

Standard Summary Project Fiche

1. Basic Information

- 1.1. Désirée Number: **RO-2002/000-586.05.01**
- 1.2. Title: **Institution Building** for Economic and Social Cohesion
- 1.3. Sector: Integrated Regional Measures (RE)
- 1.4. Twinning component: **Twinning** RO02/IB/SPP/01 for support to Ministry of Development and Prognosis (MDP) to build EU Structural Fund-compatible instruments and capacities, 18 month, 1 Meuro;
Twinning RO02/IB/SPP/02 for support to Ministry of Labor and Social Solidarity to strengthen the administration capacity for implementation European Social Fund - type activities, 18 months, 1.17 Meuro, (+0.03 Meuro for equipment supply);
Twinning RO02/IB/SO/03 for support to Ministry of Labor and Social Solidarity for continuing vocational training, 18 months, 1.00Meuro, (+ 0.35 Meuro for equipment supply);
- 1.5 Location: Romania

2. Objectives

2.1. Overall Objective(s):

To develop and implement national policies and programmes of social and economic cohesion on a multi-annual basis, in line with the provisions of the National Development Plan (NDP) and of Council Regulation 1266/99 on co-coordinating aid to the applicant countries in the framework of the pre-accession strategy and amending Regulation (EEC) no. 3906/89, including also provisions regarding the Extended Decentralised Implementation Systems (EDIS) in candidate countries, by strengthening the institutional capacity of central ministries, the 8 Regional Development Agencies and relevant local authorities to prepare for implementation of the investment support to be provided.

To build the institutional, administrative and programming and implementation structures necessary to effectively manage EU Structural Funds after accession, in order to make significant progress in the negotiations on Chapter 21 of the General *Acquis communautaire* "Regional Policy and the Coordination of Structural Instruments".

2.2. Project purpose:

The achievement of the overall objective will be attained through the following components that have a sectoral orientation and have the following specific immediate objectives:

A. Institution Building to Support Regional Development Policy Implementation

- To strengthen MDP's role in the overall co-ordination of policy formulation and implementation for Economic and Social Cohesion, including the development of decentralized, effective and broad partnerships, elaboration of programming documents, and to 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 build the legal, institutional, budgetary and operational structures required to manage and implement EU Structural Funds after accession, taking into account the experience and best practices of the Member States, and thereby accelerate the

adoption and application of the *aquis communautaire* in order to ensure tangible progress in accession negotiations in the regional development field.

- To adjust the institutions and structures (including training of staff involved) responsible for preparing the administration and implementation of the projects financed under the European Social Fund through the development of the institutional capacity of the Ministry of Labour and Social Solidarity (as managing authority) and National Agency for Employment (as implementing and paying authority) in order to participate in the European Union financial assistance projects in social and employment policies field.
- To support Project Implementation Units to manage efficiently the implementation of business related regional infrastructure projects.

B. Institution Building Support for the Reform of Initial and Continuing Vocational Training

B1. Technical and Vocational Education and Training (TVET)

- To strengthen and consolidate the achievements of the reform acquired through the PhareTVET RO 9405 programme for initial TVET, as well as through Phare 2001-Economic and Social Cohesion (IB for TVET) in order to further assist in the modernisation of the rationalized TVET system and to follow up on the 2001 programme;
- To consolidate reviewed responsibilities, governance and accountability mechanisms in the provision of initial TVET in line with the social and economic development as stated in the National Development Plan and based on further recommendations acquired through IB activities of the 2001 programme;
- To further assist in the provision of equal chances for all young people to obtain a good professional qualification at a level equal to European standards, by providing TVET which responds flexibly to the needs of each individual, taking into account the institutional achievements of 2001 programme.

B2. Continuing Vocational Training (CVT)

To establish a national policy for the CVT, legal and institutional related framework, which ensures a high quality and efficient delivery of CVT, and promotes partnership with other training providers, private sector and social partners;

- To ensure coordination of and promoting co-operation with other training providers on the market (private sector, TVET schools, universities) through development of an information network among all institutions (Ministry of Labour and Social Solidarity (MLSS) – Directorate General for Employment (DGE), National Agency for Employment (NAE) and National Adult Training Board (NATB)), professional associations involved in continuing vocational training and training beneficiaries.

C. Institution Building to Support the Small and Medium Towns Infrastructure Development (SAMTID) Programme Implementation of Pilot Phase

- To support Romanian Government to develop and implement an integrated multi-annual capital investment programme in order to improve the standards of municipal water and wastewater services in small and medium towns together with creating efficient, financially viable and autonomous integrated regional service providers in the context of a process of consolidation in the sector, in line with National Development Plan (NDP) and EU policies and practices.
- To support PCU located in the Ministry of Public Administration and PIU located at beneficiaries level in the management of the pilot phase of the SAMTID programme;
- To support final beneficiaries (groups of local authorities) in order to equip them with tools to monitor performance of their services operators, emphasising efficiency, cost-control and loss reduction, thereby enhancing the capacity of the groups of towns to plan investment programmes and assume and service debts.

D. Economic and Social Cohesion Project Preparation Facility

- To support identification and design (including implementation procedures) of strategic regional development programmes and projects in line with regional development plans and strategies, to be financed in the period 2003-2006;
- To support the preparation of valid, mature infrastructure projects (including detailed design and tender documents) and to create an adequate pipeline of projects with a view to financing through pre-accession assistance under Phare 2003 - 2006, national and regional budgets and other domestic and external sources of investments.

2.3. Accession Partnership and NPAA priority

The projects included in the IB component meet the following Accession Partnership and NPAA priorities:

- Development of a national policy for economic and social cohesion that correlate the strategic sectoral and the regional objectives. In this context, regularly update and improve the National Development Plan;
- Strengthening the institutional capacity of national and regional structures in charge with programming and managing funds for economic and social cohesion, in line with the Structural Funds approach; ensure inter-ministerial co-operation and regional partnership;
- Preparing to comply with basic financial management and control provisions as laid down by the respective regulations of the Structural Funds; set up appropriate monitoring and evaluation system, in particular for ex-ante and ex-post evaluation;
- Define and implement a national policy for employment that is in line with European Employment Guidelines, including preparations for participation in European Social Fund-type activities;
- The adjustment of responsible institutions and structures for implementation of the aquis communautaire in the employment field.

According to the Chapter 4.18. *Education and Training* from the National Program for Accession to the European Union of Romania, our country should ensure the continuation of the reform of the vocational training system.

The following measures are taken into consideration: completing the legal framework by drawing up the law on vocational training, involving the social partners at all levels and the cooperation of all institutions for ensuring the quality of the vocational training for adults system, establishing the operational structures of the National Adult Training Board and authorizing the first centres for education and certification of professional skills, strengthening the control of the activity of the providers of vocational training services, developing a national network of authorized centres that will assess vocational competence, including continuing vocational training, within all the development programmes at national, regional and local level, implementing programmes meant to train the trainers, preparing for implementing programmes such as "European Social Fund" in the domain of vocational training of work force.

- The need to develop local public services and improve their quality in order to meet the EU requirements, notably for activities related to water and wastewater services. The NPAA, therefore, sets short-term priorities for the development of efficiency measures in the water and wastewater services sector as well as the obligation of the utilities to assume responsibilities in relation to the quality of services to their customers.

This Institution Building projects will catalyze these AP and NPAA priorities and will answer to the needs of managing multi-annual commitments according to Structural Funds standards, preparing national and regional structures to cope with post accession requirements.

2.4. Contribution to National Development Plan

The Project will enhance the MDP, the eight RDAs and the local administration capacity to improve the National and Regional Development Plans and to develop the strategic programming process, to allow a well-monitored implementation of the priorities designed in partnership at national and local level.

The process of updating the National Development Plan will be achieved in strong correlation with the National Action Plan for Employment. The priorities on the labour market, identified within the National Action Plan for Employment, will be taken into account in the updating process. These priorities will be the basis for the projects financed through the European Social Fund.

The National Development Plan, a programming document containing regional and sector development strategic priorities, will consist the basis for the elaboration of Common Support Framework, implicitly for the regional and sectoral operational programmes, eligible for financing from the European Regional Development Fund and the European Social Fund.

According to the provisions of the Position Paper for Chapter 21 of negotiation – "Regional policy and co-ordination of structural instruments" – out of the operational programmes identified in order to be included in the Community Support Framework the following ones will be eligible for financing out of the European Social Fund and the European Regional Development Fund:

1. a Sectoral Operational Programme for social policy and employment (SOPSPE), to be fully financed out of the European Social Fund. The Managing Authority for this OP shall be the Ministry of Labour and Social Solidarity;
2. a Regional Operational Programme, with 8 regional sub-programmes, containing priorities that can be financed through the European Regional Development Fund and the European Social Fund. The Managing Authority for this OP shall be the Ministry of Development and Prognosis.
3. a Sectoral Operational Programme for research, technological development and innovation, to be financed out of the European Regional Development Fund and, where appropriate, the European Social Fund. The Managing Authority for this OP shall be the Ministry of Education and Research.

Taking into consideration further developments and clarifications of the administrative framework, the coordination role for ESF-type activities of the Ministry of Labour and Social Solidarity includes the following tasks:

- to carry-out the task of Managing Authority for the Sectoral Operational Programme for Social Policy and Employment (SOPSPE), to be fully funded out of the European Social Fund;
- to chair the Monitoring Committee for SOPSPE;
- to be represented in the Monitoring Committees of the other Operational Programmes that may benefit from financing out of the European Social Fund;

- to be represented in the National Monitoring Committee for the Community Support Framework, through the chairman of the Monitoring Committee for SOPSPE.

MoLSS shall workout the SOPSPE, which shall be adopted by the National Monitoring Committee, and shall contribute also to the other OPs that have as source of financing the European Social Fund.

MoLSS shall also workout the human resources, employment and social inclusion component of the National Development Plan, in relation to the National Action Plan for Employment, following the SOPSPE model, as an exercise in view of the future ESF administration.

Taking into consideration further developments and clarifications of the administrative framework, the National Agency for Employment shall have the following attributions:

- to carry-out the role of Paying Authority for SOPSPE, to be fully funded out of the European Social Fund;
- to be represented in the Monitoring Committee for SOPSPE and in the Monitoring Committees of the other Operational Programmes that may benefit from financing out of the European Social Fund;
- to carry-out, upon delegation, certain tasks related to the technical implementation: informing the potential project promoters, launching, initial selection and provision of data for project monitoring.

These arrangements have been made taking into account the existing relation between the Ministry of Labour and Social Solidarity, as the institution that works-out the policies and legal framework in the area of employment, and the National Agency for Employment, which has been entrusted with the task of implementing that policies and, upon delegation from the Ministry of Labour and Social Solidarity, of administering the Unemployment Insurance Budget, including the funding of the active measure programs for fighting unemployment.

The Ministry of Labour and Social Solidarity will cooperate with the Ministry for Development and Prognosis for the elaboration of the human resources, employment and social inclusion component of the National Development Plan, in relation to the National Action Plan for Employment, as an exercise for future administration of ESF. The MoLSS and NAE will also cooperate with the MDP and RDAs, where appropriate, in the implementation of the HRD grant scheme.

2.5. Cross Border Impact

Not applicable.

3. Description

3.1. Background and justification:

At the Nice Summit in December 2000 the European Union confirmed its objective to enlarge the EU with several countries from Central and Eastern Europe. Preparation for accession is the key issue for each government administrations. Chapter 21 of the Aquis is related to regional policy and more specifically to the preparation for Structural Funds. As a candidate country, Romania, will have to continue its efforts to create an effectively functioning institutional and legislative system as well as sufficient administrative capacity to manage the funds.

Moreover, in the pre-accession period a significant step-up in the level of EU financing available for Romania is going to occur through PHARE, ISPA and SAPARD. Other resources coming from IFI or bilateral agreement with Member States will be also available for similar purpose. It is imperative that the Romanian authorities are capable of using this

financial support in a way that guarantees the maximal impact on regional and infra-regional disparities.

Efforts currently underway to improve inter-ministerial coordination, policy development, programming, programme management and implementation, as well financial control capacities at the national and regional level will need to continue. The absence of appropriate knowledge and skills throughout the system will impede the Romanian authorities' ability to make effective and efficient use of this funding without sustained institution building support.

The European Commission's 2001 Regular Report on Romania's Progress Towards Accession (13 November 2001) 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:

- Development of the legal instruments necessary for implementation of the EU Structural Funds after accession;
- Development of a multi-annual budgetary system;
- Development of the system of regional statistics to bring it up to the level required for regional policy planning and programming;
- Genuine application of the partnership principle for policy development and programming based on political consensus at national and regional levels, with clear definition of the ministries and all other bodies involved in preparing 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;
- Allocation of sufficient financial resources to administrative structures for Structural Funds which will operate at the regional level;
- Increased numbers of better-qualified and better-trained staff in all bodies involved in programming, management and implementation of Structural Fund and Cohesion Fund assistance – with special focus on financial staff and internal auditors.

The performances of the Romanian economy and the capacity to respond to the competition pressure at the level of the European Union are directly dependent on the quality of human resources. The governing programme puts priority to actions aimed to increase the professional level of the human resources by training, retraining and reorientation according to the labour market needs. With a view to efficient, beneficial use of human resources, it seems to be necessary to intensify the structural adaptation of the human resources, in accordance with the restructuring of the economy and the perspectives given by the EU integration. A significant improvement of the initial and continuing vocational training system is necessary in this context.

Hence the Romanian authorities need not only to develop capacity for effective implementation of increased levels of Pre-Accession assistance under the 2002 Institution Building for 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 IB Component therefore foresees separate yet complementary sub-components, using Technical Assistance for Pre-Accession and Twinning for Post-Accession institution building priorities, underpinned by a substantial package of support for training and staff development covering both Pre- and Post-Accession needs to be designed and delivered in a strategic manner.

A. Institution Building to Support Regional Development Policy Implementation

Priorities for 2002 programme should be closely in line with those developed under 2000 and 2001, with some adjustments taking account of the new version of the NDP and the experience gained through implementation of recently closed or ongoing Phare programmes (Phare 1998 and 2000).

Under the IB component of Phare 2000, were provided both classical TA and twinning projects whose beneficiaries were the Ministry of Development and Prognosis and the 8 RDAs. The IB component was particularly focused on development of partnership amongst regional communities, on preparation of valid, mature regional development programmes and projects, including feasibility studies and detailed design, and on further strengthening of the capacity of the Ministry of Development and Prognosis to co-ordinate and support the regional planning process managed by the regional executive structures.

Under Phare 2000 – through National and Regional Twinning projects, and under Phare 2001 -through technical assistance component- the improvement of partnership approach, related to the designing and implementation of strategic regional policies and programmes between MDP and line ministries, RDAs, other relevant institutions was envisaged.

Phare 2001 comprise a large training programme addressing the relevant topics of regional development at different levels as stated in the Programme for Regional Development Training (PRDT) 2001-2005.

An analysis of the actual development stage of the ESC system pointed out:

- The creation of decentralized, effective and broad partnership proved to be one of the key factors in the success of the ESC Phare programmes. Improving the co-ordination of the relevant institutions in order to match the regional approach and the national priorities, the sectoral policies and the integrated territorial view in the field need continuous efforts. Therefore, the elaboration of well substantiated, coherent and significant regional and national development plans needs further technical assistance to be put in practice.
- The need of a common knowledge base for all the relevant national and regional actors, governmental and non-governmental bodies, that implies funds to be allocated to support activities for improving the professional skills of these actors involved in regional development.
- The awareness raising of political actors needs continuous effort in understanding the principles and benefits of regional development, and especially of partnership at national and regional levels; elections are at each 4 years, so the target groups are quite fluctuant;
- The continuation, through the twinning component, of the enhancement of the capacities of the MDP to develop activities that ensure and accelerate the adoption of the *acquis communautaire* in the regional development field, by building the structures, procedures and processes needed for coordinating and implementing EU Structural Funds after accession and including improvement of staff abilities for designing specific position papers as well as taking part in accession negotiations.
- The necessity for support for strengthening the administration capacity of the institutions involved in projects financed through European Social Fund as managing authority and paying authority;

By amending the Government Decision no.4/2001, according to the Government Decision no.1317 /2001 concerning the organization and operation of the Ministry of Labour and Social Solidarity, this institution has now the role of Managing Authority, with responsibilities for administration, co-ordination and monitoring the implementation for the programmes to be financed from the European Social Fund.

At the same time, by amending the Government Decision no. 4/1999, approving the National Agency for Employment Status, this institution will have, according to the

Government Decision no.1318/2001, the role of implementing and payment authority for the programmes to be financed from the European Social Fund.

The legal documents, which establish these attributions, were adopted in December 2001 and came into force on January 15, 2002.

The first National Action Plan for Employment, worked out under a twinning project with the relevant ministries from Germany and Netherlands, will ensure the framework for the European Social Fund type measures, which promote the employment and development of human resources at national level. Making the analyse of the labour market, the National Action Plan for Employment will establish the strategy and the priorities that are the basis for the elaboration of the Sector Operational Programme for social and employment policy.

Even if training seminars and study-visits to relevant organisations in the European Union Member States have been already carried out by officials from the Ministry of Labour and Social Solidarity, there is still a need for further knowledge and experience in the field, as well as for adequate training for the staff involved in activities related to the management of the European Social Fund.

- The necessity of having properly skilled PIUs managing business-related regional infrastructure projects

According to the Framework Agreements concluded for each **business – related regional infrastructure projects financed under Phare ESC sub-programmes**, the Local Beneficiaries of the projects shall establish and maintain PIUs that act both as the representative of the MDP (as the Employer) and of the Local Beneficiary as the final user of the works to be carried out, to ensure that the construction projects are successfully implemented in due time. In addition to responsibilities delegated by the Employer the PIU will take responsibility for monitoring both the performance of the Contractor and of the Engineer, as well as monitoring the performance of the project as a whole. As follows, these PIUs will have critical role in ensuring that the infrastructure projects are properly implemented, and the objectives of the investment component are met.

The Local Beneficiaries shall also establish Local Steering Committees (LSCs) for the Project, composed by representatives of MDP, the Regional development Agencies (RDAs) and other relevant stakeholders. The LSC ensures the co-ordination of the specified infrastructure construction and operation and will continue the monitoring during the operational phase of the business – related regional infrastructure projects, evaluating the economic and social impact of the individual projects, providing the necessary information for global evaluation of the regional infrastructure component. However, the experience of the LSCs members in the evaluation of the infrastructure investment projects is rather limited at this moment.

B. Institution Building Support for the Reform of Initial and Continuing Vocational Training

Adaptation of the qualifications to the labor market dynamic requirements needs to address both initial and continuing vocational training. While initial vocational education and training is under the responsibility of the MoER, the adults' vocational training is under the responsibility of MoLSS. Both vocational training systems should respond to the developments on the labor market, so they should not only develop in the same time, but they also need correlation between the two systems.

B1. Technical and Vocational Education and Training (TVET)

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.

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

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

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

B2. Continuing Vocational Training

Preparation for participating at European Strategy for Employment is realized, mainly, by elaborating of National Action Plan for Employment (NAPE).

MoLSS is implementing the Phare twinning project RO 9908 “Elaboration of National Action Plan for Employment”, which supports the Ministry, National Agency for Employment and other institutions (including social partners) involved in elaboration of NAPE.

NAPE identifies the measures that Romania has to implement on short and medium term, with a view to increase employment and reduce unemployment, support lifelong learning, improve efficiency and flexibility of labor market for rapid response to economical change.

The elaboration of the NAPE is strongly linked with the JAP, through the priorities for the labor market policies identified by JAP and the definition of ESF-type activities directly related to the four pillars of the European Strategy for Employment.

The first Romanian NAPE will be finalized in May 2002, will be approved by the Romanian Government by June 2002 and will be implemented in semester II, 2002.

According to the EU guidelines for employment, continuing vocational training is a major factor for increasing employment and strengthening the economic development, through developing new skills to match the labour market demand and promoting lifelong learning.

Therefore, the development of a national CVT policy and system project is a continuation of the preparation of Romania to participate at EU Strategy for Employment, directly linked with the NAPE, JAP and ESF activities (the NAPE will ensure the framework for the ESF type measures, which promote the employment and development of human resources at national level - the CVT project fiche is complementary with ESF project fiche).

