



**GOVERNMENT OF ROMANIA**

**MINISTRY OF EUROPEAN INTEGRATION**

**Phare Programming Document  
for  
Economic and Social Cohesion  
2004-2006**

September 2004

## 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
NNI	New Neighbourhood Instrument

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

# Phare PROGRAMMING Document for ESC ROMANIA 2004-2006

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## 1. BASIC INFO

**Country:** *Romania*

**Title:** *Phare Programming Document for Economic and Social Cohesion 2004-2006*

Romania faces the challenge of approaching the development level reached by the EU Member States and achieving the European objective of economic and social cohesion. The improvement of the economic growth rate through hard and soft investments programs, can significantly influence the speed with which the convergence with the Member States is achieved. This implies the growth of productivity, out coming the obstacles at infrastructure level and the adequate use of the human resources.

Based on these requirements, the priorities and measures comprised in Phare Programming Document 2004-2006 (PPD) for Economic and Social Cohesion (ESC), that will be transposed in programmes and projects, aim at supporting the economic and social development of Romania, as a basis for creating conditions to achieve the established objectives. The document was drawn up based on the National Development Plan (NDP) 2004-2006. The NDP priorities and measures have a solid argumentation and justification in the sectoral and regional development policies and strategies, as well as planning sectoral documents elaborated by line ministries and Regional Development Plans elaborated under RDAs coordination. PPD 2004-2006 ensures the implementation of a number of measures comprised in four out of five NDP priorities. The Phare Programming Document 2004-2006 was drawn up in close correlation with the process of the state budget elaboration for 2004 and the budgetary guidelines for 2005-2006.

- 1.1.1 For the first time since Romania benefits from Phare funds, a multi-annual programming document of the sectoral and regional development priority objectives is carried out. The drawing up of the ESC Phare Programming Document 2004-2006 has been done in correlation with the ISPA and SAPARD programmes in order to ensure the coherence and avoid overlapping with the national investment programmes. Therefore, the PPD priorities and measures will address the need for a more efficient distribution of the national and community resources.

## 2. OBJECTIVES

Based on the overall objective of the Phare Programme - namely to support the candidate countries to prepare for EU accession - Phare ESC Programming Document 2004-2006 implements a multi-annual regional development policy, through horizontal - regional and sectoral - priorities and measures, taken out of the NDP 2004-2006, in order to support Romania to progressively attain the average development level of the EU Member States.

The overall objectives of the PPD 2004 –2006, which are formulated in chapter 2.2, are focusing on three main directions: to address the regional disparities through investment support in different economic and social fields, to support the management and efficient implementation of the 2004 – 2006 Phare assistance for Economic and Social Cohesion under EDIS, and to support the development of institutional capacity of the future structures to effectively manage Structural Funds, after accession.

## **2.1. THE NEEDS**

The socio-economic, sectoral and regional analyses carried out in the NDP 2004-2006 have pointed out high disparities between Romania and EU Member States regarding general economic and social development. At the same time, the analyses emphasize the increasing inter and intra regional disparities in terms of social and economic development, caused by market economy mechanisms and possibly, by the implementation of sectoral development programmes.. Through the implementation of specific regional measures in areas facing severe economic and social decline the PPD contributes, together with national investment programmes, to the diminishing of the development disparities between Romania as a whole and the average EU Member States.

During 2004-2006 measures for improving tourism, transport, business infrastructure, and industrial sites rehabilitation, which are still deficitary in Romania, are needed in order to achieve the European standard quality. Increasing the competitiveness of private enterprises and, as a consequence, their potential of creating new jobs is another priority, which needs support in that period. Therefore, financial support and consulting for start-ups, micro and SMEs will be provided, taking into consideration that these represent the economic sector with the most dynamic growth and the main job provider. PPD 2004-2006 also includes measures for a better use and development of human resources (tackling structural unemployment, fighting social exclusion and social assistance, improving labour market adaptability and improving access to education), and for environment protection at regional level.

In the same time it addresses the necessity to continue the administrative capacity building at national and regional levels. In this respect, the Phare Programming Document 2004-2006 addresses the need of developing the institutional capacity of the line ministries, RDAs and local authorities. This implies the developing of structures, strategies, human resources and management capacity which is envisaged to have a positive impact on the overall Romania's administrative capacity, meaning:

- more efficient Phare projects implementation on short term;
- an appropriate Structural Funds institutional and management system in place on long term.

### **2.1.1. Contribution to NDP**

The Phare Programming Document (PPD) programmes the public intervention financed from Phare Economic and Social Cohesion (ESC) 2004-2006 funds allocated to Romania in order to support it in the process of reducing economic and social disparities, relative to the development average of Member States, by diminishing inter-regional and intra-regional disparities.

The basis for programming of the Phare ESC funds is NDP 2004-06, which contains the Romania's strategic development priorities for the next 3 years, identified in broad partnership and approved by the Romanian Government. The PPD sets out in a single programming framework IB, Investment and PPF assistance to co-finance NDP Strategy, aiming at achieving economic and social cohesion.

*The NDP Strategy is based upon five priorities articulated along three pillars:*

**I. Two NDP Priorities are concerned with stimulating sectors with *wealth generating potential*:**

- **Priority 1:** Competitiveness of the productive sector and attraction of FDI, is concerned with stimulating the development of key sectors including actions to create an environment conducive to investment by large businesses (but not direct support) and support for SME development in these sectors.
- **Priority 4:** Developing the rural economy and increasing productivity in the primary sector is concerned with improving the productivity and efficiency of agriculture and silviculture and stimulating added value in the agri-food complex. This Priority, for the time being, will also address the high dependency of rural areas on agriculture by supporting diversification of agricultural enterprises.

## **II. Two NDP Priorities are *addressing supply-side constraints on wealth generation.***

- **Priority 2:** Transport, energy and environment, will support investment in strategic infrastructures; these are likely to be focused substantially on larger urban areas and strategic corridors.
- **Priority 3:** Human resources, will support a strategic approach to workforce development, skills gaps and help for those groups that are confronted by particular disadvantage in the labour market.

**III. The last NDP priority is concerned with *addressing social deficits and promoting balanced regional development*,** recognising that the concentration of investment in sectoral priorities will tend to exacerbate rather than reduce regional disparities in the medium term:

- **Priority 5:** Regional and local development, will support a broader range of initiatives that are essentially regionally or locally focused and are at a level where local authorities will have lead responsibility for implementation. This will be supplemented by special actions in the business developments and tourism promotion field where there is a need to complement actions with a national scope with others more specifically addressing local needs

Action under all Priorities will be augmented by support for institution building, to improve implementation under this Plan and to build capacity in anticipation of larger scale operations supported by Structural Funds from 2007.

Under Phare Programming Document 2004-2006 there will be implemented four measures out of five NDP priorities. These were established taking into consideration:

- The hierarchy of the priorities in the NDP 2004-2006;
- The measures previously financed under Phare, which still are priorities at national level; taking into account the first evaluations, there is need for an ongoing of financing;
- The necessity to improve the administrative capacity;
- The Phare - ESC field of intervention.

PPD takes into consideration the rationale as well as the global and specific objectives of the priorities and type of measures identified in NDP and, on this basis, establishes the priorities and measures to be co-financed under Phare ESC. Practically, the types of measures in the NDP have become “priorities” in the PPD. This correlation is described in the following.

The *focus of Phare support* is based on key considerations consistent with the principles of concentration and ensuring impact and will continue the strategy of using investment in ESC to

progressively bridge towards Structural Funds (ERDF and ESF) on accession, and concentrate on the three types of support for ESC agreed by the European Commission:

- (a) Increasing the activity of the **productive sector**, through assistance to the private sector (especially SMEs) and help in industrial restructuring (ERDF-type activities).
- (b) Strengthening **human resources** (ESF-type activities), eg to support employment and social inclusion.
- (c) Improving **business-related infrastructure**, contributing to regional development (ERDF-type activities).

To achieve the proposed objectives under Phare ESC component, and provide complementary support for the implementation of NDP strategy, the assistance will be articulated through five priorities:

- A. Improving regional infrastructure to support economic development
- B. Human Resource Development
- C. Developing the productive sector through support to SMEs
- D. Environmental protection at regional level
- E. Regional development policy design and implementation

**A.** The priority “**Regional infrastructure to support economic development**” is identified as a need to support the decentralization of decision-making and service delivery from the national administration to the local governments. It will put a greater emphasis on the public investment component and on the overall improvement of the business environment in the regions.

In the field of tourism, the support aims to regain the domestic tourists, and, even more, to attract foreign tourists so that the incomes would raise. This aim will be achieved by the improvement of the infrastructure quality (access roads, etc.) and tourist services, as well as the diversification of domestic tourist offer and the development of market niches, mainly spa tourism, cultural and historical tourism.

Investment in local transport infrastructure in particular is expected to capitalize on the opportunities opened by the Trans European Networks and increased international trade. This priority in fact is expected to represent one of the multi annual financing frameworks for local government investment but avoiding overlapping with ISPA and SAPARD.

Investing in business infrastructure will improve the basic conditions enterprises operate in by improving or construct new facilities for SMEs, including rehabilitation of degraded industrial sites.

**B.** The rationale for **HRD priority** is to invest in the human resources as a way to both increase employability and fight social exclusion. This priority is expected to act in synergy with the actions envisaged in the other priorities to achieve the NDP global aims. In particular this priority is to specifically address 1) the need to tackle structural unemployment in order to fight the consequences of economic restructuring on the labour market and match the private sector demand for skills 2) the need to improve long term labour market adaptability, to invest in the knowledge economy and address the increasing demand for computer skills, 3) the need to fight social exclusion of the Roma population from the labour market, as well as other vulnerable groups, 4) to improve access to education and region specific technical and vocational education and training system.

The national human resource development and employment strategy has identified the following inter-sectoral objectives:



- Alleviating the structural unemployment problems;
- Providing job opportunities for the disadvantaged and the socially excluded;
- To enhance the vocational education and training provision according to the new curricula for responding to the labour market needs and lifelong learning requirement.
- Continuing training development, including the education staff

An important component of the HRD priority at regional level will be represented by support to educational investment in VET a matter recently delegated to local authorities also with a view to foster better links with the local labour market needs. In the short run this effort will be mainly concentrated in rural areas also as a tool to fight increasing dropout rates there.

**C. In the field of SMEs Development** the overall rationale behind the national policy will be based on improving access to financing and promoting technological innovation. Innovation-related objectives can be more directly achieved through normal grant schemes based on project selection criteria focused on industrial policy priorities and possibly implemented in synergy with the R&D measures. There remains a scope for a regionally-based intervention<sup>1</sup> by providing grant and credit support to certain categories of SMEs only (i.e. micro enterprises, start ups) through a national scheme allocated on regionally predetermined quotas, promoting SME sector clustering or providing special support to first entrants in a given industry in a region with the aim of diversifying as much as possible the regional productive basis and increase the likelihood of identifying successful market niches<sup>2</sup>.

SME grant and credit scheme, aimed at easing the well-known problems that SME have (especially micro enterprises and start ups) in accessing medium-long term credit for investment purposes, will be delivered, together with a grant scheme for soft measures devised for SMEs specifically investing in new technologies or entering the international markets. Technological priorities will reflect those technologies in which Romania has a significant existing research expertise, as well as technologies reinforcing the competitiveness of sectors identified as representing particular opportunities. Special attention will then be given to investments related to environmental compliance. In order to diversify the Country's productive basis and foster possible imitation phenomena, a preference will be given to enterprises entering into new sectors and technological spin out. Direct support to investment is therefore also conceived as an incentive to overcome first entrant cost barriers.

The focus of Phare-ESC support will be on expanding the entrepreneurial basis in both numerical and sectoral scope which allow Romania to increase the number of SMEs, especially those active in manufacturing and high value-added services, and at the same time diversify its range of economic activities.

The support for SMEs will address the needs for job creation and strengthening the SMEs sector and SMEs growth and diversification. In particular the number of entrepreneurs in the population is still low by all international comparisons and the number of start-ups significantly lower than in other transition economies. The problem of insufficient access to finance is felt by the SME sector

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<sup>1</sup> Alternative approaches based however on sub-regional concentration schemes and therefore not fully in line with State Aid regulation principles will include either the identification on a yearly basis of areas in special need within regions based on objective and transparent criteria (but then absorption capacity problems are likely to appear) or the *ad hoc* targeting of small and medium towns with special support based on the assumption that national schemes will favour first and foremost SMEs located in large towns.

<sup>2</sup> The rationale behind this approach is described in R. Hausmann and D. Rodrik, *Economic Development as Self Discovery* Harvard University, policy paper, April 2003.

in general, but by the micro-enterprises (< 10 employees) and the innovative green-field initiatives in particular. On top of that, most SMEs are still severely undercapitalized and would face difficulties in meeting the new environmental standards without putting their competitiveness at risk.

**D.** The priority “**Environmental protection at regional level**” will include first and foremost in the short run investment in improving waste management and in the next years it will extend to all environmental sectors. These are assumed as basic preconditions to attract private investment, together with improved accessibility and communication.

#### **The main delivery mechanism for priorities A-D:**

##### ***Investment support***

Grant schemes correspond closely to the ‘measures’ used in Structural Funds. They cover the usual target areas for ESC, as SMEs, HRD or, environment infrastructure, and are used to implement relatively small projects, which cannot be feasibly identified up-front in the Financing Proposal or are too small to be administered cost-effectively on an individual basis. Instead, a scheme is set up, which will be described in detail in the project fiche. Grant schemes also provide a useful tool to ensure that projects are selected through a fair and transparent procedure and help to ensure that the selected projects are the ones providing optimum value for money. SMEs will be also supported through credit facilities managed at regional level.

Large infrastructure projects for transport, tourism, industrial sites rehabilitation and business support will benefit from technical assistance for project preparation and will be financed based on works contracts, as well as rehabilitation of TVET schools. The investments in didactic and IT equipment for TVET system modernization, are financed based on supply contracts.

##### ***Technical assistance***

Measures will also include support in identifying beneficiaries, establishing eligibility criteria, developing financing delivery mechanism, promotion and information, selection and monitoring of projects.

***Institution building*** directly related to the policy and institutional development in the field supported under each priority is considered within that priority.

##### ***Project Preparation and Supervision***

Preparation and supervision costs of projects - especially for priorities A and D (supervision for SAMTID) - will be substantial. (this is project-related, not IB support). Preparation costs for infrastructure projects to be implemented in 2004-06 (e.g. feasibility studies, marketing analyses, technical designs and tender documentation) will be co-financed under Phare ESC programmes, subject to the usual co-financing rules. As a general rule, preparation and supervision costs for investment projects should be between 5-10% of total project cost, depending on the complexity of the project. Supervision costs will be assured for large infrastructure projects, and will be supported from the next Phare year, in order to correlate with conclusion of works contracts and ensure the supervision of the entire period needed. By definition, preparation costs have to be paid in advance of the project and should, therefore, be financed separately.

#### **Institution Building - horizontal Priority E**

One key IB priority underlined also in the Commission documents is to help strengthen the institutions needed to implement Structural Funds after accession, especially as regards:

- Developing the programme management and administrative capacities of the Managing Authorities (MA), Paying Authorities (PA), Intermediate Bodies and bodies concerned with financial control and audit, procurement and monitoring and evaluation, at both national and regional levels, as appropriate.
- Assistance to policy formulation in the areas covered by the Cohesion Policy.
- Developing a project pipeline.

E. **The IB horizontal priority** “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” is focused on supporting the institutions responsible for design and coordination of regional policy to carry out their tasks properly, under EDIS requirements, and support for Structural Funds OPs preparation and implementation.

Reinforcement of institutional and administrative capacity as a key requirement for enlargement will include support to institutions appointed as Managing Authority and Intermediate Bodies for CSF and the future Sectoral Operational Programmes under Structural Funds - “Improving the competitiveness of the productive sector”, “Improving and developing transport and energy infrastructure”, “Environmental protection”, “Human Resource Development” and Regional Operational Programme. Preparation for INTERREG Community Initiative is also, included. The support will consist in preparing the structures, developing the administrative capacity, ensuring staff training and developing the appropriate systems and tools as job aids (methods, guidelines, manuals procedures etc.), in order to ensure the proper overall management and programming, implementation of programmes and projects, monitoring and evaluation, as well as financial management and control and audit function..

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

#### ***Project Preparation Facility – Development of the projects pipeline***

As mentioned above, preparation costs for large infrastructure projects have to be paid in advance of the project implementation and should, therefore, be financed separately.

Measures are taken to ensure that sufficient resources are available to build up an adequate **pipeline of projects for 2004-2006 and 2007-2009** – especially bearing in mind the availability of Structural Funds on accession. Support of this kind from Phare can be made available regardless of the source of financing of the final investment.

## **2.2. OVERALL OBJECTIVE OF THE SECTOR PROGRAMME**

In the 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 (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, in order to make significant progress in the achievement of commitments made on Chapter 21 of the General Acquis communautaire “Regional Policy and the Coordination of Structural Instruments”.

### 2.3. PROGRAMME PRIORITIES AND ITS IMPACT ON THE SECTOR

PRIORITIES OF THE PPD	PRIORITIES OF THE NDP
<b>Priority A:</b> Improving regional infrastructure to support economic development  <b>Measure a</b> Regional and local transport and business infrastructure	<b>Priority 5:</b> Promoting a balanced participation of all Romania’s regions to socio-economic development process  5.1. Regional and local infrastructure development
<b>Priority B:</b> Human Resource Development  <b>Measure a</b> Tackling structural unemployment <b>Measure b</b> Improving long term labour market adaptability <b>Measure c</b> Actively combating social exclusion <b>Measure d</b> Improving access to education and region specific technical and vocational education and training system	<b>Priority 3:</b> Human resources development, increasing employability and fighting social exclusion  3.1. Improving the long term labour market adaptability 3.2. Tackling structural unemployment 3.3. Actively fighting social exclusion 3.4. Technical assistance / Institution building  <b>Priority 5:</b> Promoting a balanced participation of all Romania’s regions to socio-economic development process 5.4. Support for investments in vocational training (TVET)
<b>Priority C:</b> Development of the productive sector through support to SMEs  <b>Measure a</b> Support to SMEs, business start-up and micro-enterprises	<b>Priority 1:</b> Improving the competitiveness of the productive sector and making it more attractive to foreign investors 1.1. Support to SME growth and diversification  <b>Priority 5:</b> Promoting a balanced participation of all Romania’s regions to socio-economic development process 5.2. Support to micro- enterprises
<b>Priority D:</b> Environmental protection at regional level  <b>Measure a</b> Improving environmental protection at local and regional level <b>Measure b</b> SAMTID	<b>Priority 5:</b> Promoting a balanced participation of all Romania’s regions to socio-economic development process  5.3. Urban rehabilitation and investments in municipal services 5.5. Improving environmental protection at regional and local level
<b>Priority E: (horizontal IB)</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>Measure a</b> Development of administrative capacities for Structural Funds management, out of which: - Support to CSF Managing Authority - Horizontal training for MAs - Expanding the Single Management Information System - Coordination, management and implementation of regional programmes - Support to MET to prepare as Managing Authority - Support to MTCT to prepare as Managing Authority - Support to MoLSSF to prepare as Managing Authority - Support to MEWM to prepare as Managing Authority - Ex-ante evaluation of Operational Programmes	<b>Priority 1:</b> Improving the competitiveness of the productive sector and making it more attractive to foreign investors 1.5. Technical assistance / Institution building <b>Priority 2:</b> Improving and developing transport and energy infrastructure and ensuring environmental protection 2.4. Technical assistance / Institution building <b>Priority 3:</b> Human resources development, increasing employability and fighting social exclusion 3.4. Technical assistance / Institution building <b>Priority 5:</b> Promoting a balanced participation of all Romania’s regions to the socio-economic development process 5.6. Technical assistance / Institution building  <b>Position Paper for Chapter 21</b> “Regional Policy and Co-ordination of Structural Instruments” and the corresponding Action Plan

### 3 EXPECTED RESULTS OF THE PROGRAMME

Increased attractiveness of touristic areas, mainly spa centres  
Improved access to touristic areas  
Satisfaction rate of users (tourists)  
Business are benefiting of business infrastructure development  
Reduction of youth unemployment rate  
Reduction in the rate of long-term unemployed  
Placement rate of the beneficiaries of Active Employment Measures  
Increased number of enterprises using continuous training and HRD policies  
Increased rate of employees in vocational training  
Reduced rate of excluded/marginalized people  
Improved social services and new services developed  
Improved qualification system  
Improved TVET network schools with IT facilities and access to information  
Improved vocational education and training facilities that correspond to regional labour market needs  
Teachers trained  
New products/processes marketed by firms receiving financial support  
Survival rate of SMEs  
Increase in turnover of firms having received financial support or consultancy and training  
Reduction of pollution and noise  
Amount of solid waste collected  
Employment created or safeguarded

MIS for Operational Programmes is in place and operational  
Large infrastructure projects pipeline ensure smooth implementation of Operational Programmes  
Managing Authorities gathered the necessary skills and experience for managing Structural Funds upon accession

Number of projects financed per measure  
Number of business assisted  
Number of persons trained  
Number of business support intermediaries strengthened

## **4. DESCRIPTION OF PRIORITIES AND MEASURES**

### **4.A DESCRIPTION OF PRIORITY A: IMPROVING REGIONAL INFRASTRUCTURE TO SUPPORT ECONOMIC DEVELOPMENT**

#### **4A.1 PRIORITY A/MEASURE A: REGIONAL AND LOCAL TRANSPORT AND BUSINESS INFRASTRUCTURE**

##### ***4a.1.1 Rationale***

It is generally recognised that regional infrastructure is insufficiently developed in Romania to meet the needs and requirements of a growing economy. Successful regional development initiatives require that local infrastructure, as a component of the economic base, is able to support the demands placed upon it.

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

The pNDP identifies the following main reasons for such support:

- These are assumed as basic preconditions to attract private investment, as providing improved accessibility and communication.
- This is expected to positively influence enterprise costs and overall competitiveness. Investment in local transport infrastructure in particular is expected to capitalise on the opportunities opened by the Trans European Networks and increased international trade.
- The establishment of industrial parks is considered as an engine for growth at the regional and local and at the same time a core of urban poles for economic growth.
- Tourism offers the best, and in many cases, the only realistic prospect for economic growth in marginal and under-developed areas.
- The variation of touristic products from spa resorts is considered as one of the strong points of touristic Romania due to the existence of unique balneary resources at European level that allow a significant medical correctness;
- The attractive and varied locations within a special natural surrounding;
- A varied range of procedures for cures provided at low prices;
- Traditional cooperation with significant markets, such as Germany, France, Italy, Israel, as well as a strong market for Romanians settled abroad.

This is consistent with the policy of Government as set out in the Strategy for rehabilitation of national roads 2001-2015, Strategy of inland water transportation development, Industrial Parks Strategy, Strategy for tourism development and Strategy for health tourism.

Main aspects of this assistance are:

- rehabilitation and development of tourism related infrastructure including leisure facilities and historical/ cultural infrastructure and provision of transport links
- developing spa tourism
- investment in regional and local transport

- rehabilitation and improvement of industrial sites and provision of transport links to such facilities
- developing business infrastructure including access roads

Investments in these areas form the basis for later ERDF support to infrastructure development.

#### **4a.1.2 Objectives**

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

#### **4a.1.3 Identification of needs and necessary actions**

Investment in regional and local infrastructure is intended to create the framework for domestic and/or foreign investment attraction into enterprises and creation of sustainable jobs. The projects will respond to regional economic development needs and shall have to comply with sustainable development requirements.

This is consistent with the policy of Government as set out in the Strategy for rehabilitation of national roads 2001-2015, Industrial Parks Strategy, Strategy for development of tourism and Strategy for health tourism.

#### **Key problems to be addressed are:**

The following sectoral priorities were identified, in continuation with previous Phare support:

- a) Rehabilitation of touristic sites leading to increased attractiveness of touristic areas
- b) Improvement of regional transport infrastructure
- c) Improvement of environment of industrial sites
- d) Improvement of business infrastructures and communication infrastructure in order to permit better access to services and markets of SMEs for strengthening their competitiveness.

#### **a) Rehabilitation of touristic sites leading to increased attractiveness of touristic areas**

In the field of tourism, specific actions are envisaged aimed at developing the tourism activity with the focus on spa tourism.

Romania offers a rich tapestry of tourist attractions and vacation experiences unique in Central-Eastern Europe: medieval towns in Transylvania, the world-famous Painted Monasteries in Bucovina, traditional villages in Maramures, the Black Sea resorts, the Carpathian Mountains (mountain bikes and winter sports), spas. As well it should be mentioned other tourist attractions as: the fortified churches, architectonic styles (romanic, gothic, renaissance, baroque, moldavian style, wallachian style, brancoveanu style), monuments included in UNESCO world heritage (Saxon sites with strengthened churches in Transylvania), Danube Delta, protected areas etc.

In the last few years, the number of places offering accommodation, as well as the number of the rooms has increased and diversified a lot. There are 3266 accommodation units with 277047 places. Out of this number there are 829 hotels with 157703 beds.

Today, these accommodation facilities satisfy the most different demands, ranging from five-star hotels to rural guesthouses, from mountain chalets to camping spots and inns, including special facilities (such as Savarsin and Arcus castles, Mogosoaia palace, or even the peasant fortress in Rasnov). In these terms, almost all the demand can be handled. Romanian accommodation has been divided into six categories to satisfy visitors' needs: hotels inns and camping spots; rural guesthouses; chalets and hostels; other type of accommodation (non-hotel); and floating hotels. All the places<sup>3</sup> are authorised by the entitled institution, and classified in accordance with the in-force laws. In order to facilitate the direct contact with potential tourists, a list of all the hotels in Romania, pictures, services and contact info is available on the internet.

The spa tourism market niche that has a high potential in several well placed zones of Romania with a favourable climate and nice landscape; there are more than 160 spa resorts with 367 facilities (hotels, hostels etc.). SPA tourism is an old tradition in Romania: the first spa resort, Baile Herculane was mentioned 1850 years ago. A peculiarity of the Romanian spa sector is its variety: some spas that are located in mountain areas, others on the Black Sea Coast, others on the hilly area, saline mines and lakes etc..

Romania owns the third part out of total thermal and mineral water sources in Europe, a very rich and precious natural potential. The balnear potential of Romania includes mainly thermal and mineral waters, sapropelic mud, saline micro-climate, moffete gas, ionization bio-climate, sedative and tonic-stimulating bio-climate, marine, alpine and sub-alpine bio-climate, etc, its variety allowing the effectuation of continuation cures (for instance sapropelic mud simultaneously with heliotherapy). Each spa has a main curative profile as: rheumatic affections, cardiovascular affections, breathing affections, digestive and internal affections, gynecological affections and nervous system affections; secondary profiles are associated to each spa as well.

According to statistical data from 2002 in Romanian health resorts a total number of 689,575 tourists were accommodated from which 663192 (96% out of total number) were domestic tourists and respectively 26,383 (4% out of total number) were foreign tourists.

From the analysis of the current condition it results that the actions below are valid for all large balneal resorts, of national interest, included in the international circuit and having a total number of places ranging between 2,500 and 8,500, i.e.: Băile Felix, Călimănești-Căciulata, Băile Herculane, Sovata, Slănic Moldova, Băile Olănești, Băile Govora, Vatra Dornei, Covasna, Buziaș, Mangalia, etc. (as identified in Gov. Decision 1122 / 10 October 2002, article 13).

As regards the spa tourism the problems to be addressed are:

- aged condition of the treatment sites worsened by materials used in construction that are subjected to the corrosive effect of certain treatment substances;
- obsolete and insufficient access to spa resources;
- intensive operating of mineral substances and resources from spa resorts;
- weak local infrastructure (access, utilities);
- insufficient services that can be used on the high-quality market of balneary treatment;
- insufficient promoting of the benefits of the salt mines and adjacent areas.

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<sup>3</sup> Information on accommodation is to be found on Internet, under the following addresses: [www.hotels.ro](http://www.hotels.ro) , [www.fihir.ro](http://www.fihir.ro), [www.rotravel.com](http://www.rotravel.com) , [www.pantravel.ro](http://www.pantravel.ro), [www.antrec.ro](http://www.antrec.ro), and also on the web sites of the hotels in Romania.



### **b) Improvement of regional transport infrastructure**

After 1990 in Romania the motorising index, for both persons and freight traffic, exploded. This thing was happened mainly in urban areas. The rehabilitation of major road network (national and European) is financed since 1990 by different international financing institutions through different projects or programs. These projects didn't include the rehabilitation of **ring-roads and by-passes**.

That are necessary because:

- they have a major impact on reducing existing congestion and pollution levels of the city and town centers;
- are protecting the existing road infrastructure system (in towns and cities) by moving heavy traffic around the the urban areas;
- are reducing internal traffic of the city;
- are improving the speed for persons and freight traffic using the ring-roads.

*The first category of roads* (highways, express-roads and national roads) is financed by the national budget as co-financer and different international programs (ISPA, European Bank for Investment-EBI, Japanese Bank of International Cooperation-JBIC etc.).

*The second category of roads (county roads)* are not beneficiaries of any international financing projects or programs, being financed only by the county budgets (which are very limited). This is the reason why most of the county roads are in a very poor condition, even if they are the link between the first and third category of roads and are used by rural population of Romania, linking rural with urban areas.

*The third category of roads* (communal roads) are financed also by central government and different international programs (SAPARD, FRDS, RDP-IBRD etc).

### **c) Improvement of environment of industrial sites**

In this area, actions will be taken in order to clean up the existing derelict or under-used industrial areas, which may exhibit environmental degradation, lack of utilities/ infrastructure. Specific measures will concentrate on their improvement, rehabilitation and possible change of use in order to improve the prevailing socio-economic and environmental climate and allow for the development of business sites and premises for industrial and technological parks.

The restructuring process left aside many industrial places that are abandoned, the owner is bankrupt or is unknown. Could be mention many cities as Bucuresti, Brasov, Timisoara, Cluj, Braila, Galati, Iasi etc. where these sites are not used. An important part of them still has access to some facilities as water, sewage, power, natural gas etc. The extent of these sites and the pollution intensity is not well known.

These site pose a threat to the humans living nearby but, as well, could be retrofitted and modernised for new use or new users.

### **d) Improvement of business infrastructures and communication infrastructure in order to permit better access to services and markets of SMEs for strengthening their competitiveness.**

In order to respond to the regional need for job creation and economic development, actions will take place with the aim to develop infrastructure for business activity in areas affected by industrial restructuring. As well will be considered areas where strong dynamics for SME creation and/or foreign investment exists. The largest majority of Romanian enterprises – 86.23% - are operational in 10 fields, as shown by table below. Over 57% of all enterprises are in trade, the figure rising to 63% when considering SMEs only, well above the EU-19 average of 25% and the candidate countries average of 19%. In the service sector SMEs are underrepresented: 16.1%, versus EU-19-30% and average candidate countries 36%.

In Romania, the services for business support remains underdeveloped, particularly in terms of quality and specialization. This is primarily due to underdevelopment of the main natural providers of business support services. In this respect, the weakest element of the system seems to be the under-representation of the sectoral associations of entrepreneurs. Secondly, some Chambers of Commerce are increasingly orienting their activity in the field of training for unemployed, thus responding to internal market demand and financial needs, but somewhat marginalizing their mission of supporting enterprise internationalization.

The consulting sector consists, mainly, in no-profit foundations and associations, which reveals an early stage of maturity of the profit-oriented business support services, still confined to the traditional fields of legal expertise, accounting, tax consulting and audit. The main constraint to the development of high quality specialized business services seem to be the high investment necessary to establish sectoral/niche capacity, and consequently the non-affordable market price that would result for potential SME clients.

As regarding Business incubators, in Romania, there are recorded 19 business incubators are functioning and other 12 will be set up in the near future. SMEs incubated are mainly involved in fields as: clothes, knitwear, electronics, technical design, food products, gas equipment, metal constructions and metal products, spare parts, printing house, maintenance operations and advertising. The business incubators have been set up using funds from state budget, EU funds and from other international financial institutions, through the PHARE Programmes, FIDEL and RICOP Programmes, PAEM Programme regarding the diminution of the unemployment and Would Bank-Programme regarding the shutting of mines and social protection measures.

#### **Territorial distribution of business incubators by development regions**

<b>Region</b>	<b>No. active business incubators</b>	<b>No. business incubators that will be set up</b>
North-East	3	1
South-East	2	0
South-Muntenia	2	1
South-West Oltenia	4	1
West-Romania	1	5
North-West	1	3
Centre	4	1
Bucharest–Ilfov	2	0

Source: National Agency for SMEs and Co-operatives

Measures are expected to lead to a significant take up of new sites and premises. Objectives will include the development of a number of strategic sites with the potential of maximizing job creation, providing opportunities for businesses seeking to expand and foreign private investments intending to locate in the area.

Provision is made under this priority for the further development of implementing organisations with a view to their enhanced role post-Accession. Provision for relevant training and assistance to such organizations, mainly on infrastructure projects monitoring(which in general will become Intermediate Bodies under Structural Funds) is foreseen as part of this priority, and will be provided under the Supervision contracts.

#### **4a.1.4 Activities and means in 2004**

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

##### **a. Tourism-Related Infrastructure**

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

**Eligible activities** will be considered:

- Investment projects that improve the quality of tourism through the improvement, rehabilitation and up-grading of access infrastructure (roads – including bridges/rail/infrastructure for river transport etc.) in areas with demonstrated tourism attractiveness;
- Environmental rehabilitation of public areas of high tourist value, such as lakes included in recognised tours, public parks, surroundings of attraction points of demonstrated value, etc;
- Rehabilitation of urban areas of high tourist value, including street rehabilitation in spas of demonstrated tourist attractiveness, rehabilitation of historic centres and pedestrian areas in towns endowed with high-value historical and cultural heritage;
- The recovery and arrangement of access alleys to the mineral resources and saline, of the recreation and halting spaces, of the sites for using springs;
- The recovery of networks for the supply and collecting of mineral springs in fixed usage points for tourists (if not private);
- The recovery and creation of balneary parks;
- Improvement of saline infrastructure;
- Support accompanying infrastructure improvements and acquisition of essential equipment, if in the ownership of local authorities;
- Development of winter sports infrastructure in the ownership of local authorities in order to increase the diversification of tourist products necessary to satisfy the request of special profile markets.

##### ***Eligibility Criteria***

Projects selected will have to comply with the criteria of the sustainable tourism development.

Direct support for “productive” tourism investments, such as accommodation or catering, will not be provided under this component.

Projects must be located in one of the areas of high tourist interest

The project must seek to develop an area of health or educational related tourism potential

##### ***Pre-selection criteria***

- overall quality of the feasibility study
- social, economic and environmental benefit
- management of the project

##### **b. Regional Transport Infrastructure**

Projects will include the improvement of existing, or construction of new, bypasses that link national roads and result in the diversion of high levels of traffic away from city and town centres

(number of vehicles >1500 vehicles/day; reduction of driving time by 30%; reduction of traffic accidents and diverting heavy traffic from centre;) and the rehabilitation of county roads, and road safety measures. For all transport projects including road safety measures, a “safety audit” should be carried out and the key recommendations should be presented in the Feasibility study or as a separate document.

### ***The rehabilitation of Ring roads and by-passes***

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

### ***Eligibility Criteria***

- ring road and by-passes projects should demonstrate that they are included in the city or town Master Plan (PUG) or County Spatial Development Plan (PATJ).
- construction of new ring-roads and/or by-passes with the purpose of providing direct access to individual settings are not eligible under this component.
- by-passes and ring roads on included in the road network to be rehabilitated by 2013 as defined in the Romanian position paper CONF RO 29/03 as long as they are not situated on the corridors (European Transport Corridor) will be eligible.
- with a daily traffic above 2000 standard vehicles on the main transit axis (CESTRIM vehicles counting should be available)
- time saving should be superior to 30% on the main transit axis compared to the city crossing
- daily freight traffic (heavy vehicles above 150)
- projects should be based on a traffic census for the transit roads, attached at the feasibility study.
- positive economic impact: reduced vehicles operating cost
- should not be financed by other institutions or programs.

### ***Pre-selection criteria***

- overall quality of the feasibility study
- social, economic and environmental benefit
- management of the project

### **County Roads**

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

### ***Eligible activities:***

Construction and modernization of existing county roads in accordance with EU standards (as set by the acquis)

Road safety measures as part of road projects.

### ***Eligibility Criteria***

- Ownership of County Council
- To be included in the County Spatial Development Plan (PATJ)
- Number of conventional vehicles > 1500 (CESTRIM vehicles counting should be available).

### ***Pre-selection criteria***

- overall quality of the feasibility study

- social, economic and environmental benefit
- management of the project

### **c. Rehabilitation of Industrial Sites**

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

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

#### ***Eligible activities:***

Soil and underground water decontamination;

Elimination or recycling of industrial waste on the sites;

Infrastructure rehabilitation (roads, water supply systems, sewage system, gas system, electricity network, buildings)

#### ***Eligibility Criteria***

Degraded or under used industrial sites;

Polluted sites with high risk probability for population health

Property of local authority

#### ***Pre-selection criteria***

- overall quality of the feasibility study
- social, economic and environmental benefit
- management of the project

### **d. Business Infrastructure**

This type of project will respond to the regional need for job creation and economic development. Selected projects will aim to develop infrastructure for business activity in areas affected by industrial restructuring, where strong dynamics for SME creation and/or foreign investment exists. Projects should demonstrate that there is a significant demand for new sites and premises.

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

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

#### ***Eligibility Criteria***

- Property of local authority
- Projects should be sited in areas with an annual SME birth rate and inward flow of foreign capital per inhabitant that exceeds the national average
- To demonstrate there is a clear demand for business premises

- Existing large public-owned enterprises in the area, strongly affected by industrial restructuring

#### ***Pre-selection criteria***

- overall quality of the feasibility study
- social, economic and environmental benefit
- management of the project

#### ***Selection mechanism for projects included in measure a:***

The following **procedure** will be carried out by the Contracting Authority in order to fulfill the task and reach the target position:

##### ***A. Approval of the Guidelines for Applicants***

The **Guidelines for Applicants** containing eligibility criteria, selection procedures, Standard Forms for application (including Feasibility Study), pre-selection and selection grids is developed and attached to the PPD as annex 4 “*Priority A\_GuidelinesFor Applicants*”. Moreover, the Guidelines for Applicants is containing the estimated allocation of funds per each development region (as foreseen in the National Development Plan), as well as an indicative allocation at national level for each specific type of infrastructure.

The following general eligibility and selection criteria will apply to all infrastructure projects:

##### General **eligibility** criteria:

- Granted infrastructure will remain the ownership of the public sector during at least 5 years. If privatisation occurs before, the conditions of privatisation will be subject to formal approval from the JMC.
- Size of the projects: as a general rule, each project will have a minimum 2 Meuros total budget and the maximum Phare support will be 5 Meuros per project;
- Non-overlapping with other potential financing sources/programmes (national and/or international); moreover, the projects should not be eligible for ISPA, SAPARD or SAMTID programmes;
- The availability of local co-financing, amounting at least at 10% from total value of eligible costs, should be ensured;
- The projects proposed for financing should have feasibility studies elaborated in conformity with the Romanian regulations in the field, and approved by the relevant entitled authority according to laws in force.
- Projects in the "Bors-Cluj-Brasov corridor" will not be eligible for Phare funding.

##### General **selection** criteria:

- Maturity of the project, quality and consistency of the technical proposal (completeness and quality of feasibility study, including objective, location, quantified description, costs estimate, implementation arrangements; relevant consents and approval obtained);
- The project quantify and justify clear, and attainable targets, within the given timescale for delivery, and relevant for the objectives of the programme for the specific priority sector;
- Linkage, integration or complementarities with other projects;
- The management capacities of the applicants (applicant's previous experience in similar project/actions, staff availability and implementation experience, effective management and maintenance plans included, etc.)
- The project ensures sustainability and maintenance once the external financing ends;
- Satisfactory return on expenditure, positive cost/benefit analysis results.

### *B. Launching of open call for proposals*

Specific projects will be selected in two stages: at regional level, by the RDAs through a procedure similar to an “open call”, and at national level by a National Steering Committee. The selected portfolio of projects will be approved by the NBRD. The projects are to be implemented through work contracts.

It is expected to launch the open call for proposals by the end of July. The Guidelines for Applicants will be disseminated through RDAs at regional level; at least 90 days will be allowed to the applicants to prepare and submit to RDAs applications according to the standard formats.

An Awareness Campaign provided under a Technical Assistance contract will be conducted in order to ensure the transparency of the “open call” and the largest participation possible. It will also focus on advising and helping the applicants to develop good quality projects which can be financed.

### *C. Pre-Selection at regional level*

At regional level, the pre-selection of the proposals will be done by a Pre-selection Committee, composed of representatives of RDAs and independent experts contracted under the Phare 2002 PPF component. The members of the Pre-selection Committee will act as assessors, applying the approved evaluation grid and ranking the short listed projects, carrying out detailed examinations of the proposals. The evaluation will consider the eligibility and administrative and technical compliance of the applications. Projects must achieve a minimum score of at least 50%. Projects scoring less than the minimum will not be considered further. The list of the pre-selected projects will be submitted for the approval of the Regional Development Board. The Pre-selection reports will then be submitted for approval/endorsement to the MEI and EC.

### *D. Selection at national level*

After the approval/endorsement of the Pre-selection reports by MEI and EC, all the selected projects that achieved the minimum 50% will be subject to a national overview. There is no limit to the number of applications that can be forwarded to the MEI since a “pipe-line” for projects, to be financed during 2004-2006, will be established.

Subsequently, the Technical Assistance provided under the Phare 2002 PPF component will revise and improve/up-date (if necessary) the pre-selected proposals - including feasibility study of investments in infrastructure, financial analysis showing the financial viability of the investment and the complete cost-benefit analysis – in order to check the correctness, completeness and coherence of information necessary for proposals assessment, and to prepare complete and comparable documents (a summary of the results of feasibility analysis will be also prepared for each project).

On the basis of revised documentation, results of feasibility analysis and the ranking of the projects provided by TA, a selection process will take place at national level, aiming to establish the portfolio to be financed under the Phare 2004-2006 programme, with the active participation of relevant line ministries (Ministry of Agriculture, Forests, Water and Environment, Ministry of Transport, Housing and Tourism, etc.), MEI and observers from EC.

The National Board for Regional Development will approve the portfolio of the projects to be implemented under Phare 2004-2006 Programme, including the grouping of projects to be financed under each separate year.

### ***Preparation of Tender Documents***

After the finalization of the selection process, the Technical Assistance - provided under Phare 2003 PPF - will prepare for tendering the selected projects under Phare 2004. This will consist of the elaboration of required technical and contractual documents, including detailed design, drawings and technical specifications. Environmental Impact Assessment will be required following the EU Directive n° 85/337/EEC and technical design will be in compliance with EU standards.

The same approach will be used for the preparation of the Tender Documents for the projects financed under Phare 2005 and 2006, by separate Technical Assistance provided under Phare 2004, and respectively 2005, PPF.

### ***Tendering and contracting***

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

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

### ***Implementation and monitoring of the works contracts***

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

Site supervision support will assist the local authorities and RDAs in monitoring the implementation of works contracts. The activities foreseen for site supervision are related to

#### ***A. Preparation of the Terms of Reference***

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

##### **a) Act as adviser**

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

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



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

**b) Act as ‘The Engineer’ under FIDIC Conditions of Contract (1999) for the Works Contracts**

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

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

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

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

**c) Transferring Know-How to the RDAs and PIUs**

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

***B. Tendering and contracting the Technical Assistance***

A tendering process will be organised by MEI according to the procedures established in the *Practical Guide to contract procedures financed from the General Budget of the European Communities in the context of external actions (Services section)*. This will lead to the selection of

the TA Consultants and to the conclusion of the services contracts for the supervision of each group of Works Contracts financed under the corresponding funding year.

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

#### *C. Implementation and monitoring of the Supervision Contract*

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

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

#### *D. Evaluation of the supervisions' achievements*

The set of indicators listed in article 4a.1.5 below will be applied in order to determine the level of achievement of the proposed results for the TA Supervision Consultant.

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

#### ***Evaluation of the achievements for works contracts***

According to the type of infrastructure built, the established set of indicators, in article 4a.1.5 below, will be applied in order to determine the level of achievement of the proposed works' results.

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

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

#### **PPF**

PPF (TA) will support identification, selection and preparation of large-scale infrastructure projects implemented under this Priority.

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

PPF activities for the 2004-2006 infrastructure projects pipeline, are included in the horizontal institution building, Priority E/measure a.

#### **4a.1.5      Results 2004**

##### ***Infrastructure projects (works contracts)***

###### ***a. Tourism Related Infrastructure***

###### **Results**

- Improved touristic infrastructure;
- Increased attractiveness of touristic sites

###### **Indicators of achievement**

- Number of tourism attractions created or refurbished = 2 - 7 tourism sites created or refurbished;
- Annual number of tourist visitors to assisted tourism attractions = 1000 – 3500 new tourist visitors;
- Annual number of tourist visitors from abroad to assisted tourism attractions = 200 – 700 new foreign tourist visitors;
- Average expenditure per visitor = + 20-30%;
- Visitor overnight stays = + 20-25%;
- New jobs in the tourism sector = 30 – 100 new jobs.

###### ***b. Regional Transport Infrastructure***

###### **Results**

- Improved accessibility
- Reduced traffic in city centres

###### **Indicators of achievement**

- Number of projects (ring-road, by-passes and county roads) = –2-7 (depending on the type);
- Kilometres of roads developed / improved (applies to ring road, by-pass and county road projects) = 41 Km (average cost of 300000 Euro/Km of road – 500000 Euro/km for a new road and 200000 Euro/km for a rehabilitated road);
- Number of standard vehicle movements daily on roads developed / improved = increase with 15-20% on the modernised roads;
- Volume of goods transported = increase with 10-20% on the modernised roads;
- Car traffic in city centres = reduction with 10-20% in cities where a ring road was built;
- Level of air pollution in the city/town centre = reduction of concentration for pollutants as Nox and SO<sub>2</sub> with 25-35%, in cities where a ring road was built.

###### ***c. Rehabilitation of Industrial Sites***

###### **Results**

- New companies settled in the industrial sites
- Hectares of land decontaminated = 100 Hectares (if 50% of the money available in 2004 would be used for land decontamination - at an average cost of 50000 Euro/ha);
- Hectares of land refurbished (infrastructure rehabilitation) = 20-25 ha (if 50% of the money available in 2004 would be used for land refurbishment)

###### **Indicators of achievement**

- Air / soil / water pollution = reduction of concentration for pollutants with 25-35%

- Number of jobs created in decontaminated/refurbished land = 150 - 200 (average value of 25 m<sup>2</sup>/worker).
- Number of companies attracted on the premises = 15 – 20 small companies (up to 10 employees);

#### *d. Business Infrastructure*

##### Results

- SMEs attracted in these premises
- Number of business centres/incubators and expositional centres created = 2 - 6 business premises created or modernised;
- Square meters of business premises created = 7,750 m<sup>2</sup> (if 50% of the money available in 2004 would be used for premises created - at an average cost of 800 Euro/m<sup>2</sup>);
- Square meters of business premises refurbished = 12,400 m<sup>2</sup> (if 50% of the money available in 2004 would be used for premises refurbished - at an average cost of 500 Euro/m<sup>2</sup>);

##### Indicators of achievement

- Annual number of companies assisted and receiving business support = 12 – 48 companies;
- Sqm of business space occupied after 1 year from project completion = min. 60% of the total space
- Sqm of business space occupied after 3 years from project completion = min. 85% of the total space
- Number of gross jobs created = 120 – 400 new jobs;
- Gross increase in sales = + 20-40%
- Rate of occupancy of marketing/expositional space = min. 65% of the space
- Number of new/relocated companies operating = min 10 companies

#### *Site supervision contract*

##### Results to be achieved:

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

##### Indicators of achievement:

- number of finalised contracts versus concluded contracts = 1
- number of projects finalised within the time for completion versus concluded contracts = 1
- ratio of contracted / spent funds = 100%
- value of defects notified = less than 5% of the contract value / project
- rate of completion of activities on schedule = min. 75 %

#### *4a.1.6 Planned activities and results for 2005-2006 for measure a*

The project activities will continue for the pipeline of projects established through the open call for proposals, for 2004-2006.

#### 4a.1.7 Budget for Priority A, measure a

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

A balanced distribution, for all types of infrastructure projects, will be ensured within the 2004 – 2006 pipe-line, at national level. Annex 5 is showing the distribution of infrastructure projects per types and per region in the years 2000 – 2003. In accordance with this distribution, an indicative allocation at national level was established per each of the four headings, as follows:

- Tourism Related Infrastructure – 30%
- Regional Transport Infrastructure – 25%
- Rehabilitation of Industrial Sites – 20%
- Business Infrastructure – 25%.

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

YEAR 2004	PHARE FUNDING (MEURO)			NATIONAL Co-FINANCING	IFI	TOTAL (MEURO)
PRIORITY A/MEASURE A	INVESTMENT	IB (PPF)	TOTAL PHARE			
<b>Total infrastructure</b>	<b>40.425</b>		<b>40.425</b>	<b>13.475</b>		<b>53.90</b>
Site supervision for 2003	4.00		4.00	0.833*		4.833
Works, out of which:	36.425		36.425	12.642		49.067
1. Nord – Est 21,57%	7.857		7.857	2.727		10.584
2. Sud-Est 13,92%	5.070		5.070	1.760		6.830
3. Sud-Muntenia 16,07%	5.853		5.853	2.032		7.885
4. Sud-Vest Oltenia 11,99%	4.367		4.367	1.516		5.883
5. Vest-România 8,84%	3.220		3.220	1.118		4.338
6. Nord – Vest 11,57%	4.214		4.214	1.463		5.677
7. Centru 11,03%	4.018		4.018	1.394		5.412
8. Bucureşti-Ilfov 5.01%	1.825		1.825	0.633		2.458

YEAR 2005	PHARE FUNDING			NATIONAL Co-FINANCING	IFI	TOTAL
PRIORITY A/MEASURE A	INVESTMENT	IB (PPF)	TOTAL PHARE			
<b>Total infrastructure</b>	<b>49.00</b>		<b>49.00</b>	<b>16.33</b>		<b>65.33</b>
Site supervision for 2004	3.00		3.00	1.00*		4.00
Works, out of which:	46.00		46.00	15.33		61.33
1. Nord – Est 21,57%	9.922		9.922	3.307		13.229
2. Sud-Est 13,92%	6.403		6.403	2.134		8.537
3. Sud-Muntenia 16,07%	7.392		7.392	2.464		9.856
4. Sud-Vest Oltenia 11,99%	5.515		5.515	1.838		7.353
5. Vest-România 8,84%	4.066		4.066	1.355		5.422
6. Nord – Vest 11,57%	5.322		5.322	1.774		7.096
7. Centru 11,03%	5.074		5.074	1.691		6.765
8. Bucureşti-Ilfov 5.01%	2.305		2.305	0.768		3.073

YEAR 2006	PHARE FUNDING			NATIONAL Co-FINANCING	IFI	TOTAL
PRIORITY A/MEASURE A	INVESTMENT	IB (PPF)	TOTAL PHARE			
<b>Total infrastructure</b>	<b>63.00</b>		<b>63.00</b>	<b>21.00</b>		<b>84.00</b>
Site supervision for 2005&06	8.00		8.00	2.67*		10.67
Works, out of which:	55.00		55.00	18.33		73.33
1. Nord – Est 21,57%	11.864		11.864	3.954		15.817
2. Sud-Est 13,92%	7.656		7.656	2.552		10.208
3. Sud-Muntenia 16,07%	8.839		8.839	2.946		11.784
4. Sud-Vest Oltenia 11,99%	6.595		6.595	2.198		8.792
5. Vest-România 8,84%	4.862		4.862	1.620		6.482
6. Nord – Vest 11,57%	6.364		6.364	2.121		8.484
7. Centru 11,03%	6.067		6.067	2.022		8.088
8. Bucureşti-Ilfov 5.01%	2.756		2.756	0.918		3.674

2004-2006	PHARE FUNDING			NATIONAL Co-FINANCING	IFI	TOTAL
PRIORITY A/MEASURE A	INVESTMENT	IB	TOTAL PHARE			
<b>Total infrastructure</b>	<b>152.425</b>		<b>152.425</b>	<b>50.808</b>		<b>203.233</b>
Site supervision	15.00		15.00	4.50*		19.50
Works, out of which:	137.425		137.425	46.308		183.733
1. Nord – Est 21,57%	29.643		29.643	9.989		39.631
2. Sud-Est 13,92%	19.130		19.130	6.446		25.576
3. Sud-Muntenia 16,07%	22.084		22.084	7.442		29.526
4. Sud-Vest Oltenia 11,99%	16.477		16.477	5.552		22.030
5. Vest-România 8,84%	12.148		12.148	4.094		16.242
6. Nord – Vest 11,57%	15.900		15.900	5.358		21.258
7. Centru 11,03%	15.158		15.158	5.108		20.266
8. Bucureşti-Ilfov 5.01%	6.885		6.885	2.320		9.205

\* Co-financing for site supervision will be used for supporting the RDAs to implement and monitor projects financed in the framework of PPD ESC 2004-2006 (see Priority E, sub-project 4, component G).

