Romania
Sectoral Operational Programme Transport
2007 - 2013
Programme Complement

CONTENTS

Annexes

List of Abbreviations and Acronyms

ADNR SA	Romanian National Company of Motorways and National Roads SA – CN ADNR SA (in English RNCMNR)
CF	Cohesion Fund
CFCU	Central Financing and Contracts Unit within the MPF
CFR SA	National Railway Company "CFR S.A." – CN CFR SA
CSF	Community Support Framework
EC	European Commission
EDIS	Extended Decentralisation Implementation System
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
FMC	Financial Management and Control
GD	Government Decision
GDFFA	General Directorate for Foreign Financial Assistance within the MTCT
IS	Institutional Support
ISPA IA	ISPA Implementing Agency
MA	Managing Authority
MACSF	Managing Authority for Community Support Framework
MAI	Managing Authority for Infrastructure
MC	Monitoring Committee
MPF	Ministry of Public Finance
MTCT	Ministry of Transport, Construction and Tourism
NDP	National Development Plan
NSRF	National Strategic Reference Framework
PRAG	Practical Guide to contract procedures for EC external actions
PHARE ESC	Economic and Social Cohesion component of the PHARE programme
PM	Project Monitoring
PME	Programming, Monitoring and Evaluation
PPP	Public-Private Partnership
OP	Operational Programme
ROP	Regional Operational Programme
SMIS	Single Management Information System
SOP	Sectoral Operational Programme
SOP-T	Sectoral Operational Programme for Transport
TOR	Terms of Reference
TVC	Technical Verification and Conformity (ex-ante)

I. INTRODUCTION

The present document is the Complement to the Sectoral Operational Programme Transport for the period 2007 – 2013 in Romania (SOP-T). It is an internal Romanian document, elaborated by the Managing Authority for the SOP-T, namely the Ministry of Transport, Construction and Tourism.

The scope of this programme complement is to present:

- a detailed description of the key areas of intervention for each priority axis under the SOP-T,
- the breakdown of funds between these key areas of intervention,
- detailed implementation arrangement such as the management structure, the principles for project selection, the mechanisms for co-financing, monitoring and evaluation indicators, promotion plan and the procedure to be used in order to modify the present Programme Complement.

In addition, but with an indicative status only, the Programme Complement presents the project portfolio considered for financing under the SOP-T, at the time of its drafting.

The present document is formally not required under the Council Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund. It therefore does not require to be negotiated with the European Commission.

It however provides to the partners (beneficiaries, public authorities, professionals, trade unions, civil society, other Member States and to the public generally) a more detailed picture of the scope of the SOP-T and of the way in which it will assist the Romanian transport sector towards faster, safer and more efficient transport services.

II. BRIEF SUMMARY OF THE OPERATIONAL PROGRAMME

II.1 The Sectoral Operational Programme Transport 2007 – 2013 and the Cohesion Policy

The **Sectoral Operational Programme - Transport (SOPT)** is one of seven operational programmes under the "Convergence" Objective. Through increasing and improving the quality of investment in physical capital, it aims at speeding up the convergence of Romania by improving conditions for growth and employment.

The main reference documents used for the elaboration of the SOP-T are:
- the Community Strategic Guidelines for Cohesion Policy, issued by the European Commission in July 2005,
- the draft set of Regulations governing Structural Instruments dated April 2006,
- the draft National Strategic Reference Framework, issued by Romania in April 2006.

Seven Operational Programmes are defined under the "Convergence" Objective, as follows:
- Transport
- Environment
- Competitiveness
- Regional
- Human Resources Development
- Administrative Capacity, and
- Technical Assistance

The structure of the SOP-T is the following:
- Chapter 1: Analysis of the current situation
- Chapter 2: SWOT analysis
- Chapter 3: Strategy
- Chapter 4: Financial Plan
- Chapter 5: Implementation
- Chapter 6: Partnership

II.2 Chapters 1 and 2: Analysis of current situation and SWOT analysis

The core of the analysis has been performed mode by mode, in order to assess the following aspects:
- traffic levels and trends,
- evolution of vehicles fleet,
- organisational set up and main operators,

- status of the infrastructure and the future impact of the commitments Romania undertook in the negotiation chapter 9 – 'Transport policy',
- infrastructure maintenance funding and organisation,
- main development programmes undertaken to date.

The following major aspects are to be highlighted.

II.2.1 Road transport

Road traffic has been rapidly increasing over the last years: the average growth rate on the national roads is 3.7% / year since 2000.

Road transport is, by far, the most important. In 2005, it represented:
- 88% of inland passengers traffic (in passengers-km), and
- 69% of inland freight traffic (in tons – km).

The traffic growth is obviously not equal on the whole network, and congestion is appearing on some sections, mainly along the following routes: Pitesti – Sibiu – Deva and Bucharest – Brasov.

Romanian roads are not safe. Road safety indicators show poor records. In particular there are 743 deaths / million cars against an EU 25 average of 239.

In accordance with the EU accession commitments, the entire road TEN-T network has to be opened, without restrictions, by the date of accession to vehicles compliant with EU Directive 96 / 53 on weights and dimensions (i.e. including vehicles of 11.5 tons per axle) while the whole network has to be opened by the end of year 2013. This obligation does not take into account the actual status of the road sections and whether they have actually been upgraded to the relevant standards.

Therefore, the following priorities can be identified:
- provide additional capacity on selected sections of the network, to prevent or reduce congestion,
- continue rehabilitation and upgrading of the national road network, with particular emphasis on the finalisation of the upgrading of the TEN-T network,
- improve road infrastructure safety, in particular in liner villages, at black spots and through separation of carriageways on four lanes roads.

II.2.2 Rail transport

By opposition to the road sector, rail traffic has known a severe decline over the last ten years. In 2005, it represented:
- 12% of inland passengers traffic (in passengers – km), and
- 31% of inland freight traffic (in tons – km).

The infrastructure is generally in a poor condition, due to an important maintenance backlog. This results into an increasing number of speed restrictions and dangerous points.

The long term viability of the railway system could even be questioned. However, there are strong EU policies of revitalization of the rail sector, to which Romanian fully adheres.

To be effective, revitalisation requires:
- Infrastructure investments and development of interoperability
- Renewal of rolling stock, but also
- Restructuring and improvement of services

II.2.3 Air transport

Air traffic has know a huge increase between 2000 and 2005, with almost a doubling of the traffic levels. In absolute terms however, air traffic remains low.

The air sector is characterised by the strong predominance of the Bucharest 'Henri Coanda' airport. Even if it has been declining over the last five years, its traffic share represents 70% of the total passenger traffic, while the rest of Romanian airports represent 30%.

The prospects for the future are fairly strong. It is expected that air traffic continues to grow with high rates, due to the following factors:
- Tourism development
- Increased investments by private sector, together with EU accession,
- Increase of revenues and therefore development of a share of the population with a high time value,
- Development of low costs airlines, making air transport cheaper for the users.

It however has to be highlighted that competition between airports is increasing, where airports objectives are to attract airlines. The results of such competition are difficult to plan by the central authorities.

The priorities identified are mainly linked with catching up on maintenance backlog and increasing safety, with limited capacity increases.

II.2.4 Water transport

Maritime transport is concentrated on the port of Constanta, which has known a doubling of its traffic between 2000 and 2005, in line with the strong growth of Romania international trade.

The traffic increase in Constanta is mainly due to the development of container traffic, where a modern terminal has been opened at the end 2003.

However, it appears that the hinterland of Constanta is currently mainly limited to Romania, so that, in real terms, there is little competition with other ports on the Black Sea.

As regards the Danube, after a difficult period during the 1990s, traffic has recovered in recent years. However, two main limitations are registered:

- the traffic is primarily domestic, with two industries (steel in Galati and cement in Medgidia) playing a predominant traffic generation role, and
- there are almost no container services using inland waterways, while this is seen as one of the main market development opportunities.

The priorities appear to be the need for improved public infrastructure (quays, channel), but also better services on modernised terminals.

II.2.5 Inter-modal transport

Inter-modal transport is considered as being the "poor brother", whereas it is in-between various institutions without a clear "champion". Inter-modal traffic has been stagnating over the last years, under the competition of the "road only" mode. Therefore, it appears that the policy should be reviewed and stronger promotion developed.

Inter-modal transport has a considerable potential, provided the following are provided:

- Modern terminals, in the right locations
- Well operated terminals (commercial approach)
- Simplification of procedures

Development of the inter-modal sector cannot be done without leaving a paramount role of the private sector. In this regard, it appears that the State should primarily provide support to the private sector, in an open and transparent manner so as to avoid the risk of State Aid.

II.2.6 System review

During the 1990s, the Romanian economy has gone through a transition process towards market economy. This transition has been accompanied by a major restructuring of the transport sector, with the following salient features:

- decline of the heavy industry and related decline of rail transport,
- re-orientation of international trade, with an increasing share of the EU. Trade with the EU currently represents about 70% of the exports and 60% of the imports,

- elimination of regulatory restrictions to road freight traffic,
- privatisation of road hauliers and progressive alignment to market conditions,
- restructuring of the State-owned transport undertakings in the rail, air and naval sectors,
- rapid increase in private car ownership.

The Romanian transport sector is now considered as restructured. One direct effect is however that the modal split has quickly evolved towards the supremacy of the road sector, as highlighted by the two following figures.

Passenger transport performance and modal share

	1990		**1995**		**2000**		**2004**	
	M pass km	share	M pass km	share	M pass km	share	M pass km	share
Passenger cars	33,595	38%	44,774	59%	45,422	70%	53,840	75%
Public road transport	24007	27%	12,343	16%	7,700	12%	9,438	13%
Railway	30582	35%	18,879	25%	11,632	18%	8,638	12%
Total	88,184	100%	75,996	100%	64,754	100%	71,916	100%

Source: SWK Consortium, TA to MTCT, 2006 estimate (passenger cars) and National Statistics

Freight transport performance and modal share

	1990		**1995**		**2000**		**2004**	
	M tons km	share	M tons km	share	M tons km	share	M tons km	share
Road	28993	36%	19748	48%	14288	43%	37220	64%
Railway	48912	61%	17907	44%	16354	49%	17022	29%
Inland Waterway	2090	3%	3107	8%	2634	8%	4291	7%
Total	79995	100%	40762	100%	33276	100%	58533	100%

Source: National Statistics

The change in the transport pattern have resulted in congestion on some road sections and has therefore led to the need to increase traffic capacity on such sections, while ensuring that the rest of the network is in a satisfactory condition.

With regard to the railway sector, the loss of traffic actually implies that there is over-capacity; this leads to the necessity of re-defining the core network and reducing infrastructure costs.

In the air sector, it appears that existing capacities are sufficient on the short term. However, high traffic growth is being recorded and this is likely to continue on the medium term.

In the maritime/naval sector, the capacity of the port of Constanta appears to be sufficient on the medium term but further modernisation is required, enabling an increase of efficiency. Traffic on the Danube is recovering and improvement of the navigation conditions shall accompany and facilitate this process.

Due to the specific modal role they occupy, air transport, as well as maritime and inland waterway transport are actually in a very limited competition with the other modes of road and rail. In addition, a significant share of rail freight transport offers a service to commodities for which the use of road transport would be considered uneconomic.

It may therefore be said that the main competition between modes is in respect of passenger traffic and freight containers.

Prospects for growth

The main driving force for development of the transport demand is currently considered to be the GDP growth.

Over the past period (1990 – 2005), the restructuring of the Romanian economy and of the transport sector has also played a significant role, driving the strong modal increase of the road transport activities against rail. However, it is considered that the transition period in both the overall economic situation and the transport sector is completed and Romania is now recognised as a functional market economy (one of the pre-requisites for joining the EU).

It should however be remembered that, if the demand growth is based on the GDP, there are various elasticity by modes of transport. These elasticity rates are likely to be similar with the ones registered in the EU over the last thirty years.

In addition, it shall be noted that Romania is a relatively small economy, with an increasingly important international trade. Over the period 2000 – 2005, Romania's international trade has grown from 24.4 billion Euros to 52.3 billion Euros, representing a 115% increase, while GDP was increasing by a cumulative 28% over the same period. In this regard, the growth of the activity in the port of Constanta and in airports is following a similar trend.

The prospects for the future are therefore closely linked with the GDP, with typically:

- growth rates slightly lower than GDP for public road passenger transport, rail and inland waterway transport,
- growth rates higher than GDP for road transport, and
- growth rates in line with international trade (much higher than GDP in the medium term) for air and maritime transport.

The likely evolution of Romanian GDP is summarised in the following table:

Evolution and Forecast of GDP, Romania, 2000-2030

	2000-2010	2011-2020	2021-2030
GDP yearly growth rate	5%	4.3%	3.1%

Source: Energy and Transport Trends to 2030, published on DG Tren web site

Infrastructure Projects Implementation – Institutional capacity

Considerable experience has been acquired through the implementation of pre-accession and IFIs programmes, including strong progress towards the EDIS accreditation. The institutional and administrative capacity to manage and implement large infrastructure projects remains to be strengthened. The 2005 Comprehensive Monitoring Report issued by the European Commission states that: "*there are serious concerns in relation to the administrative capacity of the **institutional structures**, and in the area of **financial management and control**. Immediate action is required to strengthen administrative capacity across all concerned bodies at national, regional and local level, including in relation to the European Social Fund. The cooperation between the central and regional level needs to be clarified and considerably improved. The ability of Romania to guarantee sound financial management and control should be considerably strengthened to be ready by the date of accession.*"

Preliminary indications and conclusions confirm that there is insufficient institutional capacity for the management and implementation of the SOPT (source: *Technical assistance to the MTCT for Managing Structural instruments; Establishment of the institutional framework for the management of the structural instruments project-Assessment of the current situation – draft report).* This calls for institutional strengthening through human resources development and technical assistance.

II.3 Chapter 3: Strategy

Based on the analysis of the current situation and trends, and taking into account the Community Guidelines developed for the transport sector, the following objective has been defined:

The objective of the *Sectoral Operational Programme – Transport (SOPT)* is to promote a transport system in Romania, which will facilitate safe, fast and efficient movement of persons and goods with appropriate level of service at European standards, nationally, Europe-wide and between and within Romanian regions.

Furthermore, the following sub-objectives have been identified:

i. Promote international and transit movements of people and goods in Romania by providing effective connections of the port of Constanta, as well as Greece,

Bulgaria and Turkey, with the EU through the modernization and development of the relevant TEN-T priority axes

ii. Promote effective movement of persons and goods among Romanian regions and their transfer from the hinterland to priority axes by modernizing and developing national and TEN-T networks

iii. Promote the development of a balanced transport system of modes, based on the respective competitive advantage of each, by encouraging the development of rail, waterborne and intermodal transport, and

iv. Promote sustainable development especially by minimizing adverse effects of transport on the environment and improving safety.

In order to achieve the objective of the SOP-T, it is proposed to allocate the relevant EU and State funds for transport towards the implementation of the following priority axes:

1. Modernisation and development of TEN-T priority axes
2. Modernisation and development of the national transport infrastructure outside the TEN-T priority axes
3. Upgrade the railway passenger rolling stock on the national and TEN-T railway networks.
4. Sustainable development of the transport sector
5. Technical Assistance

The following principles have been used:

- Activities will be co-financed through CF/ERDF and State Budget;
- Funding will be allocated among 5 SOPT priority axes;
- Each axis funded by either CF or ERDF but not both;
- Each axis will be supported by one or more *key areas of intervention;*
- Each key area of intervention is one, or a group of projects;
- For each axis, measurable assessment indicators will be developed;
- The priority axes and operations conform to community and national policies.

II.4 Chapter 4: Financial Plan

The Financial Plan included in the SOP-T presents the following key data:

- Global allocation of funds for the SOP-T,
- Allocation of funding by priority axes,
- Definition of the co-financing rate per priority axis,
- Outline of the national co-financing system.

It has to be highlighted that priority axis no. 1 is funded under the Cohesion Fund, while priority axes no. 2 to 5 are funded under the ERDF.

Therefore, the Financial Plan is as follows:

Managing Authority for SOP Transport
Period: 2007-2013
Main financing sources : Structural Funds and Cohesion Fund

total Cohesion Fund (EU share) 2,878.00
total ERDF (EU share) 1,132.00

Tentative financial allocation. Breakdown by Priority axis

2007-2013

- MEUR -

	EU			Co-financing Romania					Co-financing IFIs	GRAND TOTAL	EU Co-financing rate
	ERDF[1]	CF[2]	EU TOTAL	State budget	Other public sources	Public sources Total	Private sources	National sources Total			
	1	2	3=1+2	4	5	6=4+5	7	8=6+7	9	10=3+8+9	11=3/10
Priority axis 1: Modernization and development of Trans-European transport infrastructure (TEN-T) priority axes	0.00	2,878.00	2,878.00	507.88	0.00	507.88	0.00	507.88	0.00	3,385.88	85.00%
Priority axis 2: Modernization and development of national transport infrastructure	756.17	0.00	756.17	252.06	0.00	252.06	0.00	252.06	0.00	1,008.23	75.00%
Priority axis 3: Modernise railway passenger rolling stock on the national and TEN-T railway network	115.00	0.00	115.00	115.00	0.00	115.00	0.00	115.00	0.00	230.00	50.00%
Priority axis 4: Sustainable development of the transport sector	215.55	0.00	215.55	71.85	0.00	71.85	33.60	105.45	0.00	321.01	67.15%
Priority axis 5: Technical Assistance for SOPT	45.28	0.00	45.28	15.09	0.00	15.09	0.00	15.09	0.00	60.37	75.00%
TOTAL (Pr.1+....Pr.5)	1,132.00	2,878.00	4,010.00	961.88	0.00	961.88	33.60	995.48	0.00	5,005.48	80.11%

Notes:

[1] ERDF = European Regional Development Fund

[2] CF = Cohesion Fund

II.5 Chapter 5: Implementation

Under this chapter, the main bodies involved in the SOP-T management, implementation, monitoring, evaluation and control are identified and their role and responsibilities reviewed.

The entities involved in the SOP-T management are:

- Managing Authority for Community Support Framework (MA CSF),
- Managing Authority for SOP-Transport
- Certifying Authority
- Audit Authority
- Beneficiaries.

It shall also be mentioned that the legal framework regarding public procurement is under evolution, with the establishment of:

- National Public Procurement Agency,
- Remedy Body,
- Ex-ante control system at MPF level.

The SOP-T then describes monitoring and evaluation activities. In particular, it details the role, composition and rules of procedures of the Monitoring Committee for SOP-Transport.

Financial management and control activities are described, including:

- the role of the Certifying and Paying Authority,
- the financial flows,
- the rules for detection and reporting of irregularities,
- the internal audit, and
- the role of the Audit Authority.

Finally, an overview of the Information and Publicity Plan is provided, as well as a description of the Single Management Information System (SMIS) to be established.

II.6 Chapter 6: Partnership

The last chapter of the SOP-T presents the partnership that has been developed so as to ensure that the preparation, implementation and evaluation of OPs at different stages of programming within the timeframe for each stage are discussed and debated with stakeholders relevant to the sector including other OPs, beneficiaries, public authorities (i.e., regional, local and urban,) and other economic and social partners. In this context, a review of the partnership initiatives that took place is provided.

III. EX ANTE EVALUATION

This section is to be introduced further to the performance of the ex-ante evaluation.

IV. DETAILED DESCRIPTION OF KEY AREAS OF INTERVENTION

The SOP-T provides for five priority axis. Priority axis no. 1 is co-financed by the Cohesion Fund, while priority axes no. 2 to 5 are co-financed by the European Regional Development Fund (ERDF).

Each priority axis is further refined into key areas of intervention, as presented in the table next page.

In total, there are 13 key areas of intervention, whose detailed description is presented in Annexes 1 to 13 of the present document.

It has to be reminded that the project portfolio described in these annexes remains indicative only. No project is to be considered as funded under the SOP-T unless and until a grant contract is concluded between the Managing Authority and the respective beneficiary.

Annex 14 presents the current estimates in terms of contracting and disbursement, based on the indicative list of projects.

Summary list of SOP-T priority axes and operations		
SOP-T Priority axes	**EU fund**	**Key Areas of Intervention**
Priority axis 1: Modernisation and development of TEN-T priority axes	CF	**Key Area of Intervention 1.1:** Modernisation and development of road infrastructure along the TEN-T priority axis 7
		Key Area of Intervention 1.2: Modernisation and development of railway infrastructure along the TEN-T priority axis 22
		Key Area of Intervention 1.3 Modernisation and development of water transport infrastructure along the TEN-T priority axis 18
Priority axis 2: Modernisation and development of the national transport infrastructure outside the TEN-T priority axes	ERDF	**Key Area of Intervention 2.1** Modernisation and development of national road infrastructure
		Key Area of Intervention 2.2 Modernisation and development of national railway infrastructure
		Key Area of Intervention 2.3 Modernisation and development of river and maritime ports
		Key Area of Intervention 2.4 Modernisation and development of air transport infrastructure
Priority axis 3 Upgrade the railway passenger rolling stock on the national and TEN-T railway networks.	ERDF	**Key Area of Intervention 3.1** Upgrade the railway passenger rolling stock with up to date train units
Priority axis 4 Sustainable development of the transport sector	ERDF	**Key Area of Intervention 4.1** Promote inter-modal transport
		Key Area of Intervention 4.2 Improve traffic safety across all transport modes
		Key Area of Intervention 4.3 Minimise adverse effects of transport on the environment
Priority axis 5 Technical Assistance for SOP-T	ERDF	**Key Area of Intervention 5.1** Provide support for effective SOP-T managing, implementing, monitoring and controlling
		Key Area of Intervention 5.2 Provide support for information and publicity regarding SOP-T

V. FINANCIAL TABLES

The table presented next page provides the breakdown of funds by key area of intervention.

The amount of EC and national funds by key area of intervention are fixed, as well as the related co-financing rates. However, the co-financing rate for the relevant priority axis prevails. Therefore, in case of modification of the amounts allocated to a key area of intervention (through a formal modification of the programme complement), the overall co-financing rate provided for the priority axis shall be maintained.

Managing Authority for SOP Transport
Period: 2007-2013
Main financing sources : Structural Funds and Cohesion Fund

total Cohesion Fund (EU share) 2,878.00
total ERDF (EU share) 1,132.00

Financial allocation. Breakdown by Key Areas of Intervention

2007-2013

- MEUR -

	EU			Co-financing Romania					Co-financing IFIs	GRAND TOTAL	EU Co-financing rate
	ERDF[1]	CF[2]	EU TOTAL	State budget	Other public sources	Public sources Total	Private sources	National sources Total			
	1	2	3=1+2	4	5	6=4+5	7	8=6+7	9	10=3+8+9	11=3/10
Priority axis 1: Modernisation and development of Trans-European transport infrastructure (TEN-T) priority axes	**0.00**	**2,878.00**	**2,878.00**	**507.88**	**0.00**	**507.88**	**0.00**	**507.88**	**0.00**	**3,385.88**	**85.00%**
Key area of intervention 1.1 Modernisation and development of road infrastructure along the TEN-T priority axis 7	0.00	1,412.69	1,412.69	249.30	0.00	249.30	0.00	249.30	0.00	1,661.99	85.00%
Key area of intervention 1.2 Modernisation and development of railway infrastructure along the TEN-T priority axis 22	0.00	1,294.18	1,294.18	228.39	0.00	228.39	0.00	228.39	0.00	1,522.57	85.00%
Key area of intervention 1.3 Modernisation and development of water transport infrastructure along the TEN-T priority axis 18	0.00	171.12	171.12	30.20	0.00	30.20	0.00	30.20	0.00	201.32	85.00%
Priority axis 2: Modernisation and development of national transport infrastructure	**756.17**	**0.00**	**756.17**	**252.06**	**0.00**	**252.06**	**0.00**	**252.06**	**0.00**	**1,008.23**	**75.00%**
Key area of intervention 2.1 Modernisation and development of national road infrastructure	350.43	0.00	350.43	116.81	0.00	116.81	0.00	116.81	0.00	467.24	75.00%
Key area of intervention 2.2 Modernisation and development of national railway infrastructure	265.19	0.00	265.19	88.40	0.00	88.40	0.00	88.40	0.00	353.59	75.00%
Key area of intervention 2.3 Modernisation and development of national water transport infrastructure	118.44	0.00	118.44	39.48	0.00	39.48	0.00	39.48	0.00	157.92	75.00%
Key area of intervention 2.4 Modernisation and development of air transport infrastructure	22.11	0.00	22.11	7.37	0.00	7.37	0.00	7.37	0.00	29.48	75.00%
Priority axis 3: Modernise railway passenger rolling stock on the national and TEN-T railway network	**115.00**	**0.00**	**115.00**	**115.00**	**0.00**	**115.00**	**0.00**	**115.00**	**0.00**	**230.00**	**50.00%**
Key area of intervention 3.1 Modernise the railway passenger rolling stock with up to date trainsets	115.00	0.00	115.00	115.00	0.00	115.00	0.00	115.00	0.00	230.00	50.00%
Priority axis 4: Sustainable development of the transport sector	**215.55**	**0.00**	**215.55**	**71.85**	**0.00**	**71.85**	**33.60**	**105.45**	**0.00**	**321.01**	**67.15%**
Key area of intervention 4.1 Promote inter-modal transport	25.20	0.00	25.20	8.40	0.00	8.40	33.60	42.00	0.00	67.20	37.50%
Key area of intervention 4.2 Improve traffic safety across all transport modes	178.28	0.00	178.28	59.43	0.00	59.43	0.00	59.43	0.00	237.71	75.00%
Key area of intervention 4.3 Minimise adverse effects of transport on the environment	12.07	0.00	12.07	4.02	0.00	4.02	0.00	4.02	0.00	16.10	75.00%
Priority axis 5: Technical Assistance for SOPT	**45.28**	**0.00**	**45.28**	**15.09**	**0.00**	**15.09**	**0.00**	**15.09**	**0.00**	**60.37**	**75.00%**
Key area of intervention 5.1 Provide support for effective SOPT managing,implementing, monitoring and controlling	33.96	0.00	33.96	11.32	0.00	11.32	0.00	11.32	0.00	45.28	75.00%
Key area of intervention 5.2 Provide support for information on, and promotion of SOPT	11.32	0.00	11.32	3.77	0.00	3.77	0.00	3.77	0.00	15.09	75.00%
TOTAL (Pr.1+....Pr.5)	**1,132.00**	**2,878.00**	**4,010.00**	**961.88**	**0.00**	**961.88**	**33.60**	**995.48**	**0.00**	**5,005.48**	**80.11%**

Notes:
[1] ERDF = European Regional Development Fund
[2] CF = Cohesion Fund

VI. IMPLEMENTATION SYSTEM

The overview of the SOP-T Implementation system is presented within chapter 5 of the SOP-T. The present section therefore highlights only a few issues and shall be read in conjunction with SOP-T Chapter 5.

VI.1 Management

VI.1.1 Managing Authority

The structure of the Managing Authority is presented next page.

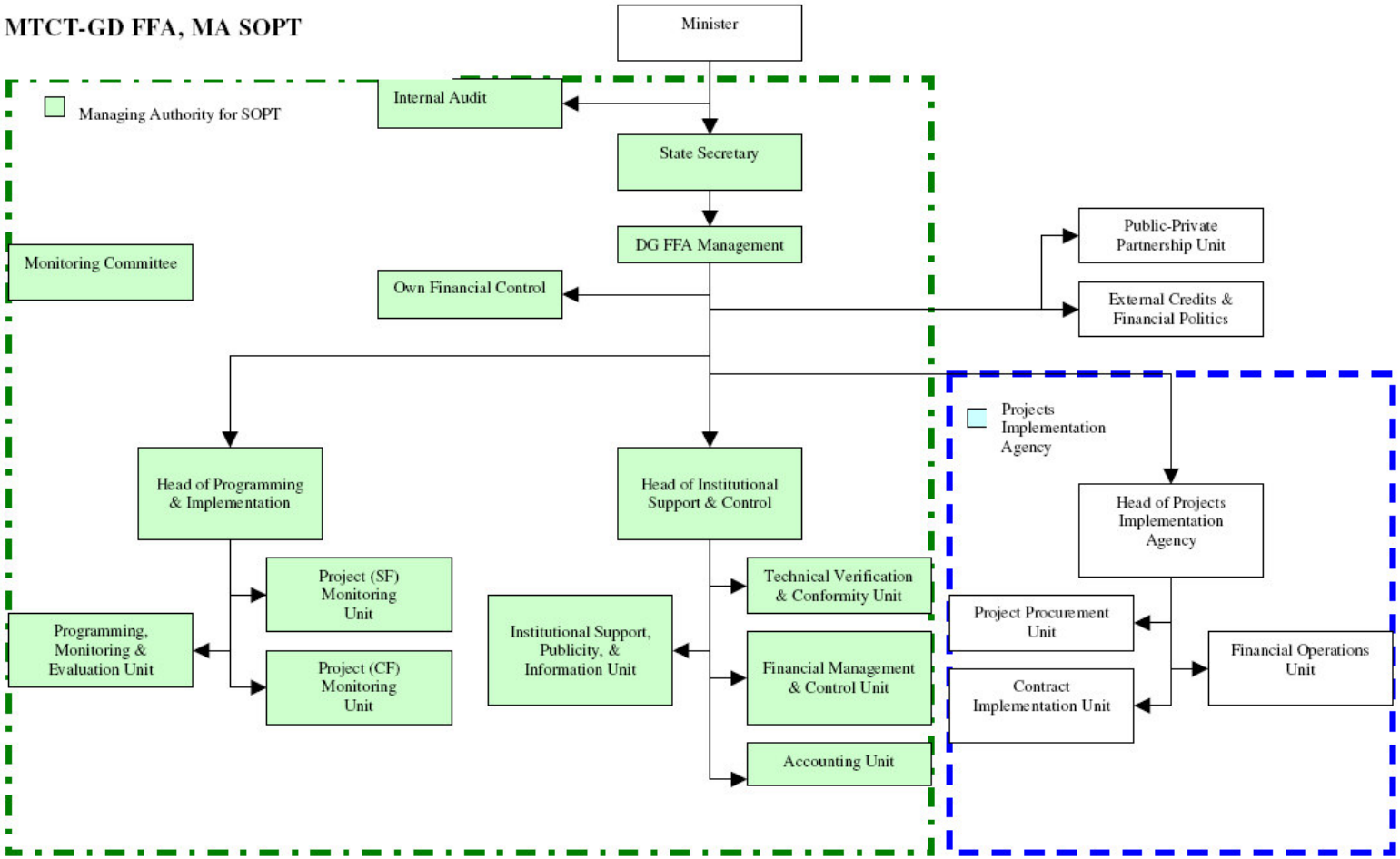
It has to be highlighted that two relevant SOP-T bodies co-exist within the General Directorate for Foreign Financial Affairs (GD FFA) of the MTCT. These are:
- the Managing Authority as such and,
- the Project Implementation Agency.

Three key issues are further detailed, and namely:
- the nomination of the Head of the Managing Authority,
- the role of the Technical Verification and Conformity Unit,
- the exact role of the Project Implementation Agency.

Head of the Managing Authority

As regards the Head of the Managing Authority, the policy at national level is to avoid nominating politically appointed persons but civil servants as heads of managing authorities. This is meant to ensure stability of the management and also underline that the implementation of the Operational Programmes is not depending on the political situation, as a result of the partnership.

The Head of the Managing Authority is nominated by the Minister of Transport, Construction and Tourism, through an Order.


MTCT-GD FFA, MA SOPT
Minister
Managing Authority for SOPT
Internal Audit
State Secretary
DG FFA Management
Monitoring Committee
Own Financial Control
Public-Private Partnership Unit
External Credits & Financial Politics
Projects Implementation Agency
Head of Programming & Implementation
Head of Institutional Support & Control
Head of Projects Implementation Agency
Project (SF) Monitoring Unit
Programming, Monitoring & Evaluation Unit
Project (CF) Monitoring Unit
Institutional Support, Publicity, & Information Unit
Technical Verification & Conformity Unit
Financial Management & Control Unit
Accounting Unit
Project Procurement Unit
Contract Implementation Unit
Financial Operations Unit

Ex-ante control

The MTCT has established a Technical Verification and Conformity (TVC) Unit, in charge of quality control of documents. This control is characterised by the following:

- type of documents to be submitted for control by the others MA units: all documents related to the project selection process, grant contracts and modifications to grant contracts. Control of these documents will target observance of selection criteria, transparency and regularity of the selection process, quality of the selected projects and secure that public funds are committed in accordance with the rules.
- type of documents to be submitted for control by the beneficiaries: all documents related to the tendering and contracting process, including modifications to contracts. Control of these documents will target general quality of the documents and observance of the procurement rules.
- submission of the said documents, by the beneficiaries and by the MA units is compulsory. In case a beneficiary does not submit documents for ex-ante control, financing of the related project might be stopped by the Managing Authority.
- the decisions of the TVC Unit are approvals or rejections and are compulsory. In case a document is not approved, financing of the related project might be stopped by the Managing Authority.

This process will be closely monitored. In case the rate of rejection becomes low, the procedure defined might evolve in two ways:

- restricting control to sample checks, based on a risk assessment (experience of the beneficiary, project complexity and size)
- changing the nature of the control, so that the outcome be a simple recommendation not a formal approval.

Decisions in this regard should be taken after 3 or 4 years of implementation of the SOP-T.

The legal basis of the ex-ante control activity is actually a specific provision of the grant contract. This enables for evolution of the control.

Practical modalities will be developed so as to avoid overlapping with the ex-ante control established at the level of the Ministry of Public Finances. It shall however be reminded that this MPF control differs in essential ways from the MTCT one, as illustrated in the following table:

	MPF ex-ante control	**MTCT ex-ante control**
Legal basis	Government Emergency Ordinance 30 / 2006	SOP-T grant contract
Scope	Observance of procurement rule	Quality of documents, including observance of procurement rules
Documents controlled	Based on risk assessment	All relevant documents
Nature of control	Recommendation	Approval / rejection

Consequence of negative opinion	Possibly visa denial by the Preventive Financial Control	Suspension of SOP-T funding

VI.1.2 Project Implementation Agency

The Project Implementation Agency will act as beneficiary for the implementation of the technical assistance priority axis. In this regard, a grant contract will be concluded between the Managing Authority and the Project Implementation Agency. It is therefore recommendable to avoid any conflict of interest between the two bodies. The grant contract will therefore be signed by the deputy Head of Managing Authority and the Head of the Project Implementation Agency.

As per the implementation of the technical assistance priority axis, the Project Implementation Agency (PIA) will liaise with the various units of the Managing Authority that will provide technical inputs. The PIA will act as integrator of the yearly work programme, promoter of the related applications, signatory as beneficiary of the grant contract and Contracting Authority.

The MA units will have the following responsibilities:
- assess needs and contribute to the preparation of the yearly work programme,
- prepare Terms of Reference,
- ensure technical management of actions funded under the technical assistance programme (approve reports, etc).

Practically, the MA units will act as Implementing Authorities, while the PIA will act as Implementing Agency.

Another issue remains to be defined, and namely the likely **role of the PIA in implementation of other projects**. The idea here is that a number of beneficiaries might not have the capacity to fully implement projects, because of:
- insufficient staff,
- insufficient exposure to preparation, tendering and implementation of large projects.

The **proposed solution** is therefore to keep full responsibility within the beneficiary, but introduce the possibility of delegating some tasks to the Project Implementation Agency within the MTCT. These tasks would mainly relate to:
- tendering,
- contracting,
- contract management,
- payment,
- accountancy,
- preparation of request for payments.

Obviously, this system will be applied only in case serious deficiencies are identified, and only for those beneficiaries that are under the ownership or subordinated to the

MTCT. This excludes airports belonging to county councils as well as private companies developing inter-modal terminals.

VI.1.3 Monitoring Committee

In accordance with the provisions of the SOP-T, the composition of the Monitoring Committee is the following:

National Members

Chairperson, also Head of MA for SOPT
MA CSF
Certifying Authority and Paying Authority
MA for ROP
MA for Technical Assistance
Competition Council
MA for European Territorial Cooperation

EU Members (consultative role)

European Commission
European Investment Bank / European Investment Fund (invited)

The Managing Authority establishes, chairs and provides secretariat to the Monitoring Committee.

VI.2 Principles of project application, selection and appraisal

All projects are to be selected further to a standard procedure, involving the following main steps:

- the Managing Authority defines a set of selection criteria, for each Key Area of Intervention and / or each call for application,
- the Monitoring Committee approves the criteria,
- the Managing Authority finalises the files of the call for applications, that includes:
    - the standard Application Form,
    - guidelines for the applicants on how to complete the Form and which documents to attach,
    - criteria.
- the Managing Authority nominates an Appraisal and Selection Committee,
- the applicant(s) submit(s) applications to the Managing Authority, within the specified deadline,
- the selection is performed in three steps:
    - administrative compliance (completeness, receipt on time, correct signature, etc),
    - eligibility, where the project is assessed against pass/fail criteria, and

    - selection, where eligible competing projects are ranked against criteria.
- the Selection Committee prepares a report that is checked by the Technical Verification and Conformity unit and then approved by the Head of the Managing Authority.
- a grant contract is signed between the Managing Authority and the beneficiary.

It is foreseen that most SOP-T projects will be selected in a process where they do actually not compete against each other. Out of an estimated total of 83 projects (and 83 resulting grant contracts), only about 25 would come from competitive calls for applications. The other projects will use the same system, but will not be in direct competition with other projects. In their case, the selection process will actually be a detailed appraisal process, where projects can be improved through a dialogue between the Managing Authority and the beneficiary.

The attached table shows an estimate (indicative) of the total number of projects and contracts by type of beneficiary.

As regards criteria, the MA SOP-T has expanded on the guidelines provides by the MA CSF and developed an approach based on four types of criteria, as follows:
- Relevance: how does the project contribute to the strategic objectives?
    - SOP-T objectives
    - Horizontal policies (UE + Romania)
    - Need for grant
- Feasibility: quality of the project
    - Rate of return
    - Environmental aspects
    - Technical issues
- Effectiveness: target will be achieved
    - Management
    - Risk assessment
- Sustainability: effects will last on medium term
    - Operation and maintenance

The detailed description of each key area of intervention (see chapter IV above) include a comprehensive and refined proposal of eligibility and selection criteria.

Managing Authority for SOP Transport
Period: 2007-2013
Main financing sources : **Structural Funds and Cohesion Fund**

2007-2013

	GRAND TOTAL	Beneficiary							
		RNC MNR		CFR		MTCT		Other	
		projects	contracts	projects	contracts	projects	contracts	projects	contracts
Priority axis 1: Modernization and development of Trans-European transport infrastructure (TEN-T) priority axes	**3,385.88**								
Key area of intervention 1.1 Modernization and development of road infrastructure along the TEN-T priority axis 7	1,661.99								
Sebes motorway bypass	38.77	1	2						
Nadlac - Arad motorway section	147.44	1	2						
Orastie - Sibiu motorway section	669.00	1	2						
part of Sibiu - Pitesti motorway section	590.00	1	2						
Key area of intervention 1.2 Modernization and development of railway infrastructure along the TEN-T priority axis 22	1,522.57								
part of Simeria - Curtici rail rehabilitation	382.04			1	6				
part of Predeal - Simeria rail rehabilitation	1,013.03			3	18				
Studies for further pipeline	46.26			3	3				
Key area of intervention 1.3 Modernization and development of water transport infrastructure along the TEN-T priority axis 18	201.32								
Portile de Fier II - Calarasi	69.65							1	3
Calarasi - Braila phase 1.2	11.50							1	3
Calarasi - Braila phase 2	25.41							1	2
Sulina canal works	80.00							1	3
Priority axis 2: Modernization and development of national transport infrastructure	**1,008.22**								
Key area of intervention 2.1 Modernization and development of national road infrastructure	467.24								
Sabaoani - Siret road rehabilitation	95.00	1	2						
Bucuresti - Adunatii Copaceni road rehabilitation	18.00	1	2						
Galati / Vaslui county limit - Crasna - Albita road rehabilitation	59.30	1	2						
Alexandria - Craiova road rehabilitation	98.70	1	2						
Timisoara - Cenad - HU border road rehabilitation	55.00	1	2						
Dej bypass	6.10	1	2						
Adjud bypass	10.50	1	2						
Chisineu Cris bypass	13.60	1	2						
Mihailesti bypass	8.00	1	2						
part of Craiova South bypass ?	20.00	1	2						
Project preparation (including future projects)	21.26	1	2						
Key area of intervention 2.2 Modernization and development of national railway infrastructure	353.59								
Railway stations upgrade	191.00			1	50				
Priority railway bridges / tunnels (on TEN-T)	100.00			1	15				
Project preparation (including future projects)	15.00			1	3				
Key area of intervention 2.3 Modernization and development of national water transport infrastructure	157.92								
Constanta port rail access	21.75							1	2
Danube - Black Sea canal road bridge	16.00							1	2
North breakwater extension	84.00							1	2
Call for proposals Danube ports	22.00							5	10
Project preparation (including future projects)	4.84							3	3
Key area of intervention 2.4 Modernization and development of air transport infrastructure	29.48								
Call for proposals Airports projects	24.15							4	8
Project preparation (including future projects)	5.33							3	3
Priority axis 3: Modernise railway passenger rolling stock on the national and TEN-T railway network	**230.00**								
Key area of intervention 3.1 Modernize the railway passenger rolling stock with up to date trainsets	230.00								
Rolling stock renewal (45 EMUs for 250 - 300 passengers)	227.00							1	2
Priority axis 4: Sustainable development of the transport sector	**321.01**								
Key area of intervention 4.1 Promote inter-modal transport	67.20								
Intermodal terminals	64.00							10	15
Key area of intervention 4.2 Improve traffic safety across all transport modes	237.71								
RORIS II - Danube VTMIS	9.00					1	2		
Train axles overheating detectors (on TEN-T)	8.00			1	2				
Automatic barriers and level crossings	45.70			1	5				
Linear villages and central barriers	144.00	1	20						
Key area of intervention 4.3 Minimize adverse effects of transport on the environment	16.10								
Waste water treatment / depol vessels on Danube	12.00							1	2
Environmental strategy for transport	1.00					1	1		
Study of salt water intrusion at canal locks	1.00					1	1		
Priority axis 5: Technical Assistance for SOPT	**60.37**								
Key area of intervention 5.1 Provide support for effective SOPT managing,implementing, monitoring and controlling	45.28					9	4		
Key area of intervention 5.2 Provide support for information on, and promotion of SOPT	15.09					9	5		
TOTAL (Pr.1+....Pr.5)	**5,005.48**	**16**	**50**	**12**	**102**	**21**	**13**	**34**	**60**

VI.3 Mechanisms for ensuring co-financing

VI.3.1 Eligible expenditures

For all key areas of intervention but the one related to the promotion of inter-modal transport (key area of intervention 4.1), the Cohesion Fund / ERDF and the State budget will ensure 100% of the eligible expenditures.

The grant contract will be concluded for the entire amount, whereby the two components (EC funds and State budget) will be channelled through the same mechanism. The Certifying and Paying Authority will actually gather the two sources (EC funds and State budget).

Based on forecasts provided by the Managing Authority, the Certifying and Paying Authority will be responsible for the budgeting process. The State budget component (co-financing of eligible expenditures) will be allocated to the budget of the Ministry of Public Finances (General Actions).

For the key area of intervention 4.1, the ERDF and the State budget will ensure 50% of the eligible expenditures, the remaining 50% being under the responsibility of the beneficiary. Providing evidence of access to such co-financing is one of the criteria beneficiaries have to meet to be selected.