The National Strategy for Employment stresses the need to promote employability: increase chances of the employed and the unemployed to find and maintain jobs. A high level of professional qualifications is a necessary attribute. This justifies the demands for a greater accessibility of various forms of upgrading the professional skills at high quality. Tools and instruments that can guarantee the quality of the training process (improvement of the training programmes and trainers, organisation of external exams and providing the

conditions of comparability of qualifications), as well as new legal provisions will stimulate constant upgrading of vocational qualifications.

Furthermore, CVT development is directly linked with supporting adaptability of skills to businesses needs and entrepreneurship promotion for economic development.

Apart from the contribution to the National Employment Strategy implementation the project will strongly be coordinated with the HRD component of the Phare Investment in ESC. Development of CVT projects without national qualification standards and national policy guidelines proved to be very difficult. The issue of effective co-operation with employers in the area of continuing training, as they can ensure a real input in identification of qualification needs and their development, also needs to be addressed both at the national and regional level.

At present, as stated by the *European Commission's 2001 Regular Report on Romania's Progress Towards Accession (13 November 2001), Chapter 18: Education and training*, Overall assessment:

- A coherent vocational training system for adults should be established urgently and this will require intensified co-operation between all concerned authorities: education, labour and social partners.
- Efforts are required to promote and strengthen bipartite social dialogue structures. The Government will need to help the social partners to develop their capacity before they can play an active role in the EU context.
- As regard employment, necessary re-structuring of the economy will pose further challenges on the labour market.

The training providers market in Romania is not developed at the level of the requirements of the labour market but is in development. There is a diversity of adult training providers in Romania, governmental or private, belonging to educational structures or directly to economic environment, linked to NGOs or to communities: qualification centres for unemployed (county agencies for employment), vocational scholar groups offering programmes for adults, sectorial centres (still linked to the ministries activity or independent), centres belonging to the Trade and Industry Chambers, labour union training centres, public or private foundations, private training centres. Their activity needs quality insurance procedures, implemented through a unitary system, at central and regional/territorial level, involving the different institutions with responsibilities in the field:

- the Ministry of Labour and Social Solidarity elaborates strategies and policies for employment and continuing vocational training;
- the institution responsible for implementing the employment and training policies is the National Agency for Employment (lead by a tripartite body: Governmental, employers representatives and trade unions representatives). At the county level the National Agency for Employment is represented by the Counties Agencies for Employment. The bodies responsible with the adult vocational training inside the Counties Agencies for Employment are Vocational Training Centres, subordinated to the Counties Agencies for Employment. Also, subordinated direct to the National Agency for Employment are the Regional Vocational Training Centres ;
- the National Adult Training Board is an advisory body, with tripartite structure (Governmental representatives: from Ministry of Education and Research, has the presidency of the Board, Ministry of Labour and Social Solidarity, Ministry of Public Finances, Ministry of Development and Prognosis, and Ministry of Industry and Resources; employers representatives; and trade unions representatives), aimed to provide the background for the national policies and strategies in the field of adult vocational training and to coordinate the authorization of adult training providers.

The proposed project will be linked by the results with Phare programme RO 0108.01 Institution Building for Economic and Social Cohesion - TVET, and the phase of TVET under current programme. The CVT component will use the 3 TVET reports, NVQ report in particular, for the development of policies and related measures. Competency-based

curriculum development methodology, based on occupational standards, harmonization between the initial and continuing vocational training, harmonization of the trainers training methodologies. As TVET component is based on resource centres development, the CVT project will complement the measures sustaining the development of the institutional capacity of these centres in order to act as adult CVT providers. Staff (management, curriculum developers and trainers within schools, social partners) prepared through TVET project to act in adult training will be as well involved in all related methodological developments in CVT. Regional Consortia will contribute to CVT developments with the Regional Education Action Plan results.

The project implementation will result in the development of a national CVT system:

- regulation of the training provision market;
- clarified roles for the bodies involved in CVT (MoLSS, NAE, NTB, COSA, MoER, etc)
- occupational standards and reliable assessment system of acquired skills;
- improved capacity of the NAE to provide training programmes (in particular training trainers in pedagogical skills)
- labour market study in the Centre Macro Region
- systematic involvement of private sector training providers, TVET schools and universities,
- development of a sound system of employers' involvement and co-operation with social partners
- methodologies for the development of: continuous labour market needs assessment competency-based curriculum, trainers training;
- methodology of national surveys on CVT (for the necessary background information for CVT development).

C. IB to support the SAMTID programme pilot phase implementation

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

- organize actions for attracting external investments in the benefit of local communities;
- support and advise local public administration authorities in the process of attracting investments;
- monitor the process of attracting investments and accomplishment of conditionalities;
- support local public authorities in contracting internal or external loans and in providing financial guarantees.

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

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

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

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

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

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

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

b) *“Promoting sustainable development measures”*

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

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

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

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

The SAMTID Program include three phases:

- Pilot Phase, runs from 2002 until 2004, to establish foundation elements and apply these on a pilot basis for a few group of municipalities, and prepare for future projects taking into account lessons learned;
- Expansion phase, runs from 2005 to 2006, the program will be adjusted and expanded to a wider number of groups of towns;
- Consolidation phase, from 2007 to 2010, a new framework facility can be finance modernization in additional municipalities.

This project will have two components, each responding to a requirement of a sound management of SAMTID program pilot phase:

- Management support to national coordinating body, Project Coordination Unit established at this level and Project Implementation Units established at the level of final beneficiaries (groups of local authorities);
- Financial and Operational Performance Improvement Program (FOPIP) directed as a first priority at the four or five groups of towns selected for the pilot phase of SAMTID investment support and the operating companies that serve them. FOPIP will provide technical assistance to improve the capacity of the selected groups of towns to monitor the performance of their service operators, emphasising efficiency, cost-control and loss reduction, thereby enhancing the capacity of the groups of towns to plan the investment programmes and assume and service debts. Appropriate training on management and operational issues will also be provided to services operators themselves. Following work with initial groups of towns, this project assists other groups of towns to establish FOPIP programmes as part of their preparations for receiving SAMTID support.

Additional assistance will be provided with support of PPF Phare 2001 as described in the accompanying Terms of Reference (**Annex 4.6**).

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

Presentation of the concept for the complex (multiple financial sources), multi-annual SAMTID programme is included in **Annex 4.4**. A solid agreement between MoPA and MPF on this programme is presented in **Annex 4.5**.

D. Economic and Social Cohesion Project Preparation Facility

The poor quality of the Phare 2001 and 2002 large infrastructure portfolio, highlighted by analysis of the Phare programme-level Steering Committee, showed:

- the difficulties met by the potential local beneficiaries in identifying and developing infrastructure project that could be defined as business infrastructure, directly supporting the activity of the economic agents and having demonstrable (detectable and measurable) direct economic impact, avoiding infrastructure projects designed for the exclusive use of population or having only social impact, as well as the difficulty to avoid the overlapping with the projects eligible for ISPA or SAPARD funding, that can not be financed under the Economic and Social Cohesion Programme;
- the weakness of the regional decision process in the selection of the large infrastructure projects, in the absence of appropriate cost/b analyses
- the difficulty of developing projects with real regional and/or inter-regional impact – and not at local/county level - due to the limited partnership building experience of local beneficiaries;

The project preparation facility (PPF) component should continue to be oriented towards identification and preparation for implementation of large infrastructure projects and relevant studies completion due to the lack of public institutions capacities, in terms of professional workforce and available financing resources, to draw-up proper Technical Specifications for infrastructure projects, appropriate for tendering under Phare/FIDIC rules; the costs of preparation of technical documentation (including detailed design and BoQ) amounting at 5 % of the total investment costs could exclude the majority of the local administration – and especially from the areas affected by major development

problems - from participating in the large infrastructure investment component, if this costs are not covered by Phare programmes; moreover, the lasting differences between the Romanian and EU practices and Standards in preparing the infrastructure projects (in the fields of design, studies and EIA) require further TA support;

In Romania, out of 263 urban localities, around 230 are considered small and medium sized towns that have not been able to attract financing either from international financial institutions or from private operators. Depending, therefore, solely on central budget contributions, these towns have invested very little for the past 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, they 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.

Continuing the successful experience of previous municipal investments programmes in Romania (in particular MUDP II), SAMTID program provides an important element in a transition to a more efficient organization of services providers. Based on procedures establish by TA financed from PPF Phare 2001, a small group of pilot projects are implemented under SAMTID 2002 investment pilot phase.

SAMTID pilot phase will aim to implement three to five projects, each between of 5.32 and 13.32 Meuros, for which Phare ESC will provide 2 – 5 Meuros each. This small group of project will serve as a way to test in practice the procedures that TA establishes financed from PPF Phare 2001 (ToRs are presented in **Annex 4.6**).

The project preparation facility (PPF) component of Phare 2002 should assess and improve these procedures in order to apply them to many more towns in the expansion phase, sharing with them the lessons learned. Some procedure will be adapted according to evolution in the legal and financial framework and the progress in transformation process. Lessons learned in the pilot phase will be applied in developing documents in order to allow stating of expansion phase.

PPF will continue to support identification and selection process and preparation for implementation, including detail design and tender documents. This includes undertaking relevant studies and activities in order to remedy the lack of capacity in local public institutions, preparing proper Technical Specifications for infrastructure projects, documents for tendering under Phare/FIDIC rules; technical documentation including detailed design and Bill of Quantities.

The costs of these activities, exceeding 5 % of the total investment costs, are beyond the capacity of the majority of the local administrations – especially in areas affected by major development problems. Phare programmes support will allow these towns to participate in infrastructure investment component. Moreover, the lasting differences between the Romanian and EU practices and Standards in preparing the infrastructure projects (in the fields of design, studies and EIA) require further TA support.

3.2. Linked activities:

See annex no. 4.1

3.3. Results:

A. Institution Building to Support Regional Development Policy Implementation

A.1 Effective Programming and Implementation of Pre-Accession Support for Economic and Social Cohesion

- Improved National Development Plan and regional development plans based on more transparent and systematic co-ordination between the Ministry of Development and Prognosis, key ministries, RDAs and other national and regional social partners, supported by information gained from new thematic, sectoral and geographical research and by the ex-ante evaluation exercise on NDP 2002-2005;
- At least one study of Romania's business environment covering national and regional level;
- Improved programming of Phare investments and institution building through better co-ordination between the Ministry of Development and Prognosis, key ministries and RDAs, based on lessons learned from Ex-Post evaluation of Phare 2000 Economic and Social Cohesion programmes;
- National and regional implementation structures and systems (programme management, monitoring, payment and financial control, evaluation, audit) in line with the requirements of EDIS.
- Improved knowledge regarding pre-accession instruments and regional development policies and practices to all actors playing a role in this field, such as MDP and line ministries staff, RDAs and local authorities staff and other institutions at national, regional and local level;
- Improved relevance and quality of regional development by broadening active involvement in the process of promotion regional development and increasing partners' contributions to the programmes;
- Training modules developed and delivered to all the actors involved in managing regional projects, taking account of the interest level of different target groups
- Improved capacities of MDP and RDA staff in the appraisal and selection of business development and HRD development projects;
- MIS for monitoring national plans and operational programmes to improve reporting to monitoring committee.

A2. Twinning to build EU Structural Fund-compatible instruments and capacities

The following results will be achieved by common work of Romanian and Member State experts:

- Structural Fund-compatible Programme Monitoring Committee structure for Romania;
- Multi-annual national budgetary perspective for economic and social cohesion compatible with Structural Funds needs establishing a strong link between the national budget and investment planning and the programming of Community assistance;
- Review and defining legal instruments required for the implementation of Structural Funds;
- Proposed structures, necessary human resources and development of systems for establishment of Managing Authorities for Structural Funds and for ERDF Paying Authority;
- Institutional structures and systems at regional level for managing and implementation of regional operational programmes;
- Structural Funds-type Community Support Framework and Operational Programmes, embodying a consensus-based national/regional development strategy and including quantified objectives built up on improved national and regional statistical bases;
- Properly prepared team of public servants for participation in the EU accession negotiations on Regional Policy and the Coordination of Structural Instruments;
- Properly prepared MDP staff for EU Structural Funds management and implementation.

A3. Twinning to strengthen the administration capacity for implementation European Social Fund - type activities

The following results will be achieved by common work of Romanian and Member State experts.

General result:

- The administrative capacity of the appointed managing and paying authorities to implement ESF-type activities is improved.

Specific twinning results:

- Assessment of the organizational capacity of the Ministry of Labour and Social Solidarity and National Agency for Employment for managing the ESF-types financial assistance and proposals for improving the organizational structures will be in place by October 2003; detailed institutional framework to be established will be addressed, in particular the specific tasks and responsibilities of MoLSS and NAE, the required levels of staffing and the training needs of the institutions and their inter-relation.
- Establishing the administrative framework required for the practical implementation of the ESF;
- Operational labour market system able to work out analyses, studies and statistical researches on labour market situation and evolution, at national and territorial level, will be in place by December 2003;
- An improved administrative capacity to work out and implement projects with international financial support, to be completed during the covenant period;
- A better-trained staff within the Ministry of Labour and Social Solidarity and National Agency for Employment in order to manage ESF to be completed during the covenant period;
It is envisaged the training of 50 persons at national and local level for analysing and evaluating of labour market and of 100 persons at national and local level for managing of ESF projects as well as the training of 100 persons from national and local level for the implementation, monitoring and evaluation, financial management and control of ESF projects.
- An operational monitoring and evaluation system suitable for ESF programmes, managed by the MoLSS and NAE will be completed by October 2004.

A4. TA to PIUs managing business – related regional infrastructure projects

- Improved capacities of the PIUs in the management and implementation of the business related regional infrastructure projects.
- Improved capacities for overall co-ordination of activities, institutions and other bodies involved in the implementation of large, regional infrastructure projects;

B. Institution Building Support for the Reform of Initial and Continuing Vocational Training

B1. Technical and Vocational Education and Training

The present project represents a second phase of IB activities already started during Phare 2001- Economic and Social Cohesion –TVET. All school units and resource centers that are to be assisted during Phare 2002 have been selected according to defined methodologies in the previous Phare 2001 programme. The specific results of Phare 2002 aim at strengthening the entire management and training capacity of the previously selected 100 TVET schools, as well as addressing the needs of target groups such as young people with disabilities, in order to support their gradual integration in the normal school setting.

The previously selected 22 resource centers aim at providing training and assistance to

TVET schools for the whole range of groups of occupations. The resource centers are selected from the previous 75TVET schools involved in PhareTVET RO 9405, to assure sustainability of measures, and support an even distribution of innovation within the TVET system.

According to the **multi-annual** strategy of the Ministry of Education and Research, which is included in the National Development Plan, a total number of 100TVET schools and 22 resource centers will have received assistance according to an **annual schedule**, as follows:

- **Year 2001- Phare**

Institution Building for 100**TVET** schools and 22 resource centers (11 in-area and 11 outside target areas).

- **Year 2002-Phare**

Institution Building for 100TVET schools and 22 resource centers (11 in-area and 11 outside target areas), as mentioned below.

- **Year 2003-Phare**

Institution Building for 100TVET schools and 22 resource centers (11 in-area and 11 outside target areas). IB will refer to will cover corrective actions, impact evaluation, policy recommendations for generalization strategies and for the transfer of the experience to the entire network of TVET Romanian schools.

Phare 2002 results are as follows:

a) Support for Schools to deliver modern TVET

a.1.) Vocational schools providing modern TVET

- 100 TVET schools providing TVET at all levels with good qualifications and up-to-date skills, relevant to the needs of their communities.
- Partnerships formed with local enterprises. Links with employment agencies and local authorities established.

a.2.) Vocational schools adapted to emerging occupations

- 100 TVET schools providing update TVET based on requirements at target area level
- 100 schools working in groups provide career counselling, to facilitate transition school to work, as well as continuous training opportunities for adults.

a.3) Implementation of quality assurance instruments

- Quality assurance instruments, as finalised by Phare 2001, implemented in 100 TVET schools with the help of resource centres.

a.4.) Active net of resource centres

- 11 regionally distributed TVET schools established as resource centres for their communities, providing adult training in the 3 major profiles: services, technology and resources, based on training needs analysis and the demands from enterprises and NAE counties' offices.
- Additional 11 TVET schools established as resource centers for different occupational fields to assist the outside-area TVET schools. Centers providing alternative models of training, such as distance education programmes, and trainer training in the 3 major profiles: services, technology and resources.

The whole set of measures made coherent at national level to assure sustainability of the TVET reform.

b) Agreed Model of a National System of Accreditation (NSA) with confirming vocational qualifications. The model, which has been elaborated during Phare 2001, will be agreed between MER and TVET stakeholders and regulated at the national level.

c) Adopted Model of School partnership Action Plan. The model for schools to create local networks, which has been elaborated during Phare 2001, will be agreed between MoER and TVET stakeholders and regulated at the national level.

c.1.) Establishment of school partnership at the local level

- The 100 schools network and have formed partnerships for curriculum development, use of equipment, management and planning, and vocational guidance.
- Rural TVET schools that are not part of the selection of the 2001 programme assisted by the network.

c.2. Working with Enterprises

- 100 cooperation packages of the “first job” facilities for graduates for each school unit according to the occupational profile and the degree of insertion in the market.

d) Strategic review of the programme

- Progress Report submitted to the Steering Committee
- Regional Education Action Plans adapted to the specific 11 areas economic and social restructuring measures – annually revised and adopted;

e) Staff development for the 100 TVET schools and 22 resource centres extended

- Training of 200+44 school managers: directors and/or deputy directors for organisational development
- Training of 41 inspectors to implement the quality assurance programmes
- Training of at least 50 teacher trainers already trained during Phare 2001, to implement student centred teaching methodologies
- Training of 122 (100+22) teachers (chairs of the technical subjects) for applying student centred learning according to the revised new revised curricula and for the use of the new equipment
- Training of 244 (200+44) teachers and school managers for providing education and training to students with special needs in normal school setting
- Training of 244 (200+44) teachers and school managers for planning of education and training on demand

f) Revised curricula for all levels

- Revised basic curricula for 100 schools and 22 resource centres are in place, adapted to the use of the new occupational learning equipment.
- Continued revision by adjusting them to the new requirements of the Regional Action Plans (REAPs).
- School based curricula are developed for the 100 schools and 22 resource centres to facilitate the provision of training with good qualifications and up-to-date skills.

f.1.) Student centred education reinforced

- 100 packages for facilitating individual learning for all;
- 22 additional didactic packages developed for the use of resource centres that are already experienced in the 2001 Phare programme on experiment basis.

f.2.) Adapted-learning modules for students with special needs established

- Adoption of training modules adapted to the needs of young people with physical, social or mental disabilities in view of their integration into normal settings.

f.3.) Adapted schemes for school to work transition (lifelong learning schemes) established

- Use of IT to assist in adapting curricula and developing learning materials, also for the

development of distance education models

- approx. 100 teaching staff in the 22 resource centres trained for elaborating courseware and distance education material
- additional 200 teaching staff of 100TVET schools trained for the use of the learning material for the purpose of distance education
- 200 teaching staff trained for the development of the concept of training firm in the school
- 144 teaching staff of the schools and resource centres + agreed number of foremen of the local enterprises, trained for organizing workshops together with the enterprises, in order to facilitate the integration of the students with disabilities.

f.4.) Textbooks development

- Textbooks elaborated for main subject areas according to the revised curriculum (except of school based component).

f.5.) Further development of school based curriculum

- approx. 100 packages of learning units for the school based components of the revised curriculum drafted during Phare 2001 activities.

g) The institutional capacity of the NCDVET to support modern TVET centres and schools strengthened

h) Additional study visits on the policy issues regarding TVET and emerging labour market organised for additional 100 persons (others than previously involved in study visits within Phare 2001). Special attention will be given to assist Regional Consortia institutional role in the regional perspective added value of the TVET development.

i) Dissemination

- 7 regional packages of documentation (information about the consolidation of the 2001 results and the new activities of 2002) for media and other stakeholders prepared and revised monthly or in connection to specific events of the programmes.

B2. Twinning- Continuing Vocational Training

The following results will be achieved by common work of Romanian and Member State experts.