#### 4A.2 IMPLEMENTATION ARRANGEMENTS FOR PRIORITY A, MEASURE A

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

Exception: MEI will be also Implementing Authority for site supervision and for RDAs monitoring contracts, sub-project 4, component G, of Priority E, financed from national co-financing of this Priority.

The Ministries with policy responsibility for activities under this priority are: Ministry of Transport, Construction and Tourism, Ministry of Environment and Water Management, and Ministry of Administration and Interior.

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

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

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

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

The final list of infrastructure projects will be approved by the NBRD.

Contracting the works shall be under the responsibility of MEI.

#### **NON STANDARD ASPECTS FOR PRIORITY A, MEASURE A**

- It should be stressed that the contracting procedure for the site supervision (allocated under Phare 2006) of the Works Contracts (financed under Phare 2005), may take place before the Financing Memorandum for Phare 2006 is signed between the European Commission and the Romanian Government. Therefore for this supervision contract, the tender procedure with **“suspension clause”** should be used.
- Although the tender procedure for all the Works Contracts will follow strictly the PRAG<sup>4</sup>, the Conditions of Contract will be FIDIC “Conditions of Contract for Construction” (1<sup>st</sup> Edition, 1999) and/or FIDIC “Conditions of Contract for Plant and Design-Build” (1<sup>st</sup> Edition, 1999).
- The possible combination of two Technical Assistance contracts, for PPF (under Priority E) and Supervision (under Priority A) into a single assignment in charge for the preparation of the design, tendering, contracting and also for the supervision of the works for a specific group of projects may be taken into account. This will lead to a Technical Assistance contract that will be financed from several years’ funds but will be subject to a single tendering procedure.

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<sup>4</sup> *Practical Guide to Contract Procedures Financed from the EC general Budget in the context of External Actions:*  
[http://europa.eu.int/comm/europeaid/tender/gestion/pg/npg\\_en.doc](http://europa.eu.int/comm/europeaid/tender/gestion/pg/npg_en.doc)

#### 4B. DESCRIPTION OF PRIORITY B: HUMAN RESOURCE DEVELOPMENT

The third Priority of the pNDP is **“Human resource development, increasing employability and fighting social exclusion”**. The main reasons identified by the pNDP for public support to this priority are:

- The weakness of services to promote employability, particularly the limited ability of education and vocational training in meeting labour market needs; a rate of youth and long-term unemployment above the EU average; the social exclusion of the disabled, the Roma population and other vulnerable groups. A significant part of reported employment is in agriculture, and much of it represents low-productivity subsistence farming.
- **Increasing the employment rate and reducing the unemployment rate is the long-term objective of Romania's employment strategy** and also one of the objectives of the European Employment Strategy, which set to raise by 2010 the participation rate in the labour market at 70% for the population aged 15-64 (Lisbon) and at 50% for the population aged 55-64 (Stockholm).
- This has important economic and social implications because the unemployed, and particularly the long-term unemployed, belong to the socially excluded.
- Enhancing skills and employability of the labour force aims to equipping people to take up the opportunities being created by the market forces and the knowledge-based society and economy, thus also combating poverty, preventing discrimination and social exclusion and reducing dependency on the social service.
- Skilled and competitive labour force is a pre-requisite for sustainable economic growth, secondly skilled labour force is a pre-requisite for its employability. Therefore **increased employability of the labour force demands a new approach to education and training focusing on lifelong learning** across a full range of formal and informal learning opportunities.
- **As regards professional mobility**, an increase in the skill level of the labour force, especially in the area of information technologies (e-learning) is of particular importance.
- The economic restructuring process and the development of the knowledge-based economy requires adequate training of pre-university human resources.

**The Joint Assessment Paper has identified** a number of **priority areas** where progress is needed and where monitoring should be carried out in the context of the Employment Policy Review:

- Develop a strategy for continuing training in close co-operation with the social partners as well as appropriate framework and incentives for the training of those employed. Develop capacity for the training of the unemployed, taking into account medium-term challenges linked to the restructuring.
- Develop together with the social partners a wage setting system that can be supportive of economic and labour market reforms and able to guide skill formation, mobility and reallocation of labour and ensure that wage developments are employment friendly.
- Review the funding arrangements and the level of resources for active policies as well as the provision of active programmes in order to substantially increase the provision of training and achieve a better balance between subsidised employment and other measures. Monitor the implementation of the new framework for active policy, the targeting and impact of programmes so that active policy can effectively contribute to the transformation of the labour force requested by the future challenges. In relation with this, while pursuing the ongoing strategy to improve the PES quality and efficiency, the appropriate allocation of the staff at territorial level and the control of registration should be a matter of permanent concern of the PES management so that active support can be effectively targeted at the jobseekers who need it and PES resources efficiently used.
- Progressively develop bipartite dialogue and ensure that tri-partite co-operation plays its role so that social partners can effectively contribute to employment policy and labour market reform.



- Pursue efforts to strengthen capacity building in the administration in general and develop an appropriate institutional framework for regional employment policy and for the implementation of pre-accession and ESF support in co-ordination with the other structural funds. This includes an appropriate training of the staff involved.

This is consistent with the Government strategy set out in the Human Resource Development Strategy, the National Action Plan for Employment (NAPE) and Joint assessment Paper (JAP).

Main aspects of the assistance in the field of employment and social assistance are:

- Qualification and re-qualification of the labour force
- Active Labour Market Measures for youth and long-term unemployed
- Fighting Social Inclusion and providing job opportunities for the disadvantaged groups
- Strengthening the institutional and administrative capacity for designing and implement employment policies and ESF management, preparing the public employment services for ESF implementation; Impact study and ex-ante evaluation of the active employment measures on target groups; Information and career counseling services in rural areas in order to enhance active employment measures;
- Development of a strategy for lifelong learning and high level of human capital. This shall imply: i) the improvement of the education system in view of reducing the mismatch between the education and the labour market; ii) the promotion of increased participation in tertiary and higher education, to be achieved by, inter alia, spreading Internet access all across the educational system; iii) the establishment of an accessible lifelong learning environment by promoting continuing vocational training opportunities helping people to retrain and upgrade their knowledge and skills.
- Modernising the social services;
- Improve administration of social assistance system through a MIS development and implementation.

Moreover, the pNDP indicates the need for public support to the development of HR that includes investments in technical and vocational education system, public employment services and social services. The main strategic objective highlighted by the Human Resources Development Strategy is to improve the quality of human resources based on substantial investments in human capital development, improvement of qualification level and employment supporting the development of the Romanian knowledge based society.

The pNDP identifies the following main reasons for technical and vocational education system support:

- Technical and Vocational Education and Training has as main priorities the improvement of flexibility and transparency of the system and related supply in order to enhance the access and participation in disadvantaged areas, namely, in rural areas and small and medium localities never assisted by TVET support development programmes in particular, the enhancement of the quality of both education and training process and institutional management, the increased responsiveness of the TVET provision to the economic and social needs of development, to the labour market demand, at local and regional level.
- The TVET 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 and adapted to the region specific by the corresponding services delivery strategies.
- Assuring the equitable opportunities of the TVET development by diminishing disparities within the regions ( e.g. counties from where schools have not been eligible in the first multi-annual TVET programme) and at national level (e.g. region Ilfov Bucharest was not part of the

first TVET multi-annual programme), with special focus on rural areas, are foreseen to be achieved through the next Phare multi-annual assistance

- Further assistance in the modernisation of the rationalized TVET system will strengthen and consolidate the achievements of the reform acquired through the PhareTVET RO 9405 programme for initial TVET, as well as through Phare 2001-2003 Economic and Social Cohesion (IB and Investment for TVET).
- Need of developing alternative social services for the disadvantages and socially excluded, aiming to diminish the number of beneficiaries served by residential institutions – for example home care services.

This is consistent with the policy of Government as set out in the Strategy for Human Resources Development, the National Action Plan for Employment, as well as in the education sector strategy, namely the Strategy for Developing the Pre-university Education in the period 2001-2004 subsequent to forward planning up to 2010.

This is also consistent with the policy of Government as set out in the National Anti Poverty and Social Inclusion Plan, National Strategy regarding Special Protection and Social Integration of the Persons with Handicap and Governmental Strategy in the field of Protection of the Children in Difficulty (2001–2004).

Main aspects of this assistance are:

- Further assistance in the modernization of the rationalized TVET system based on the achievements and results of the reform process acquired through the first multi-annual TVET programme with special focus on completion of the national policies and methodologies and assurance of equitable TVET provision developed according to the strategic planning documents, namely the REAPs.
- Strengthening the provision of social services targeting vulnerable persons. It shall also target social infrastructure including, but not limited, to emergency help, structures in support of the elderly and the disabled, the health system, and special support to orphans and abandoned children.

Investments in this area form the basis for later ESF assistance and for ERDF support to education, training and social infrastructure. Main agencies designated to assist the implementation are: Ministry of European Integration, Ministry of Education and Research, Ministry of Labour, Social Solidarity and Family, National and County Agencies for Employment, with support from RDAs.

## **4B.1 PRIORITY B/MEASURE A: Tackling structural unemployment**

### **4B.1.1 RATIONALE FOR MEASURE A**

As the final JAP analysis underlined the focusing on LM structural issues resulting from the necessary restructuring of the economy will create major employment challenges in the next future and it is crucial for Romania to be prepared for them.

The high level of youth and long-term unemployment is also an important issue which needs to develop and implement an approach enabling to address the unemployed as early as possible with support and active measures adapted to their individual situation and needs.

All these can be reached by promoting active measures aimed at preventing and combating unemployment among young people and the long-term unemployment.

In this respect is very important to support and strengthen the administrative capacity to design and implement the employment policies and to prepare the participation to the ESF.

#### ***4b.1.1.1 Sub-project 1 Active Employment Measures (AEM) mainly for youth and long-term unemployed***

***A) Active Employment Measures (AEM) to youth and long-term unemployed and to the job seekers in rural areas and people employed in agriculture with low incomes (grant scheme)***

***B)***

***i. TA to support MoLSSF, NAE and Final Beneficiaries in the preparation of the HRD schemes promoting the AEMs***

***ii. TA to MLSSF, NAE and final beneficiaries to support in the implementation of the grant schemes***

#### ***Objectives***

***A) Raising employment and enhancing of active and preventive measures for unemployed as systemic tool to foster employment, with special focus on youth and long-term unemployed and on the job seekers in rural areas and people employed in agriculture with low incomes , and strengthening the regional and local partnerships set up to promote employment.***

***B)***

***i. Previous preparation of the grant schemes:***

- To strengthen the structures established under Phare 2003 IB and their administrative capacity (PCU and 8 PIUs) for ESF type projects targeting the youth and long-term unemployment and the job seekers in rural areas and people employed in agriculture with low incomes, in order to carry out the awareness campaign, appraisal, selection, monitoring, control and evaluation activities efficiently for the schemes concerning active employment measures;
- To promote measures and provide information and advice on previous grant schemes launching as: awareness campaign, consciousness, counselling and information in order to proper identification of the target groups – youth unemployed, long-term unemployed and the job seekers in rural areas and people employed in agriculture with low incomes;
- To ensure efficient reach of the target groups and to sustain an adequate implementation system for the grant scheme and assist the beneficiaries to preparation of projects financed under this programme;
- To promote measures and provide information and advice on project preparation.

- ii. Activities related to awareness, appraisal, selection and monitoring of projects are included and will be supported through Technical Assistance (TA), in order to achieve the following objectives:
- To ensure a transparent, competitive and effective process for project appraisal and selection;
  - To increase capacities of regional structures for effective implementation of projects financed under this programme in order to carry out monitoring, control and evaluation activities, efficiently.

#### ***4b.1.1.2 Sub-project 1 Identification of needs and necessary actions***

##### ***A) Active Employment Measures (AEM) to youth and long-term unemployed and to the job seekers in rural areas and people employed in agriculture with low incomes (grant scheme)***

This measure brings under a single operational framework pNDP type of measure 3.2, priority 3. The pNDP summarises the conclusions drawn from the Joint Assessment Paper (JAP) and the National Action Plan for Employment (NAPE), the strategic documents for Romania and EU employment policy.

At the middle of the 90s, the deterioration of the economic situation determined a new flow to the rural areas and the to sustenance agriculture.

In 2000, agriculture was the main employment provider (41.1% of the total employment), also contributing with up to 23% to the working age population.

Consequently, one of the main problems the employment policy faces is the existence of a dual labour market, with a rural labour market concentrating more than a half of the labour force. Agriculture includes almost a quarter of the active population, while industry and services include almost 18%, respectively 28.615%. (JAP evaluation).

Also, according to the actual NAPE (2004-2005), although the 2002 Census mentions a 35,6 percent of the labour force employed in agriculture, the agricultural field only contributed in 2003 with about 12% to GDP, being obvious the need of additional public and private resources allocation in order to increase the investment level and to create new alternative jobs to determine a new distribution of the labour force to high productivity fields.

JAP has also emphasised that the unemployment rate has increased since the mid-1990s but remains below the EU average. Unemployment is concentrated in urban areas. **There is a substantial long-term unemployment** 70% of the total unemployed in the third quarter of 2003; youth long-term unemployment in total youth unemployment represents 77%; adults long-term unemployment in total adults unemployment represents 67%) **and a high youth unemployment** 1/3 from the total unemployed .

It identifies as strategic issue that given the high level of long-term unemployment there is also **a need to develop and implement an approach enabling to address the unemployed as early as possible with support and active measures adapted to their individual situation and needs.**

The final JAP analysis focuses on structural issues and concludes that the necessary restructuring of the economy will create major employment challenges in the next future and it is crucial for Romania to be prepared for them.

This is why increasing and adapting education and training levels, developing the training of the employed and of the unemployed should ensure that human resources are able to respond to the transformation of the economy and the labour market.

Similar problems are identified also by the NAPE 2004-2005, approved by G.D. no.588/2004, which underlines the following objectives :

- Fighting against the effects of the structural unemployment
- Increasing the employment rate and the sustainable labour market integration of the unemployed and the inactive.

These priorities are to be addressed under the following measures:

- Diversifying the active measures package addressed to the young people and the long term unemployed;
- Orientating the preventative strategies towards an increased employability taking into account the in time identification of the individual needs;
- Assessing the active employment measures and realizing a study regarding the implementation impact in order to set up several proposals for concrete measures and improved implementation instruments.

Statistical Data referring to the target groups  
Evolution of youth unemployment

**ILO unemployment rate by age groups,  
by sex and by areas, during 2000 – 2003 period, %**

<b>Sex Area Period</b>	<b>Total</b>	<b>Age groups 15 – 24 years</b>
<b>Total</b>		
2000	7.1	18.67
2001	6.5	17.57
2002	8.4	21.67
2003*	7.0	18.83
<b>Male</b>		
2000	7.7	19.67
2001	7.1	17.65
2002	8.9	21.7
2003*	7.5	18.4
<b>Female</b>		
2000	6.4	17.35
2001	5.9	17.45
2002	7.7	21.65
2003*	6.5	19.5
<b>Urban</b>		
2000	11.2	29.92
2001	10.4	28.27
2002	11.2	29.47
2003*	9.7	26.66
<b>Rural</b>		
2000	3.1	9.7
2001	2.8	8.9
2002	5.4	14.97
2003*	4.3	11.86

Source of data: NIS, AMIGO Third quarter 2003

Evolution of long-term unemployment

**ILO unemployed by age groups, by sex and by area, by unemployment duration**  
- persons -

Sex Areas Unemployment duration	ILO Unemployed Total	Age groups			
		15 – 24 years	25 – 34 years	35 – 49 years	50 years and over
<b>Total</b>	637699	201270	199129	187166	50135
6 months and over (only for young long term unemployed)	154962	154962			
12 months and over (only for adults long term unemployed)	293477		134637	122353	36487
Average unemployment duration (months)	24.1	18.1	26.7	26.7	28.2
<b>Male</b>	358893	121723	109843	91839	35487
6 months and over (only for young long term unemployed)	93501	93501			
12 months and over (only for adults long term unemployed)	161257		75451	61793	24013
Average unemployment duration (months)	24.0	17.7	28.1	26.1	27.4
<b>Female</b>	278806	79546	89286	95327	14647
6 months and over (only for young long term unemployed)	61461	61461			
12 months and over (only for adults long term unemployed)	131747		59186	60562	11999
Average unemployment duration (months)	24.2	18.7	25.0	27.2	30.3
<b>Urban</b>	465831	136818	141011	149242	38760
6 months and over (only for young long term unemployed)	108393	108393			
12 months and over (only for adults long term unemployed)	224318		95659	99047	29612
Average unemployment duration (months)	24.3	18.2	26.4	26.8	28.5
<b>Rural</b>	171868	644451	58118	37924	11374
6 months and over (only for young long term unemployed)	46569	46569			
12 months and over (only for adults long term unemployed)	68360		38980	23308	6072
Average unemployment duration (months)	23.5	17.9	27.4	26.1	27.1

Source of data: NIS – AMIGO – third quarter 2003

Regions Sex Areas Age groups	Economically active persons (percentage)			Non- Economically Active (percentage)
	Total	Employed persons	ILO Unemployed	
<b>Total</b>	<b>47.2</b>	<b>44.2</b>	<b>3.0</b>	<b>52.8</b>
15 – 24 years	36.3	30.4	5.9	63.7
25 – 64 years	71.7	68.0	3.7	28.2
<b>Male</b>	<b>52.8</b>	<b>49.4</b>	<b>3.4</b>	<b>47.2</b>
15 – 24 years	42.4	35.4	7.0	57.6
25 – 64 years	78.8	74.7	4.1	21.2
<b>Female</b>	<b>41.8</b>	<b>39.3</b>	<b>2.5</b>	<b>58.2</b>
15 – 24 years	30.0	25.2	4.8	70.0
25 – 64 years	64.9	61.5	3.4	35.1
<b>Urban</b>	<b>45.0</b>	<b>41.0</b>	<b>4.0</b>	<b>55.0</b>
15 – 24 years	28.8	21.8	7.0	71.2
25 – 64 years	67.5	62.6	4.9	32.4
<b>Rural</b>	<b>49.6</b>	<b>47.9</b>	<b>1.7</b>	<b>50.4</b>
15 – 24 years	46.5	42.0	4.5	53.5

25 – 64 years	76.4	74.2	2.2	23.5
<b>1. North East</b>	<b>49.0</b>	<b>46.4</b>	<b>2.6</b>	<b>51.0</b>
15 – 24 years	38.6	34.8	3.8	61.4
25 – 64 years	75.3	71.4	3.8	24.7
<b>Male</b>	<b>52.6</b>	<b>49.7</b>	<b>2.9</b>	<b>47.4</b>
15 – 24 years	43.7	39.3	4.4	56.3
25 – 64 years	79.9	75.7	4.2	20.1
<b>Female</b>	<b>45.5</b>	<b>43.2</b>	<b>2.3</b>	<b>54.5</b>
15 – 24 years	33.2	30.1	3.1	66.8
25 – 64 years	70.7	67.2	3.5	29.2
<b>Urban</b>	<b>42.4</b>	<b>38.3</b>	<b>4.1</b>	<b>57.6</b>
15 – 24 years	26.7	21.8	4.9	73.3
25 – 64 years	64.3	58.8	5.5	35.6
<b>Rural</b>	<b>53.5</b>	<b>51.9</b>	<b>1.6</b>	<b>46.5</b>
15 – 24 years	48.5	45.7	2.8	51.5
25 – 64 years	83.7	81.3	2.4	16.2
<b>2. South East</b>	<b>47.0</b>	<b>43.8</b>	<b>3.2</b>	<b>53.0</b>
15 – 24 years	37.3	32.3	5.0	62.7
25 – 64 years	70.9	66.5	4.4	29.0
<b>Male</b>	<b>54.2</b>	<b>50.2</b>	<b>4.0</b>	<b>45.8</b>
15 – 24 years	42.7	37.0	5.7	57.3
25 – 64 years	80.4	74.9	5.4	19.5
<b>Female</b>	<b>40.1</b>	<b>37.7</b>	<b>2.4</b>	<b>59.9</b>
15 – 24 years	31.7	27.3	4.4	68.3
25 – 64 years	61.4	58.1	3.2	38.5
<b>Urban</b>	<b>45.0</b>	<b>40.6</b>	<b>4.4</b>	<b>55.0</b>
15 – 24 years	32.4	26.3	6.1	67.6
25 – 64 years	66.1	60.4	5.6	33.8
<b>Rural</b>	<b>49.6</b>	<b>47.9</b>	<b>1.7</b>	<b>50.4</b>
15 – 24 years	44.7	41.2	3.5	55.3
25 – 64 years	77.1	74.6	2.5	22.8
<b>3. South</b>	<b>48.0</b>	<b>44.7</b>	<b>3.3</b>	<b>52.0</b>
15 – 24 years	37.7	29.5	8.2	62.3
25 – 64 years	72.7	68.7	4.0	27.2
<b>Male</b>	<b>55.8</b>	<b>51.6</b>	<b>4.2</b>	<b>44.2</b>
15 – 24 years	49.2	38.0	11.2	50.8
25 – 64 years	81.8	77.3	4.5	18.1
<b>Female</b>	<b>40.6</b>	<b>38.1</b>	<b>2.5</b>	<b>59.4</b>
15 – 24 years	25.3	20.4	4.9	74.7
25 – 64 years	63.7	60.0	3.6	36.3
<b>Urban</b>	<b>46.2</b>	<b>41.3</b>	<b>4.9</b>	<b>53.8</b>
15 – 24 years	26.1	18.1	8.0	73.9
25 – 64 years	68.5	62.2	6.2	31.4
<b>Rural</b>	<b>49.3</b>	<b>47.0</b>	<b>2.3</b>	<b>50.7</b>
15 – 24 years	47.6	39.2	8.4	52.4
25 – 64 years	75.2	72.8	2.3	24.7
<b>4. South West</b>	<b>51.0</b>	<b>48.5</b>	<b>2.5</b>	<b>49.0</b>
15 – 24 years	39.0	32.9	6.1	61.0
25 – 64 years	76.8	73.8	3.0	23.1
<b>Male</b>	<b>54.2</b>	<b>51.4</b>	<b>2.8</b>	<b>45.8</b>
15 – 24 years	43.7	36.5	7.2	56.3
25 – 64 years	79.7	76.6	3.1	20.2
<b>Female</b>	<b>47.9</b>	<b>45.7</b>	<b>2.2</b>	<b>52.1</b>
15 – 24 years	34.1	29.1	5.0	65.9
25 – 64 years	73.6	70.7	2.9	26.3
<b>Urban</b>	<b>46.3</b>	<b>42.1</b>	<b>4.2</b>	<b>53.7</b>
15 – 24 years	25.5	17.8	7.7	74.5
25 – 64 years	68.8	63.9	4.9	31.1
<b>Rural</b>	<b>54.8</b>	<b>53.7</b>	<b>1.1</b>	<b>45.2</b>
15 – 24 years	54.6	50.4	4.2	45.4
25 – 64 years	82.5	81.4	1.1	17.4

<b>5. West</b>	<b>44.8</b>	<b>42.2</b>	<b>2.6</b>	<b>55.2</b>
15 – 24 years	32.2	27.1	5.1	67.8
25 – 64 years	69.1	65.8	3.3	30.8
<b>Male</b>	<b>50.8</b>	<b>47.8</b>	<b>3.0</b>	<b>49.2</b>
15 – 24 years	38.8	32.3	6.5	61.2
25 – 64 years	77.4	73.9	3.5	22.5
<b>Female</b>	<b>39.2</b>	<b>36.9</b>	<b>2.3</b>	<b>60.8</b>
15 – 24 years	24.8	21.2	3.6	75.2
25 – 64 years	61.4	58.2	3.1	38.6
<b>Urban</b>	<b>43.1</b>	<b>39.8</b>	<b>3.3</b>	<b>56.9</b>
15 – 24 years	25.3	20.2	5.1	74.7
25 – 64 years	66.1	61.9	4.2	33.9
<b>Rural</b>	<b>47.6</b>	<b>46.0</b>	<b>1.6</b>	<b>52.4</b>
15 – 24 years	45.2	40.0	5.2	54.8
25 – 64 years	73.6	71.9	1.6	26.3
<b>6. North West</b>	<b>45.1</b>	<b>42.5</b>	<b>2.6</b>	<b>54.9</b>
15 – 24 years	37.2	31.6	5.6	62.8
25 – 64 years	68.0	64.8	3.2	32.0
<b>Male</b>	<b>49.9</b>	<b>46.8</b>	<b>3.1</b>	<b>50.1</b>
15 – 24 years	41.3	35.0	6.3	58.7
25 – 64 years	74.0	70.2	3.8	26.0
<b>Female</b>	<b>40.6</b>	<b>38.5</b>	<b>2.1</b>	<b>59.4</b>
15 – 24 years	32.9	28.0	4.9	67.1
25 – 64 years	62.0	59.5	2.5	37.9
<b>Urban</b>	<b>44.1</b>	<b>40.6</b>	<b>3.5</b>	<b>55.9</b>
15 – 24 years	28.9	21.9	7.0	71.1
25 – 64 years	65.5	61.6	3.8	34.5
<b>Rural</b>	<b>46.2</b>	<b>44.5</b>	<b>1.7</b>	<b>53.8</b>
15 – 24 years	46.9	42.9	4.0	53.1
25 – 64 years	70.0	67.7	2.3	29.9
<b>7. Center</b>	<b>45.5</b>	<b>42.9</b>	<b>2.6</b>	<b>54.5</b>
15 – 24 years	31.7	26.3	5.4	68.3
25 – 64 years	71.0	67.7	3.2	29.0
<b>Male</b>	<b>51.4</b>	<b>49.0</b>	<b>2.4</b>	<b>48.6</b>
15 – 24 years	37.2	32.8	4.4	62.8
25 – 64 years	78.2	75.2	3.0	21.7
<b>Female</b>	<b>39.9</b>	<b>37.0</b>	<b>2.9</b>	<b>60.1</b>
15 – 24 years	26.1	19.7	6.4	73.9
25 – 64 years	63.9	60.4	3.4	36.1
<b>Urban</b>	<b>46.9</b>	<b>43.4</b>	<b>3.5</b>	<b>53.1</b>
15 – 24 years	29.5	21.7	7.8	70.5
25 – 64 years	70.7	67.0	3.6	29.3
<b>Rural</b>	<b>43.5</b>	<b>42.1</b>	<b>1.4</b>	<b>56.5</b>
15 – 24 years	35.1	33.7	1.4	64.9
25 – 64 years	70.7	68.3	2.4	29.2
<b>8. Bucharest</b>	<b>45.3</b>	<b>41.2</b>	<b>4.1</b>	<b>54.7</b>
15 – 24 years	34.4	25.0	9.4	65.6
25 – 64 years	68.5	63.9	4.6	31.5
<b>Male</b>	<b>51.8</b>	<b>47.2</b>	<b>4.6</b>	<b>48.2</b>
15 – 24 years	38.8	27.1	11.7	61.2
25 – 64 years	77.5	72.8	4.7	22.4
<b>Female</b>	<b>39.6</b>	<b>36.0</b>	<b>3.6</b>	<b>60.4</b>
15 – 24 years	30.0	22.8	7.2	70.0
25 – 64 years	60.4	56.0	4.4	39.5
<b>Urban</b>	<b>46.2</b>	<b>41.9</b>	<b>4.3</b>	<b>53.8</b>
15 – 24 years	33.3	24.0	9.3	66.7
25 – 64 years	69.6	64.8	4.8	30.3
<b>Rural</b>	<b>38.7</b>	<b>36.0</b>	<b>2.7</b>	<b>61.3</b>
15 – 24 years	42.9	32.5	10.4	57.1
25 – 64 years	58.7	56.6	2.1	41.2

Source of data: NIS – AMIGO – third quarter 2003



## Definition of rural area

The Law no. 107/2004, for the modification and completion of the Law 76/2002 on the unemployment insurance system and employment stimulation, stipulates that the persons registered at the County Employment Agencies, activating in the rural area and not having monthly incomes or have such incomes but lower than the unemployment allocations, benefit from free vocational training courses. According to the GD no. 934/2004 on the modification and completion of the Methodological Norms for the application of the Law 76/2002, the rural area activities are defined as being those developed in the area of a commune or a village according to the legal provisions in force.

A commune consists of several villages. There is an average of 4.7 villages/commune. More than halves of communes (55.4%) consist of 1 to 4 villages and 6.2% of communes have more than 10 villages.

Villages are characterized by a great diversity in terms of inhabitants' number. Village dimensions vary, from those with only a few inhabitants, to villages with more than 7,000- 9,000 inhabitants. Villages with only a few inhabitants prevail, the average number of inhabitants/village being around 800

The Active Employment Measures grant schemes are complementary to the measures implemented under the Law 107/2004, also addressing the same target group.

Analysing the statistical data referring to the target groups: young unemployed, long-term unemployed and job seekers in the rural areas and people employed in agriculture with low incomes, we underline the following:

- In the last 4 years, the age group 15 -24 years represents almost 19%; male 19.3%, female 18.9%; in urban area 28.5%, and in rural area 11.3%;
- In the third quarter 2003, within ILO unemployment by age group 15 – 24 years by unemployment duration, the youth long-term unemployed (over 6 months) represents 77% (154.961 persons) – 60% male and 40% female, 70% in urban area and 30% in rural area; the average unemployment duration is approximate 18 months;
- In the third quarter 2003, within ILO unemployment by age group 25 years and over by unemployment duration, the adult long-term unemployed (over 12 months) represents 67% (293.477 persons) – 55% male and 45% female, 77% in urban area and 23% in rural area; the average unemployment duration is approximate 27 months;
- The total of non-economically active population shows us for the third quarter 2003 a level at 52.8% - 63.7% age group 15 – 24 years and 28.2% age group 25 years and over; (55% in urban area – 71.2% age group 15 – 24 years and 32.4% age group 25 years and over; and 50.4% in rural area 53.5% age group 15 – 24 years and 23.5% age group 25 years and over; 47.2% male - 57.6% age group 15 – 24 years and 21.2% age group 25 years and over and 58.2% female - 70.0% age group 15 – 24 years and 35.1% age group 25 years and over);
- The ILO unemployed rate is for the age group 15 – 24 years is 1.6 times bigger than the age group 25 years and over (1.4 times bigger in urban area and 2 times bigger in rural area).

The unemployment is structural in nature and affects also the inhabitants of rural areas dominated by the former state farms. Apart from the officially registered unemployment, rural areas are affected by hidden unemployment. The problem concerns especially young people who do not register in the employment agencies for formal reasons (e.g. being a joint owner of a farm which is small and unprofitable prevents from registration as unemployed for legal reasons). In addition, a worrying phenomenon of social degradation and marginalisation of a large part of the rural youth is observable, especially among the inhabitants of the former state farms.

Therefore it is extremely important to stimulate the labour market by, for instance, activating the

integration on the LM of the target groups and adjusting the vocational training level of the target groups to the requirements of the changing labour market. These will be addressed through support unemployed people through active employment measures.

The Law no.107/2004 modified and completed the Law no.76. The provisions refer to the following issues:

- improvement of the access to the vocational training programs organized by NAE;
- stimulation of the employers to hire unemployed persons by subsidising jobs;
- new incentive measures to promote active ageing
- granting advantageous credits to persons up to 30 years

The categories of persons benefiting from subsidies when participating in active measures programs:

- Persons returning on the labour market after the paid leave for the up to 2 years old child care, or up to 3 years old disabled child
- Persons after completing the compulsory military service;
- Persons that have recovered their work ability, returning on the labour market after retirement for invalidity reasons;
- Persons working in rural areas;
- Foreigners or stateless persons that were employed or gained incomes in Romania, according to the legal provisions;
- Offenders who have to execute a up to 9 months sentence before their release from prison.

Also, the law ensures free access to vocational training programs to those not gaining a monthly income or earning an income lower than the unemployment benefit, being registered at the employment agencies.

The NAE budgetary provision analysis for active measures promotion shows us for the last years an important rise.

Table: The active measures weight in total PES budget

	%					
<b>Year</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004 (provision)</b>
Active Measures Weight	3%	2,2%	12%	14%	21,69%	23,65%

Source: NAE

Mil. lei

<b>Active measures expenditures excepting job subsidies and credits</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Vocational training expenditures	126.740,7	146.065,4	155.884,0	156.095,5
Expenditures for labour force mobility	67.200,0	90.720,0	120.240,0	170.016,5
Unemployed stimulation for those who are hired before expiring the unemployment benefit period	340.200,0	449.064,0	476.007,8	585.056,9
Active measures to fight against unemployment (career counselling, mediation, business start-ups, etc.)	58.750,0	73.500,0	76.500,0	102.000,0
Services for collective pre-dismissals	4.491,5	4.850,8	5.141,9	5.347,6
<b>Total</b>	<b>597.382,2</b>	<b>764.200,2</b>	<b>833.773,7</b>	<b>1.018.516,5</b>
Value 1 Euro/Lei	40.100 lei	41.100	42.300	43.200
<b>Total budget in Meuro</b>	<b>14.897</b>	<b>18.594</b>	<b>19.711</b>	<b>23.577</b>

Source of data: NAE

N.B. At the time when were established the budgetary provisions for 2005 – 2007, NAE couldn't estimate the financial influences devolved from the modification and completion of the Law no.107/2004

Comparative with 2002 the funds allotted by NAE to unemployed vocational training activity are twice increased. This level is maintained for the next period 2004 – 2007.

The NAE adult vocational training centres network increased in the last years at 25 centres: 20 county and 5 regional vocational training centres (the regional centres were established in the World Bank project RO-3849 “Employment and Social Protection”).

Also, it will be encouraged the co-operation of various actors at local level. Through Phare 2003 program for Economic and Social Cohesion - IB project “Support to Ministry of Labour, Social Solidarity and Family to Design and Implement Employment Policy” the co-operation of the actors involved at local level will be emphasized and sustained through the new created partnership for promotion of the local employment initiative.

Two important results of Phare 2003 program mentioned above will be the improved PCU and PIUs ability to encourage and promote partnership for local employment promotion initiatives; and the strengthening of the responsibility and capacity of the regional and county authorities to promote local employment potential through partnership.

These partnerships will be actively involved to the implementation of the future HRD Phare projects.

In this context, preventing and combating unemployment among the young and long-term unemployed and the unemployment in rural areas, to enhance the chances of individuals, especially for those who lives in the rural areas, to be integrated on the Labour Market is a crucial issue and of immediate concern to the Romanian Government.

***B) i. TA to support MoLSSF, NAE and Final Beneficiaries in the preparation of the HRD schemes promoting the AEMs***

***ii. TA to MLSSF, NAE and final beneficiaries to support in the implementation of the grant schemes***

i. A well-conducted awareness campaign and advisory actions for the adequate target groups identification and necessary actions and the support for the potential beneficiaries is very important and useful. A good understanding and knowledge about the whole mechanism of grant allocation, general background, and institutions involved, availability of information, procedures, as well as regional development, partnership, role and contribution of the local actors is necessary.

A more effective promotion campaign will develop the quality of the applications tacking into consideration that these projects “targeting the youth and long-term unemployment and unemployment in rural areas”.

An information campaign, explaining more about eligibility and selection criteria and this will increase the number and quality of eligible projects.

Assistance to the implementing structures in collaboration with the representatives partnerships established in order to ensure the local employment initiative to develop specific awareness campaign and consciousness campaign to inform and counselling is very useful to assure the success of the grant schemes launching.

Assistance to both implementing structures and final beneficiaries to prepare the grant schemes launching and during implementation is necessary in order to ensure that activities are carried out and monitored effectively.

Following the projects implementation the dissemination and mainstreaming of the lessons learned is also necessary in order to ensure that the good practice is multiplied to other potential actors who can be involved and combating unemployment through active employment measures included in the national policy.

ii. A well-conducted awareness campaign and advisory actions for the potential beneficiaries is very important and useful. A good understanding and knowledge about the whole mechanism of grant allocation, general background, and institutions involved, availability of information, procedures, as well as regional development, partnership, role and contribution of the local actors is necessary.

A more effective promotion campaign will develop the quality of the applications. An information campaign, explaining more about eligibility and selection criteria and this will increase the number and quality of eligible projects.

#### ***4b.1.1.3 Sub-project 1 Activities and means in 2004***

**B)** In 2004 the sub-project will concentrate on preparation of the grant scheme and assistance to potential beneficiaries to develop qualitative projects.

##### ***i. TA to support MoLSSF, NAE and Final Beneficiaries in the preparation of the HRD schemes promoting the AEMs***

Adjusting the design of the AEM grant scheme implemented in Phare 2002 and 2003 in order to arrive to a scheme suitable for the specific target groups : youth, long-term unemployed and job seekers in rural areas in rural areas and people employed in agriculture with low incomes (beneficiary MoLSSF and NAE)

- Developing specific methods for identifying and reaching the target groups, including awareness raising activities for encouraging registration of rural unemployed (beneficiary MoLSSF and NAE)
- Developing a partnership working programme to ensure that the projects that will be promoted respond to real needs (beneficiary MoLSSF, NAE and partnerships set up under Phare 2003)
- TA and training for providers of active measures, in order to enhance their capacity to develop well-targeted measures for the target groups of this scheme, particularly as regards needs identification, pre-training activities (recruitment, needs assessments, individual action plans) and to strengthen the functioning of the created partnerships.
- TA for the PCU and 8 PIUs to establish a national network for dissemination of best practices and expertise (preparing software network and web-content and organising seminars addressing all potential beneficiaries)
- Awareness, information and counselling campaign for: raising awareness of AEM within the target group and the potential providers of active measures
- Assistance for the potential beneficiaries in project development.

#### ***4b.1.1.4 Sub-project 1 Results for 2004***

**B)**

##### ***i. TA to support MoLSSF, NAE and Final Beneficiaries in the preparation of the HRD schemes promoting the AEMs***

- MoLSSF, NAE and Final Beneficiaries will be better prepared to implement the measure, especially on the ground and to build up its broader organizational capacity after 2006, in anticipation of the expansion of these schemes in the period after Accession;
- a national network established for best practices and expertise dissemination
- Specific methods established in order to reach the target groups;

- Working program developed in order to ensure that the projects respond to the real needs;
- Appropriate projects portfolio;
- Vocational training and counselling provided to the organisations of targeted groups and strengthened partnerships;
- Enhanced capacity of active measures providers to develop well targeted measures
- Software network and the web site content established in order to ensure the appropriate access to the information for the relevant organisations.

The monitoring and evaluation process will be realized following the templates and guides for ex-ante evaluation, monitoring and ex-post evaluation, common understanding of selection criteria and eligibility criteria, etc. elaborated under Phare 2003.

#### **4B.1.2 PLANNED ACTIVITIES AND RESULTS FOR 2005-2006 FOR MEASURE A – SUBPROJECT 1 ACTIVITIES**

A) To tackle these pressing problems, and to pilot an appropriate approach for later SF, it is envisaged to develop **a grant scheme for active employment measures mainly for youth and long-term unemployed, and job seekers in rural areas and people employed in agriculture with low incomes**, with the following eligible actions:

- Development and delivery of package including guidance and career counselling services and vocational training programmes, which address skill shortage opportunities (basic training, qualification, re-qualification, skill upgrading, IT competencies; foreign languages) – the package will include: pre-training assistance (recruitment, needs assessment, career counselling – all included in the individual action plan); vocational training services adjusted to the needs and opportunities of particular target groups; practical training where is appropriate (temporary employment/ on the job training organised under the agreements signed with employers); training allowances; vocational guidance and post-training assistance; job-broking;
- Training and guidance for business start-up or activities to assist self-employment for identified potential entrepreneurs, in order to promote entrepreneurship and job creation (in order to offer to the final beneficiaries of this activity the real possibility to access funds to start up their own business, it will ensure the complementarily with the micro-credit schemes funded through the Romanian Government and the World Bank programmes (ex. Social Sector Development World Bank Project (E.O. no.111/2001), subcomponent Micro credit – 12 MUSD). The participants will be informed about the micro-credits schemes approved according to the law. The persons belonging to the target groups will be guided to apply for a micro credit scheme.). The entrepreneurship Promotion schemes will include: pre-training assistance (recruitment, previous professional interests and aptitude tests, professional guidance – individual career action plan); initial business training; guidance on conducting economic activities; training allowance; relevant specialised training; coaching after setting up a business.

Within the County Employment Agencies there are established special services for crediting. These bureaus will provide specific information to the grant schemes beneficiaries, and further, the project providers will be able to offer information to the target groups about the necessary information on the micro-credits schemes opportunities.

- Range of support measures for all the unemployed groups in order to enhance their chances to return or enter the labour market (professional counselling and vocational guidance, activation and individual support measures - activation plan individualized, job search, job clubs, work trials, work placements, mentor support, links to employment opportunities and mediation services).

These will be supported through a Phare grant scheme. The projects to be financed under this measure will be mainly directed towards enhancing employment opportunities (through training and re-training), developing entrepreneurship, etc.

Indicative % for allocation per target group within the grant scheme:

1. 50% of the **job seekers in rural areas and people employed in agriculture with low incomes**;
2. 50% youth unemployed and long-term unemployed.

**The grant schemes Beneficiaries:** non-profit making or profit-making organizations submitting an application as an individual applicant or in a consortium with other partners; the applicants may be: Education and/or training providers and Associations of Training Providers, Chambers of Commerce, Trade Unions, Local Authorities, Universities, Employers' Organizations, Private companies, Research Bodies, Employment brokers, other relevant profit and non profit organizations.

In order to avoid the conflict of interest, all regional and county training centres under NAE will not be eligible to apply,.

Two range of projects can be submitted, either by an individual applicant or by a regional and local partnership:

- The following minimum and maximum amounts apply to the grants for the individual applicants, which may be financed under the programme (Phare contribution):
  - minimum amount : 15,000 euro
  - maximum amount : 75,000 euro
- Phare 2003 ESC aims to develop regional and local partnerships for employment initiatives. Under this schme these partnerships can compete for projects, of (Phare contribution):
  - minimum amount : 75,000 euro
  - maximum amount : 150,000 euro

#### Co-financing

Profit-making organisations will have to ensure a minimum 20% contribution of the total project eligible costs, in cash, and as regards the other categories, they will be co-financing minimum 10% of the total project eligible costs, in cash.

*The grant schemes beneficiaries only in case when they apply for providing vocational training courses, they must be accredited.*

Note: The legal framework for training providers' authorization

Based upon G.D. no.522/2003, the minister of labor, social solidarity and family and the minister of education, research and youth, approved a Common Order no.353MoLSSF/5202MoERY/2003 concerning the adoption of the vocational training providers authorization methodology. The Common Order relates in detail the NATB tasks concerning the vocational training providers' accreditation and the monitoring activities of each type of vocational training programme, based on nationally recognized occupational standards.

#### **The Target groups:**

The project will address all job seekers as in the definition of the Law no.107/2004 (registered unemployed and other jobseekers) but targeting specifically youth and long-term unemployed and the job seekers in rural areas and people employed in agriculture with low incomes:

- Youth unemployed people aged between 15 and 24 (categories: school leavers without qualification skills, or with low qualification skills level, or with qualification skills without demand on the labor market);
- Long-term unemployed persons (youth unemployed after 6 months being unemployed and adults unemployed being unemployed after a period of over twelve months);
- All the groups job seekers in rural areas and people employed in agriculture with low incomes who want to increase their chances, to return or to enter on the LM.

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.

The rules and procedures, eligibility and selection criteria, description of the selection process, co-financing rates, indicators, will be set out in the relevant Phare Grant Scheme documents.

### Contracting

MoLSSF will conclude a Regional Framework Agreement with NAE and each PIU for the technical management of the projects implemented under this component. Contracting grants shall be under the responsibility of the MoLSSF, as Implementing Agency.

#### **B) ii. TA to MLSSF, NAE and final beneficiaries to support in the implementation of the grant schemes**

- Awareness campaign, support the launching of the grant schemes, appraisal and selection of projects. Information will be disseminated through a diversity of channels in order to promote the grant schemes to the potential beneficiaries. Support under this activity will include covering costs for press advertising and conferences, for editing, publishing, and disseminating information materials, brochures, guidelines, etc. A help-desk will be established in each PIU to provide information and advice to potential applicants. 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 organized by the PIUs and PCU which 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;
- Support the monitoring of the implementation of the HRD schemes refers to four areas: programming and programme management skills development, ex-ante evaluation, monitoring and control and evaluation.

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

### **RESULTS 2005 - 2006 SUB-PROJECT 1**

#### **A) Active Employment Measures (AEM) to youth and long-term unemployed and to the job seekers in rural areas and people employed in agriculture with low incomes (grant scheme)**

- Improved skills and advice to facilitate access to employment for job seekers and unemployed people (especially youth and long-term unemployed and those from rural areas) – number of beneficiaries receiving guidance and career counselling services: at least 14.000 persons; number of unemployed beneficiaries receiving assistance with job seeking: at least 13.000 persons;
- Labour force will have increased knowledge and acquire better and new skills according to the labour market needs, due to increased responsiveness of training providers - number of unemployed vocational training beneficiaries: at least 13.000 persons;

- Improved entrepreneurial skills and managerial knowledge as result of the training programs and business consultancy services - number of beneficiaries receiving help related to self-employment: at least 700 persons
- Number of beneficiaries attaining a vocational training: at least 9.100 persons;
- Number of unemployed beneficiaries entering employment: at least 2.730 persons;
- Number of beneficiaries entering self-employment: at least 70 persons.

**B)**

**ii. TA to MLSSF, NAE and final beneficiaries to support in the implementation of the grant schemes**

- MoLSSF (PCU) will have improved capacity to implement the measure and its Schemes, in anticipation of the expansion of these schemes in the period after Accession;
- NAE through its regional structure PIUs and Final Beneficiaries, also, will have improved capacity to implement the measure and its Schemes, in anticipation of the expansion of these schemes in the period after Accession.

#### **4B.1.3 BUDGET FOR PRIORITY B/MEASURE A**

<b>YEAR 2004</b>	<b>PHARE FUNDING</b>			<b>NATIONAL Co- FINANCING</b>	<b>IFI</b>	<b>TOTAL</b>
<b>PRIORITY B/MEASURE A</b>	<b>INVESTMENT</b>	<b>IB</b>	<b>TOTAL PHARE</b>			
B) i. TA to support MoLSSF, NAE and Final Beneficiaries in the preparation of the HRD schemes promoting the AEMs		2.00	<b>2.00</b>			<b>2.00</b>
<b>TOTAL</b>		<b>2.00</b>	<b>2.00</b>			<b>2.00</b>

<b>YEAR 2005</b>	<b>PHARE FUNDING</b>			<b>NATIONAL Co- FINANCING</b>	<b>IFI</b>	<b>TOTAL</b>
<b>PRIORITY B/MEASURE A</b>	<b>INVESTMENT</b>	<b>IB</b>	<b>TOTAL PHARE</b>			
AEMs, for youth and long-term unemployed and unemployed in rural areas, Out of which:	6.33	-	<b>6.33</b>	2.11	-	<b>8.44</b>
1. Nord – Est 21,57%	1.365		1.365	0.455		1.821
2. Sud-Est 13,92%	0.881		0.881	0.294		1.175
3. Sud-Muntenia 16,07%	1.017		1.017	0.339		1.356
4. Sud-Vest Oltenia 11,99%	0.759		0.759	0.253		1.012
5. Vest-România 8,84%	0.560		0.560	0.187		0.746
6. Nord – Vest 11,57%	0.732		0.732	0.244		0.977
7. Centru 11,03%	0.698		0.698	0.233		0.931
8. București-Ifov 5.01%	0.317		0.317	0.106		0.423
TA -Support the AEMs schemes implementation		0.50	<b>0.50</b>		-	<b>0.50</b>
<b>TOTAL</b>	6.33	0.50	<b>6.83</b>	2.11		<b>8.94</b>



<b>YEAR 2006</b>	<b>PHARE FUNDING</b>			<b>NATIONAL</b>	<b>IFI</b>	<b>TOTAL</b>
<b>PRIORITY B/MEASURE A</b>	<b>INVESTMENT</b>	<b>IB</b>	<b>TOTAL PHARE</b>	<b>Co-FINANCING</b>		
AEMs,for youth and long-term unemployed, and unemployed in rural areas, out of which:	8.50	-	<b>8.50</b>	2.83	-	<b>11.33</b>
1. Nord – Est 21,57%	1.833		1.833	0.610		2.444
2. Sud-Est 13,92%	1.183		1.183	0.394		1.577
3. Sud-Muntenia 16,07%	1.366		1.366	0.455		1.821
4. Sud-Vest Oltenia 11,99%	1.019		1.019	0.339		1.358
5. Vest-România 8,84%	0.751		0.751	0.250		1.002
6. Nord – Vest 11,57%	0.983		0.983	0.327		1.311
7. Centru 11,03%	0.938		0.938	0.312		1.250
8. București-Ilfov 5.01%	0.426		0.426	0.142		0.568
TA -Support the AEMs schemes implementation		0.65	<b>0.65</b>	-	-	<b>0.65</b>
<b>TOTAL</b>	<b>8.50</b>	<b>0.65</b>	<b>9.15</b>	<b>2.83</b>		<b>11.98</b>

<b>2004-2006</b>	<b>PHARE FUNDING</b>			<b>NATIONAL</b>	<b>IFI</b>	<b>TOTAL</b>
<b>PRIORITY B/MEASURE A</b>	<b>INVESTMENT</b>	<b>IB</b>	<b>TOTAL PHARE</b>	<b>Co-FINANCING</b>		
AEMs,for youth and long-term unemployed, , and unemployed in rural areas	14.83	2.00	<b>16.83</b>	<b>4.94</b>	-	<b>21.77</b>
TA -Support the AEMs schemes implementation		1.15	<b>1.15</b>	-	-	<b>1.15</b>
<b>TOTAL</b>	<b>14.83</b>	<b>3.15</b>	<b>17.98</b>	<b>4.94</b>	-	<b>22.92</b>

#### **4B.1.4 IMPLEMENTATION ARRANGEMENTS FOR PRIORITY B/MEASURE A**

MoLSSF will be Implementing Agency for this measure.

Implementing Authority of the TA component, is MoLSSF through the Directorate for Employment Policies' PCU.

For investment component (grants) NAE will be the Implementing Authority, working through the PIUs established at regional level. MoLSSF will conclude a Framework Agreement for the implementation of this component with NAE and each of the 8 PIU for the total Phare budget allocated for investment projects, per region.

Contracting each grant shall be the responsibility of MoLSSF.

MoLSSF will chair the Human Resource Steering Sub-committee, who will monitor the implementation of this measure.

## **4B.2 PRIORITY B/MEASURE B: Improving long-term labor market adaptability**

### **4B.2.1 RATIONALE FOR MEASURE B**

The pNDP indicates the need for public support to the development of HR that includes investments in technical and vocational education system and public employment services. The main strategic objective highlighted by the Human Resources Development Strategy is to improve the quality of human resources based on substantial investments in human capital development, improvement of qualification level and employment supporting the development of the Romanian knowledge based society.

This is consistent with the Government strategy set out in the Human Resource Development Strategy, the National Action Plan for Employment (NAPE) and Joint assessment Paper (JAP):

- Development of a strategy for lifelong learning and high level of human capital.

This shall imply the establishment of an accessible lifelong learning environment by promoting continuing vocational training opportunities helping people to retrain and upgrade their knowledge and skills.

#### ***4b.2.1.1. Sub-project 1 Grant schemes promoting Life-Long Learning (LLL) for qualification and re-qualification of the work force***

##### ***Objectives***

##### ***A) Grant schemes promoting Life-Long Learning (LLL) for qualification and re-qualification of the work force***

Promoting life long learning (LLL) and developing the continuing vocational training system and the qualifications general framework through sectoral/regional partnerships involvement, in order to develop a labour force more adaptable to structural changes according to identified labour market skill shortages.

##### ***B) TA to MLSSF, NAE and final beneficiaries to support in the implementation of the grant schemes***

Activities related to awareness, appraisal, selection and monitoring of projects are included and will be supported through Technical Assistance (TA), in order to realise the following objectives:

- To promote measures and provide information and advice on project preparation;
- To support the companies which will be selected to access the schemes to do the needs assessment and design HRD strategy;
- To ensure a transparent, competitive and effective process for project appraisal and selection;
- To increase capacities of regional structures for effective implementation of projects financed under this programme in order to carry out monitoring, control and evaluation activities, efficiently.

#### ***4b.2.1.2 Sub-project 1 Identification of needs***

This measure brings under a single operational framework pNDP type of measure 3.1.