VI.3.2 Non-eligible expenditures

The resources necessary to fund non-eligible expenditures have to be secured by the beneficiary.

In the special case of the beneficiaries that are under the authority / co-ordination / ownership of the MTCT, the resources necessary to fund those non-eligible expenditures that can be foreseen are covered through transfers from the MTCT budget. In this case, the beneficiary is responsible for the preparation of adequate forecasts and their transmission to the budget department of the MTCT and to the Managing Authority for check.

VI.4 Indicators

Distinction has to be made between monitoring and evaluation indicators.

Monitoring indicators are used so as to review the progress (in qualitative and quantitative way) achieved. At project level, progress is measured over the life of the grant contract. At key area of intervention level, progress is measured from the SOP-T approval to the final payment under the key area of intervention.

Evaluation indicators are used so as to assess whether a project (or a key area of intervention) has achieved its objectives in terms of outputs, results and impact. This has to be measured at project completion as well as a few years after completion.

VI.4.1 Monitoring Indicators

At project level, the main indicators of monitoring shall be:
- progress in design preparation,
- progress in tendering and contracting,
- progress in land acquisition,
- progress in utilities relocation / protection,
- progress in works implementation (physical and financial),
- evolution of actual contract price.

At key area of intervention level, the main indicators of monitoring are:
- commitment rate (value of grant contracts signed / total allocation of the key area of intervention)
- contracting rate (value of contracts signed between the beneficiaries and contractors / total allocation of the key area of allocation)
- payment rate (value of payments made from the Certifying and Paying Authority to the beneficiaries as per the grant contract / total allocation of the key area of intervention)
- quality of documents and observance of procedural rules – rejection rate: number of documents approved by the Managing Authority ex-ante control body / total number of documents submitted for approval.

The estimated timetables and expenditures tables presented in annex to the detailed descriptions of each key area of intervention should be used as references.

These indicators can easily be broken down or aggregated as follows:
- by grant contract,
- by beneficiary,
- by key area of intervention,
- by priority axis,
- for the entire SOP-T.

VI.4.2 Evaluation Indicators

At project level, evaluation shall be performed on the basis of the main indicators identified in the feasibility studies: traffic levels, savings in terms of time, VOC and safety, etc. The exact list is to be drawn on a project by project basis.

It is recommended to recalculate the economic rate of return:
- upon completion of each project,
- 5 years after completion of each project.

At key area of intervention level, the evaluation indicators are the following:

Indicator	Unit	Baseline	Baseline Year	Source	Target (2015)
Key Area of Intervention 1.1					
Output					
New motorways completed	lane - km	0	2007	MA SOP-T	600
Result					
(Combined with key area of intervention 1.2) Increase in passenger traffic (road and rail)	million passenger-km	*81,833 (estimate)*	2007	Cestrin + National Statistics	+37%
(Combined with key area of intervention 1.2) Increase in inland freight traffic	million tonne-km	*65,842 (estimate)*	2007	National statistics	+33%
Key Area of Intervention 1.2					
Output					
Interoperable railway rehabilitated/upgraded	km	0	2007	MA SOP-T	180
Result					
(Combined with key area of intervention 1.1) Increase in passenger traffic (road and rail)	million passenger-km	*81,833 (estimate)*	2007	Cestrin + National Statistics	+37%
(Combined with key area of intervention 1.1) Increase in inland freight traffic	million tonne-km	*65,842 (estimate)*	2007	National statistics	+33%
Key Area of Intervention 1.3					
Output					
Navigable waters fully open to navigation	km	0	2007	MA SOP-T	450
Result					
(Combined with key area of intervention 1.1) Increase in passenger traffic (road and rail)	million passenger-km	*81,833 (estimate)*	2007	Cestrin + National Statistics	+37%
(Combined with key area of intervention 1.1) Increase in inland freight traffic	million tonne-km	*65,842 (estimate)*	2007	National statistics	+33%
Key Area of Intervention 2.1					

Output					
National roads rehabilitated	km	0	2007	MA SOP-T	800
Result					
(Combined with key area of intervention 2.2) Increase in passenger traffic (road and rail)	million passenger-km	*81,833 (estimate)*	2007	Cestrin + National Statistics	+37%
(Combined with key area of intervention 2.2) Increase in inland freight traffic	million tonne-km	*65,842 (estimate)*	2007	National Statistics	+33%
Key Area of Intervention 2.2					
Output					
Railway stations rehabilitated/upgraded	pcs	0	2007	MA SOP-T	18
Result					
(Combined with key area of intervention 2.1) Increase in passenger traffic (road and rail)	million passenger-km	*81,833 (estimate)*	2007	Cestrin + National Statistics	+37%
(Combined with key area of intervention 2.1) Increase in inland freight traffic	million tonne-km	*65,842 (estimate)*	2007	National Statistics	+33%
Key Area of Intervention 2.3					
Output					
Ports rehabilitated/upgraded	pcs	0	2007	MA SOP-T	1
Result					
(Combined with key area of intervention 2.1) Increase in passenger traffic (road and rail)	million passenger-km	*81,833 (estimate)*	2007	Cestrin + National Statistics	+37%
(Combined with key area of intervention 2.1) Increase in inland freight traffic	million tonne-km	*65,842 (estimate)*	2007	National Statistics	+33%
Key Area of Intervention 2.4					
Output					
Airports rehabilitated/upgraded	pcs	0	2007	MA SOP-T	3
Result					
Increase in passenger traffic through airports	thousand passengers	*3,949 (estimate)*	2007	MTCT	+45%
Increase in freight traffic through airports	tonnes	*22,506 (estimate)*	2007	MTCT	+41%
Key Area of Intervention 3.1					
Output					
New EMUs	pcs	0	2007	MA SOP-T	45
Result					

Increase in railway passenger traffic	million passenger-km	*9494 (estimate)*	2007	National Statistics	+26%
Key Area of Intervention 4.1					
Output					
New/upgraded intermodal terminals	pcs		2007	MA SOP-T	10
Key Area of Intervention 4.2					
Output					
Improved/upgraded level crossings	pcs		2007	MA SOP-T	80
kms of road through linear villages improved as per safety	km		2007	MA SOP-T	180
Result					
Reduction in serious accidents	serious accidents / million passenger cars	*2155 (data 2003)*	2007	National statistics + Road Police	-20%
Reduction in fatalities	fatalities / million passenger cars	*724 (data 2003)*	2007	National statistics + Road Police	-20%
Key Area of Intervention 4.3					
Output					
Environmental strategy for the transport sector	pcs		2007	MA SOP-T	1
Key Area of Intervention 5.1					
Output					
Cumulated number of training seminars	pcs	0	2007	MA SOP-T	25
Result					
Absorption of EU funds	%	0	2007	MA SOP-T	100%
Staff having received training	%		2007	MA SOP-T	95%
Key Area of Intervention 5.2					
Output					
Cumulated number of information materials and events	pcs	0	2007	MA SOP-T	15
Total number of website hits	pcs	0	2007	MA SOP-T	100,000
Result					
SOPT awareness increase	%	to be determined	2007	MA SOP-T	50%

VI.5 Promotion Plan

VI.5.1 Background and Requirements

The draft European Commission Regulation covering information and publicity for the Cohesion and Structural Funds, which is expected to be adopted during 2006, sets out specific requirements for information and publicity measures, including the preparation of a Communication Plan for each Operational Programme (or one for all Operation Programmes, if the Member State so decides).

In Romania, all managing authorities have been asked to prepare such a Communication Plan, which shall include the information and publicity measures planned for potential and actual beneficiaries of the Funds and the public. Each Communication Plan is required to set out its aims and target groups; the strategy and content of measures to be taken; an indicative budget; the bodies responsible for information and publicity; and how the measures taken are to be evaluated.

The Regulation also specifies information and publicity measures to be taken by beneficiaries to inform the public and acknowledge EU funding.

VI.5.2 Aim and Objectives

Taking into account the above requirements, and the partnership and transparency principles in the programming process, the aim and objectives of the Communication Plan are defined as follows:

Overall Aim: to promote understanding and appreciation of the role and purpose of Structural Instruments, and the European Union's contribution thereto, in developing the transport infrastructure of Romania.

This overall aim is broken down into a number of specific objectives:

- **Specific Objective 1:** to inform the partners and final beneficiaries (existing and potential) involved in implementation of the SOP-T of its priorities, measures and results and of their responsibilities for information and publicity.

- **Specific Objective 2:** to ensure the highest degree of transparency of the activities implemented by the Managing Authority in developing and modernising the transport infrastructure of Romania, through informing the general public about the overall scope, the importance, the priorities the specific measures and the results of the SOP-T.

- **Specific Objective 3:** to ensure the internal communication, both with the staff of the Managing Authority and the stakeholders in order to effectively co-ordinate the publicity concerning SOP-T in accordance with other publicity for Structural Instruments and the National Strategic Reference Framework.

- **Specific Objective 4:** to promote aspects of the SOP-T which emphasise environmental protection and the development of equal opportunities.

- **Specific Objective 5:** to monitor and evaluate information and publicity activities to ensure they achieve the above objectives and conform to the rules set out in the EC Regulation on Publicity.

VI.5.3 Target Audiences

The target audiences for information and publicity measures can be defined as follows:

- The **Internal Public**: managing authority staff, other MTCT directorates, other relevant ministries, management authorities and EU institutions.

- The **Professional Public**: beneficiaries, social and economic partners, other intermediate communicators such as the media, regional and local authorities, business organisations, trade unions, chambers of commerce, Members of Parliament and NGOs.

- The **General Public**: Members of the public and legal entities, including certain groups to receive specific information (passengers, drivers etc).

Before implementing the measures proposed below, further **research** will be required to identify the existing levels of knowledge and the information needs of each target group; to develop and test the messages and materials to be delivered to each; and to identify the most appropriate information channels for providing information to them.

VI.5.4 Activities

The following activities are planned to achieve the proposed objectives:

Specific Objective 1: To inform the partners and final beneficiaries (existing and potential) involved in implementation of the SOPT of its priorities, measures and results and of their own responsibilities for information and publicity.

1.1 Collaboration with relevant ministries, local authorities and social and economical partners in organising workshops at national and regional level to transmit key information regarding the SOPT (priorities, conditions of eligibility, procedures, criteria, contacts etc).

1.2 Production and distribution of information materials regarding SOPT at the workshops and through European Information Offices, Regional Development Agencies, regional branches of beneficiaries, chambers of commerce and other outlets, including a website.

1.3 Establishing networking systems (meetings, newsletters, e-mail updates etc) for dialogue with partners and beneficiaries to ensure a regular flow of information concerning implementation of the SOPT. Establish a specific e-mail address dedicated for information and communication unit and allocation of a specific telephone number in order to establish direct contact with the public.

1.4 Production and distribution to all beneficiaries of a guide to their rights and responsibilities in accepting funding, including a check-list of information and publicity measures to be taken.

1.5 Arrangement of a visit room for the public, including establishment of a help desk to answer inquiries from beneficiaries and partners.

Specific Objective 2: To ensure the highest degree of transparency of the activities implemented by the Managing Authority in developing and modernising the transport infrastructure of Romania, through informing the general public about the overall scope, the importance, the priorities the specific measures and the results of the SOP-T.

2.1 Organising press conferences, interviews, press releases and articles at national and regional levels to ensure a regular stream of media coverage of the SOP-T.

2.2 Producing public information bulletins for broadcast on television and radio at national and regional level to explain the SOP-T.

2.3 Producing regular information materials and disseminating them via partner organisations at national and regional level, containing updated news on implementation of the SOP-T.

2.4 Establishing and maintaining a website for presenting the SOP-T and updated news on its implementation, including details of beneficiaries and projects funded, and the amount of public funding.

2.5 Providing a forum on the website for public consultation and feedback on the SOP-T.

2.6 Organising a high-profile conference to launch the SOP-T and seminars each year at national and regional level to present the achievements of the SOP-T and information on projects funded.

2.7 Producing printed materials for outdoor publicity (banners, posters, billboards). These materials will be exposed in crowed public places.

Specific Objective 3: To ensure the internal communication, both with the staff of the Managing Authority and the stakeholders in order to effectively co-ordinate the publicity concerning SOP-T in accordance with other publicity for Structural Instruments and the National Strategic Reference Framework.

3.1 Developing the public relations capacity within the managing authority, through a dedicated unit and communications training, to manage information and publicity activities.

3.2 Maintaining good internal communications within the managing authority and with other members of the "internal public", including regular e-mail or Intranet updates

3.3 Participation in a network of managing authorities and partners to co-ordinate information and publicity activities and share best practice.

3.4 Ensuring usage of a common logo and visual identity for all SOP-T materials.

Specific Objective 4: To promote the aspects of the SOP-T which emphasise environmental protection and the development of equal opportunities.

4.1 Ensuring that all information and publicity materials for the SOP-T mention wherever appropriate environmental and equal opportunity considerations included in the preparation and development of projects.

4.2 Ensuring that dialogue with social and economic partners and with relevant NGOs includes exchange of information on these aspects.

Specific Objective 5: To monitor and evaluate information and publicity activities to ensure they achieve the above objectives and conform to the rules set out in the EC Regulation on Publicity.

5.1 Development of a set of indicators for measuring the extent and impact of publicity and information activities regarding the SOP-T.

5.2 Informing the Monitoring Committee of information and publicity activities for inclusion in its reports.

5.3 Amending the Communication Plan as required, to ensure ongoing fulfilment of its objectives.

A detailed **Implementation Plan** for information and publicity measures, including estimated costings, timetable and allocation of responsibilities, has been prepared.

The relative importance of the objectives may vary in time and some "communication" subjects may require different type of resources, according to the project type. In addition, the communication / information methods are different, according to the funds types and beneficiaries.

VI.5.5 Budget

The SOP-T covers budget commitments over the period 2007 – 2013. However, implementation of the SOP-T will last until 2015. The Communication Plan has therefore been prepared for the 9 years implementation period, with particular focus in 2015 on communication of results achieved.

15.09 million Euros has provisionally been allocated from the Technical Assistance budget for information and publicity measures concerning the SOP-T over the period 2007-2015. This should be sufficient to ensure high visibility activities so that all the above objectives are fulfilled.

A breakdown of the estimated budget is included in the Information and Publicity Implementation Plan (see Annex 12).

VI.5.6 Management and Implementation

Information and publicity activities will be managed by the **Institutional Support, Publicity and Information (ISPI) Unit** established within the managing authority. Resources allocated should consist in four persons, with the following functions:

- **Press Officer (possibly Head of Unit)**: responsible for managing the ISPI Unit, relations with other units, co-ordination with other Structural Instruments publicity and communications with the media.

- **Publications & Design Officer**: responsible for development, production and distribution of information materials, including management of out-sourced services such as design and advertising, and ensuring use of common visual identity in all SOP-T materials.

- **Website and Internal Communication Officer**: design and maintenance of content SOP-T website, liaison with IT Unit regarding technical maintenance and collection and distribution of regular internal information by e-mail / Intranet newsletter.

- **Information & Aftercare Officer**: responsible for handling enquiries from beneficiaries, partners and the public and staffing a help desk for partners / beneficiaries to provide detailed information and an aftercare service.

The Unit should also have secretarial / administrative support. It will also require a standard set of **equipment** for a communications department, details of which are given in the Implementation Plan.

The above is proposed as the initial structure of the ISPI Unit, given the large volume of information and publicity activities required during the launch and early period of the SOP-T. Its functions and staffing levels should, however, be reviewed thereafter.

Some of the information and publicity measures will almost certainly require out-sourcing for professional services (such as design, printing, advertising and

photography). It will be the responsibility of the ISPI Unit to prepare and technically manage such services. Procedurally, these services will be contracted in accordance with public procurement rules, by the Managing Authority Project Implementation Agency. The Project Implementation Agency will act as contracting authority, while the ISPI will ensure the technical management of the services to be contracted.

It will also be very important that publicity concerning the SOP-T is carefully co-ordinated with that for Structural Instruments overall and for other Operational Plans, since many of the target groups, messages and information channels will overlap. The ISPI Unit should therefore take an active part in the network of PR colleagues from other managing authorities and partners which is being established

Apart from the IPA Unit, **training** will be required for other staff of the managing authority and major partners and beneficiaries – in particular, its senior officials and public spokespersons – in communications skills, such as media interview techniques. Such training is included in the Implementation Plan.

VI.5.7 Evaluation and Monitoring

As described above, the ISPI Unit will develop monitoring and evaluation indicators for information and publicity activities to measure their effectiveness. It will collect information and provide this to the Monitoring Committee for inclusion in its annual reports.

In particular, the mid-term Monitoring Committee's report and its final annual report are required to include results of the evaluation of information and publicity measures.

VI.6 Procedures for introducing changes to the Programme Complement

The present Programme Complement will be approved through an Order of the Minister in charge of Transport.

Any modification has therefore to be also approved through an Order of the Minister in charge of Transport.

Modifications to the Programme Complement might be of two kinds:

- as a result of a modification of the SOP-T, in which case the modification of the programme complement is drafted by the Managing Authority, endorsed by the Head of the Managing Authority and presented for approval by the Minister in charge of Transport after the SOP-T has formally been modified,
- without any modification of the SOP-T.

In this second case, it is foreseen that the main type of modification to be introduced will concern the breakdown of financial allocation amongst key areas of intervention within a given priority axis.

The need for modifications of the Programme Complement might be detected by the Managing Authority as a result of an annual implementation report or of an evaluation report. Such need can also be detected by the Monitoring Committee, that will issue a recommendation to the Managing Authority.

The decision to modify the Programme Complement lies with the Managing Authority.

The modification of the Programme Complement is prepared by the Programming Unit. Depending on the nature of the modification, a consultation process with the partners might take place. As a minimum, the general directorates within the MTCT are consulted, as well as the MA CSF. The draft modification is reviewed within the Managing Authority and endorsed by the Head of the Managing Authority

It then follows the regular procedure of a document submitted for approval through Order of the Minister in charge of Transport.

Annex 1

PRIORITY AXIS 1 – Modernisation and Development of Trans – European transport infrastructure (TEN-T) priority axes

Key Area of Intervention 1.1 – Modernisation and development of road infrastructure along the TEN-T priority axis 7

1.1.1. Description

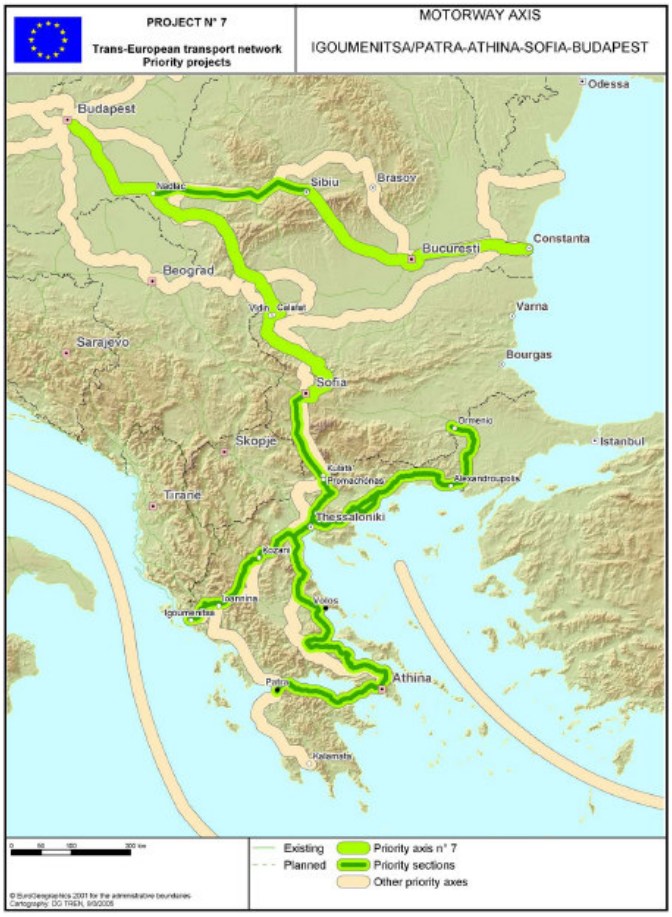
Background and rationale

The projects currently proposed under this key area of intervention are the following:

Motorway section	Length (km)	Investment costs (Meuro)
Nadlac - Arad	38.00	147.44
Orastie - Sibiu	70.00	669.00
Sebes Bypass	7.00	38.77
part of Sibiu – Pitesti	75.00	590.00

Justification for selection

The progressive construction of a motorway along TEN-T Priority axis no. 7 represents both a Romanian and an EU objective. Within this axis, the priority section is Nadlac to Sibiu (see map).



The current status of the Priority axis no. 7 can be summarised as follows:

Section	Length	Type	Status and Comment
Northern branch			
Nadlac – Arad	38	Motorway	Proposed under SOP-T
Arad – Timisoara	38 (+Arad bypass 11)	Motorway	EIB funding (see below)
Timisoara – Lugoj	31	Motorway	EIB funding (see below)
Lugoj – Ilia – Deva	91	Motorway	Proposed under SOP-T (but currently not retained due to budget limits)
Deva - Orastie	33	Motorway	ISPA funding (see below)
Orastie – Sibiu (including Sebes bypass)	77	Motorway	Proposed under SOP-T
Sibiu bypass	15 (+link 8 km)	Motorway	ISPA funding (see below)
Sibiu - Cornetu	57	Motorway	Proposed under SOP-T
Cornetu - Pitesti	90	Motorway	Proposed under SOP-T
Pitesti - Bucharest	96	Motorway	Under operation
Bucharest - Drajna	97	Motorway	Under operation
Drajna – Fetesti	37	Motorway	ISPA funding
Fetesti – Cernavoda	17	Motorway	ISPA funding (rehabilitation)
Cernavoda – Constanta	51	Motorway	EIB funding + Budget

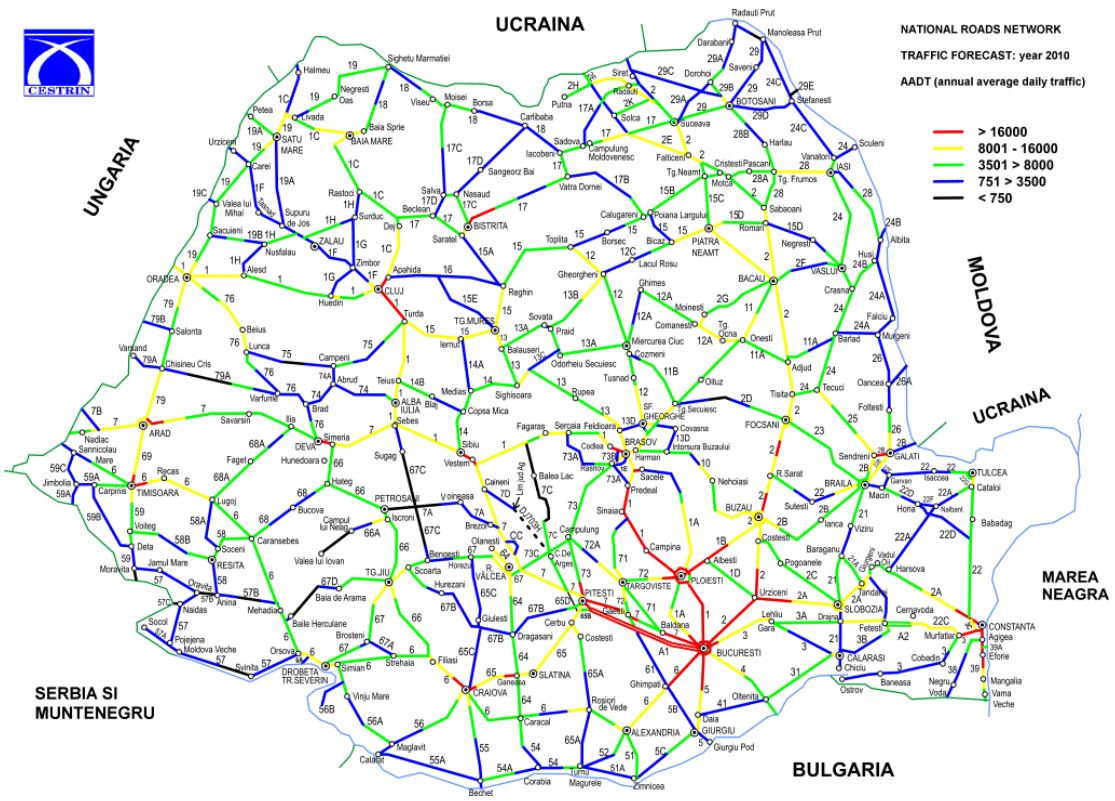
Southern branch			
Nadlac – Arad – Timisoara – Lugoj (see above)			
Lugoj – Drobeta Turnu Severin	160	2x1 Road	ISPA funding (rehabilitation)
Drobeta Turnu Severin – Simian – Maglavit – Calafat	110	2x1 Road	EIB funding (rehabilitation)

As can be seen, the focus is on motorway construction for the northern branch, while it is intended that road rehabilitation will provide the required capacity for the southern branch. The attached figure, showing traffic forecasts for year 2010, justifies this focus.

The traffic levels forecasts for 2010 between Lugoj and Calafat via Drobeta Turnu Severin are generally comprised between 3,500 and 8,000 vehicles per day. Such levels do not call for motorway development in the medium term.

On the other hand, traffic levels on the route Nadlac – Timisoara – Sibiu – Pitesti Bucharest are mainly above 8,000 vehicles per day, with sections above 16,000. It also appears that the section Lugoj – Deva is likely to be the less trafficked.

The revision of feasibility study to be performed under ISPA 2004 PA02.01 will however provide a detailed analysis for each individual section as well as for the entire link between Bucharest and the Hungarian border.



Arad Bypass & Arad-Timisoara

The Government of Romania has obtained a loan from the European Investment Bank (EIB) towards the design and construction of Arad Bypass (2-lane national road ~ 11 km) and Arad-Timisoara (Motorway Standard ~38 km). RNCMNR intends to open discussions with EIB/EU for supplementing the EIB loan with Cohesion Fund financing for construction of Arad Bypass also at motorway standard.

The pre-qualification for design services is ongoing, and award of contract is expected for early 2006. The works are currently expected to commence early 2007.

Timisoara-Lugoj

The above mentioned EIB loan includes provisions for a feasibility study and EIA of the 31 km Timisoara-Lugoj section. It is envisaged that EIB will accept to finance the works through a loan agreement to be signed in 2007. The feasibility study is expected to commence mid 2005.

A 4-lane by-pass of Timisoara as well as the rehabilitation of the section Timisoara - Lugoj (DN 6) is being co-financed by the Japanese Overseas Economic Co-operation Fund (OECF) and the Romanian Government. Construction started in 2003.

Deva-Orastie Bypass

Procurement of services for a detailed design review and update, including supervision of works for the construction of the 33 km Deva-Orastie motorway bypass is ongoing. The works and services are financed under ISPA and service contract award is expected mid 2006.

Sibiu Bypass

The ISPA financed works for the construction of the 24 km Sibiu Motorway bypass are ongoing and the expected completion date is October 2006.

Economic evaluation

Under the "TA to MTCT for managing Structural Instruments" project, a standard economic evaluation has been performed. The methodology used is described in the Paper "Road projects evaluation". The results are the following:

Title	Traffic on project	Traffic on project	Traffic on project	Length of project	Construc-tion cost exc. tax	Total invest cost exc. tax	EIRR	NPV	PV/C
	2005	2010	2015	km	MEUR	MEUR			
Nadlac/Arad	4,821	6,380	8,058	38	147.44	176.93	9.7%	26.24	1.19
Lugoj/Deva	2,820	3,719	4,680	85	638	765.6	0.0%	-498.60	0.16
Orastie/Sibiu	7,635	10,152	12,888	70	669	802.8	6.3%	-97.32	0.84
Sebes Bypass	4,628	6,141	7,780	10.4	38.77	46.52	11.0%	11.04	1.31
Sibiu/Cornetu	6,862	9,092	11,499	57	490	588	6.1%	-78.06	0.83
Cornetu/Pitesti	8,333	10,978	13,798	90	770	924	8.7%	43.51	1.07
Cernavoda /Constanta	8,112	10,658	13,357	50.8	300	360	11.9%	118.10	1.42

It has to be mentioned that the above evaluation is a preliminary one and results should be refined during the feasibility studies.

Projects proposed under SOP-T

All the projects proposed directly contribute to the completion of the motorway link between the Hungarian border to Constanta through Arad, Timisoara, Sibiu and Bucharest. However, the funding available under Cohesion Fund does not enable to select them all for funding under the SOP-T 2007 – 2013.

Nadlac – Arad will represent the motorway link with the Hungarian border. In addition to the project own merits (ERR, etc), it is seen having a significant contribution towards the development of the trans-European network.

The Orastie – Sebes – Sibiu section (including Sebes bypass) will enable to link two motorway bypasses currently under construction (Deva – Orastie and Sibiu), in an area with high traffic levels.

The three sections Lugoj – Deva, Sibiu – Cornetu and Cornetu – Pitesti have each budgets that are extremely high. The selection of part of Sibiu - Pitesti for funding under the SOP-T has been proposed mainly based on the current need for additional traffic capacity. The feasibility study to be performed under ISPA 2004 PA02.02 will assist defining which sub-section could be funded under the SOPT (in accordance with the budget available).

For the Lugoj – Deva section, an EIB loan is also currently being considered.

Reserve project

Finally, the EIB is funding about 200 Meuro of the Cernavoda – Constanta section, that will complete the link between Bucharest and Constanta. However, that section is likely to have a cost of about 300 Meuro. The SOP-T involvement might therefore enable to complete it, in case budget resources are not sufficient. One issue to be solved in this case would be the type of co-financing with the EIB.

The Cernavoda – Constanta section is currently under preparation under EIB financing.

Objectives

The direct output of the present key area of intervention is estimated at 190 km of 4 lanes motorways constructed along TEN-T priority axis no. 7. Using a correction coefficient, this leads to an indicator of 600 lane-km constructed.

The specific objective is to progressively build motorway sections along TEN-T priority axis no. 7, so as to ensure:

- reduced travel time,
- reduced vehicles operating costs,
- increased safety,
- increased comfort.

Such effects will be quantified for each individual section, as part of the feasibility studies.

Those effects, in turn, will contribute to reduce the generalised cost of transport and increase mobility, that is to be translated into an increase of the passenger and freight traffic.

1.1.2. Operations

The operations to be funded under this key area of intervention are primarily sets of construction and supervision contracts, for sections of motorways.
It is also likely that some studies be funded, feasibility studies and / or designs for sections of TEN-T priority axis no. 7. Apart from those studies, it is foreseen that all investment projects will be major projects.

The **project preparation** status is the following

Section	Status
Nadlac - Arad	2001 feasibility study. Revision of feasibility study and detailed design funded under ISPA 2004 PA02.01
Orastie - Sibiu	2004 feasibility study. Revision of feasibility study and detailed design funded under ISPA 2004 PA02.01
Sebes Bypass	2001 design. Detailed design review and update funded under ISPA 2004 PA02.01
Part of Sibiu - Pitesti	1993 pre-feasibility study. Revision of feasibility study funded under ISPA 2004 PA02.02

The status of the Sibiu – Pitesti section is still under discussion: it is currently proposed that this section be constructed under a design-build-operate (DBO) agreement. In terms of project preparation, the feasibility study would therefore need to be developed so that it results into a tender dossier for DBO. This however requires additional budget and a modification of the related ISPA Financing Memorandum.

1.1.3. Categorisation of interventions

- Priority theme

Code	Priority theme
	Transport
21	Motorways (TEN-T)

- Form of finance

Code	Form of finance
01	Non-repayable aid

- Territorial dimension

Code	Territory type
00	Not applicable

1.1.4. Grant size

Eligible value of the project (Euro)	N.A.
Maximum size of grant to total eligible cost (%)	85
Minimum contribution of the applicant (%)	15, through State budget
Community contribution to the support granted (%)	85
National public contribution to the support granted (%)	100

1.1.5. Project selection criteria

The following criteria are proposed for consideration by the Monitoring Committee:

- Eligibility criteria
  - Relevance
    - type of project: road (including motorway)
    - location: along TEN-T priority axis no. 7
    - need for grant (against financial rate of return)
    - in line with SOP-T resources available
  - Effectiveness: minimum maturity requirements:
    - complete feasibility study, including analysis of variants, cost benefit analysis and environmental impact assessment,
    - approval by beneficiary management,
    - existence of land planning certificate,
    - existence of environmental permit.

- Selection criteria
  - Relevance
    - project contribution to global objective: motorway along TEN-T priority axis no. 7
    - project contribution to increased road safety
    - value added of EU funding
    - EU policies: observance of rules regarding environmental protection, public procurement, State aid and equal opportunities
  - Feasibility
    - quality of technical solutions
    - capacity adapted to current and future demand
    - cost estimate justified and in line with similar projects
    - quality of route choice and analysis of variants
    - economic rate of return,
    - adjustment of need for grant (against financial rate of return),
    - environmental mitigation costs limited to a reasonable share of the project costs
  - Effectiveness
    - project readiness:
      - status of design preparation,
      - status of land acquisition,
      - status of utilities protection / relocation design,
    - beneficiary:
      - existence of clear implementing unit,
      - nomination of project manager(s),
      - sound management and control systems
    - financial plan
      - based on realistic implementation plan
      - detailed
      - existence of financial resources for non-eligible costs and project management
    - risk analysis and sensitivity:
      - adequate identification of risks
      - mitigation proposals
  - Sustainability
    - sufficient partnership and consensus
    - viability: clear arrangements for operation and maintenance

1.1.6. Intermediate Bodies

Not applicable.

1.1.7. Competent Body for making payments to beneficiaries

Authority for Certification and Payments, within the Ministry of Public Finance

1.1.8. Beneficiaries

Romanian National Company for Motorways and National Roads CN ADNR SA

1.1.9. End recipients

Not applicable

1.1.10. Financial Plan

- Euro 2004-

Total budget (eligible costs)	**1,661,990,000**
Community contribution (CF)	**1,412,690,000**
National contribution - Public - Private	**249,300,000** **249,300,000** **-**

For information:
Land acquisition and permits are estimated at 144 Meuro,
VAT is estimated at 315 Meuro,
The State Inspectorate in Construction tax is estimated at 11 Meuro.

1.1.11. Monitoring and evaluation indicators

Evaluation indicators

At key area of intervention level, evaluation will be performed based on the objective indicators defined above.
At operations level, evaluation shall be performed on the basis of the main indicators identified in the feasibility studies: traffic levels, savings in terms of time, VOC and safety. It is recommended to recalculate the economic rate of return:

- upon completion of each project,
- 5 years after completion of each project.

Monitoring indicators
The main indicators of monitoring shall be:

- progress in design preparation,
- progress in tendering and contracting,
- progress in land acquisition,
- progress in utilities relocation / protection,
- progress in works implementation (physical and financial),
- evolution of actual contract price.

The attached estimated timetables and expenditures tables should be used as references.

1.1.12. Horizontal themes

- Sustainable development

Each project will be subject to a full Environmental Impact Assessment.

- Equal opportunities

Hardly applicable

1.1.13. State Aid

The infrastructure to be built is State public infrastructure, to be operated by the public company CN ADNR SA, concessionaire of the entire national roads and motorway network of Romania.
In case it is decided to entrust operation and maintenance to another company, the relevant public procurement rules will be observed.

Annex 2

PRIORITY AXIS 1 - Modernisation and Development of Trans – European transport infrastructure (TEN-T) priority axes

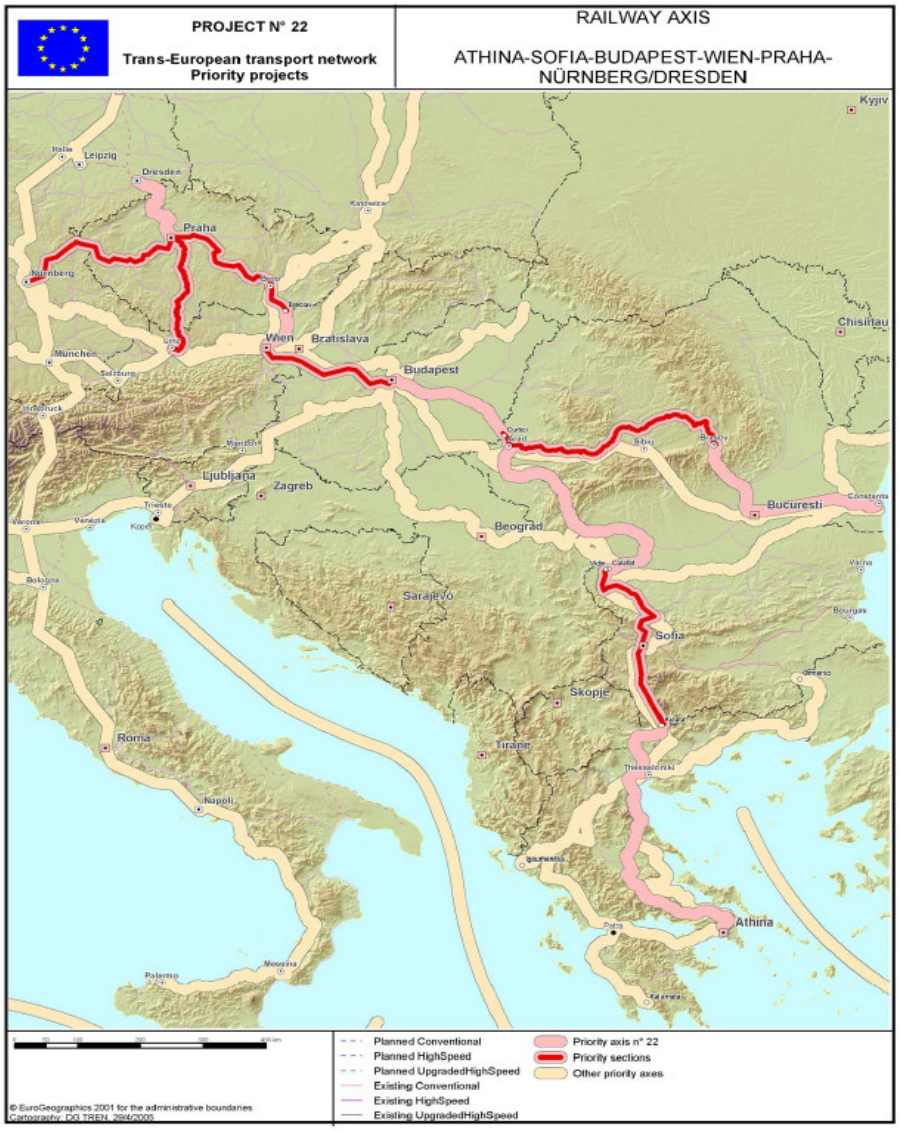
Key Area of Intervention 1.2 – Modernisation and Development of railway infrastructure along the TEN-T priority axis no. 22

1.2.1 Description

Background and rationale

Justification for selection

The progressive rehabilitation and upgrading of the railway line along TEN-T Priority axis no. 22 represents both a Romanian and an EU objective. Within this axis, the priority section is Curtici to Brasov (see map).



Project concept and objectives

The concept of rehabilitation and upgrading needs to be clarified. It includes:

- rehabilitation of the line so as to catch up the maintenance backlog,
- upgrading to higher speeds, in line with the requirements of the AGC (General Agreement on Railways),
- implementation of ERTMS 2 (ETCS and GSM-R), in line with the EU interoperability requirements.

In practice, it appears that the existing feasibility studies prepared for rehabilitation of the railway sections concentrate on rehabilitation and ETCS 1:

- while the AGC mentions 160 km/h as the minimum speed to be achieved on the network for passenger trains, the route geometry of existing railway lines does not enable to reach 160 km/h. Between Brasov and Simeria, speeds of 160 km/h would be achieved after rehabilitation on less than 24% of the total length only. Achieving higher speeds would require substantial re-alignment, including major land acquisition, but also relocation of a number of secondary stations and therefore an increased construction cost. The revision of the feasibility study for the section Curtici – Simeria, performed under an ISPA financing (2001/RO/16/P/PA/008) has shown that such option is economically less viable than the rehabilitation of the existing route with minor re-alignments. This is likely to be the result of the low value of time of railway users, whereby additional investments are difficult to justify through time savings.
  As a side issue, such result also tends to indicate that the feasibility of any high speed train is very questionable on the medium term.

- the European Commission has made clear that any railway project to be funded under the Structural Instruments shall observe interoperability requirements. In the case of rehabilitation / upgrading, this implies the implementation of ERTMS 2 (ETCS level 2 + GSM-R). This has not really been taken into account until now.

Current situation

The current status of the Priority axis no. 22 can be summarised as follows:

Section	**Length**	**Type**	**Status and Comment**
Northern branch			
Curtici - Simeria	184	Double, electrified	EIB + Proposed under SOP-T
Simeria - Coslariu	68	Double, electrified	Proposed under SOP-T
Coslariu - Sighisoara	98	Double, electrified	Proposed under SOP-T
Sighisoara - Brasov	128	Double, electrified	Proposed under SOP-T

Brasov - Predeal	26	Double, electrified	Proposed under SOP-T
Predeal - Campina	48	Double, electrified	ISPA 2004/RO/16/P/PT/007 (under tendering)
Campina – Bucharest North	92	Double, electrified	EIB. Section completed
Bucharest North – Bucharest Baneasa	5	Double, electrified	JBIC (under works)
Bucharest Baneasa - Fetesti	144	Double, electrified	ISPA 2000/RO/16/P/PT/001 (under works or contracts to be signed)
Fetesti - Constanta	79	Double, electrified	JBIC (under works)
Southern branch			
Curtici – Arad (see above)			
Arad – Timisoara	57	Single, electrified	
Timisoara – Drobeta Turnu Severin	210	Single, electrified	
Drobeta Turnu Severin - Strehaia	54	Single, electrified	Pre-feasibility study
Strehaia - Craiova	60	Double, electrified	Pre-feasibility study
Craiova – Calafat	108	Single, non-electrified	Feasibility study
Adjoining infrastructure to Calafat – Vidin bridge	3.3	Single, electrified	ISPA 2004/RO/16/P/PT/009 (FM signed)

To date, a single section has been effectively rehabilitated and completed, between Bucharest and Campina. Works are on-going (or contracts about to be signed) on the sections between Bucharest and Constanta. In addition, works for the section Campina – Predeal are under tendering.

The completion of the northern branch is seen as a priority.

The EIB is part funding the rehabilitation of Curtici – Simeria, through a 300 Meuro loan.

1.3 Cost estimates by sections

The cost estimates provided hereafter are based on those prepared by ISPCF (existing feasibility studies). The cost estimates are calculated the following way:

- effective construction cost, without VAT, as estimated by ISPCF,
- 10% additional cost for implementation of ERTMS 2,
- 5% supervision cost,
- 5% contingency,

- 3% for land acquisition,
- 19% VAT

Section	Construction cost (without VAT)	ERTMS 2	Supervision	Contingency	Total	Land acquisition	VAT
1	2	3	4	5	6	7	8
		10% of 2	5% of (2+3)	5% of (2+3+4)	2+3+4+5	3% of 2	19% of 6
Curtici – Simeria *	302.06	60.21	33.11	19.77	415.15	9.06	78.88
Simeria - Coslariu	322.60	32.26	17.74	18.63	391.23	9.68	74.33
Coslariu - Sighisoara	449.60	44.96	24.73	25.96	545.25	13.49	103.60
Sighisoara - Brasov	571.40	57.14	31.43	33.00	692.97	17.14	131.66
Brasov - Predeal	191.10	19.11	10.51	11.04	231.76	5.73	44.03
Craiova - Calafat	319.00	31.90	17.55	18.42	386.87	9.57	73.50
Total	**2,155.76**	**245.58**	**135.07**	**126.82**	**2,663.22**	**64.67**	**506.01**

All figures in MEURO.