Objective1:

- National policy for the CVT, legal and institutional framework, with clear responsibilities, to ensure good quality and efficient delivery of CVT defined;
- Romanian and EU' member states legal provisions on factors motivating employers for investing in employee training reviewed;
- Recommendations on mechanisms and draft laws for promoting employers investment in staff training elaborated;
- Legal and institutional framework of co-operation with social partners, other training providers and private sector in the area of CVT system development designed;
- Short and medium term strategies on continuing vocational training designed and adopted by the Government; monitoring of the regional CVT projects;
- Detailed recommendations on methodology for the development of: continuous labour market needs assessment, competency-based curriculum, trainers training, employers' involvement in staff training (based on EUROSTAT methodology) and vocational training institutions drawn up;
- Pilot survey on employers' involvement in staff training carried out;
- Methodological framework developed for trainer training in adults' vocational training;
- 400 persons trained: trainer training in adults vocational training institutions according to the designed methodology;
- Regional stakeholders including Regional Consortia for developing of TVET and CVT (social partner organisations, SME representatives, regional authorities, and adults

vocational training institutions) made aware of the importance of CVT and familiarised with methods of VT programmes.

Objective 2:

- Co-ordination system covering main training providers NAE, TVET schools, universities, private sector providers established (in order to have full picture of the training offer and possibilities);
- Information network on continuing vocational training established at national and regional/territorial level;
- 50 persons trained as multipliers for training on management and improvement of the information network on continuing vocational training;
- IT equipment installed at national and regional/territorial level for setting up information network on continuing vocational training.

C. Institution Building to Support the SAMTID Programme Pilot Phase Implementation

- Improved capacity of the national coordinating body to manage the implementation of SAMTID pilot phase;
- Improved overall co-ordination of the SAMTID pilot phase, by PCU;
- Better management by the Project Implementation Units at the beneficiary level in implementing their projects, and monitoring the implementation at national and regional level by MDP and RDAs;
- Shared knowledge and experience gained through the pilot phase of the program;
- Enhanced capacity of the local authorities in monitoring the technical and financial performance of their operators and setting up tariffs in order to ensure full recovery of debt service through a Guarantee Fund/Reserve Account and requirements for a Maintenance Replacement and Development fund (MRD).

D. Economic and Social Cohesion Project Preparation Facility

- List of min. 20 large infrastructure eligible projects, with demonstrated regional impact, identified to be financed under future Phare ESC investment programmes, including preparation of the relevant feasibility studies and cost/benefit analyses;
- Properly prepared for implementation and contracting of at least 18 large business – related infrastructure projects with regional impact, including elaboration of required technical and implementation documents, detailed technical designs, tender documentation, environmental impact assessment;
- Improved relevance and quality of the multi-annual large infrastructure portfolio, through increased awareness of the potential local beneficiaries on the ESC infrastructure component requirements;
- Improved regional decision process for the selection of infrastructure projects;
- At least one scheme for implementing multi-annual programmes in the field of regional development designed;
- At least 5 strategic development projects with regional and inter-regional impact to be financed under different schemes identified and designed;
- Preparation for implementation and contracting of at least 20 projects, including elaboration of required technical and implementation documents, tender documentation, environmental impact assessment, ready to be implemented in the next phase of SAMTID program;
- Assessment and Recommendations Paper issued;
- Procedures, manuals and guidelines adapted for the expansion phase, based on lessons learning from the pilot phase implementation.
- Identification of projects, assistance for the conceptualisation of projects and execution of activities related to compliance with eligibility criteria.

3.4. Activities:

A. Institution Building to Support Regional Development Policy Implementation

A.1 Effective programming and implementation of Pre-Accession support for Economic and Social Cohesion

Technical assistance provided to MDP to support the following activities will be envisaged through this sub-component:

- Support to enhance MDP's overall coordination of policy formulation and implementation for Economic and Social Cohesion, in order to increase the commitment of key actors involved and to strengthen local/regional ownership of the projects/programmes by the specific target groups;
- Assistance to MDP and RDAs for programming of Phare investments in the context of the National Development Plan to ensure a continuous multi-annual programming process;
- Carry out a comprehensive research study on Romania's business environment covering national legal and institutional framework and key regional, sub-regional and sectoral development issues to provide an improved basis for programming;
- Ex-post evaluation of Phare 2000 ESC programmes in order to draw up lessons for designing future programmes and projects.
- Design and implement a proper, integrated Management Information System for monitoring NDP and operational programmes including the creation of an interface between existing management information systems;
- Technical Assistance for the building of national and regional implementation structures and systems (programme management, monitoring, payment and financial control) in line with the requirements of EDIS;
- Preparation of Terms of Reference for the projects to be implemented under Phare 2003 Programmes
- Designing a training programme in accordance with PRDT 2001-2005 to be delivered to all the target groups identified as playing key roles in regional development activities taking into account the different levels of involvement in the regional development policy design and implementation:
 - Training to familiarization with regional policies and practices and facilitate partnership development, delivered, mainly, to decision-making bodies (Regional Development Boards, local authorities, social partners);
 - Training for enhancing the ability of staff in MDP and RDAs to orchestrate promotional activities aimed at wider audiences of potential future partners and beneficiaries;
 - Training of MDP and RDA staff and key personnel from other institutions involved in design, technical and financial management, monitoring and evaluation of projects and programmes, including internal audit;
 - Training on programme evaluation techniques, with special focus on ex-ante evaluation, as part of the programming exercise;
 - Training for the appraisal and selection of SME and HRD development projects.

Contract: Classical technical assistance (service contract) with max. value of 1.5 Meuro.

A2. Twinning to build EU Structural Fund-compatible instruments and capacities

The project will be a joint work of Member State and MDP Twinning partners, based on broad partnerships with other central and regional structures that are likely to be involved in regional policy and co-ordination of structural instruments after EU accession.

The following activities will be carried out under this sub-component:

- Development and improvement of MDP capacity to build up and sustain effective and transparent inter-institutional partnerships as well as to enhance its role in the evolving process of inter-ministerial coordination, especially regarding the programmes elaboration and implementation, in order to create a Structural Fund-compatible Programme Monitoring Committee structure;
- Support for the development of a multi-annual national budgetary perspective in the field of Economic and Social Cohesion, compatible with Structural Funds needs;
- Establishment of the legal instruments required for the implementation of Structural Funds, including harmonization of economic and social cohesion programmes with EU policies on competition, environment and equal opportunities;
- Establishment of institutional structures, for the Managing Authorities for Structural Funds, for the ERDF paying Authority and for the decentralized structures in the regions ;
- Integration, with the support and assistance from the MS twinning partner, of the Ministry of Development and Prognosis in the European organizations, specialized commissions or committees in the field of regional development;
- Participation of MDP, with the support and assistance from the MS twin partner as observer or as full member in the European organizations and specialized commissions, as well as participation of MDP staff in the working sessions of different committees that will be scheduled to take place during the lifetime of the project in MS (E.g.: in the Monitoring Committees, negotiations committees or other meetings, etc)
- Preparation of a properly trained team of public servants within the Ministry of Development and Prognosis and partner institutions for drafting support documents and position papers required for the EU accession negotiations on Regional Policy and the Coordination of Structural Instruments;
- Intensive and extended training of MDP staff on EU Structural Funds coordination, management and implementation, with special focus on the role and attributions of CSF Managing Authority, Regional Operational Programme Managing Authority and ERDF Paying Authority.

Twinning arrangements:

Within one month after the official notification of the MS regarding the final choice made by the Romanian twin institution (MDP), the first concise draft of document has to be worked out and proposed to it by the MS selected partner. Then, MDP and the selected Member State twinning partner will work together for the finalization of the covenant. During the whole process of elaboration of the twinning covenant, the twinning partners will be assisted and advised by the Commission Delegation in Romania and the Commission in Brussels. The final form of the covenant, agreed between the partners shall be transmitted to the EC Delegation in Romania for approval no later than 3 month after the selection date.

Selection criteria for the Member States partner institution

The MS institutions submitting their twinning offers will preferably belong to the central public administrations in their country of origin, being the Managing Authority for CSF – Objective 1 and/or Regional Operational Programmes and will have specific technical skills in the following fields:

- Co-ordination, management and implementation of EU Structural Funds (mainly under Objective 1), including coordination between various Structural Funds;
- Programming, monitoring, financial management (including payment) and evaluation of the EU Structural Funds, particularly under Objective 1;
- Partnership building at national, regional, local or other level.

The twinning will place at the disposal of MDP a Pre-Accession adviser for a period of 18 months, whose tasks will be:

- to work on the implementation, management and successful fulfilment of the project;
- to provide highly qualified assistance, help and support in dealing with the project matters;
- to advise and guide MDP on the most rational and appropriate alternatives for the implementation of the activities provided by the twinning project in order to fulfill the objectives as well as the guaranteed results established by the twinning covenant;
- to propose and recommend solutions and options for the general development of the project and of its components according to the established activities, with particular regard to the deployment, involvement and work of highly qualified short and medium-term experts;

Short and medium-term experts:

- Short and medium-term of highly qualified MS experts will undertake the project activities, together with MDP, and with the constant support and guidance of the PAA;
- There is a specific requirement for short and medium-term experts to come from designated Managing and Paying Authorities in the twined Member State.
- It is mandatory that, at least, one short term expert should be from a Paying Agency for ERDF and one from a Managing Authority for Regional Operational Programmes;
- A Statement of Availability to fully undertake the assignments provided by the twinning covenant during the whole lifetime of the project should be presented by the MS twinning partner for each key personnel (PL, PAA and key experts). If it becomes necessary to replace any of the Key Personnel, the MS twin partner shall provide as a replacement a person of equivalent or better qualifications, which should be approved by MDP.

PAA profile

This key position is requiring a person of exceptional commitment, knowledge and ability, with a strong background and experience in:

- Structural Funds, (preferably Objective 1) programming, management and implementation, including strategic, financial as well as budgetary and control aspects;
- European policies and institutions, as well as awareness of Member States specific regional structures and national arrangements for Structural Funds implementation;
- Economic development;
- EU and MS twinning partner's central public administration and structures;
- EU Structural Funds type partnerships;
- Organization, preparation and moderation of seminars and workshops.

Also, the PAA should have:

- Proven ability in assuming a responsible and fully participative role in leading and working on long-term and complex projects, in organizing, conducting and animating working groups and broad partnerships;
- Knowledge of Romanian situation and administrative structures (mainly at central level) would be an advantage;
- Proven experience of working in central/eastern European administrative environment in the field of regional development;
- Good knowledge and experience on regional development policies, strategies and development plans (in at least one Candidate Country);
- Excellent command of English;

The suitable PAA will be a hard-working person, flexible and opened for innovative solutions, ready to assume the task of sustaining Romania and the MDP in their efforts

regarding the setting up of the necessary administrative structures and skills for managing and implementing the SF, for the acceleration of accession negotiations and integration in EU.

He/she will preferably come from designated Managing Authority for CSF - Objective 1 and/or Managing Authority for Regional Operational Programmes in the twined Member State.

The twinning covenant will be of 1,000,000 Euro.
Duration of the twinning project : 18 month.

A3. Twinning to strengthen the administration capacity for implementation European Social Fund - type activities

The following activities will be implemented by common work of Romanian and Member State experts:

A3.1. Strengthening MoLSS and NAE capacity for analyzing and assessing labor market trends

- MoLSS and NAE will elaborate with twinning partner support the assessment of the present organisational capacity and will make proposals for improvement of this. Proposals for the improvement of administrative framework for effectively implementation of ESF and the establishment of specific tasks and responsibilities for MoLSS and NAE will also be elaborated.
- The twinning partners will work together with the MoLSS, NAE and the National Statistics Institute in developing a range of data and indicators set out in article 6 of Law no. 76/2002 on unemployment insurance system and employment stimulation.
- This will form the foundation for developing a comprehensive and integrated labour market information system that is capable of describing the current situation and future trends across the broad indicators headings off: employment, unemployment, quantitative and qualitative skill requirements, training and educational supply and demand and employment services; in particular the collection and processing of the relevant statistical information and indicators required by the monitoring and evaluation of the ESF will be drafted.
- Within these indicators suitable data sets will need to be developed in consultation with regional stakeholders to ensure that information on certain target groups (i.e. young people, women, disabled and other disadvantaged groups) can be exploited and used to target initiatives and resources.
- Key staff employed at the MoLSS and NAE will require training in the technical aspects of labor market analysis techniques in order to support ex ante evaluation of projects.
- Assistance will also be required in developing and delivering training programmes for Judet Employment Agencies staff involved in collecting and assessing labour market data.

A3.2. Strengthening MoLSS and NAE and its territorial structures capacity to manage ESF-programmes and projects (Project Management Cycle).

The initial focus of this measure will be targeted at the national levels within the MoLSS and NAE. Subsequent training will need to be provided for staff of Judet Employment Agencies and social partners.

- Assistance is required in developing skills in managing the project cycle and will principally involve the training of staff in the necessary competencies.
- Assistance in developing new operational procedures and manuals will also be required.

- Recommendations on the mechanisms for inter-ministerial coordination in ESF implementation will be elaborated.
- Detailed training needs assessment to be completed at national and Judet level in order to establish the details of the training programmes.

A3.3. Strengthening the capacity of staff in the MoLSS and NAE in effective Programming, Monitoring, Evaluation and Implementation, Financial Management and Control of ESF projects. This activity will be targeted at national and Judet level.

- Assistance will be required in reviewing of existing Monitoring, Evaluation and Implementation systems.
- The development of guidelines and procedures for all staff involved in monitoring and evaluation capable of handling ESF programmes according to EU practices.
- Training programmes will be focused on the three key stages: ex ante, mid term evaluation and ex post.
- Training manuals will be also developed to support training.
- In addition to the broad based training programme the twinning partner will also need to address the specific training and development issues associated with senior managers responsible for the implementation of monitoring and evaluation.

The training programmes will be implemented both in Romania and in the twinning partner Member State.

Twinning arrangements:

Selection criteria for the Member States partner institution

The MS institutions submitting their twinning offers will preferably belong to the central public administrations in their country of origin, managing authority and/or paying authority, and will have specific technical experience in the following fields:

- Co-ordination, management and implementation of the ESF;
- Programming, monitoring, financial management (including payment) and evaluation of the ESF;
- Partnership building at national, regional, local or other level.

PAA profile

The key position is requiring a person of exceptional commitment, knowledge and ability, with a strong background and experience in:

- ESF, programming, management and implementation, including strategic, financial, as well as budgetary and control aspects;
- European policies and institutions, as well as awareness of Member States specific regional structures and national arrangements for ESF implementation;
- EU and MS twinning partner's central public administration and structures;
- ESF type partnerships;
- Organisation and moderating seminars, training courses, conferences

Also, the PAA should have:

- Proven ability in assuming a responsible and fully participative role in leading and working on long-term and complex projects, in organising and conducting working groups and broad partnerships;
- Excellent command of English;

Short-term (advisors) experts:

- Short -term of highly qualified MS experts will undertake the projects activities, together with MoLSS, and with the constant support and guidance of the PAA

- There are specific requirement for short-term experts to come from designated managing and/or paying authorities in the twined Member State (at least one short term expert from the Paying Agency for ESF).

The activities will be implemented within a twinning covenant with duration of **18** months and a value of **1,170.000**Euro from Phare.30.000€ for equipment from Phare+ 200,000 Euro covering the participation of MoLSS.

Institutional Arrangements for the implementation of this sub-component:

The institutions involved in the projects will be:

The Ministry of Labour and Social Solidarity, as the responsible body for drawing-up national policies, programs and plans in the field of employment, vocational training and equal labour market opportunities and as future Managing Authority is the main beneficiary of the project. It is, also, exercising the control over the accomplishment of such responsibilities and attributions by the National Agency for Employment and the National Adult Training Board.

The implementation of employment and training policies and strategies is made by the **National Agency for Employment**, public institution organised as a legal person managed by a tripartite Governing Board. According to the Law no.76/2002, the National Agency for Employment will submit to the Ministry of Labour and Social Solidarity yearly and quarterly reports on the execution of the Unemployment Insurance Fund and the achievement of performance indicators set out in a protocol concluded between the two institutions.

As future paying Agency for ESF this Agency will benefit from the results of the present project.

A4. TA to PIUs managing business – related regional infrastructure projects

- Assistance in setting up and training the PIUs at the beneficiaries level;
- Support for the PIUs in monitoring the projects and in reporting to different levels.

Technical assistance, provided to MDP, RDAs and Local Beneficiaries of the business – related regional infrastructure projects, to support the above mentioned activities will be envisaged as follows:

- Assessment of the activity, the structure and the functional capacity of the PIUs and LSCs set up for the regional infrastructure projects financed under the previous Phare RO 0007.02 and RO 0101, as well as reviewing of the Guidelines and procedures for regional infrastructure monitoring/supervision prepared by the Phare 2000 PPF;
- On the basis of this assessment, elaboration of the recommendations for the appropriate structure of the PIUs to be established for the Phare 2001 and 2002 regional infrastructure projects and of the recommendations for the most reasonable resources to be allocated by the Local Beneficiaries, improvement of the Guidelines for monitoring and of the Framework Agreement between MDP and Local Beneficiaries;
- Assistance for the Local beneficiaries to establish functional PIUs, ensuring that the obligations delegated by MDP as Employer for regional infrastructure works contracts are properly carried out, and the Local Beneficiary could rely on the PIU to ensure that its interests are protected during construction;
- Strengthen the MDP, RDAs and PIUs capacity to manage regional infrastructure projects, through formal training in international works Conditions of Contract for Construction and effective Project Management, supervision, monitoring and payment procedures as applied to the construction industry;

- Assist Local Beneficiaries / PIUs in preparing the take over of the responsibilities for the business – related regional infrastructure projects operational phase, in order that the Local Beneficiary could operate the granted infrastructure with the requisite degree of efficiency, for achieving the maximum net positive quantified impact on the economy of the region where it is located, including jobs creation.
- Ensure knowledge transfer to the MDP, RDAs, and Local Beneficiaries/LSCs to develop their expertise in the evaluation of business – related regional infrastructure projects.

Contract: Classical technical assistance (service contract) with max. value of 0.7 Meuro.

B. Institutional Building Support for the Reform for Initial and Continuing Vocational Training

B1. Technical and Vocational Education and Training

Planning of the activities for the overall Phare supported TVET reform covers a long-term perspective of three consecutive Phare programmes. An indicative figure to cover the IB over the 3-year period has been preliminarily estimated as 8,5 MEURO (4.5 MEURO for Phare 2001+ 3.0 MEURO for Phare 2002 + 1.0 MEURO for Phare 2003). Phare contribution **3 MEURO represents Phare funding for IB in 2002**. The multi-annual perspective allows a better absorption of funds and enough time for implementing the results of the first Phare 2001 programme, whose purpose was to revise the system of TVET as far as the structures and the content are concerned.

The short-term (annual) perspective is subject to annual revision in accordance with the economic and social dynamics at the level of the priority areas. The long-term perspective corresponds to the planning integrated in the NDP.

This project fiche covers the budgetary commitment for Phare 2002, based on the institution building priorities identified by the Ministry of Education and Research through the National Center for Technical and Vocational Education Development (NCDVET), together with the Ministry of Development and Prognosis for the 11 selected priority areas.

Specific activities for Phare 2002 are as follows:

- Introduction of the agreed model of a National System of Accreditation (NSA) with confirming vocational qualifications

TA and local experts will elaborate methodologies for implementing NSA

- Introduction of the adopted School partnership Action Plan into the TVET system

TA and local experts will elaborate methodologies for the introduction of the adopted model

- Strategic review of the programme - Report of the outcomes of the Phare 2001 programmes and proposed corrective actions

TA and local experts will elaborate the report and submit it to the Steering Committee

- Development and Adoption of the revised Regional Education Action Plans (REAPs) by the Regional Consortia for further implementation of measures concerning the link between TVET and regional development. REAPs are elaborated at regional level by institutions that are part of the Regional Consortia and use existing data of reports and studies produced by local governmental bodies such as the County Council, the County Employment Agencies and the County School Inspectorate, by the independent employers or Employers Associations and Trade Groups, i.e. Chambers of Commerce, and/or by research institutions (such as National Observatory, Institute for the Quality of Life, Universities, etc)

TA and local experts to elaborate guidelines to apply relevant actions defined by the REAPs

- Development of local, school based components of the curriculum and related standards for training on new trades and professions for all levels

TA and local experts to assist developers in elaborating and implementing the competencies and the subject themes according to the measures and priorities set by the Regional Education Action Plan.

