the industrial areas
- Existence of green areas

9. Time programming and the description of the main activities:

	Beginning date	Closing date
Feasibility study	January 2002	Completed
Economical analysis	May 2002	July 2002
Financial analysis	May 2002	July 2002
Impact evaluation on environment	August 2002	December 2002
Projection studies	August 2002	December 2002
Auction documentation	October 2002	February 2003
Land acquisition	Is owned by the Caras-Severin	

	County Council	
Construction	March 2003	August 2004
Operational phase	September 2004	

10. The Estimated Budget:

Total Budget: 7.20 MEuro

Phare:	5	MEuro
National Fund(33% of the Phare Fund):	1,65	MEuro
Local co-financing:	0,55	MEuro
Other sources:	-	

Have there been forwarded another application form from another public source or international institution for this project or for a part of it?

No.