

**SECTOR PROGRAMME FICHE**  
**PHARE 2006**  
**for**  
**ECONOMIC AND SOCIAL COHESION**

**Part 3: RO/2006**  
**Development of administrative capacities for Structural Funds management**

**PHARE/2006/018-147.04.03**

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## 1. Basic Info

CRIS Nr (2006) :	<b>PHARE/2006/018-147.04.03</b>	<b>Country: Romania</b>
<b>Title</b>	<b>2006 Phare Programme fiche for Economic and Social Cohesion - Part 3</b>	
RO 2006	Development of administrative capacities for Structural Funds management	
Sector	Priority sector <b>Economic and Social Cohesion</b>	Evaluation sector <b>Economic and Social Cohesion</b>
Budget 2006	Total [€Mio] <b>23.21</b>	Phare contribution [€Mio] <b>18.39</b>

### Summary:

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

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

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

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

Part 3 deals in particular with the development of administrative capacities for Structural Funds.

## 2. Overall objective of the sector programme

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

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

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

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

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

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

## Sector Economic and Social Cohesion

### Part 3: Development of administrative capacities for Structural Funds management

The following specific tasks will be implemented:

Tasks for 2006 funds
Support to future Managing Authorities and Intermediate Bodies (Priority E)
3.1.1 Support to CSF Managing Authority
3.1.2 Horizontal training for MAs
3.1.3 Expanding the Single Management Information System
3.1.4 Coordination, management and implementation of regional programmes – twinning project
3.1.6 Support to MTCT to prepare as Managing Authority
3.1.7 -
3.1.8 Support to MEWM to prepare as Managing Authority

### 3. Description of priorities and measures

#### Objectives of whole Priority E for the years 2004-2006:

Strengthening institutional structures at central and regional levels in order to achieve, upon accession, sound and efficient management of EU Structural Funds, and efficient management of programmes under EDIS requirements.

The measure will support the Romanian public administration in implementing the Action Plan for strengthening Romania's administrative capacity for the efficient management of the structural funds and Cohesion Fund, i.e. with the institutional preparations for the management of the Structural and Cohesion Funds, as well as for the management of the INTERREG Community Initiative and Neighbourhood and Partnership Instrument (with Ukraine and Moldova) /Pre-accession Instrument (with Serbia&Montenegro). Besides appropriate structures being in place, it is important that staff at central and regional levels is well trained in Structural Funds Regulations and procedures. Assistance shall be provided also to prepare in due time the pipelines of projects. The fourth dimension of the measure refers to expansion, according to the last developments in implementation system, of the Single Management Information System as a tool supporting the management of the Structural Funds. A budget envelope shall be provided for the ex-ante evaluation of the Operational Programmes.

The measure will enhance the capacity to further develop and manage the Regional and Sectoral Operational Programmes, and, INTERREG and Programmes<sup>1</sup>, on both national and regional level.

**Sub-project 1 “Support to the MACSF in order to ensure a sound and efficient management for the EU Structural Funds”** will support the last horizontal preparations for structural funds and will provide on-the job assistance to Managing Authority for Community Support Framework the for the first year of structural funds implementation.

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<sup>1</sup> Neighbourhood Programmes are referring to the Neighbourhood and Partnership Instrument and Pre-accession Instrument

**Sub-project 2 “Horizontal training for structural instruments”** aims at enhancing the knowledge and abilities to manage the EU structural instruments of the personnel across Managing Authorities, Intermediate Bodies, Implementing Agencies and Paying Authorities.

**Sub-project 3 “Expanding the Single Management Information System for Structural Funds (SMIS)”** will build upon the Phare 2002 project achievement and will improve and maintain the system at the moment of its actual use and will supplement the investments based on the needs assessed under the Phare 2002 project and taking into consideration the needs to improve the communication infrastructure for the system.

**Sub-project 4 “Co-ordination, management and implementation of regional, cross-border and trans-national programmes”** - is focused on supporting the institutions responsible for elaboration and coordination of regional policy, to carry out their tasks properly, under SF regulations, mainly through the Regional Development General Directorate of the MEI at national level and the eight RDAs at regional level. The support will strengthen the structures responsible for programming and implementing the Regional Operational Programme both at national and regional levels. The RDAs as Intermediate Bodies will be delegated responsibilities, not only for the Regional Operational Programme, but for a number of Sector Operational Programmes, it is therefore a high priority to continue the capacity building process started under previous Phare programmes.