- Development of projects for schools to further participation in local networks.

TA and local experts to provide expert advice and design the networks

- Extension of Phare 2001 training and specific didactic materials development on student centred teaching methodologies

TA and local experts to organize the related training and elaborate the teaching-learning packages

- Extension of Phare 2001 training and development of teaching and learning materials to facilitate individual learning for students with special needs in order to gradually integrate them in the normal school setting

TA and local experts to organize the related training and elaborate the teaching-learning packages

- Further development of measures recommended by the activities assured by the 2001 programme for implementing TVET quality assurance instruments

TA and local experts to provide implementing models and training for relevant actors

- Development of textbooks for defined subject areas

TA and local experts to draft technical specifications and check the quality of final products.

- Adaptation of learning to lifelong learning schemes by means of:

- Development of teaching and learning materials to facilitate individual learning as distance education model
- Development of workshops in the local enterprises for the integration of students with learning disabilities, to allow them to deepen their training
- Training of teachers to develop the concept of the training firms in the schools

TA and local experts to draft technical specifications, elaborate materials and provide relevant teacher training

- Training of teachers and school managers for participative planning education based on forecast of both labour market and individual learning needs, in order to better provide TVET on demand

TA and local experts to provide expert advice, draft technical specifications, provide and check the quality of training.

- Establishing a training programme on organisational development

TA and local experts to draft technical specifications, elaborate materials and provide relevant training

- School networking and inter-assistance

The 100TVET schools have been encouraged to form groups with other VET schools in the vicinity, especially in the rural areas, facilitating sharing knowledge and experience gained through the project. Wherever possible the groups have represented a wide spectrum of occupational families within the three main profiles: resources, services and technics, relevant to their area.

TA and local experts to elaborate methodologies for networking, and advice the schools for inter-assistance

- Dissemination will take place through publications, seminars and conferences for members of consultative bodies, authorities and the media, as well as through virtual communication
- Maintaining and updating the website set-up during Phare 2001 by NCDVET, to link schools and PIU and facilitate institutional communication on a daily basis. The website will enable teaching staff of TVET schools and resource centers, as well as specialists of the NCVETD to share knowledge and experience in view of continuously updating TVET provision.

- The NCDVET will assist the schools and resource centers in all issues related to the implementation of the Phare 2001 and 2002 activities

TA and local experts to draft and launch media packages, and organise media events.

The **TVET** (B1) component will include an amount of 100.000 EURO designated to the equipment procurement, out of the total of 3.0 Meuro EURO for the Technical Assistance.

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

Office furniture: 6 desks, 1 table, 6 cupboards, 3 bookstands, 10 chairs necessary to be used by the experts who will work simultaneously in the programme.

A vehicle to ensure the travelling facilities for the experts who have to assist all schools spread all over the country, in the priority areas: 5 seats, 4x4, cylinder capacity 2000-2500, roomy body, the trunk in particular, Diesel engine, ABS assisted braking system)

The Office equipment is representing the minimum provision that have to exist in the main TA location in Bucharest and in the 7 offices where the regional activities will take place. This equipment includes: 5 +7 PCs (1 GHZ, 128 MB PC 133, HDD 20 GB 5400 RPM, CASE ATX 350 W, FDD 3,5", VIDEO CARD 32MB AGP, SB AC 97, CD ROM 52X, Network CARD 10/100 UTP, WIN 98 LICENSE + 17" 1280x 1024 TCO 99 OSD FULL DIGITAL), 3 laptops (866 MHz, 128 MB SD RAM 10 GB HDD, 56k, 10/100) + 2 portable printer (2.1 ppm color, 5.5. ppm mono, parallel interface, resolution 720 x 360 dpi, lithium-ion battery, infrared interface, IrDA standard), 1 scanner (1200 48 BIT USB PORT), 3+7 printers, 2+7 copy machines (17 cpm A4 and A3, RMV max 6,000 cpl, manual and automatic paper feeder, zoom 50 – 200%) 1 telephone with modem and fax (14.4 kbps modem, 21 pag memory, including tel & support, ADF 20 pag, answering machine, 10 one touch dial, 20 coded dial, auto-redial, delayed transmission, polling) and 4 telephones, 3 video projectors (portable XGA 2750 lm), 1+7 fax machines (14.4 kbps modem, 21 pag memory, including tel & support, ADF 20 pag, answering machine, 10 one touch dial, 20 coded dial, auto-redial, delayed transmission, polling), 1+7 mobile overhead projector, 1 photo digital camera (optical zoom 35-105 mm + digital zoom 2x 1,32,000 pixel CCD image sensor, 3 flesh modes, programmed image control modes, 8 MB compact plash memory, vcard for resolution 1,280 x 960 pixels large, USB I/F interface, USB cables for PC/Mac, video – OUT CABLE, 8 MB CF card, camera strap), 1 video camera (LCD 2.5" ZOOM 25X/700X), for the duration of the contract.

B2. Twinning - Continuing Vocational Training

The following activities will be implemented by common work of Romanian and Member State experts:

Objective 1 :

- To assist the Ministry in the development of a national CVT policy and system;
- To develop a sound system of employers' involvement and co-operation with social partners in the area of CVT reviewing and designing legal and operational basis for

stimulating employers to invest in staff training; to review mechanisms of co-operation with social partners in the area of CVT thus ensuring a better response of vocational training to labour market needs, all these with the support of the local experts;

- To establish a link with the regional approach and regional specificities, especially the contribution of the regional education plan to the development of CVT in order to correlate the two systems;
- Regulation of the training provision market; clarify roles for the bodies involved in CVT (MoLSS, MoER, NAE, NTB, COSA and other bodies); occupational standards and reliable assessment system of acquired skills (NVQ report prepared by TVET will provide an useful input for the definition of this system); elaboration of short and medium term strategies on continuing vocational training;
- Monitoring system to follow up the implementation of short and medium term strategies on continuing vocational training development;
- Conference on employers involvement in CVT and co-operation with social partners (1 day, 100 participants) held;
- Participation in study visits: staff members of the Ministry of Labour, National Agency for Employment, National Adult Training Board with representatives from Ministry of Education and Research, Ministry of Public Finances, Ministry of Development and Prognosis (representatives of regional authorities), and Ministry of Industry and Resources; employers representatives; and trade unions representatives, and other actors involved in CVT field will learn about the experience of the EU member states in the area of partnership and employers involvement in adult vocational training and other elements of the project: statistics;
- To prepare methodologies for the development of: continuous labour market needs assessment competency-based curriculum, trainers training; apply methodology in a pilot region;
- To prepare methodology of national surveys on continuing vocational training for the necessary background information for CVT development, which will cover three aspects: individuals' participation in training, employers' involvement, and information on adult training institutions; to conduct pilot survey on employers' involvement in staff training (based on EUROSTAT methodology);
- To support the Ministry to develop the conditions to improve the capacity of the NAE to provide training programmes (including training trainers in pedagogical skills); to promote the systematic involvement of private sector training providers, TVET schools, especially the 22 resource centres selected under Phare RO0108.03 – TVET component, and universities.
- To organize trainer training in adults vocational training institutions according to the designed methodology for CVT (for 400 persons from all the institutions involved in adults vocational training field, such as the specialized centres of NAE, regional TVET Centres, private training providers, etc); the procedure for selecting the 400 trainees included in the programme will be designed by the twinning partner ;
- Preparation of legal basis and methodological guidelines for development of the structure of modular training programmes.

Objective 2:

- To organize 8 workshops (one in each region) for the network of vocational adult training institutions on CVT methodology; to organize a national conference for closing and dissemination of the recommendations on CVT and its importance for ESF actions;
- To organize 8 seminars for regional stakeholders to disseminate the information, putting the grounds for networking;
- Setting up an information network (software data base) among all institutions involved in continuing vocational training: Ministry of Labour and Social Solidarity (central level), National Agency for Employment (central and territorial level), National Adult Training Board (central and regional/territorial level) and all the actors having a role in the development of the CVT field;
- Procurement of IT equipment all institutions involved in continuing vocational training (150 PC and printers for using the software data base): Ministry of Labour and Social

- Solidarity (central level), National Agency for Employment (central and territorial level), National Adult Training Board (central and regional/territorial level);
- Training 50 trainers (multipliers) for training on management and improvement of the information network on continuing vocational training.

Selection criteria for the Member States partner institution

The MS institutions submitting their twinning offers will preferably belong to the central public administrations in their country of origin and will have specific technical skills in the following fields:

- To develop CVT policy and system for the national level; to establish the roles of the different actors involved in CVT;
- Regulation of the training provision market, elaboration of short and medium term strategies in continuing vocational training;
- Monitoring the implementation of the strategies on continuing vocational training;
- Development of a sound system of employers' involvement and co-operation with social partners; designing area of CVT systems and programmes in co-operation with social partners;
- To prepare methodologies for the development of: continuous labour market needs assessment, competency-based curriculum, trainers training, methodology of national surveys on continuing vocational training;
- To prepare the legal basis and methodological guidelines for development of the structure of modular training programmes for adult vocational training field, to assure the systematic involvement of private sector training providers, TVET schools and universities, and by the other side to improve capacity of the NAE to provide training programmes;
- To set up an information network (software data base) among all institutions involved in continuing vocational training area.

The twinning will place at the disposal of MoLSS a Pre-Accession adviser for a period of 18 months, whose tasks will be:

- to work on the implementation, management and successful fulfilment of the project;
- to provide highly qualified assistance, help and support in dealing with the project matters;
- to advise and guide MoLSS on the most rational and appropriate alternatives for the implementation of the activities provided by the twinning project in order to fulfil the objectives as well as the guaranteed results established by the twinning covenant;
- to propose and recommend solutions and options for the general development of the project and of its components according to the established activities, with particular regard to the development, involvement and work of highly qualified short term experts.

Short-term experts:

Highly qualified MS experts in adult vocational training field will undertake the project activities, together with MoLSS, and with the constant support and guidance of the PAA.

PAA profile

This key position is requiring a person of exceptional commitment, knowledge and ability, with a strong background and experience in:

- programming, management and implementation of the international project in this field;
- designing of the continuing adult vocational training strategies and policies;
- EU and MS twinning partner's central public administration and structures;
- EU CVT type partnerships;
- Organization, animation and preparing seminars, training courses, conferences.

Also, the PAA should have:

- Proven ability in assuming a responsible and fully participative role in leading and working on long-term and complex projects, in organizing, conducting and animating

- working groups and broad partnership;
- Knowledge of Romanian situation and administrative structures (mainly at central level);
- Proven experience of working in central/eastern European countries in the field of CVT;
- Good knowledge and experience on CVT policies, strategies and programmes (at least one Candidate Country);
- Excellent command of English.

The suitable PAA will be a hard working-person, flexible and opened for innovative solutions, ready to assume the task of sustaining the Romanian institution in the efforts regarding the setting up of the necessary administrative structures and skills for managing and implementing the CVT system, for the acceleration of accession negotiations and integration in EU.

PAA and STE will be placed in the Department for Vocational Training, Directorate General for Employment of the MoLSS.

The twinning covenant will be 1,000,000 Euro Phare. 350,000 Euro Phare for IT equipment procurement and 121,000 Euro covering the participation of MoLSS.

Duration of the twinning project: **18 months.**

Institutional arrangements for the implementation of this sub-component

The institutions involved in the project will be:

Ministry of Labour and Social Solidarity, Directorate General for Employment, Department for Vocational Training - The main task of the Directorate include: designing draft laws in the area of employment policy and counteracting unemployment; designing labour market programmes, monitoring and evaluation of the activities supported by the unemployment benefit fund; and development of regulatory and policy framework for adult training and vocational reorientation;

National Agency for Employment and the selected territorial entities – are the bodies responsible of the implementation of the strategies in employment and adult vocational training; to strengthen the social dialogue in the employment and vocational training field; to put into practice the social protection measures for unemployed persons. **Training institutions:** in the framework of the project particular efforts will be made to support the network of training institutions benefited from the World Bank Project “NTB and Regional TVET Centres”, as well as the private training providers. These institutions should be regarded as the nucleus of network of the centres of excellence in the area of modular training.

National Adult Training Board with representatives from **Ministry of Education and Research, Ministry of Public Finances, Ministry of Development and Prognosis (representatives of regional authorities), and Ministry of Industry and Resources, social partners** – the body who assures the social dialogue on the adult vocational training field, aimed to provide the background for the national policies and strategies in the field of adult vocational training and to coordinate the authorization of adult training providers. NTB will attend the meetings of the Phare ESC Steering Committee whenever the vocational training topic is on its agenda.

The twinning project will set up a working group with representatives from the institutions having an important role in the achievement of the project aims.

C. Institution Building to Support the SAMTID Programme Pilot Phase Implementation

C1. Support to national coordinating body in implementation of SAMTID pilot phase

In order to implement this sub-component, the following activities will be undertaken:

- Support to the Steering Committee;
- Support to the PCU in Ministry of Public Administration;
- Assistance in setting up and training the PIUs at the beneficiaries level;
- Support for the PCU and PIU in monitoring and controlling the projects and in reporting to different levels;
- Support to the Regional Development Agencies, MDP and Selection Committee in selection and monitoring of projects for an efficient implementation of SAMTID program.

C2. Financial and Operational Performance Improvement Program

Under this sub-component the following activities will be undertaken:

- Support local authorities to establish and monitor operational and financial performance requirements with their operators, in order to ensure the flow of funds to service debt and finance a MRD fund;
- Monitor and report on the performance of the utilities and their compliance with conditions in their loan agreements, and recommending up-dating of these conditions;
- Train PIUs' and operators' staff in FOPIP concepts and in practical implementation of these concepts;
- Prepare and disseminate Guidelines on financial and operational performance improvement issues;
- Share knowledge and experience gained through the project among all current and potential beneficiaries.

FOPIP sub-component will make full use existing training and technical assistance capacity in Romania, promote the use of modern and participatory approaches to training, and contribute to ensuring the sustainability of national training structures with capacity to meet the needs of use municipal services sector. The MoPA will propose institutional models to deliver technical advisory services that build on these local capacities to transfer to the smaller towns the knowledge gained from improvements in the utilities of Romania's largest cities.

Groups of towns benefiting of SAMTID investment assume an obligation to undertake to closely monitor and seek to improve the performance of their service operators, in line with approach developed under SCEPD project and USAID Regional Infrastructure Program currently being implemented by MoPA, an element of self-financing should be introduced into training and human resource development for the towns and operating companies. FOPIP will require a partial contribution towards training costs on the part of the beneficiaries.

Budgets for component C (C1 & C2) are based on experience from MUDP 2 and will be financed entirely from Phare. Phare 2002 resources will provide for the pilot phase 0.6 Meuro for sub-component C1 and 0.65 Meuro for sub-component C2. Existing PPF resources from Phare 2001, together with support from beneficiaries, will finance preparatory activities. The RIP program of USAID provided the Terms of Reference needed for hiring the contractor under Phare 2001 (**Annex 4.6**).

D. Economic and Social Cohesion Project Preparation Facility

The following types of activities will be covered under this component:

D1. Identification and design of the large business – related infrastructure projects proposed for financing under future (2003-2006) Phare ESC programmes (indicative allocation: 1.0 Meuro):

- Support for RDAs for implementing a large awareness campaign focused on the potential local beneficiaries of the ESC infrastructure component to deepen the familiarization with the regional programmes requirements, procedures and criteria, as well as best practises in the field of ESC infrastructure operation and exploitation, through the dissemination of the improved guidance materials, direct consultation and workshops with the local beneficiaries and the potential partners
- Broad consultation within the Regional Development Boards, beneficiaries and other relevant actors in order to improve the regional decision process for the selection of the large infrastructure projects;
- Review of the projects proposed for inclusion in the pipeline (pre-feasibility assessment, economic analysis and financial impact, environmental impact, risk analysis, etc.);
- Organizing workshops with beneficiaries to identify needs, setting up priorities and work on initial design of the projects;
- Training for infrastructure projects preparation, appraisal and selection of the technical staff and of the key decision actors from national, regional and county level;

D2. Preparation and contracting of large bussines – related projects with regional impact, including elaboration of required technical and contractual documents, to be financed under Phare 2003 (indicative allocation: 3.6 Meuro); the following activities are envisaged:

- Preparations of tender documents, including detailed design, drawings and technical specifications for the large infrastructure projects included in the multi-annual ESC portfolio;
- Support for tendering the prepared large infrastructure projects
- Improvement of the existing monitoring and supervision procedures for infrastructure projects and preparation of the TORs for TA project in charge with the works supervision
- Training for infrastructure projects implementation and supervision procedures of the staff from the relevant institutions (including local beneficiaries PIUs), on the basis of the revised and improved guidelines and procedures;

D3. Development of schemes for regional development programmes (indicative allocation: 1.0 Meuro) :

- identification of needs by carrying out specific analysis;
- definition of specific measures to address the needs;
- defining of eligible beneficiaries;
- identification of available resources;
- preparation of project selection criteria;
- draw up proper implementation mechanisms (procedures, institutional responsibilities);
- building of inter-institutional partnership;
- identification, prioritization and design of strategic development projects with regional and inter-regional impact to be financed under different schemes.

D4. SAMTID projects' preparation (indicative allocation: 4.4 Meuro)

D4.1 Technical assistance under this sub-component will be provided to support further development of overall policy, institutional and regulatory framework within which SAMTID is implemented:

- Assessment of the key elements of the Pilot Phase including policies, framework documents, results in the pilot projects, with recommendations for improvements in the expansion phase. After reaching agreement on recommendations, adapt and reissue framework procedures, manuals and guidelines.
- Identification of projects, assistance in reviewing project concepts from groups of towns interested in participating in SAMTID. Provide an informed opinion on the rational for the grouping and whether this complies with eligibility criteria and sound business practices. Recommend steps for towns to comply with eligibility criteria and assist in the process of contracting a commercial operating company.
- Assess the pre-feasibility of the project concepts presented by groups of towns and recommend areas for improvement during the elaboration of the feasibility studies.

The total amount estimated for this part of the project is 1.6 Meuro.

D4.2 Development of project documentation:

- Development of required technical and implementation documents and tender documentation for at least 20 projects.
Usually under Romanian rules the Final Beneficiaries and/or Local Authorities prepare or finance the preparation of feasibility studies and supporting documentation, and Tender documents, as part of their own contribution in project financing.
- Supporting tenders organization and works contracts concluding for expansion phase.

PPF 2002 funding of 2.8 Meuro is foreseen for the tender documents, while local contributions of 3.3 Meuro will be needed for the feasibility studies. About 2 Meuro from PPF Phare 2001 will be used for preparing projects in 2002 for the start-up of the program and the three to five pilot investment projects to be implemented the following year.

The final allocation of funds for each component will be established by the Phare ESC Steering Committee.

3.5 Lessons learned:

According to the conclusions of the project: „**Assessment of the capacity of MDP to implement the Phare programmes and preparation for moving to EDIS**” carried out by PriceWaterHouseCoopers during 2001, the following conclusions are relevant for this programme:

- Even if senior managers have a clear grasp of the requirements of standard procedures to be applied, the high rate of staff turnover means that the level of knowledge is not consistent across the organization; moreover, the introduction of FIDIC for infrastructure projects will require the development of additional procedures and train staff;
- Work undertaken during the course of the recently ended TA contracts needs to be consolidated and extended in the day to day operation of the MDP; this implies the development of additional, various policies and procedures for programme implementation;
- There is a need for the strengthening and development of the internal audit function;
- The existing various management information systems needs the creation of an interface for matching them.

From the previous municipal investment programmes, especially from MUDP II, some lessons have been learned:

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

All these lessons learned will be incorporated into SAMTID program concept (Annex 4.4) and will be taken into account by the TA supporting the SAMTID programme.

4. Institutional Framework

The **Ministry of Development and Prognosis (MDP)** will be the **Implementing Agency** for all the **technical assistance** provided under Institution Building component of Phare 2002. For the **twinnings**, **CFCU** will act as **Implementing Agency**.