##### ***A) Grant scheme promoting Life-Long Learning (LLL) for qualification and re-qualification of the work force***

According to **JAP evaluation**, the following conclusions were underlined:

- The relatively high employment rate and low unemployment rates are mainly accounted for by the existence of an important rural labour market and the considerable agricultural sector. The necessary restructuring of the economy will create major employment challenges in the next future and it is crucial that Romania be prepared for them.
- Restructuring its agriculture and its industry and enabling the economy to create jobs in the private sector, in the expanding branches of manufacturing and in particular in services are

crucial challenges for Romania. Increasing and adapting education and training levels, developing the training of the employed and of the unemployed should ensure that human resources could respond to the transformation of the economy and the labour market.

Concerning the Active Labour Market Programmes, JAP underlines that training measures have only a marginal place. While at present, the unemployment rates of the lower qualified remain low, the situation might change dramatically with the pursuit of restructuring and call for a substantial strengthening of training provision in active programmes.

Highlighting the importance of developing a life long learning policy and culture - crucial issues and of immediate concern to the Romanian Government, NAPE identifies this priority:

- Mitigating the gap between supply and demand in the labour market, mainly by adapting the initial and continuous education to the medium and long-term trends in the occupational world, in a knowledge-based society, which makes use of new information technologies.

**Key problems to be addressed are:**

- reduced entrepreneurial spirit of employers and job seekers;
- reduced mobility and adaptability of labour force;
- enterprise restructuring effects.

Solving these problems by **raising the rate of employment through training and retraining of the labour force**, to develop the entrepreneurial spirit of the employers and job seekers, to increase labour mobility, flexibility and adaptability and to guarantee equal opportunities.

***B) TA to MLSSF, NAE and final beneficiaries to support in the implementation of the grant schemes***

A well-conducted awareness campaign and advisory actions for the potential beneficiaries is very important and useful. A good understanding and knowledge about the whole mechanism of grant allocation, general background, and institutions involved, availability of information, procedures, as well as regional development, partnership, role and contribution of the local actors is necessary.

A good needs assessment and the existence of a HR strategy is very important and useful in order to develop the capacity of grant schemes beneficiaries to provide training programmes.

A more effective promotion campaign will develop the quality of the applications.

An information campaign, explaining more about eligibility and selection criteria and this will increase the number and quality of eligible projects.

***4b.2.1.3 Sub-project 1 Activities and means for 2004***

***A) Grant schemes promoting Life-Long Learning (LLL) for qualification and re-qualification of the work force***

Qualification and re-qualification of the work force in order to make it more respondent to the evolving needs of the labour market, with the following eligible actions:

- Development and delivery of training to the staff in enterprises, to maximise the use of new production technologies and practices and develop new products, including vocational training for the economic sectors with development potential;
- Development and delivery of training programmes, which enable staff, to develop the capacity to utilise new Information and Communication Technologies;
- Development and delivery of training programmes on health and safety and environment norms;
- Enhancing Human Resources Development (HRD) in the context of industrial restructuring; promotion of good practice in enterprises through for example developing workforce development strategies and 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) and activities aimed at developing the management and entrepreneurship skills.

These will be supported through a Phare grant scheme. The projects to be financed under this measure will be mainly directed towards enhancing employment opportunities (through training and re-training), developing entrepreneurship, improving the capacity of enterprises and their management staff to adapt to the requirements of market economy. 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.

**The grant schemes Beneficiaries:** non-profit making or profit-making organizations submitting an application as an individual applicant or 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 Authorities, Universities, Employers' Organizations, Private companies, Research Bodies, Employment brokers, other relevant profit and non profit organizations. Authorized training providers will be used for training courses only.

Note: The legal framework for training providers' authorization

Based upon G.D. no.522/2003, the minister of labour, social solidarity and family and the minister of education, research and youth, approved a Common Order no.353MoLSSF/5202MoERY/2003 concerning the adoption of the vocational training providers authorization methodology. The Common Order relates in detail the NATB tasks concerning the vocational training providers' accreditation and the monitoring activities of each type of vocational training programme, based on nationally recognized occupational standards.

**The Target groups:** all management levels in enterprises (top, middle, line managers), as well as regular staff within state or private owned enterprises.

These measures will alleviate the effects of economic restructuring also, by addressing the social groups most hit by it – the staff of the state companies under restructuring process (mining, metallurgy, defence industry, etc.) or companies which must be restructured (high energy consuming, pollution generating, out of date technologies etc.), without overlapping with the World Bank programme "Labour Redeployment Programme".

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
- maximum amount : 75,000 euro.

#### Co-financing

Profit-making organisations will have a contribution of minimum 20% of the total project eligible costs, in cash.

This measure will not only consider the supply of skills and qualifications, but also the demand side.

Within Phare 2003 CES IB the Romanian part, supported by TA will elaborate Regional Action Plans for Employment, documents which will establish and assess the future qualification demands and regional labour market priorities, according with the Employment Guidelines, with active participation of the social partners' representatives at the regional level. Also, an important role

within the grant schemes implementation will play the new created partnerships for the employment stimulation (the same project mentioned above).

The results of the study to be conducted under the 2002 CVT twinning on the employers' training and qualification needs will be fed in the preparation of the application package of this scheme.

***B) TA to MLSSF, NAE and final beneficiaries to support in the implementation of the grant schemes***

- Awareness campaign, support for preparation of applications (especially will be developed information campaign which will include active involvement of the partnerships for the employment stimulation in order to ensure that all the actors will have the opportunity to contribute to the success of the schemes – correspondence between supply and demand on the needs for the employees vocational training within enterprises), appraisal and selection of projects. Information will be disseminated through a diversity of channels in order to promote the grant schemes to the potential beneficiaries. 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 PIU to provide information and advice to potential applicants. 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.
- The needs assessment and design HRD strategy made by companies will be supported by external experts
- Appraisal and selection of projects organized by the PIUs and PCU which 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.
- Support the monitoring of the implementation of the HRD schemes refers to four areas: programming and programme management skills development, ex-ante evaluation, monitoring and control and evaluation.

The rules and procedures, roll-out modalities, co-financing rates, indicators, will be set out in the relevant Phare Grant Scheme documents. It is intended that, if successful, these schemes will form the basis for later SF measures, which are in any case, foreseen within the pNDP and would be expected to be included in a future SF programme.

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

***4b.2.1.4 Sub-project 1 Results for 2004***

***A) Grant schemes promoting Life-Long Learning (LLL) for qualification and re-qualification of the work force***

- Labour force will have increased knowledge and acquire better and new skills according to labour market needs, due to increased responsiveness of training providers; number of employed vocational training: 15000 employees; number of beneficiaries attaining a vocational training: 10500 persons;
- Improvement of human resources management through development of human resources strategies including training needs analysis in enterprises – number of SMEs assisted with vocational training at least 160 companies will access the schemes.

- Improved management skills, especially human resources management, in enterprises will ensure the survival and development of the companies, increasing their competitiveness on the market – number of employed at the enterprises management level will be involved in the training programs 900 persons.

***B) TA to MLSSF, NAE and final beneficiaries to support in the implementation of the grant schemes***

- MoLSSF (PCU) will have improved capacity to implement the measure and its Schemes, especially on the ground and to build up its broader organizational capacity after 2005, in anticipation of the expansion of these schemes in the period after Accession;
- NAE through its regional structure PIUs, also, will have improved capacity to implement the measure and its Schemes and to build up its broader organizational capacity after 2005, in anticipation of the expansion of these schemes in the period after Accession.
- At least 160 companies will have improved capacity to do the needs assessment and design HRD strategy.

***4b.2.1.5 Sub-project 2 National Authority for Qualifications (NAQ) establishment - TA Objectives***

Creating a national transparent qualifications system in vocational education and training (VET), in view of supporting the coherency enhancement of the actual initial (TVET) and continuing vocational training (CVT) system, in a LLL perspective, benefiting of social partners full participation through sectoral agreed partnerships.

***4b.2.1.6 Sub-project 2 Identification of needs***

***JAP underlines within the part concerning assessment of “Continuing Training”:***

- Participation in training is extremely low for those unemployed and for those employed. Fundamental problems such as employers' attitude towards training, the lack of funding and incentives for employers and workers need to be addressed as an urgent priority in a context of major on-going and future restructuring. To be meaningful, such an effort should closely involve the social partners in designing the continuing training offer, financing, monitoring and evaluating training programmes.
- In the present context of Romania's labour market people with the lowest educational skills still have a relatively lower unemployment rate than those with medium educational skills while, there is a 30 percentage points gap between the employment rates of those with high and low skills. The training of the unemployed is likely to be a major challenge in the next future in the light of further restructuring to come. It is of crucial importance if Romania wants to have a labour force able to meet the requirement of the new sectors and jobs.

In this context JAP sets as priority areas:

- Development of a strategy for continuing training in close co-operation with the social partners as well as appropriate framework and incentives for the training of those employed. Develop capacity for the training of the unemployed, taking into account medium-term challenges linked to the restructuring.
- Develop together with the social partners a wage setting system that can be supportive of economic and labour market reforms and able to guide skill formation, mobility and reallocation of labour and ensure that wage developments are employment friendly.

**NAPE - Horizontal Objective B – National Strategies for “Lifelong Learning”, states to further improving vocational training.**

Measures designed to improve further vocational training and lifelong learning:

- Removing obstacles in the vocational training of adults;
- Modifying the legislative framework on adult vocational training;
- Assuring the quality of training providers (drawing up occupational standards, authorizing training programmes, evaluating training results)
- Elaboration of procedures for the evaluation and certification of the skills acquired formally or informally;
- Improving the legislative and institutional framework to promote partnership in the further vocational training;
- Encouraging higher education institutions to multiply the supply of further and continuous education in post-graduate programmes (conducted within the university departments for on-going education).

The National Adult Training Board (NATB) will be the institution designated as National Authority for Qualifications (NAQ) (according to the recommendations adopted by the Phare ESC Sub-Committee on HRD, chaired by MoLSSF in September 2003, based on the proposals of the Phare TVET 0108.01 project).

The MoLSSF and MoER, with the NATB agreement, established the following action plan:

- decision to designate NATB as NAQ – May 2004;
- in order to achieve the status as NAQ the NATB legal framework will be changed until November 2004; The NAQ tripartite structure will be the same as the former NATB. Considering the new attributes of the NATB in order to become NAQ, the technical staff number will be increase up to 50 permanent staff and with necessary part time experts.
- based on European examples NATB will develop a list which will define sectors for discussions and consultations organised by NATB, MoLSSF and MoER together with all the sectoral employers and sectoral trade unions, with the professional associations and organisations in order to establish the number of sectors and related Sectoral Committees – September 2004.
- Sectoral Committees will have multi-partite structure (social partners, Government, professional associations, Chambers of Commerce) and a technical staff (permanent and short time experts); The new legal framework will foresee the necessary funds for supporting the activity of the technical staff.
- tripartite agreement concluded on the Common Reference Framework of National Qualifications Development which includes qualifications classification and definition, occupational standards and training standards aims in qualification development and certification, qualifications validation, qualifications and professional competences certification – September 2004.

All these concrete actions will be preconditions for this project implementation.

The role of the Sectoral Committees will be:

- Contribution to the development of legislative framework concerning training, assessment & certification of competencies in the sector
- Promote the competency-based training and certification system
- Encourage voluntary participation by organizations and individuals to CVTand TVET
- Develop, review and validate the relevant qualifications for their fields
- Contribute to development and validation of the related training and assessment standards
- Identify potential experts for competenc based training, assessment and certification system

The project will pursue to create better premises for the cooperation between the involved institutions: NATB, line ministries, NAE, social partners, professional associations and organisations, TVET and CVT providers.

Focused on implementing an integrated qualifications system in VET, which includes both the initial (TVET) and continuing vocational training (CVT), responsive to the dynamic labour market requirements, transparent and relevant in terms of coping with expectations of stakeholders by an increased social partner's involvement at sectoral level, as well as at national, regional and local levels, the project will support the following achievements:

- Institutional capacity enhancement of the former National Adult Training Board to act as National Authority for Qualifications, including its Sectoral Committees;
- National Qualifications Framework development as basis for information on quality, accessibility, linkages and public or labour market recognition of qualifications;
- Qualifications and competencies certification methodologies applied in VET based on common principles specific to TVET and CVT, taking into consideration the formal, non-formal and informal learning outcomes achievement contexts.

The National Qualifications Framework development will fully consider all developments already achieved in the country related to regulated professions.

#### ***4b.2.1.7 Sub-project 2 National Authority for Qualifications establishment - TA Activities and means for 2004***

The specific activities will include the following:

- Strategic review of the tripartite agreement concluded prior to the project implementation;
- Staff training and consultancy addressing NAQ and 3 – 4 already established Sectoral Committees in view of achieving the project outputs and performing the assigned responsibilities
- Development of the methodologies for:
  - job analysis survey,
  - qualifications development and review ,
  - qualifications validation,
  - qualifications and competencies certification correlated at the VET system level based on common principles specific to TVET and CVT, taking into consideration the formal, non-formal and informal learning outcomes achievement contexts,
  - development and updating of the PNQR:
- Job analysis surveys development in view of qualifications development at sectoral level based on occupational standards for 3-4 selected sectors ;
- qualifications development, review and validation which will emphasis the linkages between qualifications for 3-4 selected sectors.
- Creating the data base to support the qualifications national framework management information system and to underpin the quality assurance mechanisms;

Therefore, **the main point in assuring the coordination between CVT Twinning and IB TVET will be focused on the PQNR elaboration**, in order to ensure an integrated system of national training standards and nationally recognized qualifications for both initial and continuing training in order to contribute to focus the LM needs.



Tacking into account the Phare TVET RO 0108.01 TA project proposals discussed at the HRD Sub-Committee **the PQNR objectives** will be:

- to support rationalizing and modernizing the present initial and continuing vocational training system;
- to create a national and transparent qualifications system;
- to develop qualifications at sectoral level based on occupational standards;
- to support a transparent system of professional competencies certification;
- to facilitate the quality assurance in VET which includes both TVET and CVT.

Also, the link with the Phare CVT twinning project RO02/IB/SO/03 for the NVQR elaboration will be complementary by valorising the results concerning the conducted studies and analysis concerning the vocational training quality provision, the social partnership for CVT and ensuring the qualifications transparency system.

It will be used the future twinning recommendations concerning:

- the methodology designing of the development of the continuing LM needs assessment;
- the national CVT network set-up.

The framework for qualifications will be build on the achievements of Phare 2001-2003 TVET programmes.

Qualifications development and review will be recorded in a data base including at least information related to qualifications description, concerned training standards, performance indicators as basis for the certification processes, qualification promoter, date of qualification issuing and of its updating. Connections to the VET authorised providers register currently developed by NATB will enhance the system transparency and will underpin the quality assurance mechanisms. In the same time, links to the ITC integrated portal for the certification of professional qualifications developed under the Phare RO 0006.03 project will ensure transparency enhancement and end user oriented activities development which contribute to the VET provision increased attractiveness and confidence build among all relevant stakeholders.

The sub-project will assure investments for NAQ and will consist of equipment IT – PC, printers, copy machine, laptops, telephone and fax, etc.

#### **4b.2.1.8 Sub-project 2 National Authority for Qualifications establishment - TA Results for 2004**

- Job analysis survey, qualifications development and review, qualifications validation, qualifications and competencies certification, development of the PNQR methodologies elaborated;
- At least 15 qualifications developed or reviewed in 3 - 4 selected sectors, at all qualifications level. In case of qualifications levels 4 and 5, the qualifications will be developed under the sub-project 1 included in the priority B - measure D, and their validation will be the NAQ Sectoral Committees responsibility. All the others qualifications developed or reviewed under the above project are subject to the same validation procedure;

#### **4B.2.2 PLANNED ACTIVITIES FOR 2005-2006 FOR MEASURE B**

##### **ACTIVITIES FOR 2005-2006 – SUB-PROJECT 1 *Grant schemes promoting Life-Long Learning (LLL) for qualification and re-qualification of the work force***

The activities will continue as in 2004.

## **RESULTS FOR 2005-2006– SUB-PROJECT 1**

- Labour force will have increased knowledge and acquire better and new skills according to labour market needs, due to increased responsiveness of training providers; number of employed vocational training beneficiaries: 27.500 persons; number of beneficiaries attaining a vocational training: 19.250 persons;
- Improvement of human resources management through development of human resources strategies including training needs analysis in enterprises – number of SMEs assisted with vocational training: 275 companies will access the schemes.
- Improved management skills, especially human resources management, in enterprises will ensure the survival and development of the companies, increasing their competitiveness on the market – number of employed at the management level involved in the specific training programs: 1350 persons.

## **ACTIVITIES FOR 2005-2006 – SUB-PROJECT 2 *National Authority for Qualifications establishment* - TA**

The sub-project will assure investments for NAQ and will consist of equipment IT – PC, printers, copy machine, laptops, telephone and fax, etc.

Within the multi-annual perspective, in the year **2005** the ITC and office equipment for NAQ and its sectoral committees will be provided, supported through Phare procurement of goods (supply contract). The ITC and office equipment procured through Phare CVT twinning project RO02/IB/SO/03 will assure necessary equipment for 42 county commissions for adult training providers authorisation and a national CVT network. The ITC and office equipment for NAQ and its sectoral committees (120 PCs; 120 printers) will underpin the national CVT network created under the Phare CVT twinning project RO02/IB/SO/03 and ITC integrated portal developed under the Phare RO 0006.03.

The detailed list of necessary equipments and their technical specifications will be the results of Phare 2004 project.

In the year **2005**, the Technical Assistance will focus mainly on:

- Job analysis surveys development in view of qualifications development at sectoral level based on occupational standards for all established sectors ;
- Qualifications development, review and validation which will emphasis the linkages between qualifications for all established sectors.
- Development of the **Professional Qualifications National Register** (PQNR) including *inter alia* qualifications classification and their definition based on competency units
- A common competency based training, assessment and certification system used in TVET and CVT (formal, non formal and informal) which will assure flexible and transparent progression routes through the credit transfer
- Common quality assurance principles and mechanisms development at the VET system level based on the results of the piloting phase implemented in the TVET and on the recommendations highlighted by the evaluation of the ongoing initiatives in CVT.

In the year **2006**, the Technical Assistance will focus mainly on:

- the strategic review of the Phare 2004 and 2005 results;
- the completion of the PQNR with additional qualifications developed or reviewed under the current project;
- the implementation of the operational certification system through the approved institutional arrangement;
- the implementation of the operational quality assurance mechanisms through the approved institutional arrangement.

## RESULTS FOR 2005-2006– SUB-PROJECT 2 *National Authority for Qualifications establishment - TA*

Within the multi-annual perspective, in the year **2005**, the expected results are :

- NAQ and all Sectoral Committees operational and equipped;
- Professional Qualifications National Register elaborated
- At least 15 qualifications developed or reviewed in each sector, at all qualifications level. In case of qualifications levels 4 and 5, the qualifications will be developed under the sub-project 1 included in the priority B - measure D, and their validation will be the NAQ Sectoral Committees responsibility. All the others qualifications developed or reviewed under the above project are subject to the same validation procedure
- Common quality assurance principles and mechanisms at the VET system level developed.

In the year **2006**, the expected results are:

- strategic review of the Phare 2004 and 2005 results;
- Professional Qualifications National Register completed with additional qualifications developed or reviewed under the current project;
- certification system operational and implementation ensured through the approved institutional arrangement;
- quality assurance mechanisms operational and applied through the approved institutional arrangement.

### 4B.2.3 BUDGET FOR PRIORITY B/MEASURE B

YEAR 2004	PHARE FUNDING			NATIONAL Co-FINANCING	IFI	TOTAL
PRIORITY B/MEASURE B	INVESTMENT	IB	TOTAL PHARE			
Sub-project1-A) Grant schemes promoting LLL for qualification and re-qualification of the work force 1, Out of which:	6.90	-	<b>6.90</b>	2.30	-	<b>9.20</b>
1. Nord – Est 21,57%	1.488		1.488	0.496		1.984
2. Sud-Est 13,92%	0.960		0.960	0.320		1.281
3. Sud-Muntenia 16,07%	1.108		1.108	0.370		1.478
4. Sud-Vest Oltenia 11,99%	0.827		0.827	0.276		1.103
5. Vest-România 8,84%	0.610		0.610	0.203		0.813
6. Nord – Vest 11,57%	0.799		0.799	0.266		1.064
7. Centru 11,03%	0.762		0.762	0.254		1.015
8. București-Ifov 5.01%	0.346		0.346	0.115		0.461
B) TA to MLSSF, NAE and final beneficiaries to support in the implementation of the grant schemes		0.55	<b>0.55</b>	-	-	<b>0.55</b>
Sub-project 2- NAQ establishment	-	1.00	<b>1.00</b>	-	-	<b>1.00</b>
<b>TOTAL</b>	<b>6.90</b>	<b>1.55</b>	<b>8.45</b>	<b>2.30</b>	-	<b>10.75</b>

YEAR 2005	PHARE FUNDING			NATIONAL Co-FINANCING	IFI	TOTAL
PRIORITY B/MEASURE B	INVESTMENT	IB	TOTAL PHARE			
Subproject 1- A) Grant schemes promoting LLL for qualification and re-qualification of the work force	6.33	-	<b>6.33</b>	2.11	-	<b>8.44</b>
B) TA to MLSSF, NAE and final beneficiaries to support in the implementation of the grant schemes		0.50	<b>0.50</b>	-	-	<b>0.50</b>
Sub-project 2- NAQ establishment	0.30	1.00	<b>1.30</b>	0.10	-	<b>1.40</b>
<b>TOTAL</b> Per region:	<b>6.63</b> 6.33	<b>1.50</b>	<b>8.13</b>	<b>2.21</b> 2.11		<b>10.34</b> 8.44
1. Nord – Est 21,57%	1.365		1.365	0.455		1.821
2. Sud-Est 13,92%	0.881		0.881	0.294		1.175
3. Sud-Muntenia 16,07%	1.017		1.017	0.339		1.356
4. Sud-Vest Oltenia 11,99%	0.759		0.759	0.253		1.012
5. Vest-România 8,84%	0.560		0.560	0.187		0.746
6. Nord – Vest 11,57%	0.732		0.732	0.244		0.977
7. Centru 11,03%	0.698		0.698	0.233		0.931
8. București-Ifov 5.01%	0.317		0.317	0.106		0.423

YEAR 2006	PHARE FUNDING			NATIONAL Co-FINANCING	IFI	TOTAL
PRIORITY B/MEASURE B	INVESTMENT	IB	TOTAL PHARE			
Sub-project 1-- A) Grant schemes promoting LLL for qualification and re-qualification of the work	8.10	-	<b>8.10</b>	2.70	-	<b>10.80</b>
B) TA to MLSSF, NAE and final beneficiaries to support in the implementation of the grant schemes		0.462	<b>0.62</b>	-	-	<b>0.62</b>
Sub-project 2- NAQ establishment		1.00	<b>1.00</b>	-	-	<b>1.00</b>
<b>TOTAL</b> Per region:	<b>8.10</b> 8.10	<b>1.62</b>	<b>9.72</b> 8.10	<b>2.70</b>		<b>12.42</b> 10.80
1. Nord – Est 21,57%	1.747		1.747	0.582		2.330
2. Sud-Est 13,92%	1.128		1.128	0.376		1.503
3. Sud-Muntenia 16,07%	1.302		1.302	0.434		1.736
4. Sud-Vest Oltenia 11,99%	0.971		0.971	0.324		1.295
5. Vest-România 8,84%	0.716		0.716	0.239		0.955
6. Nord – Vest 11,57%	0.937		0.937	0.312		1.250
7. Centru 11,03%	0.893		0.893	0.298		1.191
8. București-Ifov 5.01%	0.406		0.406	0.135		0.541

2004-2006	PHARE FUNDING			NATIONAL Co-FINANCING	IFI	TOTAL
PRIORITY B/MEASURE B	INVESTMENT	IB	TOTAL PHARE			
Sub-project 1-- A) Grant schemes promoting LLL for qualification and re-qualification of the work	21.33	-	<b>21.33</b>	7.11	-	<b>28.44</b>
B) TA to MLSSF, NAE and final beneficiaries to support in the implementation of the grant schemes		1.67	1.67	-	-	<b>1.67</b>
Sub-project 2- NAQ establishment	0.30	3.00	<b>3.30</b>	0.10	-	<b>3.40</b>
<b>TOTAL</b>	<b>21.63</b>	<b>4.67</b>	<b>26.30</b>	<b>7.21</b>		<b>33.51</b>

#### **4B.2.4 IMPLEMENTATION ARRANGEMENTS FOR PRIORITY B/MEASURE B**

MoLSSF will be Implementing Agency for this measure.

##### ***Sub-project 1***

***A) Grant schemes promoting Life-Long Learning (LLL) for qualification and re-qualification of the work force***

***B) TA to MLSSF, NAE and final beneficiaries to support in the implementation of the grant schemes***

Implementing Authority of the TA component, is MoLSSF through the Directorate for Employment Policies' PCU.

For investment component (grants) NAE will be the Implementing Authority, working through the PIUs established at regional level. MoLSSF will conclude a Framework Agreement for the implementation of this component with NAE and each of the 8 PIU for the total Phare budget allocated for investment projects, per region.

Contracting each grant shall be the responsibility of MoLSSF.

##### ***Sub-project 2***

##### ***National Authority for Qualifications establishment - TA***

From this project implementation will benefit NAQ, NAE, other ministries, all social partners at sectoral level, professional associations and organisations, VET providers, all actors involved on the VET market. The end users are the trainees who will benefit of a flexible and transparent VET provision, more attractive for their professional and personal development supporting LLL and employment enhancement.

The Implementing Authority of the project will be NAQ (NATB).

Coordination will be ensured through the HRD Steering Sub-Committee. In the same time, for the efficient project implementation, it will be established a Working Group which will include representatives from all the relevant partners (NAQ, MoLSSF, MoER, NAE, sectoral social committees, etc.). The Working Group will meet periodically, but more frequent than the Steering Sub-Committee, in order to monitor the project implementation and to ensure the informed coordination between all projects having relation to the present one.

##### ***Risks and conditionalities***

The following actions will be preconditions for the sub-project 2 implementation:

- decision to designate NATB as NAQ – May 2004;
- in order to achieve the status as NAQ the NATB legal framework will be changed until November 2004;
- establish the sectoral committees – September 2004;
- tripartite agreement concluded on the Common Reference Framework of National Qualifications Development – September 2004.

### **4B.3 PRIORITY B/MEASURE C: ACTIVELY COMBATING SOCIAL EXCLUSION**

#### **4B.3.1 RATIONALE FOR PRIORITY B/MEASURE C**

The projects to be financed under this measure will be mainly directed towards promoting social inclusion through implementing projects addressing the most vulnerable groups' integration on the labour market, corresponding to priority 3, type of measure 3.3 and 3.4 of pNDP. This measure will alleviate the effects of social marginalization, by addressing the social groups most hit by it.

An important document in promoting social inclusion is represented by the **National Anti-Poverty and Promotion of the Social Inclusion Plan**, whose **strategic objectives have been settled** for two horizons of time: immediate, during the actual 2002-2004 governance, and medium/long term objectives for the next 10 years: 2002-2012.

According to the National Anti-Poverty and Promotion of the Social Inclusion Plan, in order to accomplish the strategic objective – “Eliminating the severe social exclusion situations and promoting the social inclusion”, and specifically the objective regarding the increasing the employment opportunities, refers to: **ensure** the effective access to the employment services, vocational training of those who want to become economically active, to **create** new jobs, and to **promote** special measures in order to create employment opportunities for the disadvantaged groups.

Consequently, **the strategy of the second NAE** (approved by **G.D. No.588/2004**), through objectives of Guideline 7 - “Integration promoting and fighting against discrimination of disadvantaged people on labour market”, will:

- Support the integration on the labour market of the people with disabilities which are able to work;
- Promote the integration of the people with difficulties in accessing on the labour market;
- Ensure the access on the labour market of the foreign people, which obtained any kind of protection in Romania;
- Ensure the access of the disadvantaged groups to education and decreasing the rate of those who abandon the compulsory school.

In order to integrate the persons that are facing difficulties in integrating on the labour market, NAE will encourage the action with some financial incentive measures supported by the unemployment insurances budget, also, NAE will organize job fairs and trainings addressed especially to the disadvantaged groups.

National Council for Fighting against Discrimination will elaborate the National Action Plan for Fighting against Discrimination and National Office for Refugees will elaborate the law project regulating the integration of the foreigners that received some form of protection in Romania, in order to prevent and fight against the discrimination of this group on the labour law.

#### **According with JIM the following groups are considered social vulnerable**

##### **Roma ethnic group**

The Roma segment is quite significant in the Romanian population, as it makes for the second large ethnic minority after Hungarians. The number of persons who admitted and declared themselves to be of Roma origin acknowledged significant variations, both due to the social-politic conditions and persecutions during and after the second world war, and to the degree of expressing their conscience and admitting the affiliation to this ethnic group. Consequently, at the 2002 census, the number of persons who declared themselves to be of Roma origin was about of 535.140, representing 2,5% of the total population of the country. Estimations of the most extensive research conducted in 1998, however, indicate a much higher level of 6.7%.

Most of the Roma population – namely 61%, have their residence in the rural regions (326.192 persons). In the context of the 2002 census, 122.573 persons declared they were employed, while 290.860 declared to be inactive (household persons, up kept, other situations), the difference being represented by pupils-students and retired persons. (Source of data: National Institute for Statistics)

The great majority of the Roma population is challenged with extremely high poverty and social exclusion as a result of a chronic gap in development, strengthened by perpetuation of discriminatory behaviours, which led to the current status of poverty: difficulties with integration on the labour market, indecent living conditions, and educational deficit. Occasional temporary job opportunities are totally insufficient, which results in severe poverty, increased crime, dependence on the state support (social support, child allowance system). Extremely serious issues are perpetuated, however, in a modern society. Many Roma have no identification papers.

On the background of an overall increase of poverty, the pauperisation of the Roma population is even deeper. The poverty risk, considerably higher than in the rest of the population anyway, continues to deepen, with three-quarters of the Roma living in poverty and half of them in severe poverty, according to data in 2002.

The access of Roma population to paid jobs has narrowed severely (only 13% of their incomes come from salaries – one half, compared to the beginning of the transition period), while the main source is occasional incomes from activities in the ‘grey’ zone, and especially social benefits (a great deal of the Roma rely on social support incomes).

On the background of an overall deterioration of the economic condition of the Roma, an increase of internal polarisation is visible, between a small segment with very high incomes and a wide majority with incomes ranging far below the rest of the population.

A newly emerged serious issue is poor access to land property for Roma in rural environments – which account for half of the total Roma population. As a result of the fact that the great deal of the Roma population lives in the rural, they have been affected severely by the dissolution of the socialist farming system and the restoration of farming land property. Consequently, very few of the Roma living in rural environments own any farming land. Given the scarce opportunities in villages, a migration towards the urban is foreseen, with the cities not being able to offer any reasonable resources either. In exchange, the tendency in the population overall is to migrate from urban to rural. The difficulties of the transition tended to generate and strengthen poverty pockets with massive concentrations of Roma in cities, usually characterised by illegal and improvised housing.

In the evidence of the NAE, around 31.12.2003 there were registered as job seekers around 10.000 Roma persons. As a consequence of the forerunner actions developed in order to organize the annual job fair for the Roma population, (job fair that will be organized on 23 rd of April 2004), around 15<sup>th</sup> of April 2004 there were approximately 22.500 persons registered in the NAE’s evidence. The reason why the percent of registered persons is so reduced is given by the difficulty of getting a job when declaring to be of Roma origin, and because many of the Roma ethnics are not acknowledged of the employment incentive measures they can benefit from, at the time of registration in the NAE evidence.

## **Key Challenges according with JIM**

1. Lack of opportunities for economic activities, especially for Roma in rural environments, mainly due to no ownership over the land, under the circumstances of prevalingly subsistence farming; develop economic opportunities and create paid jobs.

### **Disabled persons**

Lack of job opportunities for disabled makes the majority of them, regardless the degree of the disability, dependent on passive support strategies, which results in a rapid increase of the poverty risk. Thus, out of a total number of 414,620 disabled, only 12,983 have jobs, and out of these, approximately 70.69% fall into the category of II disability degree.

Massive decrease of numbers of paid jobs has affected first of all disabled people – enterprises specially protected for disabled have virtually disappeared. The existing legal framework promotes employment of disabled, rather than set-up of protected productive structures that would offer people with special needs the chance to improve their well-being through work instead of remaining passive beneficiaries of social policies.

5% of disabled in Romania live in residential centres. With the acceleration of the process of financial decentralisation of these services, residential institutions are challenged with serious problems as a result of under-funding, while municipalities under the territorial jurisdiction of which such institutions exist are faced with serious budget crises, especially as the great majority of these institutions are located in the rural environment.

There were 310 disabled persons registered in the evidence of NAE on the 31st of December 2003. The number of registered persons is extremely low due to the fact that when employing, they would not get the allowance they benefited from, according to the law regulating the protection of the disabled persons.

The Law no.107/2004 regulates the employment incentive measures for disabled persons (NAE's incentive measures stipulate that the employers who have less than 100 employees, to benefit from a 12 months minimum economy wage for each disabled person they hire, under the condition of a minimum two years maintenance period; and to benefit from 1,5 minimum economy wage for 18 months for each graduate disabled person, under the condition of a minimum three years maintenance period). According to the data supplied by NAE, in 2003 there have been employed 683 disabled persons, of which, 352 employers have been subsidized).

There is a limit anyway, in employing disabled persons, given by the arrangement of the work places according to the special needs of this category, which requests investments that may be expensive.

## **Key Challenges according with JIM**

1. Improve home-delivered services for non-institutionalised people with severe disabilities, first of all by improving the personal carers' capacity of delivering special care.
2. Develop training and vocational training for disabled.
3. Create job opportunities for disabled.



## **Young people leaving the orphanage establishments - Youngsters 18 - No Longer in the Child Protection System**

As youngsters face great economic difficulties with integration into adult life with no family support, most of the youngsters dropping out of the institutional protection system are challenged with insurmountable problems in terms of finding housing, jobs (the salary one would get at the beginning of their career makes it almost impossible to rent a place to stay and cover the remaining needs with no additional support). As well, the lifestyle specific to residential child protection institutions makes social integration of these youngsters quite difficult. These difficulties of social integration appear because of the lack of vocational training and necessary education requested for developing an adult life.

Besides the lack of experience that many of the young people have, the main problem this category of persons has to face is the lack of a house that makes very difficult to have and maintain a job.

As a conclusion for all the vulnerable groups mentioned above, it is obvious the need to develop some specific actions in order to identify the real dimension of these target groups and the problems they confront (no housing, no jobs, and no social support) with in their attempt of social integration, especially on the labour market. The complexity of the problems young people have to cope with, in the present transition period, can be approached only developing the co-ordination of social assistance services and other public services like: school, employment services, health services, and police (according with JIM).

An extremely important role in developing the above mentioned actions is played by the representative organizations and the NGOs, due to the direct contact they have with the target groups and due to the fact they can efficiently communicate with them.

The general objective of all these actions is to improve the conditions of the persons exposed to social exclusion. All of these will determine an increased capacity of these groups to community integration. The implementation of these measures requires a strengthened inter-sector cooperation, the promotion of social responsibility on the base of voluntary work, freedom of choice, as well as the involvement of these groups in order to adapt the programs to the individual needs.

### ***Strengthening the capacity of MoLSSF in the field of social assistance***

#### ***Rationale:***

In Romania, the national social assistance system is the part of the national social protection system and is focused on protecting the people who are unable to provide for their basic necessities of life, or develop personal skills and abilities to sustain their social integration, because of economic, physical, psychological or social constraints.

The National Social Assistance System is under continuous change and reform. A major reform in social assistance field was started in 2002 by the Law no.705/2001 regarding the national social assistance system. The law introduced some basic principles for the organisation of the System including the allocation of responsibilities to the different levels of government. The law has subsequently been complemented by primary and secondary legislation such as the Government Ordinance no.68/2003 regarding social services.

Generally speaking the ongoing re-organisation of the national social assistance system is suffering from deficient and inconsistent legislation and unclear roles and responsibilities for the different levels of the administration (with a lack of co-ordination and a fragmentation of responsibilities between the different administrative bodies), a lack of financial means especially at the lower levels

of government, and a lack of qualified human resources and professionals at the different levels of the administration which would allow the system to develop in a sustainable way.

The social assistance reform is continuing being in the implementation phase. The main component represents the development of the legislative framework concerning institutional building which is also included in the Priority Action Plan for implementing the *acquis communautaire* as regards the European Union Accession and the Roadmap for Romania notified by the European Commission. In order to achieve this goal it is necessary to clarify the responsibilities of structures involved in the system management, such as to ensure for all citizens respect of their social rights, unconditional access to benefits and services, elimination of any form of discrimination, respect of human dignity and social equity.

From the institution building perspective, a first step was reorganizing central institutions with the goal to provide a better co-ordination of national policies and programs and to increase efficiency in the collaboration of the various organisms with attributions in the field

In June 2003 according to the provisions of EGO no. 64/2003 on establishment of measures for setting-up organisation and reorganisation of structures within the Government, ministries, the National Authority for Child Protection and Adoption and the National Authority for Handicapped Persons were subordinated to the Ministry of Labour, Social Solidarity and Family.

The family issues were transferred to the MoLSSF by taking over from the Ministry of Health.

The Ministry of Labour, Social Solidarity and Family coordinates now the social policy at national level being the central authority which promotes the rights of family, children, elderly and disabled persons, as well as other persons in need, according to the framework law.

MLSSF elaborated a Draft Administrative Reform Strategy, which contains proposals for improving the central management of the national social assistance system, already approved by the Prime Minister through a Memorandum.

The social assistance reform is presently sustained by Phare project RO 0108.02 “Social services institutional building in Romania”. The activities under this project were redefined in accordance with the legislative changes in the social assistance administration reform and the time frame proposed for the implementation. It also took into consideration the latest developments both at central and local levels. For these reasons some of the objectives envisaged are directly related to the activities proposed to be carried out under the Phare Programming 2004-2006, especially the institutional development activities. The activities to be undertaken are a continuation of the implementation, at national level, of the results and recommendations developed in the project Phare RO 0108.02.

To put into practice this reform is an enormous amount of work, that will create the prerequisites of implementing an adequate system to European standards.

The Phare Programming 2004 – 2006 will build further on the following results of the present Institution building project:

- promotion of consultation between levels of government, non governmental sector and vulnerable groups
- development the tools regarding creation of the social Observatory;
- organisational review for the relevant Directorates of the MoLSSaF including Directorates at county level;
- HR management improved in MoLSSaF
- Studies on the accuracy of legislation and recommendations in respect to the implementation of the *acquis communautaire*

- Management information system developed by preparation of the technical dossier necessary for a future development of the MIS;
- Improvement of mechanism of co-operation between the administrative bodies concerned with social assistance and social services (vertically and horizontally)
- consolidation of the trainers network in social assistance field;
- Capacities and skills of the social service professionals improved by organisation of the 200 training sessions (6000 persons trained);
- Training of the trainers in external communication at MoLSSaF;
- Production of external communication and information material;
- The strategy in external communication;
- The review and analysis of the social services in Romania and it's legal framework and level enforcement/compliance
- Guidelines for the regulations on the organization and functioning of social services

Under this development new institutions will be created:

1. **Social Observatory** designed in order to increase capacity to define policies and make decisions addressing to the needs of families and vulnerable groups in Romania;
2. **Agency for payment of social benefits** which will assure an integrated system of payment for family social benefits;
3. **Inspection for Social Protection** designed to control the implementation of the legislation and monitor the performance of social services and of the institutions involved in social protection

According to the general definition, Romanian social assistance system is divided in two major components, social benefits, and social services

#### Social benefits system

The national social assistance system was characterised by the development of the first component regarding family allowances, social aids and other cash benefits oriented to ensure a minimum financial support for the most vulnerable groups of the population, in order to reduce the risk of marginalisation and social exclusion.

The increasing of the number of social assistance recipients (in 2002 the number of beneficiaries was 7.128.640 persons) has created great difficulties for the system to monitor the real impact of the social measures promoted by the legislative regulations, being almost impossible to determine the efficiency of the social protection programs.

Thus, it will be very important to use an adequate management information system able to support the evaluation and monitoring activities concerning the distribution of the financial resources, the types of different social risks, the categories of vulnerable people and their concrete needs.

To insure a coherence and transparency in the system it will be necessary to design an informational flow and to create an effective information system able to administrate social benefits and to offer to the governmental bodies all data indispensable to accomplish their missions.

#### Social services system

The reform in the area of social services has been particularly difficult. The financing and administration responsibilities for social services have been allocated to the lower levels of government where the financial means and human resources capacities are very limited. As a consequence social services currently provided are fragmented, characterised by inequality. In addition to the previous it has to be noted that the concept of social services has recently undergone changes, which have their direct impact on the administrative organisation of the services and

human resources capacities needed. The responsibility for policy making and administration regarding social services at central ministerial level was traditionally split over different administrative bodies depending on some rigid classification of the services. Over the past years social services were viewed from the perspective of the needs of the vulnerable groups. Recent policies of government clearly demonstrate a new approach for more integrated social services, which give a global answer to the needs of the citizens. The traditional vertically organised administration is undergoing profound changes and integration of the different public services is currently taking place at the different levels of government.

The decentralization process continued after the enforcement of the Framework Regulation of the organization of public social assistance services at the level of local authorities, as well as after the enforcement of Government Ordinance no. 68/2003 regarding social services, approved by Law no. 515/2003. This normative acts set up a series of responsibilities of local communities in the administration and management of social services addressing all categories of population in need. The local authority is the main social services provider, alone or in partnership with non-governmental organizations or with other organized forms of civil society. At city level these public services were created and function adequately, and in small towns and localities were created small, specialized departments

The MLSSF has started, from 2003 autumn, several actions aimed at supporting local public social assistance services in accomplishing specific due tasks in the social services field. The main directions of action are focused on the staff training and identifying financial sources, as well as on direct fund granting to local social services projects.

There is a crucial need to further develop the social services at local level in order reduce the inequalities, to increase the planning and evaluation capacities, to train the professionals in evaluation, planning and delivering of social services and to build sustainable mechanisms that promote co-ordination between all actors and information provision

In the last years social services were developed especially by the private providers, like: associations and foundations, religious institutions and other organized forms of the civil society.

#### ***4b.3.1.1 Sub-project 1: Promoting Social inclusion***

##### ***A) Grant schemes for social inclusion measures for disadvantaged groups***

##### ***B) Grant schemes related TA:***

***i. - To support MLSSF, NAE and Final Beneficiaries for the previous preparation of the HRD schemes promoting social inclusion measures***

***ii. - To support MLSSF and NAE for the optimal implementation of the HRD schemes promoting social inclusion measures***

##### ***Objectives***

- To promote social inclusion by tackling the discrimination and inequalities in the labour market and the associated social exclusion and, in this way, to complement national strategies and employment policies.
- Providing TA:
  - i. Previous preparation of the grant schemes:
    - To strengthen the structures established under Phare 2003 IB for ESF type projects targeting actively combating social exclusion and their administrative capacity (PCU and 8 PIUs), in order to carry out the awareness campaign, appraisal, selection, monitoring, control and evaluation activities efficiently for the schemes concerning social inclusion measures;

- To promote measures and provide information and advice on previous grant schemes launching as: awareness campaign, consciousness, counselling and information in order to proper identification of the target groups, in collaboration with the representatives organisations in the field;
- To sustain an adequate implementation system for the grant scheme and assist the beneficiaries to preparation of projects financed under this programme.

ii. Activities related to awareness, appraisal, selection and monitoring of projects are included and will be supported through Technical Assistance (TA), in order to realise the following objectives:

- To promote measures and provide information and advice on project launching and application guidelines preparation of the grant schemes;
- To ensure a transparent, competitive and effective process for project appraisal and selection;
- To increase capacities of regional structures for effective implementation of projects financed under this programme in order to carry out monitoring, control and evaluation activities, efficiently.
- Dissemination and mainstreaming of results.

#### **4b.3.1.2 Sub-project 1 Identification of needs**

A) This will address the Accession Partnership priority to “define and implement a national policy for employment that is in line with European Employment Guidelines, including preparations for participating in European Social Fund-type activities”.

Romanian JAP has identified a number of priority areas where progress is needed and where monitoring should be carried out in the context of the Employment Policy Review:

- Implement existing strategies to better ensure the integration of ethnic minority groups, in particular Roma, on the labour market and monitor carefully its outcome.
- Continue the implementation of the legislation and measures to ensure equal access to the labour market for all persons irrespective of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

#### **Key problems to be addressed are:**

According with the G.D. no.588/2004 - the new NAPE - Guideline 7: “Integration promoting and fighting against discrimination of disadvantaged people on labour market” the objectives are:

- Supporting the integration on the labour market of the people with disabilities which are able to work;
- Promoting the integration of the people with difficulties in accessing on the labour market;
- Ensuring the access on the labour market of the foreign people which obtained any kind of protection in Romania;
- Ensuring the access of the disadvantaged groups to education and decreasing the rate of those who abandon the compulsory school.

One of the objectives of the Government Programme in the field of employment is, also, to guarantee equal opportunities.

B) A well-conducted awareness campaign and advisory actions for the adequate target groups identification and necessary actions and the support for the potential beneficiaries is very important and useful. A good understanding and knowledge about the whole mechanism of grant allocation, general background, and institutions involved, availability of information, procedures, as well as regional development, partnership, role and contribution of the local actors is necessary.

A more effective promotion campaign will develop the quality of the applications tacking into consideration that these projects refer to “disadvantaged groups”.

An information campaign, explaining more about eligibility and selection criteria and this will increase the number and quality of eligible projects.

Assistance to the implementing structures in collaboration with the representatives' organisations to develop specific awareness campaign and consciousness campaign to inform and counselling is very useful to assure the success of the grant schemes launching.

Assistance to both implementing structures and final beneficiaries to prepare the grant schemes launching and during implementation is necessary in order to ensure that activities are carried out and monitored effectively.

Following the projects implementation the dissemination and mainstreaming of the lessons learned is also necessary in order to ensure that the good practice is multiplied to other potential actors who can be involved and the social exclusion is actively combating on the LM through new actions included in the national policy.

#### ***4b.3.1.3 Sub-project 1 Activities and means in 2004***

Component B)

i. Previous preparation of the grant schemes

The activities developed under this sub-project will be focused on organising special actions in order to prepare the grant schemes effective implementation

To tackle the pressing problems of the identified vulnerable target groups, it is envisaged to develop **special measures to prepare the schemes addressing the disadvantaged groups in order to support their social and professional integration by finding job opportunities and combat discrimination on the LM.**

The TA including the provision of facilitators in order to better serve the project purpose will assist the Implementing Authority to design and prepare the schemes. The following activities will be developed:

- Assisting in the design of the grant scheme of social inclusion measures to disadvantaged groups: assessing the particular needs of these target groups and developing specific methods for identifying and reaching the target groups (to be taken into account in developing the method: to automatically work with facilitators/promoters coming from the organisations representing/working with vulnerable groups - e.g. Roma organisations, organisations for disabled etc.- and including their involvement from the start;
- Providing information on the identified methods to the bodies involved in the programme as project promoters;
- TA and training for providers of active employment measures, together with the organisations of vulnerable groups, in order to enhance their capacity to collaborate and develop well-targeted measures for the disadvantaged groups of this scheme;
- Awareness, information and counselling campaign for: raising awareness of the measures and for facilitating the reach of the disadvantaged groups;
- Assistance for the potential beneficiaries in project development for the 2005 grant scheme;
- TA for the PCU and 8 PIUs to start to establish a national network for dissemination of best practices and expertise (preparing software network and web-content and organising seminars addressing all potential beneficiaries), including in particular organisations dealing with Roma issues, disabled and youngsters 18 –no longer in the child protection system

#### **4b.3.1.4 Sub-project 1 Results for 2004**

Component B)

i. Previous preparation of the grant schemes

- MoLSSF, NAE (PCU and PIUs) and Final Beneficiaries will be better prepared to implement the measure and its Schemes, especially on the ground and to build up its broader organizational capacity after 2006, in anticipation of the expansion of these schemes in the period after Accession;
- Specific methods established in order to reach the target groups;
- Working program developed in order to ensure that the projects respond to the real needs;
- Appropriate projects portfolio designed for the 2005 grant schemes;
- Vocational training and counselling provided to the organisations of vulnerable groups and partnerships developed;
- Software network and the web-site content established in order to ensure the appropriate access to the information for the relevant organisations.

#### **4b.3.1.5 Sub-project 2 – Strengthening the capacity of MoLSSF in the field of social assistance**

##### **General objective:**

A sustainable national social assistance system based on the principle of equality which is addressing the real needs of the vulnerable groups in society, and which is built in a process of continued consultation and participation between the different levels of government and in an effective partnership with the civil society.

For a better achieving of the general objectives we are identifying the following specific tasks mentioned already in the Memorandum for the new administrative strategy to be implemented:

##### **Specific objective 1**

Component 1

Social Observatory established as to increase the capacity to define policies and make decisions better addressing the needs of families and vulnerable groups in Romania;

Component 2

Agency for payment of social benefits established as to assure an integrated system of payment for family social benefits;

##### **Specific objective 2**

Component 1

Implementation of a Grant scheme for development of social services in order to promote the human development and social inclusion of vulnerable groups themselves and an effective partnership between local public authorities and non-governmental service providers.

Component 2

TA for supporting the grant scheme for developing social services in the process of appraisal, evaluation and monitoring of the applicants

#### *4b.3.1.6 Identification of needs and necessary actions*

**Key problems to be addressed are:**

##### **Specific objective 1**

###### **Component 1**

The global administration of the social assistance system needs to be improved through an effective management information system; and an efficient communication system;

###### **Component 2**

The present system of payments for social benefits is very fragmented between different institutions, which generate important administrative costs and also low efficiency.

##### **Specific objective 2**

###### **Component 1**

Social services are not enough developed, there is a fragmented intervention in solving the cases with no coordination between providers, there is a lack of knowledge in respect to the management of social services. Moreover, the partnership between the local authorities and NGOs need to be strengthened.

Not enough staff at the public social assistance administration and lack of specific qualification in social care

###### **Component 2**

Not existing enough experience and qualified staff for preparation the lunches a grant scheme specific for social services

#### **4b.3.1.7 Activities and means in 2004**

Specific objective 1:

Component 1: Creation of Social Observatory.

The main functions of the Observatory will be :

- Collecting and analyzing data and provide information on social tendencies
- Designing and monitoring the key social indicators in line with EU regulations
- Elaborating regular statistics
- Elaborating specific researches as and when required
- Detecting the current social needs for defining the future social policies
- Evaluating the effectiveness of social policy
- Proposing recommendations to the MoLSSaF in order to improve the impact of the social policy
- Communicating the results to partners

Taking into account the above-mentioned attributions, the technical assistance will be focused on:

- Drafting of the secondary legislation necessary for creation of the Observatory (Framework of the functioning and organisation, structure of staff, job description for the staff, protocols of collaboration with other institutions, etc.);
- Elaboration of the specific methodology of data collection



- Designing the methodology of the monitoring and evaluation;
- Providing the specific training in evaluation, monitoring and programming for the staff, which will be in charge with these activities.
- Elaboration of an information strategy;
- Elaboration of information materials.

**Component 2 : The creation of the National Agency for administration and payments for family and social benefits**

Its functions will include:

- General management and administration of the budget allocated for the payment of all social benefits
- Elaboration / printing of payment documents for benefits
- Management of incident cases (beneficiaries who have not been paid / beneficiaries receiving inappropriate money)
- Control of the processes of payment
- Centralization of all data bases from each county
- Ensure the maintenance of the data-base and IT applications for payment
- Sign agreements with financial institutions for the payment of social benefits

The technical assistance will be focused on:

- Implementation of the proposals which will be delivered under the RO 0108.02 “Social services institutional building in Romania” regarding the management information system, the unique file on family for social benefits and improvement of payment system, the fraud prevention, etc.;
- analysing and make recommendations for improving the existing institutional framework (at national and local level)
- identification of personnel needed, at all levels, in order to have a functional institution (including the job description developed)
- elaborate the working procedures;
- designing an action plan for integration of the benefits in the unitary system of payment;
- Adapt the legislation regarding the benefits system in Romania and adapt it to the new regulations for an integrated payment

**Specific objective 2:**

**Component 1 – grant scheme**

The grant scheme project proposals will be based on the analysis of the current social services system performed under the project RO 0108.02 “Institutional building social services in Romania” and prioritization of the areas and objectives for intervention (as will be identified in the National Strategic Plan for the reduction of inequalities and development of human resources in the social services system) with a view to reducing the existing inequalities and contribute to the information collection which is necessary for the decision making and planning process.

The project, which will be financed under the grant scheme, will cover all types of the social services, in accordance with the Romanian legislation, for all the vulnerable categories of beneficiaries.

The proposed project must be in line with the social assistance county strategy. The vulnerable categories are identified by the current assessment realized in social assistance field and in the same time mentioned in Joint Inclusion Memorandum.