** in the case of Curtici – Simeria, account has been taken of the 300 Meuro financing provided by the EIB.*

The conclusion of this cost estimate exercise is that the funds available under the Cohesion Fund (about 1.5 billion Euro total eligible costs) do not enable to complete the rehabilitation of the northern branch of the priority axis.

1.4 Studies

The SOP-T should also fund a number of studies: it is currently foreseen that it will fund, as a minimum, the detailed design of Predeal – Brasov and of Craiova – Calafat. This will require, depending on the technical solutions retained at feasibility stage, between 10 and 15 Meuro.

In addition, it appears that about 381 km between Arad and Craiova (the southern branch) require feasibility studies and designs. At this stage, it is reasonable to provide a global allocation of 30 Meuro, for:

- *feasibility studies on the entire section Arad – Timisoara – Craiova, and*
- *detailed design on selected sub-sections.*

Therefore, a total of about 45 Meuro should be reserved out of the key area of intervention for future studies, contributing to the objective of rehabilitation and upgrading of the TEN-T priority axis no. 22.

Selection of projects

Economic evaluation

Under the "TA to MTCT for managing Structural Instruments" project, a standard economic evaluation has been performed. The methodology used is described in the Paper "Railway projects evaluation". The results are the following:

Title	Invest. cost EURm	Dist km	Pax Time saving min	Freight Time saving min	EIRR	NPV at 8% discount	PV/C
RL06 Predeal - Brasov	237	26	3	2	4.8%	-27.76	0.76
RL07 Brasov - Sighisoara	710	130	26	48	9.0%	36.88	1.10
RL08 Sighisoara - Coslariu	559	98	24	36	9.2%	29.10	1.10
RL09 Simeria - Coslariu	401	69	15	10	8.5%	8.90	1.04
RL10 Simeria - Curtici	724	175	60	82	12.8%	175.79	1.49
RL12 Craiova - Calafat	396	108	43	43	-0.8%	-98.67	0.48

It has to be mentioned that the above evaluation is a preliminary one and results should be refined during the feasibility studies.

Projects proposed under SOP-T

A budget of 1,522 Meuro (eligible costs) has been allocated under this key area of intervention.

Predeal – Brasov – Sighisoara – Coslariu – Simeria

The actual selection of sections to be financed under the SOP-T will heavily depend on the procurement plan to be prepared under the project ISPA 2004/RO/16/P/PA/003.01.

This plan will perform a prioritisation of the sections rehabilitation, based on several criteria, including the rate of return by section, indicating how the best use of money could be made. However, it is obvious that the strategy of CFR and of the Government is, in fine, to rehabilitate the entire line. Therefore, the difference of timing is relatively minor and should take into consideration issues, such as:

- timing for preparation: priority would be given to sections for which the works remain within the existing route, meaning that the detailed design can be prepared in parallel with the finalisation of the feasibility study and that the land acquisition requirements are limited to a minimum. From this point of view, the sections Predeal – Brasov has in any case a different timing than the 3 sections between Brasov and Simeria, as the ISPA 2004/RO/16/P/PA/003 project will end after the finalisation of its feasibility study while detailed design will be part of a subsequent project.

- coherence of operations: it is very likely that the works will start at the same time on one or several of the sections between Brasov and Simeria and on the section Simeria – Curtici. Maintaining a reasonable continuity of the traffic and ensuring operational consistency after rehabilitation are therefore important objectives. An important aspect will be here to limit the disturbance of the existing traffic. In particular, there is a high risk that traffic that would

be diverted to another mode during (and because of) the performance of the works would be very difficult to attract back to railways.

- funding and budget possibilities: as highlighted under paragraph 1.3 above, the funds available under the SOP-T for railway rehabilitation do not cover the needs for rehabilitation of the section Predeal – Curtici. The possibility to gather additional funding (from IFIs for example) will also play a role.

- coherence with traffic data and other transport projects: traffic would be a significant argument in case of saturation, congestion or bottlenecks, which is far from being the case for the sections under consideration. Coherence with the road projects and particularly with the construction of the Bucharest – Pitesti – Sibiu – Nadlac motorway and with the construction of the Calafat – Vidin bridge should be looked at.

Curtici – Simeria

In the case of Curtici – Simeria, the role of the Cohesion Fund will be to complement the EIB financing. The intended scheme is the following (see detailed timing in Annex 1):

- a consultant will be hired (paid under EIB funds), in order to prepare the design for the entire section (March 2007 – September 2008),
- the works tender for the entire section is expected to take place from the beginning of 2009 to September 2009,
- the works would be performed from March 2010 to November 2013.

Following the tender procedure, the contracts will be grouped under two main umbrellas: those (co-)financed by the EIB and those financed under the Cohesion Fund. Therefore, there would be no direct co-financing between EIB and Cohesion Fund, while the overall scheme will enable adequate co-ordination.

Craiova – Calafat

In the case of the Craiova – Calafat railway line, the rate of return will play the major role as regards prioritisation, provided traffic on the existing line can be performed without major difficulties even without rehabilitation. Another determining element for prioritisation of the Craiova – Calafat section will be the railway plans on the Bulgarian side and mainly on the line Vidin – Sofia.

Overview

Therefore, the likely overview is the following:

Section	Construction cost (without VAT)	ERTMS 2	Supervision	Contingency	Total	Land acquisition	VAT
1	2	3	4	5	6	7	8
		10% of 2	5% of (2+3)	5% of (2+3+4)	2+3+4+5	3% of 2	19% of 6
Curtici - Simeria *	302.06	60.21	33.11	19.77	415.15	9.06	78.88
part of Predeal - Simeria	875.00	87.50	48.13	50.53	1,061.16	26.25	201.62
Feasibility studies and designs					45.00		8.55
Total	1,177.06	147.71	81.24	70.30	**1,521.30**	35.31	289.05

* takes account of EIB funding

In this pipeline, the exact definition of sub-sections to be financed between Predeal and Simeria remains to be done, as part of the procurement plan exercise. The total estimated construction cost of these sections is about 1,500 Meuro, while 875 Meuro, that is about 60%, would be available under the Cohesion Fund.

1.2.2 Operations

The operations to be funded under this key area of intervention are primarily sets of rehabilitation and supervision contracts for sections of railway along TEN-T priority axis no. 22. In addition, feasibility studies and designs will also be funded, for rail rehabilitation and modernisation along the same priority axis. Apart from these studies, it is foreseen that all projects will be major projects.

The **project preparation** status is the following

Section	Status
Curtici - Simeria	Revision of feasibility study funded under ISPA 2001 PA 08 Design to be funded under EIB loan
Simeria – Coslariu – Sighisoara – Brasov	Revision of feasibility study and detailed design funded under ISPA 2004 PA 03
Brasov – Predeal	Revision of feasibility study funded under ISPA 2004 PA 03. Detailed design to be funded under Cohesion Fund
Craiova – Calafat	Revision of feasibility study funded under ISPA 2004 PA 03. Detailed design to be funded under Cohesion Fund

1.2.3 Categorisation of interventions

- Priority theme

Code	Priority theme
	Transport
17	Railways (TEN-T)

- Form of finance

Code	Form of finance
01	Non-repayable aid

- Territorial dimension

Code	Territory type
00	Not applicable

1.2.4 Grant size

Eligible value of the project (Euro)	N.A.
Maximum size of grant to total eligible cost (%)	100
Minimum contribution of the applicant	-
Community contribution to the support granted (%)	85
National public contribution to the support granted (%)	15

1.2.5 Project selection criteria

The following criteria are proposed for consideration by the Monitoring Committee:

- Eligibility criteria
  - Relevance
    - type of project: railway
    - location: along TEN-T priority axis no. 22
    - EU policy: infrastructure project integrates ERTMS level 2
    - need for grant (against financial rate of return)
    - in line with SOP-T resources available
  - Effectiveness: minimum maturity requirements:
    - complete feasibility study, including analysis of variants, cost benefit analysis and environmental impact assessment,
    - approval by beneficiary management,
    - existence of land planning certificate,
    - existence of environmental permit.

- Selection criteria
  - Relevance
    - project contribution to global objective: interoperable railway along TEN-T priority axis no. 22, meeting AGC requirements
    - project contribution to increased safety
    - value added of EU funding

        - EU policies: observance of rules regarding environmental protection, public procurement, State aid and equal opportunities
    - Feasibility
        - quality of technical solutions
        - capacity adapted to current and future demand
        - cost estimate justified and in line with similar projects
        - project technical features: close to AGC standards (160 km/h, progressive removal of level crossings, etc)
        - economic rate of return,
        - adjustment of need for grant (against financial rate of return),
        - environmental mitigation costs limited to a reasonable share of the project costs
    - Effectiveness
        - project readiness:
            - status of design preparation,
            - status of land acquisition,
            - status of utilities protection / relocation design,
        - beneficiary:
            - existence of clear implementing unit,
            - nomination of project manager(s),
            - sound management and control systems
        - financial plan
            - based on realistic implementation plan
            - detailed
            - existence of financial resources for non-eligible costs and project management
        - risk analysis and sensitivity:
            - adequate identification of risks
            - mitigation proposals
    - Sustainability
        - sufficient partnership and consensus
        - viability: clear arrangements for operation and maintenance

1.2.6 Intermediate Bodies

Not applicable.

1.2.7 Competent Body for making payments to beneficiaries

Authority for Certification and Payments, within the Ministry of Public Finance

1.2.8 Beneficiaries

Romanian Railway Company CFR S.A. (infrastructure company)

1.2.9 End recipients

Not applicable.

1.2.10 Financial Plan

- Euro 2004 -

Total budget (eligible costs)	**1,522,570,000**
Community contribution (CF)	**1,294,190,000**
National contribution - Public - Private	**228,390,000** **228,390,000** **-**

For information:
Land acquisition and permits are estimated at 40 Meuro,
VAT is estimated at 289 Meuro,
The State Inspectorate in Construction tax is estimated at 9.8 Meuro.

1.2.11 Monitoring and evaluation indicators

Evaluation indicators

At key area of intervention level, evaluation will be performed based on the objective indicators defined above.
At operations level, evaluation shall be performed on the basis of the main indicators identified in the feasibility studies: traffic levels, comparison with traffic levels on the parallel road network, savings in terms of time, VOC and safety, external benefits. It is recommended to recalculate the economic rate of return:

- upon completion of each project,
- 5 years after completion of each project.

Monitoring indicators

The main indicators of monitoring shall be:

- progress in design preparation,
- progress in tendering and contracting,
- progress in land acquisition,
- progress in utilities relocation / protection,
- progress in works implementation (physical and financial),
- evolution of actual contract price.

The attached estimated timetables and expenditures tables should be used as references.

1.2.12 Horizontal themes

- Sustainable development

Each project will be subject to a full Environmental Impact Assessment.
The projects will improve railway infrastructure along TEN-T priority axis no. 22 and will contribute to develop railway transport, that is considered as a sustainable mode.

- Equal opportunities

Hardly applicable.

1.2.13 State Aid

The infrastructure to be built is State public infrastructure, to be operated by the public company CN CFR SA, concessionaire of the national railway network of Romania. Access of railway operators to the network is ensured in a transparent and open manner.

Annex 3

PRIORITY AXIS 1 - Modernisation and Development of Trans – European transport infrastructure (TEN-T) priority axes

Key Area of Intervention 1.3 – Modernisation and development of water transport infrastructure along the TEN-T priority axis no. 18

1.3.1 Description

Background and rationale

The projects retained under this key area of intervention are the following:

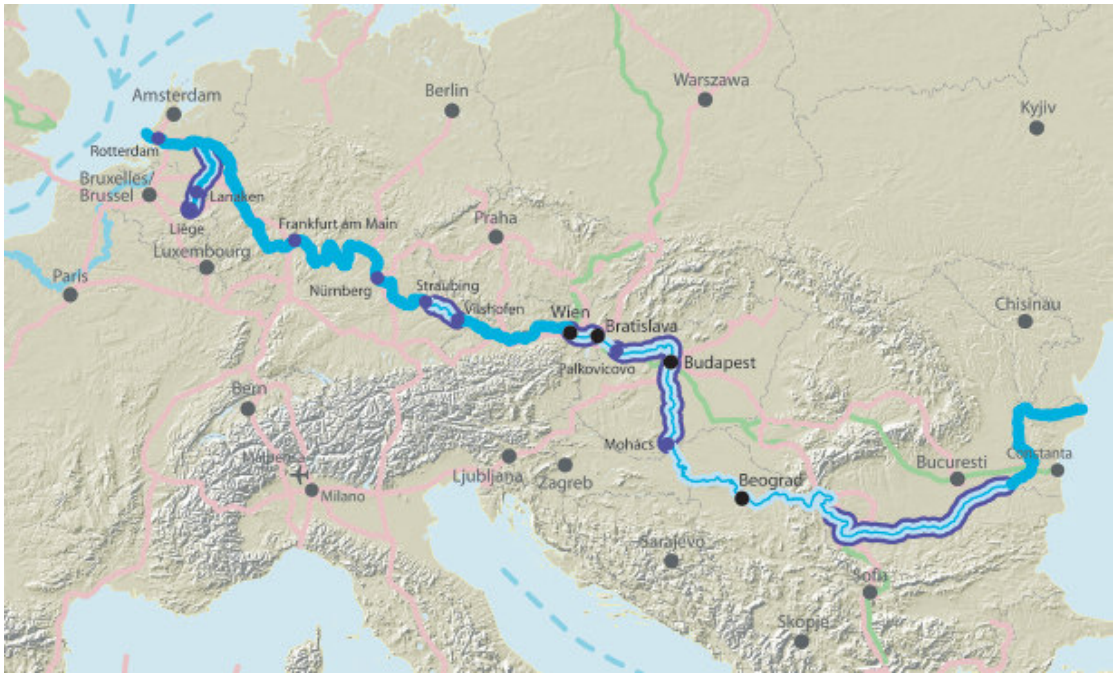
Water main section	Length (km)	Investment costs (Meuro)
Danube River, common Romanian – Bulgarian Section (Iron Gates II - Calarasi)	488	69.65
Danube River, Calarasi – Braila Section, phase 1.2	75	11.50
Danube River, Calarasi – Braila Section, phase 2	75	25.40
Danube River Delta, Sulina Canal	35	80.00

Justification for selection

The enlargement of the European Union has resulted in the addition of significant new waterways to the EU system, and with the accession of Romania another important link between the North Sea and the Black Sea will be in place. Inland Waterway Transport (IWT) is consequently expected to play a more important role in the internal market, and in the integration of the new Member States in realising their economic growth potential as part of an intermodal transport chain.

In recent European Commission study -"PINE-Prospects of Inland Navigation within the enlarged Europe" it was stressed that the common transport policy attaches major importance to the development of inland waterways as a transport mode. IWT was identified both as an alternative to road transport and an opportunity for the development of intermodalism. IWT was identified as competitive, secure, and environmentally superior as well as able to provide the fleet and infrastructure capacity for high volume transport.

The Rhine–Main–Danube axis is a major freight route connecting the North Sea (port of Rotterdam) to the Black Sea (in particular the port of Constanta). Several sections pose navigability problems since the draught is less than 2.8 metres at some times of year. To give access to vessels of up to 3,000 tonnes, a minimum draught of 2.5 metres is required along the entire length of the waterway.



Priority Axis no. 18 (source: Trans-European transport network, Priority axes and projects 2005, EC Directorate-General for Energy and Transport)

With a length of 2,783.4 km, of which 2,414 km are navigable, the Danube River is one of the longest rivers in Europe. It represents the main inland transport corridor linking Western and South-eastern Europe. It crosses, or touches, the countries of Germany, Austria, Slovakia, Hungary, Croatia, Serbia, Romania, Bulgaria, Moldavia and the Ukraine. Through the Main-Danube Canal it connects the North Sea with the Black Sea.

The European Union has already invested heavily in the improvement of the Danube. For instance, completion of the EU funded rehabilitation of the Sloboda Bridge (Novi Sad, Serbia) during 2005 removed a major impediment to the use of the river, though further river rehabilitation programmes are still necessary to achieve minimum Belgrade Convention navigation standards in Serbia.

Rehabilitation of the middle Danube River Basin will have a significant socio-economic and positive environmental impact, and will help to facilitate and optimise investments both by the private and public sectors once the infrastructure impediments are removed. However, this also requires similar improvements elsewhere on the river, as a piecemeal approach to river basin development and management will hinder the competitive development of IWT. Only a comprehensive approach can ensure an optimal outcome, resulting in efficient resource use, economic growth and a more balanced environment.

Romania is part of international agreements relating to its stewardship of part of the Danube, notably the 1948 Belgrade Convention which set up the Danube Commission to monitor the Danube regime and regulate cross-border Danube shipping, and the 1994 Convention on Cooperation for the Protection and Sustainable Use of the

Danube River (the Danube River Protection Convention) set up by the Danube basin countries and the European Union.

The European Agreement on Main Inland Waterways of International Importance was adopted by the UN/ECE Inland Transport Committee in 1996 and has been signed by both Romania and Bulgaria.

Within its agreement to join the EU in 2007, Romania commits itself to the maintenance and development of the inland waterways that are part of the TEN T Priority axis no. 18: Danube River and the Danube - Black Sea canals (Cernavoda to Constanta and Poarta Alba to Midia), as demanded by EC Decision 1692/96 on TEN's.

From the locks at Iron Gate II (rkm 863) the Romanian MTCT is responsible for maintenance of the Danube River's fairway for free and uninhibited passage of vessel traffic to Somovit (rkm 608)– in accordance with the minimum conditions recommended by the Danube Commission. The Bulgarian Ministry of Transport and Communications, Executive Agency Exploration & Maintenance of the Danube River, has the same responsibility on the Danube River section from Somovit to the Romanian/Bulgarian border at Silistra/Calarasi (rkm 374). At Calarasi the Danube River flows entirely through Romanian territory, making Romania responsible for ensuring the minimum water level for navigation (dredging, signalling, hydrotechnical works etc) on the Danube fairway on the whole length down to Sulina at rkm 0.

Development and forecast for Romanian IWT

During the 1990s, IWT on the Danube faced severe problems, notably the impact of the war in former Yugoslavia and the 1999 bombing of the bridge at Novi Sad. However, data provided by the National Institute of Statistics, Romania (NIS) shows that waterway traffic, which then suffered from water depth problems as well, had recovered to its 1998 level by 2003 - the most recent data year available from NIS and published in a recent EC funded report (by ECORYS).

IWT growth 1998 – 2003, million tonnes

Year	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**
Traffic	14.9	14	13.1	11.3	13.9	15.1

More recent data available from the National Company for Navigable Canals Administration (NCNCA) suggests that there was further substantial growth in 2004 and 2005. The canals accounted for between 71% and 90% of all IWT traffic in the years identified, and grew by 23% in 2004, and 16% in 2005. If these figures applied to all traffic the 2005 IWT volume would have been 23 million tonnes.
In 2005 canal traffic alone reached 15 million tonnes, the same figure as all waterway traffic in 2003.

NCNCA provides data for both domestic and international traffic, which shows that in recent years international traffic has accounted for some 25-30% of all traffic. This

illustrates the importance of the network for international trade, much of which is accounted for by current EU members.

NIS data permits commodity analysis of all traffic by waterway, rail, and road, modes as shown below. Ores (mainly iron ore) are the most important waterway commodity, followed by minerals: these two commodity groups account for 75% of all IWT, (and about 40% of all traffic).

Commodity Analysis of Modal Throughput, 2003, Million Tonnes and % Shares

	Million tonnes		**Shares %**		
	All modes	**IWT**	**Rail**	**Road**	**IWT**
Cereals	8	1.7	24	56	20
Coal and coke	37	0.7	75	23	2
Ores	19	6.6	16	50	34
Metals	11	1.4	24	62	13
Minerals	139	4.2	4	93	3
Other	153	0.0	20	80	0
Total	**368**	**14.7**	**20**	**76**	**4**

Unless there is a significant amount of dual-mode traffic: waterway plus road, for example, road seems to have an excessive share of natural rail and waterway traffic, suggesting that the waterway still has a significant opportunity to improve, or rather recover, its market penetration. Although over 1998 – 2003 road tonnage moved declined, as did rail tonnage, while IWT returned to its 1998 level, average road distance doubled from 50 to 112 km, suggesting that it was taking share from the long-distance rail and water modes in their natural dry bulk markets.

IWT Origin/Destination Patterns

Most IWT cargo is shipped within the South-East Region of Romania through ports such as Braila, Galati and Tulcea. These ports are the main industrial centres and population sites, and together with cargo transhipped in sea ports (mainly Constanta)., accounted for 86% of domestic IWT in 2003.

The most important shipper is Mittal Steel, which import about 4.5 million tonnes of ores and fuels and exports about 2.5 million tonnes of metals between Constanta and Galati. The second largest is Lafarge, exporting 1.5 million tonnes of cement from its plant in Medgidia through Constanta. These two shippers account for about 90% of IWT within the South-East Region of Romania and three-quarters of the domestic total. Romanian IWT is clearly very dependent on these two companies.

The other regions are the South, South-West and West, accounting for just 14% of all domestic IWT.

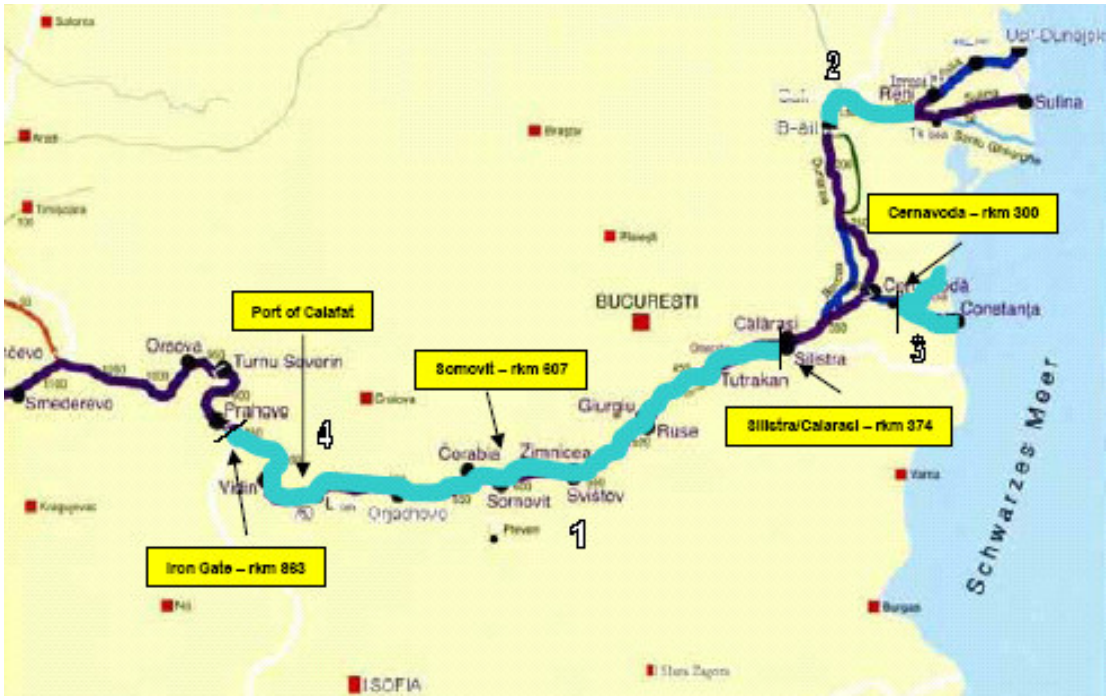
International IWT on the Danube peaked at 7.2 million tonnes in 1980, but collapsed together with the Soviet Union and COMECON, and was further damaged by war in

the 1990s. International traffic fell to 3.8 million tonnes in 2000, and rose only slightly to 4.2 million tonnes in 2003. Of this, Ukraine export of cereals to Romania was dominant (1,6 million tonnes), followed by transport to Hungary (0,6 million tonnes), transport to Serbia (0,5 million tonnes) and transport from Hungary (0,5 million tonnes).

Priority axis no. 18 on Romanian territory and border

The current status of the Priority axis no. 18 on Romanian territory and border can be summarised as follows:

Section	**Length**	**Type**	**Status and Comment**
Danube River			
Bazias- Iron Gates II (rkm 1072 – 863)	209 km	Trained regime	Water level sufficient and controlled by two dams. Border with Serbia and Muntenegru
Iron Gates II – Calarasi (rkm 863 - 375)	488 km	Several bottlenecks	Preparation (FS) under ISPA Measure 2005 RO 16 P PA. Proposed under SOP-T.
Calarasi – Braila (rkm 375-170)	205 km	Partly trained	Part 1 of Phase I of training works under implementation with EIB loan. Part 2 of Phase I to be implemented under SOPT. Phase II proposed under SOP-T.
Braila – Tulcea (rkm 170 – 71)	99 km	Trained, deep water section	Navigation conditioned by a R=700m curve in the area nm 43 to 34, preparation under ISPA Measure 2005 RO 16 P PA
Tulcea – Black Sea (Sulina Canal)	71 km	Mainly trained	Out of a total of 110 linear km of bank protection, works on 35 km funded by Romanian budget were commissioned gradually since 1984, 35 km are under construction with EIB funding. Another length of 35 km is planned for the SOP-T for which project preparation (FS) under EIB funding to be completed in Dec 2007.
Danube- Black Sea Canals			
Cernavoda-Constanta	64 km	Man made canal	Stability and erosion problems of the high embankments in the sector ckm 41-61, preparation under ISPA Measure 2005 RO 16 P PA
Poarta Alba- Midia	27 km	Man made canal	Stability and erosion problems of the high embankments in the sector ckm 8-15, preparation under ISPA Measure 2005 RO 16 P PA



The projects proposed for EU funding during 2007-2013 are complementary to a number of other investments contributing to the navigability of Danube River, as follows:

- **Removal of the "Rostock" wreck,** in Danube Delta was completed in 2005 with EIB funding (cca 5.0 mln Euro)

- **Bank Protection works on Sulina Canal of Danube Delta (phase 0)-** includes construction of bank protection for a length of 35 km under the funding of Romanian Central budget and was commissioned gradually between 1984 and 2000.

- **Bank Protection works on Sulina Canal of Danube Delta – Phase I,** includes bank protection works currently under construction for a length of 15.3 km at a cost of 38.9 mln Euro and another length of 20.5 km at a cost of 20 mln Euro. These works are financed by EIB during 2004 – 2008 period.

- **Procurement of 3 Hydrographic survey vessels** equipment with modern hydrographic survey systems for completing required tasks of river-bed monitoring along deep water (maritime) and fluvial Danube for a cost of 3.4 mln Euro financed by EIB during 2004- 2008.

- **Improvement of fairway marking system** – About 236 buoys will be updated or replaced by new ones and about 118 beacons will be revised (main fairway markers) at a cost of 1.7 mln Euro, financed by EIB during 2004-2008 period.

- **Improvement of Navigation Conditions on the Danube between Calarasi and Braila, Phase 1**

The measures for eliminating bottlenecks on this section have been phased in two projects, for technical reasons and based on emergency of intervention. Within phase I there have been identified 2 groups of works that will be contracted separately.
The first group of works of phase I consists of several river training works located at the Bala Arm –Old Danube River confluence (bottom sill and jetty) in order to increase the flow on Old Danube and at Turcescu Island section (bank protection and dike) and dredging works for depth improvement of the Old Danube River at the locations of present shallows, all for a budget of 34 mln Euro, will be financed by ISPA and implemented during 2007 – 2008 period.

- **River training works in the Batin river stretch (km 531 – km 521)**
  This project concerns a section under responsibility of Bulgaria. It is mentioned here as it affects the navigability of the Danube and is therefore of relevance for the development of the Romanian IWT sector. This intervention might reduce the quantity of maintenance dredging downstream by approximately 75%.

- **Vessel Traffic Management System (VTMS) on the Danube**
  The proposed system is addressing navigational assistance and traffic organisation. pollution monitoring, search and rescue. The information will be collected by the harbour masters and dispatched to the relevant Port/River Administrations. The VTMS project will be implemented in two phases. In the first phase installation of VTMS is concentrated in most busy traffic areas: Drobeta Turnu Severin (km 930), Giurgiu (km 493), Galati (km 150) and Tulcea (km 71). Four (4) sub-station will be installed near Calarasi (km 375), Cernavoda (km 300), Hirsova (km 253) and Sulina (km 0) at a cost of 4.5 mln Euro funded by Phare and to be commissioned in 2006.

Projects proposed under SOP-T

In terms of projects proposed for EU funding, as presented in the SOP-T Strategy (section 3), the Cohesion Fund will focus on the rehabilitation of the water mains along Priority axis no.18, while works in ports, including Constanta port, even if located on the Priority axis no.18 together with safety aspects of water transport and intermodal transport, will be addressed by ERDF[1].

As a general approach, large river improvement projects should preferably be carried out in two or more phases in order to provide time for monitoring and analysis of the expected effects of the river training works and then propose improvements under a second phase. Therefore a number of projects proposed for EU funding are phases of overall concepts.

- **Improvement of navigation conditions (river training works) in the section from km 863 (Iron Gates II) to km 375 (Calarasi).**

[1] **Vessel Traffic Management System (VTMS) on the Danube** Second phase is proposed for funding under SOPT but under ERDF for a cost of 9 mln Euro and planned for 2007-2009.

The project proposes construction of river training works at the river sections where fairway location is unstable and has important bottlenecks, which would result also in minimising required dredging. An overall concept will be prepared under ISPA funded technical assistance project together schedule of correlated implementation. It might appear that this is a cross-border project due to its impact and participation, but the size and strategic relevance within the Romanian transport sector is qualifying it for the SOPT, as main benefits are to European transport and not to local border communities. The works will be developed on both Romanian and Bulgarian banks and a careful co-ordination is required. The total cost of the river training works has been assessed at approx. 154 mln Euro (on both banks). Implementation period is planned for 2008 – 2011.

One particularity of the project is the implementation coordination as the timing and technical solution of works implemented on both banks and on sections under either Romania's or Bulgaria's responsibility is critical to the success of the project. One option for the construction of this project is to be coordinated by a joint Romanian-Bulgarian body that will administer funds allocated to both Romania and Bulgaria together with the agreed co-financing.

- **Improvement of Navigation Conditions on the Danube between Calarasi and Braila, phase 1, project 2,** estimated at 11.5 mln. Euro is already designed and implementation is planned to start during 2007 under SOPT funding.

- **Improvement of Navigation Conditions on the Danube between Calarasi and Braila, phase 2,** estimated at 25.4 mln. EURO is planned for implementation during 2011 – 2013 period. The technical solutions and extent of this phase are dependant on the natural adjustment in Danube river flow after the commissioning of the two projects of phase 1, therefore a time leg is allowed between the completion of phase 1 and the design of phase 2 works leading to a later implementation planning of this project.

The overall benefits of the project once fully completed are large: uncertainty about available water depth removed, ships detour of 100 km canceled coincidental with availability of sufficient cooling water for the nuclear power plant at Cernavoda.

- **Bank protection works on Sulina Channel – Phase 2/II** Under this second section of phase 2, other works concerning further 35 km of bank protection are planned for 2008-2011, costing 80 mln Euro. These works are proposed for EU funding.

Reserve projects

- **Bank protection works along the Danube – Black Sea Canals**

Implementation of original project in the '80s was faulty and left a number of protection works uncompleted which leads to deterioration in current years. In 2003, a landslide over a distance of about 100 metres occurred recently and has been repaired. However, it is understood that landslides of such magnitude do not happen frequently.

An initial estimate of total cost of the projects, based on the old design, has been of 300 mln Euro for slope protection works along the Constantza – Cernavoda Canal section, and 278 mln Euro for the works along the Poarta Alba – Ovidiu – Navodari Canal section. This large cost needs to be compared with repair cost of possible damage in the "no project alternative" which have been estimated at 1 mln Euro per annum for each canal section (Cernavoda – Constantza canal and Poarta Alba – Midia – Navodari canal). A feasibility study to propose optimal solution will be developed with ISPA funding, currently under tendering.
These two projects have been originally considered but due to the uncertainty of the technical solution and economic viability and the limitation of available funding under SOPT they were not retained.

- **Improvement of navigation conditions on the Maritime Danube at km 175 – Mm 34**

  The scope of works includes improvement of the river curve near Tulcea in order to increase the safety margins for sea-going vessels. The total cost for the improvement works has not been defined yet. The works are mainly contributing to maritime vessels' access and less for the IWT sector. Costs are estimated at € 110 million.
  Implementation period: planned for 2009-2014. Due to similar reasons as the Danube-Black Sea Canals projects, this project has not been yet retained. A feasibility study to propose optimal solution will be developed with ISPA funding, currently under tendering

Objectives

The objective of the present key area of intervention is to ensure increased navigability along the Danube and related canals. This entails removal of bottlenecks, bank consolidation and hydrological works meant to increase the navigation depth.

It is estimated that at least 450 km of water main between Iron Gates II and Sulina, will be brought at minimum depth of 2.5m (Least Available Depth-LAD) for 94% duration of the average year (7.3 m for Braila-Sulina section).

1.3.2 Operations

The operations to be funded under this key area of intervention are primarily sets of construction and supervision contracts, for sections of the Danube or Danube – Black Sea canal. Depending on the preparation status, these might also include preparation of the designs.

Furthermore, feasibility studies could be funded under this key area of intervention for preparation of future projects.

The **project preparation** status is the following:

Section	Status
Danube River, common Romanian – Bulgarian Section (Iron Gates II - Calarasi)	Feasibility study (including bathymetric and topographical surveys and river hydrologic model) funded under ISPA 2005 RO 16 P PA 002
Danube River, Calarasi – Braila Section, phase 1.2	Design and tender documents already prepared under ISPA 2002 RO 16 P PA 011
Danube River, Calarasi – Braila Section, phase 2	Feasibility study performed under ISPA 2002 RO 16 P PA 011. To be revised after implementation of phases 1.1 and 1.2
Danube River Delta, Sulina Canal	Feasibility study performed under EIB loan
Reserve projects	
Danube Black Sea and Poarta Alba – Midia – Navodari canals	Feasibility study funded under ISPA 2005 RO 16 P PA 002
Port of Tulcea sector	Feasibility study funded under ISPA 2005 RO 16 P PA 002

1.3.3 Categorisation of interventions

- Priority theme

Code	Priority theme
	Transport
32	Inland waterways (TEN-T)

- Form of finance

Code	Form of finance
01	Non-repayable aid

- Territorial dimension

Code	Territory type
00	Not applicable

1.3.4 Grant size

Eligible value of the project (Euro)	N.A.
Maximum size of grant to total eligible cost (%)	100
Minimum contribution of the applicant	-
Community contribution to the support granted (%)	85
National public contribution to the support granted (%)	15

1.3.5 Project selection criteria

The following criteria are proposed for consideration by the Monitoring Committee:

- Eligibility criteria
  - Relevance
    - type of project: inland waterway
    - location: along TEN-T priority axis no. 18
    - need for grant (against financial rate of return)
    - in line with SOP-T resources available
  - Effectiveness: minimum maturity requirements:
    - complete feasibility study, including analysis of variants, cost benefit analysis and environmental impact assessment,
    - approval by beneficiary management,
    - existence of land planning certificate,
    - existence of environmental permit.

- Selection criteria
  - Relevance
    - project contribution to global objective: improvement of navigability along TEN-T priority axis no. 18
    - project contribution to increased IWT safety
    - value added of EU funding
    - EU policies: observance of rules regarding environmental protection, public procurement, State aid and equal opportunities
  - Feasibility
    - quality of technical solutions
    - capacity adapted to current and future demand
    - cost estimate justified and in line with similar projects
    - quality of solution choice and analysis of variants
    - economic rate of return,
    - adjustment of need for grant (against financial rate of return),
    - environmental mitigation costs limited to a reasonable share of the project costs
  - Effectiveness
    - project readiness:
      - status of design preparation,
      - status of land acquisition,
      - status of utilities protection / relocation design,
    - beneficiary:
      - existence of clear implementing unit,

        - nomination of project manager(s),
        - sound management and control systems
    - for projects on the Romanian / Bulgarian sector: existence of mirror project on the Bulgarian side, including financing, studies, implementation unit and co-ordination mechanism.
    - financial plan
        - based on realistic implementation plan
        - detailed
        - existence of financial resources for non-eligible costs and project management
    - risk analysis and sensitivity:
        - adequate identification of risks
        - mitigation proposals
- Sustainability
    - sufficient partnership and consensus
    - viability: clear arrangements for operation and maintenance

1.3.6 Intermediate Bodies

Not applicable.

1.3.7 Competent Body for making payments to beneficiaries

Authority for Certification and Payments, within the Ministry of Public Finance

1.3.8 Beneficiaries

Autonomous Regie River Administration of the Lower Danube – Galati
National Company for Navigable Channels Administration (Compania Nationala Administratia Canalelor Navigabile S.A)

1.3.9 End recipients

Not applicable.

1.3.10 Financial Plan

- Euro 2004 -

Total budget (eligible costs)	**201,320,000**
Community contribution (CF)	**171,120,000**
National contribution - Public - Private	**30,200,000** **30,200,000** **-**

For information:
Land acquisition and permits are estimated at 3.7 Meuro,
VAT is estimated at 38.25 Meuro,
The State Inspectorate in Construction tax is estimated at 1.31 Meuro.

1.3.11 Monitoring and evaluation indicators

Evaluation indicators

At key area of intervention level, evaluation will be performed based on the objective indicators defined above.
At operations level, evaluation shall be performed on the basis of the main indicators identified in the feasibility studies: traffic levels, savings in terms of transport costs, external benefits. It is recommended to recalculate the economic rate of return:

- upon completion of each project,
- 5 years after completion of each project.

Monitoring indicators

The main indicators of monitoring shall be:

- progress in design preparation,
- progress in tendering and contracting,
- progress in land acquisition and permits,
- progress in utilities relocation / protection,
- progress in works implementation (physical and financial),
- evolution of actual contract price.

The attached estimated timetables and expenditures tables should be used as references.

1.3.12 Horizontal themes

- Sustainable development

Each project will be subject to a full Environmental Impact Assessment.
Improvement of Danube navigability will contribute to the development of inland waterway transport that is generally considered as a sustainable mode.

- Equal opportunities

Hardly applicable.

1.3.13 State Aid

The infrastructure to be built is State public infrastructure. The Autonomous Regie AFDJ is administering the navigable channel on behalf of the State. Access is opened on non-discriminatory basis to inland waterway operators.

In a similar way, the National Company for Navigable Channels Administration is concessionaire of the Danube Black Sea canal.

Annex 4

PRIORITY AXIS 2 – Modernisation and development of national transport infrastructure

Key Area of Intervention 2.1 – Modernisation and development of national road infrastructure

2.1.1 Description

2.1.1.1 Road rehabilitation projects

A. Background

In accordance with accession negotiations, Romania shall remove, by the date of accession (1 January 2007) all restrictions for circulation on the TEN-T road network of vehicles compliant with the limits of Directives 96/53 on weights and dimensions.

This commitment does not take into account the actual status of the relevant road sections, in particular whether or not they have been upgraded for circulation by trucks of up to 11.5 tons / axle.

Therefore, two priorities in terms of works to be performed can be identified:

- remove, as soon as possible, restrictions referring to dimensions (clearance, etc),
- strengthen the non-rehabilitated road sections, that is the road sections designed for traffic of up to 10 tons / axle, to the required standard. Works will not be completed by accession, but should then be completed as soon as possible.

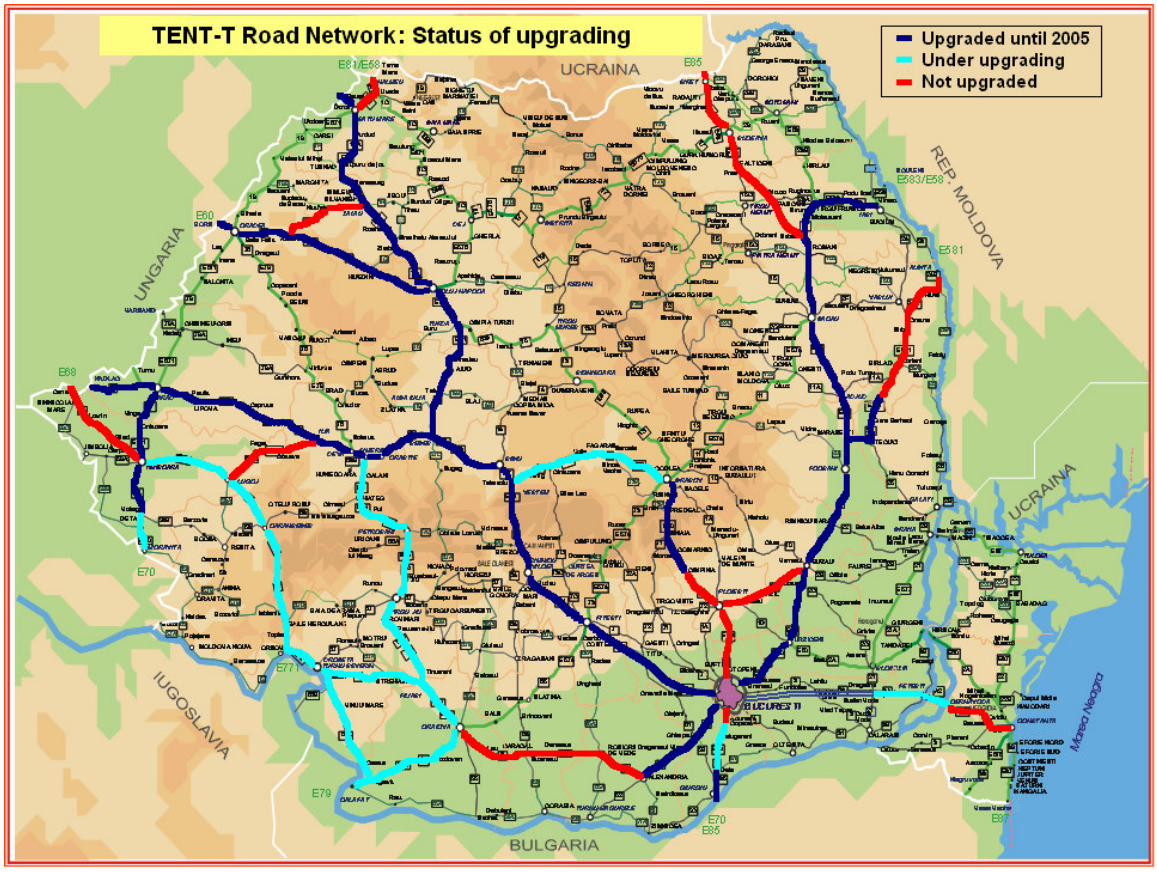
B. Strategic relevance

Completing the rehabilitation of the TEN-T network as priority action for financing under the SOPT (ERDF component) has a great strategic relevance. It is also extremely complementary with the objective of the SOPT priority axis no. 1, namely the TEN-T priority axis.

Taking into account the relatively limited amount of the ERDF, there would actually be no other road rehabilitation project than the ones on the TEN-T.