The **Ministry of Development and Prognosis (MDP)** will be the **Implementing Authority** for twinning component A2 and for the technical assistance A1 and A4.

The **Ministry of Education and Research** will play the role of **Implementing Authority** for TVET (B1) in charge with its technical management. The MoER will supervise and co-ordinate all IB related activities through NCDVET as PIU, and liaise with the Ministry of Development and Prognosis for all aspects related to regional development –strategies and priorities.

The **Ministry of Labor and Social Solidarity – Directorate for Co-ordination of EU's Non-Reimbursable Financial Assistance** will act as Implementing Authority for the implementation of “Twinning to strengthen the administration capacity for implementation European Social Fund - type activities” sub-component A3.

The **Ministry of Labor and Social Solidarity – Directorate General for Employment** will be the Implementing Authority for “Continuing Vocational Training” sub-component B2.

The **Ministry of Public Administration** will act as Implementing Authority for components: C.

The **Regional Development Agencies (RDAs)** will be Implementing Authorities for D component and they will work closely with the corresponding line ministries.

Ministry of Development and Prognosis, as the organization responsible for regional development, will be in charge with the overall co-ordination between governmental strategies, policies and programmes (National Development Plan) and the regional level (Regional Development Plans). It will have to ensure that the appropriate control is in place to ensure value for money in terms of large public expenditure projects.

At national level, the **Phare ESC Steering Committee** established under National Twinning financed from Phare 2000 and operational for Phare 2000 & 2001 activities, composed from specialists of the Ministry of Development and Prognosis, RDAs, Ministry of SMEs and Cooperation, Ministry of Education and Research, Ministry of Labour and Social Solidarity, Ministry of Public Works, Transport and Dwellings, National Administration of Roads, the Ministry of Water and Environment Protection, National Centre for Vocational and Technical Education Development, Ministry of Youth and Sport, Ministry for European Integration, Ministry of Public Administration, Ministry of Tourism, EC Delegation and other relevant institutional stakeholders identified at the national level for each component, will have as main tasks the following:

- Secure that the actions implemented under the Economic and Social Cohesion Phare 2002 are in line with the National Development Plan and other relevant strategies;
- Offering advice on procedures for the selection and implementation of the institution building and investment projects, and will play a role in each phase of the process;
- Advice and information to identify financing sources for projects;
- Participating in the monitoring of the Phare 2002 programme, both Institution Building and Investment components;
- Providing an opinion on the Terms of Reference for evaluation of the Programme (mid-term and ex-post);
- Participating in the selection of contractors for evaluations (mid-term and ex-post);
- Participating in evaluations (mid-term and ex-post);
- Advising on strategic directions to be taken in the Programme as a result of evaluation findings.

For TVET component, the **Phare ESC Steering Committee** will also assure the effective correlation between IB and Investment activities. Representatives of ETF (European Training Foundation) will participate in the Committee's sessions, when TVET is analyzed.

NTB will also be invited in the Phare ESC Steering Committee when CVT issues are discussed.

The Phare ESC Steering Committee is chaired and serviced by MDP, 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.

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

The TVET development in line with social and economic cohesion enhancement continues to get advice from the **Regional Consortia** that represent institutions at the regional level, organised under Phare 2001 TVET. The leading institutions will be represented by the Regional Development Agencies. The Regional Consortia act as consultative structure of the project for the TVET activities for both IB and Investment, and their specific tasks for IB will be:

- To advise on the priorities at the regional level as far as the economic and social development of the target areas are concerned
- To elaborate and adopt the Regional Action Plan that integrate the TVET provision with the regional development
- To provide inputs to the CVT component.

Apart from the above-mentioned Phare ESC Steering Committee, another **Steering Committee will be established for the overall coordination of SAMTID programme**. This will be chaired by MoPA under the leadership of a Secretary of State. Its attributions and competences are detailed in the investment project fiche.

PIUs will be set up at the premises of all the infrastructure projects beneficiaries and will be responsible for the implementation of the projects.

In the case of the SAMTID programme pilot phase the PIUs will be responsible for the implementation of the project, both for grant and loan management.

In the case of the TVET component, the National Center for Technical and Vocational Education Development (NCDVET), entrusted by the Ministry of Education and Research as Implementation Authority, will continue to act as PIU.

5. Detailed Budget

Component	Investment Support	Institution Building	Total Phare (=I+IB)	IFI
A. Institution Building to Support Regional Development Policy Implementation		4.40	4.40	
A1. Effective programming and implementation of Pre-Accession support for Economic and Social Cohesion		1.50	1.50	
A2. Twinning to build EU Structural Fund-compatible instruments and capacities		1.00	1.00	
A3. Twinning to strengthen the administration capacity for implementation European Social Fund - type activities, out of which:		1.20	1.20	
- twinning		1.17	1.17	
- procurement of IT equipment and soft		0.03	0.03	
A4. TA to PIUs managing business related regional infrastructure projects		0.70	0.70	
B. Institution Building Support for the Reform of Initial and Continuing Vocational Training		4.35	4.35	
B1. Technical Vocational Education and Training (TVET)		3.00	3.00	
- technical assistance		2.90	2.90	
- procurement of equipment		0.10	0.10	
B2. Continuing Vocational Training (CVT) – out of which:		1.35	1.35	
- twinning		1.00	1.00	
- procurement of IT equipment		0.35	0.35	
C. Institution Building to Support the SAMTID Programme Pilot Phase Implementation		1.25	1.25	
C1. Support to national coordinating body in implementation of SAMTID pilot phase		0.60	0.60	
C2. Financial and operational performance improvement programme		0.65	0.65	
Total A+B+C		10.00	10.00	
D. Economic and Social Cohesion Project Preparation Facility		10.00	10.00	
TOTAL		20.00	20.00	

6. Implementation Arrangements

6.1 . Implementing Agency

PAO: Ministry of Development and Prognosis (MDP) – for all the Technical Assistance included in this project.

Name: Leonard Cazan

Address: 2-4 Ministerului st., Bucharest

Tel: + 401 312 08 09

Fax:+ 401 314 08 09

PAO: CFCU – Ministry of Public Finance – for all the twinning projects

Name: Jeana Buzduga

Address: 36-38 Mendeleev street, Bucharest

Tel: + 401 313.66.28; 313.66.30

Fax: + 401 312.42.08; 315.35.38

Implementing Authority

Sub-Component	Implementing Agency	Implementing Authority
A. Institution Building to Support Regional Development Policy Implementation A1. Effective programming and implementation of Pre-Accession support for Economic and Social Cohesion A2. Twinning to build EU Structural Fund-compatible instruments and capacities A3. Twinning to strengthen the administration capacity for implementation European Social Fund - type activities A4. Technical Assistance to PIUs managing regional infrastructure projects	MDP CFCU CFCU MDP	Ministry of Development and Prognosis Ministry of Development and Prognosis Ministry of Labor and Social Solidarity Ministry of Development and Prognosis
B. Institution Building Support for the Reform of Initial and Continuing Vocational Training B1. Technical Vocational Education and Training (TVET) B2. Continuing Vocational Training (CVT)	MDP CFCU	Ministry of Education and Research, NCDVET Ministry of Labor and Social Solidarity
C. Institution Building to Support the SAMTID Programme Pilot Phase Implementation	MDP	Ministry of Public Administration
D. Economic and Social Cohesion Project Preparation Facility	MDP	RDAs (they will closely work with the line ministries)

6.2 Twinning

Twining covenants will be signed between Member states institutions (chief executive) and the heads of the beneficiary institutions.

Contact person	Leonard Cazan Ministry of Development and Prognosis - PAO	Address: 2-4 Ministerului st., Bucharest 1 Tel.: + 401 312 08 09 Fax: + 401 314 08 09
	Gabriel FRIPTU Ministry of Development and Prognosis / Director of the Regional Programmes Directorate / Project Leader	Address: 2-4 Ministerului st., Bucharest 1 Tel: + 401 315 88 75 Fax: + 401 312 41 71 E-mail: gabriel.friptu@mdp.ro
	Adrian Popescu Ministry of Labour and social Solidarity – Director for Co-ordination of EU's Non-Reimbursable Financial Assistance – project leader	Address: 2 Dem. I. Dobrescu st, Bucharest 1 Tel: + 401 310 16 08 Fax: + 401 312 72 62 E-mail: popescu@mmss.ro
	Petru Blanariu Ministry of Labour and Social Solidarity – National Agency for Employment –Director for Implementation of International Agreements – project leader	Address: 3 Sf. Dumitru st., Bucharest 1 Tel: + 401 303 98 56 Fax: + 401 303 98 56 E-mail: petru.blanariu@anofm.ro
	Cristina Iova Ministry of Labour and Social Solidarity – Directorate General for Employment – Counsellor – project leader	Address: 2 Dem. I Dobrescu street, Bucharest Tel: +401 315.60.95 Fax: +401 315.60.95 E-mail: icristina@mmss.ro

The assistance to be provided will come from EU Member States national institutions and the selection of the organisations to provide the support will depend upon the quality of the offers received.

The manual for Twinning will be used.

6.3. Non-standard aspects

The 'Practical Guide for Phare, ISPA and SAPARD' procedures will be followed.
For twinning: the twinning manual will be followed.

6.4. Contracts

6.4.1 Twinning

Twining type projects are envisaged for the following sub-components:

- A2. "Twinning to build EU Structural Fund-compatible instruments and capacities" – beneficiary: MDP
- A3. „Twinning to strengthen the administration capacity for implementation European Social Fund - type activities" – beneficiary: MMSS – Directorate for Coordination of EU's Non-Reimbursable Financial Assistance and the National Agency for Employment; if there is the case, for procurement of the equipment a standard contract for supplies will be concluded;
- B2. „Continuing Vocational Training" – beneficiary: MMSS – Directorate General for Employment;
Twinning will not cover activities included in Objective 2 related to IT procurement, which will need a standard contract for supplies.

Should the Romanian twin institution find itself unable to select a partner from the first round of selection, the Project Fiche may be recirculated a second time. If it still proves impossible to select a suitable partner, **the Romanian institution may resort to traditional Technical Assistance.**

6.4.2 Technical assistance

Technical assistance projects are envisaged for the following sub-components:

- A1. Effective programming and implementation of Pre-Accession support for ESC – beneficiary: MDP;
- A4. TA to PIUs managing business-related regional infrastructure projects - beneficiaries: MDP, RDAs, local public administration;
- B1. TVET – beneficiaries: MoER and vocational schools and resource centres;
- C. Institution Building to Support the SAMTID Programme Pilot Phase Implementation - beneficiaries: MPA, MDP, RDAs and municipalities' administration; one or two service contracts will be concluded;
- D. Economic and Social Cohesion Project Preparation Facility – beneficiary: MDP, MAP, RDAs and local public administration; two or more contracts will be concluded according to the decision made by Phare ESC Steering Committee.

It is envisaged to contract Technical Assistance projects according to Practical Guide for Phare, ISPA and SAPARD.

7. Implementation Schedule

Sub-component	Start of tendering/ Twinning procedure	Start of project implementation	Completion of the project
A. Institution Building to Support Regional Development Policy Implementation			
A.1. Effective programming and implementation of pre-accession support for ESC	05.2003	01.2004	11.2005
A.2. Twinning to build EU Structural Fund-compatible instruments and capacities	05.2003	11.2003	11.2005
A3. Twinning to strengthen the administration capacity for implementation European Social Fund - type activities	11.2002	03.2003	12.2004
A4. TA to PIUs managing regional infrastructure projects	03.2003	11.2003	11.2005

B. Institution Building Support for the Reform of Initial and Continuing Vocational Training B1. TVET B2. Continuing Vocational Training	01.2003 11.2002	09.2003 04.2003	11.2005 09.2004
C. Institution Building to Support the SAMTID Programme Pilot Phase Implementation C1. Support to national body in implementation of SAMTID pilot phase C2. Financial and operational performance improvement programme	11.2002 02.2003	06.2003 10.2003	11.2005 11.2005
D. Economic and Social Cohesion Project Preparation Facility	05.2003	01.2004	11.2005

8. Equal Opportunity

The contractors will be encouraged to make available both female and male staff as pre-accession advisers and short term experts as well as technical assistance experts. While designing socio-economic programmes or grant schemes, the Romanian institutions will pay particular attention in following the gender-mainstreaming concept and in ensuring a full and equal participation of women, ethnic minorities and other socially disadvantaged or excluded groups.

9. Environment

Environmental aspects will be considered in a structured way with particular reference to environmental sustainability concept.

On the institutional side, particular attention will be given to the way of assuring that the relevant environmental authorities are fully involved in the different stages of the decision making process. (Strategy-making, programming, project selection and monitoring and ex-post evaluation)

10. Rates of return

Not applicable in respect of Institution Building projects.

11. Investment criteria

Not applicable in respect of Institution Building projects.

12. Conditionality and sequencing

Launching the Phare PPF 2001, for preparing and starting activities for SAMTID, in July 2002, having the contract concluded in December 2002.

ANNEXES

Annex 1 - Logframe matrix for IB in ESC

Annex 2 – Detailed Implementation Chart for IB

Annex 3 – Contracting and Disbursement Schedule by Quarter for IB

Annex 4.1 - Linked activities

Annex 4.2 – Evaluation of Phare'98 Programme

Annex 4.3 – State of play of Phare 2000 and 2001 Programmes

Annex 4.4 - SAMTID – Concept paper

Annex 4.5 - Translation of the Agreement between MoPA and MPF

Annex 4.6 - ToRs for PPF Phare 2001 - technical assistance support for defining the overall framework for SAMTID and implementation of the pilot phase

Annex 5 – List of Relevant Laws and Regulations


ANNEX 1 - IB

LOGFRAME PLANNING MATRIX FOR Project		Programme name and number		RO-2002/000-586.05.01
INSTITUTION BUILDING for ECONOMIC and SOCIAL COHESION INTEGRATED REGIONAL MEASURES		Contracting period expires: 30.11. 2004		Disbursement period expires: 30.11.2005
			Total budget: 20.321 Meuro	Phare budget: 20.00 Meuro
Overall objective	Objectively verifiable indicators	Sources of Verification		Assumptions
<ul style="list-style-type: none"> To develop and implement national policies and programmes of social and economic cohesion on a multi-annual basis, in line with the provisions of the National Development Plan (NDP) and of Council Regulation 1266/99 on co-coordinating aid to the applicant countries in the framework of the pre-accession strategy and amending Regulation (EEC) no. 3906/89, including also provisions regarding the Extended Decentralised Implementation Systems (EDIS) in candidate countries, by strengthening the institutional capacity of central ministries, the 8 Regional Development Agencies and relevant local authorities to prepare for implementation of the investment support to be provided. To build the institutional, administrative and programming and implementation structures necessary to effectively manage EU Structural Funds after accession, in order to make significant progress in the negotiations on Chapter 21 of the General Acquis communautaire "Regional Policy and the Coordination of Structural Instruments". 	<ul style="list-style-type: none"> MDP and key ministries involved and develop a common strategy in regional development Better knowledge of EU requirements and EU practices in European Regional and Cohesion Policies and programmes implementation EDIS starting to be applied for Phare EU Structural Fund implementation structures and procedures built NDP structure similar to CSFs prepared by Member States for Structural Funds Better prepared institutions and staff to design specific position papers and preparing accession negotiations Policy makers and training institutions able to design and deliver variety of training programmes 	<ul style="list-style-type: none"> EC regular report for Romania in the relevant sector Official statistics of the National Institute of Statistics, and line ministries Stage of preparation for EDIS, EC evaluation report EU progress reports on adoption of aquis communautaire 		<ul style="list-style-type: none"> Political and macroeconomic stability The European Union and the Romanian Government will continue to financially support the regional development in Romania Favorable environment for economic and social cohesion is a main concern of Romanian Government

Project Purpose	Objectively verifiable indicators	Sources of verification	Assumptions
<p>A. Institution Building to Support Regional Development Policy Implementation</p> <ul style="list-style-type: none"> • To strengthen MDP's role in the overall co-ordination of policy formulation and implementation for Economic and Social Cohesion, including the development of decentralized, effective and broad partnerships, elaboration of programming documents, and to 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 build the legal, institutional, budgetary and operational structures required to manage and implement EU Structural Funds after accession, taking into account the experience and best practices of the Member States, and thereby accelerate the adoption and application of the <i>aquis communautaire</i> in order to ensure tangible progress in accession negotiations in the regional development field. • To adjust the institutions and structures (including training of staff involved) responsible for preparing the administration and implementation of the projects financed under the European Social Fund through the development of the institutional capacity of the Ministry of Labour and Social Solidarity (as managing authority) and National Agency for Employment (as implementing and paying authority) in order to participate in the European Union financial assistance projects in social and employment policies field. • To support Project Implementation Units to manage efficiently the implementation of 	<ul style="list-style-type: none"> • Yearly updating the National Development Plan as result of common involvement of line ministries • Increased funds available for regional development based on NDP priorities established together with ministries involved • Effective co-operation with partners for development of NDP, RDPs and implementation of projects • Institutional, administrative, programming and implementation structures capable to manage EU Structural Funds after accession put in place • Well prepared accession documentation • MoLSS will operate as Managing Authority for all ESF programmes • All Strategies, Projects and Programmes (SPP) developed according to national or EU framework • Accurate ex-ante labor market research in order to support SPP's • SPP's delivered on time and within the budget. • SPP's subject to effective Monitoring and Evaluation in ex ante, mid term and ex post project phases • All business – related infrastructure projects fulfilled according their technical 	<ul style="list-style-type: none"> • Official documents as NDP and RDPs exist • Programme evaluation reports • Monitoring Reports prepared for Sectoral Monitoring Sub-Committees • Reports prepared for Joint Monitoring Committee (JMC) • Position Paper on 21 Chapter: "Regional Policy and Coordination of Structural Instruments" • PAA and/or technical assistance reports • Reports by beneficiaries • Monitoring Reports on all activities • Sample surveys to assess the overall effectiveness of measures, mid term and ex post. • Progress reports on each project implementation 	<ul style="list-style-type: none"> • Romanian Government is committed to support regional development policy • Institutional framework is stable • Twinning Arrangements can be agreed • Local public administration is committed to the

business related regional infrastructure projects;	specifications in due time and money fully disbursed	•Steering Committee's regular meetings' reports	success of the projects' implementation
<p>B. Institution Building Support for the Reform of Initial and Continuing Vocational Training</p> <p>B1. Technical and Vocational Education and Training (TVET)</p> <ul style="list-style-type: none"> • To strengthen and consolidate the achievements of the reform acquired through the Phare VET RO 9405 programme for initial TVET, as well as through Phare 2001-Economic and Social Cohesion (IB for TVET) in order to further assist in the modernisation of the rationalized TVET system and to follow up on the 2002 programme; • To consolidate reviewed responsibilities, governance and accountability mechanisms in the provision of initial TVET in line with the social and economic development as stated in the National Development Plan and based on further recommendations acquired through IB activities of the 2001 programme; • To further assist in the provision of equal chances for all young people to obtain a good professional qualification at a level equal to European standards, by providing TVET which responds flexibly to the needs of each individual, taking into account the institutional achievements of 2001 programme. <p>B2. Continuing Vocational Training (CVT)</p> <ul style="list-style-type: none"> • To establish a national policy for the CVT, legal and institutional related framework, which ensures a high quality and efficient delivery of CVT, and promotes partnership with other training providers, private sector and social partners; 	<ul style="list-style-type: none"> • Revised system of TVET (structures, content and methodologies) with improved capacity of response to local and regional markets • Local governance of investment in TVET (School Inspectorates, and Municipalities) advised by the regional structures in place (RDAs together with the Regional Consortia) • Target measures at national and local level to enhance vocational education and training, and occupational mobility of people with special needs <ul style="list-style-type: none"> • Establishing national policy for the CVT • Legal and institutional related framework to ensure good quality and efficient delivery of CVT • Establishing system of co-operation with employers and social partners; promotes 	<ul style="list-style-type: none"> • Recommendations of the studies developed under Phare 2001 in place, and transferred into regulations and methodologies at the level of MoER, regarding the TVET rationalisation, the social partnership for TVET at national, regional and local level, and adoption of NVQs • Regulations and methodologies of MoER to assure the quality of the national TVET, while investment is decentralized at regional/local level • Policy of MoER regarding the gradual integration of young people with special needs in the normal school system <ul style="list-style-type: none"> • National statistics • CVT statistical publications, reports of pilot surveys 	<ul style="list-style-type: none"> • Clear definition of regional priorities for economic and social cohesion • Decentralised school planning at the regional/area level by use of institutional Regional Consortia and Regional Action Plans • Regional policies actively implemented and regulations issued at the initiative of MDP concerning the sustainability of the regional consultative structure (such as Regional Consortia and Local Committees for the Partnership in VET) <ul style="list-style-type: none"> • Appropriate project co-ordination • Effective co-operation among the partners