**Sub-project 5 “Strengthening the capacity of the Ministry of Economy and Trade (MoET) to manage the Operational Programme - Increase of the Economic Competitiveness - under EU Structural Funds”** will enable the Ministry of Economy and Trade to function as Managing Authority for Operational Programme “Increase of the Economic Competitiveness“ and to use the SMIS. It will also assist in the preparation of eligible projects for SF financing.

**Sub-project 6 “Support for the Ministry of Transport, Constructions and Tourism in order to ensure a sound and efficient management for the EU Structural Instruments”** will assist MTCT in smooth bridging between the management of pre-accession funds and structural instruments, appropriate training of the staff, elaborating adequate manuals and procedures, purchasing sufficient IT and office equipment. It will also assist in preparing a pipeline of projects.

**Sub-project 7 “Support the Ministry of Labour, Social Solidarity & Family to prepare as Managing Authority”** will assist in identifying appropriate structures, developing administrative capacity, ensuring staff training and developing the appropriate systems and tools (methods, guidelines, manuals procedures etc.), to ensure correct, timely and effective programme management (i.e. programming, implementation of programmes and projects, monitoring and evaluation, as well as financial management and control).

**Sub-project 8 “Support for the Ministry of Environment and Water Management to prepare as Managing Authority and Intermediate Body”** task will enable the MEWM to function as Managing Authority and to use the SMIS and will assist in the preparation of eligible projects for financing under structural instruments.

This requires not only a commitment by the Romanian Government to policy reform and changes in public administration and management but also provision of substantial human and financial resources.

### 3.1 Sub-projects implementing priority E-measure a

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

<b>PRIORITY E:</b>	<b>Building the Institutional Structures in order to Achieve, upon Accession, Sound and Efficient Management of EU Structural Funds, and Efficient Management of Programmes under EDIS Requirements.</b>
<b>Measure a</b>	Development of administrative capacities for Structural Funds management

In the framework of this measure, the assistance will be addressed to the future Managing Authority for Community Support Framework, Managing Authorities and Intermediate Bodies under Structural Funds and Cohesion Fund, which are related to the Regional Operational Programme, Sectoral Operational Programmes and INTERREG Community Initiative. The support to the Intermediate Bodies will be channeled through the Managing Authorities.

The CSF Managing Authority, Ministry of Public Finances (MPF), is the overall co-ordinator of assistance provided to all Managing Authorities and Intermediate Bodies for Structural Funds. For the purposes of this measure, a Project Steering Committee (PSC) (headed by the Secretary of State in charge of MACSC) will be created to reflect the various attributions of the institutions acting in the field of management of the EU Structural Funds. The PSC will have an advisory role, to formulate recommendations and concrete actions to be taken. The Steering Committee will meet regularly to ensure proper co-ordination of the various project activities, review the progress of the project and take the necessary corrective actions.

In order to maintain the link between the Phare 2004 multi-annual ESC PPD and this 2006 fiche the sub-project numbering remains the one indicated under point 3. Sub-projects 1, 2, 3, 4, 6, 7 and 8 contain activities in the year 2006. As twinning is managed by the CFCU the respective sub-project 4 twinning is included here, and other activities will be covered in part 1 managed by the MEI. Also the sub-project 7 being managed by MoLSS, it is included in Part 2.

#### 3.1.1 Sub-project 1: Support to the MACSF to ensure a sound and efficient management of the EU Structural Funds

##### 3.1.1.1 Objectives

To assist the MACSF with the last preparations for the structural funds start-up and with the co-ordination activities in the first year of structural funds implementation.

This twinning project will also support the Managing Authority for the Operational Programme for Technical Assistance during the first year of implementation of the programme in handling out the practical issues of the implementation (such as appraisal and selection of the project, financial management, etc.) and in revising the manual of procedures according to the implementation experience.

A twinning project financed out of the Phare 2003 IB envelope is assisting the MACSF in co-ordinating the preparation of Operational Programmes compatible with the NSRF, establishing a coherent and efficient framework for inter-ministerial co-ordination for implementation of the structural instruments and establishing the structures and procedures for proper monitoring of the

structural instruments and ensuring coherence and compatibility with the monitoring structures of the OPs, in line with acquis concerning the structural instruments. The twinning will also set the general framework for the evaluation activities and will support in producing the OP for technical assistance and institution building and developing procedures and manuals for the implementation of the OP.