C. TEN-T road sections to be upgraded to 11.5 tons

The following map highlights the sections of the TEN-T that are currently not rehabilitated nor under rehabilitation:



C.1 Sections for which financing is identified

- Cernavoda – Constanta (about 57 km). A 50 Meuro financing for upgrading of this section has been earmarked as part of the Romanian Government Memorandum approved on 9 February 2006. It is therefore considered that financing is identified for this section. On the medium term, this section will be doubled by a motorway.

- Lugoj – Ilia (about 79 km). This section lies on the national road 68 A between Lugoj and Deva. A 65 Meuro financing for upgrading of this section has been earmarked as part of the Romanian Government Memorandum approved on 9 February 2006. It is therefore considered that financing is identified for this section. On the longer term, this section will be doubled by a motorway.

- Satu Mare – Halmeu on DN 19 and DN 1C (34 km, S2). This road section is included within the 6th rehabilitation programme co-financed by the EIB.

C.2 Sections to be doubled by a motorway on the short term to medium term

For all these road sections after completion of the parallel motorway, the TEN-T will formally be located on the better infrastructure (the motorway). The existing national road will therefore (i) bear little heavy traffic and (ii) have to be opened to 11.5 tons vehicles only by the end of the transition period (end 2013). Upgrading of these sections is therefore not seen as a priority.

- Bucharest – Ploiesti – Campina (about 100 km on DN 1). This section of national road is expected to be soon doubled by a motorway (Bucharest – Brasov). The current MTCT plans are to build the Bucharest – Brasov motorway until the end of 2008. Although such short delay might seem unrealistic, it appears that the bulk of 11.5 tons / axle traffic on the Bucharest – Ploiesti – Campina section will occur for 3 to 4 years only (between 1 January 2007 and the motorway opening to traffic).

- Zalau - Alesd on DN 1F and DN 1H (85 km, S2). This road section is included within the 6th rehabilitation programme co-financed by the EIB, but specific funding is not secured. Feasibility study and design are to be funded under ISPA as part of ERDF preparation. However, it should be noted that this section runs in parallel with part of the Brasov – Bors motorway. It is quite likely that this part of the motorway be completed even before any rehabilitation works on the existing national road.

- Ploiesti – Buzau on DN 1 B (65 km of which about 20 km D2, rest S2). This section has recently been rehabilitated to 10 tons / axle as part of the so-called "primary rehabilitation programme". It has to be noted that it is quite regrettable that recent road investment programmes did not integrate the requirement of upgrading to 11.5 tons / axle. It is currently intended that the Ploiesti – Buzau – Focsani motorway be developed as a pilot Public - Private Partnerships. The detailed time frame for such pilot PPP is however not clearly defined.

C.3 Other sections: proposed under SOPT

- Bucharest – Adunatii-Copaceni on DN 5 (about 15 km of D2 road). This section is seen as a missing link on the route Bucharest – Giurgiu – Bulgarian border. This section is likely to quickly deteriorate as the entire section Bucharest – Giurgiu has been opened to traffic compliant with Directive 96/53 even since the end of 2004, although Bucharest – Adunatii Copaceni was not upgraded and works on Adunatii Copaceni – Daia were still on-going. Traffic on this section is quite significant (more than 19,000 vehicles per day in 2005) with a very significant proportion (30%) of heavy trucks.

- Alexandria – Craiova on DN 6 (140 km, S2). This road section is included within the 6th rehabilitation programme co-financed by the EIB, but specific funding is not secured. Feasibility study and design are to be funded under ISPA as part of ERDF preparation.

- Galati / Vaslui counties limit – Crasna – Albita on DN 24 and DN 24 B (99 km, S2). This road section is included within the 6th rehabilitation programme co-financed by the EIB, but specific funding is not secured. Feasibility study and design are to be funded under ISPA as part of ERDF preparation.

- Timisoara – Cenad – Hungarian border on DN 6 (83 km, S2). Part of this section was rehabilitated under the Phare Cross Border Cooperation project Ro 9912.01.02 (Cenad – Hungarian border, 10 km). This rehabilitation however

targeted only a bearing capacity of 3.5 tons / axle. The section Timisoara – Cenad has been subject to the so-called "primary rehabilitation" (10 tons / axle), in 2003 and 2004. In addition, the bypass of San Nicolau Mare has been designed.

- Sabaoani – Suceava – Siret – Ukrainian border on DN 2 (140 km, S2). This section was initially part of the 5th rehabilitation programme co-financed by the EIB, but funding has been withdrawn. However, feasibility study and technical design have been prepared in 2005 by international consultants (Parsons and Hill). 92.143

D. Other traffic restrictions on TEN-T

Data on traffic restrictions is taken from the CN ADNR web site. Out of the entire list of restrictions, those discussed below are only those located on the TEN-T and below the limits set up by Directive 96/53 (see annex).

1. Bucharest – Ploiesti – Brasov (DN 1): current restrictions for heavy traffic are imposed until 1 January 2007 only and will normally be removed after accession, while construction of a motorway is also planned.
2. on DN 1H km 61+750 (section Zalau – Alesd), bridge limited at 30 tons total vehicle weight.
3. on DN 2 km 288+765 (Bacau), bridge restricted at 3.5 tons total vehicle weight, further to summer 2005 floods. This should be treated as part of floods reconstruction programme.
4. on DN 6 km 351+856 (section Drobeta Turnu Severin – Orsova), Baba tunnel clearance limited at 3.93 m. Those should be treated as part of the ISPA financed rehabilitation works in the area.
5. on DN 7 km 191+100-197+824 (Calimanesti and Caciulata resorts). Circulation prohibited for heavy traffic but a bypass is provided.
6. on DN 24 km 105+590 (section Crasna – Vaslui), bridge limited at 13 tons total vehicle weight.

The ADNR web site does not mention the restrictions for heavy traffic on DN 56A Maglavit – Simian. Rehabilitation and upgrading of this section is however planned to start in 2006 (works tender on-going) under the 5th stage of rehabilitation.

Therefore, restrictions described at points 2 and 6 need to be treated, as part of the upgrading of the related road sections.

E. Rate of return

E.1 Economic analysis

Under the "TA to MTCT for managing Structural Instruments" project, a standard economic evaluation has been performed. The methodology used is described in the Paper "Road projects evaluation".

The results are the following:

National road section	Traffic on project 2005	Traffic on project 2010	Traffic on project 2015	Length of project km	Construc-tion cost exc. tax MEUR	Total invest cost exc. tax MEUR	EIRR	NPV	PV/C
Bucuresti - Adunatii Copaceni	19,050	25,616	32,911	15	18	20.16	48.9%	133.54	9.56
Alexandria - Craiova	3,779	4,937	6,150	141	98.7	110.54	17.1%	114.52	2.34
Galati / Vaslui county limit - Crasna	3,933	5,138	6,398	51	33	36.96	19.0%	49.16	2.72
Crasna - Albita	3,021	3,954	4,935	49	26.3	29.46	13.1%	15.95	1.70
Timisoara – Cenad – HU border	2,824	3,684	4,582	83	55	61.6	9.1%	5.99	1.13
Sabaoani - Siret	4,383	5,740	7,169	140	95	106.4	19.7%	181.90	2.91

It also integrates additional maintenance requirements in case the road sections are not upgraded, as a result of their opening to 11.5 tons / axle traffic while their design is for not more than 10 tons / axle.

E.2 Selection

The projects proposed for funding under the SOPT are therefore the following:

National road section	Length (km)	Construction cost (Meuro)
Bucuresti - Adunatii Copaceni	15	18
Alexandria - Craiova	141	98.7
Galati / Vaslui county limit - Crasna	51	33
Crasna - Albita	49	26.3
Timisoara – Cenad – HU border	83	55
Sabaoani - Siret	140	95
Total	**479**	**326**

E.3 Risk

A major variable is the actual construction of motorways along the three sections identified in paragraph 3.2 above.

To date, the only relevant motorway construction contract signed is the one for Brasov – Bors. The motorway doubling of the Zalau – Alesd section is foreseen in two steps: Suplacu de Barcau – Bors to be finalised by end 2008 and Mihaesti – Suplacu de Barcau to be finalised by end 2011. It is therefore considered that the traffic will be substantially diverted to the new, parallel motorway. Under the current assumptions (80% traffic diversion due to no tolling), the rate of return for road rehabilitation would fall from the already low level of 5.7% to 0.0%.

The two other sections considered are in a completely different situation, as their level of traffic is much higher.

The opportunity of upgrading the Bucharest – Ploiesti – Campina road section has not been further taken into consideration at this stage, as the decision of building the parallel Bucharest – Brasov motorway appears to have been taken with a short term execution period, while the financial resources are made available through the Government Memorandum approved on 9 February 2006.

However, the situation regarding the Ploiesti – Buzau link is more questionable. The current traffic levels are relatively high (in excess of 10,000 vehicles per day), leading to the high rate of return of 53.9%. However, in case the parallel motorway is built in a time horizon similar with the one needed for rehabilitation, the traffic levels on the existing road would be expected to be reduced to 20% and the rate of return would drop to 3.7%.

Therefore, the upgrading of the section Ploiesti – Buzau would be a high priority both from a strategic and from an economic point of view in case the parallel motorway, currently intended to be funded under a PPP scheme, is not constructed. In case such motorway is constructed, the rehabilitation of the existing road makes no more sense, neither from a strategic standpoint nor from an economic one.

2.1.1.2 Bypasses

A. Rationale for selection

A.1 Why bypasses ?

Many national roads actually pass through town centres. This generates a series of problems:

- reduced speeds for transit traffic,
- contribution to congestion in the centre,
- safety issues,
- atmospheric pollution in the centre.

The solution considered is the development of bypasses, meant to separate the flows of traffic, with the transit traffic using the bypass.

It has to be understood that bypasses considered here are primarily built in order to facilitate transit traffic. Therefore, their main objective is not to enable faster trips from one part of the town to the other. In this regard, bypasses should be distinguished from ring roads that are targeting local traffic as well.

The major advantage of a bypass is the increased speed for transit traffic. This advantage results from the use of a national road section, with the related legal and average speeds, instead of a urban section.

A.2 Bypasses selected by CN ADNR SA

During the project identification process, CN ADNR SA has provided lists of bypasses. In total, 44 bypasses have been identified, out of which a number are under construction or planned under various financing sources, included the Memorandum approved by the Romanian Government on 2 February 2006. This long list is presented in annex 1.

When removing from the list those bypasses for which financing has already been either secured or identified, a total of 9 bypasses remain for possible financing under the SOP-T, as follows:

	Length (km)	Construction cost (Meuro)	Comment
Adjud Bypass	5.30	10.50	
Beius Bypass	7.00	21.00	
Blaj Bypass	12.00	6.00	Very low construction cost
Chisineu Cris Bypass	8.00	13.60	
Comanesti Bypass	0.60	0.50	Very short
Dej Bypass	5.00	6.10	
Pascani Bypass	6.80	12.40	
Ramnicu Sarat Bypass	3.40	13.40	Buzau – Focsani motorway: bypass not necessary
Targu Mures South Bypass	16.00	25.30	Brasov – Bors motorway: bypass not necessary

The Targu Mures South bypass is foreseen to bypass the town in the direction Sighisoara – Cluj (DN 13 – DN 15). It is expected that most of the transit traffic in this direction will however use the Brasov – Bors motorway (under construction), so that the bypass does not appear as being needed any longer. The same can be said about the Ramnicu Sarat bypass, with the perspective of the construction of the Ploiesti – Buzau – Focsani motorway.

Question marks are also raised regarding the proposed cost of the Blaj bypass and the length of the proposed Comanesti bypass.

A.3 Possible selection for SOP-T

Out of the 7 remaining bypasses, the rate of return calculated by the Consultant enables to provide a prioritisation, as follows:

Bypass	Length (km)	Construction cost (MEURO)	Total investment	**EIRR**	NPV	PV/C
Dej Bypass	5	6.1	7.32	**22.9%**	9.92	3.21
Adjud Bypass	5.3	10.5	12.6	**20.3%**	11.48	2.48
Chisineu Cris Bypass	8	13.6	16.32	**13.9%**	7.44	1.74
Comanesti Bypass	0.6	0.5	0.6	**12.1%**	0.17	1.46
Pascani Bypass	6.8	12.4	14.88	**11.2%**	3.38	1.37
Beius Bypass	7	21	25.2	**10.6%**	4.28	1.28
Blaj Bypass	12	6	7.2	**0.0%**	-3.13	0.29

Taking into account the funds available under the particular Key Area of Intervention 2.1 for construction of bypasses (about 58 Meuro), a possible solution therefore appears to be the construction of 5 bypasses (Dej, Adjud, Chisineu cris, Comanesti and Pascani), for which the total construction cost is estimated at 43 Meuro and which present each a rate of return in excess of 11%.

A.4 Weaknesses of current approach

However, it appears relatively that no real criteria were used for the initial selection of 44 bypasses. Therefore, it can be said that the 5 identified bypasses are likely to be good, viable projects, but there is no indication whether other bypasses projects are likely or not to be better.

There is clearly a need to develop a more coherent approach towards the selection of bypasses to be constructed. As a side issue, the Consultant has identified a number of bypasses to be constructed under Romanian budget funding (the so-called "Memorandum"), while a parallel motorway is also under construction or planned in the short / medium term. This is the case for: Ramnicu Valcea, Fagaras, Alesd and Turda.

B. Proposed Strategy

B.1 Strategy

The Consultant has developed a strategy in several steps:

The first step has been the identification of the needs for each of the 270 towns of Romania. A long list (see annex 2) has been established, with the following data:

a. town identification (name, county, population) *(source used: wikipedia.ro)*,
b. crossed or not by a national road,
c. on the TEN-T or not,
d. with a parallel motorway planned or not,
e. main bypass direction (with code of national roads)
f. secondary bypass direction (with code of national roads)
g. comments, such as existing or partly existing bypasses.

The second step has been a first ranking of the towns, along with the following principles:

a. those towns that are not crossed by a national road have been eliminated,
b. those towns where a parallel motorway is under construction or planned in the short / medium term have been eliminated. The motorway sections taken into consideration have been:
    i. Bucharest – Constanta
    ii. Bucharest – Pitesti – Sibiu – Deva – Lugoj – Arad – Nadlac,
    iii. Bucharest – Brasov
    iv. Brasov – Cluj – Oradea – Bors,
    v. Ploiesti – Buzau – Focsani.
c. those towns for which a bypass is under construction or planned with an identified financing source have been eliminated. It has been considered that the including of a bypass in the Romanian Government Memorandum of February 2006 is an identified source of finance.

Finally, out of the remaining towns, a prioritisation has been made using the traffic projections prepared by Cestrin for year 2015. As explained above, it is considered that a bypass is to be primarily used by transit traffic. Therefore, it is likely that the viability of a particular bypass be directly depending on the volume of such transit traffic (where the two other main factors, namely time savings and investment costs are depending on a case by case project). Therefore, the criterion used has been whether on both sections of national roads crossing the town (the “in” and the “out” section), traffic forecasted by Cestrin in 2015 is more than 8,000 vehicles per day.

The result of this analysis is shown in Annex 3. A number of 28 towns are identified for which construction of bypasses is very likely to be a high priority, as well as five additional towns for which question marks remain, either as regards a potential financing source for a bypass construction or because a bypass exists (or where the national road does not really cross the town centre but enters only partially in the town itself).

B.2 Results

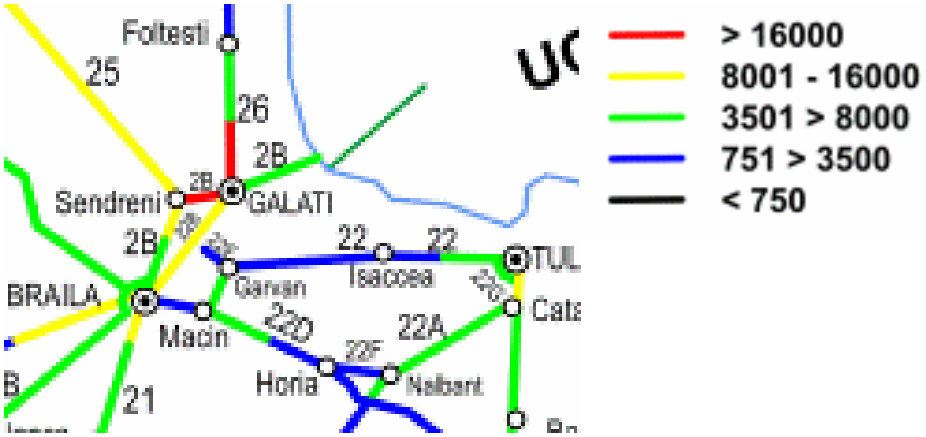
Both the bypasses of Adjud and Dej appear both in the projects identified by the CN ADNR SA for SOP-T financing and amongst the overall priorities.

Out of the 28 priorities, the highest traffic levels (more than 16,000 vehicles per day in 2015) appear to be recorded in Mihailesti, Valenii de Munte and Galati.

Mihailesti lies on the national road DN 6 between Bucharest and Alexandria. The existing road from the exit of Bucharest to the entrance in Mihailesti has 4 lanes. It suddenly narrows at the entrance in Mihailesti to two lanes. It also appears that a bypass would be relatively easy to design and build (see attached picture in annex 4).

Cestrin foresees a high traffic in Valenii de Munte in 2015. However, the influence of the construction of the Bucharest – Brasov motorway on this traffic should be carefully analysed, as currently part of the traffic (such as heavy trucks) is using DN 1A.

Finally, traffic around Galati is also foreseen by Cestrin as being above 16,000 vehicles per day in 2015. However, as can be observed, such traffic levels are very rapidly decreasing when departing from the town of Galati, which indicates that this traffic is actually likely to be local traffic around the city of Galati (one of the largest of Romania) and not transit traffic.



C. Revised strategy for SOP-T

There are therefore two clearly identified priorities under the SOP-T: the bypasses of Adjud and Dej (construction cost: 6.1 and 10.5 Meuro that is 16.6 Meuro). In addition, the bypass of Mihailesti on DN 6 seems to be a priority as well. An estimated cost would be around 8 Meuro (at about 2 Meuro per km for 4 km).
The initially identified bypass of Chisineu Cris presents the advantage of having an existing feasibility study, financed under Phare.

The following table provides therefore an overview of those bypasses that could be funded under the SOP-T:

Bypass	Length (km)	Construction cost (MEURO)	Supervision cost (MEURO)
Dej Bypass	5	6.1	0.5
Adjud Bypass	5.3	10.5	0.5
Chisineu Cris Bypass	8	13.6	0.5
Mihailesti Bypass	4?	8.0?	0.5
Total		**38.2**	**2.0**

About 20 Meuro remain available, that could be used to fund another or several bypass projects, depending on priorities and maturity.

D. General considerations

Design and implementation of a bypass construction imply specific difficulties that need to be taken into account. Those difficulties are linked with the location of those bypasses, in a semi-urban environment:

- the land acquisition process is long and complex for any project. For a bypass, however, that is a green-field project, 100% of the land usually needs to be acquired. In addition, there might be a need to demolish and relocate a number of houses. Construction cannot begin before the land acquisition process is completed.
- semi-urban environments are characterised by a relatively high density of utilities and ways of communications. Such utilities shall be fully identified and their relocation / protection fully designed and integrated in the tender dossier.
- so as to avoid that the bypass progressively transforms into a street (where benefits due to time savings would disappear), restrictions regarding direct access to the bypass from riparian (including industries) have to be agreed and enforced with the local authorities as part of the local land planning. Such access shall be organised through collecting roads.
- the bypass shall become the “natural” way of transit. Therefore, the junctions between the bypass and the existing roads shall be designed and signalled in such way that drivers should make no effort to find the bypass.
- the design process shall be carried out in close cooperation with the local authorities.
- even if construction of new roads enters in the EIA annex I only if their length is more than 10 km, it is very likely that construction of a bypass requires a

full EIA, taking into account its impact on land planning, the land to be acquired, landscape, utilities, etc.

2.1.1.3 Objectives

The present key area of intervention has one general objective, namely the modernisation and development of the national road infrastructure, and two main specific objectives:

- assist Romania to comply with its commitment under the accession treaty as regards opening of the road network to traffic compliant with EC Directive 96 / 53 on weights and dimensions, and
- facilitate transit traffic through the provision of bypasses.

Another specific objective within the present key area of intervention is to prepare a sufficient portfolio for future projects.

2.1.2 Operations

The operations to be funded under the present key area of intervention are primarily sets of construction and supervision contracts for rehabilitation of sections of national roads and construction of bypasses. These might also include the preparation of designs.

In addition, it is foreseen that some operations will be funded with the specific scope of preparing future projects of road infrastructure modernisation and development.

2.1.2.1 Road rehabilitation: status of project preparation

The situation as regards the preparation of the selected projects is the following:

National road section	Preparation funding	Estimated cost (Meuro)	Construction cost (Meuro)
Bucuresti - Adunatii Copaceni	Not covered	0.90	18
Alexandria - Craiova	ISPA (ERDF)	4.94	98.7
Galati / Vaslui county limit - Crasna	ISPA (ERDF)	1.65	33
Crasna – Albita	ISPA (ERDF)	1.32	26.3
Timisoara – Cenad	Not covered	2.75	55
Sabaoani – Siret	EIB	n.a.	95

It has to be pointed out that the ISPA 2005 RO 16 P PA 003 Financing Memorandum, for ERDF preparation, also provides for the feasibility study and design of the rehabilitation of the Zalau – Alesd road section. Rehabilitation of this particular section does not appear as being a priority and it is recommendable to modify the above mentioned ISPA Financing Memorandum in this regard.

Funding for two projects remains to be secured: the upgrading of Bucuresti – Adunatii Copaceni and the upgrading of Timisoara – Cenad. It would be preferable to have feasibility study and design

In terms of implementation, it should also be considered that the upgrading of the DN24 / 24 B from the limit of the Galati / Vaslui counties to the Moldavian border in Albita (via Crasna) is a single project. As such, the project would then be part of the major projects.

2.1.2.2 Bypasses: status of project preparation

A. ISPA FM

The ISPA Financing Memorandum 2005/RO/16/P/PA/003 for preparation of ERDF foresees the preparation of 4 bypasses, namely:

- Satu Mare bypass (≈18 km), which is located at the intersection between National Roads no. 19 and 19A in the north-northwest of Romania;
- Craiova South bypass (≈25 km), which is located at the intersection between National Roads no. 6 and 56 in the south of Romania;
- Suceava bypass (≈12 km), which is located along National Road no. 2 in the north-east of Romania;
- Alba Iulia by-pass (≈5 km), which is located at the intersection between National Roads no. 1 and 74 in the centre of Romania.

However, Satu Mare, Suceava and Alba Iulia are now to be funded by the Romanian budget, through the February 2006 Government Memorandum. In addition, the Craiova south bypass has an estimated cost in excess of 70 Meuro, as per the feasibility study performed under ISPA 2000/RO/16/P/PT/004.01. Such cost seems to be above the available budget under the SOP-T.

From the strategic point of view, the northern bypass of Craiova is already under construction, while the rehabilitation of the national road DN 56A (Maglavit – Simian) actually provides a very attractive alternative (and a 100 km shortcut) for the international traffic that will use the Calafat – Vidin Danube bridge. Therefore, the relevance of the south bypass is questionable.

B. Needs

The identified needs are as follows:

Bypass	Current status	Needs	Estimated cost (Meuro)
Dej Bypass		FS + Design	0.5
Adjud Bypass		FS + Design	0.8
Chisineu Cris Bypass	Existing Feasibility	Design	0.8
Mihailesti Bypass		FS + Design	0.5
Additional bypass		FS + Design	1.2
Total			**4.0**

Such costs could be covered through amendment of the ISPA FM. If not, resources should be made available through the Romanian budget.

2.1.3 Categorisation of interventions

- Priority theme

Code	Priority theme
	Transport
22	National roads

- Form of finance

Code	Form of finance
01	Non-repayable aid

- Territorial dimension

Code	Territory type
00	Not applicable

2.1.4 Grant size

Eligible value of the project (Euro)	N.A.
Maximum size of grant to total eligible cost (%)	100
Minimum contribution of the applicant	-
Community contribution to the support granted (%)	75
National public contribution to the support granted (%)	25

2.1.5 Project selection criteria

The following criteria are proposed for consideration by the Monitoring Committee:

- Eligibility criteria
  - Relevance
    - type of project: national road or bypass (incl. motorway)
    - location: not on TEN-T priority axis no. 7
    - need for grant (against financial rate of return)
    - in line with SOP-T resources available
  - Effectiveness: minimum maturity requirements:
    - complete feasibility study, including analysis of variants, cost benefit analysis and environmental impact assessment,
    - approval by beneficiary management,
    - existence of land planning certificate,
    - existence of environmental permit.

- Selection criteria
  - Relevance
    - project contribution to global objective:

        - priority sections of road to be rehabilitated and upgraded in accordance with EC Directive 96 / 53 and with the provisions of the accession treaty,
        - priority bypasses,
        - development of a sufficient portfolio for future projects.
    - project contribution to increased road safety
    - value added of EU funding
    - EU policies: observance of rules regarding environmental protection, public procurement, State aid and equal opportunities
  - Feasibility
    - quality of technical solutions
    - capacity adapted to current and future demand
    - cost estimate justified and in line with similar projects
    - quality of route choice and analysis of variants
    - for bypasses: limitation of direct access by riparian, so as to maintain the status of national road and related speed,
    - economic rate of return,
    - adjustment of need for grant (against financial rate of return),
    - environmental mitigation costs limited to a reasonable share of the project costs
  - Effectiveness
    - project readiness:
        - status of design preparation,
        - status of land acquisition,
        - status of utilities protection / relocation design,
    - beneficiary:
        - existence of clear implementing unit,
        - nomination of project manager(s),
        - sound management and control systems
    - financial plan
        - based on realistic implementation plan
        - detailed
        - existence of financial resources for non-eligible costs and project management
    - risk analysis and sensitivity:
        - adequate identification of risks
        - mitigation proposals
  - Sustainability
    - sufficient partnership and consensus
    - viability: clear arrangements for operation and maintenance

2.1.6 Intermediate Bodies

Not applicable.

2.1.7 Competent Body for making payments to beneficiaries

Authority for Certification and Payments, within the Ministry of Public Finance

2.1.8 Beneficiary

Romanian National Company of Motorways and National Roads CN ADNR SA

2.1.9 End recipients

Not applicable.

2.1.10 Financial Plan

- Euro 2004 -

Total budget (eligible costs)	**467,240,000**
Community contribution (ERDF)	**350,430,000**
National contribution - Public - Private	**116,810,000** **116,810,000** **-**

For information:
Land acquisition and permits are estimated at 21 Meuro,
VAT is estimated at 89 Meuro,
The State Inspectorate in Construction tax is estimated at 3 Meuro.

2.1.11 Monitoring and evaluation indicators

Evaluation indicators

At key area of intervention level, evaluation will be performed based on the objective indicators defined above.
At operations level, evaluation shall be performed on the basis of the main indicators identified in the feasibility studies: traffic levels, savings in terms of time, VOC and safety. It is recommended to recalculate the economic rate of return:

- upon completion of each project,
- 5 years after completion of each project.

Monitoring indicators

The main indicators of monitoring shall be:

- progress in design preparation,
- progress in tendering and contracting,
- progress in land acquisition,
- progress in utilities relocation / protection,
- progress in works implementation (physical and financial),
- evolution of actual contract price.

The attached estimated timetables and expenditures tables should be used as references.

2.1.12 Horizontal themes

- Sustainable development

Each project will be subject to a full Environmental Impact Assessment.

- Equal opportunities

Hardly applicable

2.1.13 State Aid

The infrastructure to be built is State public infrastructure, to be operated by the public company CN ADNR SA, concessionaire of the entire national roads and motorway network of Romania.

Long list of 44 bypasses identified by CN ADNR SA

	COUNTY RESIDENCE	COUNTY	BYPASS	*Comments*	Parallel motorway ?
1	Alba Iulia	Alba	proposed: ROGOV		
2	Arad	Arad	proposed: ROGOV + EIB	several projects ?	
3	Pitesti	Arges	EBRD	motorway bypass on direction Bucharest - Sibiu + existing on direction Bucharest - Craiova	
4	Bacau	Bacau	IBRD		
5	Oradea	Bihor	proposed: ROGOV		Brasov - Bors: bypass still necessary ?
6	Bistrita	Bistrita-Nasaud	proposed: ROGOV		
7	Brasov	Brasov	IBRD		
8	Cluj-Napoca	Cluj	proposed	east: ROGOV, west: EIB	Brasov - Bors: west bypass still necessary ?
9	Constanta	Constanta	EBRD		
10	Craiova	Dolj	JBIC + proposed EIB	JBIC: north, EIB: south	
11	Deva	Hunedoara	ISPA		
12	Iasi	Iasi	proposed: ROGOV		
13	Turnu Severin	Mehedinti	ISPA		
14	Targu Mures	Mures	IBRD + proposed SOPT	IBRD: direction Sighisoara - Reghin. Proposed: direction Sighisoara - Cluj	Brasov - Bors: south west bypass still necessary ?
15	Slatina	Olt	proposed: ROGOV		
16	Ploiesti west	Prahova	existing, proposed rehab ROGOV		take account of Bucharest - Brasov motorway
17	Satu Mare	Satu Mare	proposed: ROGOV		
18	Zalau	Salaj	proposed: ROGOV		Brasov - Bors: bypass still necessary ?
19	Sibiu	Sibiu	ISPA		
20	Suceava	Suceava	proposed: ROGOV		
21	Alexandria	Teleorman	proposed: EIB		
22	Timisoara	Timis	JBIC + proposed ROGOV		Arad - Lugoj motorway: bypass still necessary ?
23	Vaslui	Vaslui	proposed: ROGOV		
24	Ramnicu Valcea	Valcea	proposed ROGOV	rehabilitation of existing ?	

25	Bucuresti	Bucuresti	existing, proposed rehab ROGOV		
	TOWN	**COUNTY**	**BYPASS**	**Comments**	**Parallel motorway ?**
26	Adjud	Vrancea	proposed SOPT	option under IBRD loan	
27	Aiud	Alba	proposed: ROGOV		
28	Alesd	Bihor	proposed: ROGOV		Brasov - Bors: bypass still necessary ?
29	Barlad	Vaslui	proposed: ROGOV		
30	Beius	Bihor	proposed SOPT		
31	Blaj	Alba	proposed SOPT		
32	Caracal	Olt	proposed: EIB		
33	Chisineu Cris	Arad	proposed SOPT		
34	Comanesti	Bacau	proposed SOPT		
35	Dej	Cluj	proposed SOPT		
36	Fagaras	Brasov	proposed: ROGOV		Brasov - Bors: bypass still necessary ?
37	Lugoj	Timis	ISPA		
38	Pascani	Iasi	proposed SOPT		
39	Ramnicu Sarat	Buzau	proposed SOPT	option under IBRD loan	Ploiesti - Focsani motorway: bypass still necessary ?
40	Roman	Neamt	proposed: ROGOV		
41	Sighetu Marmatiei	Maramures	proposed: ROGOV		
42	Stei	Bihor	proposed: ROGOV		
43	Teius	Alba	proposed: ROGOV		
44	Turda	Cluj	proposed: ROGOV		Brasov - Bors: bypass still necessary ?

List of all towns (by county)

Town	County	Population	on DN ?	on TEN-T ?	Parallel motorway ?	main direction	secondary direction	comments
Bucureşti	-	1,921,751	yes	yes				existing + ROGOV
Alba Iulia	Alba	66,369	yes	yes		DN1 - DN 1		
Cugir	Alba	30,244	no					
Sebeş	Alba	29,475	yes	yes	yes	DN7 / 1 - DN 1 - DN 7		
Aiud	Alba	28,909	yes	yes		DN 1 - DN 1		
Blaj	Alba	21,819	yes	no		DN 14 B - DN 14 B		
Ocna Mureş	Alba	15,697	no					
Zlatna	Alba	9,254	yes	no		DN 74 - DN 74		
Câmpeni	Alba	8,587	yes	no		DN 75 - DN 75		
Teiuş	Alba	7,338	yes	yes		DN 1 - DN 1		
Abrud	Alba	6,803	yes	no		DN 74 - DN 74	DN 74 - DN 74 A	
Baia de Arieş	Alba	4,877	yes	no		DN 75 - DN 75		
Arad	Arad	172,824	yes	yes	yes	DN 7 - DN 69 - DN 7		
Lipova	Arad	11,491	yes	no	yes	DN 7 - DN 7		
Ineu	Arad	10,416	yes	no		DN 79 A - DN 79 A		
Curtici	Arad	9,762	no					
Chişineu-Criş	Arad	8,724	yes	no		DN 79 A - DN 79		
Nădlac	Arad	8,422	yes	yes	yes	DN 7 - DN 7		
Pâncota	Arad	7,418	no					
Sebiş	Arad	6,829	no					
Piteşti	Argeş	168,756	yes	yes	yes	A 1 - DN 7	A 1 - DN 65	1st in work, 2nd existing
Câmpulung-Muscel	Argeş	38,285	yes	no		DN 73 - DN 73		
Mioveni	Argeş	35,849	no					
Curtea de Argeş	Argeş	32,626	yes	no	yes	DN 7 C - DN 73 C	DN 73 C - DN 73 C	
Costeşti	Argeş	12,091	yes	no		DN 65 A - DN 65 A		

Topoloveni	Argeş	10,329	yes	no	yes	DN 7 - DN 7		
Bacău	Bacău	204,500	yes	yes		DN 2 - DN 2	DN 2 - DN 15	IBRD
Oneşti	Bacău	51,681	yes	no		DN 11 - DN 12 A	DN 11 - DN 11 A	
Comăneşti	Bacău	26,237	yes	no		DN 12 A - DN 12 A		
Moineşti	Bacău	25,532	yes	no		DN 2 G - DN 2 G		existing
Buhuşi	Bacău	21,993	yes	no		DN 15 - DN 15		
Dărmăneşti	Bacău	14,232	yes	no		DN 12 A - DN 12 A		
Târgu Ocna	Bacău	14,184	yes	no		DN 12 A - DN 12 A		
Slănic Moldova	Bacău	5,375	no					
Oradea	Bihor	206,527	yes	yes	yes	DN 1 - DN 1	DN 1 - DN 76 - DN 79	2nd existing
Salonta	Bihor	20,006	yes	no		DN 79 - DN 79	DN 79 - DN 79 B	
Marghita	Bihor	18,650	yes	no		DN 19 B - DN 19 B		
Beiuş	Bihor	12,089	yes	no		DN 76 - DN 76		
Aleşd	Bihor	10,852	yes	yes	yes	DN 1 - DN 1		
Valea lui Mihai	Bihor	10,665	yes	no		DN 19 - DN 19	DN 19 - DN 19 C	
Ştei	Bihor	9,466	yes	no		DN 76 - DN 76		
Vaşcău	Bihor	3,032	yes	no		DN 76 - DN 76		
Nucet	Bihor	2,851	yes	no		DN 75 - DN 75		
Bistriţa	Bistriţa-Năsăud	81,467	yes	no		DN 17 - DN 17	DN 17 - DN 17 C	
Beclean	Bistriţa-Năsăud	12,033	yes	no		DN 17 - DN 17		
Năsăud	Bistriţa-Năsăud	11,365	yes	no		DN 17 D - DN 17 D		
Sângeorz-Băi	Bistriţa-Năsăud	10,702	yes	no		DN 17 D - DN 17 D		
Botoşani	Botoşani	115,344	yes	no		DN 29 B - DN 29 - DN 29 B		
Dorohoi	Botoşani	31,073	yes	no		DN 29 A - DN 29 B		
Darabani	Botoşani	12,002	yes	no		DN 29 A - DN 29 A		
Săveni	Botoşani	8,685	yes	no		DN 29 - DN 29		
Brăila	Brăila	216,929	yes	no		DN 21 - DN 2 B - DN 22 - DN 2 B		existing
Ianca	Brăila	12,886	yes	no		DN 2 B - DN 2 B		

Însurăţei	Brăila	7,501	yes	no		DN 21 - DN 21		
Făurei	Brăila	4,626	yes	no		DN 2 B - DN 2 B		existing
Braşov	Braşov	283,901	yes	yes	yes	DN 1 - DN 1 - DN 13	DN 1 - DN 11 - DN 13	1st foreseen
Făgăraş	Braşov	35,759	yes	yes	yes	DN 1 - DN 1		
Săcele	Braşov	29,967	yes	no		DN 1 A - DN 1		
Zărneşti	Braşov	26,520	no					
Codlea	Braşov	24,814	yes	yes	yes	DN 1 - DN 1		
Râşnov	Braşov	16,242	yes	no	yes	DN 73 - DN 73 A		
Victoria	Braşov	10,896	no					
Predeal	Braşov	6,735	yes	yes	yes	DN 1 - DN 73 A - DN 1		
Rupea	Braşov	6,246	yes	no		DN 13 - DN 13		existing
Ghimbav	Braşov	5,075	yes	yes	yes	DN 1 - DN 1		
Buzău	Buzău	133,116	yes	yes	?	DN 2 - DN 1 B - DN 10 - DN 2	DN 2 - DN 2 B	1st existing, 2nd existing
Râmnicu Sărat	Buzău	38,805	yes	yes	?	DN 2 - DN 2	DN 2 - DN 22	
Nehoiu	Buzău	12,650	yes	no		DN 10 - DN 10		
Pogoanele	Buzău	7,614	yes	no		DN 2 C - DN 2 C		
Călăraşi	Călăraşi	71,046	yes	no		DN 3 - DN 21 - DN 3 B		
Oltenița	Călăraşi	31,434	yes	no		DN 4 - DN 31 - DN 4		
Budeşti	Călăraşi	9,596	yes	no		DN 4 - DN 4		
Lehliu Gară	Călăraşi	6,667	yes	yes	yes	DN 3 - DN 3 A - DN 3		
Fundulea	Călăraşi	6,217	yes	yes	yes	DN 3 - DN 3		
Reşița	Caraş-Severin	83,985	yes	no		DN 58 - DN 58 B		
Caransebeş	Caraş-Severin	31,199	yes	yes		DN 6 - DN 6		ISPA
Bocşa	Caraş-Severin	19,023	yes	no		DN 58 B - DN 58 B		
Oravița	Caraş-Severin	15,222	yes	no		DN 57 - DN 57	DN 57 - DN 57 A	
Moldova Nouă	Caraş-Severin	15,112	no					
Oțelu Roşu	Caraş-Severin	13,128	yes	no		DN 68 - DN 68		
Anina	Caraş-Severin	10,594	yes	no		DN 58 - DN 58		
Băile Herculane	Caraş-Severin	6,051	yes	no		DN 67 D - DN 67 D		
Cluj-Napoca	Cluj	318,027	yes	yes	yes	DN 1 - DN 1	DN 1 - DN 1 C	

Dej	Cluj	38,478	yes	no		DN 1 C - DN 17 - DN 1 C		
Câmpia Turzii	Cluj	29,852	yes	no	yes	DN 15 - DN 15		
Gherla	Cluj	24,232	yes	no		DN 1 C - DN 1 C		
Huedin	Cluj	9,955	yes	yes	yes	DN 1 - DN 1		
Turda	Cluj	5,577	yes	yes	yes	DN 1 - DN 1 - DN 15		
Constanța	Constanța	310,526	yes	yes	yes	DN 2 A - A 2 - DN 3 - DN 39 A		EBRD
Medgidia	Constanța	43,867	yes	yes	yes	DN 22 C - DN 22 C		partly exisitng
Mangalia	Constanța	40,037	yes	no		DN 39 - DN 39		
Năvodari	Constanța	32,400	no					
Cernavodă	Constanța	20,514	yes	yes	yes	A 2 - DN 22 C		existing
Ovidiu	Constanța	13,458	yes	no	yes	DN 2 A - DN 2 A		
Hârşova	Constanța	11,198	yes	no		DN 2 A - DN 2 A		
Basarabi	Constanța	11,070	yes	yes	yes	DN 22 C - DN 3		
Eforie	Constanța	9,294	yes	no		DN 39 A - DN 39		partly existing
Techirghiol	Constanța	7,388	yes	no		DN 38 - DN 38		
Negru Vodă	Constanța	5,529	yes	no		DN 38 - DN 38		
Sfântu Gheorghe	Covasna	61,512	yes	no		DN 12 - DN 12		partly existing
Târgu Secuiesc	Covasna	22,251	yes	no		DN 11 - DN 11		partly existing
Covasna	Covasna	12,306	no					
Baraolt	Covasna	10,464	no					
Întorsura Buzăului	Covasna	9,081	yes	no		DN 10 - DN 10		
Târgovişte	Dâmboviţa	89,429	yes	no		DN 71 - DN 72 - DN 71		partly existing
Moreni	Dâmboviţa	22,868	no					
Găeşti	Dâmboviţa	16,598	yes	no	yes	DN 7 - DN 72 - DN 7		
Pucioasa	Dâmboviţa	16,489	yes	no		DN 71 - DN 71		
Titu	Dâmboviţa	10,711	yes	no	yes	DN 7 - DN 7		
Fieni	Dâmboviţa	8,092	yes	no		DN 71 - DN 71		
Craiova	Dolj	302,622	yes	yes		DN 65 - DN 65 C - DN 6	DN 65 - DN 6 - DN 56 - DN 6	1st under work
Băileşti	Dolj	22,231	no					
Calafat	Dolj	21,227	yes	yes		DN 56 - bridge	DN 56 - DN 55 A	1st ISPA

Filiaşi	Dolj	20,159	yes	yes		DN 6 - DN 6		
Segarcea	Dolj	8,704	no					
Galați	Galați	298,584	yes	no		DN 2 B - DN 26 - DN 2 B		
Tecuci	Galați	42,012	yes	yes		DN 24 - DN 24	DN 24 - DN 25	
Târgu Bujor	Galați	8,044	no					
Bereşti	Galați	3,926	no					
Giurgiu	Giurgiu	69,587	yes	yes		DN 5 - bridge		existing
Bolintin-Vale	Giurgiu	11,464	no					
Mihăileşti	Giurgiu	7,161	yes	yes		DN 6 - DN 6		
Târgu Jiu	Gorj	96,562	yes	yes		DN 66 - DN 67 - DN 66	DN 66 - DN 67 - DN 67 D - DN 66	
Motru	Gorj	25,860	yes	no		DN 67 - DN 67		
Rovinari	Gorj	12,603	yes	yes		DN 66 - DN 66		
Bumbeşti-Jiu	Gorj	11,882	yes	yes		DN 66 - DN 66		partly existing
Târgu Cărbunești	Gorj	9,338	yes	no		DN 67 B - DN 67 B		
Tismana	Gorj	7,578	no					
Novaci	Gorj	6,151	yes	no		DN 67 C - DN 67 C		
Ţicleni	Gorj	5,205	no					
Miercurea-Ciuc	Harghita	41,852	yes	no		DN 12 - DN 13 A - DN 12		
Odorheiu Secuiesc	Harghita	36,926	yes	no		DN 13 A - DN 13 A		
Gheorgheni	Harghita	21,245	yes	no		DN 12 - DN 13 B - DN 12		
Toplița	Harghita	16,839	yes	no		DN 12 - DN 15		
Cristuru Secuiesc	Harghita	11,291	no					
Bălan	Harghita	9,295	no					
Vlăhița	Harghita	7,392	yes	no		DN 13 A - DN 13 A		
Borsec	Harghita	3,109	yes	no		DN 15 - DN 15		
Băile Tuşnad	Harghita	1,802	yes	no		DN 12 - DN 12		
Hunedoara	Hunedoara	71,380	no					
Deva	Hunedoara	69,390	yes	yes	yes	DN 1/7 - DN 1/7		ISPA
Petroşani	Hunedoara	45,447	yes	yes		DN 66 - DN 66		
Vulcan	Hunedoara	33,186	yes	no		DN 66 A - DN 66 A		