<ul style="list-style-type: none"> To ensure coordination of and promoting co-operation with other training providers on the market (private sector, TVET schools, universities) through development of an information network among all institutions (Ministry of Labour and Social Solidarity (MLSS) – Directorate General for Employment (DGE), National Agency for Employment (NAE) and National Adult Training Board (NATB)), professional associations involved in continuing vocational training and training beneficiaries. 	<p>partnership between training providers, private sector and social partners</p> <ul style="list-style-type: none"> Evaluation of the developed methodologies Labor market study in the Center Development Region Conducting monitoring and evaluation of the regional actions Development of national CVT surveys Preparation of trainers training programmes Strengthening capacities of regional training providers (trainer training) and promotion of the CVT among regional stakeholders 	<ul style="list-style-type: none"> Report of training delivered by trainers trained under the project Publications produced 	<p>involved</p> <ul style="list-style-type: none"> Proper promotion of training courses for trainers Proper distribution of training materials and conference publications Slow path of legislation process
<p>C. Institution Building to Support the Small and Medium Towns Infrastructure Development (SAMTID) Programme Pilot Phase Implementation</p> <ul style="list-style-type: none"> To support Romanian Government to develop and implement an integrated multi-annual capital investment programme in order to improve the standards of municipal water and wastewater services in small and medium towns together with improvement of operational and financial performance in this sector, in line with National Development Plan (NDP) and EU policies and practices. To support PCU located in the Ministry of Public Administration and PIU located at beneficiaries level in the management of the pilot phase of the SAMTID programme; To support final beneficiaries (groups of local authorities) in order to equip them with tools to monitor performance of their services operators, to build the chain of responsibility for repaying debt that extends from users to operator to 	<ul style="list-style-type: none"> IFI loan agreement signed; All investment funds committed; Number of commercial service providers formed grouping several municipalities. All project budgets properly spent Percentage for improvement of technical performances (percentage for reducing leakages, percentage for saving energy, percentage of increasing quality of water supplied, number of hours of delivering water, pressure); Percentage for improving financial performance (percentage of collecting revenues, percentage of reducing costs, capability of repayment of the loan) 	<ul style="list-style-type: none"> Projects assessment reports Progress reports to Steering Committee Programme evaluation by the European Commission 	<ul style="list-style-type: none"> Continuing commitment of national and local authorities to support Public Services Development policy Continued interest of IFIs to invest in the municipal investment programme Commitment of the beneficiaries to the project;

borrowing municipalities.			
D. Economic and Social Cohesion Project Preparation Facility <ul style="list-style-type: none"> To support identification and design (including implementation procedures) of strategic regional development programmes in line with regional development plans and strategies, to be financed in the period 2003-2006; To support the preparation of valid, mature infrastructure projects (including detailed design and tender documents) and to create an adequate pipeline of projects with a view to financing through pre-accession assistance under Phare 2003 - 2006, national and regional budgets and other domestic and external sources of investments; 	 <ul style="list-style-type: none"> Existence of a pipeline of projects to be financed by future Phare programmes, included in the Phare project fiche Existence of valid, mature investment projects prepared to be financed in SAMTID Programme IFI loan agreement signed; All investment funds committed; Improved socio-economic conditions in the target zones 		<ul style="list-style-type: none"> Maturity, quality and consistency of the project submitted. Creditworthiness of the Local Authorities; Co-financing available
Results	Objectively verifiable indicators	Sources of verification	Assumptions
A. Institution Building to Support Regional Development Policy Implementation A.1 Effective programming and implementation of Pre-Accession support for Economic and Social Cohesion <ul style="list-style-type: none"> Improved National Development Plan and regional development plans based on more transparent and systematic co-ordination between the Ministry of Development and Prognosis, key ministries RDAs and other national and regional partners, supported by information gained from new thematic, sectoral and geographical research; 	<ul style="list-style-type: none"> NDP and RDPs developed in partnership, according to a common, well defined methodology Active involvement of the Steering Committee at national level At least 20 local stakeholders from each 	<ul style="list-style-type: none"> Quarterly reports from TA teams Monthly reports from MDP MDP reports for Joint Monitoring Committee and Sectoral Monitoring Sub-Committees 	<ul style="list-style-type: none"> MDP, other line ministries and different actors committed to take part in establishing a strategy for regional development in Romania and to be involved in the up-dating of the NDP

<ul style="list-style-type: none"> • At least one study of Romania's business environment covering national and regional level; • Improved programming of Phare investments and institution building through better co-ordination between the Ministry of Development and Prognosis, key ministries and RDAs and based on lessons learned from Ex-Post evaluation of Phare 2000 Economic and Social Cohesion programmes; • National and regional implementation structures and systems (programme management, monitoring, payment and financial control, evaluation, audit) in line with the requirements of EDIS. • Improved knowledge regarding pre-accession instruments and regional development policies and practices to all actors playing a role in this field, such as MDP and line ministries staff, RDAs and local authorities staff and other institutions at national, regional and local level; • Improved relevance and quality of regional development by broadening active involvement in the process of promotion regional development and increasing partners' contributions to the programmes; • Training modules developed and delivered to all the actors involved in managing regional projects, taking account of the interest level of different target groups • Improved capacities of MDP and RDA staff in the appraisal and selection of business development and HRD development projects; • MIS for monitoring national plans and operational programmes to improve reporting to monitoring committee. 	<p>region involved in regional development projects</p> <ul style="list-style-type: none"> • At least 1 research study concluded to support up-dated versions of NDP • TNA report for EDIS compliance produced • MIS designed and put in place following the EDIS requirements • At least 40 experts from MDP and 30 from key ministries trained, also 2 experts from each RDA and 12 from MDP trained on Financial Management and Control issues • At least 12 RDB members and other stakeholders from each region involved in training • 4 experts from each RDA with strong analytical and strategic skills • At least 20 persons from MDP and 10 from RDAs trained in the appraisal of business development and HRD development projects 	<ul style="list-style-type: none"> • Minutes of Steering Committee and materials prepared • List and documentation of projects • Research Studies • Ex-post evaluation and interim reports 	<ul style="list-style-type: none"> • Commitment of local authorities
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<p>A2. Twinning to build EU Structural Fund-compatible instruments and capacities</p> <ul style="list-style-type: none"> • Structural Fund-compatible Programme Monitoring Committee structure for Romania; • Multi-annual national budgetary perspective for economic and social cohesion compatible with Structural Funds needs establishing a strong link between the national budget and investment planning and the programming of Community assistance; • Review and defining legal instruments required for the implementation of Structural Funds; • Proposed structures, necessary human resources and development of systems for establishment of Managing Authorities for Structural Funds and for ERDF Paying Authority; • Institutional structures and systems at regional level for managing and implementation of regional operational programmes; • Structural Funds-type Community Support Framework and Operational Programmes, embodying a consensus-based national/regional development strategy and including quantified objectives built up on improved national and regional statistical bases; • Properly prepared team of public servants for participation in the EU accession negotiations on Regional Policy and the Coordination of Structural Instruments; • Properly prepared MDP staff for EU Structural Funds management and implementation. 	<ul style="list-style-type: none"> • Enhanced work at level of committees and working groups set up under the twinning project Phare 2000, in order to comply with the specific tasks of a MC under Structural Funds. • Multi-annual programming (Project Fiches) linked to the use on a multi-annual basis of EU Funds and national budget. • Drafting proposals on legal relevant frame-work • Enhanced administrative and institutional capacity in compliance with the specific role and attributions of a Managing and Paying Authority • Establishing the institutional and administrative framework at regional level for the implementation of the ROP • Drafting, on the basis of the NDP and in partnership with central and regional relevant institutions the CSF containing clear objectives, strategies and priorities, the ROP and sub-programmes as well as defining the measures at level of each programme through the Programme Complement • Seminars, training, study tours, conferences, round-tables (in Romania and abroad); Drafting relevant good quality documents related to the negotiation process; Dissemination of information and documents on EU enlargement and integration. • Seminars, training, study tours, conferences, round-tables (in Romania and abroad); EU policies, regional policies, Structural and Cohesion Funds 	<ul style="list-style-type: none"> • Monitoring procedures and practices drafted in accordance with SF regulations; • Minutes on the meetings held and on the undertaken tasks • Approved multi-annual Project Fiches • Approved Quarterly Reports • Clear and sustainable proposals on necessary administrative structures and HR to be allocated, defining clear and separated attributions and functions • Clear proposals on attributions submitted for approval • Approved Quarterly Reports • Activities undertaken in partnership by working groups that will include the Regional Development Agencies and relevant central institutions. • No. of MDP participants, reports on missions/events; Relevant drafted documents, submitted for approval according to the established timetable 	<ul style="list-style-type: none"> • The MS twinning partner will provide full assistance and support; • Regulation of organization and functioning will be drafted with the assistance and under the guidance of MS twinning partner • Correlation of the multi-annual programming of EU Funds and projects with the elaboration by the MF of the national budget • MS twinning partner will provide strong support and expertise; • Large inter-ministerial partnerships will sustain the process • Full support, advice and guidance from the MS twinning partner that will provide the appropriate models and best practice in this field • Jointly with MDP the MS twinning partner will elaborate and propose regional tasks and attributions. • The MS twinning partner will elaborate a comparative scheme on EU SF type CSF and Programme Complement, and will assist and guide MDP in drafting the appropriate model
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<p>A.3. Twinning to strengthen the administration capacity for implementation European Social Fund - type activities</p> <p>The administrative capacity of the appointed managing and paying authorities to implement ESF-type activities is improved:</p> <ul style="list-style-type: none"> • assessment of the organizational capacity of the Ministry of Labour and Social Solidarity and National Agency for Employment for managing the ESF-types financial assistance and proposals for improving the organizational structures will be accomplished; detailed institutional framework to be established will be addressed, in particular the specific tasks and 	<p>and MS experience in their management, implementation and financial control</p> <ul style="list-style-type: none"> • Preparation and implementation of ESF projects • Evaluation reports will be completed • Specific management training needs for individual senior managers will have been provided • Information system capable of delivering agreed data sets will be operational • Procedures and practical guides will have been produced • Training programmes will have been developed and run for 50 staff trained 	<ul style="list-style-type: none"> • PAA and technical assistance reports. • Monitoring by the EU's Delegation. • Individual Monitoring and Evaluation reports of SPP's, ex ante, mid term and ex post. • Management reports. 	<ul style="list-style-type: none"> • The general development of the negotiation process as well as on Chapter 21 • The MS twinning partners will promote and support such activities as well as the participation and integration of MDP, as observer or a full member in the European Organizations, specialized commissions in the field of regional development, Monitoring Committees, etc • MDP will provide and secure the necessary corresponding financing Contribution (transport tickets, health insurance) Appropriate HR strategies and policies will be developed in MDP
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<p>responsibilities of MoLSS and NAE, the required levels of staffing and the training needs of the institutions and their inter-relation;</p> <ul style="list-style-type: none"> • establishing the administrative framework required for the practical implementation of the ESF; • Operational labour market system able to work out analyses, studies and statistical researches on labour market situation and evolution, at national and territorial level, have been introduced; • An improved administrative capacity to work out and implement projects with international financial support, to be completed during the covenant period; • A better-trained staff within the Ministry of Labour and Social Solidarity and National Agency for Employment in order to manage ESF to be completed during the covenant period; <p>A.4. TA to PIUs managing business – related regional infrastructure projects</p> <ul style="list-style-type: none"> • Improved capacities of the PIUs in the management and implementation of the business related regional infrastructure projects. • Improved capacities for overall co-ordination of activities and institutions involved in the implementation of large, regional infrastructure projects; 	<p>in labour market analysis techniques and new data collection systems.</p> <ul style="list-style-type: none"> • Training programmes for 100 persons at national and local level for managing ESF projects. • Staff in beneficiary institutions will be competent in managing projects. • An operational monitoring and evaluation system suitable for ESF programmes, managed by the MoLSS and NAE will be introduced; • Staff in beneficiary institutions will be competent in managing projects. • Information system for the Monitoring and Evaluation of projects will be operational. • Operational procedures and manuals will have been developed. • Training programmes for 100 staff at national level focusing on ex ante, mid term and ex post monitoring developed and delivered. <p>• Funds allocated fully committed</p>		<ul style="list-style-type: none"> • The new computer data collection systems work effectively in the areas of labour market analysis and monitoring and evaluation. • Staff skills will be developed as the result of the training delivered.
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<p>B. Institutional Building to Support the Reform for Initial and Continuing Vocational Training</p> <p>B1. Technical and Vocational Education and Training (TVET)</p> <ul style="list-style-type: none"> • Rationalised TVET system in Romania, based on the results of the Studies elaborated during Phare 2001(Study on rationalising TVET, School Partnership Model Action Plan, adoption of NVQs) • 100 TVET schools organised in regional networks and assisted by the 11 resource centres inside the areas, as selected in the previous Phare 2001 • 11 resource centres outside the areas assure the complementarity in assisting the vocational fields not covered inside the target area • Instruments for quality assurance adopted, as recommended by methodologies elaborated during Phare 2001 • Trained school staff and key partners for developing the school capacity in response to the regional priorities for social and economic cohesion • Adapted curricula and adopted apprenticeship schemes for people with special needs to integrate them in the working places • Enhanced capacity of the TVET system to provide alternative learning through distance education programmes • Access to information regarding the implementation of the project 	<ul style="list-style-type: none"> • Adapted TVET curricula according to the priorities set by REAPs • 100 VET schools and 11 resource centres inside the target areas implement revise curricula and revised teaching methodologies, as well as new forms of partnership, as formulated by documents elaborated during previous 2001 • 11 resource centres outside the 11 areas develop training programmes and participate in the elaboration of curriculum documents and implementing methodologies • 100 TVET and 11 resource centres inside the areas adapted to the application of the new occupational learning areas and equipment, and using instruments to sustain quality of the educational process • 100 training packages for students with special needs • Additional school staff and partners trained for all aspects of developing TVET according to new adopted policies and methodologies as follows: • Training of 244 school managers: directors and/or deputy directors for organisational development • Training of 41 inspectors to implement the quality assurance programmes • Training of at least 50 teacher trainers already trained during Phare 2001, to implement student centred teaching 	<ul style="list-style-type: none"> • Adopted REAPs by the Regional Consortia, approved by RDBs and by the national structures of the programme (Advisory Board, Steering Committee) • Orders of the Minister of Education formulate legal adoption of the curriculum m documents as well as the teaching and school partnership methodologies • Monitoring and progress reports supervised by the Steering Committee • Circulated and adopted methodologies for curricula revisions and adaptation to people with special needs • Assessment of quality by the PIU and TA • Accredited teacher training programmes • The school inspectorate will continue, as done during Phare 2001, to adopt annual Action Plans regarding the contribution of the TVET to the social and 	<ul style="list-style-type: none"> • Investment fund allocated to TVET schools by national and local budgets • Continuation of the decentralising policy in educational system • Inter-ministerial agreements on the integrated policies on human resources development • MoER policy of creating groups of schools placed in vicinity • Recognition of the training programmes at the national level by General directorates of MoER and concerned universities • NCDVET will continue to serve as governmental agency of MoER in the field of TVET
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	<p>methodologies</p> <ul style="list-style-type: none"> • Training of 122 teachers (chairs of the technical subjects) for applying student center learning according to the revised new revised curricula and for the use of the new equipment • Training of 244 teachers and school managers for providing education and training to students with special needs in normal school setting • Training of 244 teachers and school managers for planning of education and training on demand • 200 teaching staff trained for the development of the concept of training firm in the school • 144 teaching staff of the schools and resource centers + agreed number of foremen of the local enterprises, trained for organizing workshops together with the enterprises, in order to facilitate the integration of the students with disabilities • Additional 100 persons (others than previously involved in study visits within Phare 2001) representing stakeholders of the project trained during study visits in EU member states • Training, updated equipment and website provided to NCDVET continues as started during Phare 2001 • Printed material, seminars and evaluation Conference are organised to disseminate the results of the project 	<p>economic development by direct consultation with Regional Development Agencies, County Councils, County Employment Agencies and other relevant institutions, no later than November 15, each year to allow planning of the next school year.</p> <ul style="list-style-type: none"> • Enhanced annual planning of NCDVET activities in the direction of TVET school improvement • Reports on national coverage of the programme events in media 	
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<p>B2. Continuing Vocational Training</p> <ul style="list-style-type: none"> • Establishing a national policy for the CVT • Legal and institutional framework to assure quality and efficient delivery of CVT • Regulation of the training provision market • Romanian and EU member states' legal provisions in motivating employers for investing in employee training reviewed. • Recommendations on mechanisms and draft laws promoting employers' investment in staff training. • Legal and institutional framework of co-operation with social partners in the area of CVT system development. • Monitoring and evaluation of the regional CVT projects undertaken. • Detailed recommendations on methodology and scope of the periodic surveys on: educational activity of adults, employers' involvement in staff training and VET institutions. • Pilot survey on employers' involvement in staff training. • Basis for national system for recognition of qualification system. • Legal and methodological framework for trainers training programmes and their promotion mechanisms developed. • Training for trainers from VET institutions operating in the regions in the area of CVT delivery. • Training for regional stakeholders (social partner organisations, SMEs representatives, regional authorities, and VET institutions) made aware of the importance of CVT and familiarised with methods of delivering vocational training programmes 	<ul style="list-style-type: none"> • Recommendations on the legal and institutional framework to assure a good quality and efficient delivery of CVT • Recommendations on mechanisms and draft laws promoting employers investment in staff training prepared • Monitoring and evaluation of the regional CVT project conducted, including collection of necessary data • Detailed recommendations on methodology and scope of required surveys made • Pilot survey on employers' involvement in staff training conducted • Legal and methodological framework for trainers training on adult vocational training programmes developed • Methodologies developed for: continuous labour market needs assessment, competency – based curriculum • Labour market study in Centre Development Region • 400 trainers trained in methodology of modular training and CVT • Social partners organization, regional and local authorities informed about the methods of delivering vocational training programmes • • 	<ul style="list-style-type: none"> • Statistics on educational activity of adults • Recommendations on mechanisms and draft laws promoting employers' investment in staff training • Information booklet on VET network and trainers delivering modular training • Pilot survey on employers involved in staff training • Legal basis for development of the structure of modular training programmes • Methodological guidelines on trainers training on adult vocational training system • State certificates awarded to training providers • Brochures published • Reports on training for trainers 	<ul style="list-style-type: none"> • Proper project management • Proper co-ordination of activities • Inefficient co – operation between MOLSS and the other bodies involved in the project • Lack of employers interest
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<p>C. Institutional Building to Support the SAMTID Programme Pilot Phase Implementation</p> <ul style="list-style-type: none"> • Improved capacity of the national coordinating body to manage the implementation of SAMTID pilot phase; • Improved overall co-ordination of the SAMTID pilot phase, by PCU; • Better management by the Project Implementation Units at the beneficiary level in implementing their projects; • Shared knowledge and experience gained through the pilot phase of the program; • Enhanced capacity of the local authorities in monitoring the technical and financial performance of their operators and setting up tariffs in order to ensure full recovery of debt service and requirements for Maintenance Replacement and Development fund (MRD). 	<ul style="list-style-type: none"> • Established system of implementing SAMTID (guidelines for SAMTID implementation) • All grants and loan contracts signed 	<ul style="list-style-type: none"> • Programme evaluation by the European Commission • Progress reports to Steering Committee 	<ul style="list-style-type: none"> • Regional and local authorities support the projects
<p>D. Economic and Social Cohesion Project Preparation Facility</p> <ul style="list-style-type: none"> • List of min. 20 large infrastructure eligible projects, with demonstrated regional impact, identified to be financed under future Phare ESC investment programmes, including preparation of the relevant feasibility studies and cost/benefit analyses; • Properly prepared for implementation and contracting of at least 18 large business – related infrastructure projects with regional impact, including elaboration of required technical and implementation documents, detailed technical designs, tender documentation, environmental impact assessment; • Improved relevance and quality of the multi-annual large infrastructure portfolio, through increased awareness of the potential local 	<ul style="list-style-type: none"> • Preparing documentation for at least 20 mature regional infrastructure projects • Establishment of methodological guidelines for appraising, selecting and monitoring large infrastructure projects • 10 MDP specialists trained in identifying, preparing and implementing large infrastructure projects 	<ul style="list-style-type: none"> • Final list of the infrastructure projects to be financed under Phare 2002 • Tender Documents for each of the eligible infrastructure projects • Monitoring and supervision procedures for infrastructure projects • Programme evaluation by the European Commission • Progress reports to Steering Committee 	<ul style="list-style-type: none"> • Local authorities will fully commit themselves to the projects' properly fulfilment