**The grant scheme intends to finance following small-scale projects:**

**1. The primary social services (proximity services) focused on:**

- a) counseling the elderly, disabled persons, persons with a chronic pathology, alcohol, drugs or other toxic substances addicts, persons infected with AIDS or persons with AIDS, for their families, as well as for other persons in the same social group with whom the sick persons were permanently or incidentally in contact;
- b) counseling the persons and families that adopt children or who provide care to under-age children;
- c) counseling young persons who leave the child protection institutions;
- d) counseling and support neglected and abused persons, victims of the family violence or people trafficking;
- e) designing the plan of intervention including material and financial support to persons and families with insufficient incomes and that cannot cover their minimal needs, as stipulated by the legal regulations in force;
- f) emergency measures for the following categories of persons: homeless, victims of the people trafficking, family violence, as well as any person in difficulty;
- g) information on social protection measures;
- h) any other type of services addressing the immediate needs of the vulnerable groups and their families

**2. For the specialized/integrated services:**

- a) hosting, providing care, recovering, rehabilitating and socially reinserting the elders, the disabled persons, the persons with chronic diseases, the alcohol or drug addicts, the victims of the family violence or of people trafficking;
- b) providing support and assistance to the children and families in difficulty;
- c) providing temporary shelters and special education to disabled children or young persons or to the children or young persons facing adjustment difficulties;
- c) providing temporary shelters to the young persons that leave the child protection system on a determined period of time, according to the legislation in force;
- d) providing social and professional insertion to the young persons who leave the child protection system;
- e) providing temporary shelters to homeless and counseling services;
- f) providing assistance and support in order to ensure an autonomous and active life for the elders, as well as care services for the dependant elders;
- g) providing support measures for the integration in the labour field, other than the ones stipulated by the Labour Code, including protected workshops;
- h) providing re-adjustment, pre-orientation and professional re-education measures stipulated by the legislation in force;
- i) hosting and providing care in emergency situations, with or without housing, providing support or social company, adjusting to an active life or socially and professionally inserting the persons or families in difficulty or in risk situations;
- j) providing identification, help, support, formation or information, counseling, expertise or coordination in order to prevent any form of dependence;

- k) providing pilot social activities, measures and services ;
- l) any other integrated services which will be identified by the authorities in order to have a better response to the social needs.

The implementation mechanism for the social services grant scheme is the following:

- ⇒ Contracts concluded with County Councils;
- ⇒ Existing and new partnership agreements (sub-contracting) with local authorities or NGOs are possible and should be encouraged but should not become an automatic condition for project approval;
- ⇒ The sustainability is necessary to be ensured by the conditionality that the service will need to be continued for at least three years after project termination.

Grant support shall be up to:

- 25.000 – 75.000 Euro for the projects which will be developed for primary social services;
- 100.000 – 200.000 Euro for the projects which will be developed for specialised social services;

The beneficiary is to match grant funds with own contribution amounting 10% of the total costs of the project, provided in cash.

In the same time the projects developed will take into consideration the existing projects in order to assure the continuity and the sustainability of the system so, any project that is in place can be financed for further development or diversification of activities.

## **Component 2 – TA for supporting the grant scheme awareness and implementation**

Technical assistance will support MoLSSF and its regional structures in the implementation of the grant scheme in order to strengthen their capacities in the appraisal, selection, monitoring and evaluation of projects.

Also, an awareness campaign for the potential beneficiaries is very important and useful for a better quality of the applications. The technical assistance for awareness campaign will be provided. This will support the social services grant scheme implementation to:

- Information and publicity of the grant scheme; the information will be disseminated through a diversity of channels, at national and local level, in order to promote the grant schemes to the potential beneficiaries;
- Elaboration of the press release, seminars, conferences, editing, publishing and disseminating information materials, brochures, guidelines, etc.
- Establish a help desk, in each region, that will support the potential beneficiaries in designing the projects
- Support the MoLSSF to elaborate the Applicant Guide;
- Strengthening the MoLSSF structures's appraisal and selection of applications, by providing training for the evaluation committees. The independent evaluators, to be provided by the contractor, will be selected through competitive process based on specific expertise required in order to have a quality assessment of the applications received under the grant scheme.

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

**PPF**  
N.A.

#### **4b.3.1.8 Results for 2004**

In according with the activities proposed to be realized under the Phare programming 2004 – 2006, the expected result are the following:

*For the specific objective 1:*

**Component 1 – Results:**

- The Social Observatory put in practice.
- a system of evaluation, monitoring and programming realized, able to observer the social phenomena and to support for the governmental authorities in designed of the adequate and efficiently policies;
- a system of data collection improved in respect with EU standards;
- an increased capacity of the ministry in exercising its role as a regulatory authority in monitoring the implementation of the reform at county and local level;

**Component 2- Results**

- organizational review proposed and agreed;
- the number and the qualifications of the staff which is necessary to be hired is established;
- the working procedures are elaborated;
- the adequate forms for the new system of payment designed;
- the unique file for the payments of benefits is implemented;
- action plan for integration all the social benefits in the unitary system;
- integrated a part of the benefits, which in present are paid by other institutions, in this new system;
- the technical architecture of the management information system is implemented

*For the specific objective 2:*

**Component 1: Results**

- creation and development of integrated social services projects at local level, able to promote an sustainable human development of the vulnerable groups
- Provide care and services for homeless adults, families and children
- Providing temporary shelters and counseling for homeless persons and families
- Creating a support system for young people leaving residential care institutions
- Full access to compulsory education for vulnerable groups
- Preparing and implementing a local system of social care services focused on family and the community
- an effective mechanism of partnership developed at local level;
- increase the availability of social services;

**Component 2 – Results**

- awareness campaign realized;
- Applicant Guide elaborate;
- training for the evaluation committees in order to enhancing the capacity of the MoLSSaF structures for appraisal and selection of applications, provided.

#### **4B.3.2 PLANNED ACTIVITIES AND RESULTS FOR 2005-2006 FOR MEASURE C**

##### **ACTIVITIES FOR 2005 – SUB-PROJECT 1**

The activities developed under this sub-project will be focused on practical measures to facilitate the access to employment to groups and people at risk of exclusion and, also, to prevent the discrimination on the LM.

To tackle these pressing problems, and to pilot an appropriate approach for later ESF, respectively the future HRD OP, it is envisaged to develop **special measures addressing the disadvantaged groups in order to support their social and professional integration by finding job opportunities and combat discrimination on the LM.**

##### **Component A) Grant schemes for social inclusion measures for disadvantaged groups**

**Promoting social inclusion related to all disadvantaged groups** by the following eligible actions:

- Development and delivery of vocational training programmes and schemes (basic training, qualification, re-qualification, skill upgrading);
- Development and delivery of schemes promoting community work;
- Range of support measures for all the disadvantaged groups in order to enhance their chances to return or enter the labour market (with special attention for those within poorest area) (professional counselling and vocational guidance, activation and individual support measures - activation plan individualized, 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).

These will be supported through a Phare grant scheme. The projects to be financed under this measure will be mainly directed towards enhancing employment opportunities of the disadvantaged groups (through training and re-training, community work, specialized career counselling action plan, etc.), by promoting social LM.

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 : 10,000 euro equivalent
- maximum amount : 50,000 euro equivalent.

##### **Co-financing:**

- profit making organisations will have to ensure a minimum 20% contribution of the total project eligible cost, in cash, and as regards the other categories they will be co-financing minimum 10% of the total expenditure.

**The grant schemes Beneficiaries:** non-profit making or profit-making organizations submitting an application as an individual applicant or 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 Authorities, Universities, Employers' Organizations, Private companies, Research Bodies, Employment brokers, other relevant profit and non profit organizations, the NGOs in partnership with vocational training providers (in case they are not at the same time authorized training providers)

Only for the training programs the grant schemes final beneficiaries will use or cooperate with authorised training providers, and they need to be accredited.

Note: The legal framework for training providers' authorization

Based upon G.D. no.522/2003, the minister of labor, social solidarity and family and the minister of education, research and youth, approved a Common Order no.353MoLSSF/5202MoERY/2003 concerning the adoption of the vocational training providers authorization methodology. The Common Order relates in detail the NATB tasks concerning the vocational training providers' accreditation and the monitoring activities of each type of vocational training programme, based on nationally recognized occupational standards.

#### **The Final beneficiaries - Target groups:**

- **Disabled people** (mental, physical and multiple disabilities) without qualifications or without secondary education, persons suffering from mental illness;
- **Youngsters 18 - No Longer in the Child Protection System;**
- **Roma minority**, (Roma without qualifications or without secondary education, special attention will be allocated to the Roma teenagers educated in the special schools and their families).

Indicative % for allocation, which will address the Roma minority from the target groups, will be 60%.

#### **Component B)**

##### **ii. Grant schemes related TA**

- Awareness campaign, support for preparation of applications, appraisal and selection of projects. Information will be disseminated through a diversity of channels in order to promote the grant schemes to the potential beneficiaries. 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 PIU to provide information and advice to potential applicants. 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 organized by the PIUs and PCU which 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.
- Support the monitoring of the implementation of the HRD schemes refers to four areas: programming and programme management skills development, ex-ante evaluation, monitoring and control and evaluation.
- Preparation of best practice. guides, organisation of seminars and workshops at national and regional level and dissemination of information on the projects implemented;
- TA for the PCU and 8 PIUs to improve the national network for dissemination of best practices and expertise (preparing software network and web-content and organising seminars addressing all potential beneficiaries), including in particular organisations dealing with Roma issues, disabled and youngsters 18 –no longer in the child protection system.

The rules and procedures, roll-out modalities, co-financing rates, indicators, will be set out in the Project Fiche and relevant Phare Grant Scheme documents. It is intended that, if successful, these schemes will form the basis for later SF measures, which are in any case, foreseen within the pNDP and would be expected to be included in a future SF programme.

#### **RESULTS FOR 2005 - SUB-PROJECT 1**

##### **COMPONENT A)**

- Increased social inclusion of the most disadvantaged groups on the labour market;
- Better tackling discrimination and inequality on the LM;

- Improved skills and advice to facilitate access to employment for the disadvantaged groups – 3.000 Roma people and 1500 disabled persons and Young out of the child protection system receiving guidance and counselling; number of unemployed vocational training beneficiaries - 3.000 Roma people and 1500 disabled persons and Young out of the child protection system; number of beneficiaries attaining a vocational training – 1.500 Roma people and 750 disabled persons and Young out of the child protection system; number of unemployed beneficiaries receiving assistance with job seeking – 1.500 Roma people and 750 disabled persons and Young out of the child protection system; number of unemployed beneficiaries entering employment – 450 Roma people and 225 disabled persons and Young out of the child protection system.

## **Component B)**

### **ii. Grant schemes related TA**

- MoLSSF (PCU) will have improved capacity to implement the measure and its Schemes, especially on the ground and to build up its broader organizational capacity after 2006, in anticipation of the expansion of these schemes in the period after Accession;
- NAE through its regional structure PIUs, also, will have improved capacity to implement the measure and its Schemes and to build up its broader organizational capacity after 2006, in anticipation of the expansion of these schemes in the period after Accession;
- Final Beneficiaries will have improved capacity to design and implement grant schemes targeting vulnerable groups.
- Best practice guides prepared and national network for dissemination of the best practice and expertise improved and web-site designed

## **PLANNED ACTIVITIES AND RESULTS FOR 2005-2006 FOR MEASURE C – SUB-PROJECT 2**

For the **year 2005** of implementation the activities will be focused more on the finalisation of the objectives regarding the administrative modernisation of the social assistance which is developed under the **specific objective 1, component 2..**

To the end of the activities realised in 2004, the TA will elaborate an assessment in order to identified the future actions necessary to be developed in 2005. This assessment will be focused, in principal, on possibility to:

- complete the integration of the social benefits in the unified system of payments;
- create a database on social benefits as regards the number of recipients, type of social benefits received, the total amount of the benefits received by a family, etc;
- training needs assessment, including the designing and delivering of the training modules;

The main results for 2005 will be:

- The National Agency for administration and payments of the family and social benefits put in practice;
- all the social benefits, existing in system, are paid in an unitary system ;
- The staff hired in Agency, at national and local level, trained.

In order to have a continuation in the project implementation, and for a better coordination between the activities realized in 2004 and the activities, which will be done in 2005, the same contractor will be used based on an assessment done by the beneficiary (MoLSSF) as regards 2004 project's results versus objectives.

In respect with **grant scheme**, in the 2006, the activities will be more focused on the development of the social services responding to the gaps identified in the system.

The gaps will be detected using the methodology regarding the continuum assessment of the existing social services in Romania in order to have a clear picture in any moment of the current situation and the needs. This methodology is designed under the Phare RO 0108.02 “Social services institutional building in Romania” .

#### 4B.3.3 BUDGET FOR PRIORITY B/MEASURE C

YEAR 2004	PHARE FUNDING			NATIONAL Co-FINANCING	IFI	TOTAL
MEASURE C	INVESTMENT	IB	TOTAL PHARE			
Sub-project 1 Component B) i. Previous preparation of the grant schemes		1.20	<b>1.20</b>			<b>1.20</b>
Sub-project 2,, total, out of which	<b>8.00</b>	<b>2.55</b>	<b>10.55</b>	<b>2.67</b>		<b>13.22</b>
- Strengtening MoLSSF in social assistance field		2.00	2.00			2.00
- TA for implementing the grant scheme		0.55	0.55			0.55
- Investment, per region:	8.00		8.00	2.67		10.67
1. Nord – Est 21,57%	1.726		1.726	0.576		2.302
2. Sud-Est 13,92%	1.114		1.114	0.372		1.485
3. Sud-Muntenia 16,07%	1.286		1.286	0.429		1.715
4. Sud-Vest Oltenia 11,99%	0.959		0.959	0.320		1.279
5. Vest-România 8,84%	0.707		0.707	0.236		0.943
6. Nord – Vest 11,57%	0.926		0.926	0.309		1.235
7. Centru 11,03%	0.882		0.882	0.295		1.177
8. Bucureşti-Ilfov 5.01%	0.401		0.401	0.134		0.535
<b>TOTAL</b>	<b>8.00</b>	<b>3.75</b>	<b>11.75</b>	<b>2.67</b>		<b>14.42</b>

YEAR 2005	PHARE FUNDING			NATIONAL Co-FINANCING	IFI	TOTAL
MEASURE C	INVESTMENT	IB	TOTAL PHARE			
Sub-project 1 A) Grant Schemes for Social inclusion measures for disadvantaged groups	<b>6.00</b>	<b>0.50</b>	<b>6.50</b>	<b>2.00</b>		<b>8.50</b>
B) ii. Grant schemes related TA for awareness and promotion	6.00		<b>6.00</b>	<b>2.00</b>		<b>8.00</b>
		0.50	<b>0.50</b>			<b>0.50</b>
1. Nord – Est 21,57%	1.294		1.294	0.431		1.726
2. Sud-Est 13,92%	0.835		0.835	0.278		1.114
3. Sud-Muntenia 16,07%	0.964		0.964	0.321		1.286
4. Sud-Vest Oltenia 11,99%	0.719		0.719	0.240		0.959
5. Vest-România 8,84%	0.530		0.530	0.177		0.707
6. Nord – Vest 11,57%	0.694		0.694	0.231		0.926
7. Centru 11,03%	0.662		0.662	0.221		0.882
8. Bucureşti-Ilfov 5.01%	0.301		0.301	0.100		0.401
Sub-project 2,, total, out of which		<b>0.80</b>	<b>0.80</b>			<b>0.80</b>
- Strengtening MoLSSF in social assistance field		0.80	0.80			0.80
<b>TOTAL</b>	<b>6.00</b>	<b>1.30</b>	<b>7.30</b>	<b>2.00</b>		<b>9.30</b>



YEAR 2006	PHARE FUNDING			NATIONAL	IFI	TOTAL
MEASURE C	INVESTMENT	IB	TOTAL PHARE	Co-FINANCING		
Sub-project 1			<b>0.00</b>			<b>0.00</b>
Sub-project 2,, total, out of which	<b>5.00</b>	<b>0.40</b>	<b>5.40</b>	<b>1.67</b>		<b>7.07</b>
Support to grant scheme implementation		0.40	<b>0.40</b>			<b>0.40</b>
Investment, per region:	5.00		<b>5.00</b>	1.67		<b>6.67</b>
1. Nord – Est 21,57%	1.079		1.079	0.360		1.439
2. Sud-Est 13,92%	0.696		0.696	0.232		0.928
3. Sud-Muntenia 16,07%	0.804		0.804	0.268		1.072
4. Sud-Vest Oltenia 11,99%	0.600		0.600	0.200		0.800
5. Vest-România 8,84%	0.442		0.442	0.148		0.590
6. Nord – Vest 11,57%	0.579		0.579	0.193		0.772
7. Centru 11,03%	0.552		0.552	0.184		0.736
8. București-Ilfov 5.01%	0.251		0.251	0.084		0.334
<b>TOTAL</b>	<b>5.00</b>	<b>0.40</b>	<b>5.40</b>	<b>1.67</b>		<b>7.07</b>

2004-2006	PHARE FUNDING			NATIONAL	IFI	TOTAL
MEASURE C	INVESTMENT	IB	TOTAL PHARE	Co-FINANCING		
Sub-project 1, total, out of which:	<b>6.00</b>	<b>1.70</b>	<b>7.70</b>	<b>2.00</b>	-	<b>9.70</b>
B) i. Previous preparation of the grant schemes		1.20	<b>1.20</b>			<b>1.20</b>
A) Grant Schemes for Social inclusion measures for disadvantaged groups		0.50	<b>0.50</b>			<b>0.50</b>
B) ii. Grant schemes related TA for awareness and promotion						
Sub-project 2,, total, out of which	<b>13.00</b>	<b>3.75</b>	<b>16.75</b>	<b>4.33</b>		<b>21.08</b>
Strengthening MoLSSF in social assistance field		2.80	2.80			<b>2.80</b>
Support to grant scheme implementation		0.95	0.95			<b>0.95</b>
<b>TOTAL</b>	<b>19.00</b>	<b>5.45</b>	<b>24.45</b>	<b>6.33</b>		<b>30.78</b>

#### 4B.3.4 IMPLEMENTATION ARRANGEMENTS OR PRIORITY B/MEASURE C

MoLSSF will be Implementing Agency for this measure.

##### *Sub-project 1*

Implementing Authority of the TA component, is MoLSSF through the Directorate for Employment Policies' PCU.

For investment component (grants) NAE will be the Implementing Authority, working through the PIUs established at regional level. MoLSSF will conclude a Framework Agreement for the implementation of this component with NAE and each of the 8 PIU for the total Phare budget allocated for investment projects, per region.

##### *Sub-project 2*

Implementing Authority for the TA of sub-project 2 is MoLSSF through the specialised Directorate for social assistance.

For the investment scheme the MoLSSF will be Implementing Agency, works through the PCU set up under Phare 2003, and will conclude a framework agreement with specialised directorate, as Implementing Authority, and the 8 PIUs at regional level.

Contracting each grant, under this measure, with final beneficiaries shall be the responsibility of MoLSSF.

MoLSSF will chair the Human Resource Development (HRD) Steering Sub-committee, who will monitor the implementation of this measure.

The Steering Committee of the project will be the Sub-committee for HRD of the Steering Committee for Economic and Social Cohesion. The Sub-committee for HRD was set up under the Phare Economic and Social Cohesion Programme, also including the Offices for Roma.

In order to ensure that the projects respond to the real needs the NGOs representing the vulnerable groups will be included as partners in the projects.

The monitoring and evaluation process will be realized following the templates and guides for ex-ante evaluation, monitoring and ex-post evaluation, common understanding of selection criteria and eligibility criteria, etc. elaborated under Phare 2003.

#### **4B.4 PRIORITY B/MEASURE D: IMPROVING ACCESS TO EDUCATION AND REGION SPECIFIC TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING SYSTEM**

##### **4B.4.1 RATIONALE FOR PRIORITY B/MEASURE D**

###### ***4b.4.1.1 Sub-project 1 Improving region specific technical and vocational education and training system***

**Rationale:** This measure is part of pNDP type of measure 5.4 (priority 5) and is also part of pNDP priority 3.1.2...

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

###### ***4b.4.1.2. Sub-project 1 Identification of needs and necessary actions:***

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

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

The main objectives to be achieved during the multiannual 2004-2006 projects are:

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

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

#### **4b.4.1.3 Activities**

To tackle these pressing problems, and to pilot an appropriate approach for later SF, the following activities are envisaged:

- adaptation of the education supply planning for initial vocational training to regional economic development needs based on revised Regional Education Action Plans, according to the provision of the updated Professional Qualifications National Register developed by NAQ. In this respect, Regional Consortia will continue to be responsible for REAPs development, but the enhanced representation of social partners will ensure the relevancy of the strategic plans recommendations concerning TVET planning in line with the LM signals;
- modernization of initial vocational training supply by optimised TVET schools network, organized within the education system, especially in disadvantaged areas. The TVET school network optimization refers to the enhanced correlation between TVET schools supply and labour market needs. Also, continuity of the achieved results within the TVET modernization projects during Phare programs period 2001-2003 related to the TVET supply is assured. Validation and recognition of non-formal and informal learning within an operational credit transfer system will ensure the transparency and responsiveness of the TVET provision to both communities and individuals needs, supporting lifelong and lifewide learning perspective.
- strengthening the social partnership in TVET at all levels with special focus on the cooperation of TVET schools with enterprises for developing work based learning opportunities supporting school-to-work transition
- coherency enhancement of the initial VET with higher education in terms of qualifications provision and quality assurance
- adaptation of initial vocational training supply to specific education needs of the students with learning special needs
- enhancement of TVET schools capacity to provide CVT courses for low skilled adults, complying with the CVT strategy and the legal framework provision
- increase of the access to vocational training through development and implementation of the distance education programme, based on recommendations of the feasibility study planned under Phare TVET 2003
- improve the learning conditions by rehabilitating school infrastructure and providing adequate didactic equipment as required by the qualifications to be achieved established according to the REAPs measures.

#### **Activities and means for 2004**

##### **Investments**

- Assurance of IT and office equipment for 100 new selected schools. An average amount of 47,000 Euro/school unit (Phare) represents a provisional estimation of the costs that should be allocated for IT and office equipment procurement. Total estimated Phare amount is about 4.70 Meuro.
- rehabilitation of school laboratories and workshops of the 150 schools, out of which 50 have been included in the assistance since Phare 2003. An average amount of 165,000 Euro/school unit (Phare) represents a provisional estimation of the costs that should be allocated for works. Total estimated Phare amount is about 24.75 Meuro. An additional amount of 2 Meuro will be allocated for works site supervision within Phare 2005.

##### **Institution Building**

As the main responsible for the education field the following assistance will be provided to MER:

Assistance to the involved institutions to elaborate new qualifications and to review the existing ones for validation and inclusion in the Professional National Qualification Register based on NAQ methodologies. The above qualifications are those provided within the formal education and training system, and refer to all qualification levels, higher education included;

In case of new qualifications or of the reviewed ones, proposed to be included in the Professional Qualification National Register, the training standards will be developed or revised based on job analysis and taking into account the existing occupational standards. After the external validation by the NAQ Sectoral Committees of the training standards, the related curricula will be developed. Special attention will be given to key skills and to the local development component of the curricula.

Specific assistance will be provided for quality assurance within the whole education system, higher education included, in order to ensure the systemic approach. A pilot scheme will be applied to both TVET and higher education institutions in order to validate the proposed quality assurance instruments, mechanisms and procedures. Coordination with the NAQ project activities will be carefully considered related to the quality assurance in CVT.

Revision of the Regional Education Action Plans will continue to be assisted in order to enhance the participative strategic planning of the TVET provision within an integrated perspective of human resource development strategy. The elaboration of the Local/County Education Action Plans and School Education Action Plans will be included. Full participation of the social partners at both regional and local level will be considered.

#### **4b.4.1.4. Results for 2004 :**

IB:

- adapted qualifications developed or reviewed based on sectoral analysis at all qualification levels validated by the NAQ Sectoral Committees and included in the Professional National Qualification Register;
- Regional Consortia restructured with enhanced representation of social partners;
- Regional Education Action Plans adapted in order to enhance the participative strategic planning in TVET;
- adapted Local/County Education Action Plans and School Education Action Plans developed by the new 100 schools as instruments of strategic institutional development in line with regional and local economic and social development needs;
- optimised TVET schools network according to REAPs and LEAPs recommendations;
- qualifications developed or reviewed for levels 1-3 for economic sectors recommended by the REAPs will be proposed to be validated by the NAQ Sectoral Committees; additionally, a limited number of qualifications will be developed for all levels from 1 to 5, according to sectoral priorities indicated by the the Sectoral Committees of NAQ
- development of curricula (with special focus on local development component of the curricula) for above qualifications;
- methodologies for revision and further development, as well as for the evaluation of learning materials, textbooks included, elaborated for the above mentioned curricula;
- teachers and school headmasters trained to implement the new teaching learning didactics and participative management
- a pilot scheme for quality assurance applied in TVET and higher education institutions by using instrument like self assessment, based on European Common Quality Framework.
- TVET schools accredited to provide CVT courses as result of the assistance offered by the resource centres active in this field since Phare 2001-2003
- concluded agreements of school-enterprise cooperation in view of providing work based learning facilities and ensuring school to work transition

#### Investments

In order to strengthen the school capacity for providing better training service at regional and local level, an investment component is associated to the IB one, aiming at consolidating the school capacity of response to the use of new technology of teaching and learning in the vocational fields.

The Investment contract is developed to assure the provision of IT and office equipment for 100 schools,

The school rehabilitation will be contracted in view of contributing to learning environment quality improvement. At least the laboratories and the workshops will be rehabilitated taking into consideration the specific requirements for disabled people.

#### Results:

- 100 schools equipped with IT and office equipment
- 150 schools with rehabilitated laboratories and workshops

#### **4b.4.1.5. Sub-project 1 Planned activities and results for 2005-2006**

##### **Investments**

- Assurance of basic didactic equipments for 150 schools, 50 of them participating to the Phare TVET 2003 project, having regard to the specificity of special needs education in case of students with disabilities, **in the year 2005 of the multi-annual programme**. An average amount of 115,000 Euro/school unit (Phare) represents a provisional estimation of the costs that should be allocated for IT and office equipment procurement. Total estimated Phare amount is about 17.25 Meuro.
- Assurance of site supervision of the contracted works in Phare 2004, costing 2 Meuro and planned within Phare 2005.
- Assurance of specialised didactic equipments for 150 schools, 50 of them participating to the Phare TVET 2003 project, having regard to the specificity of special needs education in case of students with disabilities, **in the year 2006 of the multi-annual programme**. An average amount of 135,000 Euro/school unit (Phare) represents a provisional estimation of the costs that should be allocated for IT and office equipment procurement. Total estimated Phare amount is about 20.25 Meuro.
- Assurance of specific equipments to distance communication and learning infrastructure for the national unit and the 16 support centres, **in 2006**. An average amount of 150,000 Euro/school unit (Phare) represents a provisional estimation of the costs that should be allocated for IT and office equipment procurement. Total estimated Phare amount is about 2.4 Meuro.

This will be supported through Phare procurement of goods (supply contracts) and works for selected schools that will benefit of infrastructure rehabilitation, didactic, IT and office equipment.

##### **Institution Building**

In the year 2005 the assistance will focus mainly on:

- Consolidation of the credit transfer system, validation and recognition of nonformal and informal learning will be assisted through specific methodological developments and implementation arrangements. The activity will refer only to the formal education and training system and will be developed in strong coordination with the NAQ related activities;

- Improvement of quality mechanisms will be assisted to reach the system based approach, higher education included.
- In the same time, activities will focus on adaptation of curricula and curriculum auxiliaries to the education needs specific to students with disabilities, learning difficulties and in order to facilitate learning for ethnic minorities. Training of the staff in the pre-university education and of the social partners will accompany these activities.
- Elaboration of curriculum auxiliaries to assist individual learning needs will follow the curriculum development in case of new developed or reviewed and validated qualifications;

In the year 2006 the assistance will focus mainly on:

- Training and consultancy activities in order to organize teams of authors for distance education courses, to assure the education software for vocational training and to form a group of trainers who will assist and monitor courses in order to validate them through verifications, tests, examinations or projects. The number of trainees and the competencies to be achieved, as well as levels of qualifications will be defined according to priorities set by REAPs. The 16 support centers will be the main beneficiaries of the above mentioned activities in order to assure their role as regional:
  - providers in distance learning – in this respect they will be responsible for training needs assessment and identification of available corresponding training offers; based on this information they will develop the specific courseware and assure their appropriate marketing and dissemination.
  - facilitators for school networking – in this respect they will identify and assist the setting up of groups of courseware developers; they will also assure the conditions for assessment and certification of competences.
- School networking and good practices exchange between the already assisted schools in the previous Phare programmes and the new ones, as well as the collaboration with schools not included in the Phare programmes is promoted.

All the above mentioned activities will be complemented with training of staff in the TVET pre-university education and social partners at all decision levels, supporting implementation of instruments for TVET quality assurance.

#### **Outputs for 2005**

- **150 schools equipped with basic equipment**
- **site supervision of the 150 schools under rehabilitation achieved**

#### **Outputs for 2006**

- **150 schools equipped with specialised equipment**
- **1 central unit and 16 support centers equipped to deliver distance educations**

#### **PPF**

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

**Final beneficiaries (target groups) of this sub-project:**

- 150 schools mainly from the rural areas, small and medium size localities, as well as from counties and the region which did not benefit of any assistance, 50 of them have been beneficiated from activities of institution building through Phare TVET 2003 project
- Social partners at national, regional, county and local level participate actively to the updating the National Qualification Framework, and training needs identification and planning The Regional Education Action Plan for Vocational Education and Training Development revisited. The Annual Local Action Plan for Vocational Education and Training Development revisited. The schools – enterprise cooperation will be enhanced.
- staff from institutions responsible for quality assurance in education and vocational training, as well as personnel from the education institutions involved in the quality assurance piloting schemes
- a national unit and 16 equipped support centres, operational in distance education domain, selected from the 175 schools representing 75 schools which have been assisted through Phare VET RO 9405, out of which 22 have been involved in Phare 2001-2003, as well as the 100 schools assisted in the Phare TVET 2001-2003 multi-annual programme.

Criteria for the selection of 100 schools are similar to the ones based on which have been selected schools assisted in Phare 2001-2003. The selection of the 100 schools will take into account the following criteria:

Strategic position of the school within the region and county as training provider in terms of its provision sustainability and relevancy within the region

The quality of the school offer, including the quality of the human and material resources

The preoccupation of the school for assisting all types of students and trainees, according to their needs and capabilities, in view of assuring equal chances for for their integration into the labour market.

Criteria for the selection of the 16 support centres will include, *inter alia*:

- qualified staff for curriculum and learning materials development, IT used in teaching and learning and adult training provision
- cooperation with local authorities
- partnership with enterprises
- adult training experiences
- networking experiences with other schools in providing vocational training, career guidance and other services.

The selection of the 100 schools will be ended by the Ministry of Education and Research with the participation of the Regional Consortia members in November 2004.

The 16 support centres, out of the 122 schools assisted with the 2001-2003 multi-annual Phare programming will be selected with the participation of the Regional Consortia members by October 2005.

**4b.4.1.6 Sub-project 2: Developing continuing training for pre-university education staff**

**Rationale:** This project brings under a single operational framework pNDP type of measure 3.1 (priority 3).

**Objective:** To improve access and participation in education and ensuring the quality of the education process and institutional management, increase the teaching – learning process, improve



connection between the educational offer with the specificity of the community needs; improve teaching and material equipment; diminish school-drop out, stability of the labour work, decrease social mobility.

#### **4b.4.1.7 Sub-project 2: Identification of needs and necessary actions:**

This priority aims at preventing and combating marginalization and social exclusion, by improving access and participation to education. It shall target, inter alia, quality improvement and diversification of training supply by providing continuous training opportunities for teaching and management staff assigned to pre-university education. Quality improvement based on improved performance of human resources within the education system is expected to make education more attractive to students and to support their learning performances improvement.

The recently restructured education system through the Law no. 268 from June 2003, which modifies and completes the Law of Education no.84/1995, is extending compulsory education to 10 years, and creates the background to increase the educational attainment up to upper secondary education. One of the main goals in the implementation of the Law is to ensure equitable access to everybody so to achieve the purpose of increasing the education attainment. Mean time, the adequacy of education provision to the restructured economy and in progress development of the knowledge based society is requesting to have in the system of education adequate skilled human resources, thus education staff continuous training became one of the main objectives for the next period.

An increased quality of education is justifying continuous training of pre-university human resources as a priority the system of continuous training itself being in need of improvement.

Continuous training of pre-university staff (both managerial and teachers) is part of life long learning and refers to all kind of professional development activities destined to in-service teachers/school managers (following after the initial training in universities). According to Educational Ministerial Order No. 3770/1998 it consists of 5 main ways of training:

1. current professional development of teachers/school managers including didactical-scientific and psihopedagogical activities carried out at school/school inspectorate level;
2. professional development through “Definitive”/”2<sup>nd</sup>” “”1<sup>st</sup>” Teaching Degree in pre-university education;
3. teacher/school manager training programmes once every five years;
4. professional development through post-university courses and Ph.D. essays;
5. professional conversion programmes.

In this respect the legal provisions regarding the system for continuous teacher training in the Law No.128/1997, art. 33, stipulates that pre-university teachers should undergo a period of teacher training once every five years. Moreover, the Educational Ministerial Order No.4796/2001 completes the provision above mentioned stipulating in art.2 that the periodical continuous teacher training shall be made through teacher training programmes which bear two characteristics: being structured on modules and accredited with ECTs. These teacher training programmes are accredited and teachers should reach the minimum standard of 90 ETCs for the periodical continuous teacher training programme.

According to the Educational Ministerial Order No. 3533/2001, art.3, the eligible continuous training programme providers are: accredited universities, departments for the teaching staff training within universities, pedagogical higher education and high-schools with pedagogical profile, Teaching Houses, school clusters (“grup scolar”) - centres for continuous training of the

teaching staff who did not graduate higher-education, Institute for Educational Sciences, and NGOs whose object of activity includes education as well.

Presently, as a result of the supply analysis for continuous training programmes accredited until February 2004, the situation has a twofold aspect regarding the main directions of the target groups involved:

### ***1.the teaching staff***

In this respect there have been accredited 38 continuous training programmes offered by 32 accredited continuous training programme providers that cover a diversified target group within the teaching staff.

### ***2.the staff in decision-making positions (school managers, school inspectors)***

Nationally, there have been accredited 16 continuous training programmes offered by 14 accredited providers.

It is of outmost importance to emphasise that only 3215out of the total number of teaching staff and approximately 1045school decision making staff completed in 2003 the continuous training through accredited continuous training programmes. The above mentioned percentage has been calculated in relation with the total number of the education staff who should participate once every five years in continuous training, as enforced by the educational legal framework.

This situation is due to the following reasons

- the recent set up of the institution in June 2001;
- personnel employment procedures extended to one year (from August 24, 2001- June 1<sup>st</sup> 2002),
- effort focused on the elaboration of the methodological provisions accreditation process for the teaching staff and decision-making continuous training programme;
- lack of institutional capacity of the National Centre of Staff Training in Pre-University Education to raise awareness, disseminate information and promote the new approach in the continuous training in pre-university education by introducing the Transferable Professional Credit System within the training programmes and enhancing the continuous training once every five years through accredited continuous training programmes.
- lack of support to implement the new approach,
- lack of expertise of continuous teacher training programme providers to develop such programmes
- This situation emphasises the necessity to run and multiply teaching staff and school manager continuous training activities throughout the country.

However, the National Centre of Staff Training in Pre-University Education could tackle this shortage provided that there is a supplementary expertise support focused on the organisation of an efficient system offering higher opportunity to improve the teaching and decision-making staff continuous training in Romania.

Moreover there is still a reduced equitable distribution of continuous training programme providers on national level. The continuous training needs assessment analysis clearly reflects that there is a lack of training programme providers on county level within the macro-regions in Romania. Presently continuous training programme offer covers 21 out of 42 counties and their distribution does not necessarily fulfil the equity principle as expected. The geographic distribution map for accredited continuous training programme providers hereby enclosed shows the number of training providers for each macro-region: 4 providers in region 1, 3 providers in region 2, 4 providers in

region 3, 4 providers in Bucharest, 2 providers in region 4, 5 providers in region 4, 5 providers in region 6, 2 providers in region 7.

Therefore, there is an imperative requirement to multiply the continuous training offer in areas that are not covered yet.

Certain groups of the teaching staff continuous training are enhanced by means of national and international support: (i) the teaching staff in rural areas working in compulsory education is part of continuous training programmes of the Ministry of Education, Research and Youth by means of a project co-financed through a loan from the World Bank and by the Romanian Government; (ii) the education staff training in the technical and vocational education is part of the on-going 2001-2003 multi-annual Phare project. However, the teaching staff in post-compulsory education in the rural areas from villages is not yet considered by any projects of the Ministry of Education, Research and Youth. Therefore, the actual project will fill the gap in teacher training supporting the MoE priorities achievement as they are mentioned by the Development Strategy of Pre-university Education Development for 2001-2004 (2010 forward planning) and the Development Strategy for the System of Initial and Continuous Staff Training in Pre-University Education.

Additionally, the project takes into consideration the Regional Education Action Plans in order to cover the disparities between rural (villages) and urban regions in Romania with rural schools from villages having less qualified staff whose activity leads to only 1% of the rural youth from villages making to university. Moreover, the Regional Education Action Plans clearly reflect the diversification needs adapted to the profile of each region. The ability of schools especially those in villages from rural areas to implement these REAPs and make a major shift in the provision during the coming 5 years depends highly on the ability of its teachers to increase the quality and relevance of their teaching. This, in its turn, requires an important investment in teacher training.

Hence the facilitation of access to education and initial and continuous teacher training focus mainly on improving the professional competencies of the teaching staff from villages in rural areas that can be transposed as benefits on two levels:

***i) at the system level the benefits of improving the competencies of the teaching staff will lead to:***

- the increase of the teaching – learning process reflected in the results obtained following the courses and national examinations;
- improved connection between the educational offer with the specificity of the community needs;
- improved teaching and material equipment through the variety of ways to obtain financial support in co-operation with the local authorities;
- diminished school-drop out and increase the graduates' percentage who are to continue their studies;

***ii) on a secondary level there will be secondary effects:***

- as far as students are concerned they will be stimulated to continue their studies and have active participation in their school life and community life; there will be an improved socio-professional inclusion of students;
- as to the community there will be gained a certain stability of the labour work in the rural areas (the teaching staff)
- decrease of social mobility from the rural to the urban areas;
- equity and equal opportunity to actively participate in the community life irrespective of age, gender, belonging to social and ethnic groups, etc.

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

**Key problems to be addressed are:**

The main problem is the lack of methodological framework and institutional capacity, as well as quality assurance of continuous training supply for the staff in the pre-university education. In the meantime the system of continuous training of pre-university staff is in need of improvement due to the following reasons:

- the need to revise the teaching profession and decision-making positions (school managers, school inspectors) standards according to the new learning outcomes as defined after the extension of compulsory education to 10 years according to the Law no. 268 from June 2003 completing the Law of Education No.84/1995;
- the training needs assessment for pre-university staff in rural post-compulsory education;
- the imperative requirement to assure quality of continuous training provision through specific mechanisms and procedures.

Considering the standards revision, this project will have an indirect impact on the initial staff training process as well because these standards will become mandatory in the pre-service teacher training carried out by universities.

The activities proposed within the project will focus on each of the 8 macro-regions. This will support the development of a diversified staff-training offer which, this way, facilitates access to and involves lower cost and equitable opportunities to participate in continuous training programmes. The National Centre of Staff Training in Pre-University Education will establish, at the beginning of this project, 16 operational branches so as to enhance proper counselling, monitoring and efficient assessing of the continuing training activities.

**4b.4.1.8. Activities and means for 2004**

**Component A: Investments**

**Objective:** To improve work capacity of National Centre of Staff Training in Pre-University Education with its 16 regional branches and the ability to carry out their responsibilities.

The National Centre of Staff Training in Pre-University Education with its 16 regional branches operationally prior to the programme starting, will be equipped in order to facilitate the tasks achievement, namely with logistic and communication equipment as follows:

- (i) **for each regional branch:**  
2 computers with CD-writer; 1 server; 1 printer; 1 telephone with modem and fax included; 1 copy machine; 1 videocamera; 1 Tv set; 1 video recorder; 1 overhead projector; 1 notebook; mobile printer, 1 digital-photo camera; 1 multimedia projector;  
There is an estimating value of 20,000 Euro for each Regional Centre (RC), hence there is a total of 320,000 Euro.
- (ii) **for the National Centre of staff Training in Pre-University Education (NCTPE)**  
10 computers with CD-writer, 2 DVD-writers; 2 servers; 10 printers; 3 telephones with modem and fax included; 4 copy machines; 3 video-cameras; 3 Tv sets; 3 video

recorders; 3 overhead projectors; 15 notebooks; 2 digital-photo cameras; 2 multimedia projectors; 1 car; 1 minibus. There is an estimating value of 140,000 EUR.

**(iii) server-structure: “infra-structure central junction – e-learning, e-testing system” with the following components:**

1. server rack
  - 1 data base server
  - 1 application server
  - 1 communication server
  - 1 mail server
  - 1 information management server
2. LAN (Local Area Network)
3. Internet connection
4. Communication infra-structure VNP (Virtual Privat Network)- connecting the 16 RCs

Estimated value is 150,000 Euro. This is necessary for co-ordination and running simultaneous activities and facilitate continuous monitoring and communication between NCTPE, and the 16 RCs.

**Total value for investments is 610,000 Euro.**

**Component B: Institution Building (TA)**

**Objective:** To provide support for improving the methodological framework for continuing teachers training and for preparation and effective implementation of the grant scheme, and ensure the transfer of know-how to NCPTE and 16RCs

***First year of the multi-annual programme will focus on the following activities:***

***The Technical Assistance will assist NCTPE to:***

- improve the methodological framework, the training programmes accreditation procedures, the development of corresponding methodologies for the organisation of training programmes in accordance with the goals of the learning process and the participatory institutional management
- revise and improve the professional training standards for the teaching staff and evaluation instruments for the competencies to be acquired by the trainees in the student – centred teaching perspective in accordance with the European educational standards;
- improve the relation between curriculum – outcomes: improved teaching competencies – their evaluation instruments;
- elaborate a complex training need analysis; as the number of schools in the rural areas is very large, it is necessary to select a sample of representative schools where the training need analysis will be experimented. On this data base the results will be extended at national level
- provide support for the preparation of the Grant scheme to be implemented in 2005 and guide the teacher training programme suppliers:
  - elaborate the Guidelines for Applicants for the prospective teacher training programme grant scheme in co-operation with the NCTPE staff
  - information and guidance to potential beneficiaries
  - develop the programme monitoring system
- Support the implementation of the Grant scheme of Phare 2005

- support the process of appraisal and selection of applications: training the evaluators and providing experts in the Evaluation Committee; a result of this activity will be a ranked list of selected teacher training programme suppliers and the waiting list
- the selected training providers will receive support to improve their training programme in order to ensure qualitative teacher training programme in accordance with the improved professional standards and curricula. The know-how transfer will be ensured through the co-operation between the staff of the 16 RCs and the TA. This co-operation will result in:
  - make recommendations for improvement of the programme proposed in accordance with the professional standards and curricula, and assist the adjustment of the training programme accordingly; after improving the training programme, each selected provider will go through the accreditation. If a training provider will not be accredited another provider, from the waiting list, will be assisted.
  - training the new accredited suppliers and the staff of the 16 RCs and the NCTPE to strengthen their capacities in order to continue these activities by themselves in 2006
- Assist the training providers in delivering the programme
  - revising the monitoring system
  - continuous counseling of training programme providers
  - training NCTPE and the 16 RCs staff to monitor and evaluate the training programme

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

The National Centre of Staff Training in Pre-University Education and its 16 regional branches will be responsible for all developments; thus, staff training and consultancy for the above developments will be addressed to this institution. NCTPE and RCs will ensure information dissemination and awareness raising on the programme.

The *eligible beneficiaries* (training providers) are: Teacher Houses, Universities, the Institute for Educational Sciences, NGOs whose activities include teacher training. They will be selected based on competition (open call for proposals in Phare ESC 2005 and 2006) and will be assisted to develop and implement qualitative programmes relevant to the identified training needs.

#### **4b.4.1.9. Results 2004**

In **2004** the National Centre for Staff Training in Pre-University Education has envisaged the following immediate outcomes:

- elaborate the Guidelines for Applicant
- elaborate curricula to train the selected suppliers
- revised teaching profession and decision-making staff standards with their evaluation instruments;
- training needs assessment elaborated focusing on both teachers and school managers; transparent and effective procedure for the accreditation process of continuous training programmes elaborated;
- enhanced capacity in promoting the continuous staff training priorities in order to improve the continuous training supply;

- elaboration of a mechanism to select, monitor and evaluate the impact of continuous training programmes in order to assure the quality of continuous training;
- selection and training of teacher training programme providers
- procured and installed logistic and communication equipment for the National Centre for Staff Training in Pre-University Education and its 16 branches in the country supported through Phare procurement of goods.

#### ***4b.4.1.10. Sub-project 2: Planned activities and results for 2005-2006***

##### **Grant scheme**

In the next two years of the multi-annual programme, there will be implemented a grant scheme containing 45 grants of 25,000 EURO each.

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

Each grant will address minimum 80 trainees.

Out of the total number of grants (45 grants) 37 will be benefited from by teachers and 8 grants by the teaching staff in decision making positions and teachers with management, counselling and control attributions in pre-university education in rural areas.

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

The NCTPE assisted by the technical consultant (TA from Phare 2004) will launch the 2005 grant scheme. Phare 2004 technical assistance will support the NCTPE to implement 25 grants for continuous training according to the two target groups mentioned above. Out of the 25 grants 17 grants will support the continuous training of teachers in post-compulsory pre-university education (XI-th and XII-th forms) and 8 grants will enhance the continuous training of the teaching staff in decision making positions and teachers with management, counselling and control attributions in rural areas.

In Phare 2006 the NCTPE and the 16 Regional Centres will ensure the implementation of the second part of the grant scheme consisting in 20 grants that will support the continuous training of teachers in post-compulsory pre-university education (XI-th and XII-th forms in rural areas). They will assist the selected training providers in the same way as the TA from Phare 2004 did. Thus, they will have the opportunity to practice the skills acquired through know-how transfer during previous years.

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

The approximate grant scheme distribution for the teacher training grants:

<b>Development Regions</b>	<b>No. of grants</b>	<b>2005</b>	<b>2006</b>
1.	7	3	4
2.	4	2	2
3.	7	3	4
4.	6	2	4
5.	4	2	2
6.	6	3	3
7.	2	1	1
8.	1	1	0
<b>Total</b>	<b>37</b>	<b>17</b>	<b>20</b>

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

See annex 8 for detailed grant distribution for the continuous teacher training programmes. The grant scheme distribution for the training of the teachers with management, counselling and control attributions contains one grant for each region.

Throughout the grant scheme implementation process there will be a permanent monitoring, supervising and evaluation of the stages for the on-going continuous training programmes. These activities will be ensured, in Phare 2004 and 2005, by the NCPTE and its 16 Regional Centres together with the technical assistance support. In the case of Phare 2006 grant scheme, the institutions above mentioned, without technical assistance will support the implementation process. The relevant data resulted from these activities will constitute the basis for the elaboration of an in-depth impact study of the programme implementation in terms of benefits, outcomes and future perspectives in the field of continuous teacher training on national level.

The stages for the 45 grant scheme implementation envisaged are the following:

1. Preparation of Guidelines for applicants
2. Launching the programme (grant scheme) in the mass media (press conference on all possible channels, regional campaign for information 60 days before delivering the offers, etc)
3. Guidance to potential beneficiaries in the preparation of their proposals (offers)
4. The appraisal and selection of the offers in co-operation with the Technical Assistance
5. elaborate a list of selected suppliers and a waiting list
6. assist the selected training providers' to improve their programme so as to have a unitary quality level of the programmes proposed; the selected suppliers will undergo an accreditation (considering the NCTPE present accreditation methodology); if any supplier fails to get accreditation, the next one from the waiting list will be included;
7. train the accredited suppliers, NCTPE, and the 16 Regional Centres staff with Technical Assistance support
8. Technical Assistance will also make proposals to improve the accreditation procedures (if that is the case)
9. Implementation of the training programme for the target groups; the programme will be delivered by the selected and accredited training suppliers; the NCTPE and RCs will monitor the implementation.

The *eligible beneficiaries* (training providers) are: Teacher Houses, Universities, the Institute for Educational Sciences, NGOs whose activities include teacher training. They will be selected based on competition (open call for proposals in Phare ESC 2005 and 2006) and will be assisted to develop and implement qualitative programmes relevant to the identified training needs.



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

The training programme proposal will be developed according to:

- a student-centred teaching and learning competencies framework and objectives proposed by the National Centre for Staff Training in Pre-University Education in accordance with the outcomes envisaged on the training needs analysis results both from the competencies and regional distribution of training needs perspectives.

The appraisal of applications and selection of continuing teacher training suppliers will be done according to the PRAG criteria of evaluation and selection: administrative compliance; eligibility of the applicants, partners and actions; evaluation of the quality of the proposals and financial evaluation. The evaluation process will take into consideration the evaluation grid that contains specific criteria in terms of financial and operational capacity, the relevance (of continuous training offer towards the training needs), methodology, sustainability, budget and cost-effectiveness (including assurance of most accessible continuous training locations for the prospective trainees). The TA in 2004 who elaborates the guidelines for applicants will also elaborate the evaluation grid according to PRAG rules.

These grants will cover all 8 development regions and their geographical distribution is pending on the training needs analysis results.

The training programme will address mainly teaching methodologies focusing on students centred-learning, no matter the subjects taught by the teaching staff.

- ***In the second year*** (2005) with the support of Phare 2004 Technical Assistance, 25 grants will be awarded and the corresponding training programmes implemented. The selected training providers will receive guidance and support to improve their training programmes in order to comply with international standards and to go through the accreditation procedure.:

***In the third year*** (2006) the National Centre of Staff Training in Pre-University Education will launch the open call for selection of training providers for awarding 20 grants. RCs will provide guidance to potential beneficiaries and will support the implementation, monitoring and evaluation the continuous training of post-compulsory teaching staff in rural areas.

***Final beneficiaries (target groups) of this sub-project:***

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

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

#### 4B.4.2 BUDGET FOR PRIORITY B/ MEASURE D

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

YEAR 2004	PHARE FUNDING			NATIONAL Co-FINANCING	IFI	TOTAL
MEASURE D	INVESTMENT	IB	TOTAL PHARE			
<b>Sub-project1:</b> Investment PPF Technical assistance	<b>29.45</b> 29.450	<b>3.00</b> 0.50 2.50	<b>32.450</b>	<b>9.817</b>		<b>42.267</b>
<b>Sub-project2</b> Equipment supply TA incl.preparation of grant scheme Selection & support training providers	<b>0.610</b> 0.610	<b>3.265</b> 2.00 1.265	<b>3.875</b> 0.610 2.00 1.265	<b>0.203</b> 0.203		<b>4.078</b> 0.813 2.00 1.265
<b>Total</b>	<b>30.06</b>	<b>6.265</b>	<b>36.325</b>	<b>10.02</b>		<b>46.345</b>

YEAR 2005	PHARE FUNDING			NATIONAL Co-FINANCING	IFI	TOTAL
MEASURE D	INVESTMENT	IB	TOTAL PHARE			
Sub-project 1 Out of which: Site supervision for 2003 works	19.250 2.00	2.00	<b>21.250</b> 2.00	6.417 0.667		<b>27.667</b> 0.667
Sub-project 2	0.625	-	<b>0.625</b>	0.208		<b>0.833</b>
<b>Total</b>	<b>19.875</b>	<b>2.00</b>	<b>21.875</b>	<b>6.625</b>		<b>28.50</b>

YEAR 2006	PHARE FUNDING			NATIONAL Co-FINANCING	IFI	TOTAL
MEASURE D	INVESTMENT	IB	TOTAL PHARE			
Sub-project 1	22.65	1.50	<b>24.150</b>	7.55		<b>31.70</b>
Sub-project 2	0.500	-	<b>0.500</b>	0.167		<b>0.667</b>
<b>Total</b>	<b>23.150</b>	<b>1.50</b>	<b>24.650</b>	<b>7.717</b>		<b>32.367</b>

2004-2006	PHARE FUNDING			NATIONAL Co-FINANCING	IFI	TOTAL
MEASURE D	INVESTMENT	IB	TOTAL PHARE			
Sub-project 1	71.35	6.50	<b>77.85</b>	23.784		<b>101.634</b>
Sub-project 2	1.735	3.265	<b>5.00</b>	0.578		<b>5.578</b>
<b>Total</b>	<b>73.085</b>	<b>9.76</b>	<b>82.85</b>	<b>24.362</b>		<b>107.212</b>

#### 4B.4.3 IMPLEMENTATION ARRANGEMENTS FOR PRIORITY B/MEASURE D

##### Sub-project 1

Ministry of European Integration (MIE) will be the Implementing Agency for all the components of this project.