Lupeni	Hunedoara	31,409	yes	no		DN 66 A - DN 66 A		
Petrila	Hunedoara	28,742	no					
Orăştie	Hunedoara	24,354	yes	yes	yes	DN 1/7 - DN 1/7		ISPA
Brad	Hunedoara	18,075	yes	no		DN 76 - DN 76	DN 76 - DN 74	
Călan	Hunedoara	14,714	yes	yes		DN 66 - DN 66		
Simeria	Hunedoara	14,571	yes	yes	yes	DN 1/7 - DN 1/7	DN 66 - DN 1/7	ISPA
Haţeg	Hunedoara	12,507	yes	yes		DN 66 - DN 66	DN 66 - DN 68	
Uricani	Hunedoara	12,177	yes	no		DN 66 A - DN 66 A		
Geoagiu	Hunedoara	6,290	no					
Aninoasa	Hunedoara	6,108	yes	no		DN 66 A - DN 66 A		partly existing
Slobozia	Ialomiţa	52,677	yes	no		DN 2 A - DN 2 A	DN 21 - DN 21	1st existing
Feteşti	Ialomiţa	33,197	yes	yes	yes	DN 2 A - A 2	DN 3 B - DN 3 B	
Urziceni	Ialomiţa	19,088	yes	yes		DN 2 - DN 2	DN 2 - DN 2 A	1st existing
Ţăndărei	Ialomiţa	14,591	yes	no		DN 2 A - DN 2 A	DN 2 A - DN 21 A	1st partly existing
Iaşi	Iaşi	321,508	yes	no		DN 28 - DN 24	DN 28 - DN 24 - DN 28	
Paşcani	Iaşi	42,172	yes	no		DN 28 A - DN 28 A		
Târgu Frumos	Iaşi	13,763	yes	no		DN 28 - DN 28	DN 28 - DN 28 A	
Hârlău	Iaşi	12,260	yes	no		DN 28 B - DN 28 B		
Buftea	Ilfov	19,617	yes	no		DN 1 A - DN 1 A		
Otopeni	Ilfov	10,515	yes	yes	yes	DN 1 - DN 1		
Baia Mare	Maramureş	137,976	yes	no		DN 1 C - DN 1 C	DN 1 C - DN 1 B	1st existing
Sighetu Marmaţiei	Maramureş	41,246	yes	no		DN 18 - DN 19	DN 18 - DN 18	
Borşa	Maramureş	27,247	yes	no		DN 18 - DN 18		
Vişeu de Sus	Maramureş	18,444	yes	no		DN 18 - DN 18		
Baia Sprie	Maramureş	15,735	yes	no		DN 18 - DN 18		
Târgu Lăpuş	Maramureş	14,139	no					
Seini	Maramureş	9,439	yes	no		DN 1 C - DN 1 C		
Cavnic	Maramureş	5,494	no					
Drobeta-Turnu Severin	Mehedinţi	104,035	yes	yes		DN 6 - DN 67 - DN 6		ISPA
Orşova	Mehedinţi	15,379	yes	yes		DN 6 - DN 6	DN 6 - DN 57	1st partly existing

Strehaia	Mehedinţi	12,564	yes	yes		DN 6 - DN 6		
Vânju Mare	Mehedinţi	7,074	yes	yes		DN 56 A - DN 56 A		
Baia de Aramă	Mehedinţi	5,724	yes	no		DN 67 D - DN 67 D		
Târgu Mureş	Mureş	149,577	yes	no	yes	DN 13 - DN 15	DN 13 - DN 15	1st motorway, 2nd IBRD
Reghin	Mureş	36,023	yes	no		DN 15 - DN 16 - DN 15		IBRD
Sighişoara	Mureş	32,287	yes	no	yes	DN 13 - DN 13	DN 13 - DN 14	1st motorway
Târnăveni	Mureş	29,828	yes	no		DN 14 A - DN 14 A		
Luduş	Mureş	18,647	yes	no	yes	DN 15 - DN 15		
Sovata	Mureş	12,219	yes	no		DN 13 A - DN 13 A		
Iernut	Mureş	9,833	yes	no	yes	DN 15 - DN 15		
Miercurea Nirajului	Mureş	6,251	no					
Piatra Neamţ	Neamţ	105,499	yes	no		DN 15 - DN 15		
Roman	Neamţ	69,483	yes	yes		DN 2 - DN 2		
Târgu Neamţ	Neamţ	22,634	yes	no		DN 15 C - DN 15 C	DN 15 B - DN 15 B	
Bicaz	Neamţ	8,911	yes	no		DN 15 - DN 12 C	DN 15 - DN 15	
Slatina	Olt	79,171	yes	no		DN 65 - DN 65		partly existing
Caracal	Olt	34,603	yes	yes		DN 6 - DN 6	DN 54 - DN 54	
Balş	Olt	23,147	yes	no		DN 65 - DN 65		
Corabia	Olt	21,932	yes	no		DN 54 A - DN 54 - DN 54		
Scorniceşti	Olt	13,751	no					
Drăgăneşti-Olt	Olt	13,181	no					
Piatra Olt	Olt	6,583	no					
Ploieşti	Prahova	232,452	yes	yes	yes	DN 1 - DN 1 A - DN 72 - DN 1	DN 1 - DN 1 B - DN 1 A - DN 1	existing
Câmpina	Prahova	38,758	yes	yes	yes	DN 1 - DN 1		partly existing
Băicoi	Prahova	20,234	no					
Breaza	Prahova	18,863	no					
Mizil	Prahova	17,075	yes	yes	?	DN 1 B - DN 1 B		
Sinaia	Prahova	14,636	yes	yes	yes	DN 1 - DN 1		partly existing
Vălenii de Munte	Prahova	13,898	yes	no		DN 1 A - DN 1 A		
Comarnic	Prahova	13,532	yes	yes	yes	DN 1 - DN 1		

Urlați	Prahova	11,858	no					
Bușteni	Prahova	11,787	yes	yes	yes	DN 1 - DN 1		
Boldeşti-Scăeni	Prahova	11,505	no					
Plopeni	Prahova	10,083	no					
Slănic	Prahova	7,249	no					
Azuga	Prahova	6,119	yes	yes	yes	DN 1 - DN 1		
Zalău	Sălaj	63,305	yes	yes	yes	DN 1 F - DN 1 F		
Şimleu Silvaniei	Sălaj	17,053	yes	yes	yes	DN 1 H - DN 1 H		
Jibou	Sălaj	12,283	yes	no		DN 1 H - DN 1 H		
Cehu Silvaniei	Sălaj	8,468	no					
Satu Mare	Satu Mare	115,630	yes	yes		DN 19 A - DN 19	DN 19 - DN 19	
Carei	Satu Mare	25,590	yes	no		DN 19 - DN 19	Dn 1 F - DN 1 F	
Negreşti-Oaş	Satu Mare	16,356	yes	no		DN 19 - DN 19		
Tăşnad	Satu Mare	10,188	yes	no		DN 1 F - DN 1 F		
Sibiu	Sibiu	170,045	yes	yes	yes	DN 1/7 - DN 14 - DN 1/7		ISPA
Mediaş	Sibiu	55,203	yes	no		DN 14 - DN 14	DN 14 - DN 14 A	IBRD, 2nd partly existing
Cisnădie	Sibiu	17,204	no					
Avrig	Sibiu	16,215	yes	yes		DN 1 - DN 1		
Agnita	Sibiu	12,115	no					
Tălmaciu	Sibiu	9,147	yes	yes	yes	DN 7 - DN 7		
Dumbrăveni	Sibiu	8,812	no					
Copşa Mică	Sibiu	5,157	yes	no		DN 14 - DN 14		
Ocna Sibiului	Sibiu	4,184	no					
Suceava	Suceava	106,138	yes	yes		DN 2 - DN 2	DN 17 - DN 29	2nd partly existing
Fălticeni	Suceava	33,867	yes	yes		DN 2 - DN 2		
Rădăuți	Suceava	32,151	yes	no		DN 2 H - DN 2 H	DN 17 A - DN 17 A	
Câmpulung Moldovenesc	Suceava	21,862	yes	no		DN 17 - DN 17	DN 17 - DN 17 A	
Vatra Dornei	Suceava	17,864	yes	no		DN 17 - DN 17		
Gura Humorului	Suceava	16,740	yes	no		DN 17 - DN 17		
Siret	Suceava	10,003	yes	yes		DN 2 - DN 2		

Solca	Suceava	4,687	yes	no		DN 2 E - DN 2 K	DN 2 K - DN 2 E	
Alexandria	Teleorman	50,591	yes	yes		DN 6 - DN 6	DN 6 - DN 52 - DN 51 - DN 6	
Roşiorii de Vede	Teleorman	31,873	yes	yes		DN 6 - DN 6	DN 6 - DN 65 A	existing
Turnu Măgurele	Teleorman	30,187	yes	no		DN 54 - DN 65 A - DN 51 A		
Zimnicea	Teleorman	16,787	yes	no		DN 51 - DN 51 A	DN 51 - DN 5 C	
Videle	Teleorman	12,498	no					
Timişoara	Timiş	317,953	yes	yes	yes	DN 6 - DN 6	DN 6 - DN 59 A - DN 59	1st JBIC
Lugoj	Timiş	44,571	yes	yes	yes	DN 6 - DN 68 A - DN 6		ISPA
Sânnicolau Mare	Timiş	13,007	yes	yes		DN 6 - DN 6		Phare ?
Jimbolia	Timiş	10,497	yes	no		DN 59 A - DN 59 C	DN 59 C - DN 59 A	
Buziaş	Timiş	8,128	no					
Făget	Timiş	7,519	yes	yes	yes	DN 68 A - DN 68 A		partly existing
Deta	Timiş	7,059	yes	yes		DN 59 - DN 59		partly existing
Tulcea	Tulcea	92,762	yes	no		DN 22 - DN 22		
Măcin	Tulcea	11,803	yes	no		DN 22 - DN 22		
Babadag	Tulcea	10,878	yes	no		DN 22 - DN 22		
Isaccea	Tulcea	5,614	yes	no		DN 22 - DN 22		
Sulina	Tulcea	5,140	no					
Râmnicu Vâlcea	Vâlcea	107,656	yes	yes	yes	DN 7 - DN 7		existing
Drăgăşani	Vâlcea	22,499	yes	no		DN 64 - DN 64	DN 67 B - DN 67 B	2nd partly existing
Băbeni	Vâlcea	9,805	no					
Călimăneşti	Vâlcea	8,923	yes	yes	yes	DN 7 - DN 7		
Brezoi	Vâlcea	7,589	yes	no		DN 7 A - DN 7 A		
Horezu	Vâlcea	7,446	yes	no		DN 67 - DN 67		
Bălceşti	Vâlcea	5,914	yes	no		DN 65 C - DN 65 C		
Băile Olăneşti	Vâlcea	4,814	no					
Ocnele Mari	Vâlcea	3,591	no					
Băile Govora	Vâlcea	3,147	no					
Vaslui	Vaslui	70,267	yes	no		DN 24 - DN 24	DN 24 - DN 2 F - DN 15 D - DN 24	

Bârlad	Vaslui	69,183	yes	yes		DN 24 - DN 24		
Huşi	Vaslui	33,302	yes	yes		DN 24 B - DN 24 B		
Negreşti	Vaslui	10,481	yes	no		DN 15 D - DN 15 D		
Focşani	Vrancea	103,219	yes	yes	?	DN 2 - DN 2	DN 2 - DN 2 D	1st existing
Adjud	Vrancea	20,776	yes	yes		DN 2 - DN 2	DN 2 - DN 11 A	
Mărăşeşti	Vrancea	13,070	yes	yes		DN 2 - DN 2		
Panciu	Vrancea	9,834	no					
Odobeşti	Vrancea	7,985	no					

Priority bypasses

Town	County	Population	on TEN-T ?	main direction	secondary direction	Traffic 2015 > 8000? Main direction	Traffic 2015 > 8000? Secondary direction	Comments
Tecuci	Galați	42,012	yes	DN 24 - DN 24	DN 24 - DN 25	yes	yes	
Fălticeni	Suceava	33,867	yes	DN 2 - DN 2		yes	yes	
Adjud	Vrancea	20,776	yes	DN 2 - DN 2	DN 2 - DN 11 A	yes	no	
Onești	Bacău	51,681	no	DN 11 - DN 12 A	DN 11 - DN 11 A	yes	no	
Rădăuți	Suceava	32,151	no	DN 2 H - DN 2 H	DN 17 A - DN 17 A	yes	no	
Filiași	Dolj	20,159	yes	DN 6 - DN 6		yes		
Avrig	Sibiu	16,215	yes	DN 1 - DN 1		yes		
Mărășești	Vrancea	13,070	yes	DN 2 - DN 2		yes		
Mihăilești	Giurgiu	7,161	yes	DN 6 - DN 6		yes		
Piatra Neamț	Neamț	105,499	no	DN 15 - DN 15		yes		
Mangalia	Constanța	40,037	no	DN 39 - DN 39		yes		
Dej	Cluj	38,478	no	DN 1 C - DN 17 - DN 1 C		yes		
Gherla	Cluj	24,232	no	DN 1 C - DN 1 C		yes		
Balș	Olt	23,147	no	DN 65 - DN 65		yes		
Buhuși	Bacău	21,993	no	DN 15 - DN 15		yes		
Buftea	Ilfov	19,617	no	DN 1 A - DN 1 A		yes		
Vișeu de Sus	Maramureș	18,444	no	DN 18 - DN 18		yes		
Gura Humorului	Suceava	16,740	no	DN 17 - DN 17		yes		
Pucioasa	Dâmbovița	16,489	no	DN 71 - DN 71		yes		
Dărmănești	Bacău	14,232	no	DN 12 A - DN 12 A		yes		
Târgu Ocna	Bacău	14,184	no	DN 12 A - DN 12 A		yes		
Vălenii de Munte	Prahova	13,898	no	DN 1 A - DN 1 A		yes		
Beiuș	Bihor	12,089	no	DN 76 - DN 76		yes		
Budești	Călărași	9,596	no	DN 4 - DN 4		yes		

Târgu Jiu	Gorj	96,562	yes	DN 66 - DN 67 - DN 66	DN 66 - DN 67 - DN 67 D - DN 66	partly	partly	
Galați	Galați	298,584	no	DN 2 B - DN 26 - DN 2 B		partly		
Gheorgheni	Harghita	21,245	no	DN 12 - DN 13 B - DN 12		partly		
Târgu Frumos	Iași	13,763	no	DN 28 - DN 28	DN 28 - DN 28 A	no	yes	
Craiova	Dolj	302,622	yes	DN 65 - DN 65 C - DN 6	DN 65 - DN 6 - DN 56 - DN 6	yes	yes	1st under work, 2nd proposed EIB ?
Alexandria	Teleorman	50,591	yes	DN 6 - DN 6	DN 6 - DN 52 - DN 51 - DN 6	yes	no	proposed EIB ?
Rupea	Brașov	6,246	no	DN 13 - DN 13		yes		existing
Eforie	Constanța	9,294	no	DN 39 A - DN 39		yes		partly existing
Aninoasa	Hunedoara	6,108	no	DN 66 A - DN 66 A		yes		partly existing

Annex 4: Mihailesti

Annex 5

PRIORITY AXIS 2 – Modernisation and development of national transport infrastructure

Key Area of Intervention 2.2 – Modernisation and development of national railway infrastructure

2.2.1 Description

Background and rationale

Three main projects are being considered under the present Key Area of Intervention. These are:

- rehabilitation of railway stations and,
- rehabilitation of railway tunnels / bridges and high embankments,
- studies for preparation of further pipeline.

These projects have been selected further to a screening of potential candidate projects, also including rehabilitation and / or electrification of railway sections. The rationale for selection of the two proposed projects was based on the following:

- rehabilitation / electrification of railway sections have relatively low rates of return,
- these are generally very large projects. Under ERDF, the total amount of funds available would hardly cover one significant section,
- these are also projects that are difficult to implement and for which there is no flexibility in implementation.

By comparison, rehabilitation of railway stations, bridges / tunnels, have higher rates of return, are composed of several smaller individual projects, enabling both a better coverage of the Romanian territory and more flexibility in implementation.

2.2.1.1 Rehabilitation of railway stations

The Romanian railway network encounters a number of approx. 1,100 railway stations spread all over the country. Railways stations have a key role as part of the transport system, and are also part of the areas of public interest of each county (județ) or town of Romania.

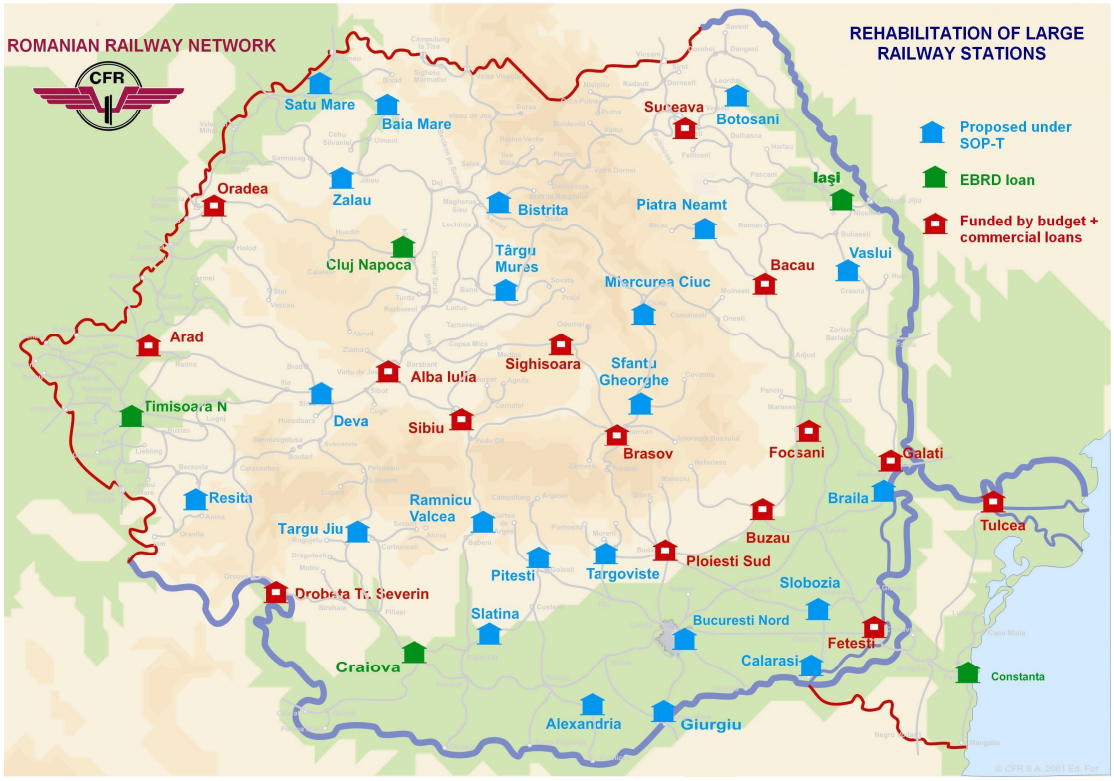
The Romanian Government has launched an ambitious programme of rehabilitation of the railway stations. The proposed works take into account especially the improvement of the operating conditions in stations, and also the necessity of providing improved services for passengers in accordance with European standards and respecting UIC leaflets 413 and 140 provisions regarding Euro-stations.

Accordingly, the main objectives of these works are the rehabilitation of railway station buildings, with a special accent on entrances-exit zones, spaces designed for

passenger services as well as commercial areas. This will also include improved access for disabled persons.

The ultimate objective is to promote the transport by rail particularly against the road (which is consistent with EU policy as per the White Paper) by increasing its attractiveness particularly tackling the quality of the services for the passengers and the inter-connection with the urban transport in the locality. Indeed the current situation of many major stations is very poor (with premises not rehabilitated for a very long time, unheated, without any sort of comfort for the passengers).

The modernization program for the railways stations primarily focuses on the most important 43 cities, mainly corresponding with the county capital cities.



In 2003, an EBRD loan has been signed for the rehabilitation of 5 major stations, namely:

- *Cluj,*
- *Constanta,*
- *Craiova,*
- *Iasi, and*
- *Timisoara Nord.*

Funding has also been secured through a commercial loan for another 15 stations, namely: Alba Iulia, Arad, Bacau, Brasov, Buzau, Drobeta Turnu Severin, Fetesti, Focsani, Galati, Oradea, Ploiesti Sud, Sibiu, Sighisoara, Suceava and Tulcea.

However, at present, no financial resources have been identified for the remaining 22 main stations:

Alexandria, Baia Mare, Bistrita, Botosani, Braila, Calarasi, Deva, Giurgiu, Miercurea Ciuc, Piatra Neamt, Pitesti, Ramnicu Valcea, Resita, Satu Mare, Sfantu Gheorghe, Slatina, Slobozia, Targoviste, Targu Jiu, Targu Mures, Vaslui, Zalau.

In addition, a major project remains to be funded for the rehabilitation of the Bucharest North railway station. To date, no final decision has been taken regarding the way of implementation for this project.

Finally, 15 nodes play an important role in the rail passengers traffic. These are:
Adjud, Beclean pe Somes, Caransebes, Deda, Dej Calatori, Jibou, Pascani, Razboieni, Rosiori, Saratel, Simeria, Tecuci, Teius, Titu, Videle.

The type of works envisaged primarily focus on the passenger building and related facilities. Stations located along the TEN-T priority axis no. 22 will be eligible under the present key area of intervention, as:

- the railway sections rehabilitation included under the key area of intervention 1.2 do not include rehabilitation of passenger buildings in stations, but only lines and operations related works,
- the main stations and nodes are considered as fixed points on the network and are not subject to potential relocation so as to achieve speed increases.

The type of benefits considered are:

- reduction of maintenance costs,
- in some cases, reduction of risks related to structural deficiencies,
- contribution to mode balancing for passengers.

This project will involve the following costs:

- the average cost of each of the 22 main railway stations is estimated at about 5.5 Meuro, for a total of 121 Meuro,
- another 70 Meuro construction cost would be represented by either works in the Bucharest North railway station or in the 15 main nodes.

Railway stations	MEuro
Construction	191.00
Supervision	9.56
Land acquisition and permits	3.82
VAT	38.11
ISC	1.34

2.2.1.2 Rehabilitation of railway bridges / tunnels and high embankments

According to the railway strategy approved through Government Decision no. 817 / 2005, the situation of railway bridges and tunnels at the beginning of year 2005 was the following:

- out of 4,211 railway bridges, 2,698 were due for capital repairs (out of which 607 had an expired design life),
- out of 170 tunnels, 62 were due for capital repairs.
- 1,060 embankments points were considered as dangerous points.

These figures highlight the size and nature of difficulties. Railway bridges, tunnels and embankments are major key points on the rail network. Maintenance backlogs on these points result into potential hazards for persons and goods safety, while failure would lead to blockage of the lines and the need of substantial deviations. Therefore, the benefits of such rehabilitation are mainly:

- avoidance of accidents and damages,
- avoidance of deviations costs (time losses, additional operating costs, losses of traffic).

The prioritisation of such works will be based on the combination of the risk and traffic levels. It is intended that the bridges, tunnels and embankments dangerous points located on the TEN-T network will have priority, but those located on TEN-T priority axis no. 22 will not be eligible under the present key area of intervention, as there would be a risk of overlapping with the works performed under the key area of intervention no. 22.

The activities to be performed include:

- feasibility studies by group of sections, including expertises of the structures,
- detailed designs,
- works and
- works supervision.

Railway bridges / tunnels and high embankments	MEuro
Feasibility study and design	5.50
Construction	100.00
Supervision	5.00
Land acquisition and permits	3.00
VAT	19.95
ISC	0.70

2.2.1.3 Studies for further pipeline

The third type of projects is represented by the need to prepare a further pipeline of projects for the next programming period. To this aim, about 15 Meuro have been earmarked.

Studies	MEuro
studies	15.00
VAT	2.85
Permits	1.50

Another project has been suggested under this key area of intervention, namely the elaboration of national technical specifications for interoperability. However, the need for such project is unclear

Objectives

The general objective of this key area of intervention is to contribute to mode balancing by improving the status of nodes (stations, bridges, tunnels, dangerous points) along the railway network.

The specific objectives are to:

- increase attractiveness of rail passenger transport through rehabilitation of railway stations,
- improve the status of railway network by rehabilitating dangerous points,
- prepare further projects pipeline.

2.2.2 Operations

The operations to be funded under this key area of intervention are primarily sets of rehabilitation and supervision contracts for railway stations and dangerous points (bridges, tunnels and high embankments). In addition, feasibility studies and designs will also be funded, for preparation of further project pipeline. Apart from these studies, it is foreseen that all projects will be major projects.

The **project preparation** status is the following:

Project	**Funding source**	**Amount (Meuro)**
Rehabilitation of 5 railway stations	PHARE 2004	2.0
Rehabilitation of 17 railway stations	PHARE CES 2005	7.5
Rehabilitation of Bucharest North railway stations	Phare funding considered	2.5 (?)
Bridges, tunnels and high embankments	through SOP-T	5.5

2.2.3 Categorisation of interventions

- Priority theme

Code	Priority theme
	Transport
16	Railways

- Form of finance

Code	Form of finance
01	Non-repayable aid

- Territorial dimension

Code	Territory type
00	Not applicable

2.2.4 Grant size

Eligible value of the project (Euro)	N.A.
Maximum size of grant to total eligible cost (%)	100
Minimum contribution of the applicant	-
Community contribution to the support granted (%)	75
National public contribution to the support granted (%)	25

2.2.5 Project selection criteria

The following criteria are proposed for consideration by the Monitoring Committee:

- Eligibility criteria
  - Relevance
    - type of project: railway
    - location (apart from railway stations): outside TEN-T priority axis no. 22
    - need for grant (against financial rate of return)
    - in line with SOP-T resources available
  - Effectiveness: minimum maturity requirements:
    - complete feasibility study, including analysis of variants, cost benefit analysis and environmental impact assessment,
    - approval by beneficiary management,
    - existence of land planning certificate,
    - existence of environmental permit.

- Selection criteria
  - Relevance
    - project contribution to global objective: increase railway attractiveness
    - type of project:
      - for stations: in stations with important number of passengers; projects primarily addressing facilities for passengers,
      - for infrastructure: primarily TEN-T bridges, embankments and tunnels.
    - project contribution to increased safety,
    - value added of EU funding
    - EU policies: observance of rules regarding environmental protection, public procurement, State aid and equal opportunities (access of disabled persons)
  - Feasibility
    - quality of technical solutions
    - capacity adapted to current and future demand

        - cost estimate justified and in line with similar projects
        - sound project technical features
        - economic rate of return,
        - adjustment of need for grant (against financial rate of return),
        - environmental mitigation costs limited to a reasonable share of the project costs
    - Effectiveness
        - project readiness:
            - status of design preparation,
            - status of land acquisition,
            - status of utilities protection / relocation design,
        - beneficiary:
            - existence of clear implementing unit,
            - nomination of project manager(s),
            - sound management and control systems
        - financial plan
            - based on realistic implementation plan
            - detailed
            - existence of financial resources for non-eligible costs and project management
        - risk analysis and sensitivity:
            - adequate identification of risks
            - mitigation proposals
    - Sustainability
        - sufficient partnership and consensus
        - viability: clear arrangements for operation and maintenance

2.2.6 Intermediate Bodies

Not applicable.

2.2.7 Competent Body for making payments to beneficiaries

Authority for Certification and Payments, within the Ministry of Public Finance

2.2.8 Beneficiary

Romanian Railway Company CN CFR SA

2.2.9 End recipients

Not applicable.

2.2.10 Financial Plan

- Euro 2004 -

Total budget (eligible costs)	**353,590,000**
Community contribution (ERDF)	**265,190,000**

National contribution	**88,400,000**
- Public	**88,400,000**
- Private	**-**

For information:
Land acquisition and permits are estimated at 8.3 Meuro,
VAT is estimated at 67 Meuro,
The State Inspectorate in Construction tax is estimated at 2.25 Meuro.

2.2.11 Monitoring and evaluation indicators

Evaluation indicators

At key area of intervention level, evaluation will be performed based on the objective indicators defined above.
At operations level, evaluation shall be performed on the basis of the main indicators identified in the feasibility studies: traffic levels, savings in terms of time, safety, maintenance. It is recommended to recalculate the economic rate of return:

- upon completion of each project,
- 5 years after completion of each project.

Monitoring indicators

The main indicators of monitoring shall be:

- progress in design preparation,
- progress in tendering and contracting,
- progress in land acquisition,
- progress in utilities relocation / protection,
- progress in works implementation (physical and financial),
- evolution of actual contract price.

The attached estimated timetables and expenditures tables should be used as references.

2.2.12 Horizontal themes

- Sustainable development

Each project will be subject to a full Environmental Impact Assessment.
Improvement of railway stations will contribute to making railway passenger traffic more attractive, while improvement of bridges and tunnels shall secure a durable railway infrastructure.

- Equal opportunities

Rehabilitation of the stations will particularly take into account access of and facilities for disabled persons.

2.2.13 State Aid

The infrastructure to be built is State public infrastructure, to be operated by the public company CN CFR SA, concessionaire of the national railway network of Romania. Access of railway operators to the network is ensured in a transparent and open manner.

It has to be mentioned, in particular, that railway stations are part of the infrastructure managed by CFR SA, the rail infrastructure company. This set-up therefore opens the way for effective competition between operators, including, in the future, between passenger operators.

Annex 6

PRIORITY AXIS 2 – Modernisation and development of national transport infrastructure

Key Area of Intervention 2.3 – Modernisation and development of national water transport infrastructure

2.3.1 Description

The projects currently proposed under this key area of intervention are the following:

Project name	Description	Investment cost
	Quantity	(Meuro)
Bridge over Danube-Black Sea Canal - Constanta port	2400 m	16.00
Railway system in deep water area, North of Danube-Black Sea Canal - Constanta port	8250 m	10.00
North breakwater extension- Constanta port	1050 m	84.00
Public infrastructure in Danube ports – Call for application		25.00

Background and rationale

Maritime traffic

The port of Constanta has substantially benefited from the fast development of international trade over the last past years: traffic through the Constanta ports (Constanta, Midia and Mangalia) has increased from 33 to 61 million tonnes between 2000 and 2005.

In 2005, maritime traffic in Constanta represented 47 million tonnes, while river traffic amounted to 14 million tonnes. Constanta's new status as a container hub port for the Black Sea is reflected in the 56% growth in transit traffic, to 5.5 million tonnes in 2005. Container handling overall increased from 386,000 TEU in 2004 to 768,000 TEU in 2005, an increase of almost 100%.

IWT

In the context of IWT in Romania there is potential for growth from the following sources:

- **Modal shift** Traditional bulk products can be shifted from rail and road to IWT for routes parallel to the Danube.
- **New markets** Two particular market segments were identified:
  - Containers, following the worldwide growth in containerisation

- Tourism: tourist initiatives exist, as do plans for new developments, for instance, in the Danube Delta and Cazane stretch

- **Rerouting** of international cargo flows that are currently shipped via routes not involving Romania, potentially via Constanta and transported further on the Danube using IWT
- **RoRo**: the RoRo segment comprises the transport of trucks and/or trailers on ferries

This would require, in parallel with and complementary to improvements in navigation mains, development of ports along Danube (TEN-T network) and Sea ports, merely Constanta, which are potential recipients of EU funding under SOPT.

When analysing traffic in Romania's ports, there are two different tendencies.
Forecasted[2] growth for IWT on Romanian ports is summarized below:

- Constanta (maritime): high growth, some in bulk freight, but mostly in containers. The origin and destination of freight of Constanta port is merely Romania.
- Galati: higher than average growth. Mainly in current handled commodities (ores, solid fuels, metals, construction materials), but also some containers.
- Braila: average growth in current handled commodities (construction materials, cereals).
- Tulcea/Sulina: main growth will be in passenger transport.
- Giurgiu: much higher than average growth; divided in current commodities (construction materials), containers and passenger transport.
- Oltenita: competing with Giurgiu for containers and passengers for the Bucharest area.
- Cernavoda: average growth in current handled commodities (construction materials, solid fuels).
- Drobeta/Orsova: growth in passenger transport.

The other smaller ports are expected to show below average growth.

Based on the above analysis, traffic growth appears to be outstanding in Constanta port (having doubled from 2000 to 2005) but the hinterland appears to be mainly limited to Romania and therefore funding projects in Constanta port is expected to have limited risk of disturbing European Black Sea ports competition. Therefore a number of projects in Constanta port, with a relatively high level of readiness, are proposed for funding under SOPT.
Danube ports traffic and needs seem to have a rather undecided evolution therefore public infrastructure projects (keys, bank protection, etc)[3] in Danube ports to be funded under SOPT are proposed to be selected under a call for application procedure in order to allow for the natural competition that might develop between these ports.

[2] Source: Study by Ecorys, 2006
[3] Any container terminals to be developed in Danube ports are expected to be operated by the private sector and will be selected and funded under the call for applications for intermodal transport (Key area of intervention 4.1)

A. Constanta Port

Complementary projects

There have been a number of investments in Constanta port in recent years and other projects are ongoing.

Constanta Port Rehabilitation Project. Completion and repair works for the breakwaters (North and South Breakwaters). The value of the project was MEURO 70.00. This all amount was divided between the following financial sources: PHARE – 17.50 MEURO (25 %); EIB – 35.00 MEURO (50%) and the Romanian Government – 17.50 MEURO (25%). The works were completed in 2001.

Container Terminal on Pier IIS, Port of Constanta South. The project included rehabilitation of existing quay construction of terminal, including new railway track and container station, new access road-flyover, administration, amenity and maintenance workshop buildings together with required equipment.
The total amount was approx. 90 Millions USD. The financing sources were 75% from JBIC (Japan Bank for International Cooperation) and 25 % from Romanian State Budget.

The Container terminal was completed in November 2003 and the Flyover was completed in November 2004.

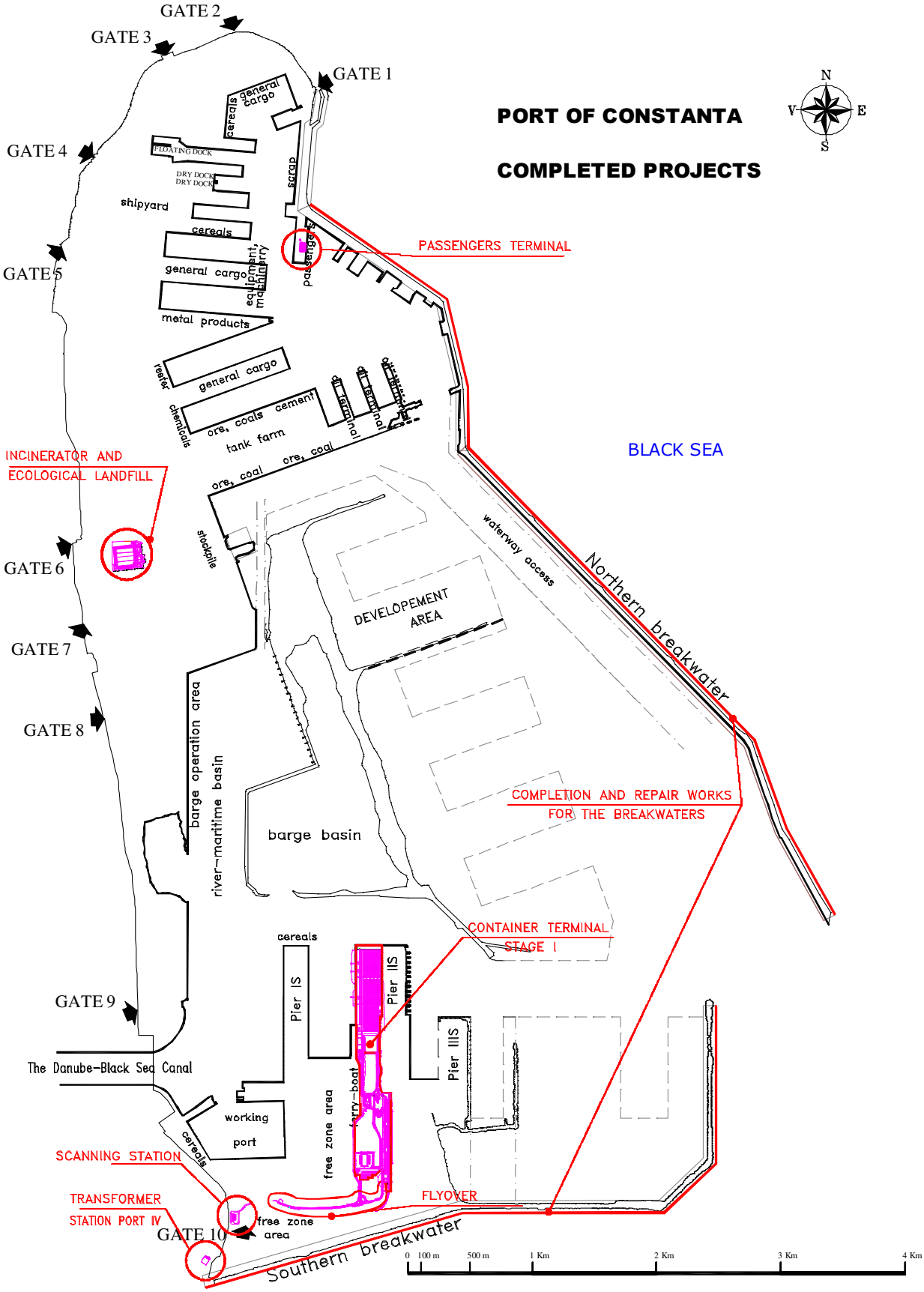
Constanta Port Environment and Infrastructure Project
The project comprises Power Transformer at Port IV Constanta South Station - completed in December 2003, Incinerator (completed in September 2005); Landfill (completed in September 2005) ; Wastewater Treatment Plant (completion expected for December 2006) and Depol Collection Vessel (completed in May 2005).
The total value is approx. MEURO 22 financed as follows: 49% EIB and 51% National Company Maritime Ports Administration SA Constanta.

Passenger Terminal is located on the pier called "Breakwater of the old lighthouse",
a platform between two historical sites: the former Royal pavilion, now converted into the Port Museum, and the old lighthouse built the time of king Carol I. The investment value is 2.5 million Euro from the State Budget, and the project has already been completed.
The attractiveness of Constanta as cruise port has continuously grown over the last years, but mainly due to the cruise trips launched on the Danube since 2002 from Germany to Constanta. For 2006 MPAC estimates a traffic up to 25.000 passengers, of which 20.000 passengers from the river cruise vessels only.

Scanning Station based on X-ray technology for containers/vehicles

Due to the increase of container traffic, a scanner based on X-ray technology was needed. The scanning unit was designed and manufactured by Nuctech Company Ltd, world leaders in scanning equipment. The total value of the investment was USD 4,5 million.
The investment was funded by the Port administration own sources, was completed and is administrated by the Customs Authority.

Barge Terminal - The river-maritime basin is the aquatorium located inside the port at the entrance of the Danube - Black Sea Canal and close to the artificial island in the South of Constanta Port. The growth of barge-carried cargo traffic in the Port of Constanta and the problems related to the movement, mooring and staying of an important number of barges in the port basins, as well as the perspective of a river traffic growth through the facilities established on a Pier II S and III S require the full usage of port aquatorium by re-locating barge activity to the inside water area as an anchorage basin.
The project includes quay for barge mooring of 1200 m length, platforms behind berths with a capacity of 17 mil. tons/year (11.300 barges/year - average 2.260 convoys).
The project will be financed by EBRD (67%) through a non-sovereign loan and 33% from company's own resources and budgetary funds. Implementation is expected to start in 2007 and last until December 2008.


PORT OF CONSTANTA
COMPLETED PROJECTS
N
S
E
V
GATE 1
GATE 2
GATE 3
GATE 4
GATE 5
GATE 6
GATE 7
GATE 8
GATE 9
GATE 10
PASSENGERS TERMINAL
INCINERATOR AND
ECOLOGICAL LANDFILL
BLACK SEA
Northern breakwater
Southern breakwater
waterway access
DEVELOPEMENT
AREA
COMPLETION AND REPAIR WORKS
FOR THE BREAKWATERS
CONTAINER TERMINAL
STAGE I
FLYOVER
SCANNING STATION
TRANSFORMER
STATION PORT IV
The Danube-Black Sea Canal
barge basin
barge operation area
river-maritime basin
stockpile
shipyard
FLOATING DOCK
DRY DOCK
DRY DOCK
cereals
general cargo
cereals
general cargo
equipment, machinery
metal products
reefer
general cargo
chemicals
ore, coals
cement
tank farm
oil terminal
oil terminal
ore, coal
ore, coal
passengers
cargo
cereals
Pier IS
Pier IIS
Pier IIIS
ferry-boat
free zone area
working
port
cereals
free zone
area
0
100 m
500 m
1 Km
2 Km
3 Km
4 Km

Railway system South of Danube-Black Sea canal

The restricted capacity of the marshalling yards forms an obstacle to port development, and the existing railroad system is one of the principal bottlenecks hindering efficient port operation.

Both the railway link to Agigea and the station itself are overloaded, while demand is forecast to increase from seven trains a day each way at present to 21 trains a day each way in 20 years time. The project proposes railway link to the existing container terminal in Constanta South port, for a cost of 12 mln Euro and will be funded by Romanian Government.

Projects retained under SOP-T

Bridge over the Danube - Black Sea Canal, Constanta Port

The Danube –Black sea Canal currently severs the North and South areas of the port and the nearest crossing is the public road bridge at Agigea.

The proposed bridge over the Danube - Black Sea Canal in Constanta Port will link north and south port zones, addressing the need for a direct link within the port between the container terminal and the new barge terminal, encouraging the use of the waterway for container distribution inland. It will also reduce the time all traffic takes to move between the zones, and, via a by-pass to be built with EBRD financing, provide a faster link to the complete section of the motorway between Bucharest and Constanta, at present extended only from Bucharest to Cernavoda. When this road infrastructure will be completed, the bridge will eliminate a current diversion of 15km passing through the outskirts of Constanta and villages on DN 39, and thus eliminate the adverse environmental effect of road traffic having to make this detour. Port related traffic will no longer compete with other road traffic, particularly on the congested Agigea bridge. Moreover, the new bridge access roads in the port will also reduce in-port rubber tired movement by 5 km. The bridge is 200 m long and the total length of the project is 2400m (together with the associated roads, ramps, and passageways).

The bridge will be particularly useful for earth fill transport when the Constanta South breakwater is built, again avoiding the need for excessive road transport through Constanta.

Development of rail capacity in Railway system in river-maritime basin, Constanta Port

The capacity of Agigea station is insufficient and development of new railway system is proposed within port area, North of Danube-Black Sea canal (this is complementary to the project developed under State Budget funding, in the South). Of the overall project to be developed in phases, including 9,200 m of rail track extension and modernisation for a cost of €35m, the phase retained for SOPT funding includes rehabilitation and electrification of 6km access link to Agigea Station and construction of 3x750m loading/unloading lines. Port strategy is to develop and diversify activities and services available to existing and future port operators in the port's northern zone deep sea water bulk berths 80 to 103 (berths currently 30% occupied) to ameliorate the track congestion which slows rail movement out of the

port, and to avoid the need for truck movement of cargo between the berths and the existing port rail network. The project will also include a maintenance workshop.