<p>beneficiaries on the ESC infrastructure component requirements;</p> <ul style="list-style-type: none"> Improved regional decision process for the selection of infrastructure projects; At least one scheme for implementing multi-annual programmes in the field of regional development designed; At least 5 strategic development projects with regional and inter-regional impact to be financed under different schemes identified and designed; Preparation for implementation and contracting of at least 20 projects, including elaboration of required technical and implementation documents, tender documentation, environmental impact assessment, ready to be implemented in the next phase of SAMTID program; Assessment and Recommendations Paper issued; Procedures, manuals and guidelines adapted for the expansion phase, based on lessons learning from the pilot phase implementation. Identification of projects, assistance for the conceptualisation of projects and execution of activities related to compliance with eligibility criteria. 	<ul style="list-style-type: none"> At least 5 strategic development projects designed Preparing documentation for 20 projects the quality of services in the 230 small and medium towns increased with 50% 40 solid utilities created through regrouping and restructuring the olds small operators; 		<ul style="list-style-type: none"> County and local authorities support the projects
Activities	Means		Assumptions
<p>A. Institution Building to Support Regional Development Policy Implementation</p> <p>A.1 Effective programming and implementation of Pre-Accession support for Economic and Social Cohesion</p> <ul style="list-style-type: none"> Support to enhance MDP's overall coordination 	<ul style="list-style-type: none"> Classical technical assistance (service 		<ul style="list-style-type: none"> The Contractor will send

<p>of policy formulation and implementation for Economic and Social Cohesion, in order to increase the commitment of key actors involved and to strengthen local/regional ownership of the projects/programmes by the specific target groups;</p> <ul style="list-style-type: none"> • Assistance to MDP and RDAs for programming of Phare investments in the context of the National Development Plan to ensure a continuous multi-annual programming process; • Carry out a comprehensive research study on Romania's business environment covering national legal and institutional framework and key regional, sub-regional and sectoral development issues to provide an improved basis for programming; • Ex-post evaluation of Phare 2000 ESC programmes in order to draw up lessons for designing future programmes and projects. • Design and implement a proper, integrated Management Information System for monitoring NDP and operational programmes including the creation of an interface between existing management information systems; • Technical Assistance for the building of national and regional implementation structures and systems (programme management, monitoring, payment and financial control) in line with the requirements of EDIS; • Preparation of Terms of Reference for the projects to be implemented under Phare 2003 Programmes • Designing a training programme in accordance with PRDT 2001-2005 to be delivered to all the target groups identified as playing key roles in regional development activities taking into account the different levels of involvement in the regional development policy design and implementation 	<p>contract) with max. value of 1.5 Meuro</p> <ul style="list-style-type: none"> • Office space and computers available for the TA experts within the MDP premises 		<p>highly qualified experts</p> <ul style="list-style-type: none"> • The MDP and the ministries involved must make available office accommodation and the minimum equipment the experts would need • The MDP will make staff available to participate in training and will place all information relating to project proposals at the disposal of the experts
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<p>A2. Twinning to build EU Structural Fund-compatible instruments and capacities</p> <ul style="list-style-type: none"> • Development and improvement of MDP capacity to build up and sustain effective and transparent inter-institutional partnerships at national and regional levels beyond the governmental sector, building a wide range of financial and intellectual contributions in order to create a Structural Fund-compatible Programme Monitoring Committee structure; • Support for the development of a multi-annual national budgetary perspective in the field of Economic and Social Cohesion, compatible with Structural Funds needs; • Establishment of the legal instruments required for the implementation of Structural Funds, including harmonization of economic and social cohesion programmes with EU policies on competition, environment and equal opportunities; • Establishment of institutional structures, for the Managing Authorities for Structural Funds, for the ERDF paying Authority and for the decentralized structures in the regions ; • Integration, with the support and assistance from the MS twinning partner, of the Ministry of Development and Prognosis in the European organizations, specialized commissions or committees in the field of regional development; • Participation of MDP as observer or as full member in the European organizations and specialized commissions, as well as participation of MDP staff in the working sessions of different committees that will be scheduled to take place during the lifetime of the project in MS (E.g.: in the Monitoring Committees, negotiations committees or meetings, etc) 	<p>The MS institutions submitting their twinning offers will preferably belong to the central public administrations in their country of origin, being the Managing Authority for CSF – objective 1 and/or Regional Operational Programmes and will have specific technical skills in the following fields:</p> <ul style="list-style-type: none"> - Co-ordination, management and implementation of EU Structural Funds (mainly under Objective 1), including coordination between various Structural Funds; - Programming, monitoring, financial management (including payment) and evaluation of the EU Structural Funds, particularly under Objective 1; - Partnership building at national, regional, local or other level. - Co-ordination, management and implementation of EU Structural Funds (mainly under Objective 1), including coordination between various Structural Funds; - Programming, monitoring, financial management (including payment) and evaluation of the EU Structural Funds, particularly under Objective 1; - Partnership building at national, regional, local or other level. 		<ul style="list-style-type: none"> • Effective cooperation between the beneficiaries and the twinning partner
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<ul style="list-style-type: none"> • Preparation of a properly trained team of public servants within the Ministry of Development and Prognosis and partner institutions for drafting support documents and position papers required for the EU accession negotiations on Regional Policy and the Coordination of Structural Instruments; • Intensive and extended training of MDP staff on EU Structural Funds coordination, management and implementation, with special focus on the role and attributions of CSF Managing Authority, Regional Operational Programme Managing Authority and ERDF Paying Authority. <p>A3. Twinning to strengthen the administration capacity for implementation of the European Social Fund – type activities</p> <p>1. Strengthening MoLSS and NAE capacity for analysing and assessing labour market trends</p> <p>1.1. Identification of staff to be involved in the programme.</p> <p>1.2. Development of methodologies, testing of conventions and methods.</p> <p>1.3. Upgrade IT and data collections systems.</p> <p>1.4. Training of Staff</p> <p>2. Strengthening MoLSS and NAE and its territorial structures capacity to manage ESF-programmes and projects.</p> <p>2.1. Training needs assessment</p> <p>2.2. Training of staff</p> <p>2.3. Development of operational manuals and procedures.</p> <p>3. Strengthening the capacity of staff in the MoLSS and NAE in effective Monitoring and Evaluation of programmes and projects</p> <p>3.1. Review current effectiveness of existing</p>	<ul style="list-style-type: none"> • MoLSS and NAE will elaborate with twinning partner support the assessment of the present organizational capacity and will make proposals for improvement of this. • Proposals for the improvement of administrative framework for effectively implementation of ESF and the establishment of specific tasks and responsibilities for MoLSS and NAE will be elaborated • Single twinning covenant with a PAA and short-term experts to cover the fields of labour market, project management, monitoring and evaluation • Purchase of equipment 		<ul style="list-style-type: none"> • Recruitment and maintaining adequate staff. • Effective cooperation between the beneficiaries and the twinning partner • Computer hardware is purchased to support the project. • Technical specifications for computer system completed and hardware purchased by MoLSS. • Commitment and support given by senior management in all beneficiaries
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<p>monitoring and evaluation systems 3.2. Development of standards and procedures 3.3. Computerisation of monitoring and evaluation process 3.4. Development of training manuals 3.5. Training focusing on ex ante, mid term and ex post evaluations 3.6. Specialised training for senior management and monitoring and evaluation following training needs analysis.</p> <p>A4. TA to PIUs managing business – related infrastructure projects</p> <ul style="list-style-type: none"> • Assistance in setting up and training the PIUs at the beneficiaries level; • Support for the PIUs in monitoring the projects and in reporting to different levels; <p>B. Institutional Building Support for the Reform of Initial and Continuing Vocational Training</p> <p>B1. Technical and Vocational Education and Training</p> <ul style="list-style-type: none"> • Introduction of the agreed <u>model of a National System of Accreditation (NSA) with confirming vocational qualifications</u> • Introduction of the <u>adopted School partnership Action Plan</u> into the TVET system • <u>Strategic review of the programme</u> - Report of the outcomes of the Phare 2001 programmes and proposed corrective actions • Development and Adoption of the revised <u>Regional Education Action Plans (REAPs)</u> by the Regional Consortia • Development of local, <u>school based</u> 	<ul style="list-style-type: none"> • Purchase of services • Recommendation on PIUs structure elaborated • Improved Guidelines for monitoring • Design of improved Framework Agreement between MPD and local beneficiaries • TA contracts (including procurement of equipment) will be concluded: 3 Meuro • TA and local experts will elaborate methodologies for implementing NSA • TA and local experts will elaborate methodologies for the introduction of the adopted model • TA and local experts will elaborate the report and submit it to the Steering Committee • TA and local experts to elaborate guidelines to apply relevant actions 		<p>institutions</p> <ul style="list-style-type: none"> • Full implication of local authorities
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<p><u>components of the curriculum</u> and related standards for training on new trades and professions for all levels</p> <ul style="list-style-type: none"> • Development of projects for <u>schools to further participation in local networks</u>. • Extension of Phare 2001 training and specific didactic materials development on <u>student centred teaching methodologies</u> • Extension of Phare 2001 training and development of <u>teaching and learning materials to facilitate individual learning for students with special needs</u> • Development of <u>textbooks</u> for defined subject areas • <u>Adaptation of learning</u> to lifelong learning schemes • Training of teachers and school managers for <u>participative planning education</u> • Establishing a training programme on organisational development • <u>School networking and inter-assistance</u> • <u>Dissemination</u> 	<p>defined by the REAPs</p> <ul style="list-style-type: none"> • TA and local experts to assist developers in elaborating and implementing the competencies and the subject themes according to the measures and priorities set by the Regional Education Action Plan. • TA and local experts to provide expert advice and design the networks • TA and local experts to organize the related training and elaborate the teaching-learning packages • TA and local experts to organize the related training and elaborate the teaching-learning packages • TA and local experts to draft technical specifications and check the quality of final products. • TA and local experts to draft technical specifications, elaborate materials and provide relevant teacher training • TA and local experts to provide expert advice, draft technical specifications, provide and check the quality of training. • TA and local experts to draft technical specifications, elaborate materials and provide relevant training • The 100 VET schools have been encouraged to form groups with other VET schools in the vicinity, especially in the rural areas • Publications, seminars and conferences for members of consultative bodies, authorities and the media, as well as through virtual 		
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<p>financing under future (2003-2006) Phare ESC programmes</p> <p>D2. Preparation and contracting of large business – related projects with regional impact, including elaboration of required technical and contractual documents, to be financed under Phare 2003</p> <p>D3. Development of schemes for regional development programmes</p> <p>D4. SAMTID projects' preparation</p>	<p>Indicative allocation: 1 Meuro Technical assistance delivered through long and short term experts</p> <p>Indicative allocation: 3.6 Meuro</p> <p>Indicative allocation: 1 Meuro</p> <p>Indicative allocation: 4.4 Meuro</p> <p>SAMTID pilot phase will aim to implement three to five projects of each between 5.32 and 13.32 Meuros, for which Phare ESC will provide 2 – 5 Meuros each. This small group of project will serve as a way to test in practice the procedures that TA establishes financed from PPF Phare 2001</p> <p>Technical assistance delivered through long and short term experts</p>		<ul style="list-style-type: none"> • The Contractor will send highly qualified experts; • The MoPA must provide available office accommodation and the minimum equipment the experts would require ; • The MoPA will provide staff available to participate in PCU.
			<p>Preconditions</p> <p>Launching the Phare PPF 2001 for preparing and starting activities for SAMTID in May 2002, having the contract concluded in October 2002.</p>

DETAILED IMPLEMENTATION CHART – INSTITUTION BUILDING
Economic and Social Cohesion – Phare 2002

	2002		2003												2004												2005											
Calendar months	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Activities																																						
A1. Effective programming and implementation of Pre-Accession support for Economic and Social Cohesion	D	D	D	D	D	D	C	C	C	C	C	C	C	C	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I
A2. Twinning to build EU Structural Fund-compatible instruments and capacities	D	D	D	D	D	D	C	C	C	C	C	C	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I
A3. Twinning to strengthen the administration capacity for implementation European Social Fund - type activities	D	D	D	D	C	C	C	C	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I
A4. TA to PIUs managing regional infrastructure projects	D	D	D	D	C	C	C	C	C	C	C	C	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I
B1. Technical and Vocational Training and Education	D	D	C	C	C	C	C	C	C	C	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I
B2. Continuing Vocational Training	D	D	D	D	D	C	C	C	C	C	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I
C1. Support to national coordinating body in implementation of SAMTID pilot phase	D	C	C	C	C	C	C	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I
C2. Financial and Operational Performance Improvement Programme	D	D	D	C	C	C	C	C	C	C	C	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I
D. Economic and Social Cohesion Project Preparation Facility	D	D	D	D	D	C	C	C	C	C	C	C	C	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I

D – Design

C – Contracting (tendering and contracting)

I – Implementation

CONTRACTING AND DISBURSEMENT SCHEDULE BY QUARTER
-Economic and Social Cohesion – Phare 2002
Institution Building
(Meuro 20.55)

	31/03/03	30/06/03	30/09/03	31/12/03	31/03/04	30/06/04	30/09/04	31/12/04	31/03/05	30/06/05	30/09/05	31/12/05
A1. Effective programming and implementation of Pre-Accession support for Economic and Social Cohesion												
CONTRACTED				1.5	1.5	1.5	1.5	1.5				
DISBURSED					0.9	1.0	1.1	1.2	1.3	1.4	1.5	1.5
A2. Twinning to build EU Structural Fund-compatible instruments and capacities												
CONTRACTED				1.0	1.0	1.0	1.0	1.0				
DISBURSED				0.33	0.33	0.43	0.83	0.91	0.91	0.91	1.0	1.0
A3. Twinning to strengthen the administration capacity for implementation European Social Fund - type activities												
CONTRACTED		1.2	1.2	1.2	1.2	1.2	1.2	1.2				
DISBURSED			0.40	0.40	0.52	1.00	1.08	1.08	1.2	1.2	1.2	1.2
A4. TA to PIUs managing business related regional infrastructure projects												
CONTRACTED				0.7	0.7	0.7	0.7	0.7				
DISBURSED				0.4	0.4	0.5	0.5	0.6	0.6	0.7	0.7	0.7
B1. Technical and Vocational Education and Training (TVET)												
CONTRACTED			3.0	3.0	3.0	3.0	3.0	3.0				
DISBURSED				1.20	1.45	1.70	1.95	2.20	2.45	2.70	3.0	3.0

B2. Continuing Vocational Training												
CONTRACTED			1.35	1.35	1.35	1.35	1.35	1.35				
DISBURSED				0.45	0.58	1.12	1.22	1.22	1.22	1.35	1.35	1.35
C1. Support to national coordinating body in implementation of SAMTID pilot phase												
CONTRACTED		0.6	0.6	0.6	0.6	0.6	0.6	0.6				
DISBURSED			0.36	0.36	0.48	0.48	0.55	0.6	0.6	0.6	0.6	0.6
C2. Financial and Operational Performance Improvement Programmme												
CONTRACTED			0.65	0.65	0.65	0.65	0.65	0.65				
DISBURSED				0.39	0.39	0.52	0.52	0.65	0.65	0.65	0.65	0.65
D. Economic and Social Cohesion Project Preparation Facility												
CONTRACTED				10.0	10.0	10.0	10.0	10.0				
DISBURSED					6.0	6.5	7.0	7.5	8.0	8.5	9.0	10.0

ANNEX 4.1 : Linked Activities

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

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

EU/Phare LIEN Programme

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

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

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

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

Some of the achievements of this programme are as follows:

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

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

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

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

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

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

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

Education for a Second Chance

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

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

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

Community Programme Leonardo da Vinci

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

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

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

Catch-up Mining Fund Programme (MARR)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EU/Phare Human Resources Development Programme (RO 9701.01)

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

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

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

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

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

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

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

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

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


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

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

The immediate objectives are:

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

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

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

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

Phare Economic and Social Cohesion Programmes 2000 and 2001

Activities linked to investments to municipal infrastructure

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

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

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

Other Donors' Support:

World Bank Redeployment Programme – 1997-1999

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

World Bank Labour Redeployment Programme –2001-2006

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

Social Development Fund

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

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

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

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

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

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

SME Credit Schemes financed by bilateral and multilateral institutions

ANNEX 4.2

Evaluation of Phare 1998 Programme

Financial and Contractual Data of the Programme RO 9807.01

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

Source: Perseus data

I. Regional Development Support

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

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

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

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

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

A statistic of financed HRD project beneficiaries, by categories:

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

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

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

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

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

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

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

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

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

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

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

Statiscal data of the programme

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

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

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

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

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

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

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

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

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

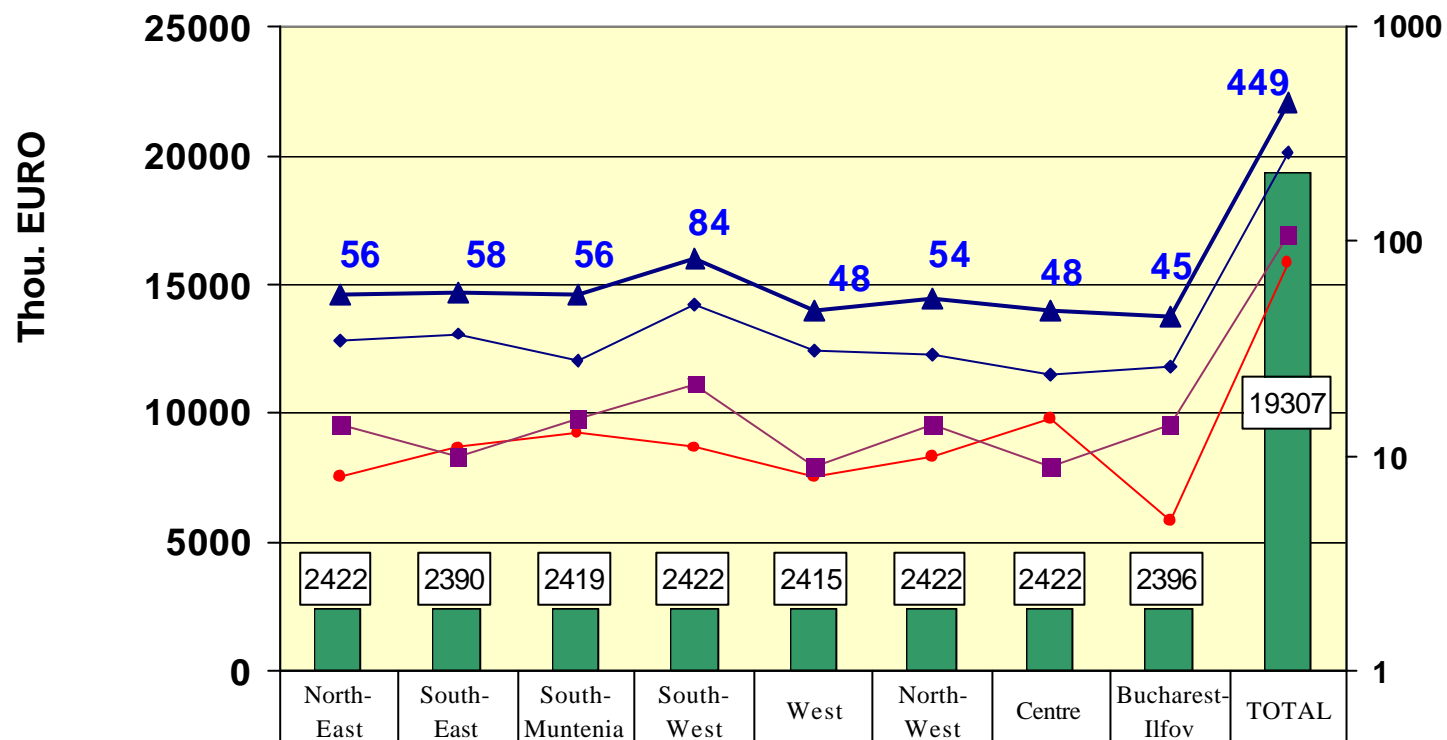
Number of employees	%
1-10	23.66
11-100	54.37
101-250	18.03
250 and over	3.94