The Phare 2006 twinning will be a direct continuation of the current twinning.

### **3.1.1.2 Planned activities and results for 2006**

The twinning to be financed out of Phare 2006, will support the following activities:

- for the MACSF (Coordination Unit):
  - o additional support to coordination,
  - o support to development and interpretation of management information and enhancing the operational experience;
  - o continuous monitoring and evaluation of the implementation of the structural instruments, for an early detection of methodological problems, preparation of proposed methods suitable for the Romanian institutional system;
  - o support for the institutional development in connection to the monitoring system;
  - o continued training and coaching.
- for the Managing Authority for the OP Technical Assistance
  - o support in the OP implementation in the following areas: projects appraisal and selection, financial management, monitoring and evaluation, communications, coordination and complementarity with the other Managing Authorities, elaboration of the annual implementation report;
  - o on-the-job-training during the first year of OPTA implementation to ensure the smooth implementation;
  - o Up-dating the manual of procedures.

### **3.1.1.3 Results 2006**

- Enhanced abilities within MACSF for ensuring coordination of structural funds implementation;
- Fully developed reporting mechanisms - using actual data - to the requirements of the various operating structures;
- Quick start of the OPTA implementation;
- Updated manuals of procedures;
- Staff of the MACSF trained in issues connected to the coordination, monitoring and evaluation of structural instruments;
- Staff of the MA for OPTA trained in issues connected to the implementation of the programme.

## **3.1.2 Sub-project 2: Horizontal training for structural instruments**

### **3.1.2.1 Objectives**

To provide key players within Romanian institutions involved in managing EU Structural Funds with basic skills and knowledge to programme, implement and monitor the programmes and projects.

Besides the horizontal training, addressing basic common needs across the structures involved in the management of the EU structural instruments, each MA, complementary to the horizontal



training, will implement specialised training programmes tailored function of the specific of each operational programme.

### **3.1.2.2 Planned activities and results for 2006**

The training in 2006 will represent a continuation of the training programme foreseen for Phare 2004. The target group is formed of civil servants in the MACSF, MACF, managing authorities, intermediate bodies, implementing agencies and Paying Authorities as well as potential final beneficiaries. The training will include seminars, workshops and visits to EU Member States.

The training will cover the *basic* training for new comers covering the general regulations concerning the Structural Instruments, aiming at familiarising the participants from the structures involved in the future management of the funds with the principles, objectives, organisation and major requirements, as well as more in depth training helping in developing skills for the actual implementation of the programmes. This training will precede the training to be included in the Operational Programme for Technical Assistance. The amount of the contract will be 1.5 MEURO.

### **3.1.2.3 Results 2006**

- 1000 trainees trained in management, monitoring, evaluation and control, under structural funds
- Training curricula and materials produced and distributed to participants
- A team of local trainers trained in managing EU funds

## **3.1.3 Sub-project 3: Expanding the Single Management Information System for Structural Funds**

### **3.1.3.1 Objectives**

The project is a continuation of the supply contracts in Phare 2002 and 2004 and aims at ensuring appropriate operation of SMIS through provision of additional investment focused on disaster recovery and improving the communication.

SMIS main characteristic is that it provides its users with a single mechanism for assisting them in accomplishing their everyday tasks thus justifying its name. The system will address the needs for all management levels (intermediate bodies, managing authorities, payment authority, implementing agents, including the European Commission) and through all the stages (programming, tendering, contracting, monitoring, evaluation, audit and control).

The SMIS will be gradually completed, with the support of PHARE financial assistance as well as national funds, carrying out actions related to software and infrastructure development as well as designing written procedures and training delivery.

Since the system could not be introduced in one year, it was decided that it would cover a number of programming years.

The first phase of the system was contracted out of Phare 2002, covering services and supply contracts as well and lasts by end of the year 2005.

The second phase is financed out of Phare 2004 and aims at expanding the SMIS with a new component which will include the totality of information on budgetary expenses at central, Regional and local level, as well as the whole expenditures related to measures and priorities of the National

Development Plan which are not eligible under Structural Instruments and improve the existing software, IT infrastructure and written procedures manuals for dealing with SMIS according to the progress in development of the implementation system of the Structural Funds.