The port operators requiring the rail facility in the area of the development, and the commodities they handle, are:

S.C. COMVEX S.A.	ore, coal, and bauxite
S.C. UNITED SHIPPING S.R.L.	cereals, at berths 102-103.
S.C. TRAVEL TRANSPORT SERVICES S.A.	cereals, at berths 100 and 101.
S.C. METAL SERVICES S.R.L.	scrap, at berths 91-93.

Completion of North breakwater, Constanta Port
Of a number of projects retained for improvement of Constanta port infrastructure, the sole major project is Northern breakwater extension of a cost of 84.0 mil Euro**.** The completion of Constanta Port North Breakwater will extend its length by 1050 m at a total cost of €84m, with a ERDF contribution of €63m.

The extra kilometre will increase the safety of vessels entering the port, though the main effect will be that vessels will not need to wait until it is safe to enter. The port allows entry to oil tankers of 250,000 DWT and 19 metre draft, but the main benefit will be available to small ships.

On average, twenty vessels enter or leave Constanta port each day. Most of these are under 35,000 DWT, and 90% are under 10,000 DWT. Ships of this size can enter or leave the harbour safely as long as wave heights are below 2 metres. For 35 days a year, wave heights exceed 1.8 metres, causing a risk to these ships and forcing them to wait.

Half of all ships are under 5,000 DWT, and would be at risk at even lower wave heights.

Reserve projects

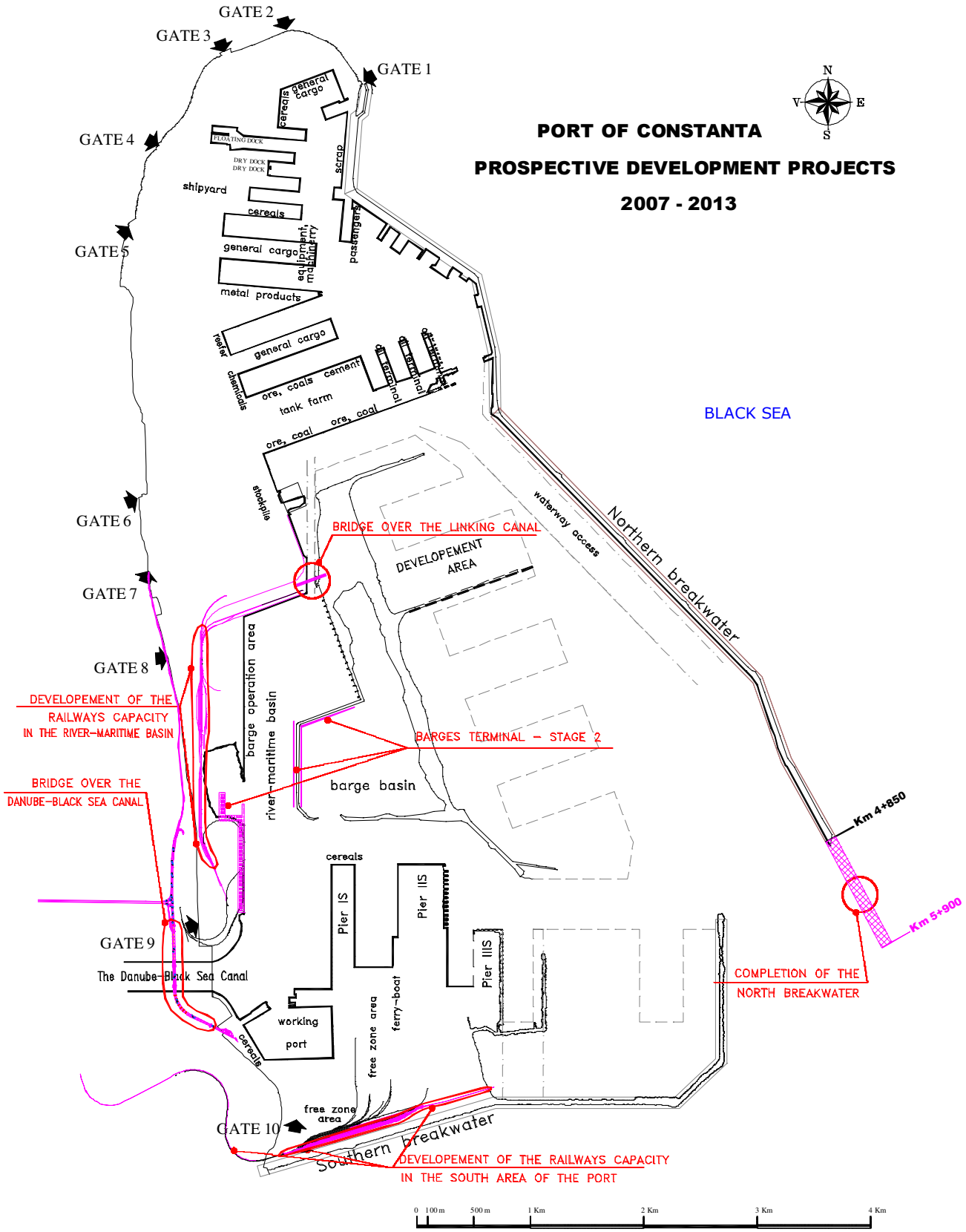
Consolidation of Constanta Port Shoreline

Quay reinforcement and consolidation of the Constanta Port shoreline at a total cost of €10m is required because the stability of roads, bridges, and other port infrastructure is threatened by slippage of the shore. The project has been described in outline, but is not ready, accounting for its lower ranking amongst waterway projects.

Pier III S – Infrastructure Works – Constanta Port

The project is part of an ongoing process for the improvement of Constanta Port and an increase in its handling capacity. It consists of the provision of 36.5 hectare hardstanding for container stacking and cereal shippers, who will provide silos for their cargo on leased space, between Constanta Port's Pier III S and the south breakwater. The new land will be provided by infilling the adjoining dock using spoil left on the banks of the Canal when the Black Sea Canal was dredged.

This project, with a total cost of €45m is ranked positively by the need to increase the port's capacity, but the ranking is lower than others because the project is not ready and will not be required for some time. For the moment there is already adequate space for new container stacking areas.


PORT OF CONSTANTA
PROSPECTIVE DEVELOPMENT PROJECTS
2007 - 2013
N
S
E
V
GATE 1
GATE 2
GATE 3
GATE 4
GATE 5
GATE 6
GATE 7
GATE 8
GATE 9
GATE 10
BLACK SEA
Northern breakwater
Southern breakwater
waterway access
cereals
general cargo
FLOATING DOCK
DRY DOCK
DRY DOCK
shipyard
scrap
passengers
equipment, machinery
metal products
reefer
chemicals
ore, coals
cement
tank farm
oil terminal
ore, coal
stockpile
BRIDGE OVER THE LINKING CANAL
DEVELOPEMENT AREA
DEVELOPEMENT OF THE RAILWAYS CAPACITY IN THE RIVER-MARITIME BASIN
BRIDGE OVER THE DANUBE-BLACK SEA CANAL
barge operation area
river-maritime basin
BARGES TERMINAL – STAGE 2
barge basin
Km 4+850
Km 5+900
COMPLETION OF THE NORTH BREAKWATER
Pier IS
Pier IIS
Pier IIIS
ferry-boat
free zone area
working port
The Danube-Black Sea Canal
DEVELOPEMENT OF THE RAILWAYS CAPACITY IN THE SOUTH AREA OF THE PORT
0
100 m
500 m
1 Km
2 Km
3 Km
4 Km

Objectives

The objective of the proposed projects is primarily to improve the access to the Constanta port, from the Sea as well as from road and rail networks.

B. Ports along Danube River

Most IWT cargo is shipped within the South-East Region of Romania through ports such as Braila, Galati and Tulcea. These ports are the main industrial centres and population sites, and together with cargo transhipped in sea ports (mainly Constanta) accounted for 86% of domestic IWT in 2003.

The most important shipper is Mittal Steel, which imports about 4.5 million tonnes of ores and fuels and exports about 2.5 million tonnes of metals between Constanta and Galati. The second largest is Lafarge, exporting 1.5 million tonnes of cement from its plant in Medgidia through Constanta. These two shippers account for about 90% of IWT within the South-East Region and three-quarters of the domestic total. Romanian IWT is clearly very dependent on these two companies.

The other regions are the South, South-West and West, accounting for just 14% of all domestic IWT.

Complementary projects

Some maintenance and upgrading works for the quays and berths were performed in most of the ports. In parallel, improving passenger access and transit in the Danube ports and separation of passenger flows at border crossings is ongoing as one of the tasks for fulfilling the border security objective in line with EU accession commitments.

A number of measures have been therefore taken in the Danube ports, as described bellow:

- Bechet port - Border crossing point and facilitation of boat ramp, funded by Phare with 250,000 Euro (commissioned in 1999) and upgrading-bank protection funded by APDF Giurgiu with 40,000 Euro (commissioned in 2001). Bank protection upgrading under APDF funding continued until 2005.
- Moldova Veche port - Passenger terminal funded by Romanian central budget to be commissioned in 2006
- Orsova port - Passenger terminal funded by Romanian central budget to be commissioned in 2006
- Floating pontoon for border crossing control funded by Romanian central budget to be commissioned in 2006.
- Calafat-Vidin Danube fairy crossing, funded by World Bank and APDF Giurgiu and minor bank protection improvement from APDF funds together with dredging works

- Cetate port - rehabilitation of bank protection, funded by APDF and completed in 2000
- Giurgiu port- Border crossing point upgrading-bank protection and facilitation of boat ramp, funded by Phare (ongoing) and pier Veriga and bank protection upgrading, Cereals berth quay full reconstruction funded by APDF Giurgiu (completed) together with dredging works performed during 2000-2003 period
- Oltenita port - full reconstruction of existing bank protection and water line under funding of APDF Giurgiu, 4 berths being completed to date.
- Cernavoda port – reconstruction of pier, passenger and waiting enclosure berths (60,000 Euro) together with dredging under own funding were performed under 2000-2005 period.
- Galati Port station (historic building) upgrading and modernisation of quays and bank protection together with fluidisation of vessel capacity in Slatina Rack area, funded by Romanian Central Budget
- Macin port- Bank protection upgrading
- Tulcea port station upgrading, funded by Romanian Central Budget, to be commissioned in 2006

Need for infrastructure

The needs have been identified through the recent Phare – financed report on Technical Assistance for the Development of the Inland Waterway Transport, by the company Ecorys. The report highlights the fact that no significant increases of capacity appear to be required in the medium term.

As regards physical infrastructure, the needs are the following:

- Lack of vertical quays; a disadvantage of this situation is that barges rest with their bilge against the slope resulting in possible damage to both barge and infrastructure; in addition, modern facilities such as container quays, would require vertical berths.
- Non-existence of dedicated container terminals.
- The many available cranes are not geared to handle containers.
- Obsolete buildings and equipment from various plants and industries often occupy port areas.
- In some places port access roads are in bad condition. This situation could become an obstacle especially to the development of container transport, since transport of containers by road requires adequate road infrastructure. This situation is found at present in Drobeta Turnu Severin. The port access roads are, in part, in a very bad condition.

Projects retained under SOPT

It is envisaged that under SOPT, key area of intervention 2.3, project for public infrastructure in ports will be funded.

A number of projects have already been proposed for Danube ports, but since their level of readiness was low and support studies scarce, it would have been difficult to select at this stage the specific projects. It is proposed therefore that a call for application is launched for port infrastructure projects. The final beneficiaries of the

funding can be any Romanian port along Danube River, but the applications should be submitted by legal entities, i.e. Administration of Fluvial Danube or Administration of Maritime Danube.

Terminals are expected to be developed by private operators and they will be eligible for funding under Priority 4, Key area of intervention 4.1.

So as to avoid overlap with the Regional Operational programme, this measure will only provide funding for TEN-T ports (apart from the port of Constanta), as follows:

- Moldova Veche,
- Drobeta Turnu Severin,
- Calafat,
- Giurgiu,
- Oltenita,
- Calarasi,
- Cernavoda,
- Medgidia,
- Braila,
- Galati,
- Tulcea,
- Sulina.

The projects to be financed further to this call for applications procedure should be primarily related to increasing efficiency and safety of port operations, prior to any capacity increase. A total amount of 22 Meuro has currently been earmarked to this purpose. It is intended that calls for applications will be launched in several waves, until the total use of the available budget.

The type of projects considered include:
- rehabilitation / improvement of quays and other public infrastructure,
- rehabilitation / improvement of access to port (road / rail),
- port equipment could be funded only if (i) it is formally part of the public infrastructure and (ii) their use by operator is subject to satisfactory conditions (transparency, competition).

Funding may cover:
- preparation of design and tender documents
- works / supplies,
- works supervision.

Objectives

The objectives of the projects proposed under section B of Key area of intervention 2.3 is to rehabilitate and complete public infrastructure in ports that would allow modern and safe port services.

Studies

As for many other key areas of intervention, the present one will also include the financing of studies meant to prepare the further project pipeline.

It is intended, in particular, to finance market studies for the inclusion of Constanta within the motorways of the seas.

2.3.2 Operations

Operations proposed under Key area of intervention (2.3) are :
- Improvements in Constanta Port
- Public infrastructure in Danube ports (call for applications)
- Preparation of future project pipeline (also using call for applications)

The status of preparation is the following:

Project	**Preparation source**
Constanta port rail access	Port of Constanta (feasibility study and design)
Danube - Black Sea canal road bridge	Port of Constanta (feasibility study and design)
North breakwater extension	Port of Constanta (feasibility study and design)
Call for proposals Danube ports	Ports for feasibility studies, SOP-T for design

2.3.3 Categorisation of interventions

- Priority theme

Code	Priority theme
	Transport
30	Ports

- Form of finance

Code	Form of finance
01	Non-repayable aid

- Territorial dimension

Code	Territory type
00	Not applicable

2.3.4 Grant size

Eligible value of the project (Euro)	N.A.
Maximum size of grant to total eligible cost (%)	100
Minimum contribution of the applicant	-
Community contribution to the support granted (%)	75
National public contribution to the support granted (%)	25

2.3.5 Project selection criteria

The following criteria are proposed for consideration by the Monitoring Committee:

- Eligibility criteria
  - Relevance
    - type of project: public port infrastructure
    - location: TEN-T ports
    - need for grant (against financial rate of return)
    - in line with SOP-T resources available
    - EU policies: compliance with State Aid regulations.
  - Effectiveness: minimum maturity requirements:
    - complete feasibility study, including analysis of variants, cost benefit analysis and environmental impact assessment,
    - approval by beneficiary management,
    - existence of land planning certificate,
    - existence of environmental permit.

- Selection criteria
  - Relevance
    - project contribution to global objective: increase inland waterway and maritime traffic through efficiency of port operation
    - type of project:
      - Danube ports: projects primarily focusing on improving efficiency,

        - for Constanta: projects to be part of the Constanta port development strategy,
        - studies for further pipeline
    - project contribution to increased safety
    - value added of EU funding
    - EU policies: observance of rules regarding environmental protection, public procurement, State aid and equal opportunities
  - Feasibility
    - quality of technical solutions
    - capacity adapted to current and future demand
    - cost estimate justified and in line with similar projects
    - sound project technical features
    - economic rate of return,
    - adjustment of need for grant (against financial rate of return),
    - environmental mitigation costs limited to a reasonable share of the project costs
  - Effectiveness
    - project readiness:
        - status of design preparation,
        - status of land acquisition,
        - status of utilities protection / relocation design,
    - beneficiary:
        - existence of clear implementing unit,
        - nomination of project manager(s),
        - sound management and control systems
    - financial plan
        - based on realistic implementation plan
        - detailed
        - existence of financial resources for non-eligible costs and project management
    - risk analysis and sensitivity:
        - adequate identification of risks
        - mitigation proposals
  - Sustainability
    - sufficient partnership and consensus
    - viability: clear arrangements for operation and maintenance

2.3.6 Intermediate Bodies

Not applicable.

2.3.7 Competent Body for making payments to beneficiaries

Authority for Certification and Payments, within the Ministry of Public Finance

2.3.8 Beneficiaries

- **National Company Maritime Ports Administration Constanta – CN APMC SA**
- **National Company for Administration of the Danube Maritime Ports in Galati – CN APDM SA**
- **National Company for Danube River Port Administration in Giurgiu – CN APDF SA**
- **National Company for Administration of the Navigable Canals – CN ACN SA**

2.3.9 End recipients

Not applicable.

2.3.10 Financial Plan

- Euro 2004 -

Total budget (eligible costs)	**157,920,000**
Community contribution (ERDF)	**118,440,000**
National contribution - Public - Private	**39,480,000** **39,480,000** **-**

For information:
Land acquisition and permits are estimated at 3 Meuro,
VAT is estimated at 30 Meuro,
The State Inspectorate in Construction tax is estimated at 1 Meuro.

2.3.11 Monitoring and evaluation indicators

Evaluation indicators

At key area of intervention level, evaluation will be performed based on the objective indicators defined above.
At operations level, evaluation shall be performed on the basis of the main indicators identified in the feasibility studies: traffic levels, savings in terms of time, safety, maintenance. It is recommended to recalculate the economic rate of return:

- upon completion of each project,
- 5 years after completion of each project.

Monitoring indicators

The main indicators of monitoring shall be:

- progress in design preparation,
- progress in tendering and contracting,
- progress in land acquisition,
- progress in utilities relocation / protection,
- progress in works implementation (physical and financial),
- evolution of actual contract price.

The attached estimated timetables and expenditures tables should be used as references.

2.3.12 Horizontal themes

- Sustainable development

Each project will be subject to a full Environmental Impact Assessment.
Improvement of port facilities will contribute to the development of maritime and Danube transport, that is considered as a sustainable mode.

- Equal opportunities

Hardly applicable

2.3.13 State Aid

a. Port of Constanta

The 3 projects considered in the Port of Constanta are:
- Extension by 1 km of the north breakwater (84 Meuro),
- Road bridge over the Danube – Black Sea Channel (16 Meuro),
- Extension of railway system in the northern part of the port (10 Meuro)

For these projects, it is intended to prepare a single notification.

The draft notification should be submitted by the MTCT to the Competition Council on 21 June 2006.

The representatives of the Competition Council have provided a copy of the EC vademecum on EC rules on State aid and the financing of the construction of seaport infrastructures.

Details should be provided as regards:
- the concession contract (if any) between the State and CN APMC. In any case, the obligations of both parties should be described.
- whether any royalty is paid by CN APMC to the State, in exchange of the use of the public infrastructure,
- whether tariffs are applied by CN APMC for the use of road and rail infrastructure within the port,
- whether there are any public obligations that the CN APMC has to fulfil and how those are compensated for,
- who exactly will be the owner of the rail infrastructure (State through APMC, State through CFR or private domain of CFR).
- as the case may be, separate book- keeping for commercial activity and public services should be in place.

The impact of the proposed investments in terms of increased safety and/or increased capacity should be detailed, based on the feasibility studies.

Note 1:
The State aid issue in ports is somehow double: aid to the port administration itself, as economic operator and aid to the operators. The Vademecum indicates (point 55) that "public investment in infrastructures related to the access to the port, such as access

channels, land reclamation and ports connection with the public road or rail networks, has been traditionally considered to be guided solely by the broader public interest and not by that of one party, and thus not to benefit any particular user the port". This is the case of the three proposed projects. The main remaining issue would therefore be to show that those projects are not representing aid (or non-acceptable aid) to the port administration.

Note 2:
In accordance with art. 11 point 3 of HG 464 / 2003 (creation of APMC), the State shall entirely finance any new development of the port infrastructure that is part of the State public domain. Therefore, the law itself provides for State funds as the single source of financing for the projects under consideration.

Note 3:
To represent State aid, the impact of the projects should affect trade between Member States. While it is difficult to classify the Constanta port as a small regional port, figures however show that its hinterland does not really go beyond the borders of Romania and therefore competition and trade between Member States are unlikely to be affected.

b. Danube ports

Again, two issues have to be considered:
- competition between ports, and
- advantage provided to specific operators.

Reference is made to the Commission Communication regarding State aid for airports. The Commission proposes 4 categories of airports (in function of their size) and indicates that generally speaking aid to category D airports (less than 1 million passengers per year) would not be seen as distorting competition.

It is likely that an approach similar with the one proposed for airports can be retained for ports (based on size). The ports under the administration of APDF have quite limited traffic volumes and would clearly enter into the equivalent of the airports D category. The approach would be somehow different for Galati and Tulcea, mainly.

In addition, the impact of the proposed projects on specific operators should be described, with clear preference given to projects benefiting to all operators and end-users, industries, etc.

Annex 7

PRIORITY AXIS 2 – Modernisation and development of national transport infrastructure

Key Area of Intervention 2.4 – Modernisation and development of air transport infrastructure

2.4.1 Description

Background and rationale

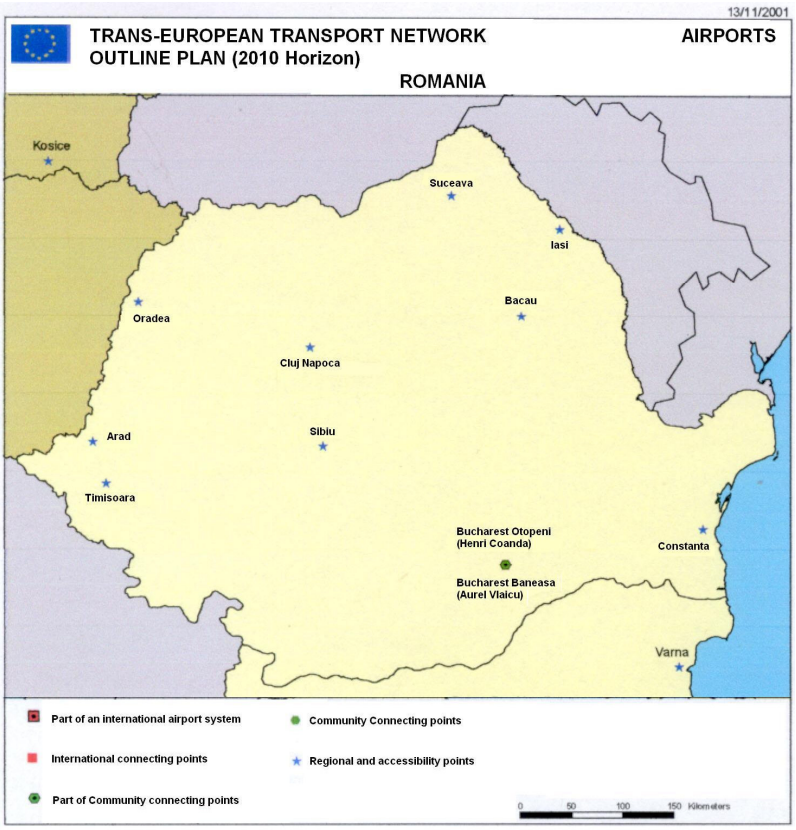
The projects currently proposed under this key area of intervention are the following:

Projects	MEuro
Call for proposals Airports projects	24.15
Project preparation (including future projects)	5.33

Overview

There are 17 airports currently operating in Romania. Of these only five recorded passenger traffic above 100,000 passengers per annum in 2005, four handled between 10,000 and 50,000 passengers in the year and the remaining eight served fewer than 5,000 air transport passengers in 2005.

The location of the key Romanian airports is shown on the following map:



Eleven airports in Romania are located on the TEN-T by agreement with the EU. They are ranked in the order of passenger throughput in 2005 in the following table:

Airport	'000 passengers, 2005
Bucharest Henri Coanda	2,973
Bucharest Aurel Vlaicu	380
Timisoara Traian Vuia	336
Cluj-Napoca	199
Constanta Mihail Kogalniceanu	111
Sibiu	49
Iasi	42
Bacau	39
Oradea	29
Suceava Stefan Cel Mare	8
Arad	4
Total TEN-T Airports	4,170
All Romanian Airports	4,192

(Source: Airport Statistics, Ministry of Transport, Construction and Tourism)

The TEN-T airports account for 99% of all air passenger traffic in Romania with over 80% of passengers concentrated at the two Bucharest airports.

Air traffic growth and prospects

Romanian Air Traffic, 2000-2005

	2000	**2001**	**2002**	**2003**	**2004**	**2005**
ATMs[4]	59,464	62,082	66,030	72,648	81,563	105,781
Passengers, '000						
International	2,089	2,197	2,276	2,550	3,008	3,727
Domestic	274	294	334	351	384	466
Total	2,363	2,491	2,609	2,901	3,392	4,192
Freight & mail, tonnes	82,967	68,607	16,803	16,179	19,553	21,330

(Source: Airport Statistics, Ministry of Transport, Construction and Tourism)

Air passenger traffic has been growing strongly since 1998 at an average rate exceeding 10% per annum. The growth has been enjoyed by both domestic and international sectors and has accelerated in the last few years following a strong recovery of the national economy and the proliferation of cheaper air travel alternatives. Domestic travel accounted for just over 11% of all passenger traffic at Romanian airports with much of it transferring to/from international destinations.

Romanian airfreight market is not significant in volume terms and is largely served by the gateway Henri Coanda Airport that handles around 80% of all air cargo in Romania. Airfreight growth has been rather erratic due to various external influences but has displayed an overall positive trend since 1997.

Following accession of Romania to the EU, continued rapid increase in international air travel may be expected, as has been observed in most new EU member states. The key drivers of passenger travel growth may be:

- Improved opportunities of working abroad and increased mobility of the workforce;
- Continued growth of the economy and disposable incomes;
- Increased interest in Romania for tourism and inward investment;
- Increased competition in the airline sector leading to increased frequencies and ranges of destinations and lower fares to customers.

Review of main airports

Four Romanian airports (Henri Coanda, Aurel Vlaicu, Traian Vuia and Mihail Kogalniceanu) are part of the State public infrastructure and operated by commercial companies owned by the MTCT and having the status of concessionaires.

[4] Air transport movements, commercial only

Other local airports operate under the administration of County Councils as independent authorities, Arad airport operates as a commercial society and Caransebes is in private hands.

Bucharest Henri Coanda International Airport

Bucharest Henri Coanda Airport (previously known as Bucharest Otopeni Airport) is the main international gateway to the country and handled over 70% of all air passengers in Romania in 2005. The airport's air traffic statistics since 2000 are provided in the following table.

Bucharest Henri Coanda Airport Air Traffic Statistics, 2000-2005

	2000	**2001**	**2002**	**2003**	**2004**	**2005**
ATMs	30,756	33,235	33,401	35,458	40,330	49,593
Passengers, '000						
International	1,816	1,894	1,960	2,173	2,416	2,770
Domestic	26	88	140	150	178	202
Total	1,842	1,982	2,100	2,324	2,594	2,973
Freight & mail, tonnes	14,024	14,508	15,052	14,182	16,305	16,886

(Source: Airport Statistics, Ministry of Transport, Construction and Tourism)

Passenger growth at Henri Coanda Airport has averaged around 10% per annum in the last seven years with a strong rebound in domestic traffic. The latter was driven by the decision by the national flag carrier Tarom to move its domestic base to Henri Coanda Airport in recent years.

Most of the services at the airport are operated by scheduled full-service airlines such as Tarom, Air France, KLM, Lufthansa, Austrian, British Airways, Alitalia, LOT, CSA, El Al and others. Despite a relatively strong growth in passenger traffic some of Henri Coanda Airport's share of Romanian traffic has been lost to faster growing regional and secondary airport traffic.

The airport's passenger terminal facilities have recently been renovated and remodelled to serve increased levels of traffic and include International Departures, International Arrivals and Domestic Terminal areas. According to the MTCT's estimates, the terminal facilities are designed to handle up to 4.5 million passengers per annum and currently have sufficient spare capacity at most times. The airport has two operational parallel runways 3,500 m long and therefore runway capacity is not a constraint to growth, in the foreseeable future.

The airport's Strategic Development programme envisages further extension of existing passenger terminal facilities as well as an ambitious new passenger terminal complete with surface access and airside infrastructure. Amongst other proposed developments are a new cargo centre and a 'technological park' to develop businesses related to or dependent on good air transport connections.

Bucharest Aurel Vlaicu International Airport

Bucharest Aurel Vlaicu Airport (formerly Baneasa Airport) is the oldest in the country. It is located in close proximity to the town centre and densely populated areas. Prior to 2000 it was a domestic hub for Tarom (Henri Coanda Airport being the international hub), however in recent years Tarom has moved all its operations to Henri Coanda Airport.

The two Bucharest airports are seen to serve different types of traffic. Aurel Vlaicu Airport's key focus is on serving official, technical, special services, General Aviation and training flights as well as regional scheduled and charter traffic.

After a decline in passenger throughput in the late 1990s and early 2000s following the withdrawal of domestic services by Tarom, Aurel Vlaicu Airport has seen major growth in international traffic driven primarily by low cost services.

The airport traffic dynamics is illustrated in the following table.

Bucharest Aurel Vlaicu Airport Air Traffic Statistics, 2000-2005

	2000	**2001**	**2002**	**2003**	**2004**	**2005**
ATMs	6,437	4,476	3,950	4,205	4,866	10,207
Passengers, '000						
International	19	19	16	36	106	367
Domestic	113	55	14	16	13	14
Total	132	73	30	51	119	380
Freight & mail, tonnes	911	532	513	728	1,387	1,285

(Source: Airport Statistics, Ministry of Transport, Construction and Tourism)

The airport is dominated by a Romanian-based low cost carrier Blue Air serving mostly international destinations in countries including, Italy, Turkey, France, Spain, the Netherlands and Germany. Another Romanian airline, Carpatair, offers connections to several domestic airports.

Aurel Vlaicu Airport has a key advantage over Henri Coanda Airport of being closer to the city centre and providing better public transport connections to the city. However, there are questions over the sustainability of Aurel Vlaicu Airport's commercial traffic growth given its environmentally sensitive location.

Aurel Vlaicu Airport's proposed capital programme includes modernisation of utilities and systems and building a new control tower to replace the existing one, which is structurally unsound. The development programme envisages a new passenger terminal and a General Aviation terminal with associated aircraft parking area and an aircraft hangar. Among other proposed facilities are a heliport and a cargo terminal for courier traffic.

Timisoara Traian Vuia International Airport

Timisoara Airport is the biggest regional airport in Romania serving an immediate catchment area of over 300,000 people. The traffic statistics are summarised in the following table.

Timisoara Traian Vuia Airport Air Traffic Statistics, 2000-2005

	2000	2001	2002	2003	2004	2005
ATMs	7,391	8,644	13,588	16,386	18,241	22,787
Passengers, '000						
International	123	121	138	156	215	249
Domestic	24	40	64	58	69	87
Total	148	161	202	214	283	336
Freight & mail, tonnes	32	21	303	342	885	883

(Source: Airport Statistics, Ministry of Transport, Construction and Tourism)

Timisoara Airport is a hub for the Romanian start-up airline Carpatair operating a fleet of small-sized aircraft out of its Timisoara base. The airport has benefited from the expansion of Carpatair network, which now connects a range of regional airports in Romania and further east through Timisoara with destinations in Italy, Germany and Britain. The airport's captive market and local economy have seen an improvement through substantial foreign investment in the region, especially in the high-tech sector. The Timisoara region has an estimated second highest GDP per capita in Romania after Bucharest.

Timisoara airport has an extensive development programme aimed at serving the growing traffic base and attracting new businesses. The proposals include building a new passenger terminal with an estimated capacity of 1.5-3.0 million passengers per annum, extension of aircraft parking areas, a new air cargo centre to cater for some 30,000-50,000 tonne per annum and a General Aviation terminal in the hope of attracting new customers. Most of these proposals clearly target longer-term development prospects given a relatively modest existing traffic base.

Constanta Mihail Kogalniceanu International Airport

Constanta Airport is an airport serving primarily domestic and tourist traffic. The local population is around 350,000. The airport has scheduled domestic flights to Bucharest and seasonal international charter services. The airport has experienced years of relative underinvestment and much of its infrastructure is in need of modernisation. This includes the passenger terminal facilities, utilities as well as landside and airside infrastructure.

Cluj-Napoca International Airport

Cluj-Napoca is a fast growing regional airport owned by the regional council. The airport is served by three scheduled carriers, Tarom, Carpatair and Clubair, as well as a number of charter airlines. The airport has scheduled connections to destinations in Italy, Germany, Austria and the Czech Republic.

The airport has recently undergone a modernisation programme including works done to the passenger terminal, aircraft parking areas and airfield lighting. The airport's development plan includes a new passenger terminal, a new cargo terminal, extension of the runway and airside infrastructure to serve larger aircraft and surface access improvements.

Investment priorities

There is no national air transport development strategy in Romania at the moment. Most of the investment proposals have been put forward by the airports and reflect their own development objectives. The development of the air market, including with low cost airlines, will also trigger an increased competition between airports, making it more difficult for the central authorities to plan their development.

Romanian air transport is currently dominated by Bucharest Henri Coanda, the country's main international gateway airport. Commensurate with its national importance, Henri Coanda Airport has been the beneficiary of most of the investment in airport infrastructure, especially in the development of its passenger terminal facilities. The airport is expected to retain its leading role in the region although its market share may be further diluted by faster growing regional airports.

It is therefore important to ensure sustained growth of Henri Coanda Airport, as a regional and national economic engine, through investment in capacity improvements. There is sufficient passenger terminal capacity at the moment and further expansion is planned in the medium term with the extension of the terminal pier and a new passenger terminal. Investments are also required in upgrading of its airside infrastructure, especially runways and aircraft parking and manoeuvring areas, to maintain adequate safety levels.

However, considering the dominant situation of the Henri Coanda airport in the Romanian air market, it is likely that most projects would generate significant revenues, so that the need for grant finance would have to be analysed very carefully.

Regional and secondary airports have not had as much focus placed on them as the national gateway airport. One reason may have been a limited passenger traffic and revenue generating potential to justify investment.

In addition, County Councils controlling regional airports may not have had available resources for capital investment in recent years. Following the past few years of sustained double-digit growth, regional airports are in need of capacity improvements as well as rehabilitation and modernisation of facilities.

There is generally an overabundance of regional airports in Romania, most of them with limited traffic base or growth prospects.

A review of this situation is required as part of the national master planning process to ensure that much needed investment is concentrated at the facilities and surface access connectivity of a few key airports.

An indicative list of individual projects is presented in Annex 1.

Projects retained under SOPT

For the reasons detailed above, it is envisaged to select the best airport projects through a call for proposals, enabling competition between the airports, and observing neutrality as regards their ownership status (MTCT or county councils).

So as to avoid overlap with the Regional Operational programme, this measure will only provide funding for TEN-T airports, as follows:

- Bucharest Henri Coanda,
- Bucharest Aurel Vlaicu,
- Timisoara Traian Vuia,
- Cluj-Napoca,
- Constanta Mihail Kogalniceanu,
- Sibiu,
- Iasi,
- Bacau,
- Oradea,
- Suceava Stefan Cel Mare,
- Arad.

The projects to be financed further to this call for applications procedure should be primarily related to increasing efficiency and safety of airport operations, prior to any capacity increase. A total amount of 24.15 Meuro has currently been earmarked to this purpose. It is intended that calls for applications will be launched in several waves, until the total use of the available budget.

Funding may cover:

- preparation of design and tender documents
- works / supplies,
- works supervision.

Objectives

This key area of intervention aims at financing the modernization and development of TEN-T airports, with a view to increasing efficiency and attractiveness for users and raising capacity utilisation, as well as connecting effectively to Community and International points.

This objective is consistent, with the provisions of the *Community strategic guidelines for the cohesion policy in support of growth and jobs, 2007-2013,* in particular as it applies to the promotion of regional development with a special focus on improving the *connectivity* of landlocked territories to the TEN-T.

Studies

As for many other key areas of intervention, the present one will also include the financing of studies meant to prepare the further project pipeline. Selection of these studies will also be based on calls for proposals. An amount of 5.33 Meuro has currently been earmarked to this aim.

2.4.2 Operations

Operations proposed under Key area of intervention (2.4) are:

- Airport infrastructure (call for applications)
- Preparation of future project pipeline (also using call for applications)

The status of preparation is the following: each airport will be responsible for the preparation of feasibility studies and possibly also designs.

So as to publicise this mechanism, a workshop has been organised at the MTCT on 7th of June 2006. Furthermore, it is envisaged that immediately after the formal approval of the SOP-T, the MTCT will send early information to all eligible airports on the schedule of the calls for applications.

2.4.3 Categorisation of interventions

- Priority theme

Code	Priority theme
	Transport
29	Airports

- Form of finance

Code	Form of finance
01	Non-repayable aid

- Territorial dimension

Code	Territory type
00	Not applicable

2.4.4 Grant size

Eligible value of the project (Euro)	N.A.
Maximum size of grant to total eligible cost (%)	100
Minimum contribution of the applicant	-
Community contribution to the support granted (%)	75
National public contribution to the support granted (%)	25

2.4.5 Project selection criteria

The following criteria are proposed for consideration by the Monitoring Committee:

- Eligibility criteria

- Relevance
  - type of project: public airport infrastructure
  - location: TEN-T airports
  - need for grant (against financial rate of return)
  - in line with SOP-T resources available
  - EU policies: compliance with State Aid regulations.
- Effectiveness: minimum maturity requirements:
  - complete feasibility study, including analysis of variants, cost benefit analysis and environmental impact assessment,
  - approval by beneficiary management,
  - existence of land planning certificate,
  - existence of environmental permit.

- Selection criteria
  - Relevance
    - project contribution to global objective: increase efficiency and attractiveness for users and raising capacity utilisation
    - type of project:
      - airports infrastructure: focus primarily on efficiency, before increase of capacity
      - studies for further pipeline
    - project contribution to increased safety
    - value added of EU funding
    - EU policies: observance of rules regarding environmental protection, public procurement, State aid and equal opportunities
  - Feasibility
    - quality of technical solutions
    - capacity adapted to current and future demand
    - cost estimate justified and in line with similar projects
    - sound project technical features
    - economic rate of return,
    - adjustment of need for grant (against financial rate of return),
    - environmental mitigation costs limited to a reasonable share of the project costs
  - Effectiveness
    - project readiness:
      - status of design preparation,
      - status of land acquisition,
      - status of utilities protection / relocation design,
    - beneficiary:
      - existence of clear implementing unit,
      - nomination of project manager(s),
      - sound management and control systems
    - financial plan
      - based on realistic implementation plan
      - detailed
      - existence of financial resources for non-eligible costs and project management

        - risk analysis and sensitivity:
            - adequate identification of risks
            - mitigation proposals
    - Sustainability
        - sufficient partnership and consensus
        - viability: clear arrangements for operation and maintenance

2.4.6 Intermediate Bodies

Not applicable.

2.4.7 Competent Body for making payments to beneficiaries

Authority for Certification and Payments, within the Ministry of Public Finance

2.4.8 Beneficiaries

TEN-T airport companies, as operators of public infrastructure detained by the MTCT or the county councils

2.4.9 End recipients

Not applicable.

2.4.10 Financial Plan

- Euro 2004 -

Total budget (eligible costs)	**29,480,000**
Community contribution (ERDF)	**22,110,000**
National contribution - Public - Private	**7,370,000** **7,370,000** **-**

The co-financing of the eligible costs will be ensured through the State budget, while financing of non-eligible expenditures will be ensured by the beneficiary airports, possibly though the budgets of the owners of the infrastructures (State or county councils).

For information:
Land acquisition and permits are estimated at 1 Meuro,
VAT is estimated at 5.6 Meuro,
The State Inspectorate in Construction tax is estimated at 0.15 Meuro.

2.4.11 Monitoring and evaluation indicators

Evaluation indicators

At key area of intervention level, evaluation will be performed based on the following indicators:

		No.	%
Output by end 2015	Number of airports rehabilitated and/or upgraded	3	
Results by end 2015	Increase passenger traffic through airports (no. of pass.) against 2007		45%
	Increase in freight traffic through airports (no of tons) against 2007		41%

The project considered for airports is actually a call for proposals. It is considered that at least 3 or 4 airports should benefit from financing, as the projects already identified are of relatively small magnitude.

As regards the results indicators, their relevance is limited as they do not measure the specific impact of the SOPT. However, they are easily measurable, as per the estimate in Annex 2.

At operations level, evaluation shall be performed on the basis of the main indicators identified in the feasibility studies: traffic levels, savings in terms of time, safety, maintenance. It is recommended to recalculate the economic rate of return:

- upon completion of each project,
- 5 years after completion of each project.

Monitoring indicators

The main indicators of monitoring shall be:

- progress in design preparation,
- progress in tendering and contracting,
- progress in land acquisition,
- progress in utilities relocation / protection,
- progress in works implementation (physical and financial),
- evolution of actual contract price.

The attached estimated timetables and expenditures tables should be used as references.

2.4.12 Horizontal themes

- Sustainable development

Each project will be subject to a full Environmental Impact Assessment.

- Equal opportunities

Particular attention will be given to access of disabled persons.

2.4.13 State Aid

The airport projects that are being considered under the SOPT are only related to the field of infrastructure (runways, terminals, aprons, control tower) or facilities that directly support them (security, safety and environmental protection equipment)

In accordance with paragraphs 57 of the Community Guidelines on financing of airports and start up aid to airlines departing from regional airports (2005/ C 312 / 01), "the granting to an airport operator of public subsidies intended to finance infrastructure can give that airport operator an economic advantage over its competitors and must therefore be notified and examined in the light of the rules on State aid".

In this context, the criteria for the Commission evaluation will be whether:

- construction and operation of the infrastructure meets a clearly defined objective of general interest (regional development, accessibility, etc.),
- the infrastructure is necessary and proportional to the objective which has been set,
- the infrastructure has satisfactory medium-term prospects for use, in particular as regards the use of existing infrastructure,
- all potential users of the infrastructure have access to it in an equal and non-discriminatory manner,
- the development of trade is not affected to an extent contrary to the Community interest.

Such criteria should normally not be very difficult to meet, as they correspond with those used during the SOPT selection of projects and furthermore when preparing feasibility studies.
In addition, under the current situation, all airport operators in Romania are companies owned by the State or local authorities, so that the competition between them remains mainly theoretical.