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

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

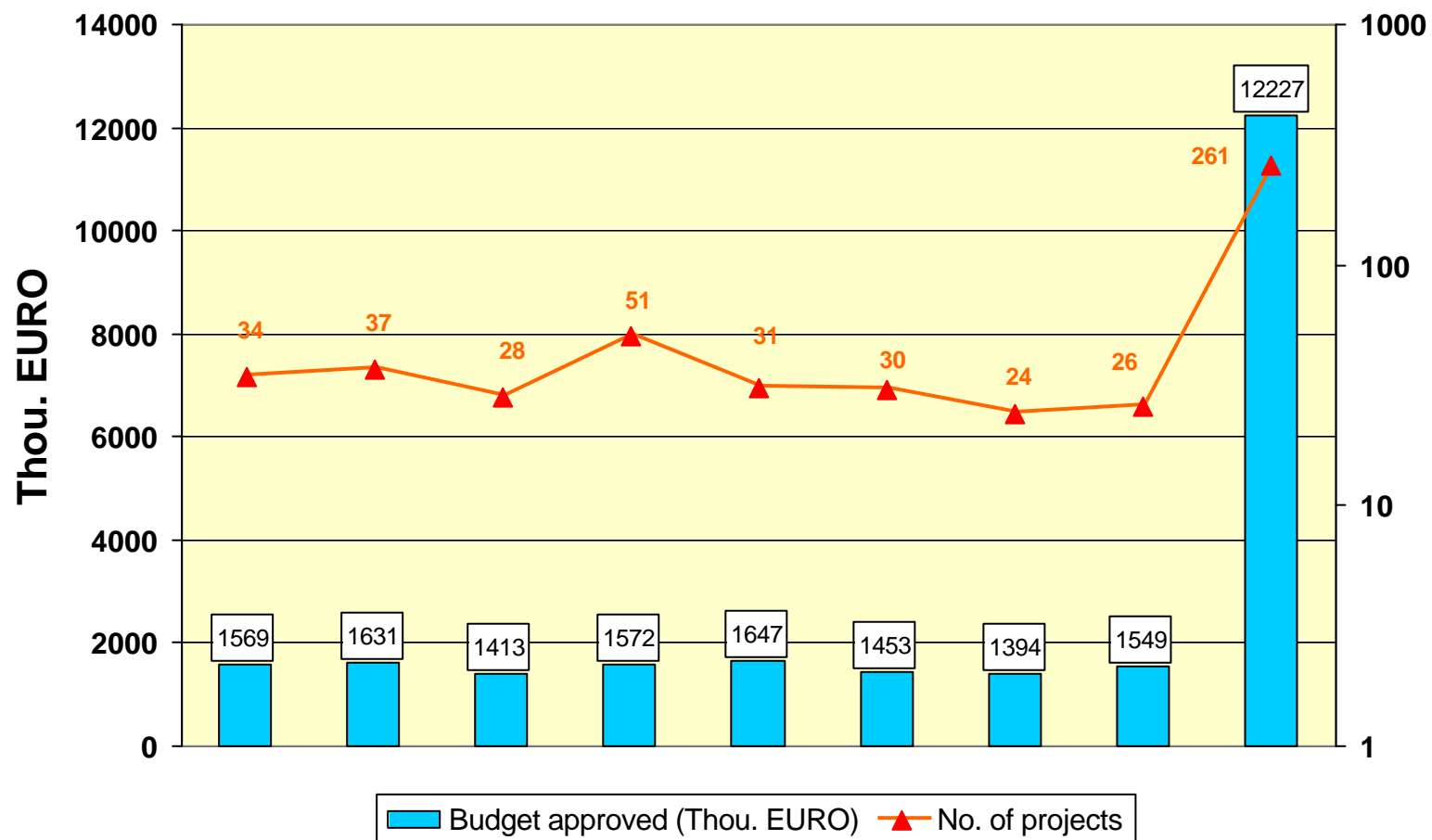
² One of our team is Director-General for Higher Education at the Ministry of Education and a full Professor at the University of Bucharest. He was distressed by the misuse of resources on ineffective training courses. One training course that he reviewed had 400 participants – clearly not the ambient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

TOTAL Projects - PHARE 98

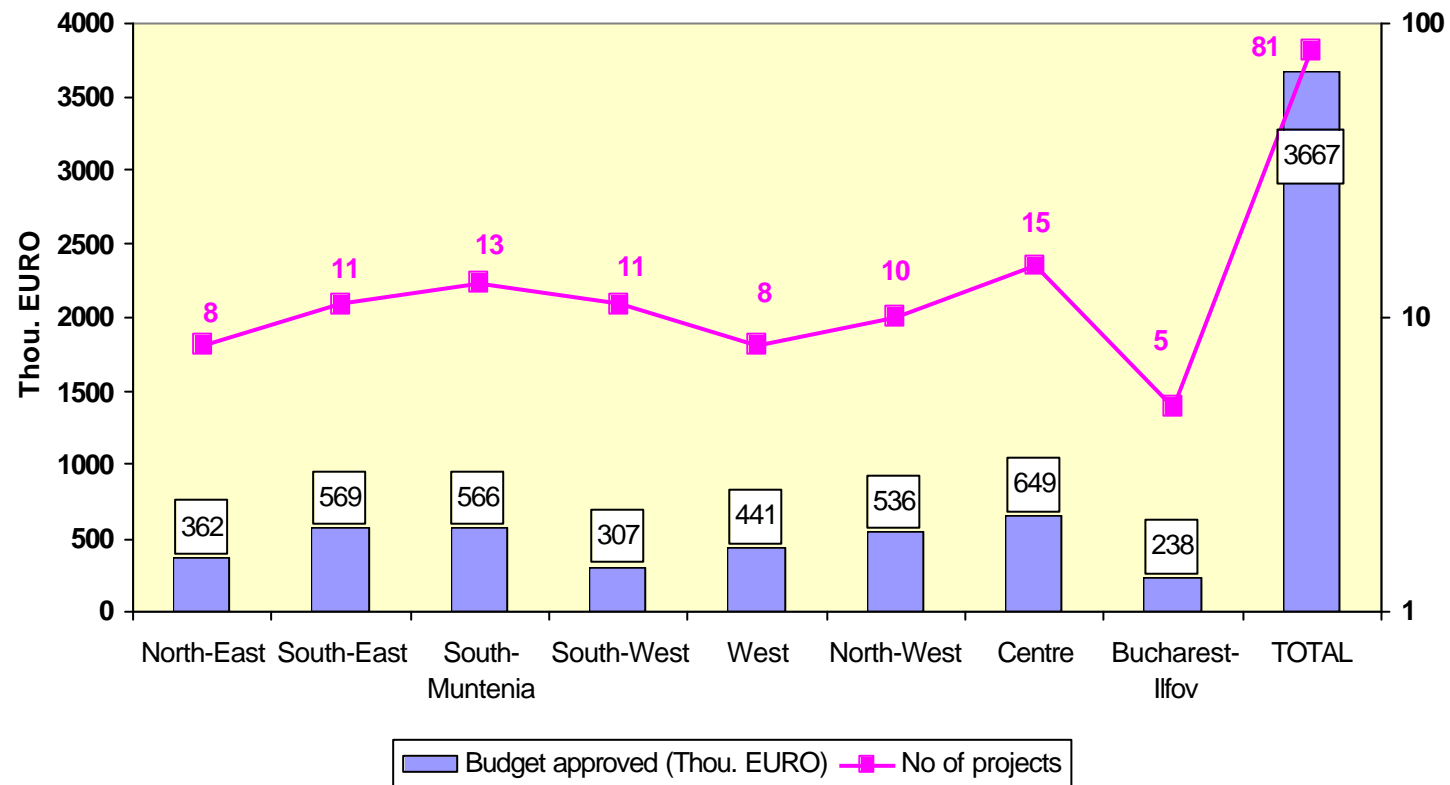


 Budget approved (Thou. EURO)	2421,875	2389,969	2418,896	2421,8745	2415,316	2421,81	2421,86771	2395,8423	19307,4505
 No of projects	56	58	56	84	48	54	48	45	449
 Local Initiative	34	37	28	51	31	30	24	26	261
 Tourism	8	11	13	11	8	10	15	5	81
 Human Resources	14	10	15	22	9	14	9	14	107

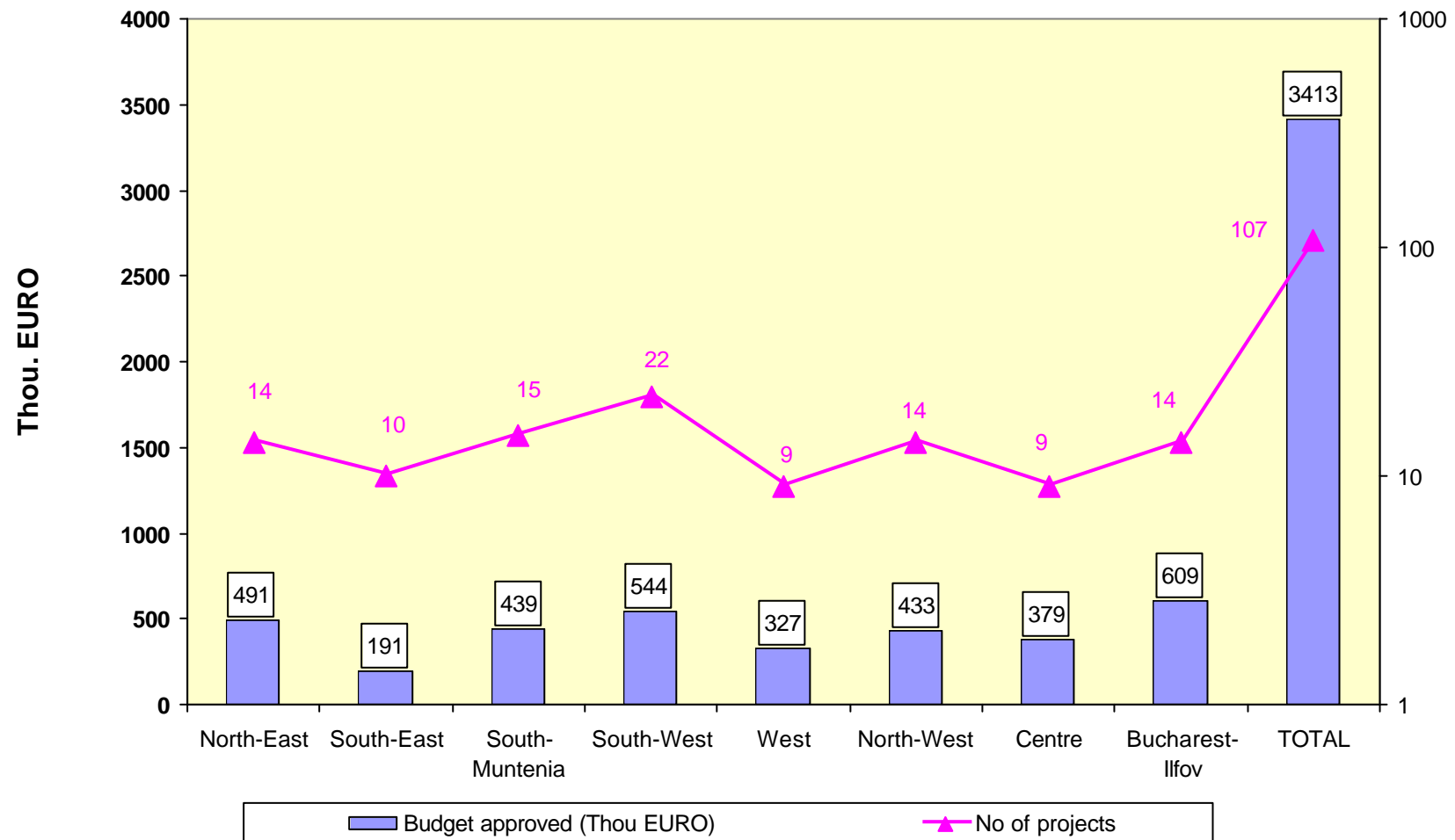
PHARE 98 - Local Initiative Projects, across Development Regions



Tourism Projects



PHARE 98 - Human Resources Projects, across evelopment Regions



Recommendations of the evaluation report:

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

ANNEX 4.3

State of Play of Phare 2000 and 2001 Programmes

Financial and Contractual Data of the Programme – RO 0007

Table 1

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

*Source: Perseus date

Table 2

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

¹ Current report cut-off date: 28.02.2002

² Previous report cut-off date: 01.06.2001

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

Table 3

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

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

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

Table 4

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

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

Table 5a

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

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

Table 5b

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

* Estimated date

LOCAL AND REGIONAL INFRASTRUCTURE PROJECTS FINANCED UNDER PHARE 2000 PROGRAMME

Note: The below dates are estimative.

Table 6

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

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

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

Table 7

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

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

Table 8

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

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

:

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

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

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

SMALL AND MEDIUM TOWN INFRASTRUCTURE DEVELOPMENT PROGRAM - SAMTID CONCEPT

1. BACKGROUND

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

1.1 SECTOR STRUCTURE

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

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

1.2 CHANGES IN NATIONAL FRAMEWORK

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

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

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

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

Contractors under this program:

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

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

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

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

National Priorities:

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

2. THE PROGRAM

2.1 Program Purpose and Phases

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

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

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

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

The Program includes three phases:

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

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

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

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

2.2 Key Features

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

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

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

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

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

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

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

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

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

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

⁵ I.e. tariff policy and performance improvement measures

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

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

Transformation of Sector Structure

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

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

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

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

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

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

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

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

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

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

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

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

Financial Architecture for the IFIs Loan Component

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

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

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

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

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

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

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

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

Minimum Criteria for Project Selection

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

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

The indicative list of selection criteria that are envisioned:

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

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

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

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

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

Project Selection Procedure

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

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

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

Eligible activities and expenditures

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

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

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

Institutional Architecture

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

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

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

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

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

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

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

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

ACTIVITIES

Institution Building Technical Assistance:

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

Investment Program:

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

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



EUROPEAN UNION
DELEGATION OF THE EUROPEAN COMMISSION IN ROMANIA

Bucharest,

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From:

Ministry of Public Administration; Ministry of Public Finance

To:

Mrs. Hildegard Carola Puwak, Minister

Ministry of European Integration

Dear Mrs. Puwak,

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

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

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

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

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

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

Mihai Nicolae TANASESCU, Minister, Ministry of Public Finance

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TERMS OF REFERENCE

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

1. BACKGROUND INFORMATION

1.1 Beneficiary country: ROMANIA

1.2 Contracting Authority: Ministry of Development and Prognosis
Address: 2-4 Ministerului Street, Sector 1 Bucharest

1.3 Relevant country background:

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

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

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

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

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

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

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

For this, the Government intends to:

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

1.4 Current state of affairs in the relevant sector

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

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

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

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

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

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

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

SAMTID program includes three phases:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.5 Related programmes and other donor activity:

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

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

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

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

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

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

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

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

2. CONTRACT OBJECTIVES

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

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

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

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

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

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

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

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

B2. Preparation of the pilot projects:

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

B3. Know-how transfer:

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

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

The main beneficiaries of this project are:

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

3. ASSUMPTIONS AND RISKS

3.1 Assumptions underlying the project intervention

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

3.2 Risks

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

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

4. SCOPE OF THE WORK

4.1 General

4.1.1. Geographical area to be covered by the project

The SAMTID Pilot project will cover the entire country.

4.1.2 Target groups

The TA project will reach three target groups:

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

4.1.3 Nature of services

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

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

4.2 Specific activities

The Consultant must provide the following services:

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

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

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

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

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

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

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

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

eligibility criteria:

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

selection criteria:

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

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

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

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

Outputs:

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

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

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

Outputs: SAMTID Manual that contains:

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

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

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

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

Task 4 : Identification of the projects

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

Task 5: Selection of the projects

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

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

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

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

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

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

Outputs:

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

Sub-component B2. Preparation of the pilot projects

Task 6: Reviewing of the existing and approved documents

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

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

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

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

Therefore the Contractor is required to provide the following:

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

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

7.1 Technical Design

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

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

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

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

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

Outputs:

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

7.2. Tender documents

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

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

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

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

VOLUME 1 INSTRUCTIONS TO TENDERERS

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

VOLUME 2 CONTRACT

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

VOLUME 3 TECHNICAL SPECIFICATIONS

VOLUME 4 BILL OF QUANTITIES/PRICE SCHEDULE

VOLUME 5 DESIGN DOCUMENTS INCLUDING DRAWINGS

Outputs:

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

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

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

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

Outputs:

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

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

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

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

Outputs:

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

Sub-component B3. Know-how transfer

Task 10: Know-How Transfer

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

Task 11: Training for the appropriate Staff

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

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

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

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

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

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

Outputs:

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

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

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

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

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

4.3 Project Management and Contractor's tasks and Responsibilities

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

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

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

This Steering Committee will meet at each important step of the project, in order to review the activity of the Consultant, comment and approve the reports and take all decisions in relation with the project implementation (final format of SAMTID architecture, manuals and

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

Liaison with the Contracting Authority (MDP)

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

Liaison with the MDP

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

The MDP shall make available to the project:

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

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

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

Liaison with the MoPA

The MoPA shall make available to the project:

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

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

Liaison with other parties to the project

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

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

Level of support of MDP and RDAs

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

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

Contractor's obligations

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

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

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

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

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

5. Logistic and timing

5.1 Project location

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

5.2 Project period

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

6. Requirements

6.1 Personnel

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

The team will be composed by:

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

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

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

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

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

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

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

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

6.2 Equipment:

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

6.3 Services

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

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

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

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

6.4 Office space and logistical support

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

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

Logistic support

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

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

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

6.5 Budget

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

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

7. REPORTS

7.1 Reporting requirements

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

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

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

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

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

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

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

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

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

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

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

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

7.2 Submission and approval of the reports

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

7.3 Distribution

Copies will be distributed in hard copy and disk to:

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

8. MONITORING AND EVALUATION

8.1 Definition of indicators

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

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

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

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

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

8.2 Special requirements

No special requirements are foreseen.

No briefing/debriefing is foreseen under this project.

Annex 5. List of relevant Laws and Regulations

Regional Development

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

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

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

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

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

GO = Government Ordinance

MONEO = Ministry of National Education Order

MOERO= Ministry of Education and Research Order

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

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

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

Legislation in the Field of Social Security

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

SMEs LEGISLATION

1. ACCOUNTING

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

2. BANKING

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

3. BANKRUPTCY

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

4. CAPITAL MARKETS

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

5. COMPANY LAW

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

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

6. COMMERCIAL ARBITRATION

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

7. COMPETITION

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

8. CONCESSION

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

9. CONTRACTS

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

10. CUSTOMS

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

11. FOREIGN INVESTMENT

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

12. IMPORT AND EXPORT

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

13. INSURANCE

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

14. INTELLECTUAL PROPERTY

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

15. LABOUR

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

16. REAL GUARANTEES

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

17. SMALL AND MEDIUM ENTERPRISES AND SME AUTHORITY

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

Legislative documents issued in 2000 and 2001

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

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

18. TAXATION

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

OTHER

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

Development of Regional and Local Infrastructure

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

SAMTID

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