Additional allocations will be needed in Phare 2006 for the extension of the infrastructure on the basis of a re-assessment of the hardware and communication technology. This assessment will be focused particularly on intermediate bodies and final beneficiaries.

### **3.1.3.2 Planned activities and results for 2006**

Based on the assessments performed through the Phare 2004 TA contract, the Phare 2006 will cover the necessary IT and communication infrastructure through supply contracts. These will be complementary to the project PHARE 2002/000-586.03.01.06.02 Management Information System – Supply, as well as to the supply contracts managed by each MAs under this measure. Additional servers, storage and software licenses for replicating/mirroring data between sites from the computing point of view will be needed, as well as communication/security device and data communication services from the communication point of view and possibly other equipment required for arrangements of the disaster recovery site and main computing site.

The activities to be implemented through technical assistance will be performed based on the outcomes of the Phare 2004 programme, so to ensure a continuous running and/or recovering SMIS from a situation of disaster or modifying of institution required to use SMIS. Furthermore, the Phare 2006 contract will cover the start of the actual implementation of structural funds and thus the final version of SMIS will be tested under real working conditions. While SMIS shall be functional in 2007, further adjustments might still be needed as the implementation exercise begins and real data are input in the SMIS.

The activities will have business continuity approach, covering the following:

- Expanding the current business continuity plan for SMIS by creating an entire disaster recovery site, site that mirrors all the data from the production site in real time, so MACSF will be able to maintain mission critical functions of SMIS without any interruption. The equipments hosted in disaster recovery site will replicate the most important function from production site, computing power will be over 50% compared with computing power from production site. All the security and availability aspects will be treated as same as in production site;
- In project number RO-2004/016-772.04.03.01.02.02 “Expanding the Single Management Information System for Structural Funds” equipments and connection to production site for all institution involved will be provided. This project will continue to do this taking into account the updated list of institution involved, development of the new disaster recovery site and new communication bandwidth requirements for entire Single Management Information System;
- Testing the functionality of new SMIS disaster recovery site, also administrator and maintenance manuals and procedures will be adjusted accordingly;

### **3.1.3.3 Results 2006**

SMIS (both sites and institutions) is tested and functional.

Administrator and maintenance manual updated with last changes.

### **3.1.4 Sub-project 4: Co-ordination, management and implementation of regional programmes**

#### **3.1.4.1 Objectives**

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

#### **3.1.4.2 Activities and means in 2006**

##### **National Twinning for regional programmes implementation**

The project is likely to start during 2007 when Romania is assumed to be a member of the EU. Therefore the first years of implementation of the Structural Funds will be the focus of this twinning project ensuring smooth implementation, especially monitoring, so that any "teething" problems can be identified and remedied.

##### **Implementation**

- Providing support for correct programme implementation according to Structural Fund Regulations;
  - Refining the Implementation Manual for ROP programme, ERDF funded
  - Project appraisal methodology used by IBs
  - Project approval, contracting, and certification of eligible expenditure
  - Financial Control systems operating effectively
  - Internal Audit responsibilities are being carried out correctly
  - Monitoring procedures in place
  - Monitoring Committee serviced and operates
  - Annual Implementation Report prepared
  - Preparation of the evaluation unit and of internal evaluation procedures
  - Implementation of ROP TA priority
  - Implementation of the ROP Communication Plan
- Support to attain a smooth bridging between management of Phare funded projects and SF interventions
- Updating and identification of new training needs and provision of training within the MA (and IB's when appropriate)

#### **3.1.4.3 Results**

- Implementation of the ROP programme carried out without any major problems occurring
- Programme management capacities developed and enhanced in accordance with Structural Funds requirements
- Staff assisted in managing and coordinating the implementation of ROP priorities
- Managing and monitoring the contracts of ROP MA delegated attributions, including of the implementation of the quality assurance system
- Projects being presented to the IB's are well prepared and comply to eligibility criteria
- Financial management and control, payment unit and ROP internal audit unit staff assisted in carrying out their attributions and on-going training of the staff
- ROP Evaluation and Monitoring Units/personnel guided and trained to fulfill their tasks
- Inter-institutional coordination and partnerships.