The Ministry of Education and Research (MER) will play the role of Implementing Authority for technical assistance provided under Institution Building and for supply procurement provided under Investments. The MER will supervise and co-ordinate all IB and supply sub-component through National Center for Development of Technical and Vocation Education (NCDVET) as PIU, and liaise with the Ministry of European Integration for all aspects related to regional development –

strategies and priorities, as well as for works sub-component of Investments. The PIU will involve higher education representatives for the developments which refer to this education sector.

MEI will be Implementing Authority for works site supervision contract.

The Regional Development Agencies (RDA) will be Implementing Authorities for works sub-component of Investments. School inspectorates representatives will be members of the PIUs established at the level of beneficiaries. Close cooperation between MEI, MER and RDA will ensure the coherency of the Phare 2004-2006 activities. As main beneficiary of the programme and specialised governmental authority the MER will supervise the 2004-2006 programme activities from technical relevancy of provided investments to the TVET provision improvement and students achievements enhancement.

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

## **Sub-project 2**

MEI will be the Implementing Agency for this sub-project.

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

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

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

### ***Risks and Conditionalities:***

Sub-project 1 : Selection of 100 schools, under the responsibility of MoER, will be finalized by November 2004.

Sub-project 2 : The 16 RCs should be established by the end of 2004, as responsibility of MoER and NCTPE.

#### **4C. DESCRIPTION OF PRIORITY C: DEVELOPMENT OF THE PRODUCTIVE SECTOR THROUGH SUPPORT TO SMEs**

##### **4C.1 PRIORITY C/MEASURE A: SUPPORT TO SMEs, BUSINESS START-UPS AND MICRO-ENTERPRISES AND BUSINESS SUPPORT SERVICE PROVIDERS**

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

Since the early 1990s, the Government of Romania, with assistance from the EC Phare Programme, and other key bilateral and multilateral donors and financial institutions, has introduced a number of measures to accelerate growth in the SME sector. These measures were designed to create a supportive legislative, regulatory and fiscal environment, to provide financial support to SME development and sustainability, to enhance competitiveness and to stimulate the development of an entrepreneurial culture. These interventions have produced significant results: SMEs and micro-enterprises provide 50.5% of total formal employment in Romania, their contribution to GDP has grown to 60%, while the most dynamic SMEs account for 20% of total exports.

In 2000, the European Union launched the Lisbon Process designed to improve the competitiveness of European SMEs in an increasingly knowledge-based global economy. The Commission Services and the Member States were required to address the following ten issues in order to equip small enterprises to take full advantage of the digital economy:

- Education and training for entrepreneurship;
- Cheaper and faster start-up;
- Better legislation and regulation;
- Availability of skills;
- Improving online access;
- Getting more out of the Single Market;
- Taxation and financial matters;
- Strengthening the technological capacity of small enterprises;
- Making use of successful e-business models and developing top-class small business support;
- Developing stronger, more effective representation of small enterprises' interests at Union and national level.

The Commission Services subsequently introduced a new policy instrument: the European Charter for Small Enterprises (ECSE). In 2002, the Romanian Government, together with other Candidate States, signed the Maribor Declaration committing itself to harmonise its policy with the provisions of the ECSE.

The EC Country Report for Romania published in October 2003 acknowledges the efforts made by the Government of Romania in support of SMEs and charts the progress to date. However, it also draws attention to the constraints that SMEs face in a difficult economic

environment. The density of SMEs and micro-enterprises<sup>5</sup> is still very low when compared to European Union Member States but also to the average of the Accession States. The insufficient and insufficiently diversified entrepreneurial base is proving a serious problem for the economic development of the country, especially in certain regions and areas that are lagging behind in terms of economic development. The mortality of business start-ups is very high in the first year of their life, mainly because of a shortage of finance, lack of business support services, limited entrepreneurial skills and experience and insufficient knowledge of how to enter markets.

The Government of Romania has designated the National Agency for SMEs and Cooperatives (NASMEC) as its executive branch responsible for policy formulation and co-ordination of activities in support of SMEs and micro-enterprises in Romania. NASMEC has recently prepared and published the SME Strategy for the period 2004-2008, which includes a coherent set of measures and activities aligned with European Union guidelines and best practice in this field, and consistent with the principles and priorities defined in the ECSE. The SME Strategy clearly indicates the priorities of the Romanian Government in support of SME development for the period 2004-2008:

1. Creating a business environment supportive of SME development and growth
2. Developing SME competitiveness
3. Improving SME access to financing
4. Improving SME export performance
5. Promoting an entrepreneurial culture and strengthening management performance

The measure and sub-projects defined in this Phare Programming Document have been closely aligned with the National Development Plan (2004-2006) –in particular the second pillar of first priority “Improving the competitiveness of productive sector”, with the priorities identified in the SME Strategy and the European Charter for Small Enterprises. In order to maximise the impact and visibility of EC assistance and in accordance with the principles of concentration and co-ordination, the Phare funds allocated to the SME sector within the ESC Programme 2004 – 2006 will be focused directly upon priorities 1 – 3 above, and indirectly upon priorities 4-5.

The measure outlined in the present document is designed to build upon and extend the achievements to date, to make cost-effective use of Phare support to implement sector priorities, to ensure that Romania meets its commitments under the Accession Partnership Agreement, and to enable the SME sector in Romania to compete successfully in European and world markets.

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<sup>5</sup> SMEs and micro-enterprises are defined according to the number of employees, turnover, capitalisation and social criteria. In the matter of number of employees the Romanian definition is identical to the one adopted by the EC. However, the Romanian definition of turn-over is more restrictive: the maximum permitted turnover is 8 million Euro, whereas in the EU small enterprises are defined as companies with less than € 7 million turnover and medium sized enterprises as companies with less than € 40 million turnover. In Romania there are no restrictions regarding capitalisation: in the EU, however, small enterprises are defined as those with a capital up to € 7 million and medium-sized enterprises as those with a capitalisation up to € 27 million.

#### 4c.1.1 Rationale

Both the SME Strategy and this Phare Programming Document have been drafted taking into consideration the conclusions and recommendations of the *Assessment Report into SME Needs 2003*- FWC RO-0106.06.01. Inter alia, the *Report into SME Needs 2003* drew attention to the following issues:

- On the credit supply side, business start-ups and micro-enterprises have limited access to commercial bank financing (loans, working capital etc.) because banks are reluctant to take risks associated with start-ups and to assume the high operational cost of processing small-size loans. There are few alternative delivery mechanisms intended to facilitate the access of SME start-ups and micro-enterprise to credit facilities and those that do exist are undercapitalised and underdeveloped. The *Report* noted that Romanian banking legislation and regulations were an obstacle to SME development and the banks themselves were insufficiently geared to deliver SME financing nationally. The absence of appropriately qualified and capitalised financial intermediaries at the regional level could inhibit SMEs' capacity to make efficient and effective use of the Structural Funds;
- The *Report* noted that on the demand side, even when dedicated SME credit lines were available, less than 20% of all MSMEs and business start-ups met the requirements set up by commercial banks in terms of debt-to-equity ratio and collateral (150-200%). SMEs were further constrained by their inability to pay interest rates, which were usually several points higher than the average market rates prevailing in EU countries;
- The *Report* concluded that there was a need for: targeted support to business start-ups and small businesses through the development of micro-finance intermediaries and instruments; the provision of financial products and services (notably venture and equity capital provision) for more established and innovative SMEs; and in the medium-term recapitalisation of the National Loan Guarantee Fund for SMEs;
- The *Report* also addressed the current state of business support services and concluded that this sector was under-developed: the authors of the *Report* pointed out that there was a lack of intermediaries who were in a position to offer effective advice, information, consultancy and training and that the consultancy and training products being delivered were ad hoc and largely ineffectual. In particular, the *Report* suggested that SMEs did not have access to high quality and knowledgeable advice in the areas of technology transfer, R&D, product development, human resource management, market entry etc. Furthermore, the needs assessment also highlighted weaknesses on the demand side: SMEs did not as yet possess a culture of using services or have the means to procure them. The *Report* concluded that there is a need to address both the supply and demand side of business service provision;
- The final element of the *Needs Assessment Report* focused upon policy issues: the authors recommended that more attention should be paid to strengthening policy-making capacity (NASMEC), simplifying the regulatory and fiscal framework and ensuring that there was a dialogue between policy-makers and representative structures of SMEs, Chambers of Commerce, professional and sector associations;

The authors of the *Needs Assessment Report* were not asked to consider issues related to adjustment to structural change, competitiveness and innovation. However, in the evidence presented in the Charter Report 2003<sup>6</sup>, the Romanian authorities noted that despite the progress made to date in introducing new legislation in support of the digital economy, SMEs and micro-enterprises were not yet able to exploit fully the opportunities offered by new information and communication technologies (ICT). The penetration of ICT within companies for management and operational processes remains low and internet use for business-related purposes (B2C, B2B, intranet and extranet solutions, portals, access to e-procurement systems, participation in e-marketplaces and e-stores, etc) is still limited.

The *Commission Services Consultation Document for a Community Support Programme for Entrepreneurship and Enterprise (2006-2010)* notes that widespread take-up and efficient use of ICT is an important factor in raising productivity, growth and competitiveness. However, the document also acknowledges that if competitiveness is to be sustained and enhanced, there must be a shift in emphasis to digital technologies. Presently, the low take-up rates of ICT in Romania seriously constrain the capacity of Romanian micro and SMEs to compete with foreign firms not only in world markets but also in the internal Romanian market. The *Charter Report* concludes that one of the main obstacles hindering innovation and entrepreneurship in Romania is the absence of modern specialized services at the cutting-edge of business operations (ICT applications, technology acquisition, R&D, strategic marketing, corporate finance).

Given these constraints, it is evident that there is a need to integrate financial and non-financial means as well as capacity-building and policy advice in order to support the development of the Romanian SME Sector.<sup>7</sup> This section of the PPD has been designed in such a way as to ensure congruence between each of the sub-projects, the objectives of the SME Strategy and the goals of the ECSE.

Main legislative framework for e-government and e-commerce is based on following laws and regulations:

- legal protection for services based on conditional access aiming at establishing the necessary measures against any activities related to illicit devices which permit unauthorized access to protected services or to related services-Government Decision no. 7 on January 8<sup>th</sup>, 2004 (O.J. 368 on April 27<sup>th</sup> 2004) ;
- Law No. 365/2002 on electronic commerce;
- Law No. 455/2001 regarding the electronic signature;
- Law No. 544/2001 regarding information of public interests;

Also, in 2003, as a part of the reform process ongoing in Romania, it was approved Law no. 161 regarding the measures to ensure the transparency in exercising public dignities and functions and also in the business environment, as well as the prevention and sanctioning of corruption; the law contains an entire chapter dedicated to the digital reform in Romania.

Moreover, through the e-government portal available at [www.e-guvernare.ro](http://www.e-guvernare.ro), the enterprises and the citizens can access the following electronic services:

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<sup>6</sup> European Charter for Small Enterprises, Country Report for Romania

<sup>7</sup> Simply increasing the volume of funding available for SME and micro-credit schemes, for instance, might have little impact if the conditions prevailing on the demand side are not improved and, furthermore, the combined facilitation of access to credit from the supply and the demand side might still remain ineffective if not supported by adequate policy measures. In turn, policy measures can be only implemented when institutions are in place not only to enforce regulations but also to provide the necessary business support mechanisms.

- The Electronic System for Public Acquisitions (e-procurement, [www.e-licitatie.ro](http://www.e-licitatie.ro)) used by more than 1000 public institutions – has allowed the finalization of more than 280.000 transactions, with cost savings estimated at over 100 million Euro; the system is being extended by adding new functions like online invoicing, electronic signature of purchase contracts and online payments.
- The Electronic System for Allocating International Freight Authorizations is used by over 1700 transporters who may authenticate themselves in the system on the basis of a digital certificate; over 160.000 authorizations have been provided since the beginning of this year, under conditions of transparency and equity.
- Electronic system for local tax collection – available in 62 cities; in this way the payers are constantly informed about their fiscal obligations that they have to pay to the local administrations by electronic means (home, mobile or Internet banking, ATM, POS).
- Online customs declarations, allowing the online completion and transmission of the custom declarations by the economic agents and custom declarants.

The extension of the Electronic System for Public aims to ensure the following objectives:

- Transparency and efficiency of the acquisition process with public funds
- Simplifying the providers' participation in the tender process
- Work procedures more efficient and standardized
- Providing public information about the way in which the public acquisitions are made
- Carrying out the mechanisms for auditing the public acquisitions process
- Providing a framework under conditions of higher security and trust for the development of the activities of public funds management

Liberalisation of the communications has created new opportunities for the access of all the companies to the communication services of quality and the price appropriate to their needs

The Romanian Government has also approved the National Strategy for Promoting new economy and implement of the information society, developed by the Ministry of Communication and Information Technology. This document recognises the importance of strengthening the capacity of SMEs to compete in the global market and emphasises the role of NASMEC in:

- fostering development and use of services specific to information society,
- supporting investments in information technology for SMEs .

These priorities have been integrated in the National Strategy for SMEs (2004-2006), and two measures are defined under the Priority B of this document-“Developing SME competitiveness”: Measure B3-Promoting e-business and Measure B5-Improving access to business support and information services.

The *Report into SME Needs 2003* concluded that the most successful measures financed under Phare have tended to be those where institution building support has been combined with other hard and soft instruments. Hence, a relevant IB component has been built into each of the three sub-projects envisaged under the present Measure.



#### ***4c.1.2 Sub-project 1 – – Support institutional, human resources and technical capacity of NASMEC to introduce and develop e-governance and to foster use of ITC by innovative SME***

##### *Objectives*

- ✓ to introduce e-governance practices that improve the communication and sharing of information between SMEs and public administration bodies at national and regional level (NASMEC and RDAs), for the most effective and coherent implementation of SME support policies throughout Romania;
- ✓ to familiarise SMEs with modern information and communication technologies (ICT) and to help them consider the advantages of introducing e-business strategies and applications for improved competitiveness;
- ✓ to improve SME access to ICT applications via an SME-tailored portal for e-business.

#### ***4c.1.3 Sub-project 1: Identification of needs and necessary actions***

The SMEs strategy pursued by the Romanian Government stresses the need to improve communication between Government bodies and sector representatives, insuring information dissemination and fostering public-private partnerships. Accordingly, this sub-project aims to facilitate direct and more efficient communication between private sector and central administration responsible for SMEs policy and programmes and to bridge the ICT gap existing between Romanian and European SMEs, thus enhancing the competitiveness of Romanian enterprises, improving their communication systems. It will primarily build specific ICT skills and capacity in NASMEC in order to develop and introduce innovative methods of electronic communication between different public bodies – at central and regional level – that are involved in SME policy and SME support, as well as between these bodies and the beneficiary SMEs, thus facilitating their relations with the public administration and establishing a modern e-governance framework. Overall it will also promote the application of ICT solutions in business processes and will address the ICT skills shortages in Romanian companies by providing relevant support, counselling and training to innovative<sup>8</sup>, dynamic SMEs that are willing to explore and invest in e-business models.

Ultimately, it will help shift the prevailing business model in Romania from obsolete industries based on cheap sub-contracting and relatively unskilled labour inputs towards more competitive and dynamic industrial enterprises, capable of withstanding the global competition and participating in leading international value-chains.

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<sup>8</sup> In Romania the official definition of innovative companies is given in Gov. Ordinance 8/31.01.1997 published in the Official Gazette 14/31.01.1997. The Romanian understanding of the term is in line with the EU definition of innovative companies, which is detailed in the OECD glossary of statistical terms. Generally a company is considered as innovative if during the last 3 years has implemented a new (or significantly improved) product or a new (or significantly improved) technology. The concept of “innovative enterprises” has a dual meaning: (1) those that pursue the introduction of new technologies and the adaptation of the results of R&D to the productive processes and (2) those whose entrepreneurs have invented novel processes, products or services to enter the market.

In Romania the segment of fast-growing, capital-intensive, technology-based enterprises involved in forefront manufacturing activities and high value added services is still heavily under-represented. The principal risk is to leave Romania lagging behind other countries, which can boast more advanced industrial models. Eventually, most of the current under-specialised business sectors are likely to face a major crisis once the Romanian economy fully integrates within the European Union and Romanian firms will have to compete with foreign ones on quality, knowledge and technology, including in their own domestic market.

A survey is currently being undertaken by NASMEC, with support from Phare TA, to examine the present situation with regard to ICT penetration and e-business in Romania. The preliminary results<sup>9</sup> already demonstrate that SMEs need support in order to fill their ICT gap and assistance to evaluate the utility of investing in e-business applications. The complete findings of the survey will be available in summer 2004 and will provide additional inputs to the design of this sub-project prior to implementation.

The SME Strategy includes a measure with the aim to raise the interest of, and assist, SMEs in the application of new technologies and to create a group of SMEs ready to adopt the most advanced ICT applications and moving towards the digital economy. Promoting e-business models is also one of the ten priority areas defined within the European Charter for SMEs.

The best way to address this need is through an e-business portal for SMEs, i.e. a shared e-platform that consists of a complete and fully-integrated suite of web-based business applications. This platform will enable SMEs to achieve the same IT power and access to forefront e-business technologies and solutions, rather quickly and at affordable rates, which are usually available and affordable only to their larger-sized competitors.

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<sup>9</sup> The interest of companies in e-business solutions is high, the infrastructure for fast connection to Internet has been established in several towns and regions, the government has introduced a quite advanced e-procurement system and several large companies have already introduced ERP systems. Large enterprises are also extending their vertical and horizontal marketplaces (e.g. the Renault/Dacia portal for the company's own procurement). The more advanced companies acknowledge that ICT now permeates virtually all facets of economic life and is affecting in a fundamental manner the way in which business is organised and conducted. However, the potential of ICT in terms of business development is not sufficiently explored and skills mismatches slow down ICT diffusion and thus constrain growth. Employers are facing difficulties in recruiting ICT skilled workers and at the same time ICT is reducing the demand for unskilled workers. Not only workers but also qualified specialists and managers lack appropriate ICT and ICT-related skills and competence. The ICT skills gap will be a risk hampering growth of SMEs, which often face substantial difficulties in attracting qualified ICT and e-business professionals.

The shortage of relevant ICT skills and competences in Romanian enterprises is considered to be a drawback for increasing their competitiveness and establishing operational business contacts with their EU counterparts. According to the ongoing survey SMEs admit that now Internet is primarily used for email communication and information search whereas only a minority of SMEs interviewed have their own website and use the web for advertising, marketing and trading. Most companies may get a free website but they do not have staff able to design and manage web pages. Very few SMEs have their own network for internal communication. The research revealed that other business operations such as electronic payments and trade, which are widely used in Europe, play an almost insignificant role in Romanian SMEs, despite technical solutions being increasingly available in the country and becoming more and more popular among foreign companies and large enterprises operating on the Romanian market. Web-based and e-business opportunities are difficult to seize for most SMEs primarily because they have limited knowledge of the ICT potential in developing or improving business operations. Furthermore, companies report difficulties in receiving objective and impartial information that would enable them to assess the possible returns of their ICT investments.

This sub-project will therefore support NASMEC to activate an SME-tailored portal<sup>10</sup>, based on a multi-user technology platform that will be made available at affordable conditions to the most dynamic Romanian SMEs willing either to develop their own e-business systems, or easily interact with other platforms (market-places) which are recommended or imposed by their international customers (e.g. for suppliers in the automotive industry), without having to invest in a too expensive technology platform on their own.

NASMEC will ensure that the SME-tailored platform will be made accessible to all eligible SMEs, primarily through a number of partnership and collaboration agreements with RDAs and SME representative organisations. At the same time the sustainability of this subproject will be ensured by NASMEC through a cost-recovery system, to be agreed with the partner organisations, whereby the beneficiary SMEs will have to pay for a license fee to use the shared e-platform, which will be indeed substantially lower than the cost they would actually incur in order to purchase and maintain individual e-business applications.

Additionally, this sub-project will contribute to expand the functionalities of the SME portal to e-governance (B2G) applications as well. This in line with the SME Strategy pursued by the Romanian government, which stresses the need to improve communication between Government bodies and private sector representatives and to foster public-private partnership. The initiatives proposed in the frame of the Strategy, Measure B3 are designed to introduce Romanian SMEs to the advantages of e-business, to encourage them to enter the global e-business arena and to create the institutional and human resource capacity to introduce and sustain an e-business platform and network in Romania. Also, one issue that emerges from analyses of the SME sector in Romania is the need to improve the quality and availability of business support services-Measure B5.

The SME portal will thus offer the most adequate venue to address these objectives of the Strategy, as are: procurement of goods and services by the different layers of the Government and other State branches, *acquis communautaire*, overall information on projects financed from structural funds, representing an important opportunity for Romanian SMEs in terms of markets but also a challenge to improve quality standards needed to comply with rules and regulations required by a modern public sector.

This sub-project will comprise a related capacity building component targeted primarily at NASMEC, which however is designed as a horizontal component that will address all IB needs of NASMEC, including those related to subprojects 2 (Assisting the NASMEC to define and introduce a Voucher Consulting Scheme) and subproject 3 (Technical assistance to NASMEC to develop the policy, legislative and institutional framework necessary to support the introduction of innovative financing instruments) . Therefore its size and scope will go beyond the requirements of subproject 1, but it also includes assistance in order to facilitate the set-up and operation of the SME portal in all its aspects, including e-governance applications.

This sub-project will consist of three components as follows:

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10 Experience elsewhere in Europe, including a recent Phare project in Hungary, shows that e-business platforms and SME portals are effectively implemented by development oriented bodies, being them either public or public-private partnerships with a prevailing public interest. Because of their dominant position and access to exclusive technology, in fact, they must demonstrate perfect impartiality, easy access to the most dynamic segment of the SME universe, and proven ability to receive and manage EC funding effectively.

- (a) an **IB component**, as presented above, and including assistance aiming to help NASMEC develop and operate the SME portal to improve the interface between private SMEs and public administration bodies, as well as the relations between NASMEC and its partner organisations (mainly RDAs, Chambers and SME Federations) for the implementation of SME support policies at the regional scale, through e-governance practices. This component will be implemented through a service contract<sup>11</sup>, funded from the Phare ESC budget for 2004, where NASMEC is the implementing authority.
- (b) a **supply component** of max 0.5 m€ to purchase the relevant IT technology<sup>12</sup> that NASMEC will need centrally to develop the SME portal, comprising both the e-governance system and the shared e-business platform. The supply component will take place through one or more supply contracts, funded from the 2004 budget, that will be managed directly by MEI in accordance with PRAG, and where NASMEC will be the beneficiary and Implementing Authority. Finance for the Supply Component will be dependent upon the successful completion of the Feasibility Study to be carried out under Phare 2003 and acceptance of the conclusions and recommendations of the Study.
- (c) a **TA component** to support at least 250 dynamic SMEs<sup>13</sup> – that wish to develop e-business strategies and eventually start their implementation, either independently or through a shared e-business platform made available through NASMEC. Eligible enterprises must fall within the juridical definition of SME according to the Romanian Law, must have been operating for at least two years at the moment of applying for support, must employ at least 25 full-time staff. Selection of beneficiary SMEs will also take in consideration their technical capacity and willingness to devote sufficient resources, including personnel and matching funds, which are necessary for their implementation. NASMEC, in consultation with the respective RDAs, will establish a specific set of criteria based on proposals to be presented by Technical Assistance provided under IB component for NASMEC. This may include additional parameters, for example by giving priority to SMEs that operate in industry sectors that are

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<sup>11</sup> This IB component, being the only IB component under measure C, will be considered as a horizontal component that will address all IB needs of NASMEC, including those related to subprojects 2 and 3. Activities considered to be covered by IB component are more specifically presented at 4c.1.7-subproject 2, bullet 3 and 4c.1.10-subproject 3, paragraph (a). Therefore its size and scope will go beyond the requirements of subproject 1.

<sup>12</sup> The IT technology that will be purchased will include:

- **Hardware** to be installed centrally at NASMED (webserver for hosting the e-portal, the application server(s) to run the e-governance and e-business modules, and all related accessories as for instance dedicated workstations, control stations, firewalls, backup systems and other architectural elements of the e-portal);
- **Software** (including licence and maintenance cost) for at least: e-governance applications; the full e-business suite (meaning with this term both portal applications, e-business applications B2B/B2C and e-business applications as for instance ERP, CRM, ODL or HR applications, etc.); content manager system, relational database system; central antivirus system and all other related accessories.

<sup>13</sup> Eligible enterprises must fall within the juridical definition of SME according to the Romanian Law, must have been operating for at least two years at the moment of applying for support, must employ at least 25 full-time staff and must have a minimum capitalisation of 1 million euro. Selection of beneficiary SMEs will take in consideration the preparedness of applicants to introduce e-business functionalities in order to market and sell the goods that they manufacture or the services that they develop, as well as their capacity and willingness to devote sufficient resources, including personnel and matching funds, which are necessary for their implementation. NASMEC, in consultation with the respective RDAs, may define additional selection criteria that give priority to SMEs that operate in industry sectors that are considered strategic for their region.

considered strategic for their region. NASMEC will launch a process of open competition for selecting them.

This TA component will include a public awareness campaign to stimulate the interest of SMEs in e-business solutions and will be implemented through a service contract, funded from the 2005 budget, where MEI is the Contracting Authority, NASMEC is the Implementing Authority, and eligible SMEs are the target group. Minimum 500 owners/managers will attend public awareness workshops on e-business models out of which the 250 SMEs will be selected for more specific assistance, as defined above. In addition, specific e-business training will be delivered to at least 200 ICT professionals from beneficiary SMEs.

This sub-project is being prepared by NASMEC with initial assistance from the current Phare 2001 TA (for elaboration of ToRs for a FW contract to be financed under Phare 2003, which is expected to be launched no later than July 2004). The PPF will elaborate a feasibility study, which will include an accurate design of the SME portal and e-platform, including their links with partners organisations and network of access points in the regions, Chambers of Commerce and professional / sector associations. The FWC will also prepare the ToR for the TA component (point b above), the technical specifications for the supply component (point b above) and an accurate business model for the e-platform that must ensure its sustainability beyond the duration of this project through a cost-sharing mechanism with participant organisations and beneficiary SMEs.

#### ***4c.1.4 Activities and means in 2004***

The activity programme for 2004 envisages the following activities related to the first two components mentioned above:

##### **Component (a) – IB**

- Develop an e-governance system to improve communications between NASMEC and other institutions which are relevant to the SME sector, as well as between NASME, these institutions and the SMEs themselves;
- Organise regional information points within RDAs and other bodies supporting SMEs (Chambers of Commerce, SME Associations) to enable them to take advantage of the facilities made available;
- Implement a multi-user technology platform at NASMEC to give SMEs easier access to e-business applications and services;
- Establish the modus operandi for using the platform according to the existing legislation;
- Train the NASMEC staff responsible for the management of the SME-tailored e-governance system and e-platform;
- Train the staff of the regional information points on how to use the facilities made available;
- Raise awareness through the dissemination of written information on the way SMEs can have access to, and advantages of using the e-platform.

##### **Component (b) – Supply**

- Purchase and install the necessary equipment for the SME-tailored platform<sup>14</sup>.

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<sup>14</sup> A PPF under Phare 2003 will prepare detailed technical specifications for the software and hardware required, however it can be anticipated that the selected technology platform must offer at least:

- vanguard – but already tested – e-business experience;

#### ***4c.1.5 Results for 2004***

Activities carried out during the preparation stages and under the 2004 programme are expected to achieve the following major results:

- NASMEC staff prepared for sub-project implementation and the SME portal and e-governance functionalities accurately designed, including links with a network of access points in the regions and through partner organisations;
- RDAs, Chambers of Commerce and SME Associations trained in using SME-tailored platform facilities;
- A modus operandi for the SME-tailored platform prepared;
- Tender documents prepared for the contracts to be launched in subsequent years.

#### ***4c.1.6 Subproject 2 – Improving Business Support Services for SMEs:***

##### ***Objectives***

- ✓ To strengthen the capacity of the NASMEC to design and implement schemes to facilitate the development of business support services;
- ✓ To enhance the capacity of regional-based Business Service Providers (BSPs) to provide “top class business support services” to micro-enterprises and SMEs;
- ✓ To assist business start-ups, micro-enterprises and innovative SMEs in order to increase their overall contribution to the creation of employment, sustainable economic growth and improved export performance;

#### ***4c.1.7 Subproject 2: Identification of needs and necessary actions***

The *Assessment Report on SME Needs 2003* concluded that there was an appreciable lack of intermediaries able to offer effective advice, consultancy, information and training support to SMEs and micro-enterprises. The *Report* also affirmed that there were insufficient trainers and consultants, that services were provided on an ad hoc basis responding to changes in the “market” and that the consultancy companies had achieved insufficient critical mass to constitute a sustainable resource for entrepreneurs and SMEs. In addition, the *Report* drew attention to the fact that the products and services were inadequate to address the needs of SMEs competing in a global economy.

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- lead market position, which will ensure:
    - continuous system development, and
    - easy integration with dominant e-commerce platforms worldwide;
  - rapidity of implementation (i.e. number and quality of built-in functionalities);
  - perfect integration with all the most popular IT environments and communication standards;
  - wide range of e-business functionalities ready for quick and easy implementation in the participant SMEs;
  - best business model applicability for the e-portal (i.e. enabling technology);
  - future expandability of the system and easier maintenance by the host institution.

Within the European Union a wide range of business development services have been established. If the Romanian SME Sector is to develop it will need to grow structures capable of providing these services. Under the ESC 2003 Programme, a project will be launched, which in part will address this issue: technical assistance will be provided to strengthen the capacities of Business Service Providers (BSP) at the regional level. However, the resources that are available under this Programme are limited: the planned results for the project are to strengthen 24 BSPs and train 48 trainers and consultants. Additional support will be required in order to further strengthen Business Service Providers.

However, strengthening the supply side is only part of the problem: at present, as the *Needs Assessment* observes, there is also a requirement to stimulate the demand side. There is an underdeveloped tradition of procuring services, a reluctance to commit scarce resources to purchase advice and a hesitancy to introduce a learning culture within small enterprises. This measure is targeted at addressing the weaknesses on both the demand and supply sides.

The *Assessment Report on SME Needs 2003* concludes that there is a need for a Grant Scheme to ensure that SMEs have full and effective access to appropriate consultancy/advice/training and information services. In particular the Grant Scheme should address four key areas:

- ✓ to provide entrepreneurship and basic business training to those starting up in business;
- ✓ to allow SMEs to use a particular service;
- ✓ to assist SMEs to achieve a particular purpose (ISO 9000 accreditation for example);
- ✓ to strengthen the capacity of services providers.

This sub-project has been designed taking account of these recommendations and in accordance with the National SME Strategy 2004-2008 (Priority B, Measures B1, B2 & B5 and Priority E, Measures E1 & E2).

In the context of the ESC 2004 – 2006 Programme, the sub-project will be implemented via two types of activities: (a) a TA component and (b) a Grant Scheme.

**a) The Technical Assistance component will include four major activities, aimed to promote and strengthen business support services for SMEs, as described below.**

- *Technical assistance and training for BSPs to strengthen institutional and human resource capacity, and widen their service provision.* NASMEC has already developed a roster of over 240 Business Service Providers, which includes Chambers of Commerce, profit and non-profit private structures, individual consultants. However, the TA and Grant Scheme component will be available to all BSS, irrespective if registered or not in NASMEC database. Building on the work done under the ESC 2003 Programme, additional technical assistance and training will be provided to Business Service Providers in order to strengthen their capacities, and improve their product range; Services provided by the respective structures are quite diverse, but there is a clear need to improve quality of service provided and to stimulate the demand by both getting SMEs used to procure services and reducing related costs; These can be categorise under ten main headings, as established in the EU:

- ✓ Management training;
  - ✓ HRD/staff training;
  - ✓ General management consultancy – refocusing/restructuring the enterprise;
  - ✓ Export assistance;
  - ✓ Marketing assistance;
  - ✓ Production assistance – productivity/product development/innovation/ quality systems;
  - ✓ Premises support – physical location/organisation etc;
  - ✓ Information services – partner and sales leads/technology transfer/innovation services;
  - ✓ Specialised services related to the area/sector of activity;
  - ✓ Assistance in raising finance
- *Enhancing the capacity of relevant bodies at regional level to provide first level advisory and consultancy level services.* In order to establish a culture of using services, it is important that front-line organisations such as RDAs, Chambers of Commerce and professional associations etc. are able to identify needs and point entrepreneurs and SME owners/managers in the right direction. Training will be provided to the staff of these organisations and assistance will be given to link them to trans-national agencies and networks involved in SME issues;
  - *Assisting the NASMEC to define and introduce a Voucher Consulting Scheme.* A Voucher Consulting Scheme is presently being designed under the current Phare TA and is largely inspired by the Slovenian model (already classified as a best practice under SMIE ID=13101). A preliminary study has already been elaborated and the Government has indicated its willingness to make significant resources available to finance the scheme. The present sub-project will build on this initiative by providing technical assistance to the NASMEC to develop its capacity to design, manage and implement the Voucher Consulting Scheme, to establish the regulations, procedures, criteria of eligibility and selection and to develop the mechanisms to monitor efficiency, effectiveness, impact and sustainability; The VC is considered by the NASMEC to represent the mechanism to be used in facilitating SMEs access to consultancy support services under schemes financed by the national budget in the future;
  - *Awareness raising* In order to raise awareness of the services that are available under the Grant Scheme, the rationale for using services, and the impact that using advisory and consultancy services might have upon business performance, support will be given to media campaigns and other tools, workshops; selection of applications.

(b) **The Grant Scheme** to assist SMEs to procure services from Business Service Providers

The scheme will be developed on an annual basis and will be addressed to Business Service Providers. The Grant Beneficiaries will be the Business Service Providers. In order to meet the priorities of the National SME Strategy, the target groups for the services will be micro-enterprises, start-ups, innovative SMEs and established SMEs<sup>15</sup>.

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<sup>15</sup> Precise definitions of SMEs and innovative SMEs have been given in previous footnotes. Start-ups are considered those enterprises that fall within the legal definition of an SME in Romania and have been legally established for less than eighteen months before applying for the benefits foreseen under this measure; micro-enterprises are those compliant with the legal definition of micro-enterprises under the Romanian Law No. 133/1999.



Additional eligibility criteria (types of services to be provided/financial status of BSPs etc.) will be elaborated and regional and sector priorities will be identified that reflect the priorities of the national SME strategy and the regional development strategies. The services that can be procured through the Grant Scheme will accord with the ten themes identified above. The Grant Scheme will be managed through the Regional Development Agencies who will act as the Implementing Authorities

The minimum value of a Grant will be €25,000 and the maximum value will be €75,000, Phare contribution. The Grant Beneficiary will be required to assure 20% co-financing in case of profit making bodies and 10% of co-financing from non-profit making bodies, and the projects proposed to be financed shall present estimated impact in enlarging the range of services provided, improving their quality or reducing cost of assistance provided to SMEs. The Grant Scheme, including definition of eligibility and selection criteria will be designed in accordance with PRAG

The scheme will also contribute to the establishment of local and regional bodies able to propose and manage projects under the future structural funds.

#### ***4c.1.8. Activities and means in 2004***

- (a) A Technical Assistance contract will be let in order to:
- Provide assistance in the selection of BSPs. During the Inception Phase the Contractor must propose and agree with the Contracting Authority a set of criteria and a transparent mechanism for selecting the BSPs;
  - Provide assistance and training for BSPs to strengthen their institutional and human resource capacity, and widen their service provision skills and capabilities;
  - Strengthening the capacity of regional level structures (RDAs, Chambers of Commerce, Professional Associations etc) to provide first level advisory and consultancy services and to develop nation-wide networks and trans-national linkages;
  - Capacity building within the NASMEC to design, manage and implement the Voucher Consulting Scheme;
  - Elaboration and implementation of an awareness campaign linked to the introduction of the Grant Scheme.

As regards the appraisal and selection of applications under the grant scheme, it will be ensured that experts of the main TA contract, which activities are described above, will not be part of the evaluation committee. Separate independent experts will be contracted for this purpose.

- (b) The definition of the **grant scheme** (priorities, eligibility and selection criteria, general Guidelines) for BSPs will have been completed prior to the start-up of this Programme, with technical assistance provided under the ESC 2002 Programme, which is under tendering.

#### ***4c.1.9 Results for 2004***

Activities carried out under the 2004 programme are expected to achieve the following results:

- 240 individual experts (30 persons per region)+ 160 staff of Business Service Providers(20 persons per region) are trained and their skills strengthened;
- Regional level structures are providing first level advisory and consultancy services;
- The Voucher Consulting Scheme is designed;
- Awareness of entrepreneurs and owners/managers regarding the availability of, and the need to use, services is raised;
- 100+ Business Service Providers receive Grants to support SMEs

#### ***4c.1.10 Sub- project 3 – Improving the access to finance of SME start-ups, and micro-enterprises Objectives***

- ✓ To strengthen the policy, legislative and institutional framework to support the introduction and development of innovative financial instruments at national and regional levels;
- ✓ To enhance institutional and human resource capacities of intermediary SME credit and micro-credit institutions;
- ✓ To establish a micro-credit scheme for SME start-ups and micro-enterprises<sup>16</sup>

#### ***4c.1.11 Sub-project 3: Identification of needs and necessary actions***

The *Assessment Report on SME Needs 2003* noted that the key issues related to SME finance were the following:

- Lack of access to start-up finance, working capital and venture capital;
- Excessive collateral requirements (150 – 200%);
- Weak capitalisation of SMEs;
- Lack of a grace period;
- Time taken to process loans;
- Level of interest charged;
- Weaknesses in the banking sector: too few banks (particularly at regional levels); weak capitalisation; unwillingness to deal with small loans.

These factors inhibited SME start-up and the formation of micro-enterprises, stifled the growth of existing SMEs and prevented entrepreneurs or established companies introducing innovative products/services/technologies. In order to tackle these problems the *Report* recommended the following actions:

- An investigation of more sophisticated forms of SME finance (venture, equity, leasing, etc.);
- Increasing the capitalisation of the National Guarantee Fund;

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<sup>16</sup> See previous footnotes for accurate definition of these target groups.

- Developing schemes (grants/credits) specifically targeted at SME Start-ups and/or micro-enterprises.

These actions are in line with Priority C, Measures C1 – C4 of the National SME Strategy 2004 – 2008.

Taking into consideration the conclusions of the *Needs Assessment Report* and the priorities of the National SME Strategy 2004 - 2008, this sub-project will focus upon the following components:

- Technical assistance to develop the policy, legislative and institutional framework necessary to support the introduction of innovative financing instruments.** This initiative will build upon, and extend the work, that is planned under the Twinning Light financed under Phare 2002, which aims to introduce the national and regional authorities to the wide range of financing instruments used in the Member States. Under this sub-project particular attention will be paid to developing financial instruments in support of bringing innovative products, processes and technologies to the market and facilitating technological transfer between inventors, R&D agencies and universities and SMEs. The scheme will be designed so that these financial mechanisms will be compatible with SF regulations and they could be used as EU financial support mechanisms for SMEs start-ups and micro-enterprises;
- Technical assistance and training to financial intermediaries at regional level** in order to establish a professional platform for the delivery of financial support to micro-enterprises and SMEs start-ups, and to create the preconditions for effective participation in Structural Fund instruments. A detailed survey of existing intermediary financial institutions will be carried out (e.g. microfinance companies, loan guarantee funds, credit unions, co-operative banks etc). The purpose of the survey will be to identify those institutions that have the capacity and experience to provide and manage credit schemes targeted at micro-enterprises and SMEs start-ups. Thereafter the assistance will focus upon building institutional and human resource capacity, the development of products, strengthening credit technologies and the provision of training. Support will also be given to introduce Romanian micro-credit institutions into pan-European networks to facilitate the exchange of experience and best practise and to create horizontal networks within Romania;
- A feasibility study and the development of the legal base and operational arrangements for the introduction of a credit scheme targeted at start-ups and micro-enterprises.** The feasibility study will explore different mechanisms for establishing a credit scheme targeted at start-ups and micro-enterprises based on EU “best practise” and will present concrete proposals for the structure of the credit scheme, the institutional framework for implementing the scheme, the eligibility and selection criteria etc. ensuring in all cases that the proposals are in line with the requirements of the PRAG. In the event that the Feasibility Study is unable to identify ways of capitalizing the Grant Scheme that are in accordance with PRAG or cannot justify the use of non-standard means to the satisfaction of the Commission Services, the funds initially considered for capitalization of regional based credit scheme and technical assistance for SMEs in using the credit scheme will be re-allocated. In order to ensure that the assistance available is fully absorbed, the Feasibility Study should be finalized by the end of 2005 at the latest. The conclusion and recommendations of the

Feasibility Study shall be approved by the Commission Services prior to the establishment of the Credit Scheme;

- (d) **Technical assistance to SMEs start-ups and micro-enterprises in the preparation of bankable documents to be submitted to the credit scheme.** In order to ensure take-up of the credit scheme, an awareness campaign will be launched and technical assistance will be offered to SMEs *start-ups* and micro-enterprises to assist them to draft applications to the scheme supported by the necessary documentation;
- (e) **The capitalisation of a regional-based credit scheme targeted at start-ups and micro-enterprises.** The credit scheme shall operate at regional level, according to mechanisms proposed as result of the feasibility study mentioned at point (c). The feasibility study will examine ways in which the proposed credit scheme can be capitalised and recommend mechanisms for the transfer of funds and management of the scheme in accordance with PRAG. Specific allocations will be made to each of the 8 development regions based on the ratios identified in the Budget Table. The eligibility criteria will accord with the sector priorities identified in the National SME strategy. The maximum level of any individual loan will not exceed 50,000 Euro..

#### 4c.1.12 Activities and means in 2004

A Technical Assistance contract will be let that will aim at:

- The development of the policy, legislative and institutional framework necessary to support the introduction of innovative financing instruments;
- The provision of technical assistance and training to financial intermediary and micro-credit institutions at regional level;
- The elaboration of a feasibility study and the development of the legal base and operational arrangements for the introduction of a credit scheme targeted at start-ups and micro-enterprises;
- The implementation of an awareness campaign explaining the objectives, structures and processes of the credit scheme and provision of technical assistance and training to SMEs *start-ups* and micro-enterprises to prepare bankable documents.

#### 4c.1.13 Results for 2004

The activities carried out under the 2004 Programme are expected to achieve the following major results:

- The policy, legislative and institutional framework necessary to support the introduction of innovative financing instruments is developed;
- The institutional and human resource capacity of at least two intermediary financial institutions in each of the eight development regions is strengthened;
- A credit scheme (structures, procedures, eligibility criteria etc.) is elaborated that is consistent with the provisions of PRAG and approval has been given to proceed with the capitalisation of the scheme;
- At least 25 bankable documents have been prepared with SMEs *start-ups* and micro-enterprises in each of the 8 development regions and a pipeline of fundable actions has been developed for the proposed credit line.

#### **4c.1.14      *Planned activities and results for 2005-2006 for Priority C/Measure A***

##### **Sub-project 1: Planned Activities and Results**

During 2005 and 2006 the SME-tailored e-platform will be made available to a larger number of final SME users. Activities funded from the budget of 2005 relate to the TA contract, component (c) of sub-project 1 will include:

- Awareness and information dissemination among SMEs via local and regional SME support bodies;
- Provision of support services to SMEs in order to help them develop their own e-business strategies and join the shared e-platform.

Results expected by the end of the first subproject are:

- Romanian SMEs better aware about the potential benefits of e-business models;
- specific e-business training delivered to at least 250 ICT professionals;
- ICT awareness workshops on e-business models held with participation from at least 500 SME managers and/or owners;
- the SME portal in function with specific e-governance functionalities (B2G);
- a multi-user e-business technology accessible to SMEs through NASMEC;
- specific e-business advisory service provided to minimum 150 SMEs to identify and possibly develop e-business solutions (e.g.: B2B, B2C, B2X, intranet and extranet, connections to leading e-portals, etc.);
- the SME portal financially and technically sustainable;
- an e-business SME community established;

##### **Sub-project 2: Planned Activities and Results**

In 2005 and 2006, two further Calls for Proposals for the Grant Scheme will be announced, the proposals will be evaluated and contracts signed with the Grant Beneficiaries, i.e. the Business Service Providers. Further training and capacity building activities for BSPs and regional SME support institutions will be performed as well.

Results expected by the end of the first subproject are:

- 250+ Business Service Providers received Grants to support SMEs;
- 2500+ SMEs will have benefited from the scheme;
- 500 individual experts + 320 staff of Business Service Providers are trained and their skills strengthened;
- The Voucher Consulting Scheme is in place and sustainable;

### Sub-project 3: Planned Activities and Results

In 2005, the ongoing TA services will continue as described for 2004, with focus on preparation of the national and regional financial institutions for effective use of Structural Funds for the SME sector.

At the same time the proposed Credit Scheme for start-ups and micro-enterprises will come on stream. The primary activities related to the credit scheme will include:

- transfer of funds into the Credit Scheme;
- formal publication of the Credit Scheme Guidelines;
- launch of the application and evaluation processes;
- conclusion of the first loan agreements.

By the beginning of 2006, the scheme will be fully operational and the activities will be focused upon receipt and processing of credit applications.

Results expected by the end of the first subproject are:

- The Credit Scheme is in place;
- A minimum of 80 loans are extended.
- The national and regional institutional framework necessary to absorb SME credit facilities under Structural Funds is in place;
- At least 100 bankable documents have been prepared with SMEs start-ups and micro-enterprises in each of the 8 development regions and a pipeline of fundable actions has been developed for the proposed credit line.

The main activities under each sub-project will also include monitoring and impact evaluation of the schemes and facilities implemented.

#### 4c.1.2 BUDGET FOR PRIORITY C/MEASURE A

YEAR 2004	EU SUPPORT			NATIONAL Co- FINANCING*	IFI*	TOTAL
PRIORITY C/ MEASURE A	INVESTMENT SUPPORT	INSTITUTION BUILDING	TOTAL EU (=I+IB)			
<b>Subproject 1</b>	<b>0.50</b>	<b>3.00</b>	<b>3.50</b>	<b>0.167</b>		<b>3.667</b>
<b>Subproject 2</b> , out of which	<b>5.00</b>	<b>2.25</b>	<b>7.25</b>	<b>1.67</b>		<b>8.92</b>
TA, including awareness		2.10	2.10			2.10
Appraisal and selection		0.15	0.15			0.15
Investment	5.00		5.00	1.67		6.67
1. Nord – Est 21,57%	1.079		1.079	0.360		1.439
2. Sud-Est 13,92%	0.696		0.696	0.232		0.928
3. Sud-Muntenia 16,07%	0.804		0.804	0.268		1.072
4. Sud-Vest Oltenia 11,99%	0.600		0.600	0.200		0.800
5. Vest-România 8,84%	0.442		0.442	0.148		0.590
6. Nord – Vest 11,57%	0.579		0.579	0.193		0.772
7. Centru 11,03%	0.552		0.552	0.184		0.736
8. București-Ilfov 5.01%	0.251		0.251	0.084		0.334
<b>Subproject 3</b>		<b>2.25</b>	<b>2.25</b>			<b>2.25</b>
		2.25	2.25			2.25
<b>Total 2004</b>	<b>5.50</b>	<b>7.50</b>	<b>13.00</b>	<b>1.837</b>		<b>14.837</b>

<b>YEAR 2005</b>	<b>INDICATIVE EU SUPPORT</b>			<b>NATIONAL Co-FINANCING*</b>	<b>IFI*</b>	<b>TOTAL</b>
PRIORITY C/ MEASURE A	INVESTMENT SUPPORT	INSTITUTION BUILDING	TOTAL EU (=I+IB)			
<b>Subproject 1</b>		<b>1.10</b>	<b>1.10</b>			<b>1.10</b>
<b>Subproject 2</b>	<b>5.40</b>	<b>0.60</b>	<b>6.00</b>	<b>180</b>		<b>7.80</b>
- awareness and training		0.40	<b>0.40</b>			<b>0.40</b>
- appraisal and selection		0.20	<b>0.20</b>			<b>0.20</b>
- Investment, per region :	5.40		<b>5.40</b>	<b>1.80</b>		<b>7.20</b>
1. Nord – Est 21,57%	1.165		1.165	0.388		1.553
2. Sud-Est 13,92%	0.752		0.752	0.251		1.002
3. Sud-Muntenia 16,07%	0.868		0.868	0.289		1.157
4. Sud-Vest Oltenia 11,99%	0.647		0.647	0.216		0.863
5. Vest-România 8,84%	0.477		0.477	0.159		0.636
6. Nord – Vest 11,57%	0.625		0.625	0.208		0.833
7. Centru 11,03%	0.596		0.596	0.199		0.794
8. București-Ilfov 5.01%	0.271		0.271	0.090		0.361
<b>Subproject 3</b>	<b>3.80</b>	<b>0.20</b>	<b>4.00</b>	<b>1.27</b>		<b>5.27</b>
- appraisal and selection		0.20	<b>0.20</b>			<b>0.20</b>
- Investment, per region :	3.80		<b>3.80</b>	1.27		<b>5.07</b>
1. Nord – Est 21,57%	0.820		0.820	0.274		1.094
2. Sud-Est 13,92%	0.529		0.529	0.177		0.706
3. Sud-Muntenia 16,07%	0.611		0.611	0.204		0.815
4. Sud-Vest Oltenia 11,99%	0.456		0.456	0.152		0.608
5. Vest-România 8,84%	0.336		0.336	0.112		0.448
6. Nord – Vest 11,57%	0.440		0.440	0.147		0.587
7. Centru 11,03%	0.419		0.419	0.140		0.559
8. București-Ilfov 5.01%	0.190		0.190	0.064		0.254
<b>Total 2005</b>	<b>9.20</b>	<b>1.90</b>	<b>11.10</b>	<b>3.07</b>		<b>14.17</b>

<b>YEAR 2006</b>	<b>INDICATIVE EU SUPPORT</b>			<b>NATIONAL Co-FINANCING*</b>	<b>IFI*</b>	<b>TOTAL</b>
	INVESTMENT SUPPORT	INSTITUTION BUILDING	TOTAL EU (=I+IB)			
<b>Subproject 1</b>			<b>0.00</b>			<b>0.00</b>
<b>Subproject 2</b>	<b>8.40</b>	<b>0.60</b>	<b>9.00</b>	<b>2.80</b>		<b>11.80</b>
- awareness and training		0.40	0.40			<b>0.40</b>
- appraisal and selection		0.20	0.20			<b>0.20</b>
- Investment, per region :	8.40		8.40	2.80		<b>11.20</b>
1. Nord – Est 21,57%	1.812		1.812	0.604		2.416
2. Sud-Est 13,92%	1.169		1.169	0.390		1.559
3. Sud-Muntenia 16,07%	1.350		1.350	0.450		1.800
4. Sud-Vest Oltenia 11,99%	1.007		1.007	0.336		1.343
5. Vest-România 8,84%	0.743		0.743	0.248		0.990
6. Nord – Vest 11,57%	0.972		0.972	0.324		1.296
7. Centru 11,03%	0.927		0.927	0.309		1.235
8. București-Ilfov 5.01%	0.421		0.421	0.140		0.561
<b>Subproject 3</b>	<b>9.80</b>	<b>0.20</b>	<b>10.00</b>	<b>3.27</b>		<b>13.27</b>
- appraisal and selection		0.20				<b>0.20</b>
- Investment, per region :	9.80			3.27		<b>13.07</b>
1. Nord – Est 21,57%	2.114		2.114	0.705		2.819
2. Sud-Est 13,92%	1.364		1.364	0.455		1.819
3. Sud-Muntenia 16,07%	1.575		1.575	0.525		2.100
4. Sud-Vest Oltenia 11,99%	1.175		1.175	0.392		1.567
5. Vest-România 8,84%	0.866		0.866	0.289		1.155
6. Nord – Vest 11,57%	1.134		1.134	0.378		1.512
7. Centru 11,03%	1.081		1.081	0.361		1.442
8. București-Ilfov 5.01%	0.491		0.491	0.164		0.655
<b>Total 2006</b>	<b>18.20</b>	<b>0.80</b>	<b>19.0</b>	<b>6.07</b>		<b>25.07</b>

2004-2006	PHARE FUNDING			NATIONAL Co- FINANCING	IFI	TOTAL
MEASURE C	INVESTMENT	IB	TOTAL PHARE			
Subproject 1	0.50	4.10	4.60	0.17		4.77
Subproject 2	18.80	3.45	22.25	6.27		28.52
Subproject 3	13.60	2.65	16.25	4.54		20.79
<b>Total 2004-2006</b>	<b>32.90</b>	<b>10.20</b>	<b>43.10</b>	<b>10.98</b>		<b>54.08</b>

#### 4C.1.8 IMPLEMENTATION ARRANGEMENTS FOR PRIORITY C, MEASURE A

Ministry of European Integration will be Implementing Agency.