Indicative list of individual projects

Project ID	Airport	Project Name	Comments	Key Drivers/Economic Benefits	Other Benefits	Reference to the TEN-T Objectives[5]
AIHC01	Bucharest Henri Coanda	New passenger terminal - Phase I.	Capacity of 5 million passenger per annum.	▪ Capacity constraints expected at the existing terminal within the next five years ▪ Substantial benefits associated with incremental passenger throughput and additional employment	▪ Improved segregation of EU and non-EU traffic flows	Measure 4 – Development of infrastructure determining airport capacity
AIHC02	Bucharest Henri Coanda	Surface access to the new passenger terminal.	Includes road and rail access and public transport interchanges.	▪ Substantial benefits in terms of journey time savings and ease of interchange ▪ Sizeable gross economic benefits are offset by high construction cost (EUR100 million) resulting in a lower net economic impact	▪ May encourage greater use of public transport and rail-based travel alternatives	Measure 7 – Improvement and development of interfaces with surface access
AIHC03	Bucharest Henri Coanda	Passenger terminal pier extension and new air bridges	Up to five new air bridges	▪ Economic benefits in terms of processing capacity/efficiency improvements and incremental aircraft and passenger throughput ▪ Additional producer benefits through air bridge surcharges	▪ Improved level of service and convenience to users	Measure 4 – Development of infrastructure determining airport capacity. Measure 1 - Optimisation of existing capacity
AIHC04	Bucharest Henri Coanda	Rapid exit taxiway for runway 2	Runway 2 is the airport's secondary runway (<5% usage in 2005)	▪ Operational and airport capacity benefits through runway occupancy time reduction. ▪ Benefits not significant due to low usage of Runway 2.		Measure 1 - Optimisation of existing capacity

[5] Section 6, Annex II to Decision No 1692/96/EC

Project ID	Airport	Project Name	Comments	Key Drivers/Economic Benefits	Other Benefits	Reference to the TEN-T Objectives[5]
AIAV01	Bucharest Aurel Vlaicu	New control tower	Existing control tower is structurally unsound and has restricted airfield visibility	▪ Limited improvements to operational efficiency	▪ Increased control over and improved safety of airfield movements	Measure 2 - Improvement of airport security and safety
AIAV02	Bucharest Aurel Vlaicu	Heating system rehabilitation and development	Existing system outdated and inadequate for expected traffic levels	▪ Energy efficiencies	▪ Reliability and operational safety improvements ▪ Environmental benefits in terms of lower energy consumption ▪	Measure 2 - Improvement of airport security and safety
AIAV03	Bucharest Aurel Vlaicu	Power supply upgrade	Existing system outdated and inadequate for expected traffic levels	▪ Energy efficiencies associated with a modernised system	▪ Improved safety and reliability of power supply	Measure 2 - Improvement of airport security and safety
AIMK01	Constanta	Water and power supply rehabilitation and modernisation	Existing system is obsolete and unsafe.	▪ Energy efficiencies	▪ Improved safety and reliability of power and water supply ▪ Improved quality of water and environmental compliance	Measure 2 - Improvement of airport security and safety
AIMK02	Constanta	Control tower development	Existing tower is space constrained	▪ Limited improvements to operational efficiency	▪ Improved safety of airfield movements	Measure 1 - Optimisation of existing capacity

Project ID	Airport	Project Name	Comments	Key Drivers/Economic Benefits	Other Benefits	Reference to the TEN-T Objectives[5]
AIMK03	Constanta	Modernisation of passenger terminal	Redevelopment of existing terminal to increase processing capacity and improve passenger flow management	▪ Passenger processing capacity improvements ▪ Additional passenger throughput	▪ Segregation of passengers related to EU accession ▪ Feasibility study already undertaken	Measure 3 - Adaptation to EU regulations
AIMK04	Constanta	Upgrade runway lighting system	Upgrade to CAT III system	▪ Operational benefits due to improved availability of airport services ▪ Incremental air transport movements	▪ Improved air navigation safety	Measure 1 - Optimisation of existing capacity. Measure 2 - Improvement of airport security and safety
AICN01	Cluj Napoca	New parallel taxiway	New taxiway to remove airfield congestion	▪ Operational and air transport movement capacity benefits ▪ Incremental air transport movements	▪ Some safety benefits	Measure 1 - Optimisation of existing capacity
AICN02	Cluj Napoca	Runway extension	Extension of the runway to 2500 m	▪ Improved traffic potential, ability to serve larger aircraft	▪	Measure 1 - Optimisation of existing capacity
AISM01	Suceava	Passenger terminal modernisation	Upgrade and development of facilities and passenger flow management	▪ Passenger processing capacity improvements ▪ Uncertain economic case due to small passenger traffic base and uncertain demand prospects	▪ Segregation of passengers related to EU accession	Measure 3 - Adaptation to EU regulations. Measure 1 - Optimisation of existing capacity
AISM02	Suceava	Modernisation of airfield lighting system	Upgrade to CAT II system	▪ Some operational improvements	▪ Air traffic safety improvements	Measure 2 - Improvement of airport security and safety
AISM03	Suceava	Runway extension	Extension from 1,800 m to 2,400 m	▪ Limited benefits associated with the ability to serve larger aircraft ▪ Uncertain economic case due to limited traffic base and uncertain demand prospects	▪	Measure 1 - Optimisation of existing capacity
AIOR01	Oradea	Security developments	Control systems, perimeter fencing	▪ NA	▪ Safety and security improvements.	Measure 2 - Improvement of airport security and safety

Project ID	Airport	Project Name	Comments	Key Drivers/Economic Benefits	Other Benefits	Reference to the TEN-T Objectives[5]
AIOR02	Oradea	Runway extension and new lighting system	Extending the runway by 400 m	▪ Limited benefits associated with the ability to serve larger aircraft ▪ Uncertain economic case due to limited traffic base and uncertain demand prospects	▪ Safety improvements associated with the new lighting system	Measure 1 - Optimisation of existing capacity
AIOR03	Oradea	Passenger terminal redevelopment	Terminal extension and development to EU standards	▪ Passenger processing capacity improvements ▪ Uncertain economic case due to limited passenger traffic base and uncertain demand prospects	▪ Improved level of service ▪ Compliance with EU passenger handling requirements	Measure 3 - Adaptation to EU regulations. Measure 1 - Optimisation of existing capacity
AIIA01	Iasi	Perimeter fencing		▪ NA	▪ Safety and security improvements (Measure 2)	Measure 2 - Improvement of airport security and safety
AIIA02	Iasi	Runway realignment and extension	Realignment by 5 degrees and extension to 2,800 m	▪ Operational efficiencies and benefits associated with the ability to serve larger aircraft ▪ Relatively low traffic base and high construction costs (over EUR 50 million) result in an uncertain economic case	▪	Measure 1 - Optimisation of existing capacity
AIBA01	Bacau	Runway extension	Extension from 2,500 to 3,500 m	▪ Limited benefits associated with the ability to serve larger aircraft ▪ Uncertain economic case due to limited traffic base and uncertain demand prospects	▪	Measure 1 - Optimisation of existing capacity
AIBA02	Bacau	New airfield lighting system	CAT III lighting system	▪ Operational improvements	▪ Air traffic safety improvements	Measure 2 - Improvement of airport security and safety

Project ID	Airport	Project Name	Comments	Key Drivers/Economic Benefits	Other Benefits	Reference to the TEN-T Objectives[5]
AIAR01	Arad	Passenger terminal redevelopment	Terminal extension and redevelopment	▪ Passenger processing capacity improvements ▪ Uncertain economic case due to limited passenger traffic base and uncertain demand prospects	▪ Improved level of service ▪ Compliance with EU passenger flow requirements	Measure 3 - Adaptation to EU regulations
AIAR02	Arad	Runway extension	500 m extension	▪ Limited operational improvements and benefits associated with the ability to serve larger aircraft	▪ Air traffic safety improvements due to a new lighting system	Measure 1 - Optimisation of existing capacity

Estimate of increase in passenger and freight traffic through airports

		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	GDP		5%	5%	5%	5%	5%	5%	4.30%	4.30%	4.30%	4.30%	4.30%
	Elasticity												
Thousand airports passengers	1.3	3,392	3,612	3,847	4,097	4,364	4,647	4,949	5,226	5,518	5,827	6,152	6,496
Index		83	88	94	100	107	113	121	128	135	142	150	159
with 80%		3,392	3,568	3,754	3,949	4,155	4,371	4,598	4,803	5,018	5,243	5,477	5,722
Index		86	90	95	100	105	111	116	122	127	133	139	145
Tons air freight traffic	1.2	19,553	20,726	21,970	23,288	24,685	26,166	27,736	29,167	30,673	32,255	33,920	35,670
Index		84	89	94	100	106	112	119	125	132	139	146	153
with 80%		19,553	20,492	21,475	22,506	23,586	24,718	25,905	26,974	28,088	29,247	30,454	31,712
Index		87	91	95	100	105	110	115	120	125	130	135	141

Annex 8

PRIORITY AXIS 3 – Modernise railway passenger rolling stock on the national and TEN-T railway network

Key Area of Intervention 3.1 – Modernise the railway passenger rolling stock with up to date train sets

3.1.1 Description

Background and rationale

The project currently proposed under this key area of intervention is the following:

Project name	Description (No)	Total eligible cost (Meuro)
Rolling stock renewal (EMUs)	45	230

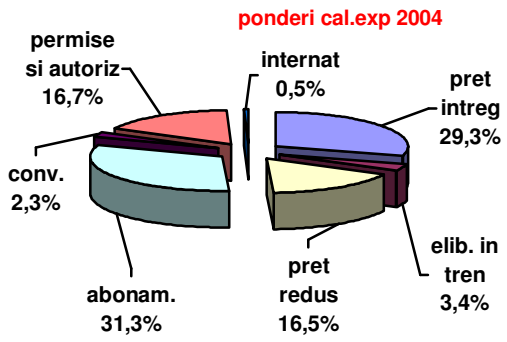
Justification of selection

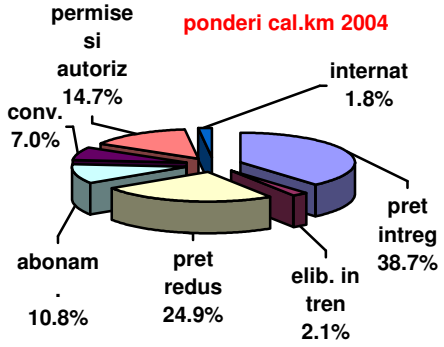
Railways passenger mobility (annual train passenger – km /inhabitant) in Romania is still low in comparison with EU 25, being 19% of the one in Germany, 25% of the one in Czech Republic and 30% of Hungary's, and rehabilitation of infrastructure alone is unlikely to lead to significant increase.

The national operator of railway passenger transport is CFR Calatori, and currently the access on interoperable railway network is not opened to other operators.

Recent efforts for adapting the passenger railway offer to the demand by increasing train*km /day offer with 2% and decreasing seat*km/day with 4.6% resulted in an increase of passenger/day with 3.8% (1.2% increase of passenger*km/day), in comparison with 2003, suggesting stabilization and slight increase in passenger use of railway.

<u>Breakdown of railway passengers</u>





Full fee paying Passengers represent **32,7%** of the total number of passengers, and **40,8%** of the total distance covered by passengers (pass*km);
Passengers benefiting of price reductions, represent about **35,5%** of the total number of the forwarded passengers
Commuters - represent **31,3%** of total number of passengers, and **10,8%** of the total distance covered by the passengers;
International Passenger represent about **0,5%** from the total number of passengers.

The high share of passengers benefiting of price reductions is a reflection of the significant social component of the railway transport.
Increase of railway services quality, including rolling stock, is expected to at least stabilise and hopefully increase the regular passenger number and possibly attract new categories of commuters. CFR Calatori expects passenger interest in railway transport to be regained if travel conditions are improved by investments in rolling stock and providing better facilities at the stations, improving the frequency of the trains and connections, introduction of special tariff offers and product and program oriented publicity campaigns.

Currently the fleet of CFR Calatori includes:
- 986 locomotives of which 83% are older than 20 years and 140 are recently modernised
- 3175 carriages of which 77% are older than 20 years and 492 are new or recently modernized and
- 79 recently purchased DMUs.

The need of upgrading/replacement of the existing rolling stock appears obvious and such actions have been already taken in recent years.

In order to comply with EC Regulations and maintain the slightly increasing trend in railway passenger transport market share recorded in 2004, CFR Calatori is planning to modernize motor rolling stock in order to:

- provide ECTS type of speed control equipment for the motor rolling stock;
- observe European standards of phonic pollution;
- provide better services (enable comfort at European standards: air-conditioning, radio and TV services, telephone, fax, handicapped persons access, facilities for on-board catering; rise speed up to 160-200 km/hour, where infrastructure allowing, and introduce regular frequency at a lower capacity for medium distance (150-200 km) by use of EMUs and DMUs.

Motor units represent the main development trend in passenger rail transport, as operating costs are significantly lower and flexibility through modularity in forming trains and comfort degree are high.

Complementary projects

Modernisation of engine fleet

CFR Calatori initiated modernization of part of the existing engines and purchased new Diesel and electric motor units. A number of 23 engines were rehabilitated and modernized until 2003 under an EBRD loan. The modernizing of another **57** Diesel electric engines is expected to be completed until 2008 under a commercial loan of Deutche Bank of Tokyo. Implementation of the electrical heating system for carriages on the existing Diesel engines is also included.

Modernisation of carriage fleet

Modernisation of carriages will focus on modernisation of conventional and sleeper carriages and provision of the existing fleet with air-conditioning equipment.

The modernisation of 100 passenger carriages, including first class, second class and dinning carriages was funded by EBRD and BNP Paribas and completed in 2003.
Modernisation of another 58 conventional and 46 sleeper carriages is ongoing and planned to be completed by 2008.

Purchase of motor units for passenger traffic

The purchase of 120 Diesel Motor rail Units (370 million Euro) is ongoing under a commercial loan funding (HVB, Bank of Austria and Creditanstalt) and planned to be completed in 2008.

During 2003-2005 DMUs have been gradually introduced for medium and long distance routes, starting with seasonal "Snow trains" programme on Bucharest-Brasov and "Sun Trains" on Bucharest-Constanta route. DMUs have been gradually introduced on other medium and long distance routes also outside of seasonal picks.

Projects retained under SOPT

Rolling stock renewal - Purchase of electric rail units (160 – 200 km)

The introduction and use of new and modern train units of European standards for rail passengers will improve speed, comfort and safety of rail passengers, attract more of them on the national networks, and thus compete effectively with the growing use of private cars. It will also address effectively the appropriate *balance of modes*, rail/road in particular, and allow for *rail inter-operability* by equipping the train units with the European Train Control System (ETCS);

Specifically there is a need to modernize the train units and prepare them for higher quality travel; particularly by introducing train units with modular structure for small and medium distances. These projects will result in better coverage of the passenger transport market. They will also result in improved accessibility for passengers to the national and TEN-T rail transport routes by improving the interconnections with regional services; and thus in more rail passengers.

In order to facilitate the implementation of this operation consideration will be given to introducing a PSO contract for select rail passenger transport routes, which will be *inter-operable* and will incorporate all newly introduced/upgraded modern rolling stock funded through the SOPT. Such funding will be minimal and only to cover the shortfall after all efforts are made to maximize user revenue. Further, in order to ensure fair competition such funding will address only the need for replacing existing capacity but not expanding capacity.

A number of another 120 electric rail units (EMUs) are required for the medium distance traffic. They combine benefits of motor units with environmental benefits and will be preferred for high traffic electrified routes through densely populated areas.

As a first phase, 45 EMUs for 250-300 passengers each are required on electrified and upgraded routes where speed of 160 km/hour can be achieved, aiming to also partially replace DMUs currently used on these routes and make them available for links not fully electrified. The EMUs together with the current InterCity trains will provide a higher frequency and regularity of train services at higher quality standards and will allow the implementation of a modern timetable in line with an ongoing Phare 2004 funded project. As a matter of fact, operating on electrified lines with significant traffic levels, the EMUs will mainly focus on the TEN-T network.

An indicative allocation of these EMUs is: Bucharest – Brasov, with possible seasonal extension to Sighisoara (9 x 1.5 units), Bucharest – Constanta, with possible seasonal extension to Mangalia (7 x 2 units), Bucharest – Craiova (4 x 1.5 units) and Bucharest – Buzau – Galati (4 x 1.5 units) together with repair and pick traffic situations reserves.

Objectives

The general objective under the present key area of intervention is to promote appropriate balance among modes of transport. It aims at faster, safer and higher quality services at inter-operable European standards for domestic and international rail passengers by modernizing the railway rolling stock thus allowing rail to compete effectively with the growing road passenger transport.

3.1.2 Operations

The operations to be funded under this key area of intervention are supply contracts for EMUs and technical assistance for supervision during fabrication and testing. It is also likely that the setting up of adequate maintenance facilities and depots be included within the funded package.

The **project preparation** status is the following:

The Phare Economic and Social Cohesion 2006 programme will make available about 700,000 Euro for a technical assistance project for preparation of a Strategic Plan for acquisition of rolling stock.

Romanian public rail passenger transport is performed under a PSO contract by the CFR Passengers. The passenger rail transport market share has been decreasing in the past years and the trend appears to continue in the same way. Passenger rolling stock is one of the key factors that determine rail transport attractiveness. The Consultant shall establish an overview of the situation and:

- *Prepare a Strategic Plan which will contain appraisal and condition survey for the existing rolling stock, registration of key parameters, remaining life and cost estimates for rehabilitation or replacement. The Consultant shall also include in the Strategic Plan a passenger traffic modelling for the Romanian rail transport for the next 10 years.*
- *In view of the Strategic Plan the Consultant shall prepare an Action Plan giving recommendations on necessary actions to be taken with regard to rehabilitation, disposal and procurement of rolling stock in order to meet key elements of the plan.*
- *The Consultant will ensure that the part of the Action Plan intended to be funded under Structural instruments meets EC recommendations and that the intended State support meets State Aid regulations.*
- *Prepare Tender Dossier for the acquisition of the proposed rolling stock.*

3.1.3 Categorisation of interventions

- Priority theme

Code	Priority theme
	Transport
19	Mobile rail assets (TEN-T)

- Form of finance

Code	Form of finance
01	Non-repayable aid

- Territorial dimension

Code	Territory type
00	Not applicable

3.1.4 Grant size

Eligible value of the project (Euro)	N.A.

Maximum size of grant to total eligible cost (%)	100
Minimum contribution of the applicant	-
Community contribution to the support granted (%)	50
National public contribution to the support granted (%)	50

3.1.5 Project selection criteria

The following criteria are proposed for consideration by the Monitoring Committee:

- Eligibility criteria
  - Relevance
    - type of project: purchase of railway passenger rolling stock
    - location: Romania
    - need for grant (against financial rate of return)
    - in line with SOP-T resources available
    - EU policies: public services are performed under a PSO contract,
    - EU policies: rolling stock to be acquired shall be interoperable
    - EU policies (State Aid):
      - national funding shall be limited to the minimum necessary,
      - funding only replacement schemes, not increase of capacity,
      - national resources to be notified under State aid regime.
  - Effectiveness: minimum maturity requirements:
    - complete feasibility study, including analysis of variants, cost benefit analysis and environmental impact assessment,
    - approval by beneficiary management,
    - existence of land planning certificate,
    - existence of environmental permit.

- Selection criteria
  - Relevance
    - project contribution to global objective: increase attractiveness of railway passenger transport
    - link between the proposed project and the CFR Passengers rolling stock policy, including other renewal / modernisation projects
    - project contribution to increased safety,
    - value added of EU funding
    - EU policies: observance of rules regarding environmental protection, public procurement, State aid and equal opportunities (access for disabled persons)
  - Feasibility
    - quality of technical solutions
    - capacity adapted to current and future demand
    - cost estimate justified and in line with similar projects
    - sound project technical features
    - economic rate of return,
    - adjustment of need for grant (against financial rate of return),

        - environmental mitigation costs limited to a reasonable share of the project costs
    - Effectiveness
        - project readiness:
            - status of design preparation,
            - status of land acquisition,
            - status of utilities protection / relocation design,
        - beneficiary:
            - existence of clear implementing unit,
            - nomination of project manager(s),
            - sound management and control systems
        - financial plan
            - based on realistic implementation plan
            - detailed
            - existence of financial resources for non-eligible costs and project management
        - risk analysis and sensitivity:
            - adequate identification of risks
            - mitigation proposals
    - Sustainability
        - sufficient partnership and consensus
        - viability: clear arrangements for operation and maintenance

3.1.6 Intermediate Bodies

Not applicable.

3.1.7 Competent Body for making payments to beneficiaries

Authority for Certification and Payments, within the Ministry of Public Finance

3.1.8 Beneficiaries

National Company CFR Calatori (railway passenger operator)

3.1.9 End recipients

Not applicable.

3.1.10 Financial Plan

- Euro 2004 -

Total budget (eligible costs)	**230,000,000**
Community contribution (ERDF/ESF/CF)	**115,000,000**
National contribution - Public - Private	**115,000,000** **115,000,000** **-**

For information:
VAT is estimated at 47.3 Meuro.

3.1.11 Monitoring and evaluation indicators

Evaluation indicators

At key area of intervention level, evaluation will be performed based on the following indicators:

The proposed indicators are:

		No.	%
Output by end 2015	No. of new EMUs	45	
Results by end 2015	Increase in railway pass-km against 2007		26%

a. No. of new EMUs

The scope of the single project being considered under this priority axis is to purchase 45 EMUs.

b. Increase in railway pass-km against 2007

Improving the quality of rolling stock (comfort) as well as the frequencies of trains should make rail transport more attractive. Therefore, the indicator is quite relevant in measuring railway attractiveness, although it is not limited to the specific project.

Its calculation is similar to the one provided for increase of road and rail passenger traffic. It is presented in Annex 1.

It assumes a growth of rail passenger traffic of 0.8 times the GDP (the so-called "elasticity"). The GDP growth is based on the forecasts published on the DG Tren Web site. As usual, an 80% correction is performed.
The elasticity is relatively low, and in any case lower than the one for road transport. This would imply that the modal split would not increase in favour of rail. However, it implies that rail would have a real growth, when it has had, over the last 15 years, a very sharp decrease in absolute terms.

The input data is provided by the national statistics.

At operations level, evaluation shall be performed on the basis of the main indicators identified in the feasibility studies: traffic levels, savings in terms of time, safety, maintenance. It is recommended to recalculate the economic rate of return:

- upon completion of each project,
- 5 years after completion of each project.

Monitoring indicators

The main indicators of monitoring shall be:
- progress in rolling stock renewal strategy preparation,
- progress in tendering and contracting,
- progress in land acquisition (if required for depots and facilities),
- progress in supply implementation (physical and financial),
- evolution of actual contract price.

The attached estimated timetables and expenditures tables should be used as references.

3.1.12 Horizontal themes

- Sustainable development

The project will be subject to a full Environmental Impact Assessment.
Purchase of EMUs will contribute to making railway passenger traffic more attractive, ensure a better energy efficiency and reduce the emissions of green house gas (by comparison with the rolling stock currently used).

- Equal opportunities

The requirements for the new rolling stock will particularly take into account access of and facilities for disabled persons.

3.1.13 State Aid

Railway passenger transport is not opened to competition. Therefore, aid in this area does not qualify as State Aid.

Public service obligations contract

CFR Passengers is operating under a PSO agreement with the State, defining its obligations and the related compensations. This agreement is currently being refined, so as to cover only obligations deemed essential and affordable by the State budget, while all loss-making services that are not included in the contract should be closed together with all related facilities.

Interoperable

Provision of interoperability will be a requirement to be introduced in the technical specifications of the EMUs.

Limited to the minimum necessary

The CFR Passengers fleet is of about 986 locomotives and 3175 carriages. The CFR Passengers locomotives have an average age of 30 years and passenger carriages are on average 25 years old. This exceeds the industry accepted norm of a 20 year lifespan and results in low availability and utilisation resulting in uncertain service

reliability for passengers. It shall also be added that, to date, no more than 140 locomotives and 480 carriages have been modernised, while 79 new Diesel Multiple Units have been purchased.

Therefore, the needs for renewal widely exceed the provision of 45 EMUs, as targeted under the present project.

Replacement

CFR Passengers will effectively replace old carriages with the new units, based on an equivalent number of seats.

State aid

The scheme is intended to be co-financed 50% by the ERDF and 50% by the State budget. The scheme will therefore be notified under State aid regime.

However, recent decisions of the European Commission (see Annex 2) seem to indicate that major difficulties in this respect are not very likely as the aid would only apply to rail passenger transport in Romania, a sector currently not open to competition under EU legislation.

Increase in railway passenger-km

		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	GDP		5%	5%	5%	5%	5%	5%	4.30%	4.30%	4.30%	4.30%	4.30%
	Elasticity												
rail pass-km (million)	0.8	8,638	8,984	9,343	9,717	10,105	10,509	10,930	11,306	11,695	12,097	12,513	12,944
Index		89	92	96	100	104	108	112	116	120	124	129	133
with 80%		8,638	8,914	9,200	9,494	9,798	10,111	10,435	10,722	11,017	11,320	11,632	11,952
Index		91	94	97	100	103	107	110	113	116	119	123	126

European Commission Press release

Brussels, 22 February 2006

Commission authorises Czech support for new railway stock

The European Commission has decided today not to raise any objections to a Czech aid measure to support its railway activities. The aid measure contributes positively to the development of railway transport activities and is compatible with the proper functioning of the common market.

The present passenger rolling stock of Czech Railways is strongly outdated and needs to be replaced in order to reduce the failure rate and thereby increase the operational reliability and safety of rail passenger services in the Czech Republic. The Czech authorities intend to guarantee a loan of €30 million offered by the financing company EUROFIMA to Czech Railways (Česke dráhy) to facilitate the purchase of new passenger rolling stock.

The development of railway activities is in the common interest and in line with European transport policy. Accordingly, the Commission is of the opinion that the proposed measure contributes positively to the development of certain economic activities having a common interest in the meaning of Article 87(3)(c) of the Treaty.

The measure has a very limited adverse impact on present trading conditions. First, Czech Railways pays an interest rate for the loan, as well as a price for the guarantee. Secondly, the guarantee only applies to rail passenger transport in the Czech Republic, a sector currenty not open to competition under EU legislation.

Annex 9

PRIORITY AXIS 4 – Sustainable development of the transport sector

Key Area of Intervention 4.1 – Promote inter-modal transport

4.1.1 Description

Background and rationale

The project currently proposed under this key area of intervention is the following:

Projects	MEuro
Call for proposals inter-modal terminals	67.20

Overview

Introduction
Road transport is well suited to modern logistical chains and door-to-door services but imposes heavy environmental penalties. In "European Policy in the Transport Field – horizon 2010: time to decide", the European Commission therefore planned to encourage more environmentally friendly transport modes and increase the efficiency of door-to-door freight transport chains, by using rail or waterway for the long haul, and road for local distribution.

In line with EU policy, and to minimise the adverse environmental effects of freight transport, the Romanian Government hopes to develop the use of combined transport in Romania, wherever appropriate. So far, however, the only contribution to this ambition has been the commissioning and delivery, in February 2006, of a Halcrow Group report entitled *Assistance to Elaborate a Strategy Regarding the Positioning of Freight Logistics Centres (Freight Village) on the Romanian Railway.* This report, further discussed below, proposed the development of five modern intermodal freight terminals to serve Constanza and the maritime container market.

While focusing attention on the immediate need to improve container block train access to Constanza port, and the necessary associated inland infrastructure provision, the Report did not address the possible long-term development of either domestic combined transport services or services linking Romania with continental EU countries, As it was by definition a railway project it did not consider possible use of the Danube for combined transport services of any type.

In the absence of any overarching strategy for freight transport in the country, or the origin/destination data on and forecasts for freight flows by commodity, mode, etc, that would be required for the elaboration of such a strategy, this Combined Transport Project seeks to address the requirement for progress on the development of Romanian combined transport by using public policy to mobilise private sector skills and expertise.

This Section is structured as follows:

- Modal definitions, and modal strengths and weaknesses
- Present situation in Romania
- Trade with EU:
- Halcrow Report
- Project proposal

Modal definitions, and modal strengths and weaknesses

Combined, or intermodal, transport is usually understood as meaning the transport of goods in freight units using more than one inland mode. The freight units involved can be maritime containers or swapbodies, or accompanied trucks, or unaccompanied trailers. The use of accompanied trucks (or tractor-trailer combinations) is distinguished by the driver accompanying the vehicle and self-loads – the driver drives onto a rail wagon or ferry, while in all other cases units are lifted onto the wagon or vessel.

The modes involved are road and rail, which is most typical, or road and inland waterway. Other combinations are unusual.

The use of accompanied vehicles in combined transport is known by the German for 'rolling road' – rollende landstrasse, or RoLa. This mode is mainly used to link Germany and Italy across Switzerland, which limits the size of freight vehicles allowed to use its roads. It is similar to the use of accompanied vehicles on ferries (or Eurotunnel rail shuttles) crossing the English Channel. Normally it is only used for relatively short, forced, transits because the driver is unemployed during such crossings.

Unaccompanied trailers – that is, trailers without either driver or power unit (tractor) – can be carried on wagons or ferries. This type of combined transport is called 'pigggyback' and is used for longer transits. Trailers can be larger than containers or swapbodies, but clearly can only be carried on rail wagons where the loading gauge – limited by platforms or bridges, etc – is large enough.

The most common form of combined transport uses containers or swapbodies, lifted on and off wagons or ferries. Swapbodies are units that mimic European trailer sizes as far as possible, and come in a range of types and sizes. Maritime containers are not as wide and are therefore smaller overall: their size is determined by ISO standards or modifications of those standards, and these are determined in a global, rather than purely European, context.

The most successful type of combined transport in Europe is the distribution of maritime containers by rail from seaports. This is because viable rail services demand large volumes of traffic originating from (and preferably destined for) single locations, with a road move limited to just one end of the journey. Combined transport moves with road drayage to or from terminals at both ends of a transit are viable only over long distances because of the costs of double handling and the costs of short-distance road moves, and long-distance rail moves tend not to involve large volumes of traffic.

Without large volumes of traffic, services may be too infrequent for rail to compete effectively with road because customers for the high-value cargo carried in containers or swapbodies expect rapid transit times. For this reason, it is easiest to focus initially on the most successful form of combined transport, maritime container movement, and from this base develop long-distance (usually, in Europe, international) combined transport services. In Europe again, the appropriate freight units for such services are swapbodies.

Water transport is a low cost mode for bulk movement of large volumes of cargo, but can only be used where a water network exists, and for low-value cargo which does not require rapid transit times. Loading and unloading costs for non-bulk cargo make the waterway unsuitable for many types of modern freight, and there are therefore only specific instances where waterways are suitable for use as part of intermodal transport chains. Waterway transport of containers is successful between Rotterdam and Antwerp (a move between two deepsea ports involving no road transport) and between Rotterdam and some Rhine ports, for low value container cargo, empty containers, or, avoiding road congestion close to the port, for a move to the inland port of Duisburg and direct access to the huge German market.

Present situation in Romania

The movement of maritime containers by rail between seaports and either intermodal terminals or private sidings dominates intermodal freight in Romania, as it does in most European countries. Over 40% of containers moved inland from Constanta are carried by rail (rather than road or inland waterway) – a higher proportion than is usual in western Europe. About 80% of these containers are, however, destined for private sidings rather than the common-user intermodal terminals owned by CFR Freight.

Rail movement to common user terminals is often carried out in general trains rather than block trains, which is uncommon in western Europe, as these services are not regarded as economic, and do not offer the required quality of service because of the time and cost of the marshalling operation.

The existing RoLa service from both border crossings (Arad and Orodea) accounts for some Romanian and Turkish traffic, though most picks up the service at Györ. RoLa is used because of the difficulty of obtaining transit permits for Austria, a problem that will presumably disappear after 2007.

There is an 4-5 train per week each way Intercontainer swapbody service to Pitesti, mostly carrying car parts. At 30 13.5 metre units per train the service amounts to some 12,000 units per year. Car manufacturers such as Daewoo and Renault have set up manufacturing plants in Romania to serve the growing local market in new cars, but do not have plans to export cars to the West. This contrasts with the situation in Turkey, where Ford is seen as a potential Channel Tunnel traffic for the movement of new cars into the UK.

In addition to the movement of maritime containers there is some very limited movement of domestic Romanian freight intermodally.

Truck traffic across the border may be over 500,000 trucks per year, estimated very approximately on the basis that the crossings at Arad and Oradea process about 20 trucks per hour each way per hour, 24 hours per day. The largest manufacturers export 2,500 trucks pa (50 per week). Clothing, including hanging garments, is the dominant export, but there are also, for instance, furniture, tyres, shoes, and car parts in both directions. High value hanging garments travel better in trailers, although and other clothes can travel in containers and could be a potential future market.

Export sources are mainly the west and centre, with some from the south, while some of the Turkish transit traffic also uses the Romanian route, to avoid Serbia.

These volumes, which are growing rapidly, suggest that a combined transport solution should be possible, but much closer examination of inland origins and destinations would be required to plan a viable service. Truck users are mostly hostile to rail and combined transport, mostly because they believe that service quality and transit times are inadequate, and these concerns would need to be addressed and proved to be without foundation.

Overall, modal shares for Romanian land transport are shown below to provide a context for the discussion of intermodalism. The main points demonstrated are:

- Transport volumes are very much lower, even now, than in former times. There has however been strong growth since 2000, after Romania's economy steadied.
- Road shares increased rapidly after the end of the previous regime, and are still increasing
- Rail volumes recovered recently but share continues to decline
- Water volumes are recovering but share is less than half of its original level

National Freight Transport Development 1990 - 2004

Transport mode (million T/km)	**1990**	**1995**	**2000**	**2003**	**2004**
Rail	57,253	27,179	17,982	15,039	17,022
Road	28,993	19,748	14,288	30,854	37,220
River	2,090	3,107	2,634	3,521	4,291
Total	**88,336**	**50,034**	**34,904**	**49,414**	**58,533**
Market share by mode MTkm%					
Rail	65	54	52	30	29
Road	33	39	41	62	64
River	2	6	8	7	7

Trade with EU:
The EU has become an increasingly important trade partner for Romania since 1990 and will become more so once Romania has acceded to the EU in 2007. Romania has the second largest consumer market after Poland in Central and Eastern Europe, though still very much smaller than Turkey's.

In 2003, the EU accounted for 72% of Romanian exports and for 53% of its imports by value (CNCB Europe, IBN Country Report: Romania). Between 1995 and 2001

trade with the EU grew by 179%. However, both in trade value and volume terms, Romania still lags behind countries such as Poland, Hungary, and Turkey.

In 2004 Romania's major trading partners were:
Exports - Italy 20.9%, Germany 15.4%, France 7.3%, Turkey 7%, UK 6.1%, Austria 5%
Imports - Italy 18.3%, Germany 17.9%, France 7.2%, Hungary 6.1%, Russia 5.7%, Austria 5.5%, Turkey 4.3%

The rapid growth of trade with the EU may be illustrated by the growth of trade with the UK – one of the smaller EU trade partners.

Growth of Romania/UK trade, value

	1997	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**
Exports	195	222	249	333	444	510	671	771
Imports	213	233	243	383	344	427	512	607
Total	**408**	**455**	**492**	**716**	**788**	**937**	**1183**	**1378**
Growth % pa		*11.5*	*8.1*	*45.5*	*10.1*	*18.9*	*26.3*	*16.5*

Halcrow Report

Halcrow examined Romania's network of common-user intermodal freight terminals. It established that they are designed to a standard pattern, serviced from marshalling yards, with two tracks under rail mounted gantry cranes, and with storage rows for containers on a concrete paved surface under the crane. The cranes are at or approaching the end of their working life, and, in most terminals, road vehicles must turn round before or after being loaded/unloaded, blocking the road for other vehicles. Terminals generally have no secure areas or lighting.

Capacities vary despite the standardised design approach, and terminal capacities vary from 7,040 to 25,600 TEU per year, with an average of 16,800 TEU. None of the terminals is being used to these capacity levels, and few are laid out flexibly enough to allow alternative freight to be handled.

As to their operation, there are agreed limits on minimum overall staffing levels, so that staffing does not necessarily reflect operational or business needs. There is no differential pricing by container type or size, and discriminatory pricing is practised against customers who arrange their own collection and delivery. There is no local marketing/sales function, and no individual bottom line accountability for individual terminals.

In their proposals for development of a new system of terminal operation and management, Halcrow interviewed a wide range of customers, and established that they were concerned about the inadequacy of existing terminal facilities, the inflexibility of terminal operations, traffic delays at the port of Constanza, and poor security both on terminals themselves and on trains. It noted the poor availability of suitable wagons, long, uncompetitive transit times, a lack of tracking or other information on consignment progress, poor reliability of train services and

connections, and non-existence of dedicated direct train services. Both public and private rail freight operators responded poorly to business enquiries.

Another problem mentioned was the over-complicated documentation required by railway operators and/or customs authorities in particular.

Halcrow's evaluation of the economic context of their proposed development of five intermodal freight terminals noted that Romania is benefiting from steady growth in business investment and industrial production. Its regions all make an important contribution to GDP, though Bucharest and the South are dominant, accounting for over 30%.

Significance of regional economies by GDP share:

Bucharest	18.8%
South	12.8%
Centre	12.7%
North-East	12.6%
South-East	12.1%
North-West	11.9%
West	9.8%
South-West	9.4%

A survey of road movements at Constanta demonstrated the internal regional origins and destinations of export and import loaded containers as follows:

Regional origins/destinations of export/import road containers (TEU –survey period)

Region	**Export**	**Import**	**TOTAL**	**Shares %**
Bucharest	84	961	1045	53
South East	169	171	340	17
South	102	84	186	9
North East	88	18	106	5
West	102	3	105	5
North West	63	10	73	4
Central	59	12	71	4
South West	36	-	36	2
Other	4	2	6	0
TOTAL	**707**	**1261**	**1968**	**100**

Measures for intermodal terminal improvement

Halcrow's` main proposal relating to intermodal terminal improvement is for extension of the rail track at Constanta, without which any development of inland intermodal freight terminals would be ineffectual. The port authority has already invited tenders for the development, more along the lines proposed by Halcrow than

the substantially more expensive and extensive project proposed for Cohesion Fund funding.

Demand for rail traffic at Constanta is high, and congestion on the tracks slows movement out of the port, threatening the transfer of cargoes to road. This is particularly true for the fast developing container sector, which will also be threatened by the imminent completion of the Constanta / Bucharest motorway, which will almost double the potential efficiency of road transport.

Protection of the rail mode from the competitive threat of road, particularly in the fast growing container sector, is not merely a matter of providing infrastructure. It is critical both that the infrastructure provided is fit for purpose and that the railway intermodal offer is totally customer oriented.

The rail development at Constanta should allow for the rapid timetabled departure of dedicated block trains without marshalling, as the time taken by this procedure will only ensure that the railway fails to protect its market share. The project proposal should perhaps be re-examined in the context of modern rail operational practice, and the low-cost development proposal put forward by Halcrow in its study of Romanian intermodal potential perhaps be considered as a Phase 1 of this project, as a matter of some urgency.

The five inland terminals proposed by Halcrow are Arad, Brasov, Bucharest Progresu, Buzau, and Iasi. The basis on which the selection was made was:

- Position on TENS corridors
- Suitability of sites for conversion
- Accessibility and constraints
- Availability of additional land if needed
- Quality of highway connections
- Potential environmental hazards and nuisance
- Potential traffic levels
- Opportunities for industry clustering
- General economic potential of the area.

The key terminal design requirements were:

- Adequate rail access from CFR main lines
- Appropriate road access from the main highway system
- A layout design suitable for appropriate modern container handling equipment
- Adequate container storage areas and paving for stacking fully loaded containers up to 4-high and laid out to provide sufficient capacity
- Secure and protected cargo handling and storage areas
- Adequate office facilities to enable staff to work efficiently and to provide additional office space for other agencies and end users where needed.
- Flexibility of use of handling and storage areas to maximise commercial potential

Halcrow comments that the ownership and operational structure of terminals still needs to be determined, and that their viability depends on economic and financial analysis. Their success depends crucially on the rail industry operational and

commercial structure problems identified in freight industry consultations had to be addressed, as would the issues on customs authority structure and practice. Critically:

- Terminals should be run as self-sustaining profit centres and as an essential element of an overall intermodal rail service.
- CFR services need to be re-geared to serve terminals directly with regular scheduled intermodal train services, with charges and tracking being made fair and transparent.
- Customs authority procedures need to be altered so that the calling of containers for inspection does not delay the departure of trains or even individual wagons.

Without this the current and potential client base **will not respond** to the benefits of improved infrastructure.

Financial and Economic Conclusions

Halcrow forecast that the five terminals selected would produce solid economic benefits, and, assuming that they were able to maintain current rail shares against competition from an improving road system, would achieve the following throughputs in coming years:

Forecast terminal throughputs to 2029: 000 TEU

	2009	**2014**	**2019**	**2024**	**2029**
Bucharest Progresu	10	18	27	37	48
Brasov	5	10	14	19	24
Arad	6	8	11	15	17
Iasi	3	5	7	10	13
Buzau	3	4	6	8	11

The rate of increase of container handling growth assumed for Constanta port, and used for the above calculation, seems reasonable and may be pessimistic. However, as the forecasts relate only to the possible development of traffic at CFR Freight terminals they exclude development of the other 80% of rail container movement at private sidings. They seem thus to underestimate the true potential of the maritime intermodal sector.

Even so, the growth implied here is superior to the CFR assumption of a mere 2.5% per annum growth, which would concede a large part of this growth to road and should be unacceptable in environmental terms, particularly as Romania is fortunate in already having the potential for an effective rail intermodal system. However, the CFR growth forecast may be seen as more plausible, or even optimistic, if the behaviour of CFR and other Romanian institutions does not change significantly.

Although Halcrow established that there was an economic case for the terminals this would only be in the context of changes elsewhere in the system – infrastructure investment would not alone be sufficient, so that external funding of the infrastructure was necessary. Capital and operational costs would not be attractive to private investors, and the terminals would not be commercially viable as stand alone businesses. They need to remain part of the railway intermodal business to develop properly.

Because the weighted average distance between Constanta and the five terminals is only 385 km the economic case for intermodalism, at least based only on these locations and this traffic, and despite the calculations made by Halcrow, is not strong. Conventionally, the margin at which intermodalism is viable is 350 km.

Halcrow's conclusions are very much based on growth of maritime container traffic at Constanta, because this was enough to prove the case for the development of the five terminals and Constana. Halcrow did note that other cargo sources could be developed, but did not expand on this issue.

Distances do not seem to be large enough for a significant expansion of domestic intermodal traffic – or, at least, this does not seem to be the main new potential market for combined transport. Distances are, however, large enough for traffic currently carried by road to and from western Europe to be switched to rail. We believe that there should be potential for new combined transport services between key industrial centres in Romania and intermodal hubs at, for instance, Vienna and Munich. The development of such traffic, which depends on commercial services being offered, would strengthen the position of the common user terminals proposed by Halcrow.

There is also some possibility that Constanta's hinterland could be expanded, with rail or waterway services at least into Serbia and Hungary. It is very noticeable that apart from a small amount of Moldovan freight the port at present handles purely national cargoes.

Of course, any proposal for international combined transport will require the Romanian railways to work closely with the Hungarian and other national railways. Cooperation between national railways is always difficult, and the problems of interoperability are a serious barrier to the progress of international combined transport even in western Europe. Unless these issues are addressed the potential economic benefits of combined transport cannot be realised, and freight will increasingly move by road.

Project Proposal

The previous section highlights (i) the necessity of modernising intermodal transport so as to maintain some modal balance, but also (ii) the actual development of intermodal transport is difficult to plan by State authorities. Any development of intermodal infrastructure that is not accompanied by delivery of high quality services will be at a high risk of inefficiency and non-viability.

The Halcrow proposal that the State underwrites the investment in terminal infrastructure seems, in the Romanian context, to come up against the State Aid risk, as the common-user terminals are owned by CFR Freight, an organisation operating in the market sector.

The most efficient way for the State to support development of the Romanian intermodal sector is therefore by co-financing investments made by private sector intermodal terminal and/or service operators. An open scheme should be developed,

avoiding the State Aid risk, and involving calls for proposals from potentially interested operators.

Such an approach has already been adopted in other countries, in particular in Poland, where the Sectoral Operational Programme Transport is providing 31.6 million Euro for a scheme which intends to encourage the development of combined transport through the construction of logistics centres and terminals. After notification, the European Commission found in February 2006 that this scheme is compatible with the Treaty rules.