### **3.1.6 Sub-project 6: Support for the Ministry of Transport, Construction and Tourism to prepare as Managing Authority**

#### **3.1.6.1 Objectives**

The objective of the project is to prepare the Ministry of Transport, Constructions and Tourism to function as a Managing Authority for the Sectoral Operational Programme for transport and as an Intermediate Body for the Cohesion Fund in the transport sector, in order to increase its capacity for programming, management, evaluation and monitoring of projects and programmes under EU Structural and Cohesion Funds and structural funds type programmes.

Achieve a coherent and efficient institutional structure in order to manage the structural instruments after the accession in the EU.

This implies:

- Smooth bridging between the management of pre-accession funds and structural instruments.
- Appropriate training of the staff.
- Adequate manuals and procedures.
- Sufficient IT and office equipment.
- Pipeline of projects prepared.

#### **3.1.6.2 Activities and means in 2006**

##### **Component A: Providing Training Programmes**

- Providing on the job training for the Managing Authority and Intermediate Body within MTCT and for the SOP Final Beneficiaries/Implementing Agencies.
- Tailor-made training for the relevant Implementing/Managing Authority and its related Intermediate Bodies/designated Implementing Agencies staff, with particular emphasis on Programming, Implementation, Evaluation and Monitoring, Financial management, Accounting, Control and Audit phases of SF and CF programmes and projects;
- Organisation of thematic workshops and seminars with the aim is to familiarise the participants with the roles, responsibilities, functions, tasks, works-flows and co-ordination mechanisms of Managing Authorities;

The component will be implemented through a TA contract of 150,000 EURO.

##### **Component B – Pipeline of projects**

The technical assistance will be used for the establishment of a pipeline of programming documents and projects with a view to absorb the first wave of Structural assistance after accession.

Phare support will be used to organise a sustainable system of identifying, registering, and co-developing good quality project proposals responding to relevant sectoral developing strategies and funding priorities. This implies training for the potential project beneficiaries and development of the project documents in line with the requests for funding under structural instruments. The assistance shall result in establishing a pipeline of mature project proposals for future structural instruments funding, including a number of concrete preparatory studies for projects.

The pipeline of projects should comply with the priorities established in the SOP for Transport and take into account the relevant sectoral strategies.

Amount of the contracts is 4.5 MEURO Phare contribution.

### **3.1.6.3 Results for 2006**

- Professional and highly trained personnel within the MTCT – Cohesion Fund Intermediate Body & SOP Managing Authority, as well as in the CF designated Implementing Agencies, SOP Intermediate Body and SOP main Final Beneficiaries; accounting personnel adequately trained.
- Training curricula and materials produced and distributed to participants;
- Pipeline of programming documents and projects prepared, with a view to absorb the first wave of Structural Funds assistance after accession.

### **3.1.7 Sub-project 7: Support for the Ministry of Labour, Social Solidarity & Family to prepare as Managing Authority**

It is included under Part 2.

### **3.1.8 Sub-project 8: Support for the Ministry of Environment and Water Management to prepare as Managing Authority and Intermediate Body**

#### **3.1.8.1 Objective**

To support the preparation of the MEWM to function as Managing Authority for the Sectoral Operational Programme for Environment increasing its capacity for programming, management, evaluation and monitoring of projects financed by Structural Instruments, including the preparation of eligible projects and the provision of IT equipment for SMIS.

An update of the figures mentioned in the PPD ESC 2004-2006:

The Managing Authority for SOP Environment comprises the General Directorate for the Structural Instruments Implementation (with four Directorates: Programming and Evaluation, Sectoral Operational Programme for Environment, Cohesion Fund/Infrastructure projects, Technical Assistance and Technical Control), the Directorate for Financial Management and Control and the Audit office. At the present moment, all these Directorates comprise 75 persons.

#### **3.1.8.2 Activities and means in 2006**

##### **Pipeline of projects**

Taking into account the commitments assumed by Romania in the environment sector, as a result of negotiations for Chapter 22 “Environment”, significant investments are needed in order to achieve compliance with EU standards in the near future. Linked to these needs, the annual allocation of EU funds will increase substantially once Romania becomes an EU member. Therefore, Romania needs to develop an increasing number of projects of good quality in the pipeline in order to utilize fully the EU financial resources, which will become available through Structural and Cohesion Funds.