The Regional Development Agencies will be Implementing Authorities for grant and credit schemes under this priority.

NASMEC is the institution responsible with policy development and it will provide technical support for investments implementation.

For the technical assistance components and supply of IT equipment and software, NASMEC will be the Implementing Authority.

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



**4D DESCRIPTION OF PRIORITY D: ENVIRONMENTAL PROTECTION AT REGIONAL LEVEL**  
**4D.1 PRIORITY D/MEASURE A: IMPROVING ENVIRONMENTAL PROTECTION AT LOCAL AND REGIONAL LEVEL**

**4d.1.1 Rationale**

This measure is part of pNDP type of measure 5.5 of priority 5.

The pNDP indicates that environmental protection is an important condition for sustainable development. The environmental protection policy is conceived as an integrated part of the development and economic restructuring programme, and aims at harmonising the Romanian environmental policy and practice with EU related Directives.

The Regional Development Strategy (RDS) will focus on improving the overall business environment in the regions by investing in improvement of the basic conditions enterprises operate in. This will include - first and foremost, investments in water supply and sewage systems, together with improved domestic and industrial waste management.

The pNDP identifies the following main reasons for such support:

- comply with environmental standards regarding drinking water quality and treatment of wastewater, with major impact on public health
- assure an adequate living standard to the inhabitants and a continuous water supply
- these are assumed as basic preconditions to attract private investment, together with improved accessibility and communication
- it is expected to positively influence enterprise costs and overall competitiveness
- promoting sustainable development
- the development of the waste management system in different areas will contribute to the development of tourism.

Areas attractive for tourism could, amongst others, profit from the project. In most tourist areas there is a lack of waste collection and transport. Collecting waste in these areas would avoid littering of attractive natural and cultural sites.

Moreover, concentration of public investment in small and medium towns should allow Romania to maintain its network of urban centres and to assist their development from purely consumption centres largely living on remittances from abroad, as most of them currently are, to centres capable of developing lively manufacturing and service sectors.

This is consistent with the policy of the Government as set out in the “Strategy regarding the development of the local public services”, as local public services have a special impact on the environment, which foresees to increase access of population to services, through:

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

The basic Governmental Policy has been included in the National Environmental Action Plan, the Regional and Local Environmental Action Plans, and the Environmental Sectoral Strategies including Implementing Plans elaborated for the concerned environmental sectors.

Recently, the Romanian Strategy for Environment 2004 – 2010 has been developed in close collaboration between all relevant departments of the Ministry of Environment and Water Management (MoEWM) and with the support provided by the Phare project “TA for the implementation of the Phare 2001 Environment”. The Strategy is based on a thorough assessment of all achievements and remaining gaps in all environmental sectors and on a review of all related environment accession documents.

The Strategy for Environment forms the basis for external financing, mainly through Phare, but also IFIs, bilateral funding, and the National Budget.

Therefore, focus is foreseen on the medium term objectives of the Roadmap, as these are the Romanian objectives for 2004 – 2010 regarding the environmental sector as follows:

- Finalize the full transposition of the EU environmental acquis;
- Strengthen the capacity and capability of the government environmental institutions in order to effectively implement and enforce the new environmental legislation and standards;
- Develop and implement a full environmental monitoring system supporting the elaboration of effective environmental policy plans and complying with EU monitoring and reporting requirements.
- Realize integration of environmental policy in other sectoral policies;
- Public-awareness raising and public involvement in the decision-making process;
- Environmental protection, conservation and sustainable use of natural resources.

This is justified by the necessity to take measures to improve the integration of the environmental policies within the sectoral strategies that put pressure over the environment. Actions have to be taken in order to separate the impact and the environmental degradation from the economic growth. Economic activities should be conducted in line with environmental requirements to spare natural resources, produce less waste and provide a sustainable development.

Investments in these areas form the basis for later ERDF assistance.

In order to continue and extend the pilot-project promoted in 2003 on small-scale infrastructure investments in waste management, the measure is aimed at enhancing waste management systems in small and medium towns and compensate for the lack of public investment in this sector in the previous decade. The measure is targeted at local authorities, as well as trade companies, and will be based on a series of initiatives at local level, including the establishment of consortia between Communes for the collection and transport of waste and the dissemination of low scale waste management techniques such as compost platforms.

This is also consistent with the policy of the Government as set out in the National Plan for Waste Management and the Strategy for Waste Management.

The measure should contribute to improve living conditions in peripheral areas and to contribute to reverse cases of urban decline. It should also substantially increase the ratio of the Romanian communes complying with the EU regulations as measures by both population covered and territory.

Moreover, the extension of the support to all the environmental sectors will aim to the valorisation of opportunities created by the environmental investments in order to attract productive activities, to create a market of ecologic goods and services. They represent an opportunity to economic growth

due to increasing of the localities attractiveness (health, living standards), and remove obstacles from development (tourism case).

#### ***4d.1.1.1 Objectives***

To support the Romanian Government to develop and implement a national multi-annual program for the period 2004 – 2006 on local waste management and to extend the support to all the relevant environmental sectors. This will help local public authorities to implement the National Development Plan (NDP) priorities and EU directives, and will offer support also to the commercial sector involved in environmental protection activities, in order to increase the attractiveness of the areas for inward investment, to rehabilitate the environment and increase the quality of life of communities, to protect the population health.

#### ***4d.1.1.2 Identification of needs and necessary actions***

**Key problems to be addressed in the period 2004 – 2006 are, consequently:**

**I.** At present, a lot of municipalities face a waste management problem becoming at the same time a major risk for the population's health. The EU directive for landfills requires a reduction of the amount of biodegradable waste to be landfilled. Taking all this into account, the following measures must be taken in order to fulfil the EU requirements related to the waste sector:

- increase of the level of selective collection
- reduction of the volume of waste stored – including hazardous waste
- reduction of the number of biodegradable waste.

Bio-mechanical treatment of waste is used in the Member States and already proved its validity for certain conditions. Some advantages are:

- It is a cost effective method to fulfil the EU-requirements regarding the reduction of the amount of biodegradable waste to be landfilled
- It is a first step to a more advanced management of household waste that can be further improved in the future. In the beginning no highly automated or sophisticated systems should be applied
- No complicated separate collection system is necessary. Therefore, the system is likely to be accepted easily by the population, which to a big extent now has other preoccupations than a separate waste collection system because of the difficult economic situation.

The EU directive for landfills requires the reduction of the amount of biodegradable waste to be landfilled. One possibility to meet this requirement is to collect and treat biodegradable waste from households separately. The produced compost can be utilized as fertilizer in agriculture or for landscaping purposes.

Further on, the following measures must be applied in order to fulfil the EU requirements related to the waste sector:

- reduction of the environmental impact of landfills;
- reduction of the quantity of waste emitted to the environment in an uncontrolled manner;
- reduction of the volume of waste to be stored ;
- reduction of the quantity of biodegradable waste.

Main aspects of the assistance in this sector are:

- To develop and implement local small-scale projects within the waste management sector, that will provide waste management facilities to ensure environmental rehabilitation and protection in areas where they will be implemented
- To reduce the impact of landfill sites to the environment
- To improve the collection and transport of waste in areas where until now no sanitation system exists
- To improve effective and simple waste treatment methods with a good cost-benefit relation

Moreover, stored waste, valorisation of waste and recycling are considered main areas in which external support is needed to cover the necessities. These areas will also be expanded, according to the priorities identified for each region, for the period 2004 – 2006, as a continuation of the 2003 pilot-project.

In 2004, for the waste management grant scheme, the same mechanism as for the 2003 pilot-scheme will be applied, in terms of: eligible activities, beneficiaries, selection criteria etc.

Romania has assumed the responsibility that, during 2003-2007, a special attention will be paid to public awareness and information and to the generalisation of the pilot projects regarding the selective collection and the effective implementation in other areas. These activities will be mainly carried out within the waste management projects at the local level, by using pre-accession structural financial instruments. The projects regarding the selective collection, recycling and waste treatment represent priority actions of the National Waste Management Plan. Thus, in October 2003 the Law regarding the National Environmental Fund was amended, giving priority to loans for these types of projects.

In the period 2004-2006, projects regarding the selective collection will be financed mainly through PHARE, the component for social and economic cohesion.

II. In accordance with the extension of the measure to all environmental sectors, aiming to improve and integrate the environmental priorities at regional level, and considering the public and private sectors, the Twinning Project under the 2003 Phare programme is in charge with the preparation of the multi-annual 2004-2006 programming concept for financing local environmental projects, for each of the environmental sectors.

The support will consist of investment activities following the extension of the "Small-scale waste management investment scheme" initiated in 2003. Based on the foundation realised by, and the lessons learned from the implementation of Phare 2003, in the period 2004 - 2006 the program will be adjusted and expanded within a multi-annual environmental investment scheme that will gradually extend the activities at national level, for all the regions, as it is set up in the pNDP as environmental priorities and measures.

This means that, in accordance with the regional policy and strategy, besides waste management sector, investments could be also performed in:

- water management
- air quality
- biodiversity

The **water management sector**, that has as sectoral strategy the "Strategy for Water Management", could develop projects in areas like:

- rehabilitation, modernization and realization of sewerage and waste water treatment systems;
- reducing the damages produced by the hazardous meteorological phenomena, through flood protection actions, and deterring the calamities effects generated by high floods and casualties and those generated by draught;
- ensuring water quality and protection with regards to the nutrients originated from agricultural sources.

For the **air quality sector**, the main aspects for assistance are foreseen as follows:

- necessary measures for improving and recovering of the decommissioning sites.

At this moment, with assistance from a Phare PPF project, it is under endorsement the "Strategy for Atmosphere Protection" and the subsequent "National Action Plan for Atmosphere Protection".

For the **biodiversity sector**, are taken into account the objectives of the "National Strategy for the Biological Diversity Conservation and Sustainable Use of its Components in Romania", as follows :

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

As for the institutional capacity at regional level, efforts are aimed at improving and strengthening the cooperation with other local authorities and non-governmental organizations for the implementation and application of the environmental protection legislation. More precisely, the implementation of "Natura 2000" Ecological Network of Protected areas, in conformity with the provisions of EU Habitats Directive 92/43/EEC and EU Birds Directive 79/409/EEC. More precisely, efforts are made for the implementation of NATURA 2000.

These form the framework in which the ESC component of Phare programme may apply for investments in the regions of the country.

### **IB support**

Support for successful implementation of Phare 2004-2006 grant scheme for local projects, in waste management for the first programming year, and further extended to the other environmental sectors.

Technical assistance to the Ministry of Environment and Water Management is provided under Phare ESC 2003, in order to support the already established fields and the foreseen extensions (for example, the 2003 Twinning activities for the preparation of the multi-annual programming scheme under ESC for the whole environmental sector, but also the 2003 TA to support the implementation of the waste management investment projects.

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

Practically, the Twinning Project 2003 has the same tasks in the area of building the multi-annual concept including grant schemes, as the PPF project contracted under Phare 2002. The activities of the Phare 2002 PPF are replicated for all the regions and for all the relevant environmental sectors. This means that, the twinning team will have to identify environmental priority areas to receive assistance and further on types of projects in each regions, and then to build the grant-schemes that will address not only the public sector but also the private beneficiaries. According to Phare regulation framework, all the outputs of the twinning (i.e. eligible activities and types of projects to be financed, guidelines for applicants etc. included in the regular reports) will be sent for endorsement to the European Commission Delegation.

These activities will be strengthened and complemented by the activity of the TA Project 2003 that will help in preparation of investment/infrastructure projects in the waste management field. Moreover, the TA will assist the beneficiaries and the local authorities in the implementation of the Phare programme, that is: launching 2004 grant schemes and guiding potential applicants in the process of designing of proposals, organising the selection and contracting process of Phare 2004, designing monitoring procedures and training for monitoring.

As Phare 2003 IB component could not cover the entire multi-annual period, technical assistance from 2004-2006 will be contracted to provide support to the entities responsible for the management of the Phare 2004-2006 investment schemes, and to the local beneficiaries, having the same tasks as TA 2003. It will help to ensure full respect of rules and ensuring transparency of the selection process, respecting eligibility criteria and compliance with state aids rules.

For the stages of selection and appraisal of 2004 – 2006, the evaluation of the projects financed through the grant schemes will be performed by the evaluation committees organized at regional level, including independent experts contracted through separate TA contracts. Thus, conflict of interest between TA providing support for project preparation and the one providing independent experts in the evaluation panels will be avoided.

#### ***4d.1.1.3 Activities and means for 2004***

In the year 2004, the results from Phare 2003 pilot-project “Small-scale waste management investment scheme” will be taken into consideration when extending the concept at national level, for the remaining seven development regions (with the exception of the Centre Region already benefiting from funding in 2003).

The approach of extending the support to the remaining regions is fundamented by the cohesion principle that would give to the other country’ regions the opportunity to develop investment projects within a certain available budget (see chapter 4d.1.2 Budget for Priority D/MEASURE A). In this way the 7 regions, which didn’t benefit from funding in 2003, will have the opportunity to gather experience in designing, implementing and managing projects in the waste management sector. In the mean time, the region benefiting of funds from Phare 2003 will be in the phase of implementation of projects and the gap will not be noticeable. In this way the 2004 budget available for each one of the 7 regions will be comparable to the region supported under 2003, otherwise a big discrepancy will occur between the regions benefiting from 2003 and 2004 programme.

**I. The investment grant scheme on waste management** will start by considering this year only the public sector, meaning the local public authorities.

To tackle the pressing problems identified and mentioned above, and to pilot an appropriate approach for later SF, the following activities are envisaged:

- Construction of bio-mechanical treatment plants for household waste
- Development/ rehabilitation of sanitation systems for localities which yet have no sanitation system, creation of the collection infrastructure, temporary depositing spaces etc., including selective collecting
- Construction of composting platforms

As it was identified in 2003, the activities of packaging, recycling and biodegradable waste composting are considered priorities for investment through the grant scheme.

Moreover, the work of the 2003 twinning project will contribute in identifying other areas of waste management suitable for financing, based on the common consultations with the local actors. The same mechanism developed for the implementation of 2003 pilot-project in the Centre Region will apply in 2004, for the remaining regions of the country.

The minimum and maximum ceilings for the grants are the same applied on 2003 pilot-scheme, as the field remain the same (waste management), and it is: 300,000 – 1,000,000 Euro (Phare contribution).

**II. The project preparation grant scheme** to provide support for projects preparation, at national level (advice/ studies/ market studies/ cost benefit analysis/ pre-feasibility studies and feasibility studies) will be put in place, as a result of the Phare 2003 twinning project. The beneficiaries of the grant scheme will include both the public and private sectors, and the studies prepared under the scheme could also form the portfolio for future projects subject to Phare, IFIs financing and the structural funds. The project preparation grant scheme will be designed at national level but launched regionally.

### **IB support**

The measure will be gradually supported in 2004 by the IB component from Phare ESC 2003, through:

- preparation of the grant concept and scheme for investments for the field of waste in 2004 and applicability of the mechanism to the remaining seven regions (by the Phare 2003 twinning project). According to Phare regulation framework, all the outputs of the twinning (i.e. eligible activities and types of projects to be financed, guidelines for applicants etc. included in the regular reports) will be sent for endorsement to the European Commission Delegation.
- support for projects preparation in waste management field, launching the 2004 grant schemes, and support at the stage of selection/contracting/monitoring (by the Phare 2003 TA project). Moreover, the TA will give guidance to the potential applicants in the process of submission of proposals, and will train the local authorities with the procedures and regulations to effectively monitor the implementation process of 2004.

For the successful support of Phare ESC 2004, another TA will be contracted in 2004, as TA from 2003 doesn't cover all the steps. Therefore, TA 2004 will make a review of the guidelines for applicants, application forms and the other related documentation produced, and will continue to provide support in the monitoring process.

The assistance will be addressed both to the implementing authorities and to the local public entities in charge with the programme management.

As the TA team will develop a thorough working relation with potential project applicants, no experts related to the Contractor will be allowed to participate in the formal evaluation/assessment of the project proposals submitted under the 2004 waste management scheme in order not to create a conflict of interest. It is foreseen to contract independent experts that will participate in the evaluation committees, through separate contracts.

More precisely, the assistance could be described in the table below:

TA	PHARE ESC 2004			
	<i>Info &amp; guidance to applicants</i>	<i>Managing selection &amp; contracting</i>	<i>Provide experts in Evaluation Committee</i>	<i>Design / review procedures for monitoring and training local authorities</i>
TA 2003	x	x		x
TA 2004			x	x

Moreover, the TA 2004 will make a review of the guidelines for applicants, application forms and the other related documentation produced for the year in course.

#### **4d.1.1.4 Results 2004**

Results to be achieved in the first year of the multi-annual programming on Priority D/measure a, Phare 'Economic and Social Cohesion' are:

- Investment projects developed in the waste management sector, through 2004 Investment Grant Scheme, for the remaining seven regions of the country (except Centre Region), for local public authorities
- A portfolio of feasibility studies developed through 2004 Preparation Grant Scheme at national level, for environmental infrastructure projects, subject to ESC 2004-2006 or other donors financing and future Structural Funds.
- Investment projects for a countrywide small-scale waste management investment grant scheme financed under the Phare 2004 ESC programme prepared, selected and contracted.
- A project preparation grant scheme under the Phare 2004 ESC programme drafted and under implementation.
- Local and regional public authorities capable of managing environmental protection activities independently and at a professional standard level.
- Accurate, well-prepared evaluation reports for the selection process.

#### **4d.1.1.5 Planned activities and results for 2005-2006 for measure a**

For the period 2005-2006, it is foreseen to continue the **investment grant scheme** from 2004 and to extend it to all the relevant environmental sectors, implemented in the eight regions of the country. It is important to be mentioned here that the Regional Development Agencies (RDAs) and the Regional Environmental Protection Agencies (REPAs) will jointly establish the priority environmental sectors for each region.



Due to the limited amount of money allocation for the grant schemes, it was decided that 2 priority fields per region should be selected, in collaboration with the 2003 Twinning partners. It is foreseen to have the selection made by the end of 2004.

Based on the results and outputs of Phare 2003 twinning and the necessities and priorities in each of the region, two different investment grant schemes will exist in 2005 and 2006, continuing and extending, accordingly, the 2004 activities:

**I. The investment grant scheme** in the environmental sectors, for the eight regions of the country, for local public authorities (public sector).

**II. The investment grant scheme** in the environmental sectors, for the eight regions of the country, for private sector.

**III. The preparation grant scheme** to provide support for project preparation (advice/ studies/ market studies/ cost benefit analysis/ pre-feasibility studies and feasibility studies) will continue in 2005, under the same conditions. The feasibility studies prepared under the scheme, shall also form the portfolio for projects subject to structural funds, respectively FEDER, and IFIs financing.

As already mentioned, the activities and types of projects to be financed through the grant schemes, will be identified for other areas of waste management, and also for the remaining environmental sectors, respectively water management, air quality and biodiversity.

According to the Chapter 4d.1.1.2, there were defined main areas for financing, in each of the environmental sectors/priorities, as they were established and mentioned within the National Development Plan. Further on, priority activities and types of projects will be established through the work of the Phare 2003 Twinning project, in close cooperation with the REPAs and RDAs and the local actors, at regional level. . Also, the Twinning project will indicate which are the minimum and maximum suitable limits for the grants, depending on the environmental sectors in which investments are to be made.

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

Following an analysis of the specific activities within each environmental sector, the indicative investment areas applicable for the two categories of applicants are: for the public sector: waste management, water management and biodiversity (particularly the protected areas) sectors, and for the private sector: waste management and air quality sectors. The Phare ESC 2003 Twinning Project will make a more thorough assessment on this regard.

The split of the investment grant scheme in two categories of applicants - the public and private sectors, followed the specific conditions that has to be taken into consideration for each sector, for example, the legislation framework, types of activities that could be undertaken by each of the beneficiaries (local public authorities or trade companies).

Public-private partnership is encouraged. In case of the public sector, the local public authorities should come in partnership with private companies for the execution of the public services under their responsibility.

The local public authorities as grant beneficiaries should provide a co-financing amount (at least 10%), as local contribution, in cash. In order to cover the local contribution, the National Environmental Fund (NEF) may provide support.

According to the legislation in place, the National Environmental Fund could be used to support and achieve the priority objectives from the National Environmental Action Plan. The NEF could be involved by providing soft-bridge loans.

As regards to the private sector, in the provisions of the Romanian legislation (regarding competition and the state aid), precise activities are stipulated for financial support and will be considered carefully when extending the grant scheme. The National Environmental Fund could cover the approximately 20% foreseen for co-financing, with the joint implementation of the scheme, observing the Phare regulation framework.

Other activities related to awareness, information, appraisal and selection, monitoring and evaluation of projects are included for 2005-2006 support.

## IB support

For all the environmental sectors that will be addressed further on in the 2005-2006 programming, the assistance received by the Ministry of Environment and Water Management in 2003 through the twinning project, will prepare the multi-annual programming concept that will be developed on each sector on: specific activities to be supported, types of projects to be financed, grant schemes including definition of precise types of projects, selection criteria, rates of assistance, support for the local preparation (definition of rules and procedures) etc. Guidelines for applicants will be approved according to the procedure that will be in place at the time they are finalised, PRAG or EDIS procedure.

Technical Assistance is foreseen in 2005-2006 in order to support the implementation of the grant schemes, respectively will give support to the beneficiaries in preparation of the applications for financing, and also will provide support in the selection, monitoring and control process.

*More precisely, the assistance could be described in the table below:*

TA	PHARE ESC 2005				PHARE ESC 2006			
	Info & guidance to applicants	Managing selection & contracting	Provide experts in Evaluation Committee	Design/review procedures for monitoring and training local authorities	Info & guidance to applicants	Managing selection & contracting	Provide experts in Evaluation Committee	Design/review procedures for monitoring and training local authorities
2004	x	x		x				
2005			x	x	x	x		x
2006							x	x

Moreover, the TA 2005-2006 will make a review of the guidelines for applicants, application forms and the other related documentation produced for the year in course.

The assistance will be addressed both to the implementing authorities and to the local public entities in charge with the programme management.

As the TA team will develop a thorough working relation with potential project applicants, no experts related to the Contractor will be allowed to participate in the appraisal of the project proposals submitted under the grant schemes in order not to create a conflict of interest. It is foreseen to separately contract independent experts that will participate in the evaluation committees.

#### 4d.1.2 BUDGET FOR PRIORITY D/MEASURE A

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

YEAR 2004	EU SUPPORT (MEURO)			NATIONAL Co-FINANCING*	IFI*	TOTAL (MEURO)
PRIORITY D/MEASURE A	INVESTMENT SUPPORT	INSTITUTION BUILDING	TOTAL EU (=I+IB)			
Environmental investment grant scheme for local public authorities (waste) in 7 regions						
Investment	16.40		16.40	5.47		21.87
1. Nord-Est	2.343		2.343	0.78		3.123
2. Sud-Est	2.343		2.343	0.78		3.123
3. Sud-Muntenia	2.343		2.343	0.78		3.123
4. Sud-Vest Oltenia	2.343		2.343	0.78		3.123
5. Vest-România	2.343		2.343	0.78		3.123
6. Nord-Vest	2.343		2.343	0.78		3.123
7. Centre	0.000		0.000	0.000		0.000
8. Bucureşti-Ilfov	2.343		2.343	0.78		3.123
Preparation grant scheme in 8 regions						
Investment	2.40		2.40	0.80		3.20
1. Nord – Est	0.30		0.30	0.10		0.40
2. Sud-Est	0.30		0.30	0.10		0.40
3. Sud-Muntenia	0.30		0.30	0.10		0.40
4. Sud-Vest Oltenia	0.30		0.30	0.10		0.40
5. Vest-România	0.30		0.30	0.10		0.40
6. Nord – Vest	0.30		0.30	0.10		0.40
7. Centru	0.30		0.30	0.10		0.40
8. Bucureşti-Ilfov	0.30		0.30	0.10		0.40
Technical Assistance for the implementation of the grant schemes		1.0	1.0			
Technical Assistance to support the implementing authorities in the selection of the projects		0.2	0.2			
<b>Total 2004</b>	<b>18.80</b>	<b>1.20</b>	<b>20.00</b>	<b>6.27</b>		<b>26.27</b>

YEAR 2005	EU SUPPORT			NATIONAL Co-FINANCING*	IFI*	TOTAL
PRIORITY D/MEASURE A	INVESTMENT SUPPORT	INSTITUTION BUILDING	TOTAL EU (=I+IB)			
Environmental investment scheme for local public authorities						

Investment	<b>20.00</b>		<b>20.00</b>	<b>6.67</b>		<b>26.67</b>
1. Nord – Est	2.50		2.50	0.834		3.334
2. Sud-Est	2.50		2.50	0.834		3.334
3. Sud-Muntenia	2.50		2.50	0.834		3.334
4. Sud-Vest Oltenia	2.50		2.50	0.834		3.334
5. Vest-România	2.50		2.50	0.834		3.334
6. Nord – Vest	2.50		2.50	0.834		3.334
7. Centru	2.50		2.50	0.834		3.334
8. Bucureşti-Ilfov	2.50		2.50	0.834		3.334
Environmental investment scheme for private sector						
Investment	<b>6.5</b>		<b>6.5</b>	<b>2.17</b>		<b>8.67</b>
1. Nord – Est	0.8125		0.8125	0.2712		1.0837
2. Sud-Est	0.8125		0.8125	0.2712		1.0837
3. Sud-Muntenia	0.8125		0.8125	0.2712		1.0837
4. Sud-Vest Oltenia	0.8125		0.8125	0.2712		1.0837
5. Vest-România	0.8125		0.8125	0.2712		1.0837
6. Nord – Vest	0.8125		0.8125	0.2712		1.0837
7. Centru	0.8125		0.8125	0.2712		1.0837
8. Bucureşti-Ilfov	0.8125		0.8125	0.2712		1.0837
Preparation grant scheme						
Investment	<b>2.4</b>		<b>2.4</b>	<b>0.8</b>		<b>3.2</b>
1. Nord – Est	0.30		0.30	0.10		0.40
2. Sud-Est	0.30		0.30	0.10		0.40
3. Sud-Muntenia	0.30		0.30	0.10		0.40
4. Sud-Vest Oltenia	0.30		0.30	0.10		0.40
5. Vest-România	0.30		0.30	0.10		0.40
6. Nord – Vest	0.30		0.30	0.10		0.40
7. Centru	0.30		0.30	0.10		0.40
8. Bucureşti-Ilfov	0.30		0.30	0.10		0.40
Technical Assistance for the implementation of the grant schemes		<b>0.80</b>	<b>0.80</b>			
Technical Assistance to support the implementing authorities in the selection of the projects		<b>0.30</b>	<b>0.30</b>			
<b>Total 2005</b>	<b>28.9</b>	<b>1.1</b>	<b>30.00</b>	<b>9.64</b>		<b>39.64</b>

YEAR 2006	EU SUPPORT			NATIONAL CO-FINANCING*	IFI*	TOTAL
PRIORITY D/MEASURE A	INVESTMENT SUPPORT	INSTITUTION BUILDING	TOTAL EU (=I+IB)			
Environmental investment scheme for local public authorities						
Investment, equal per region:	<b>24.80</b>		<b>24.80</b>	<b>8.27</b>		<b>33.07</b>
1. Nord – Est	3.10		3.10	1.0334		4.1334
2. Sud-Est	3.10		3.10	1.0334		4.1334
3. Sud-Muntenia	3.10		3.10	1.0334		4.1334
4. Sud-Vest Oltenia	3.10		3.10	1.0334		4.1334
5. Vest-România	3.10		3.10	1.0334		4.1334
6. Nord – Vest	3.10		3.10	1.0334		4.1334
7. Centru	3.10		3.10	1.0334		4.1334
8. Bucureşti-Ilfov	3.10		3.10	1.0334		4.1334
Environmental investment scheme for private sector						

Investment, equal per region:	<b>11.00</b>		<b>11.00</b>	<b>3.67</b>		<b>14.67</b>
1. Nord – Est	1.375		1.375	0.459		1.834
2. Sud-Est	1.375		1.375	0.459		1.834
3. Sud-Muntenia	1.375		1.375	0.459		1.834
4. Sud-Vest Oltenia	1.375		1.375	0.459		1.834
5. Vest-România	1.375		1.375	0.459		1.834
6. Nord – Vest	1.375		1.375	0.459		1.834
7. Centru	1.375		1.375	0.459		1.834
8. Bucureşti-Ilfov	1.375		1.375	0.459		1.834
Technical Assistance to support the implementing authorities in the selection of the projects		<b>0.20</b>	<b>0.20</b>			
<b>Total 2006</b>	<b>35.80</b>	<b>0.20</b>	<b>36.00</b>	<b>11.94</b>		<b>47.94</b>

YEAR 2004-2006	EU SUPPORT			NATIONAL Co-FINANCING*	IFI*	TOTAL
PRIORITY D/MEASURE A	INVESTMENT SUPPORT	INSTITUTION BUILDING	TOTAL EU (=I+IB)			
Environmental investment scheme for local public authorities	<b>61.20</b>		<b>61.20</b>	<b>20.40</b>		<b>81.60</b>
Environmental investment scheme for private companies	<b>17.50</b>		<b>17.50</b>	<b>5.84</b>		<b>23.34</b>
Preparation grant scheme	<b>4.80</b>		<b>4.80</b>	<b>1.60</b>		<b>6.40</b>
Technical Assistance for the implementation of the grant schemes		<b>1.80</b>	<b>1.80</b>			<b>1.80</b>
Technical Assistance to support the implementing authorities in the selection of the projects		<b>0.70</b>	<b>0.70</b>			<b>0.70</b>
<b>Total 2004-2006</b>	<b>83.50</b>	<b>2.50</b>	<b>86.00</b>	<b>27.84</b>		<b>113.84</b>

#### 4D.1.3 IMPLEMENTATION ARRANGEMENTS FOR PRIORITY D/MEASURE A

Main agencies designated to assist in the implementation are Regional Development Agencies, as Implementing Authorities, co-ordinated by the Ministry of European Integration, as implementing Agency. The Regional Environmental Protection Agencies (REPAs) co-ordinated by the Ministry of Environment and Water Management will provide technical support in the implementation process. REPAs will participate in the regional selection committee, as evaluators. If the case, the RDAs will conclude a protocol for cooperation with REPAs.

For the TA components, the MEWM will be the Implementing Authority.

The Ministries with policy responsibility for activities under this priority are the Ministry of Environment and Water Management and Ministry of Administration and Interior.

The National Environmental Fund (NEF) could provide approximately 20% co-financing, within the Phare regulation framework, but this only on the base of a joint procedure regarding sustaining of the grant scheme set up between the MEWM and NEF, in accordance with the Law no 73 from 4<sup>th</sup> of May 2000 on National Environmental Fund, amended by Emergency Government Ordinance no 86/2003 for the modification and completion of the Law 73/2000 on National Environmental Fund.

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

## **4d.2 PRIORITY D/MEASURE B: SITE SUPERVISION FOR SMALL AND MEDIUM TOWNS INFRASTRUCTURE DEVELOPMENT (SAMTID)**

### **4d.2.1 *Rationale***

#### **4d.2.1.1 *Objectives***

To support the Romanian Government to develop and implement the expansion 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.

#### **4d.2.1.2 *Identification of needs and necessary actions***

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.

b) “Promoting sustainable development measures”.

#### **Key problems to be addressed are:**

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 necessity for investment in small and medium towns was outlined in the strategy for investment promotion in local environmental infrastructure. 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.

During the implementation of SAMTID projects, the works should be supervised by an independent specialized engineer. In order to cover the guarantee period for projects financed from Phare ESC 2003 budget, site supervision is required to be ensured under 2004 Phare ESC.

#### **4d.2.1.3 *Activities and means in 2004***

Site supervision for infrastructure projects financed under Phare 2003 will be ensured in order to cover the one year guarantee period. Contracting of this activity should be correlated with works contracts under Phare ESC 2003.

#### 4d.2.1.4 Results 2004

Water infrastructure project implemented successfully.

#### 4d.2.1.5 Planned activities and results for 2005-2006 for measure b

No activities are foreseen under ESC for this measure during 2005-2006.

#### 4d.2.2 Budget for Priority D/MEASURE B

YEAR 2004	PHARE FUNDING			NATIONAL Co-FINANCING	IFI	TOTAL
PRIORITY D/MEASURE B	INVESTMENT	IB	TOTAL PHARE			
Site supervision for 2003 projects	4.5		4.5	1.5*		6.0
<b>Total 2004</b>	4.5		4.5	1.5*		6.0

YEAR 2005	PHARE FUNDING			NATIONAL Co-FINANCING	IFI	TOTAL
PRIORITY D/MEASURE B	INVESTMENT	IB	TOTAL PHARE			
<b>Total 2005</b>			0			0

YEAR 2006	PHARE FUNDING			NATIONAL Co-FINANCING	IFI	TOTAL
PRIORITY D/MEASURE B	INVESTMENT	IB	TOTAL PHARE			
<b>Total 2006</b>			0			0

2004-2006	PHARE FUNDING			NATIONAL Co-FINANCING	IFI	TOTAL
PRIORITY D/MEASURE B	INVESTMENT	IB	TOTAL PHARE			
Site supervision for 2003 projects	4.5		4.5	1.5*		6.0
<b>Total 2004-2006</b>	4.5		4.5	1.5*		6.0

\* It will be allocated for supporting RDAs to carry out monitoring and control tasks under Priority E, sub-project 4, component G.

#### 4d.2.3 IMPLEMENTATION ARRANGEMENTS FOR PRIORITY D/MEASURE B

Ministry of European Integration is Implementing Agency and Implementing Authority for this measure.



**4 PRIORITY E: 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.**

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#### **4E Description of Priority E: 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.**

##### **4E.1 PRIORITYE/MEASURE A: DEVELOPMENT OF ADMINISTRATIVE CAPACITIES FOR STRUCTURAL FUNDS MANAGEMENT**

###### ***4E.1.1 RATIONALE FOR PRIORITY E***

Romania is now in the process of negotiating the Chapter 21 “Regional Policy and the Coordination of Structural Instruments”, which will be closed by the end of the year 2004. Romania expects after accession to be eligible for the Objective No. 1 of the structural funds and for the Cohesion Fund. Consequently, the implementation of the structural funds will be based upon a Community Support Framework as the basic document. Advanced preparations took place for this purpose, including the set up of the institutional framework for the management of the future EU structural instruments.

The Government of Romania intends to set up and make operational the institutional infrastructure needed to coordinate the structural instruments. In this sense, a Government Decision No. 497/2004 was adopted to assign responsibilities to the institutions and organisations involved in the coordination, implementation and management of the EU funds with a view to set up and to ensure the functioning of an appropriate institutional framework for structural instruments until the accession to EU.

The following structure is foreseen:

- a) Structural Funds
  - The Community Support Framework with a Management Authority (the Ministry of Public Finance MACSF))
  - 5 Sector and one Regional Development Operational Programmes (see below), each having a Management Authority.

The following authorities are foreseen as Managing Authorities in the GD 497/2004:

- The Ministry of European Integration for the Regional development operational programme
- the Ministry of Economy and Trade for the operational programme for economic competitiveness
- the Ministry of Transport, Constructions and Tourism for the sector operational programme regarding the transport
- the Ministry of Environment and Water Management for the sector operational programme regarding the environment infrastructure
- the Ministry of Labour, Social Solidarity and Family Tourism for the sector operational programme regarding the human resources development
- the Ministry of Agriculture, Forests and Rural Development for the sector operational programme regarding the agriculture, rural development and fishery.

A separate operational programme for technical assistance will be established in the structure of the MACSF covering the TA needs at the level of CSF and NDP as well as the horizontal needs of IB

for the structures involved in the coordination, implementation and management of the EU Structural Funds.

b) Cohesion Fund

- a Managing Authority for the Cohesion Fund within the Ministry of Public Finance
- an Intermediate Body for infrastructure projects in the transport sector (The Ministry of Transport, Constructions and Tourism)
- an Intermediate Body for infrastructure projects in the environment sector (The Ministry of Environment and Water Management)

c) The management of the cross-border and trans-national programmes – under INTERREG and NEIGHBOURHOOD Programme/Instrument - is carried out by one out of two or more partner states involved in cooperation, established by mutual agreement. If the overall responsibility of a cross-border cooperation programme shall lie with Romania, a Romanian Management Authority will be organized to carry out the specific tasks. Else, a Romanian Counterpart of the Managing Authority will be organized. The Neighbourhood Programme - as tool of the European Neighbourhood Policy, created for promoting stability and security, for developing of regional cooperation and integration - applies to Romania borders with Ukraine, Moldova, and Serbia & Montenegro starting with 2004 –2006 programming period.

The setting up of the necessary administrative structure and arrangements for managing the EU programmes is consistent with the Government policy as set out in the Action Plan for the transition to Structural Funds and in the Programme for Regional Development Training. Hence the Romanian authorities need not only to develop their capacity for effective implementation of increased levels of Pre-Accession assistance under Economic and Social Cohesion Component, they must also begin to build the actual structures, procedures, processes and human resource capabilities to be used for EU Structural Funds after accession.

The institutions involved in the management of the Structural Instruments as foreseen in the GD 497/2004 have drawn action plans for institution building with a view to setting up and to ensuring the functioning of an appropriate institutional framework for Structural Instruments until the accession to EU, that regulate the responsibilities, internal organisational charts, staffing and necessary training. Some of the intermediate bodies have already been identified but the process will be finalised soon, and then appropriate attributions, internal organisational charts, staffing and necessary training will be established for them too. All this preparations are described in the Position Paper for Chapter 21 and will be part of a comprehensive Action Plan for strengthening Romania's administrative capacity for the efficient management of the structural funds and Cohesion Fund.

A calendar for programming was produced by the directorate in charge with the elaboration of NDP.

Until the accession time, Romania must have fully functional institutions able to absorb the EU funds. 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.

With a view to supporting institutional preparations of the public administration for the management of the Structural and Cohesion Funds, also to ensuring that the relevant institutions are fully functional and able to absorb the EU funds, Romania elaborated a draft "Action Plan for

strengthening Romania's administrative capacity for the efficient management of the structural funds and Cohesion Fund". The action plan will be completed by the end of 2004. Measures will be foreseen regarding the establishment of appropriate organizational units within the structure of relevant ministries and institutions and the elaboration of procedures and detailed description of functions of the system of managing and implementing the Structural and Cohesion Funds.

Along with ensuring that appropriate structures are in place, the Action Plan will provide assurance that enough staff at central and Regional levels exists and is well trained in the field of Structural Instruments Regulations and procedures, thus accomplishing an adequate level of preparation of public administration involved in the cohesion policy.

Measures will also be foreseen for the preparation of the pipelines of projects in due time. A sustainable system of identifying, registering, and co-developing good quality project proposals responding to relevant sectoral developing strategies and funding priorities shall be developed. This implies training for the potential project beneficiaries and development of the project documents in line with the requests for funding under structural instruments. These measures 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 fourth dimension of the Action Plan 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.

The CSF Managing Authority will be in charge with the general coordination of the Action Plan and will monitor its implementation. The activities under the priority E will aim at supporting the provisions in the Action Plan.

The Commission documents also underlined as a key IB priority the strengthening of the capacity for the institutions needed to implement Structural Funds after accession, especially as regards: developing the administrative capacities of the Managing Authorities (MA), Paying Authorities (PA), Intermediate Bodies and bodies concerned with financial control and audit, procurement and monitoring and evaluation, at both national and regional levels, as appropriate. Reinforcing the institutional capacity at national and regional level to coordinate, to manage and implement the Structural Funds.

The European Commission's 2003 Regular Report on Romania's Progress Towards Accession highlight a number of areas where significant improvements are needed before progress can be made in the negotiation process under Chapter 21 of the General Acquis communautaire "Regional Policy and the Coordination of Structural Instruments. These include: implementation of the EU Structural Funds after accession; development of a multi-annual budgetary system; planning and programming preparing for future Structural Fund assistance; Structural Funds-compatible monitoring and evaluation systems and procedures, including ex-ante evaluation of the National Development Plan to support its evolution towards a Structural Funds programming document, etc.

These Institution Building projects will catalyse on these Accession Partnership priorities and will answer the specific NPAA priorities for strengthening the institutional capacity of the future Managing Authorities with the aim of achieving conformity with EU requirements in setting up the administrative bodies to which the Romanian Government has entrusted responsibilities in regard to management, implementation, monitoring and evaluation for the future implementation of the Structural Funds assistance.

Some of the institutions foreseen in GD 497/2004 have already received some support in this area under previous or current projects in the Phare Economic and Social Cohesion component, like the ROP MA in MEI and the MA in the MoLSSF, but the others are at the beginning of the process of building capacity to manage EU structural instruments and they will need considerable assistance in designing internal procedures and implementation manuals, training of personnel and setting up supporting management information systems, as well as in preparing the projects pipeline. Important gaps in support exist in the Ministry of Economy and Trade, as MA for the Economic Competitiveness OP, as well as in the Ministry of Public Finance as MA for the entire Community Support Framework. Therefore, support for capacity building will be provided from Phare 2003 IB Envelope, in order to start the assistance sooner than Phare 2004.

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. However, the support to the Managing Authority for the sector operational programme regarding the agriculture, rural development and fishery will be treated in the agriculture programme fiche, as the future assistance for these purposes will be organized separately. Also this measure does not aim at supporting the future Paying Authorities as they are included also in the respective sector programme fiches. The Managing Authority for Cohesion Fund in the Ministry of Public Finance will be assisted through a twinning to be included in Phare 2003 IB Envelope. The support to the Intermediate Bodies will be channelled through the Managing Authorities. This measure is horizontal institution building support future Managing Authorities and Intermediate Bodies under Structural Funds and is grouping under a single framework the pNDP types of measures 1.5, 2.4, 3.4, 5.6, as well as, support for other MAs designated after pNDP adoption .

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.

#### **4E.1.2 OVERALL OBJECTIVE:**

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 Instrument. 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 NEIGHBOURHOOD Instrument, 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.

**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, firstly under EDIS requirements, secondly 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.

Also, the sub-project is focused on supporting the institutions responsible for elaboration and coordination the cross-border and trans-national cooperation policy, to carry out their tasks properly, under SF regulations. The support will strengthen the structures responsible for programming and implementing these programmes at national level (Cross Border Cooperation Directorate of Ministry of European Integration) and at eligible border areas level (with the newly established bodies, to be involved in managing and implementing the INTERREG/ NEIGHBOURHOOD programmes).

Besides capacity building, this sub-project includes the preparation of large infrastructure projects pipeline for 2004-2006 and 2007-2009.

**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.

**Sub-project 9 “Ex-ante evaluation”** will assist in finalizing the ex-ante evaluation of the Operational Programmes.

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.

#### ***4E.2.1 SUB-PROJECT 1: SUPPORT TO THE MACSF IN ORDER TO ENSURE A SOUND AND EFFICIENT MANAGEMENT FOR THE EU STRUCTURAL FUNDS***

##### ***4E.2.1.1 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.

##### ***4E.2.1.2 IDENTIFICATION OF NEEDS AND NECESSARY ACTIONS***

The organization and functioning of the Ministry of Public Finance, regulated through GD No. 1574/2003, was amended through GD 403/2004 to encompass the new structures for managing EU structural instruments, i.e. the Managing Authority for Community Support Framework and the Managing Authority for Cohesion Fund. Following this new GD, the Ministry of Public Finance is in charge of the programming, coordination and monitoring of the non-reimbursable financial assistance granted by EU and the member states to Romania and acts as the National Aid Coordinator. Also, the MPF is in charge of the elaboration of the National Development Plan, based on the sector strategies and the national regional development strategy, which constitutes the basis for the allocation of the EU structural instruments. According to GD 497/2004, the MFP also has the responsibility to coordinate the implementation of the EU Structural Funds. According to the GD 403/2004, the Managing Authority for Community Support Framework is established within the MPF as a general directorate, functioning with a total number of 80 positions in 2005, out of which 38 positions to be filled in 2004. A secretary of state was appointed to coordinate the activity of the MACSF.

A separate operational programme for technical assistance will be established in the structure of the MACSF covering the TA needs at the level of CSF and NDP as well as the horizontal needs of IB for the structures involved in the coordination, implementation and management of the EU Structural Funds. The TA OP should cover the preparatory, monitoring, controlling and evaluation activities, essential for a successful implementation of Structural Funds.



The Ministry of Public Finance will have an essential role in the programming process: the NDP directorate is now in process of amending the GD on elaborating in partnership the National Development Plan (1323/2002), it will also be in charge of coordinating the general methodology and has already elaborated a timetable for drafting the National Development Plan 2007-2013. The CSF Managing Authority, as coordinator of the OPs drafting process, will elaborate, by the end of November 2004, general guidelines regarding the elaboration of the operational programmes. A current twinning covenant (RO 2002/IB/SPP01) has a clear role in ensuring the NDP is prepared according to the EU Structural Funds programming principles and covers also the ex-ante evaluation, as well as the preparation of an environmental impact assessment of the NDP.

A PPF project will aim at reviewing the role, attributions, staffing and training needs for the CSF MA itself. A staffing plan and job descriptions for the CSF MA will be prepared with the support from the PPF.

A twinning project to be financed out of the Phare 2003 IB envelope will assist the MACSF in co-ordinating the preparation of Operational Programmes compatible with the CSF, establishing a coherent and efficient framework for inter-ministerial co-ordination for implementation of the CSF and establishing the structures and procedures for proper monitoring of the CSF and ensuring coherence and compatibility with the monitoring structures of the OPs, in line with Council Regulation 1260/99. 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.

#### *4E.2.1.3 PLANNED ACTIVITIES AND RESULTS FOR MEASURE E-SUB-PROJECT 1 FOR 2005-2006*

The twinning to be financed out of Phare 2005, will support MACSF in the following directions:

- adjusting the NDP and CSF based on the comments made by the EC services
- Adjusting and supplementing the manuals and guidelines
- Training on procedures
- Provide on-the-job-training during the first year of structural funds implementation to ensure the smooth implementation, especially monitoring, so that any "teething" problems can be identified and remedied.

#### **4E.2.2            *SUB-PROJECT 2: HORIZONTAL TRAINING FOR STRUCTURAL INSTRUMENTS***

##### **4E.2.2.1            *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.

##### **4E.2.2.2            *IDENTIFICATION OF NEEDS AND NECESSARY ACTIONS***

According to the GD 403/2004, the Ministry of Public Finance initiates measures and participates to the elaboration of training programmes for civil servants in the field of EU funds management together with the specialized institutions.

The horizontal training for Structural Funds comes as a continuation of the training programmes implemented by the National Aid Coordinator aimed at strengthening the capacity of the Romanian public administration to manage the pre-accession instruments. Ever since 2001, the NAC unit implemented training programmes dealing in principle with PCM and improving the programming and monitoring capacities of the staff in the PIUs. The Phare 2001 training project included, besides the training delivery component, a component regarding the elaboration of a multi-annual mechanism to be applied during the period 2004-2006, covering also the preparation for Structural Funds. The draft mechanism proposes ways to coordinate the training delivery and to ensure the quality of the training process, as well as ways to identify the training needs.

According to this mechanism, as the MACSF in the Ministry of Public Finance will coordinate the training on EU programmes, a training unit shall be established (Training Development and Coordination Unit) in the Managing Authority of Community Support Framework, formed of at least 3 civil servants.

Under the supervision of the Ministry of Public Finance, an Inter-ministerial Training Develop Committee (ITDC) should be established, composed of representatives from (the most involved) ministries and State Agencies. The main task of the IDTC is to create a Mid-term plan for Training on EU-programmes (MPT) with the objective to improve coordination and increase the efforts and effectiveness on training on EU-programmes.

The MPT will be the strategic framework in which the Government will set out Romania's training priorities in a foreign assistance perspective for a two-year period 2005-2006 until the planned date of accession. The MPT will contain the overall priorities and the sector training objectives. The document will present foreign assistance needs at the overall sector training level.

Each year a detailed action plan will be developed under the MPT and presented to the Government, through the ITDC. The yearly action plan will identify concrete measures and training activities to be funded by foreign assistance.

The Ministry of Public Finance in close co-operation with the line ministries will develop the MPT and the action plan. The draft MPT is planned to be ready in October 2004, as well as the first action plan, Action Plan 2005. Approval by the Government is expected in November/December 2004.

On the way to accession the responsibility for delivery of training should be transferred, in 2006, to a training institution that, upon accession, is able to coordinate and deliver training courses, performing the following tasks:

- **Training coordination of training activities relating to Structural Funds and the Cohesion Fund**
- **Development of training programmes and training courses-developing complete training packages, including delivery of these training programmes in partnership with other training institutions**
- **Quality assurance-development of the accreditation and quality assurance system of training courses, training institutions and consultants**
- **Organization of the trainers' training**

The Phare 2002 project is bridging towards Structural Funds, including training delivery for pre-accession instruments as well as the first horizontal training dedicated to Structural Funds focused on general information and programme design and management.

The civil servants in the institutions involved in Chapter 21 shall be exposed to regular training, covering issues regarding programming, implementation, monitoring and evaluation of EU structural funds, as a necessary condition for correct, effective and EU regulations-compliant management, monitoring, evaluation and control of Community Support Framework (CSF) implementation. A training package shall be developed and implemented on a permanent basis for the new comers in the system with basic information about the different funds, the CSF, the SOPs, the MA and PA and the main mechanisms. In order to ensure sustainability, a Romanian Team of trainers will be created through a training of trainers programme.

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.

#### *4E.2.2.3 SUB-PROJECT 2 - ACTIVITIES AND MEANS IN 2004*

The training for structural instruments is designed for the civil servants in the future structure for structural instruments and will take into account the Mid-term plan for Training on EU-programmes and the action plan for training in 2005 mentioned above. The target group is formed of civil servants in the MACSF, MACF, managing authorities, intermediate bodies, implementing agencies and Paying Authorities. According to the attachment to the position paper for Chapter 21 referring to the timetable for employment, the potential target group as described above will include around 3000 persons to be hired by 2006, out of which around 2000 persons will be employed by mid 2005. The selection of participants will be made based on the criteria designed by the Consultants, taking into account also the training mechanism elaborate under the previous RO 0106.06.02.02 project, and in close cooperation with the MPF.

The Consultants will develop the training curricula and materials and will distribute them before the training. A team of local trainers will be involved in the elaboration of training materials and in the delivery of training. The training will include a mix of seminars, workshops and visits to the similar Managing Authorities in Member States. The visits to Managing Authorities in Member States will be practically focused and the aim is to familiarise the participants with the coordination structures established in MS's (roles, responsibilities, functions, tasks, work-flows and coordination mechanisms). The coaching assistance will be available as extra service to the trainees during the whole implementation period for the training.

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 and more in depth training on programming, monitoring and implementation, designed based on the training mechanism 2004-2006 and the training plan for Structural Funds to be developed in 2004. Irrespective of training already received through the previous Phare ESC projects, training support delivered to the institutions involved in the CSF management, monitoring, evaluation and control process will be of crucial importance to the quality of operation of these units, as the knowledge of regulations, procedures for management, monitoring, evaluation and control, and eligibility rules for expenditure under structural funds could translate into practical effective coordination and implementation of the Community Support Framework. The training contract under Phare 2004 will include a special provision for training for the preparation of Programme complements.

The amount of the contract financed out of Phare 2004 will be 1.5 MEURO.

#### *4E.2.2.4 RESULTS FOR 2004*

1. 1000 civil servants trained in management, monitoring, evaluation and control, under structural funds
2. Training curricula and materials produced and distributed to participants
3. A team of local trainers trained in managing EU funds

#### *4E.2.2.5 PLANNED ACTIVITIES AND RESULTS FOR MEASURE E-SUB-PROJECT 2 FOR 2005-2006*

The training in 2005 will cover the emergent needs not covered by the Phare 2004 project and which cannot wait until 2006 to be covered. The amount of the contract will be 200,000 EURO.

The training in 2006 will represent a continuation of the training programme foreseen for Phare 2004. The training will also help in developing skills for the actual implementation of the programmes and will precede the training to be included in the Operational Programme for Technical Assistance. The amount of the contract will be 1.3 MEURO.

Results:

Phare 2005

- 100 civil servants trained in management, monitoring, evaluation and control, under structural funds

Phare 2006

- 1000 civil servants trained in management, monitoring, evaluation and control, under structural funds

### **4E.2.3 SUB-PROJECT 3: EXPANDING THE SINGLE MANAGEMENT INFORMATION SYSTEM FOR STRUCTURAL FUNDS (SMIS)**

#### **4E.2.3.1 OBJECTIVES:**

To expand 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.

#### **4E.2.3.2 IDENTIFICATION OF NEEDS AND NECESSARY ACTIONS**

One of the fundamental responsibilities of MPF according to GD 403/2004 is to monitor project implementation funded under international support programmes, both bilateral and multilateral. In order to strengthen its capacity, under Phare 1998 a pilot monitoring and programming information technology system was designed aimed at providing both the NAC and the implementing authorities in other Ministries and Governmental Institutions with the necessary tools and instruments to monitor the technical progress of on-going Phare projects in a systematic way.