The cost of complying with the European environmental legislation, during the period 2005-2018, has been estimated at **29 billion Euros**, according to the negotiation documents, representing the largest amount applicable to a candidate country. This amount is needed for enforcement of all European environmental directives until 2018; however, according to Romania’s commitments to the EU, the highest need for investment will be in the next 6 years.

MEWM has finalized a first draft of SOP Environment and the priorities envisaged will be financed with 2,600 MEuro from Cohesion Fund and 1,300 MEuro from ERDF.

The most expensive investments are the ones in water and waste-water sector, municipal and hazardous waste management, district heating, rehabilitation of contaminated sites, other areas with historical pollution or affected by the erosion (the Black Sea coastal line) and flood protection.

There is significant investment capital being made available under the EU financing Programs, particularly in the water, wastewater and solid waste sectors. Most of the municipalities to benefit from the EU funds have not undertaken any major investments financed by International Financial Institutions (IFIs). Their need of investment in the environment sector is very high, however, due to lack of exposure to EU financing programs and IFIs, their experience of project preparation to the required standard is very limited. Hence a considerable amount of technical assistance will be needed in order to assemble a sound investment program to take full advantage of the EU funding.

The technical assistance will continue to sustain the activities developed within Phare ESC 2004 and 2005 in order to establish an effective and efficient pipeline of programming documents and projects with a view to absorb the Structural Instruments assistance after accession.

Phare support will be conceived (structured) as a sustainable system for identification, registering, and co-developing good quality project proposals in order to be responsive to relevant sectoral developing strategies and funding priorities. This implies training for the potential project beneficiaries and development of the project documents in line with the requests for funding under structural instruments. The assistance shall result in establishing a pipeline of mature project proposals for future structural instruments funding, including a number of concrete preparatory studies for projects.

The TA should assist MoEWM for preparing:

- the pipeline of projects, on the basis of relevant documents for the environment sector to be financed under Structural Instruments;  
The document should justify that the selected projects comply with prioritisation criteria set by SOP Environment, the relevant national strategic documents in the field of environment.  
It is expected also to be organized a sustainable system of identifying, registering and developing good quality project proposals responding to relevant sectoral developing strategies and funding priorities.
- Training on infrastructure projects preparation, appraisal and selection for the technical staff and for the key decision actors from national, regional and county level;
- To prepare all required documents to support the Applications for EU co-financing (including Master Plan, Feasibility Study, Environmental Impact Assessment, Financial and Institutional Analysis, Application Form) moreover, to bring the preparation of the projects to the point where they can be proposed for EU co-financing ;
- Preparation and contracting of the infrastructure projects to be financed, including elaboration of required technical and contractual documents, as well as training to beneficiaries, as follow:
  - Preparations of tender documents, including detailed design, drawings and technical specifications;
  - Support for tendering the prepared large infrastructure projects.
  - Training to the beneficiaries will cover project preparation, elaboration of detailed work schedules, cost-benefit analysis, environmental impact assessment, preparation of application form, elaboration of business plans, contracting, preparation of tender documents, including detailed design, drawings and technical specification, support for tendering. Etc;

- Training of MA and IBs for SOP Environment on project management and project monitoring;

The pipeline of projects should comply with the priorities established in the SOP for Environment and take into account the relevant sectoral strategies.

The TA contract will amount 9.5 MEuro Phare contribution plus 3.17 Meuro national budget co-financing.

### 3.1.8.3 Results for 2006

- a sufficient number of projects under SOP Environment fully prepared to be financing under Structural Instruments;
- projects pipeline ready for contracting under SOP Environment;
- trained staff of the institutions responsible for the project preparation/implementation/management/monitoring

### 3.1.9 Budget for Priority E/ measure a – Part 3

Year 2006	Phare funding			National Co-financing	IFI	Total
Priority E / Measure A	Investment	IB	Total Phare			
Sub-project 1 – Support to CSF MA		1.00	1.00			1.00
Sub-project 2 – Horizontal training		1.50	1.50			1.50
Sub-project 3 – SMIS development	0.44		0.44	0.15		0.59
Sub-project 4, ROP MA – national twinning		1.30	1.30			1.30
Sub-project 6: Support to MTCT	4.50	0.15	4.65	1.50		6.15
Sub-project 8: Support to MEWM	9.50		9.50	3.17		12.67
<b>T O T A L 2006</b>	<b>14.44</b>	<b>3.95</b>	<b>18.39</b>	<b>4.82</b>		<b>23.21</b>

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

### 3.1.10 Implementation arrangements for Priority E/ measure a – Part 3

The Central Finance and Contracts Unit (CFCU) will be the Implementing Agency and as such be responsible for all procedural aspects of the tendering process, contracting matters and financial management (including payments) of the project activities, for projects 1, 2, 3, 4, 5, 6 and 8.

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

Implementing Authorities for each project will ensure the management of implementation for all structures involved.

Implementing Authority for project 1, 2, 3 is MPF.

Implementing Authority for project 4 is MEI for national twinning.

Implementing Authority for project 6 is Ministry of Transport, Construction and Tourism.

Implementing Authority for project 8 is the Ministry of Environment and Water Management.

#### 4. Linked activities

See Annex 7 and Annex 1 with corresponding log frame matrix for Part 3.

#### 5. Detailed budget

€M	Phare/Pre-Accession Instrument support	Co-financing			Total Cost
		National Public Funds (*)	Other Sources (**)	Total Co-financing of Project	
<b>Year 2006 – Part 3 Investment support jointly co funded</b>					
<i>Priority E, measure A</i>	<b>14.44</b>	<b>4.82</b>		<b>4.82</b>	<b>19.26</b>
Sub-project 3 – SMIS development	0.44	0.15		0.15	0.59
Sub-project 6: Support to MTCT	4.50	1.50		1.50	6.00
Sub-project 8: Support to MEWM	9.50	3.17		3.17	12.67
<b>Investment support – Part 3 sub-total</b>	<b>14.44</b>	<b>4.82</b>		<b>4.82</b>	<b>19.26</b>
<i>% of total public funds</i>	<i>max 75 %</i>	<i>min 25 %</i>			

<b>Year 2006 – Part 3 Institution Building support</b>					
<i>Priority E, measure A</i>	<b>3.95</b>				<b>3.95</b>
Sub-project 1 – Support to CSF MA	1.00				1.00
Sub-project 2 – Horizontal training	1.50				1.50
Sub-project 4, ROP MA – national twinning	1.30				1.30
Sub-project 6: Support to MTCT	0.15				0.15
<b>IB support – Part 3</b>	<b>3.95</b>				<b>3.95</b>

<b>Total Part 3 2006</b>	<b>18.39</b>	<b>4.82</b>		<b>4.82</b>	<b>23.21</b>
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(\*) contributions from National, Regional, Local, Municipal authorities, FIS loans to public entities, funds from public enterprises

(\*\*) private funds, FIS loans to private entities

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



## 6. Implementation Arrangements

### 6.1 Institutional Framework

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

### 6.2 Implementing agencies

Implementing Agency for this Part is Central Financing and Contracting Unit.

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

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### 6.3 Implementing authorities

Tasks	Implementing Authority and Intermediate Bodies	Remarks on Organisation, resources required
<b>Priority E: (IB)</b> Building the institutional structures in order to achieve, upon accession sound and efficient management of EU SF, and efficient management of programmes under under EDIS <b>Measure a</b> Development of administrative capacities for Structural Funds management	Overall coordination by MPF  Ministry of Public Finances, Ministry of European Integration, Ministry of Transport, Constructions and Tourism, Ministry of Environment and Water Management	National Steering Committee for coordination of preparation for Structural Funds, chaired by MPF

The Implementing Authorities and Intermediate bodies will have reporting responsibility to the national coordinator (Implementing Agency) of the priorities and measures.

### 6.4 Implementing tools

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

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

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

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

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

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

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

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

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

In the same time, at higher level there are the Sectoral Monitoring Sub-Committee for monitoring of all ESC IB and Investment support and the Joint Monitoring Committee where the European

Commission, National Aid Coordinator and National Authorizing Officer meet and analyse the stage of implementation of the Phare National Programme.

## **6.5 Lessons Learnt**

See Annex 6.

## Table of acronyms

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

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

## **ANNEXES**

- Annex 1 Log frame planning matrix for Part 3 - 2006
- Annex 2 Detailed Implementation chart Part 3 - 2006
- Annex 3 Cumulative Commitment and Disbursement Part 3 - 2006
- Annex 4 List of Relevant Laws and Regulations
- Annex 5 Monitoring Sheet Part 3 - 2006
- Annex 6 ESC Lessons Learnt 2006
- Annex 7 Linked activities