Taking into account the recommendations of the project and the results of a feasibility study done through PPF project, a component was included in the NAC Phare 2002 fiche to set up an integrated “single” Management Information System (MIS) on international support programming in operation within the entire administration. Such a system should not only provide on-going information on the technical progress of projects but accurate financial and auditing data as well. The method foreseen for setting up the SMIS is top-down, taking into account the necessity to ensure the uniformity of procedures and data definitions as well as the system security throughout all involved bodies. The Single Management Information System will be a nation-wide information system, supporting all Romanian bodies managing the EU or other donors funded programmes. 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 based on open and standardized architecture. The system’s initial design follows three main principles. The first one relates to data **availability** that is, data are directly available following the request of an authorised user. The second principle concerns data **confidentiality** namely, that data are provided only to those users authorised for accessing that specific piece of information. The last principle has to do with data **integrity** meaning that, data processing should occur only by authorised users under authorised means. As a mean for implementing the three aforementioned principles the system supports multiple users categorized into a number of user groups/roles. In that way user permissions are easily organized and managed and the access to information can be thoroughly audited and logged in a flexible way.

SMIS will be based on open architectures that will maximize the further development possibilities as well as links with existing IT systems and databases. Furthermore, on the basis of an assessment

to be carried out by the end of 2004(within the Phare 2002 contract), it is envisaged that SMIS to be extended 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.

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 is under contracting, covering services and supply contracts as well and lasts by end of the year 2005.

Additional allocations will be needed in Phare 2004, 2005 and 2006 for the extension of the infrastructure on the basis of a re-assessment of the hardware and communication technology as well as for training and fine-tuning of the software application, according to the last developments in the field. This assessment will be focused particularly on intermediate bodies and final beneficiaries.

A Unit for the Coordination & Management of the Information System (M.I.S.) will be established within the Managing Authority for Community Support Framework (including at least 10 employees) to ensure the sustainability of the SMIS. The Unit will be in charge with the programming, implementation, monitoring and evaluation of the SMIS.

#### *4E.2.3.3 SUB-PROJECT 3 - ACTIVITIES AND MEANS IN 2004*

The activities to be implemented through technical assistance will be performed based on the outcomes of the Phare 2002 programme, so to ensure the expansion of the SMIS, its continuous review and improvement, as well as maintenance.

The activities will cover the following:

- Extension of SMIS extended 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.
- Further improvement of SMIS, in order to respond to the up-dated procedures and new requirements;
- updating procedures manuals for all the operations performed during the programs and projects lifespan, detailing the responsibilities for each type of user. The procedures manuals has to take into account the PCM rules for EU financed projects and the internal audit principles;
- 
- testing the functionality of SMIS before it will be installed within the beneficiary institutions and before the training delivery. In addition, a number of simulations exercises will be carried out with the support of a number of institutions. Any problem in SMIS that could arise from such exercises should be solved and manuals and procedures will be adjusted accordingly;

- training delivery focused on IT training relating to the use and administration of the SMIS. The training must be provided on the basis of a training needs assessment among the users of the SMIS and taking into account the last modifications in software and procedures manuals. The activities should be focused also on strengthening the help-desk tool to be established under the project PHARE 2002/000-586.03.01.06.01 Management Information System – Technical Assistance;
- maintenance namely to manage post-delivery evolution. Localized minor changes will be made to the system.
- analysis of the current situation and areas where interventions in terms of IT infrastructure are needed in order to make SMIS fully operational;
- preparing the technical specifications and the needed contracting documents for the supply contracts for the other managing authorities and IBs.

The Phare 2004 allocation will also cover the development of the communication infrastructure through acquisition, delivery, installation and maintenance of the supplies needed for a SMIS fully operational. The feasibility study will be produced in the second part of the year 2004 under the Phare 2002 contract. The communication infrastructure will cover as much as possible all actors involved in operating SMIS.

#### *4E.2.3.4 RESULTS FOR 2004*

- Improved versions of the software application in order to respond to the evolution of the Structural Funds implementation system, including extension to 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.
- Up-dated written procedures for dealing with the system functionality, detailing operations, roles and responsibilities for each user;
- The associate training delivered to the end-users and administration of SMIS, for approximately 2000 people;
- Developed IT infrastructure mainly focused on hardware and communication technology. Assessment report underlining the current situation and areas where interventions in terms of IT infrastructure are needed in order to make SMIS fully operational;

Technical specifications written for each institution foreseen in GD 497/2004, based on the above mentioned assessment report.

#### *4E.2.3.5 PLANNED ACTIVITIES AND RESULTS FOR MEASURE E-SUB-PROJECT 3 FOR 2005-2006*

Based on the assessments performed through the Phare 2004 TA contract, the Phare 2005 and Phare 2006 will cover the necessary IT and office equipment 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.

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 review and improvement of the system, as well as maintenance. 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 a repetitive approach, covering the following:

- further improving the software system;
- updating procedures manuals for all the operations performed during the programs and projects lifespan, detailing the responsibilities for each type of user. The procedures manuals has to take into account the PCM rules for EU financed projects and the internal audit principles;
- 
- testing the functionality of SMIS before it will be installed within the beneficiary institutions and before the training delivery. In addition, a number of simulations exercises will be carried out with the support of a number of institutions. Any problem in SMIS that could arise from such exercises should be solved and manuals and procedures will be adjusted accordingly;
- training delivery focused on IT training relating to the use and administration of the SMIS. The training must be provided on the basis of a training needs assessment among the users of the SMIS and taking into account the last modifications in software and procedures manuals. The activities should be focused also on strengthening the help-desk tool to be established under the project PHARE 2002/000-586.03.01.06.01 Management Information System – Technical Assistance;
- maintenance namely to manage post-delivery evolution. Localized minor changes will be made to the system.

#### **4E.2.4 SUB-PROJECT 4: CO-ORDINATION, MANAGEMENT AND IMPLEMENTATION OF REGIONAL, CROSS-BORDER AND TRANS-NATIONAL PROGRAMMES**

##### **4E.2.4.1 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 to further develop the implementation capacities required for Extended Decentralized Implementation System (EDIS) in line with Council Regulation 1266/99 on coordinating aid to the applicant countries in the framework of the pre-accession strategy.
- To further develop the capacities of Regional Development Agencies in each of the Romanian macro-regions as professional, legitimate and sustainable organisations that are capable to leading the socio-economic development process in their region, in line with the successful practices in Member States, giving particular importance to the development of partnership amongst regional communities of interest to strengthen the legitimacy of the regional planning process, building on the achievements of Phare 2000 and 2003 regional twinnings.
- To support the general Directorate for Regional Development to prepare to take over its role as ROP Managing Authority under Structural Funds and of the Cross Border Cooperation Directorate within Ministry of European Integration to take over the role of Coordination Unit for INTERREG programmes and Managing Authority for NEIGHBOURHOOD Instrument programmes, as well as of the Intermediate Bodies for these programmes.



- To prepare a pipe-line of large infrastructure projects to be financed under Phare programme 2004-2006 and further by Structural Funds, starting with 2007.

#### *4E.2.4.2 IDENTIFICATION OF NEEDS AND NECESSARY ACTIONS*

The Chapter 21 position paper provides the basis for the Structural Funds and Cohesion Fund programming and implementation structures, as well as for INTERREG/ NEIGHBOURHOOD instrument programmes. The European Commission requires a clear timetable for the setting up and strengthening of these structures. Once the chapter is provisionally closed the European Commission will closely monitor the progress made against the timetable proposed by the Romanian Government.

In order to adhere to the requirements outlined by the Acquis in the Structural Funds area, concerted efforts will be required so that by the beginning of 2007 the administration is confident that it will be able to absorb effectively the allocated funds.

Preparation of the pipeline of infrastructure projects is essential for ensuring the absorption capacity of Phare funds allocated for large infrastructure projects and to quickly starting to implement the ROP after accession.

#### *4E.2.4.3 SUB-PROJECT 4 - ACTIVITIES AND MEANS IN 2004*

### **Component A - National Level Twinning for regional development programming and implementation(1.0 MEURO)**

As Managing Authority for the ROP, the General Directorate for Regional Development, within MEI will require support over the months before Romania becomes a Member State at the beginning of 2007.

The twinning project will build on the activities carried out under the National Twinning Project RO 02/IB/SPP01 “Building Structural Fund compatible Instruments and Capacities”.

#### **Programming:**

- Develop inter-ministerial co-ordination to ensure synergy between operations - National Partnership structures for the ROP preparation and implementation strengthened and operating effectively
- Ongoing support to programming documents on the basis of which Romania will negotiate the allocations for Regional Operational Programme under the CSF, refining, if necessary, the Regional Development Plans and ROP in the national context and how are they interlinked. The basis of the ROP will have been developed under the RO 02/IB/SPP01 but the finalization, and negotiation of the final ROP will be carried out under this project
- Evaluation and environment impact assessment of ROP 2007-13, and compliance with EU regulations in this field, including with Natura 2000 (Habitat and Birds Directives), and providing clear information on national and regional institutions having responsibilities and attributions for verification of compatibility of the operations
- Assessment of ROP 2007-2013 compliance with EU rules on competitiveness and equal opportunities, with clear indications of institutional structures involved at national and regional level for verification of compatibility of operations
- Support to prepare the ROP Programme Complement, detailed measures and implementation arrangements.

**Implementation:**

- Support the first Monitoring Committee meetings and the secretariat to the Monitoring Committee; help to ensure effective inter-ministerial co-ordination for ROP implementation
- Support to finalize the Implementation Manual for ROP (in cooperation with the ERDF coordination ministry).
- Preparation and training of ROP Managing Authority (based on corresponding manuals and the Programme for Regional Development Training), building detailed knowledge of the General Directorate for Regional Development and RDAs staff on each field of socio-economic intervention in the ROP (continuous training for ROP personnel).

**Financial Control Unit strengthened:**

- Multi-annual Budgetary operations and processes clearly understood together with co-financing arrangements
- Provide guidance and training for the staff responsible for certification of expenditure at Programme level
- Prepare Ex-ante Financial Control Procedures to be used by the IBs. Training provided for the users of these procedures.
- Prepare guidelines on dealing with Irregularities and for liaising with the Paying Authority
- Prepare procedures for carrying out the Regulation 438/2001 Article 4 checks. Dedicated training of specialist staff (in the MA and IB's), which is carrying out and coordinate the verifications of operations for the Structural Funds under the Art. 4 of the 438/2001 Regulation, (closely co-ordinated with the TA project).
- Dedicated training of ROP Managing Authority' specialist staff for preparation of documents to be provided for issuing the declarations of winding up of assistance for Structural Funds (Art. 15, Regulation 438/2001)

**Internal Audit Strengthening for ROP Managing Authority:**

The internal audit is a crucial area that requires strengthening in order to allow the Romanian authorities to correctly manage EU funds. Internal Audit departments are/have to be established in the Managing Authorities (MA's) and Intermediate Bodies, these units will require substantial support to operate according to European Union standards (based on EU Regulations to be approved in 2005).

Under this project the Internal Audit units in Managing Authorities for ROP will be strengthened in the following way :

- Review of existing structures (organigrams) and assess the appropriateness of the Internal Audit Unit position within the Managing Authority structure
- Review of the existing practices and staff to determine the need for the introduction of Structural Fund specific processes and assess staff training needs
- Preparation of Internal Audit procedures for the MA's incorporating methods for systems audits and Regulation 438 Art. 10 - 5% checks.
- Intensive training for Internal Audit staff in MA's and IB's (closely co-ordinated with IB's TA project Internal Audit training programme).

## **Accreditation by the ROP MA of the RDAs as IB's**

Carrying out a full systems check of the 8 RDAs to determine readiness for taking over the delegated attributions from the ROP MA regarding the management, implementation and control of the projects financed under the Structural Funds.

## **Component B - Training at National and Regional Levels to enhance Structural Funds' ROP absorption capacity (1 MEURO)**

In addition to the Twinning Capacity Building there is the need for conventional Technical Assistance to deliver a comprehensive training programme. The training will be contributing to the Programme for Regional Development Training (PRDT) implementation, which clearly outlines the type of training necessary. Therefore the PRDT will be a reference guide when preparing the Project Fiche and Terms of Reference for this TA project. In addition the Training Unit of the General Directorate for Regional Development have a database containing the training carried out in the field of Regional Development so should be consulted to ensure no overlapping of training provision.

This project will be co-ordinated with the training provided by CSF Managing Authority to all MA's for Structural Funds Programmes. While the CSF MA will provide training which is common to all MA's, this training project will focus on the specific needs for implementing, monitoring and evaluation of ROP and ERDF financed projects, thus ensuring complementarity in the training provision.

The complementarity applies not only to the training topics, but also to the target groups. The current training project will address a wider target group, including main regional and local actors.

The TA will also prepare detailed training materials (not only slides) for each topic included in the training programme.

### **The method of delivery**

The capacity building process will be built into the TA contract by requiring that the majority of the training be carried by Romanian trainers. To this end the TA team will select and train a core group of Romanian Trainers who will deliver the training materials developed by the TA team. Some of the National level training will be carried out by EU nationals, but the majority of the regional training will be delivered by Romanians assisted by the international consultants to ensure the know-how transfer.

The proposed institutional structure of the future MA and IBs for ROP, includes the establishment of training units, with the following tasks:

- The MA's unit is in charge with providing, at national level, specialist training for ROP and IBs' staff, and with co-ordination and monitoring of training in regional development field.
- The IBs' training units will carry out regional training needs analysis, ensure adequate training of their staff (including participation in national training) and will monitor the training provided.

Training can be provided either by the units' staff, or by sub-contracting, when the unit capacity is not enough.

This component will be coordinated and monitored by the training unit of MEI General Directorate for Regional Development. In order to ensure the development of domestic capacities for training

provision, 2 trainers from each training unit at national and regional levels will be trained. They will further ensure the multiplication effect through providing training both for training providers and the other target groups.

The preferred training delivery method is through the interactive workshop rather than the seminar. The workshop method should encourage result-based participation from its participants.

### ***National Level Training***

The Romanian authorities who prepare the ToR for this project will carry out a survey of the training carried out under previous twinning and TA projects, and that planned in future projects and then assess the training needs at national and regional levels to determine what the training will constitute under the TA project.

The Technical Assistance project is assumed to start during the end of 2005 or the beginning of 2006, by this time the ROP and INTERREG/ NEIGHBOURHOOD programmes (or European territorial cooperation programmes) should be well advanced so can be taken into consideration when delivering training activities. In addition the new Structural Funds Regulations will be close to finalisation so that the rules for the ROP and SOP's will be clear.

Besides specialized training for ROP implementation, a module will be dedicated to development of domestic skills for ex-ante, interim and ex-post evaluation of ROP.

### ***Regional Level Training***

It is assumed that the bodies delivering the Regional Operational Programmes at the Regional Levels will be provided with on-the-job training through the regional technical assistance. A formal training programme, combining theoretical and practical approaches will be delivered through this project. The TA project training must identify the actors at regional and local level having a vital role in implementation and utilisation of the ROP financing sources.

### ***Regional level Target Trainees***

The target trainees from the regions should be those that will be involved in the regional partnerships, programme development and management, programmes/projects monitoring, as well as development of projects for submission to the Intermediate Bodies (RDAs and the CBC Regional Offices acting on behalf of the RDAs). These institutions are the ones that will ensure the correct utilisation of the ERDF and ESF funds.

#### **Potential Beneficiaries:**

- staff members from the County (Judet) administration who have a role in investment project design, development and implementation
- staff from Local councils/municipalities with a potential role in investment project design, development, selection and implementation (principally local development).
- Public utility institutions
- Non Government Organisations (NGOs)
- Private firms
- Staff of training providers (NGOs, Universities, Chambers of Commerce, other public or private providers) at regional level

#### **Regional level institutions:**

- RDAs staff and Monitoring Committees' staff
- staff members from the County Agency for Employment
- staff members from School Inspectorates

- staff from the Regional Environment Protection Agencies (REPAs)
- representatives from the SAPARD Agency
- representatives from the regional offices of the Ministry of Tourism

Training modules will be designed for national bodies on one hand, and, on the other hand, common training will be delivered for national and regional bodies in order to ensure common understanding of the issues.

***The training should incorporate such issues as:***

- Romanian ROP, INTERREG/ NEIGHBOURHOOD programmes and the new EC Structural Funds Regulations and European Neighbourhood Strategy
- ERDF and ESF examples of successful project types and eligible activities
- Project design techniques – including definition of quantified inputs and outputs
- Examples of developing ERDF/ESF type projects,
- Improving value-for-money at the project level, through providing training in Cost Benefit Analysis
- Environmental Impact Assessment requirements and method of preparation
- Explaining the need for respecting horizontal themes in all project applications (i.e. environmental and equal opportunities criteria)
- Programme/project monitoring and evaluation
- Ex-ante, interim and ex-post evaluation of programmes

## **Component C - PPF**

Main activities will include:

### *Preparation of Tender Documents*

After the finalization of the selection process, the Technical Assistance will prepare for tendering the selected projects for Phare 2005. This will consist of the elaboration of required technical and contractual documents, including detailed design, drawings and technical specifications. Environmental Impact Assessment will be required following the EU Directive n° 85/337/EEC and technical design will be in compliance with EU standards. TA will also provide training to local authorities and RDAs in preparation of large infrastructure projects.

### *Tendering and contracting of works*

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

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

## **Component G – Support to RDAs for implementation and monitoring of regional development programmes**

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

A service contract between MIE 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 in four areas:

### *i) Programming and programme management skills development*

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 the multi-annual regional programmes to be implemented with financial support from various sources. The programme should include projects with regional impact like large infrastructure, and other major projects that contribute to the economic development of the region.

RDAs will develop regional training strategies and programmes for all actors involved in regional development in accordance with the national Programme for Regional Development Training 2001-2005. RDAs will receive support for implementation of the training programmes, complementary to the training provided through other programmes. Taking into account the large target group in the regions that has to be familiarised with regional development as well as the need for improving the RDAs capacities of managing regional operational programmes (with indicators of achievement and clear outputs) in an effective manner, this supplementary support will speed up the acquisition of knowledge at regional level, finally leading to increased absorption capacity.

### *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 MIE.

### *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.

### *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.

The results of the 2004 projects:

**Component A - National Level Twinning for regional development programming and implementation**

- ROP negotiated and agreed with European Commission
- Managing Authorities for ROP are able to effectively manage the programmes at the time of their approval by the European Commission
- The Programming Complements are fully agreed at by the Romanian Authorities and by the partner countries authorities (in case of the cross-border cooperation programmes)
- Financial Control Unit operating effectively
- The horizontal themes (equal opportunities, environmental compliance, public procurement....) fully incorporated into the procedures and documentation for programme implementation, including verification of compliance
- Full systems check of the Intermediate Bodies to assure the Managing Authority that they are prepared for taking over their delegated tasks.

**Internal Audit Strengthening for the ROP MA**

- Appropriate Internal Audit Structures in place in all Managing Authorities for ROP
- Internal Audit processes and procedures are in place in MA's
- Staff trained in processes and procedures

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

The expected results achieved under the TA Training project are:

- Training Needs assessment (update the previous training needs)
- Core group of Romanian Trainers (minimum 18 people for Regional policy – 2 from each training unit at national and regional levels))
- 100 national level staff trained
- Knowledge gathered by experts working at national and regional levels
  - A minimum of 50 key people trained from each NUTS II region and 20 key people trained from each of 5 cross-border cooperation eligible areas
  - Training materials for each topic included in the training programme.

**Component C - PPF**

- Large infrastructure projects prepared to be contracted in Phare ESC 2005
- Local authorities and RDAs personnel trained in preparing large infrastructure projects

**Component G – Support to RDAs for implementation and monitoring of regional development programmes**

- Improved quality of applications submitted for financing
- Improved projects appraisal, selection and contracting process
- Improved programming and programme management skills of RDAs staff
- Improved and effective ex-ante evaluation and monitoring and control process
- better reports provided to MEI

**2005****Component C - PPF**

- preparation of large infrastructure projects to be financed under Phare 2006 ESC programme
- preparation of large infrastructure projects to be financed under 2007-2009 Regional Operational Programmetraining local authorities and RDAs in preparation of large infrastructure projects.

**Results:**

- pipeline ready for contracting in Phare 2006 ESC
- pipeline ready for contracting under ROP, starting with 2007
- people trained in infrastructure projects preparation

**Component D - Technical assistance to support RDAs capacities development as Intermediate Bodies (4 MEURO)**

Previous Regional level twinnings have been building the capacity of the RDAs to plan and implement the Phare programmes, and to establish the foundations of Structural Funds programming and implementation. Under this TA project, the emphasis will be on Structural Funds implementation as the RDAs taking up the role of Intermediate Bodies for ROP and the CBC Regional Offices - acting on behalf of the RDAs associations - will take the role of Intermediate Bodies (in case of CBC Romania-Moldavia, Romania-Serbia&Montenegro and Romania-Ukraine) and Managing Authorities (in case of CBC Romania-Hungary and Romania- Bulgaria programmes).

The activities to be carried out will include:

***Capacity building***

- Ensure the RDAs are able to carry out the duties delegated to them by the ROP Programme MA
- Ensure the CBC Regional Offices acting on behalf of the RDAs associations on Romanian-Hungarian and Romanian- Bulgarian borders are able to carry out the MA tasks and the CBC Regional Offices on Romania-Moldavia, Romania-Serbia&Montenegro and Romania-Ukraine borders to carry out the duties delegated to them by the NEIGHBOURHOOD Instrument Managing Authority.
- Provide support to the RDAs so that they are able to fully participate in the ROP Programme Complement preparation/adjustment
- Building effective working relationship between the MA for the ROP and the RDAs.
- Develop the Regional Co-ordinating Committee role for Structural Fund support in the NUTS II regions
- Develop regional co-ordination of bodies responsible with compliance to horizontal themes – environment standards, equal opportunities, etc.
- Develop co-ordination with other regional MA structures/Intermediate Bodies in project selection
- Building dedicated personnel policies and career structure for staff involved in SF management
- Development of training management capacity
- Monitoring and evaluation of training undertaken



### ***ROP Implementation tasks***

- Strengthen the IB units responsible for project development, appraisal and selection
- Strengthen the IB units responsible EC Policy compliance, contracting, and project monitoring
- Training for Implementing Body / Grant approving Body (Final Beneficiary)
- Identify those potential final beneficiaries who will be managing complex projects (for example Local Chambers of Trade and Commerce for SME grant schemes, or local authority or municipal councils for urban regeneration packages etc) and provide them with training in how to prepare, implement and manage such complex projects.

### ***Strengthening the Internal Audit functions of the RDAs as Intermediate Bodies:***

- Review of existing structures (organigrams) and assess the appropriateness of the Internal Audit Units position within the IB structure
- Review of the existing practices and staff to determine the need for the introduction of Structural Fund specific processes and assess staff training needs
- Preparation of Internal Audit procedures for the IB's in close co-ordination with the procedures prepared in the MAs (implementation of Regulation 438 Article 4 checks etc)
- Intensive mentoring and training for Internal Audit staff in MA's

### ***Financial Control***

- Strengthening and training of financial control staff (based on ROP & PA manuals)
- Support to ensure compliance with the 2005 EC Financial Regulations for the accounting system for IB operations

### ***Regional Partnership Strengthening***

Strengthen the regional partnership structures set up under the previous twinning. The partnership should be the vehicle for legitimacy of measure contents, project identification and preparation. Without a strong partnership structure in place the project pipeline and thus absorption of ERDF and ESF funds will be jeopardized.

### ***Monitoring***

- Develop the RDAs role as a provider of information on the implementation of ROP Programmes at the NUTS II level.
- Develop the capacity of RDAs that includes eligible cross-border areas to monitor and to provide main information on the implementation of the CBC programmes on their territory
- Develop the RDP and Programme Monitoring Units in the Intermediate Bodies
- Ensure MIS operating effectively with ROP and CSF MA's MIS
- Identification of supplementary necessary IT equipment.

### ***Results***

- RDAs are able to take on the responsibility of IB's for the ROP/SOP
- Regional Partnerships actively involved in project identification and submission
- Regional Monitoring information for all SOPs and ROPs generated through the RDAs

### **Component E – Supply of IT equipment for operating the SMIS system for ROP and INTERREG/NEIGHBOURHOOD**

A Single Management Information System will be developed in 2005 under a Phare 2002 project under the implementation of the MACSF. 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). A continuation of the project will be financed under Phare 2004 and will include an assessment of the existing situation and areas where interventions are needed in order to make SMIS fully operational, in terms of software, IT infrastructure, human resources and written procedures. The TA will also assist in producing technical specifications for the equipment needs identified for ROP and INTERREG. This component will provide an efficient tool to support the ROP and INTERREG Managing Authorities to carry out their tasks properly and in real time.

The activities include the supply of IT equipment for operating SMIS for ROP and INTERREG. Beneficiaries of this equipment are the ROP Managing Authority and Intermediate Bodies (the 8 RDAs) and INTERREG Managing Authorities and Intermediate Bodies. The provisional list of equipment includes:

- 100 computers, to be installed to the above mentioned institutions, with a total estimated budget of 250,000 Euro
- 10 servers, including UPSs, Firewall and the necessary operation systems, for ensuring national-regional network in order to manage the software application; budget estimation is 500,000 Euro
- development at national level of a resource point for Multimedia -training –testing, with an estimated budget of 150,000 Euro
- development of a VPN-hardware type network, to ensure a better communication between national and regional levels for managing bodies for ROP and INTERREG, with an estimated budget of 100,000Euro.

Upgrading the equipment within MEI, 8 RDAs and INTERREG designated bodies is estimated at an average cost of 750,000 euro from Phare and 250,000 from national co-financing.

#### *Results:*

- IT equipment installed and operational for SMIS
- personnel trained in using the equipment

### **Component F - Twinning for preparing the structures involved in INTERREG/NEIGHBOURHOOD instrument programmes (0.6 MEURO)**

The CBC Directorate in the MEI acting as Coordinating Unit for two INTERREG programmes (Romania-Hungary and Romania-Bulgaria) and acting as Managing Authority for three NEIGHBOURHOOD Instrument programmes (Romania- Moldavia, Romania- Serbia & Montenegro and Romania -Ukraine) will require support for improving the administrative capacity for fulfilling its tasks.

#### **Activities:**

- Support to finalize the 2007-2013 Romania-Hungary and Romania-Bulgaria INTERREG Programmes and their Programme Complements as well as the 2007-2013 NEIGHBOURHOOD Instrument programme for Romania-Moldavia, Romania-Ukraine and Romania- Serbia&Montenegro and their Programme Complements.

- Preparation and training of INTERREG/NEIGHBOURHOOD Instrument Managing Authorities and Intermediates Bodies, building detailed knowledge of the CBC Directorate staff on management and implementation of the INTERREG/NEIGHBOURHOOD programmes and projects.
- Support in preparing an Implementation Manual for INTERREG and an Implementation Manual for NEIGHBOURHOOD Instrument.
- Awareness campaign for the potential cross-border cooperation grant beneficiaries
- Dedicated training of two INTERREG Managing Authorities and Neighbourhood Instrument Managing Authority' specialist staff for preparation of documents to be provided for issuing the declarations of winding up of assistance for Structural Funds (Art. 15, Regulation 438/2001)
- Preparation of the Internal Audit unit to carry out the specific tasks for INTERREG/NEIGHBOURHOOD Instrument programmes needs
- Preparation of Internal Audit procedures for the MA's incorporating methods for systems audits and Regulation 438 Art. 10 - 5% checks.
- Intensive training for Internal Audit staff in MA's and IB's (closely co-ordinated with IB's TA project Internal Audit training programme).

***Accreditation by the NEIGHBOURHOOD Instrument MA of the cross-border IBs on Moldavian, Serbian&Montenegro and Ukrainian borders***

Carrying out an assessment of the capacity of the RDAs including the border counties for taking over the attributions regarding the management, implementation and control of the projects financed under NEIGHBOURHOOD Instrument.

***Results*** for Romania party in involved in cross-border cooperation:

- INTERREG/ NEIGHBOURHOOD Programme negotiated and agreed with the European Commission
- Managing Authorities for INTERREG/ NEIGHBOURHOOD programmes able to effectively manage the programmes at the time of their approval by the European Commission
- The Programming Complements are fully agreed at by the Romanian Authorities and by the partner countries authorities (in case of the cross-border cooperation programmes)
- Financial Control Unit operating effectively
- Full systems check of the Intermediate Bodies to assure the Managing Authority that they are prepared for taking over their delegated tasks.
- Appropriate Internal Audit Structures in place in all Managing Authorities for INTERREG/NEIGHBOURHOOD
- Internal Audit processes and procedures are in place in MA's
- Staff trained in processes and procedures

**Component G – Support to RDAs for implementation and monitoring of regional development programmes**

The same activities as in 2004 will be carried out.

**Results:**

- increased capacities of RDAs for monitoring and control of projects
- better reports provided to MEI

2006

### **Component A - National Twinning (1 MEURO)**

The project will likely 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 and INTERREG /NEIGHBOURHOOD programmes, 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
- Support to attain a smooth bridging between management of Phare funded projects and SF interventions
- Ensuring an operational personnel policy with the retention of trained staff
- Identification of training needs and provision of training within the MA (and IB's when appropriate)

#### ***Project Pipeline***

- Under the regional support project (TA) the identification of training needs in Feasibility Analysis and EIA in institutions at the regional level will be carried out. The national twinning will provide intensive training to the identified institutions to ensure capacity is built for successful project preparation.

#### **Results**

- Implementation of the ROP and INTERREG/NEIGHBOURHOOD programmes carried out without any major problems occurring
- Phare and Structural Funds implementation managed in parallel
- Projects being presented to the IB's are well prepared and comply to eligibility criteria

### **Component B - Training at National and Regional Levels to enhance Structural Funds' ROP absorption capacity (1MEURO)**

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

Economic and Social Cohesion allocations under pre-accession (in fact ESC represent just 12% of the 2007-09 SF allocation).

The European Commission have allocated an increasing scale of commitment appropriations from 2007 to 2009 to allow the absorption capacity to develop. However, unless well-prepared, eligible projects at the regional level can be ensured, only a small percentage of the funds will be committed and spent effectively. A considerable amount of training in project identification and preparation must be carried out at regional level to give regional partners the ability to access funds.

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

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

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

### ***Training needs***

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

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

### **Method of Delivery of Training**

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

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

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

### ***The training process***

Regional Training teams (minimum two per region and minimum one person per eligible cross-border area) will be established to carry out a series of initial workshops at which SF project

promoters will be introduced with the priorities of ROP and examples of eligible projects and, afterwards will be asked to outline their project ideas. These project ideas will be reviewed and discussed to determine their eligibility and adherence with the ROP and INTERREG/NEIGHBOURHOOD Instrument programmes. Further guidance will be provided through the help desks on further developing the projects so that project promoters are taken through the stages of project preparation and submission.

The training is expected to incorporate such issues as;

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

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

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

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

Results:

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

### **Component C - PPF**

- preparation of large infrastructure projects to be financed under 2007-2009 Regional Operational Programme
- people training in infrastructure projects preparation

Results:

- infrastructure projects pipeline ready for contracting under ROP, starting with 2007
- people trained in infrastructure project preparation.

## **Component G – Support to RDAs for implementation and monitoring of regional development programmes**

Same activities as in 2004 and 2005 will be undertaken.

Results:

- increased capacities of RDAs for monitoring and control of projects
- better reports provided to MEI

### ***4E.2.5 SUB-PROJECT 5: SUPPORT FOR MINISTRY OF ECONOMY AND TRADE TO PREPARE AS MANAGING AUTHORITY***

#### ***4E.2.5.1 OBJECTIVES:***

To develop and enhance institutional and administrative capacity of the Managing Authority within the Ministry of Economy and Trade and the identified Intermediate Bodies to effectively manage and implement the SOP Competitiveness financial assistance provided under the Structural Instruments, including the preparation of eligible projects for SF financing and the provision of IT equipments with a view to using the SMIS..

#### ***4E.2.5.2 IDENTIFICATION OF NEEDS AND NECESSARY ACTIONS:***

According to Governmental Decision No. 497/2004, the Managing Authority for Sectorial Operational Programme "Competitiveness" is set on the Directorate for Programmes with International Organizations within the Ministry of Economy and Trade, structure that has gained experience in Phare programme management as Implementing Authority for Phare programmes.

The existing Directorate for Programmes with International Organizations within the Ministry of Economy and Trade acquired in the process of Phare programming, management, implementation and monitoring an adequate expertise and knowledge regarding project management (investments, institutional building and coordination of the implementing process). This expertise shall be smoothly transferred to specific activities and responsibilities of the future SOP Managing Authority. At the same time, the same staff shall maintain a significant input into the implementation of Phare programmes.

The responsibilities of the SOP Managing Authority with regard to the management and monitoring of the European Union's funded operations under the Operational Programme are defined under the relevant Articles of the EC Regulations, and are detailed under the Governmental Decision No. 497/1.04 2004 regarding the setting up of the institutional framework for coordination, implementation and management of structural instruments, published in the Official gazette No. 346/20.04.2004.

Currently there are 10 persons in the PIU of Directorate for Programmes with International Organizations involved in planning, management and implementation of Phare programmes, but this number will be raised to 60 persons by mid-2006 in order to fulfil the new tasks undertaken as MA for the sectorial operational programme.

The main recruitment issue for the Directorate for Programmes with International Organizations is the need to have sufficient skilled persons to implement Phare programmes and to operate as Managing Authority for the SOP at the same time.

According to the GD no 497/2004, the Managing Authorities have the responsibility to designate the implementing institutions (Intermediate Bodies and if necessary, implementing agents), for the implementation of the specific measures within their operational programmes.

Based on the measures identified during the programming process (NDP 2004-2006) and the fields of intervention the Managing Authority envisaged for the next programming period (2007-2013), a preliminary identification of the main Intermediate Bodies was made. The identification and designation of Intermediate Bodies will continue in parallel with the process of elaborating the operational programmes, until the end of 2005.

The delegation of tasks to the Intermediate Bodies and regulating the arrangements for their coordination and control by the delegating authority will be done on a contractual basis, as the Position Paper for Chapter 21 stipulates. As the Managing Authority stands final responsible for the proper fulfilment of the delegated tasks and for the effectiveness and efficiency of the operations financed from the Structural Funds is needed that clear agreements to be prepared between MA and the IBs.

Taking into account the issues mentioned above, there is an urgent need for starting-up the building of the MA capacity of SOP "Competitiveness" under the EU regulations regarding the Structural Funds management in order to fulfill its new tasks.

A twinning support will be provided under Phare 2003 IB Envelope assisting with policy development (industrial policy) and development of SOP Competitiveness.

#### *4E.2.5.3 SUB-PROJECT 5 - ACTIVITIES AND MEANS IN 2004*

**Component 1: Support in preparation of the administrative structures to take on the responsibilities of SOP management as outlined in the EC Regulation No. 1260/1999, Art 34. The activities of this component will concentrate on drawing up detailed structures and responsibilities to be assumed by the MA after accession.**

**a. Assistance of the Ministry of Economy and Trade in regard to its functions as Managing Authority of OP "Increase of the Economic Competitiveness" for Programming, Implementation, Monitoring, Financial and Control phases of the Programmes and Projects management under SF in conformity with the general provisions on the Structural Funds laid down by Council Regulation (EC) 1260/ 1999 and related EC regulations including the following activities:**

As Managing Authority for the SOP "Increase of the Economic Competitiveness" the Ministry of Economy and Trade, through the General Directorate for Programmes with International Organizations, will require an intensive support for its preparation in order to be fulfill these new tasks for Structural Funds management.

#### **Internal organization and co-ordination**

- Complete assessment of the current state of readiness of the MET staff, and other related institutions (i.e. review of the existing organizational structures and job descriptions, decision making process, information flows);



- Support in identifying the Delegated Tasks that the IBs will be requested to undertake for the SOP “Competitiveness”;
- Prepare draft agreements to indicate the delegation of tasks from MA to the IBs under the SOP “Competitiveness”.

### **Programming.**

- This TA project will be build on the activities which will be carried out under the Phare 2003 twinning project (IB Envelope assisting the industrial policy development and elaboration of the draft of SOP “Increase of the Economic Competitiveness”) .

### **Monitoring/Implementation**

- Support of MA within Ministry of Economy and Trade in defining the future SOP “Competitiveness” Monitoring Committee. A detailed description of the role of the Monitoring Committee and its procedures and responsibilities will be prepared.
- Support in elaboration of the Implementation Manual for SOP

### **Financial Control**

- Multi-annual Budgetary operations and processes clearly understood together with co-financing arrangements
- Provide guidance and training for the staff responsible for certification of expenditure at Programme level
- Prepare Ex-ante Financial Control Procedures to be used by the IBs. Training provided for the users of these procedures.
- Prepare guidelines on dealing with Irregularities and for liaising with the Paying Authority
- Prepare procedures for carrying out the Regulation 438/2001 Article 4 checks. Dedicated training of specialist staff (in the MA and IB’s), which is carrying out and coordinate the verifications of operations for the Structural Funds under the Art. 4 of the 438/2001 Regulation, (closely co-ordinated with the TA project).
- Dedicated training of Managing Authority’ specialist staff for preparation of documents to be provided for issuing the declarations of winding up of assistance for Structural Funds (Art. 15, Regulation 438/2001)

### **Internal Audit Strengthening**

- Review of existing structures (organigrams) and assess the appropriateness of the Internal Audit Unit position within the Managing Authority structure
- Review of the existing practices and staff to determine the need for the introduction of Structural Fund specific processes and assess staff training needs
- Preparation of Internal Audit procedures for the MA’s incorporating methods for systems audits and Regulation 438 Art. 10 - 5% checks.
- Intensive training for Internal Audit staff in MA’s and IB’s

### **Accreditation by the MA of the IB’s**

Carrying out a full systems check of the Ibs to determine readiness for taking over the delegated attributions from the MA regarding the management, implementation and control of the projects financed under the Structural Funds.

## **b. Assistance to the Intermediate Bodies**

### ***Capacity Building:***

- Ensure the IBs structures are able to carry out the duties delegated to them by the Competitiveness SOP Programme MA;
- Building effective working relationship between the MA and the IBs structures;
- Building dedicated personnel policies and career structure for staff involved in SF management;
- Review of existing structures (organisational chart) and assess the compliance of the Internal Audit Units position within the IBs structure.
- Strengthening the financial control units (based on SOP & PA manuals);
- Support to ensure compliance with the 2005 EC Financial Regulations for the accounting system for IBs operations.
- Prepare ex-ante Financial Control Procedures to be used by the IB's
- Develop the IBs role as a provider of information on the implementation of Competitiveness SOP Programme

### ***SOP Implementation tasks***

- Strengthen the IB units responsible for project development, appraisal and selection
- Strengthen the IB units responsible EC Policy compliance, contracting, and project monitoring
- Training for Implementing Body / Grant approving Body (Final Beneficiary)
- Identify those potential final beneficiaries who will be managing complex projects

### ***Strengthening the Internal Audit functions of the Intermediate Bodies for SOP:***

- Review of existing structures (organigrams) and assess the appropriateness of the Internal Audit Units position within the IB structure
- Review of the existing practices and staff to determine the need for the introduction of Structural Fund specific processes and assess staff training needs

Preparation of Internal Audit procedures for the IB's in close co-ordination with the procedures prepared in the MAs (implementation of Regulation 438 Article 4 checks etc)

### ***Financial Control***

Strengthening and training of financial control staff (based on ROP & PA manuals)

Support to ensure compliance with the 2005 EC Financial Regulations for the accounting system for IB operations

### **Component 2 : Intensive training provided to the staff of the future structure for managing and implementation of the SOP "Competitiveness" (Managing Authority& IBs staff ) under Structural Funds**

This component will support the assistance activities a. and b. and will include the following activities:

- Human resources development strategy in the MoET, including training programme based upon long-term training needs analysis, which will be elaborated under the project;
- Tailor-made training of the MET staff, with particular emphasis on the - Programming, Implementation, Evaluation and Monitoring, Financial management& Control phases of SF projects and programmes;
- Organization of thematic workshops and seminars and a limited number of internships in EU member states, as follows:

\*A series of workshops to be delivered for the relevant staff of the Ministry of Economy and Trade/SOP MA and staff from other ministries/institutions identified as IBs. The workshops will incorporate theoretical information (best practice specific to a Managing Authority in a central public administration system) relevant to staff work, post accession, and will employ simulation exercises providing experience according to future positions within the MA structure. (The training schedule and contents will be prepared by the EU experts);

\* Training seminars on the content of the procedures manuals for administration and implementation of SOP Competitiveness, based on other countries experience in this field (The training will be delivered by EU experts as appropriate. The principal training themes will be: Programme monitoring and evaluation & Programme implementation);

\* In addition, as part of the capacity building process under this component and to give staff a clear perspective of the standards they need to attain, internships for the key staff within the MA will be arranged in administrations of EU relevant member states;

\* The key staff members in the Managing Authority and Intermediate Bodies will be prepared as trainers to continue training delivery to any new entrants

Wherever possible and appropriate, staff of the Managing Authority and Intermediate Bodies will be trained together.

The project will be delivered by a technical assistance contract. Its duration will be 18 months. Total amount: 2.5 MEURO.

#### **4E.2.5.4 RESULTS FOR 2004**

- Ministry of Economy and Trade fully prepared to act as a Managing Authority of Operational Programme “*Increase of the Economic Competitiveness*” and to be able to manage projects and programmes under EU Structural Funds;
- Clarified attributions and responsibilities of the Sectorial Operational Programme Intermediate Bodies, including arrangements on delegation of tasks from the SOP Managing Authority;
- The Monitoring Committee of SOP “Competitiveness” fully prepared for its role;
- Financial Control Unit operating effectively
- Full systems check of the Intermediate Bodies to assure the Managing Authority that they are prepared for taking over their delegated tasks.
- Appropriate Internal Audit Structures in place in the Managing Authority
- Internal Audit processes and procedures are in place in MA
- Trained staff from the MET-MA structure (and Intermediate Bodies staff) in order to run the SF projects and programmes with respect to the Programming, Implementation, Evaluation and Monitoring, Financial management and Control phases.

#### **4E.2.5.5 SUB-PROJECT 5: PLANNED FUTURE ACTIVITIES AND RESULTS FOR 2005-2006**

##### **Year 2005**

##### **A) Investment**

Purchasing of equipment needed to run the MIS for monitoring and reporting on the implementation of the SOP “Competitiveness”, under supply contract (in amount of 0.75

MEURO, out of which 0.5 MEURO financed under Phare 2005), installation and training of the MoET staff.

***B) Technical Assistance***

TA for strengthening of the MoET capacity for co-ordination and management of Structural Funds targeted on the development of the “project pipeline” for OP COMPETITIVENESS, which will be eligible for financing under Structural Funds. The assistance will also help in developing mature project proposals for future structural instruments funding, including a number of concrete preparatory studies for projects.

The TA should assist MoET for preparing:

- the guidelines for preparation of projects for OP COMPETITIVENESS
- the checklists concerning projects to be financed under SF
- the training on identification of OP COMPETITIVENESS projects (selection criteria, eligibility)
- the training of the staff of the institutions responsible for projects preparation
- the effective implementation of the partnership principle at all different stages of programming, financing, monitoring and evaluations
- the elaboration of the procedures on dissemination of information, publicity and communication strategy

The TA contracts under Phare 2005 will amount 5 MEURO.

Results foreseen:

- purchasing of equipment under supply contract, installation and training of the MoET staff;
- a sufficient number of projects under OP COMPETITIVENESS fully prepared to be financing under Structural Funds
- projects pipeline ready for contracting under OP, starting with 2007
- trained staff of the institutions responsible for the project preparation/implementation

***4E.2.6 SUB-PROJECT 6: SUPPORT FOR THE MINISTRY OF TRANSPORT, CONSTRUCTION AND TOURISM TO PREPARE AS MANAGING AUTHORITY***

***4E.2.6.1 OBJECTIVES***

The objective of the sub-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.

#### 4E.2.6.2 IDENTIFICATION OF NEEDS AND NECESSARY ACTIONS:

The Priority 2 - “Improving and developing the infrastructure for transport, energy and environment” - of the National Development Plan will be one of the biggest beneficiaries of the State Budget and structural funds, because its objective is to insure the basic infrastructure needed for a sustained economic growth and the improvement of the quality of life.

The improvement of the infrastructure for transport will be based on a complex strategy based on a number of integrated actions identified as measures aiming at supporting the development of the infrastructure.

The project will enhance the capacity to further develop and manage the National Development Plan, including Cohesion Fund projects and Sectoral Operational Programmes, on both national and regional level.

**In order to achieve the targets laid down in the NDP 2004-2006, MTCT, as Managing Authority, will work directly with the Implementing Agencies (National Company Motorways and National Roads of Romania, National Company of Railways “CFR”, other companies and institutions within MTCT’s authority).**

#### 4E.2.6.3 ACTIVITIES AND MEANS IN 2004

##### **Component A - Support in setting up of a framework for Managing Authority and Intermediate Body for Cohesion Fund and in preparing the Draft Operational Programme for transport**

- Assist the MTCT and the Intermediate Bodies in attaining a smooth bridging between management of Phare funded projects and Structural Funds (FS) interventions; The Consultant will provide variant guidelines for a better internal organisation within MA/IB/FBs.
- Support the MTCT and the delegated Implementing Agencies in attaining a smooth bridging between management/monitoring of ISPA funded projects and CF interventions; The Consultant will provide variant guidelines for a better internal organisation within IB/IAs.
- Elaboration of Operation Manuals for Programming, Implementation, Evaluation and Monitoring, Financial management and Control phases of the Programmes and Projects management under SF in conformity with the general provisions on the Structural Funds laid down by Council Regulation (EC) 1260/ 1999 and related EC regulations;
- Revision and completion as necessary the Operation Manuals for Programming, Implementation, Evaluation and Monitoring, Financial management and Control phases of the Projects management under CF in conformity with the general provisions on the Cohesion Funds laid down by Council Regulation (EC) 1267/ 1999 and related EC regulations;
- Development of a “Procedure Manual” for preparation, implementation and administration of the Operational Programme and the Program Complement;
- Support in preparation of a draft version of the Operational Program, reflecting the priorities and multi-annual measures and the Program Complement;
- Organisation of an workshop for all the personnel involved in the management of SOP and CF: presentation and training in the procedure manual and the Operational Program.

The component will be implemented through a technical assistance of 1,100,000 EURO to be financed under Phare 2004 programme, with a total duration of 12 months.

### **Component B: 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 and a limited number of study tours in EU member states; The visits to Managing Authorities in Member States will be practically focused and the aim is to familiarise the participants with the roles, responsibilities, functions, tasks, works-flows and co-ordination mechanisms of such entities;
- The component will be implemented through a TA contract of 700,000 EURO.

#### *4E.2.6.4 RESULTS FOR 2004*

- An efficient and operational Managing Authority and Intermediate Body within MTCT;
- Operation Manuals for Programming, Implementation, Evaluation and Monitoring, Financial management and Control phases of the Programmes and Projects management under Structural Funds drafted according to the general provisions laid down by the relevant EU Regulations;
- Operation Manuals for Programming, Implementation, Evaluation and Monitoring, Financial management and Control phases of the Projects management under Cohesion Fund drafted according to the general provisions laid down by the relevant EU Regulations.
- Written guidelines for internal co-ordination for preparation of Operational Programme and the Complement Programme;
- Operational Programme for 2007-2013;
- “Procedure Manual” for the implementation and administration of the Operational Programme.
- 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;

#### *4E.2.6.5 PLANNED FUTURE ACTIVITIES AND RESULTS FOR 2005-2006*

##### **2005**

### **Component B: 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 and a limited number of study tours in EU member states; The visits to Managing Authorities in Member States will be practically focused and the aim is to familiarise the participants with the roles, responsibilities, functions, tasks, works-flows and co-ordination mechanisms of such entities;

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

### **Component C - Supply of IT equipment for operating the SMIS system within MTCT**

Based on the an assessment of the existing situation and areas where interventions are needed in order to make SMIS fully operational, in terms of software, IT infrastructure, human resources and written procedures and the TS prepared under the Phare 2004 TA managed by the MACSF, equipment will be purchased, installed and the users trained. The acquisition of the equipment will be made under Phare 2005. The estimated budget for MA, IB and FBs within the transport sector is in a total amount of 700,000 EURO.

### **Component D – 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 and Cohesion Funds 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.

Amount of the contracts is 5 MEURO.

Results:

- 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;
- Equipment installed and operational, users trained
- Pipeline of programming documents and projects prepared, with a view to absorb the first wave of Structural and Cohesion Funds assistance after accession.

2006

### **Component B: 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 and a limited number of study tours in EU member states; The visits to Managing Authorities in Member States will be practically focused and the aim is to familiarise the participants with the roles, responsibilities, functions, tasks, works-flows and co-ordination mechanisms of such entities;

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

### **Component D – 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 and Cohesion Funds 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.

Amount of the contracts is 2 MEURO

Results:

- 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 and Cohesion Funds assistance after accession.

### ***4E.2.7 SUB-PROJECT 7: SUPPORT FOR THE MINISTRY OF LABOUR, SOCIAL SOLIDARITY & FAMILY TO PREPARE AS MANAGING AUTHORITY***

#### ***4E.2.7.1 OBJECTIVE:***

#### **Component A)**

- to strengthen MoLSSF's role in the overall co-ordination of HRD policy formulation and implementation – future HRD SOP MA;
- to develop the ESF implementation administrative capacities of the institutions involved: MoLSSF, NAE, MoER as IBs, FBs;
- to prepare a pipe-line of HRD projects to be financed under Phare 2004-2006 and further by ESF, starting with 2007

#### **Component B)**

- to increase the efficiency of the active measures and allocations of funds

#### **Component C)**

- to facilitate the installation of the SMIS system for HRD SOP and its promptness and effectiveness

#### ***4E.2.7.2 IDENTIFICATION OF NEEDS AND NECESSARY ACTIONS***

**Concerning the Active Labour Market Programmes, JAP underlines some issues as:**

- Passive measures continue to represent the bulk of labour market expenditures financed via the Unemployment Fund. The level of resources and the funding mechanism may be a



problem in the medium-term when Romania has to face major restructuring challenges and a likely substantial increase of unemployment.

- The impact of the measure on the various groups addressed should be evaluated in order to ensure an appropriate targeting.
- Training measures have only a marginal place. While at present, the unemployment rates of the lower qualified remain low, the situation might change dramatically with the pursuit of restructuring and call for a substantial strengthening of training provision in active programmes.
- Information on expenditures in and beneficiaries of active programmes relates to different frameworks for active policy and it is therefore difficult to quantify rigorously and to compare over time. It is necessary to improve the monitoring of the development of the active measures, as well as of their effectiveness, in order to provide a sounder basis for the policy planning in the field of employment.

**As result, it was identified as problem of the public employment service that** the staffing of the NAE should be a matter of permanent concern and, where appropriate, adjusted in order to allow it to deliver services consistent with the needs of the labour market in an efficient way and to implement effectively the new active strategy initiated by the last reform.

Identifying these problems **the assessment underlines** that:

- Romania should review the funding arrangements, the level of resources as well as the provision of active programmes their targeting and impact in order to be adequately prepared to meet the future challenges and enable active policy to fully support and contribute to the transformation of its labour force.
- The concentration of active programmes on subsidised employment and the evaluation of their impact deserve specific attention in that respect as well as the need to significantly expand the provision of training measures.
- The reorganisation of PES functions between the regional and local agencies is a necessary condition, which needs to be put in place rapidly. A review of the staff allocation between the regional and local agencies is necessary with a view to the successful implementation of the modernisation strategy and of the new activation policy.

As regards the **regional aspects of employment policy**, **the assessment emphasizes that:**

- The establishment of regional and local structures for employment policy development and implementation may facilitate addressing regional labour market unbalances. In anticipation of major restructuring ahead, Romania should examine appropriate policy instruments including regional development strategies, promoting labour mobility and human resources development while ensuring an appropriate provision of active programmes across the territory. The PES management by objective system provides a framework in that respect. The implementation should be monitored.
- Romania needs to develop approaches enabling all relevant local actors (PES, municipalities, social partners etc) to respond to the specific characteristics of their own area, while respecting national policy priorities.

The preparations for the ESF assessment established that Romania should rapidly implement concrete measures to ensure an appropriate capacity building for an effective management of the pre-accession and ESF support. This should include the training of civil servants in relation to EU structural policy, and ESF procedures and management, in accordance with their competence and role in the ESF administration system in Romania.

The **JAP has identified a number of priority areas** where progress is needed and where monitoring should be carried out in the context of the Employment Policy Review:

- Review the funding arrangements and the level of resources for active policies as well as the provision of active programmes in order to substantially increase the provision of training and achieve a better balance between subsidised employment and other measures. Monitor the implementation of the new framework for active policy, the targeting and impact of programmes so that active policy can effectively contribute to the transformation of the labour force requested by the future challenges. In relation with this, while pursuing the ongoing strategy to improve the PES quality and efficiency, the appropriate allocation of the staff at territorial level and the control of registration should be a matter of permanent concern of the PES management so that active support can be effectively targeted at the jobseekers who need it and PES resources efficiently used.
- Pursue efforts to strengthen capacity building in the administration in general and develop an appropriate institutional framework for regional employment policy and for the implementation of pre-accession and ESF support in co-ordination with the other structural funds. This includes an appropriate training of the staff involved.

The final **JAP** analysis highlights, also, some **structural issues**, as:

- The relatively high employment rate and low unemployment rates are mainly accounted for by the existence of an important rural labour market and the considerable agricultural sector. The necessary restructuring of the economy will create major employment challenges in the next future and it is crucial that Romania be prepared for them.
- Restructuring its agriculture and its industry and enabling the economy to create jobs in the private sector, in the expanding branches of manufacturing and in particular in services are crucial challenges for Romania. Increasing and adapting education and training levels, developing the training of the employed and of the unemployed should ensure that human resources could respond to the transformation of the economy and the labour market.

According with G.D. no.497/2004 on establishing the institutional framework of coordination, implementation and administration of Structural Funds, MoLSSF is designated as Managing Authority for HRD SOP and its responsibilities.

Following the Chapter 21 negotiations process, in April 2004, MoLSSF elaborated a proposal referring the stage for ESF preparation:

- extension of Intermediary Bodies designation for ESF – as analysis results the MoER was proposed as the second Intermediary Body for HRD SOP;
- including within HRD SOP of all measures afferent (including education policy sector);
- a training needs program delivered to the staff involved.

Concerning the Component A) very important inputs will be the results achieved under Phare 2002 “ESF” twinning project for MoLSSF (training needs assessment at national, regional and local level, training manuals, training programs delivered to 4 target groups at all levels mentioned above, as well as the recommendations concerning gaps and needs analysis of present system for collecting LM data linked with the future MIS for HRD) and Phare 2003 TA which will have as outputs the Regional Action Plans for Employment – important input for HRD SOP and PC elaboration; regional partnerships for promoting employment initiative; and training programs delivered especially at regional and local level.

Therefore, the actual project will continue also the training programs for all structures involved in ESF activities, according to the Chapter 21 negotiation evolutions, in order to ensure the preparations for the programming period 2007 – 2013.

**Component A)****Programming:**

- Assist the preparation of descriptions of measures to be implemented under SOP HRD and Programme Complement for 2007 – 2013 period:
  - Assistance in drafting ESF policy frame of reference and ex-ante evaluation of the HRD SOP and the developing of method/approach to be used;
  - ESF in National Development Plan;
  - SOP HRD;
  - ESF in Programme Complement, detailed measures and implementation arrangements;
  - EU and national legislation;
  - Advice on negotiations with the EC.

**Management and Implementation:**

- Further development of capabilities relating to strengthen the capacities for preparing the ESF implementation and programme management:
  - ESF project pipeline – existing national and regional administrative linkage between each level that could be used for future ESF single project implementation;
  - ESF major schemes – existing government programmes and implementation tools to create possibilities of implementing bigger projects within these structures;
  - Development of capacities relating to MA and payments;
  - Enhancement of the capability of the ESF Monitoring and Control Unit for effective fulfilling its tasks;
  - Development of Intermediary Bodies abilities in term of management of ESF activities;
  - Enhancement of capacities of Final Beneficiaries in term of ESF implementation;
  - Assisting in checking and testing the previously designed systems;
  - Fine-tuning of systems and schemes – verification and schemes;
  - Advising on particular examples basing on the implemented projects.

Preparing the Romanian administration for 2007-2013 programming period – drafting the preliminary timetable, identifying issues needed to be taken into consideration, planning the tasks of future stakeholders.

**Details:****Internal Audit Strengthening for HRD SOP:**

The internal audit is a crucial area that requires strengthening in order to allow the Romanian authorities to correctly manage EU funds. Internal Audit departments have to be established in the Managing Authorities and Intermediate Bodies, these units will require substantial support to operate according to European Union standards (based on EU Regulations to be approved in 2005).

Strengthening the Internal Audit unit in ESF Managing Authority in the following way:

- **Review of existing structures (administrative chart) and assess the compliance of the Internal Audit Unit position within the Managing Authority structure;**
- **Reviewing of the existing procedures and preparing of Internal Audit procedures for the MA's.**

**Accreditation by the SOP MA of the ESF IBs**

Carrying out an assessment of the MoLSSF, NAE 8 regional PIUs and MoER and its regional PIUs to determine readiness for taking over the delegated attributions from the HRD SOP MA regarding the management, implementation and control of the projects financed under ESF.

Previous Phare 2003 TA project has been building the capacity of the MoLSSF and NAE 8 PIUs to implement the Phare HRD programmes, and to establish the foundations of ESF implementation. Under this project the emphasis will be on ESF implementation as the PIUs taking up the role of Intermediate Bodies. The new stage of Chapter 21 negotiations (HDR SOP) underlined for ESF type measures a new IBs – specialised department from MoLSSF and MoER concerning the measures referring national priorities and regional structures of MoER. Therefore the institutional building activities for the IBs to be carried out will include:

#### *Capacity building for IBs*

**Ensure the IBs structures are able to carry out the duties delegated to them by the HRD SOP Programme MA;**

**Provide support to the IBs so that they are able to fully participate in the HRD SOP Programme Complement preparation/adjustment;**

**Building effective working relationship between the MA for the HRD SOP and the IBs structures;**

**Develop regional co-ordination of bodies responsible with compliance to horizontal themes – equal opportunities, etc.**

**Develop co-ordination with other regional MA structures/Intermediate Bodies in project selection.**

#### *Strengthening the Internal Audit functions of the Intermediate Bodies:*

**- Review of existing structures (organisational chart) and assess the compliance of the Internal Audit Units position within the IBs structure.**

#### *Financial Control*

**- Strengthening the financial control units (based on SOP & PA manuals);**

**- Support to ensure compliance with the 2005 EC Financial Regulations for the accounting system for IBs operations.**

#### *Project Pipeline development*

Strengthen the regional partnership structures set up under the previous TA Phare 2003 project. The partnership should be the vehicle for legitimacy of measure contents, project identification and preparation. Without a strong partnership structure in place the project pipeline and thus absorption of ESF funds will be endangered.

Assisting the Final Beneficiaries (MoLSSF, NAE and the 8 PIUs and all the county employment agencies; MoER and its 8 PIUs, County Educational Inspectorates, and other identified structures designated as FBs in developing their necessary structures and identifying those potential final recipients who will be managing grant schemes and other schemes of this nature to provide them with project implementation training.

#### *Monitoring*

Develop the IBs role as a provider of information on the implementation of HRD SOP at the NUTS II level and in the same time the role of Final Beneficiaries as important monitoring system link.

#### Training at National and Regional Levels to enhance ESF absorption capacity

- Designing the Training Plan for 2005 – 2006:
  - General framework of ESF operations;
  - Project application, selection and decision making;
  - Financial management of the ESF;
  - Eligible expenditure under ESF assistance;
  - Monitoring and evaluation;

- Control and audit of the ESF;
- Information and publicity measures;
- Monitoring Committee operations;
- Project management;
- Training methodology.
  - Designing training thematic volumes targeting particular groups – staff of MA; members of Monitoring Committee; staff of IBs; Final Beneficiaries; Staff of institutions involved in the ESF implementation; potential project promoters; future trainers, according with the new stage of negotiations on Chapter 21 by revising and assess the training manuals developed under the twinning ESF Phare 2002.
- Assisting in in-depth training programs delivery on ESF programmes and projects implementation in relation to all policy fields of ESF:
  - Training program on financial management and Paying Authority functions;
  - Audit and control systems, reporting on irregularities;
  - Further training the MA, IBs, FBs – seminars and practical workshops;
  - Training of project promoters as above – promotion of the best practices and good ideas.

Elaboration of publication and promotion documents and materials about ESF;

Setting-up the web-site and e-communication

Newsletter.

*Improving the system for implementing HRD programs*

#### **Component B)**

- Ex-ante evaluation of the all active employment measures (AEM) launched with the Law no.76/2002;
- Carry out an impact study on implementation of all AEM launched with the Law no.76/2002;
- Make proposals, where appropriate, for the design of certain measures and improvements on the implementation and delivery mechanisms;
- To adjust the labour market policies and programmes according to the results of the study.

An important input will refer to the Phare2003 TA project result concerning the development of procedure for net impact analyses and the staff-training program (10 persons). Based on that, actual TA will develop further training modules for the 10 persons from MoLSSF and NAE, the 10 persons included in the further training and additional training courses for 94 persons (2 from each county) in carrying out impact study in the local field.

Both component A and B will be implemented through a technical assistance contract amounting 3.25 MEURO during a 2years period.

#### **4E.2.7.4 RESULTS FOR 2004**

#### **Component A)**

*Programming at the level of MA:*

- SOP negotiated and agreed with European Commission;
- Managing Authority for HRD SOP able to effectively manage the programmes at the time of their approval by the European Commission;
- The Programming Complement are fully agreed by the Romanian Authorities;
- Financial Control Unit operating effectively;
- Audit Unit operating effectively;
- The horizontal themes (equal opportunities, public procurement etc.) incorporated into the procedures and documentation for programme implementation, including verification of compliance.

### *Management and Implementation:*

- Capacities for preparing the ESF implementation and programme management strengthened:
  - ESF project pipeline at national and regional level that could be used for future ESF single project implementation existent;
  - ESF major schemes – government programmes and implementation tools to create possibilities of implementing bigger projects within these structures existent;
  - Capacities developed relating to MA and payments;
  - Enhanced capability of the ESF Monitoring and Control Unit for effective fulfilling its tasks;
  - Developed Intermediary Bodies abilities in term of management of ESF activities;
  - Enhanced capacities of Final Beneficiaries in term of ESF implementation;
  - Checked and tested the previously designed systems;
  - Systems and schemes verified;
  - Advised on particular examples basing on the implemented projects.

Details on:

#### *Internal Audit Strengthening for HRD SOP:*

Strengthened Internal Audit unit in ESF Managing Authority:

- Reviewed existing structures (administrative chart) and assessed compliance of the Internal Audit Unit position within the Managing Authority structure;
- Reviewed existing procedures and prepared Internal Audit procedures for the MA's.

#### *Accreditation by the SOP MA of the ESF IBs*

Assessed the MoLSSF, NAE and its 8 regional PIUs and MoER and its regional structures in order to determine the readiness for taking over the delegated attributions from the SOP MA regarding the management, implementation and control of the projects financed under ESF.

#### *Capacity building for IBs*

- IBs structures able to carry out the duties delegated to them by the HRD SOP Programme MA;
- IBs able to fully participate in the HRD SOP Programme Complement preparation/adjustment;
- Working relationship built between the MA for the HRD SOP and the IBs structures;
- Developed regional co-ordination of bodies responsible with compliance to horizontal themes – equal opportunities, etc.
- Developed co-ordination with other regional MA structures/Intermediate Bodies in project selection.

#### *Strengthened Internal Audit functions of the Intermediate Bodies:*

- Reviewed the existing structures (organisational chart) and assessed the compliance of the Internal Audit Units position within the IBs structure.

#### *Financial Control*

- Strengthened the financial control units (based on SOP & PA manuals);
- Ensured compliance with the 2005 EC Financial Regulations for the accounting system for IBs operations.

#### *Project Pipeline developed*

Strengthened Final Beneficiaries structures and identified potential final recipients who will be managing grant schemes and other schemes of this nature to provide them with project implementation training.

### *Monitoring*

IBs and Final Beneficiaries role developed as providers of information on the implementation of HRD SOP at the NUTS II level and local level.

### Training at National and Regional Levels to enhance ESF absorption capacity

- Designed Training Plan for 2005 – 2006 as follow:
  - General framework of ESF operations;
  - Project application, selection and decision making;
  - Financial management of the ESF;
  - Eligible expenditure under ESF assistance;
  - Monitoring and evaluation;
  - Control and audit of the ESF;
  - Information and publicity measures;
  - Monitoring Committee operations;
  - Project management;
  - Training methodology.
- Designed training thematic volumes targeting particular groups – staff of MA; members of Monitoring Committee; staff of IBs; Final Beneficiaries; Staff of institutions involved in the ESF implementation; potential project promoters; future trainers, according with the new stage of negotiations on Chapter 21 by revising and assess the training manuals developed under the twinning ESF Phare 2002.
- In-depth training programs delivered on ESF programmes and projects implementation in relation to all policy fields of ESF:
  - Training program on financial management and Paying Authority functions (tailored on correspondent structures): 16 trainers, 20 persons from MA, 50 persons from IBs, 200 from Final Beneficiaries, 3.000 potential project promoters (final recipients);
  - Audit and control systems, reporting on irregularities – 100 persons – MA, IBs, FBs;
  - Further training the MA, IBs, FBs – seminars and practical workshops on the corresponding thematic mentioned above: 270 persons;
  - Training of project promoters as above – promotion of the best practices and good ideas: 3.000 project promoters.

N.B. The number of trainees will be adjusted according with the Training program for 2005 – 2006 elaborated together with TA.
- Elaborated publication and promotion documents and materials about ESF according with the activity performed together with the TA;
- Set-up web-site and e-communication
- Newsletter.

### ***Component B)***

- Ex-ante evaluation of the all active employment measures (AEM) launched with the Law no.76/2002 elaborated;
- Impact study on implementation of all AEM launched with the Law no.76/2002 carried out;
- Proposals elaborated, where appropriate, for the design of certain measures and improvements on the implementation and delivery mechanisms;
- Adjusted labour market policies and programmes according to the results of the study;
- Developed further training modules for the 10 persons from MoLSSF and NAE, 10 persons further trained and 94 persons (2 from each county) trained.

**Component A) Improving the system for implementing HRD programs and continuing the preparations for ESF management and implementation**

**Training at National and Regional Levels to enhance ESF absorption capacity**

- Reviewing the Training Plan for 2005 – 2006 developed under Phare 2004, in order to identify the current needs for training programs:
- Assisting in training programs delivery on ESF programmes and projects implementation in relation to all policy fields of ESF:
  - Training program on financial management and Paying Authority functions;
  - Audit and control systems, reporting on irregularities;
  - Further training the MA, IBs, FBs – seminars and practical workshops;
  - Training of project promoters as above – promotion of the best practices and good ideas.

**Component C): Supply of IT equipment for operating the SMIS system for HRD SOP**

- Purchase of equipment, its installation and training of the users.

**RESULTS 2005 AND 2006**

- Assisting in training programs delivery on ESF programmes and projects implementation in relation to all policy fields of ESF:
  - Training program on financial management (tailored on correspondent structures): 50 persons from IBs new staff, 200 from Final Beneficiaries new staff, 3.000 new identified potential project promoters (final recipients);
  - Audit and control systems, reporting on irregularities – 200 persons – MA, IBs, FBs new staff;
  - Further training the MA, IBs, FBs – seminars and practical workshops on the corresponding thematic mentioned above: 270 persons new staff;
  - Training of project promoters as above – promotion of the best practices and good ideas: 3.000 new identified project promoters.
- Equipment purchased, installed and operational
  - high availability clusters of 6 servers
  - computers and printers that will allow proper operation of the software
  - users trained

**4E.2.8 *SUB-PROJECT 8: SUPPORT FOR THE MINISTRY OF ENVIRONMENT AND WATER MANAGEMENT TO PREPARE AS MANAGING AUTHORITY AND INTERMEDIATE BODY***

**4E.2.8.1 *OBJECTIVE:***

To support the preparation of the MEWM to function as Managing Authority for the Sectoral Operational Programme for Environment Infrastructure and as Intermediate Body for the Cohesion Fund in the environment sector in order to increase its capacity for programming, management, evaluation and monitoring of projects and programmes under EU Structural and Cohesion Funds, including the preparation of eligible projects for SF financing and the provision of IT equipments with a view to using the SMIS.



The GD 497/2004 on the designation of the institutional framework for the coordination, management and implementation of the Structural Instruments established the Ministry of Environment and Water Management (MEWM) as Managing Authority for the Sectoral Operational Programme Environment Infrastructure and as Intermediate Body for the Cohesion Fund in the environment sector.

The GD 408/2004 established the legal basis for setting up and functioning, within the Ministry of Environment and Water Management, the Managing Authority for SOP Environment Infrastructure and the Intermediate Body for the Cohesion Fund in the environment sector, in order to increase its capacity for programming, management, evaluation and monitoring of projects and programmes under EU Structural and Cohesion Funds.

According to GD 408/2004, the Authority for the Implementation of Structural and Cohesion Funds for Environmental Infrastructure Projects (the Managing Authority for SOP Environment Infrastructure and the Intermediate Body for the Cohesion Fund in the environment sector) is established within the MEWM as a General Directorate for the Structural Instruments Implementation, functioning with a total number of 100 positions in 2005, out of which 50 positions to be filled in 2004.

The General Directorate for the Structural Instruments Implementation comprises three Directorates (Programming, Monitoring, Contracting) and an IT Unit.

At the present moment, the three Directorates comprise the personnel from PIU Phare and ISPA Unit (14 persons).

The MEWM will work with the National Environmental Protection Agency (NEPA) and with the eight Regional Environmental Protection Agencies (REPAs) as Intermediate Bodies for the POS Environment Infrastructure. The NEPA (established G.D. nr.1625/2003) and REPAs (established G.D. nr.1626/2003) are government structures under the coordination of the MEWM.

In order to achieve, upon accession, a sound and efficient management of EU Structural and Cohesion Funds, the institutional structures at central and regional levels in the environmental sector have to be strengthened. The capacity to further develop and manage the SOP and Cohesion Fund for Environment Infrastructure, on both national and regional levels, must be enhanced.

The support will consist of 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 (programming, contracting, implementation of programmes and projects, monitoring and evaluation, as well as financial management and control).

**a) The setting up of a framework for Managing Authority of the Operational Programme for Environment Infrastructure (OP) and Intermediate Body for the Cohesion Fund in the environment sector (CF)**

- Drafting the human resources strategy for the personnel of the Management Authority for SOP Environment Infrastructure and its Intermediate Bodies;
- Support to the MEWM and the Intermediate Bodies (NEPA and REPAs) to attain smooth bridging between management of Phare funded projects and Structural Funds (SF) interventions;
- Drafting the human resources strategy for the personnel of the Intermediate Body for the Cohesion Fund in the environment sector;

- Support to the MEWM and the delegated Implementing Agencies to attain smooth bridging between management/monitoring of ISPA funded projects and CF interventions;
  - Elaboration of Operation Manuals for Programming, Implementation, Evaluation and Monitoring, Financial Management and Control phases of the Programmes and Projects management under SF in conformity with the general provisions on the Structural Funds laid down by Council Regulation (EC) 1260/1999 and related EC regulations;
  - Revision and completion as necessary the Operation Manuals for Programming, Contracting, Implementation, Evaluation and Monitoring, Financial Management and Control phases of the Projects management under CF in conformity with the general provisions on the Cohesion Funds laid down by Council Regulation (EC) 1264/ 1999 and related EC regulations;
  - Establishing a coherent and efficient framework for inter-ministerial co-ordination for implementation of the SOP and CF for Environment Infrastructure;
  - Review the decision making process, information flows, internal procedures and auditing practices;
- Assist in setting up the Monitoring Committee and draft its rules and procedures.

*b) Support in preparation of the draft Operational Programme and Programme Complement for Environment Infrastructure*

- Elaboration of written guidelines for preparation and co-ordination of Operational Programme and Programme Complement;
- Preparation of a draft version of the Operational Programme and the Programme Complement for Environment Infrastructure, reflecting the priorities and multi-annual measures; Assistance in negotiation of SOP Environment Infrastructure;
- Development of a “Procedure Manual” for implementation and administration of the Operational Programme for Environment Infrastructure;

*c) Support in preparation of Strategic documents and implementation procedure for Cohesion Funds (2007-2013)*

- Development of written guidelines for preparation of Strategic documents for Cohesion Funds;
  - Preparation of draft version of Strategic documents for Cohesion Funds, for 2007-2013;
  - Elaboration of written guidelines for pipeline preparation, including project identification and prioritisation criteria for the Cohesion Fund Environment;
  - Written guidelines for project preparation and assessment;
  - Development of a “Procedure Manual” for implementation and administration the Cohesion Fund;
  - Preparation of Internal Audit Manual, including programming and reporting procedures;
  - Preparation of procedures for financial and technical control on the spot and reporting upon findings;
  - Elaboration of institutional and procedural framework for development of PPP;
  - Preparation of financial and technical control checklists;
  - Establishing a co-financing mechanism for CF;
  - Preparation of monitoring procedures, including physical, technical and financial indicators setting up procedures;
  - Development of reporting procedures for CF projects implementation status;
  - Establishing of tendering, contracting and contract management procedures for CF;
  - Development of procedures for payments request, certification, performance and reporting;
  - Preparation of procedures for book keeping activity for CF, including for the correlation between the internal and external funds;
- Defining the framework of an integrated database to include the budgetary allocation for environmental projects out of SF, CF, national/local budget, private financing sources.

These activities at points a), b) and c) will be implemented through a twinning contract amounting 1.5 MEURO during a 18 months period.

*d) Training Programme*

- Tailor-made training of the relevant Implementing/Managing Authority and its related Intermediate Bodies/designated Implementing Agencies staff, with particular emphasis on the - Programming, Contracting, Implementation, Evaluation and Monitoring, Financial management, Control and Audit phases of SF and CF programmes and projects; Organisation of thematic workshops and seminars and a limited number of study tours in EU member states;
- Providing on the job training for the Managing Authority for SOP Environment Infrastructure and CF Intermediate body within the MEWM and for the Intermediate Bodies/Implementing Agencies.

The activities at point d) will be implemented through a technical assistance contract amounting 0.5 MEURO.

*4e.2.8.4 RESULTS FOR 2004*

- An efficient and operational Managing Authority for SOP Environment Infrastructure and Intermediate Body for the Cohesion Fund for environment sector within MEWM, established;
- The Operation Manuals for Programming, Contracting, Implementation, Evaluation and Monitoring, Financial management and Control phases of the Programmes and Projects management under SF and CF for Environment Infrastructure drafted according to the general provisions laid down by the relevant EU Regulations;
- A coherent and efficient framework for inter-ministerial co-ordination for implementation of the SOP and CF for Environment Infrastructure established;
- Written guidelines for preparation co-ordination of Operational Programme and Programme Complement and of Strategic documents for Cohesion Funds;
- Operational Programme and Programme Complement for Environment Infrastructure and Strategic documents for Cohesion Funds for 2007-2013, elaborated;
- “Procedure Manual” for implementation and administration the Operational Programme Environment Infrastructure and Cohesion Fund prepared;
- Internal Audit Manual, Framework for development of PPP, Monitoring & Reporting procedures for CF, elaborated;
- Tendering, contracting and contract management procedures for CF defined;

200 professional and highly trained persons out of which 100 persons within the MEWM – SOP Managing Authority & Cohesion Fund Intermediate Body, and 100 within the Intermediate Bodies for SOP Environment Infrastructure.

*4E.2.8.5 PLANNED ACTIVITIES AND RESULTS FOR 2005-2006 – SUB-PROJECT 8*

**Component A) 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 and Cohesion Funds 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.

This activity shall be financed out of Phare 2005 (5 MEURO) and Phare 2006 (2 MEURO).

#### **Component B) Supply of IT equipment for operating the SMIS system in MEWM**

Purchasing of equipment under supply contract (Phare 2005 – 0.75 MEURO), installation and training of the MEWM staff.

Results:

- Pipe-line of projects to be financed under the SOP Environment Infrastructure and CF, including project identification, preparation and evaluation criteria, elaborated and agreed;
- IT equipment for effective management of EU funds through the Single Management Information System purchased, installed and fully operational.

#### **4E.2.9 SUB-PROJECT 9: EX-ANTE EVALUATION**

##### **4E.2.9.1 OBJECTIVE:**

To finalise the ex-ante evaluation of the Operational Programmes.

##### **4E.2.9.2 IDENTIFICATION OF NEEDS AND NECESSARY ACTIONS**

In order to respond to the requirements regarding the setting up of the framework for developing the national capacities for evaluation of public interventions (Chapter 28 - Financial Control, Financial Regulation/Coordination Regulation/EDIS guidelines and Chapter 21 - Regional Policy/Structural Funds), the Ministry of Public Finance drafted the Action Plan for the take over of Phare Interim Evaluation within the general approach of establishing the National Evaluation System. In this respect, the draft document puts forward measures to be undertaken namely elaboration of a National Evaluation Strategy aiming at establishing a National Evaluation System able to manage evaluation of programmes/projects carried out by public institutions with public finances (EU – Phare, ISPA, SAPARD, future Structural Funds, other foreign finances, Romanian public expenditures) as well as implementation of subsequent action plans.

The Phare 2003 twinning for MACSF will assist in establishing the systems, structures, responsibilities and procedures for conducting independent evaluations of the PND/CSF (ex-ante, mid term, final and ex-post); establishing the general framework and elaboration of guidelines in which evaluation of each OPs should be organised by different managing authorities with a view to ensure coherence of the evaluation exercises and compatibility with Council Regulation 1260/99. This should relate to components of the evaluation system, domains of evaluation, evaluation standards (evaluation functions, evaluation management, evaluation process and evaluation quality). These activities will be accompanied by relevant training courses, workshops, seminars and round tables in order to ensure a good understanding of the evaluation process, the roles and attributions among the targeted institutions. The activities to be carried out under the twinning covenant will be built on the evaluation system in place at that moment and will produce the adjustments needed to perform the evaluations of programmes financed by SF at EU standards.

##### **4E.2.9.3 ACTIVITIES AND MEANS IN 2004**

In order to finalise the ex-ante evaluation for each OP, a team of consultants will be hired to perform the actual ex-ante evaluation of each OP. The following activities will be performed:

- The analysis of the current situation and SWOT
- Assessment of the rationale for the strategy and its overall consistency
- Quantification of the objectives
- Evaluation of expected impacts and justification of the policy mix
- Assessment of the employment strategy, equal opportunities and environmental impacts as horizontal issues
- Assessment of the quality of the implementation and monitoring mechanisms
- Evaluation of the measures of the programme complement

The ex-ante evaluation will be implemented through a contract amounting 1.2 MEURO to be financed out of Phare 2004.

#### 4E.2.9.4 RESULTS FOR 2004

- Reports on ex-ante evaluation of the OPs, including recommendations for improvement
- Recommendations taken on board (OPs adjusted)

### 4E.3 BUDGET FOR PRIORITY E/ MEASURE A

YEAR 2004	PHARE FUNDING			NATIONAL Co-FINANCING	IFI	TOTAL
PRIORITY E / MEASURE A	INVESTMENT	IB	TOTAL PHARE			
Sub-project 1 – Support to CSF MA			0.00			0.00
Sub-project 2 – Horizontal training		1.50	1.50			1.50
Sub-project 3 – SMIS development	1.00	5.00	6.00	0.34		6.34
Sub-project 4, ROP MA, out of which: - Component A - Component B - Component C - Component G*		5.40 1.00 1.00 3.40	5.40			5.40
Sub-project 5 – Support to MoET		2.50	2.50			2.50
Sub-project 6 - Support to MTCT - Component A - Component B		1.80 1.10 0.70	1.80			1.80
Sub-project 7: Support for the MoLSSF Component A Component B	- - -	3.25 2.75 0.50	3.25 2.75 0.50		- - -	3.25 2.75 0.50
Sub-project 8 – Support to MEWM		2.00	2.00			2.00
Sub-project 9 - Ex-ante		1.20	1.20			1.20
<b>T O T A L</b>	<b>1.00</b>	<b>22.65</b>	<b>23.65</b>	<b>0.34</b>		<b>23.99</b>

\* Co-financing for site supervision will be used for supporting the RDAs to implement and monitor projects financed in the framework of PPD ESC 2004-2006 (total of 2.333 Meuro from Priority A/measure a and D/ measure b).

YEAR 2005	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		0.20	0.20			0.20
	0.30		0.30	0.15		0.45
Sub-project 4, ROP MA, out of which: - Component C - Component D - Component E - Component F - Component G*	0.75	13.60 9.00 4.00 0.60	14.35 9.00 4.00 0.75 0.60	0.25		14.60 9.00 4.00 1.00 0.60
Sub-project 5: Support to MoET	0.50	5.00	5.50	0.25		5.75

Sub-project 6: Support to MTCT	<b>0.70</b>	<b>5.15</b>	<b>5.85</b>	<b>0.35</b>		<b>6.20</b>
Sub-project 7: Support for the MoLSSF	<b>0.75</b>	<b>1.50</b>	<b>2.25</b>	<b>0.25</b>	-	<b>2.50</b>
Sub-project 8: Support to MEWM	<b>0.75</b>	<b>5.00</b>	<b>5.75</b>	<b>0.25</b>		<b>6.00</b>
<b>T O T A L</b>	<b>3.75</b>	<b>31.45</b>	<b>35.20</b>	<b>1.50</b>		<b>36.70</b>
* Co-financing for site supervision will be used for supporting the RDAs to implement and monitor projects financed in the framework of PPD ESC 2004-2006 (total of 1.67 Meuro from Priority A/measure a and Priority B/measure d).						

<b>YEAR 2006</b>	<b>PHARE FUNDING</b>			<b>NATIONAL Co-FINANCING</b>	<b>IFI</b>	<b>TOTAL</b>
<b>PRIORITY E / MEASURE A</b>	<b>INVESTMENT</b>	<b>IB</b>	<b>TOTAL PHARE</b>			
Sub-project 1 – Support to CSF MA			<b>0.00</b>			<b>0.00</b>
Sub-project 2 – Horizontal training		<b>1.30</b>	<b>1.30</b>			<b>1.30</b>
Sub-project 3 – SMIS development	0.14	<b>3.00</b>	<b>3.14</b>	<b>0.07</b>		<b>3.21</b>
Sub-project 4, ROP MA, out of which: - Component A - Component B - Component C - Component G*		<b>9.50</b> 1.00 1.00 7.50	<b>9.50</b>			<b>9.50</b>
Sub-project 5 – Support to MoET			<b>0.00</b>			<b>0.00</b>
Sub-project 6: Support to MTCT		2.15	<b>2.15</b>			<b>2.15</b>
Sub-project 7: Support for the MoLSSF		2.00	<b>2.00</b>			<b>2.00</b>
Sub-project 8: Support to MEWM		2.00	<b>2.00</b>			<b>2.00</b>
<b>T O T A L</b>	<b>0.14</b>	<b>19.95</b>	<b>20.09</b>	<b>0.07</b>		<b>20.16</b>
* Co-financing for site supervision will be used for supporting the RDAs to implement and monitor projects financed in the framework of PPD ESC 2004-2006 (total of 2.67 Meuro from Priority A/measure a).						

<b>2004-2006</b>	<b>PHARE FUNDING</b>			<b>NATIONAL Co-FINANCING</b>	<b>IFI</b>	<b>TOTAL</b>
<b>PRIORITY E / MEASURE A</b>	<b>INVESTMENT</b>	<b>IB</b>	<b>TOTAL PHARE</b>			
Sub-project 1 – Support to CSF MA		<b>1.00</b>	<b>1.00</b>			<b>1.00</b>
Sub-project 2 – Horizontal training		<b>3.00</b>	<b>3.00</b>			<b>3.00</b>
Sub-project 3 – SMIS development	<b>1.44</b>	<b>8.00</b>	<b>9.44</b>	<b>0.56</b>		<b>10.00</b>
Sub-project 4, ROP MA, out of which: - Component A - Component B - Component C - Component D - Component E - Component F - Component G*	<b>0.75</b>	<b>28.50</b> 2.00 2.00 19.90 4.00 0.75 0.60	<b>29.25</b> 2.00 2.00 19.90 4.00 0.75 0.60	<b>0.25</b>     0.25		<b>29.50</b> 2.00 2.00 19.90 4.00 1.00 0.60
Sub-project 5: Support to MoET	<b>0.50</b>	<b>7.50</b>	<b>8.00</b>	<b>0.25</b>		<b>8.25</b>
Sub-project 6: Support to MTCT	<b>0.70</b>	<b>9.10</b>	<b>9.80</b>	<b>0.35</b>		<b>10.15</b>
Sub-project 7: Support for the MoLSSF	<b>0.75</b>	<b>6.75</b>	<b>7.50</b>	<b>0.25</b>		<b>7.75</b>
Sub-project 8: Support to MEWM	<b>0.75</b>	<b>9.00</b>	<b>9.75</b>	<b>0.25</b>		<b>10.00</b>
Sub-project 9: ex-ante evaluation		<b>1.20</b>	<b>1.20</b>			<b>1.20</b>
<b>T O T A L</b>	<b>4.89</b>	<b>74.05</b>	<b>78.94</b>	<b>1.91</b>		<b>80.85</b>

#### **4E.4 IMPLEMENTATION ARRANGEMENTS FOR PRIORITY E/ MEASURE A**

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, excepting for sub-project 4, component G, which is financed from national co-financing budget of Priorities A and D. The Ministry of European Integration is Implementing Agency for this component, as for Priority A.

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 sub-project will ensure the management of implementation for all structures involved.

Implementing Authority for sub-project 1, 2, 3 and 9 is MPF.

Implementing Authority for sub-project 4 is MEI for national twinning, technical assistance and equipment supply and also for PPF.

Implementing Authority for sub-project 5 is Ministry of Economy and Trade.

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

Implementing Authority for sub-project 7 is Ministry of Labour, social Solidarity and Family, Directorate for Employment Policies. The sub-project will have resource implications from the Ministry of Labour, Social Solidarity and Family (MLSSF) - PCU, National Agency for Employment (NAE), its regional structures – PIUs and territorial structures and, also for the Ministry of Education and Research.

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

### 4.3 LINKED ACTIVITIES

See Annex 7.

### 4.4 GLOBAL ESC LESSONS LEARNED

Investment in structural actions mainly comprised pilot grant schemes in the areas supported by regional development, mainly human resource development, support to business sector development, mainly SMEs and small social infrastructure. Through a learning by doing process, the schemes started creating capacity at national and regional level to manage and implement Structural Funds-type programmes.

Investment in large infrastructure projects started with a very broad pipe-line of projects, that was refined successively in order to ensure the selection of the most mature, well prepared and relevant projects. Experience gathered in Phare 2000 and 2001 programmes allowed the improvement of the process of identification of projects and creation of the pipe-line. A new mechanism for large infrastructure projects was developed, promoting a fair competition at regional level, based on a process similar to an open call.

The experience shows that having a pipe-line of projects will prevent delays in implementation of programmes and consequently another type of support was included in the grant schemes: support for preparation of projects, mainly for feasibility studies.

A special attention should be given when preparing the Tender Dossier. The tender procedure for all the infrastructure projects follows the PRAG<sup>17</sup> (Works section), while the Conditions of Contract for the Works Contracts are FIDIC (whether Red or Yellow Book). Due to this aspect, several difficulties may arise during the implementation of the Works Contracts leading to delays in the completion of the investments. However, as FIDIC is world wide recognised and its use proved to be successful, this practice should be maintained for all future infrastructure programmes.

Taking into account that supervision activity should cover a longer period than the actual infrastructure works, decision was taken to ensure the supervision costs from the next budgetary year of Phare support. In this way requests for extending the disbursement period to more than two years after commitment, can be avoided.

The requirements of the Romanian laws related to the quality and safety of construction, are raising 2 major problems:

- the Technical Assistance for PPF, has as main assignment to prepare the design for the infrastructure projects to be financed, thus assuming the role of the designer. This activity ends once the tendering and contracting process of selecting the Works Contractors have been finalised. Under the Romanian legislation, the designer is responsible to ensure that the works are carried out in accordance with the design. After the completion of the works he is also liable for all hidden structural defects, for the entire lifetime of the construction.
- Because of the shortfall of the original designer, the Technical Assistance in charge with the supervision of the Works Contracts has to assume the role of the designer, but only for the execution of works and the defects notification periods, leaving the post-construction period not covered.

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<sup>17</sup> *Practical Guide to Contract Procedures Financed from the EC general Budget in the context of External Actions:*  
[http://europa.eu.int/comm/europeaid/tender/gestion/pg/npg\\_en.doc](http://europa.eu.int/comm/europeaid/tender/gestion/pg/npg_en.doc)



Given the described circumstances, the requirements of the Romanian legislation cannot be fulfilled entirely in any of the above cases.

A possible solution for solving this problem is for the PPF Consultant to relate to the local designer(s) for the preparation of the design. By this approach the local designer(s) will remain responsible under the Romanian legislation even after the end of the PPF contract, during the execution period and for the entire life of the construction. This will also lead to the building of the institutional capacities of the Romanian designing companies that will gain experience and knowledge of the international standards, procedures and requirements.

Another possible solution is to combine the two Technical Assistance contracts, for PPF and Supervision into a single assignment in charge for the preparation of the design, tendering, contracting and also for the supervision of the works. This will ensure the continuity of the responsibilities of the same Consultant, not only in terms of the design, but also by avoiding any possible conflicts that may arise due to different approaches.

However, a decision regarding the adoption of any of the above solutions can not be made at this stage due to various present or future circumstances related to: maximum percentage allowed by the PRAG for sub-contracting (30%), changes in the Romanian legislation related to safety in construction, modification of the institutional arrangements (for the State Inspectorate for Construction).

Before the relevant tendering procedure is launched, the Contracting Authority will make the final decision regarding which of the solutions or a possible mix between them is to be adopted.

It is considered that the most effective method to ensure that the Romanian institutions responsible for preparing and implementing the Structural Funds from the beginning of 2007 is twinning. Complementary to twinning, which has a very practical approach, technical assistance can be also considered providing more general and theoretical knowledge and covering a larger target group.

## 5. DETAILED BUDGET (PHARE)

### 5.1 Detailed budget by priorities

MEURO

YEAR 2004	EU SUPPORT			NATIONAL Co-FINANCING*	IFI*	TOTAL
	INVESTMENT SUPPORT	INSTITUTION BUILDING	TOTAL EU (=I+IB)			
Priority A	40.425		40.425	13.475		53.900
Priority B	44.96	13.565	58.525	14.990		73.515
Priority C	5.50	7.500	13.000	1.837		14.837
Priority D	23.30	1.200	24.500	7.770		32.270
Priority E	1.00	22.650	23.650	0.340		23.990
<b>Total 2004</b>	<b>115.185</b>	<b>44.915</b>	<b>160.1</b>	<b>38.412</b>		<b>198.512</b>

### Indicative budget for the budgetary years 2005 and 2006

MEURO

YEAR 2005	INDICATIVE EU SUPPORT			NATIONAL Co-FINANCING*	IFI*	TOTAL
	INVESTMENT SUPPORT	INSTITUTION BUILDING	TOTAL EU (=I+IB)			
Priority A	49.000		49.000	16.330		65.330
Priority B	38.835	5.3	44.135	12.945		57.08
Priority C	9.20	1.90	11.10	3.07		14.17
Priority D	28.900	1.10	30.000	9.640		39.640
Priority E	3.750	31.45	35.20	1.500		36.70
<b>Total 2005</b>	<b>130.085</b>	<b>39.35</b>	<b>169.435</b>	<b>43.615</b>		<b>213.05</b>

YEAR 2006	INDICATIVE EU SUPPORT			NATIONAL Co-FINANCING*	IFI*	TOTAL
	INVESTMENT SUPPORT	INSTITUTION BUILDING	TOTAL EU (=I+IB)			
Priority A	63.000		63.000	21.000		84.000
Priority B	44.75	4.17	48.92	14.917		63.836
Priority C	18.20	0.80	19.0	6.07		25.07
Priority D	35.800	0.20	36.000	11.940		47.940
Priority E	0.140	19.95	20.09	0.070		20.16
<b>Total 2006</b>	<b>161.89</b>	<b>25.12</b>	<b>187.01</b>	<b>53.997</b>		<b>241.006</b>

MEURO

2004-2006	INDICATIVE EU SUPPORT			NATIONAL Co-FINANCING*	IFI*	TOTAL
	INVESTMENT SUPPORT	INSTITUTION BUILDING	TOTAL EU (=I+IB)			
Priority A	152.425		152.425	50.808		203.233
Priority B	128.546	23.04	151.576	42.852		194.43
Priority C	32.90	10.20	43.10	10.98		54.08
Priority D	88.00	2.50	90.50	29.34		119.84
Priority E	4.890	74.05	78.94	1.91		80.85
<b>Total 2004-2006</b>	<b>406.761</b>	<b>109.79</b>	<b>516.541</b>	<b>135.89</b>		<b>652.433</b>

\* In cases of co-financing only

## 5.2 Detailed budget based on the implementing institutional structure of the ESC Phare Programme

The ESC sector programme will be implemented by three Implementing Agencies (see table 6.2); therefore the budget of the ESC Phare Programme was split in three parts as reflected in the tables below:

MEURO

YEAR 2004	EU contribution			National Co-Financing	IFI	TOTAL
	Investment	Institution Building	Total EU			
<b>Part 1</b>	<b>99.285</b>	<b>14.965</b>	<b>114.250</b>	<b>33.102</b>	<b>0.000</b>	<b>147.352</b>
Priority A	40.425		40.425	13.475		53.900
Priority B measure d	30.060	6.265	36.325	10.020		46.345
Priority C	5.500	7.500	13.000	1.837		14.837
Priority D	23.300	1.200	24.500	7.770		32.270
<b>Part 2</b>	<b>14.900</b>	<b>7.300</b>	<b>22.200</b>	<b>4.970</b>	<b>0.000</b>	<b>27.170</b>
Priority B measures a-c	14.900	7.300	22.200	4.970	0.000	27.170
measure a		2.000	2.000			2.000
measure b	6.900	1.550	8.450	2.300		10.750
measure c	8.000	3.750	11.750	2.670		14.420
<b>Part 3</b>	<b>1.000</b>	<b>22.650</b>	<b>23.650</b>	<b>0.340</b>	<b>0.000</b>	<b>23.990</b>
Priority E	1.000	22.650	23.650	0.340		23.990
<b>Total 2004</b>	<b>115.185</b>	<b>44.915</b>	<b>160.100</b>	<b>38.412</b>	<b>0.000</b>	<b>198.512</b>

### Indicative budget for the budgetary years 2005 and 2006

MEURO

YEAR 2005	EU contribution			National Co-Financing	IFI	TOTAL
	Investment	Institution Building	Total EU			
<b>Part 1</b>	<b>106.975</b>	<b>5.000</b>	<b>111.975</b>	<b>35.665</b>	<b>0.000</b>	<b>147.640</b>
Priority A	49.000		49.000	16.330		65.330
Priority B measure d	19.875	2.000	21.875	6.625		28.500
Priority C	9.200	1.900	11.100	3.070		14.170
Priority D	28.900	1.100	30.000	9.640		39.640
<b>Part 2</b>	<b>18.960</b>	<b>3.300</b>	<b>22.260</b>	<b>6.320</b>	<b>0.000</b>	<b>28.580</b>
Priority B measures a-c	18.960	3.300	22.260	6.320	0.000	28.580
measure a	6.330	0.500	6.830	2.110		8.940
measure b	6.630	1.500	8.130	2.210		10.340
measure c	6.000	1.300	7.300	2.000		9.300
<b>Part 3</b>	<b>3.750</b>	<b>31.450</b>	<b>35.200</b>	<b>1.500</b>	<b>0.000</b>	<b>36.700</b>
Priority E	3.750	31.450	35.200	1.500		36.700
<b>Total 2005</b>	<b>129.685</b>	<b>39.750</b>	<b>169.435</b>	<b>43.485</b>	<b>0.000</b>	<b>212.920</b>

MEURO

YEAR 2006	EU contribution			National Co-Financing	IFI	TOTAL
	Investment	Institution Building	Total EU			
<b>Part 1</b>	<b>140.150</b>	<b>2.500</b>	<b>142.650</b>	<b>46.727</b>	<b>0.000</b>	<b>189.377</b>
Priority A	63.000		63.000	21.000		84.000
Priority B measure d	23.150	1.500	24.650	7.717		32.367
Priority C	18.200	0.800	19.000	6.070		25.070
Priority D	35.800	0.200	36.000	11.940		47.940
<b>Part 2</b>	<b>21.600</b>	<b>2.670</b>	<b>24.270</b>	<b>7.200</b>	<b>0.000</b>	<b>31.470</b>
Priority B measures a-c	21.600	2.670	24.270	7.200	0.000	31.470
measure a	8.500	0.650	9.150	2.830		11.980
measure b	8.100	1.620	9.720	2.700		12.420
measure c	5.000	0.400	5.400	1.670		7.070
<b>Part 3</b>	<b>0.140</b>	<b>19.950</b>	<b>20.090</b>	<b>0.070</b>	<b>0.000</b>	<b>20.160</b>
Priority E	0.140	19.950	20.090	0.070		20.160
<b>Total 2006</b>	<b>161.890</b>	<b>25.120</b>	<b>187.010</b>	<b>53.997</b>	<b>0.000</b>	<b>241.007</b>

MEURO

YEAR 2004-2006	EU contribution			National Co-Financing	IFI	TOTAL
	Investment	Institution Building	Total EU			
<b>Part 1</b>	<b>346.410</b>	<b>22.465</b>	<b>368.875</b>	<b>115.490</b>	<b>0.000</b>	<b>484.365</b>
Priority A	152.425		152.425	50.808		203.233
Priority B measure d	73.085	9.765	82.850	24.362	0.000	107.212
Priority C	32.900	10.200	43.100	10.980		54.080
Priority D	88.000	2.500	90.500	29.340		119.840
<b>Part 2</b>	<b>55.460</b>	<b>13.270</b>	<b>68.730</b>	<b>18.490</b>	<b>0.000</b>	<b>87.220</b>
Priority B measures a-c	55.460	13.270	68.730	18.490	0.000	87.220
measure a	14.830	3.150	17.980	4.940	0.000	22.920
measure b	21.630	4.670	26.300	7.210	0.000	33.510
measure c	19.000	5.450	24.450	6.340	0.000	30.790
<b>Part 3</b>	<b>4.890</b>	<b>74.050</b>	<b>78.940</b>	<b>1.910</b>	<b>0.000</b>	<b>80.850</b>
Priority E	4.890	74.050	78.940	1.910		80.850
<b>Total 2004 - 2006</b>	<b>406.760</b>	<b>109.785</b>	<b>516.545</b>	<b>135.890</b>	<b>0.000</b>	<b>652.435</b>

## 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

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.

<b>Responsibility or Task</b>	<b>Bodies Concerned (Implementing Agency)</b>	<b>Remarks on Organisation, resources required</b>
Overall Responsibility for Priorities Implementation	<b>I. Priorities A, B (measure d), C, D:</b> - MEI for all investment projects - MEI for classical TA, including PPF - MEI for site supervision and subproject 4, component G of Priority E - CFCU for twinning projects  <b>II. Priority B measures a, b and c:</b> - MoLSSF for TA and investment projects - CFCU for twinning  <b>III. Priority E</b> - CFCU, excepting for sub-project 4, component G, which is financed from national co-financing budget of Priorities A and D. The Priority A implementation arrangements applies for this component.	
PAO	<b>I.</b> Mrs. Maria Crivineanu Secretary of State, MEI <b>II.</b> To be nominated <b>III.</b> Mrs. Jeana Buzduga	

### 6.3 IMPLEMENTING AUTHORITIES

	<b>Implementing Authority and Intermediate Bodies</b>	<b>Remarks on Organisation, resources required</b>
<b>Priority A:</b> Improving regional infrastructure to support economic development  <b>Measure a</b> Regional and local transport and business infrastructure	RDAs RDBs and NBRD approve the list of projects  MEI for site supervision and for RDAs monitoring contracts, sub-project 4, component G, of Priority E	PIUs will be established within beneficiary local authorities  Infrastructure Steering Sub-committee, chaired by MEI
<b>Priority B:</b> Human Resource Development  <b>Measure a</b> Tackling structural unemployment	National Agency for Employment, PIUs at regional level for investment MoLSSF for TA and corresponding supply contract	Set-up and staffing of PCU and PIUs are under MoLSSF responsibility Regional Consortia are the partnership structures, with HRD policy

<b>Measure b</b> Improving long term labour market adaptability  <b>Measure c</b> Actively combating social exclusion  <b>Measure d</b> Improving access to education and region specific technical and vocational education and training system	NATB for TA NQR project and for the corresponding supply National Agency for Employment, PIUs at regional level for investment MoLSSF for TA and corresponding supply contract  National Agency for Employment, PIUs at regional level for social inclusion investment MoLSSF for TA and corresponding supply contract for social inclusion Specialized directorate within MoLSSF for social services – for TA; investment component will work through NAE PIUs at regional level  RDAs for works contracts MEI for site supervision Ministry of Education, Research and Youth, National Centre for Vocational education and training for TA and IT equipment supply National Centre for pre-university education staff Training for sub-project 2	responsibility at regional level  Regional Consortia provide the forum for human resources strategies and action plans development and monitoring  HRD Steering Sub-committee, chaired by MoLSSF
<b>Priority C:</b> Development of the productive sector through support to SMEs  <b>Measure a</b> SMEs support	Regional Development Agencies (RDAs) for grant and credit schemes NASMEC for TA and IT supply components	National agency for SMEs and Co-operatives will provide technical support  SMEs Steering Sub-committee, chaired by MEI
<b>Priority D:</b> Environmental protection at regional level  <b>Measure a</b> Improving environmental protection at local and regional level  <b>Measure b</b> SAMTID	Regional Development Agencies (RDAs) and REPAs MEWM for TA components  Ministry of European Integration	MEWM will provide technical support If the case, RDA will conclude cooperation protocol with REPA  PIUs will be established within beneficiary local authorities SAMTID Steering Committee will approve the projects
<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 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, RDAs, Ministry of Economy and Trade, Ministry of Transport, Constructions and Tourism, Ministry of Labour, social Solidarity and Family, 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 **Ministry of European Integration** and **Ministry of Labour, Social Solidarity and Family** will be the **Implementing Agencies (Contracting Authority and Paying Agency)** for Investment in Economic and Social Cohesion Programme, with administrative and financial responsibilities.

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

- The overall responsibility for the technical and financial implementation of the programme, ensuring that the objectives are met and that the selection procedures are efficient, clear and transparent.
- The overall responsibility for monitoring and evaluation of the programme and sub-components
- MIE: 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.

The Ministry of Labour, Social Solidarity and Family, as Implementing Agency, works through the PCU set up under Phare 2003, and will conclude a framework agreement with National Agency for

Employment, as Implementing Authority, and the 8 PIUs at regional level as the intermediate bodies responsible for the implementation of the HRD component, measures a, b, c, under the Investment schemes. For social services, the specialized directorate within MoLSSF will be involved.

National Agency for Employment and the 8 PIUs are the bodies responsible with the implementation of the strategies in employment and social policies; to strengthen the social dialogue bringing together all relevant actors, social partners, other interested bodies and non-governmental organizations, in particular in creating employment and ensuring employment opportunities for all; to put into practice the social protection measures to meet people's basic needs and promote access to social rights within the universal spirit of many conventions, recommendations and regulations, particularly in the field of employment, education and social services.

The Regional Consortia act as consultative structure, for HRD priority, and their main tasks will be: identifying the HRD priorities; development of the Regional Employment Action Plan, which includes the relevant employment priorities at regional level; members of Regional Consortia will participate in the evaluation committees for HRD projects.

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.

A special evaluation will be undertaken towards the Mid-Term to assess the extent to which the Phare Programming Document is contributing to the perspective of full participation in ESC post-accession.

## **(7. Special evaluation of investments through the programme)**

An ex-ante evaluation was carried out for this programming document, by an independent consultant. The findings and recommendations were included in the actual version of the PPD ESC 2004 – 2006.

## **6. Risks and Conditionality**

The following actions will be preconditions for the Priority B, measure B sub-project 2 implementation:

- decision to designate NATB as NAQ – May 2004;
- in order to achieve the status as NAQ the NATB legal framework will be changed until November 2004;
- establish the sectoral committees – September 2004;
- tripartite agreement concluded on the Common Reference Framework of National Qualifications Development – September 2004.



In case of Priority B, measure D, there are the following conditionalities:

The 100 TVET schools will be selected by November 2004.

The 16 Regional Centers for Pre-university education (Priority B, measure d, subproject 2) will be established by the end of 2004.

## **ANNEXES**

<b>Annex 1</b>	Lograframe planning matrix for: Priority A Priority B, measure A Priority B, measure B Priority B, measure C Priority B, measure D Priority C Priority D Priority E
<b>Annex 2</b>	Detailed Implementation chart
<b>Annex 3</b>	Cummulative Commitment and Disbursement
<b>Annex 4</b>	PriorityA_Guidelines for Applicants
<b>Annex 5</b>	Types of Infrastructure projects financed under Phare ESC 2000-2003
<b>Annex 6</b>	SMEs support programmes active in Romania
<b>Annex 7</b>	Linked activities
<b>Annex 8</b>	Target group distribution for Priority B, measure D, sub-project2
<b>Annex 9</b>	List of laws and regulations