The Project Proposal is that a specified amount would be allocated for a similar scheme as part of the Romanian SOP-T. The scheme would finance up to 50% of the costs of construction, extension and rebuilding of combined transport infrastructures, the acquisition of equipment for combined transport, innovative technologies and systems to improve the combined transport system and for the financing of design works, works / supply supervision and promotion of the projects.

Taking into account the relatively limited prospects for the development of large facilities, as identified in the Halcrow report, it is estimated that up to four "large" projects of 8 to 12 million Euro each and up to ten "small" projects of 2 to 3 million Euro each could be supported. Assuming a public support (co-financing rate) of 50%, the total public scheme would then amount to 32 million Euro. It should be open to the private sector to make an offer covering the overall development of a national intermodal system, or to tender for individual facilities. This would enable the Government to assess the relative credibility and robustness of a range of approaches and select the optimum tender or tenders, as appropriate.

The selection of project(s) to be co-financed will be organised through a call for proposals, open to all EU companies which perform or plan to perform logistics operations in Romania based on investment in rail or maritime / waterway intermodal transport.

A call for proposals involves the development of:

- a set of guidelines for applicants, so as to receive comparable applications, under a given format,
- selection criteria enabling to perform a transparent selection,
- a set of contractual conditions regulating the manner in which subsidies will be granted (eligibility rules, procurement procedures to be observed, actual payment of subsidies, etc.)

The call for proposals should be given wide publicity, and a substantial period allowed for the preparation of soundly based applications, so as to attract a reasonable spread of potential investors and enhance the quality of applications received.

Objectives

This key area of intervention aims at financing the promotion of inter-modal transport. It will implement projects to facilitate modal shift for freight, principally from road to rail/road or waterway/road. The provision or rehabilitation of relevant infrastructure

(waterways and ports, rail track) is addressed by other key areas of intervention: consequently, the promotion of intermodal transport refers mainly to the provision of terminal infrastructure or logistics centres for intermodal units.

Initiatives will include calls for proposals for the development of intermodal terminals and/or combined transport logistics and distribution centres covering terminal infrastructure.

4.1.2 Operations

Operations proposed under Key area of intervention (4.1) are development / rehabilitation of inter-modal terminals, through competitive calls for proposals.

The status of preparation is the following: each beneficiary will be responsible for the preparation of feasibility studies.

So as to publicise this mechanism, it is envisaged that immediately after the formal approval of the SOP-T, the MTCT will issue early information on the schedule of the calls for applications.

4.1.3 Categorisation of interventions

- Priority theme

Code	Priority theme
	Transport
26	Multi-modal transport

- Form of finance

Code	Form of finance
01	Non-repayable aid

- Territorial dimension

Code	Territory type
00	Not applicable

4.1.4 Grant size

Eligible value of the project (Euro)	Up to 12 Meuro / project
Maximum size of grant to total eligible cost (%)	50
Minimum contribution of the applicant (%)	50 + all non eligible costs
Community contribution to the support granted (%)	75
National public contribution to the support granted (%)	25

4.1.5 Project selection criteria

The following criteria are proposed for consideration by the Monitoring Committee:

- Eligibility criteria

- Relevance
  - type of project: inter-modal terminals, involving at least one of the two following modes: rail and naval (maritime or inland waterway) transport.
  - location: Romania
  - need for grant (against financial rate of return)
  - in line with SOP-T resources available
  - EU policies: compliance with State Aid regulations.
- Effectiveness: minimum maturity requirements:
  - complete feasibility study and business plan, including analysis of variants, cost benefit analysis and environmental impact assessment,
  - approval by beneficiary management,
  - sound financial position of beneficiary,
  - existence of land planning certificate,
  - existence of environmental permit.

- Selection criteria
  - Relevance
    - project contribution to global objective: promote inter-modal transport
    - type of project: construction, extension and rebuilding of combined transport infrastructures, acquisition of equipment for combined transport, innovative technologies and systems to improve the combined transport system and design works, works / supply supervision and promotion of the projects
    - project contribution to increased safety
    - value added of EU funding
    - EU policies: observance of rules regarding environmental protection, public procurement, State aid and equal opportunities
  - Feasibility
    - quality of business plan
    - quality of technical solutions
    - capacity adapted to current and future demand
    - cost estimate justified and in line with similar projects
    - sound project technical features
    - economic rate of return,
    - adjustment of need for grant (against financial rate of return),
    - environmental mitigation costs limited to a reasonable share of the project costs
  - Effectiveness
    - project readiness:
      - status of design preparation,
      - status of land acquisition,
      - status of utilities protection / relocation design,
    - beneficiary:
      - demonstrated competence of the beneficiary,
      - existence of clear implementing unit,
      - nomination of project manager(s),

        - sound management and control systems
    - financial plan
        - based on realistic implementation plan
        - detailed
        - existence of financial resources for non-eligible costs and project management
    - risk analysis and sensitivity:
        - adequate identification of risks
        - mitigation proposals
- Sustainability
    - sufficient partnership and consensus
    - viability: clear arrangements for operation and maintenance

4.1.6 Intermediate Bodies

Not applicable.

4.1.7 Competent Body for making payments to beneficiaries

Authority for Certification and Payments, within the Ministry of Public Finance

4.1.8 Beneficiaries

EU companies which perform or plan to perform logistics operations in Romania based on investment in rail or maritime / waterway inter-modal transport

4.1.9 End recipients

Not applicable.

4.1.10 Financial Plan

- Euro 2004 -

Total budget (eligible costs)	**67,200,000**
Community contribution (ERDF)	**25,200,000**
National contribution - Public - Private	**42,000,000** **8,400,000** **33,600,000**

The financing of the non-eligible costs will be ensured by the beneficiaries.
For information, VAT is estimated at 12.77 Meuro.

4.1.11 Monitoring and evaluation indicators

Evaluation indicators

At key area of intervention level, evaluation will be performed based on the following indicators:

		No.	%
Output by end 2015	Number of new / upgraded intermodal terminals	10	

At operations level, evaluation shall be performed on the basis of the main indicators identified in the feasibility studies: traffic levels, savings in terms of time, safety, maintenance. It is recommended to recalculate the economic rate of return:

- upon completion of each project,
- 5 years after completion of each project.

Monitoring indicators

The main indicators of monitoring shall be:

- progress in design preparation,
- progress in tendering and contracting,
- progress in land acquisition,
- progress in utilities relocation / protection,
- progress in works / supply implementation (physical and financial),
- evolution of actual contract price.

The attached estimated timetables and expenditures tables should be used as references.

4.1.12 Horizontal themes

- Sustainable development

Each project will be subject to a full Environmental Impact Assessment.
In addition, development of inter-modality is considered to have a positive effect on the environment.

- Equal opportunities

Hardly applicable.

4.1.13 State Aid

The most efficient way for the State to support development of the Romanian intermodal sector is therefore by co-financing investments made by private sector intermodal terminal and/or service operators. An open scheme should be developed, avoiding the State Aid risk, and involving calls for proposals from potentially interested operators.

Such an approach has already been adopted in other countries, in particular in Poland, where the Sectoral Operational Programme Transport is providing 31.6 million Euro for a scheme which intends to encourage the development of combined transport through the construction of logistics centres and terminals. After notification, the European Commission found in February 2006 that this scheme is compatible with the Treaty rules.

The Project Proposal is that a specified amount would be allocated for a similar scheme as part of the Romanian SOPT.

The scheme should be open to the private sector to make an offer covering the overall development of a national intermodal system, or to tender for individual facilities. This would enable the Government to assess the relative credibility and robustness of a range of approaches and select the optimum tender or tenders, as appropriate.

Annex 10

PRIORITY AXIS 4 – Sustainable development of the transport sector

Key Area of Intervention 4.2 – Improve traffic safety across all transport modes

4.2.1 Description

Background and rationale

The projects currently proposed under this key area of intervention are the following:

Project	Eligible cost (Meuro)
RORIS II - Danube VTMIS	9.00
Train axles overheating detectors (on TEN-T)	8.00
Automatic barriers and level crossings	45.70
Linear villages and central barriers	144.00

Overview

Safety is one of the key problems in the Romanian transport system.

Road safety

The Romanian road network was developed as a result of the need to provide road links between towns and the new roads followed the original alignment. The resultant effect of this has been to create many linear villages and towns without a bypass where all local and through traffic has to pass through the town centre.

Later, due to the lack of investment in secondary roads (mainly in rural areas) linear villages (villages along both sides of the highway) have continued to develop along national roads resulting in the continuing situation where through traffic on national roads is in conflict with the daily life of the rural community.

According to Romanian statistics, the number of serious road accidents has declined from around 9,000 per year in the early 1990s to 6,900 in 2005. It should however be noted that data provided by the National Institute of Statistics or by the Road Police are not fully consistent.

Evolution of road traffic accidents 1991- 2004

	1991	1995	2000	2003	2004	2005
Serious accidents	8,948	9,119	7,555	6,654	6,557	6,905
Fatalities	3,078	2,845	2,505	2,235	2,301	2,491
Serious injuries	7,789	7,716	6,601	5,538	5,343	5,637

Source: Statistical Yearbook 2004, National Institute of Statistics 2005 (years 1991 to 2003). Road Police (years 2004 and 2005)

It appears that about 40% of the serious accidents occur on national roads, another 40% in urban environment and the remaining 20% on other roads.

At first sight, the number of deaths from road accidents would appear to be similar to other countries, at 11 per 100,000 inhabitants. However, if the low level of vehicle ownership and usage rate of Romania is considered, it can be observed that Romanian roads are about three times more dangerous than the EU 25 average.

Comparison of road accident fatalities by region and country, 2002

Country	Fatalities / 100,000 inhabitants	Fatalities / 1,000,000 passenger cars
Romania	11	743
EU25	11	239
EU15	10	207
Bulgaria	12	484
Czech Republic	14	392
Hungary	14	564
Poland	15	528
Slovakia	11	458

Source: Eurostat Pocketbook: Energy, transport and environment indicators 2005 and SWK Consortium, TA to MTCT, 2006 elaboration

Past and current projects

Amongst the various activities aimed at increasing the road traffic safety in Romania, the following are of a particular interest:

- Multi – Country Transport Programme 98-0297.00: Road Safety Study - identification of ten short-medium term measures to be implemented in order to improve road safety in Romania;
- Twinning for strengthening the administrative capacity in the transport field (contract signed in November 2003); the objectives of the project are as follows:
  - Develop the competencies in EU accession issues, in particular to implement the *acquis communitaire* in the field of transport and prepare the ministry to modernise planning and programming procedures, project management, operating and maintenance of transport infrastructures under EU standards;
  - Motivate and retain the best specialists from MTCT;
  - Develop a citizen-oriented ministry' policy.
- Twinning component on Road Safety – concluded in December 2003; a set of recommendations for the improvement of the road safety was provided at the end of the project;

- The International Bank for Reconstruction and Development (IBRD) has financed, since 1998, a series of road safety actions: linear village safety, black-spots (40), improvement and other actions of road safety;
- RO 0107.11.02 "Safety Audit System" - the results of the project are as follows:
    - A suitable and sustainable Road Safety Audit System to be implemented;
    - Guidelines for safety measures in linear villages;
    - Trained Trainers for Road Safety Audits.
- RO 0107.11.03 "Traffic and Accidents Database" - allowing an analysis of the "Black spots" and of drivers behaviour.

Type of infrastructure works / supplies

The main areas on which infrastructure can be improved in order to ensure greater safety have been identified as follows:

- **linear villages (regarding pedestrians, local traffic, transit traffic, parking, accidents, footways, access to stores/ facilities and other activities, tourism, schools, environment) ;**
- **railway level-crossings;**
- **proper signalling and marking on the more difficult roads;**
- **traffic fence separation for roads with 4 lanes;**
- **traffic monitoring/video surveillance.**

Project Proposal

It is currently intended to have about 144 Meuro dedicated for improvement of safety in linear villages and separation of carriageways on 4 lanes roads.

The benefits expected from such projects are primarily a reduction in the rate of accidents. Traffic calming measures in linear villages might also have an impact on the reduction of polluting emissions.

Rail safety

Railway safety records are quite good in Romania, with a very reduced number of fatalities regarding railway passengers (12 over the period 2000 – 2003). However, railway is involved in two main types of accidents:

- accidents at level crossings, and
- derailments, causing damages.

Level crossings

There are about 354 level crossings between the rail network and the national roads network, with three possible configurations (by sfatey order):

- automatic barriers,
- train approach signalling system,
- road signs only.

There is a need to:

- renew a number of installations that are reaching the end of their design life,
- ensure that all level crossings with national roads are equipped with at least train approach signalling systems,
- upgrade to automatic barriers a number of level crossings, based on the combination of train and road traffic,
- eliminate a number of level crossings, particularly along the TEN-T.

A budget of 45.7 Meuro has been earmarked for improvements at level crossings.

The benefits of such projects are:

- increased safety both for road and rail users,

in case of elimination of the level crossing, the following benefits shall also be taken into consideration:

- time savings from vehicles not being stopped and increased speed of trains
- reduced operating costs of stopped vehicles (no impact on trains considered)
- improved comfort for all road users.

Other projects

In addition, in order to better prevent derailments, the installation of hot axle bearings detectors along the tracks is considered as necessary. A budget of about 8 Meuro has been earmarked in this sense.

Sevral other rail projects might also be considered under the present key area of intervention, including:

- axle counters (train detection systems),
- interlocking installations in stations,
- etc.

Inland waterway safety

The project consists of Phase II of the Vessel Traffic Management and Information System (VTMIS) for the Danube, costing €9m in total, with an EC contribution of €7.2m. Phase 1 work on VTMIS was completed in June 2005 for the more difficult sections of the Danube, and Phase II of this project will provide VTMIS for the entire river.

This project is ranked first among waterway projects. Its ranking is justified by the fact that the essential work is required under a European Directive. It also helps the traffic flow all year round, while some projects deal only with seasonal problems.

Objectives

This key area of intervention aims at ensuring implementation of European standards of safety and security across all transport modes including intermodal.

A number of initiatives will be implemented under this key area of intervention, including the following:

Safer roads

- Improved road/rail level crossings and construction of new road /rail over/under passes
- Horizontal and vertical signalling system,
- Improving and developing the physical infrastructure, by taking preventive measures (e.g. road indicators, video cameras, linear villages, etc.).

Safer railways

- Electro-dynamic centralization (interlocking), automatic barriers, signalling, etc.

Safer water transport

- Improve vessel traffic management information system (VTMIS). With respect to the implementation of VTMIS on the Danube's common sector, Romania will provide Bulgaria with all available and relevant VTMIS information/data. Bulgaria on its part will need to invest in communications and computer systems in order to be able to receive it and make effective use. The first phase of the implementation is under completion and a second phase is envisaged.

4.2.2 Operations

The operations to be funded under the present key area of intervention are mainly sets of works and works supervision (supply / supply supervision) contracts, possibly also including designs.

The status of preparation is the following:

Project	**Source of funding**	**Amount (MEuro)**
RORIS II - Danube VTMIS	Concept design already prepared Technical specifications to be funded under SOPT	-
Train axles overheating detectors (on TEN-T)	Phare CES 2006	1.00

Automatic barriers and level crossings		
Linear villages and central barriers	Phare National 2004	3.45

4.2.3 Categorisation of interventions

- Priority theme

Code	Priority theme
	Transport
22	National roads

- Form of finance

Code	Form of finance
01	Non-repayable aid

- Territorial dimension

Code	Territory type
00	Not applicable

4.2.4 Grant size

Eligible value of the project (Euro)	N.A.
Maximum size of grant to total eligible cost (%)	100
Minimum contribution of the applicant (%)	N.A.
Community contribution to the support granted (%)	75
National public contribution to the support granted (%)	25

4.2.5 Project selection criteria

The following criteria are proposed for consideration by the Monitoring Committee:

- Eligibility criteria
  - Relevance
    - type of project: infrastructure project primarily targeting safety
    - location: Romania
    - no overlap with other SOP-T funded projects
    - need for grant (against financial rate of return)
    - in line with SOP-T resources available
    - EU policies: compliance with State Aid regulations.
  - Effectiveness: minimum maturity requirements:
    - complete feasibility study, including analysis of variants, cost benefit analysis and environmental impact assessment,
    - approval by beneficiary management,
    - existence of land planning certificate,
    - existence of environmental permit.

- Selection criteria
  - Relevance
    - project contribution to global objective: improve traffic safety
    - value added of EU funding
    - EU policies: observance of rules regarding environmental protection, public procurement, State aid and equal opportunities
    - EU policies: River Information System
  - Feasibility
    - quality of technical solutions
    - capacity adapted to current and future demand
    - cost estimate justified and in line with similar projects
    - sound project technical features
    - economic rate of return,
    - adjustment of need for grant (against financial rate of return),
    - environmental mitigation costs limited to a reasonable share of the project costs
  - Effectiveness
    - project readiness:
      - status of design preparation,
      - status of land acquisition,
      - status of utilities protection / relocation design,
    - beneficiary:
      - existence of clear implementing unit,
      - nomination of project manager(s),
      - sound management and control systems
    - financial plan
      - based on realistic implementation plan
      - detailed
      - existence of financial resources for non-eligible costs and project management
    - risk analysis and sensitivity:
      - adequate identification of risks
      - mitigation proposals
  - Sustainability
    - sufficient partnership and consensus
    - viability: clear arrangements for operation and maintenance

4.2.6 Intermediate Bodies

Not applicable.

4.2.7 Competent Body for making payments to beneficiaries

Authority for Certification and Payments, within the Ministry of Public Finance

4.2.8 Beneficiaries

Road: CN ADNR SA (Romanian National Company for Motorways and National Roads)
Rail: CN CFR SA (Romanian Railway Company)
IWT: Romanian Naval Authority

4.2.9 End recipients

Not applicable.

4.2.10 Financial Plan

- Euro 2004 -

Total budget (eligible costs)	**237,710,000**
Community contribution (ERDF)	**215,550,000**
National contribution - Public - Private	**59,430,000** **59,430,000** **-**

For information:
Land acquisition and permits are estimated at 8.45 Meuro,
VAT is estimated at 45.16 Meuro,
The State Inspectorate in Construction tax is estimated at 1.6 Meuro.

4.2.11 Monitoring and evaluation indicators

Evaluation indicators

At key area of intervention level, evaluation will be performed based on the following indicators:

		No.	%
Output by end 2015	Improved / upgraded level crossings (rail / road)	80	
	Kms of road through linear villages improved as per safety	180	
Results by end 2015	Reduction in accidents per million passenger cars		20%
	Reduction in fatalities per million passenger cars		20%

a. Improved / upgraded level crossings (rail / road)
For level crossings, about 45 Meuro is being considered. The cost per level crossing, including two automatic barriers and elastic elements would be about 370,000 Euro. It is intended that a few level crossings will actually be replaced by graded crossings, that are much more expensive.
The expectation would therefore be for 100 crossings treated. Applying the 80% correction coefficient, the result is 80 level crossings.

b. Kms of road through linear villages improved as per safety

For linear villages, 112 Meuro is being considered. The cost per km of linear village is likely to be around 0.5 Meuro, leading to a total number of kms treated of 225. Applying the 80% correction coefficient, the result is 180 km treated.

c. Reduction in serious accidents per million passenger cars and reduction in fatalities per million passenger cars

This indicator is supposed to measure the increase of road safety. It has to be seen that, given the recent trends and the expected boom of passenger cars ownership and traffic, an absolute reduction of serious accidents and fatalities would be very difficult to achieve.

The indicator is therefore focusing on reduction of accidents by million passenger cars. This is actually a better measure of the risk involved than the absolute number. It is also on this indicator that Romania has a particularly bad record amongst European countries.

Achieving a reduction of 20% would therefore bring Romania more in line with the current situation of the new Member States. It has to be seen that improvement of road safety is only partly depending on improvement of the infrastructure and also implies the quality of the vehicles and the behaviour of the drivers, not addressed under the SOPT.

There are two indicators (with the same target) for serious accidents and fatalities as one risk might be that accidents become more and more serious and less accidents sometimes result into higher number of fatalities. It is recommended to use serious accidents as basis rather than all accidents as minor accidents might not be recorded any longer in the future.

The input data is provided by national statistics and the Road Police.

At operations level, evaluation shall be performed on the basis of the main indicators identified in the feasibility studies: traffic levels, savings in terms of time, safety, maintenance. It is recommended to recalculate the economic rate of return:

- upon completion of each project,
- 5 years after completion of each project.

Monitoring indicators

The main indicators of monitoring shall be:

- progress in design preparation,
- progress in tendering and contracting,
- progress in land acquisition,
- progress in utilities relocation / protection,
- progress in works / supply implementation (physical and financial),
- evolution of actual contract price.

The attached estimated timetables and expenditures tables should be used as references.

4.2.12 Horizontal themes

- Sustainable development

Each project will be subject to a full Environmental Impact Assessment.
In addition, development of safety is considered to have a positive effect on the environment.

- Equal opportunities

Hardly applicable.

4.2.13 State Aid

The infrastructure to be built is State public infrastructure, to be operated by the public companies CN ADNR SA, CN CFR SA, concessionaires of the national road, respectively railway network of Romania, and by the Romanian Naval Authority that is a public institution, in charge, amongst others, of naval safety.
Access of operators to the networks is ensured in a transparent and open manner.

Annex 11

PRIORITY AXIS 4 – Sustainable development of transport sector

Key Area of Intervention 4.3 – Minimise adverse effects of transport on the environment

4.3.1 Description

Background and rationale

The projects retained under this key area of intervention are the following:

Water main section	Quantification	Investment costs (Meuro)	TA Cost (Meuro)
Wastewater treatment/depol vessels on Danube	To be determined	12.00	
Environmental strategy for transport	1 study	-	1.00
Study on salt water intrusion at canal locks	1 study	-	1.00

Justification for selection

Within the priority of implementing the principles of sustainable development of the transport sector in Romania, as per the Cardiff conclusions of the European Council (1998) and the European Strategy for Sustainable Development (Goteborg 2001) this key area of intervention is also aiming to minimize adverse effects of transport on the environment.

Present indications point to increasingly negative effects of transport on the *environment* unless measures are taken to reverse such trends.

One objective will be the aid for the establishment of environmental strategy of the transport sector, which will include strategic analysis, assessment of specific impact for the transport sector, monitoring and mitigation measures and inter-institutional co-operation. This will include mitigation of the environment impact of past developments in the transport sector prior to the introduction of the sustainable development legislation in Romania. It will also include a strategy for responding to EU new environmental policies (i.e. noise reduction) as well as response to particular environmental problems.

Another objective of this operation will be to continue investment in mitigating already identified and urgent needs of environmental protection.

One of the most sensitive environment components is water and therefore River Danube as recipient of a large river basin and discharge into the Black sea of an

average multi-annual flow of 6500 cubic metres /second has a significant environmental and cross-border effect.

After a large fluctuation in vessel traffic on Danube River, the statistics indicate a significant recent and future increase and Danube authorities and ports are unlikely to be prepared to face the associated environmental risks.

IWT growth 1998 – 2003, million tonnes

Year	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**
Traffic	14.9	14	13.1	11.3	13.9	15.1

More recent data available from the National Company for Navigable Canals Administration (NCNCA) suggests that there was further substantial growth in 2004 and 2005. The canals accounted for between 71% and 90% of all IWT traffic in the years identified, and grew by 23% in 2004, and 16% in 2005. If these figures applied to all traffic the 2005 IWT volume would have been 23 million tonnes.
In 2005 canal traffic alone reached 15 million tonnes, the same figure as all waterway traffic in 2003.

Depol vessel on Danube

Supply of a depol vessel together with an oil separator and a wastewater treatment plant and other associated equipment and infrastructure was contracted under Phare funding for the Fluvial Danube Administration and covers for the moment the needs on Giurgiu- Cernavoda river section. Commissioning took place in 2003.
The vessel is able to collect residual waters from vessels navigating on the above river section and also respond for emergency intervention in accidental pollution in its area of intervention.

Projects proposed under SOP-T

Wastewater treatment/Depol vessels on Danube

The environmental measures for waste treatment and de-pollution, including emergency intervention need to be extended on the entire section of Danube crossing/bordering Romania from Bazias to Sulina, and therefore more depol vessels, associated equipment and infrastructure are planned to be provided under SOPT funding. The exact number and capacity of the vessels will be determined by the ongoing Feasibility Study. They will cover both the river section from Bazias to Giurgiu and supplement the existing capacity along Giurgiu-Cernavoda (all on Fluvial section of Danube river), and the Maritime Danube section from Braila to Sulina. The beneficiaries will be the Fluvial Danube Administration and the Maritime Danube Administration.

Study of Salty water intrusion at Canal locks

Locks at Black Sea outlets of canals Danube – Black Sea and Poarta Alba – Midia-Navodari might allow intrusion of salty water into the canals and affect fresh water ecosystems. In compliance with recent legislation also, NTPA 013/2002, quality thresholds are to be met by the water in the navigable canals also used for irrigations, drinking and industrial consumption. Possible salt concentration increase in the Carasu Valley lands (approximately 50,000 ha) should also be considered. A study to assess the current impact and indicate appropriate mitigation solutions is proposed.

Environmental Strategy of Transport

In its aim to base the operation and development of transport on sustainable basis the Ministry of Transport, Construction and Tourism has already established a specialised Department on Environmental protection. It is intended that a sound analysis of existing and expected environmental impact together with general mitigation measures is funded under the SOPT. This will allow further detailed planning and implementation of environmental measures and policies in Transport.

Objectives

The objectives are to establish national wide strategic policy and measures on Environmental impact of transport and to respond to urgent already identified needs in Danube river protection.

4.3.2 Operations

The feasibility of the Depol vessel project is ongoing under PSO programme funding.

The other projects are Consultancy projects, for which Terms of Reference will be prepared by the MTCT.

4.3.3 Categorisation of interventions

- Priority theme

Code	Priority theme
	Transport
32	Inland waterways (TEN-T)

- Form of finance

Code	Form of finance
01	Non-repayable aid

- Territorial dimension

Code	Territory type

00	Not applicable

4.3.4 Grant size

Eligible value of the project (Euro)	N.A.
Maximum size of grant to total eligible cost (%)	100
Minimum contribution of the applicant	N.A.
Community contribution to the support granted (%)	75
National public contribution to the support granted (%)	25

4.3.5 Project selection criteria

The following criteria are proposed for consideration by the Monitoring Committee:

- Eligibility criteria
  - Relevance
    - type of project: project primarily targeting protection of the environment
    - location: Romania
    - no overlap with other SOP-T funded projects
    - need for grant (against financial rate of return)
    - in line with SOP-T resources available
    - EU policies: compliance with State Aid regulations.
  - Effectiveness: minimum maturity requirements:
    - for investment projects, complete feasibility study, including analysis of variants, cost benefit analysis and environmental impact assessment,
    - approval by beneficiary management,
    - existence of land planning certificate,
    - existence of environmental permit.

- Selection criteria
  - Relevance
    - project contribution to global objective: improve environmental protection
    - project linked with a more global strategy
    - value added of EU funding
    - EU policies: observance of rules regarding environmental protection, public procurement, State aid and equal opportunities
    - EU policies on transport and the environment: noise reduction and monitoring, treatment of IWT wastes,
    - EU policies: polluter pays principle
  - Feasibility
    - quality of technical solutions
    - capacity adapted to current and future demand
    - cost estimate justified and in line with similar projects
    - sound project technical features
    - economic rate of return,
    - adjustment of need for grant (against financial rate of return),

        - environmental mitigation costs limited to a reasonable share of the project costs
    - Effectiveness
        - project readiness:
            - status of design preparation,
            - status of land acquisition,
            - status of utilities protection / relocation design,
        - beneficiary:
            - existence of clear implementing unit,
            - nomination of project manager(s),
            - sound management and control systems
        - financial plan
            - based on realistic implementation plan
            - detailed
            - existence of financial resources for non-eligible costs and project management
        - risk analysis and sensitivity:
            - adequate identification of risks
            - mitigation proposals
    - Sustainability
        - sufficient partnership and consensus
        - viability: clear arrangements for operation and maintenance

4.3.6 Intermediate Bodies

Not applicable.

4.3.7 Competent Body for making payments to beneficiaries

Authority for Certification and Payments, within the Ministry of Public Finance

4.3.8 Beneficiaries

Relevant MTCT units
CN APDM SA, CN APDF SA, CN ACN SA (Danube river and Canal ports administrations)

4.3.9 End recipients

Not applicable.

4.3.10 Financial Plan

- Euro 2004 -

Total budget (eligible costs)	**16,100,000**
Community contribution (ERDF/ESF/CF)	**12,070,000**
National contribution - Public - Private	**4,200,000** **4,2000,000** **-**

4.3.11 Monitoring and evaluation indicators

At key area of intervention level, evaluation will be performed based on the following indicators:

		No.	%
Output by end 2015	Environmental strategy for the transport sector	1	

This is straightforward.

At operations level, evaluation shall be performed on the basis of the main indicators identified in the feasibility studies: traffic levels, savings in terms of time, safety, maintenance. It is recommended to recalculate the economic rate of return:

- upon completion of each project,
- 5 years after completion of each project.

Monitoring indicators

The main indicators of monitoring shall be:

- progress in design preparation,
- progress in tendering and contracting,
- progress in land acquisition,
- progress in utilities relocation / protection,
- progress in works / supply implementation (physical and financial),
- evolution of actual contract price.

The attached estimated timetables and expenditures tables should be used as references.

4.3.12 Horizontal themes

- Sustainable development

Each investment project will be subject to an Environmental Impact Assessment.
The scope of the projects is to improve the environmental protection in the transport sector.

- Equal opportunities

Hardly applicable.

4.3.13 State Aid

The objective would be here to purchase specialised vessels covering several ports along the Danube, to be used in order to:

- collect waste waters from barges (and therefore prevent their rejection into the Danube itself) and
- intervene in case of accidental pollution (with related facilities).

A similar project has been developed in the framework of the Phare 2002 programme, for the port of Giurgiu.

While the depollution component does not raise difficulties, the collection of wastewater should be discussed, as it is performed against a fee. In the framework of the "polluter pay" policy, barges and vessels should ideally pay a full cost recovery fee. However, in order to avoid rejections into the Danube, the fee level should be kept within affordability limits (that are likely to cover the operation and maintenance costs only). It has to be considered that the cost of monitoring rejections would be extremely high, without comparison with the support in purchasing boats.

Annex 12

PRIORITY AXIS 5 – Technical Assistance for SOP-T

Key Area of Intervention 5.1 – Provide support for effective SOP-T managing, implementing, monitoring and controlling

5.1.1 Description

Background and rationale

- There is insufficient institutional capacity for the effective implementation of the SOPT.

- The number of staff currently available in the Government is insufficient to deal effectively with the implementation of the SOPT

- The current level of training is inadequate for the effective implementation of the SOPT

Objectives

Proper implementation of the structural instruments requires institutional support and strengthening of the administrative capacity in the coming years. This support and strengthening will need to come in the form of hiring and training additional personnel in both general administrative duties and technical aspects of transport project management within the MTCT and the beneficiaries.

Having clarified the respective competencies of the OP for TA in the area of human resources (HR), one of the objectives of the SOPT will be the training of personnel on the technical aspects of implementing transport projects.

5.1.2 Operations

This key area of intervention includes activities focusing on streamlining the structural instruments in management, implementation, monitoring, control, assessment and evaluation. Within this key area of intervention, four principal activities have been identified:

- Activity 1. Ensure adequate resources for administrative costs and relevant equipment.

- Activity 2. Services associated with effective SOPT implementation will include:
    - support for preparatory, managing, implementing, monitoring, controlling, auditing and evaluation activities of SOPT
    - support for managing and monitoring structures of the SOPT in implementing their tasks

- training in preparation, selection, assessment and evaluation of projects and in management and monitoring of the projects implementation
- training in cost benefit analysis and safety analysis

- Activity 3. Continuous updating and development of the Transport Master Plan (GTMP) and other horizontal studies.

- Activity 4. Support for preparation of SOPT for the next programming period.

In line with the EU regulations, these activities can consist in the enhancement of personnel and seconded staff directly involved in the implementation of SOPT and financing their payroll, including social insurance, consultancy services for the Managing Authority and Monitoring Committee, support of management, implementation, monitoring and control, audit and SOPT evaluation.

In addition, they can provide for the procurement of information and communication technology for management, monitoring, inspection and evaluation activities for the staff directly involved in the SOPT management and implementation, organisation and participation in training and exchange of good practice in the management of the SOPT.

The beneficiaries of this operation will be the management and monitoring structures, and the staff involved in management and implementation of SOPT of the Managing Authority and of beneficiaries.

For implementation purposes, it is proposed to have annual implementation plans, that will be approved as individual projects.

5.1.3 Categorisation of interventions

- Priority theme

Code	Priority theme
	Transport
83	Evaluation and studies; information and communication

- Form of finance

Code	Form of finance
01	Non-repayable aid

- Territorial dimension

Code	Territory type
00	Not applicable

5.1.4 Grant size

Eligible value of the project (Euro)	N.A.
Maximum size of grant to total eligible cost (%)	100
Minimum contribution of the applicant (%)	N.A.

Community contribution to the support granted (%)	75
National public contribution to the support granted (%)	25

5.1.5 Project selection criteria

The following criteria are proposed for consideration by the Monitoring Committee:

- Eligibility criteria
  - Relevance
    - type of project: annual implementation plan for support for effective SOP-T managing, implementing, monitoring and controlling
    - location: Romania
    - in line with SOP-T resources available
  - Effectiveness: minimum maturity requirements:
    - full plan prepared with cost estimates and implementation schedules.

- Selection criteria
  - Relevance
    - project contribution to global objective: support SOP-T management, implementation, monitoring, control, assessment and evaluation
    - project integrates lessons learned on previous annual implementation plans
    - value added of EU funding
    - EU policies: observance of rules regarding environmental protection, public procurement, State aid and equal opportunities
  - Feasibility
    - quality of implementation plan
    - completeness of plan
  - Effectiveness
    - project readiness: status of ToRs / technical specifications preparation,
    - beneficiary:
      - existence of clear implementing unit,
      - nomination of project manager(s),
      - sound management and control systems
    - end beneficiary (Managing Authority):
      - sufficient and qualified staff
      - capacity to prepare, manage and evaluate communication plan
    - financial plan
      - based on realistic implementation plan
      - detailed
      - existence of financial resources for non-eligible costs
    - risk analysis and sensitivity:
      - adequate identification of risks

        - mitigation proposals
    - Sustainability
        - sufficient partnership and consensus

5.1.6 Intermediate Bodies

Not applicable.

5.1.7 Competent Body for making payments to beneficiaries

Authority for Certification and Payments, within the Ministry of Public Finance

5.1.8 Beneficiary

The projects will be implemented by the Managing Authority Project Implementation Agency.

It will be the responsibility of the Managing Authority and its relevant units to prepare and technically manage such services. Procedurally, these services will be contracted in accordance with public procurement rules, by the Managing Authority Project Implementation Agency. The Project Implementation Agency will act as contracting authority, while the MA and its units will ensure the technical management of the services to be contracted.

5.1.9 End recipients

Managing Authority and its Units

5.1.10 Financial Plan

- Euro 2004 -

Total budget (eligible costs)	**45,280,000**
Community contribution (ERDF)	**33,960,000**
National contribution - Public - Private	**11,320,000** **11,320,000** **-**

The financing of the non-eligible costs will be ensured by the beneficiary through the MTCT budget.
For information, VAT is estimated at 8.6 Meuro.

5.1.11 Monitoring and evaluation indicators

Evaluation indicators

At key area of intervention level, evaluation will be performed based on the following indicators:

		Number	%

Output by end 2015	Number of training seminars	25	
Result by end 2015	Absorption of EU funds		100%
	Number of staff having received training		95%

a. Number of training seminars

This indicator corresponds to an average of 3 training seminars per year. Records shall be kept by the Managing Authority.

b. Absorption of EU funds
One objective of the technical assistance priority axis is to strengthen the capacity to use and absorb EU funding. In this regard, there can however be no other target than 100%.

c. Number of staff having received training

Virtually, all Managing Authority and beneficiaries staff involved in the management and implementation of the SOPT should have received training during the period. However, there might be staff turnover, so that, at a given moment, the proportion of staff having received training is 95%.

At operations level, evaluation shall be performed on the basis of the achievement of the targets specified in each annual implementation programme.

Monitoring indicators

The main indicators of monitoring shall be:
- progress in annual plan preparation,
- progress in tendering and contracting,
- progress in services / supply implementation (physical and financial),
- evolution of actual contract prices.

The attached estimated timetables and expenditures tables should be used as references.

5.1.12 Horizontal themes

- Sustainable development

Hardly applicable

- Equal opportunities

The HR policy of the Managing Authority is non-discriminating

5.1.13 State Aid

Not applicable as the funding is not targeting any economic operator but the MTCT itself.

Annex 13

PRIORITY AXIS 5 – Technical Assistance for SOP-T

Key Area of Intervention 5.2 – Provide support for information on, and promotion of SOP-T

5.2.1 Description

A full description of the present key area of intervention is presented in Annex 1: Implementation Plan for Communication Strategy.

Objectives

The general objective of the present key area of intervention is to promote understanding and appreciation of the role and purpose of structural instruments, and the EU's contribution in developing the transport infrastructure of Romania.

This overall aim is broken down into a number of specific objectives:

- **Specific Objective 1:** to inform the partners and final beneficiaries (existing and potential) involved in implementation of the SOP-T of its priorities, measures and results and of their responsibilities for information and publicity.

- **Specific Objective 2:** to ensure the highest degree of transparency of the activities implemented by the Managing Authority in developing and modernising the transport infrastructure of Romania, through informing the general public about the overall scope, the importance, the priorities the specific measures and the results of the SOP-T.

- **Specific Objective 3:** to ensure the internal communication, both with the staff of the Managing Authority and the stakeholders in order to effectively co-ordinate the publicity concerning SOP-T in accordance with other publicity for Structural Instruments and the National Strategic Reference Framework.

- **Specific Objective 4:** to promote aspects of the SOP-T which emphasise environmental protection and the development of equal opportunities.

- **Specific Objective 5:** to monitor and evaluate information and publicity activities to ensure they achieve the above objectives and conform to the rules set out in the EC Regulation on Publicity.

5.2.2 Operations

A detailed description of the individual operations to be funded under the present key area of intervention is presented in Annex 1, including a cost breakdown and an implementation schedule.

For implementation purposes, it is proposed to have annual implementation plans, that will be approved as individual projects.

5.2.3 Categorisation of interventions

- Priority theme

Code	Priority theme
	Transport
83	Evaluation and studies; information and communication

- Form of finance

Code	Form of finance
01	Non-repayable aid

- Territorial dimension

Code	Territory type
00	Not applicable

5.2.4 Grant size

Eligible value of the project (Euro)	N.A.
Maximum size of grant to total eligible cost (%)	100
Minimum contribution of the applicant (%)	N.A.
Community contribution to the support granted (%)	75
National public contribution to the support granted (%)	25

5.2.5 Project selection criteria

The following criteria are proposed for consideration by the Monitoring Committee:

- Eligibility criteria
  - Relevance
    - type of project: annual implementation plan for SOP-T communication strategy
    - location: Romania
    - in line with SOP-T resources available
  - Effectiveness: minimum maturity requirements:
    - full plan prepared with cost estimates and implementation schedules.

- Selection criteria
  - Relevance
    - project contribution to global objective: promote understanding and appreciation of the role and purpose of structural instruments, and the EU's contribution in developing the transport infrastructure of Romania
    - project in line with Communication Plan

        - project integrates lessons learned on previous annual implementation plans
        - value added of EU funding
        - EU policies: observance of rules regarding environmental protection, public procurement, State aid and equal opportunities
    - Feasibility
        - quality of implementation plan
        - completeness of plan
    - Effectiveness
        - project readiness: status of Tors / technical specifications preparation,
        - beneficiary:
            - demonstrated competence of the beneficiary,
            - existence of clear implementing unit,
            - nomination of project manager(s),
            - sound management and control systems
        - end beneficiary (ISPI):
            - sufficient and qualified staff
            - capacity to prepare, manage and evaluate communication plan
        - financial plan
            - based on realistic implementation plan
            - detailed
            - existence of financial resources for non-eligible costs
        - risk analysis and sensitivity:
            - adequate identification of risks
            - mitigation proposals
    - Sustainability
        - sufficient partnership and consensus

5.2.6 Intermediate Bodies

Not applicable.

5.2.7 Competent Body for making payments to beneficiaries

Authority for Certification and Payments, within the Ministry of Public Finance

5.2.8 Beneficiary

The projects will be implemented by the Managing Authority Project Implementation Agency.

It will be the responsibility of the Managing Authority Institutional Support, Publicity and Information (ISPI) Unit to prepare and technically manage such services. Procedurally, these services will be contracted in accordance with public procurement rules, by the Managing Authority Project Implementation Agency. The Project

Implementation Agency will act as contracting authority, while the ISPI will ensure the technical management of the services to be contracted.

5.2.9 End recipients

Managing Authority Institutional Support, Publicity and Information (ISPI) Unit

5.2.10 Financial Plan

- Euro 2004 -

Total budget (eligible costs)	**15,090,000**
Community contribution (ERDF)	**11,320,000**
National contribution - Public - Private	**3,770,000** **3,770,000** **-**

The financing of the non-eligible costs will be ensured by the beneficiary through the MTCT budget.
For information, VAT is estimated at 2.87 Meuro.

5.2.11 Monitoring and evaluation indicators

Evaluation indicators

At key area of intervention level, evaluation will be performed based on the following indicators:

		Number	%
Output by end 2015	Number of information materials and events	15	
	Number of website visits	100,000	
Result by end 2015	Increase in public awareness of SOPT/Funds, against 2007		50%

a. Number of information materials and events

This indicator corresponds to an average of 2 information materials and events per year. Records shall be kept by the Managing Authority.

b. Number of website visits

A total of 100,000 visits to the SOPT website over the entire period is actually easily achievable, as the yearly number of visits to the MTCT website exceeds 180,000.
The number of visits shall be recorded through a counter installed on the website.

c. Increase in public awareness of SOPT/Funds, against 2007

The public targeted here is not the general public but rather the relevant public, and the partners, namely:

- central and local authorities,
- transport and logistics professionals,

- users associations.

A survey should be performed amongst this public (representative sample), commissioned by the Managing Authority and paid for under the SOPT. This survey should be performed three times: at beginning 2007, in the middle of the period and towards the end of 2015. The survey should provide results that are comparable.
The exact meaning of "awareness" remains to be defined when the survey will be designed, but the target is that this increases by 50% over the period.

At operations level, evaluation shall be performed on the basis of the following main indicators:

Indicator	**Type of Indicator**	**Measurement**	**Timing**
Public Enquiries	*Output*	*No. of visitors, written, telephone & e-mail enquiries re. SOP-T to MA & partners*	*Ongoing*
Website Visits	*Output*	*No. of visitors to SOP-T website & no. of comments / feedback*	*Ongoing*
Signage	*Output*	*No. of signs / plaques erected*	*Ongoing*
Publications Distributed	*Output*	*No. of publications printed & distributed*	*Ongoing*
Information Events	*Output*	*No. of conferences, seminars etc organised*	*Ongoing*
Media Coverage	*Impact*	*No. of programmes, articles etc in media*	*Ongoing*
Applications	*Impact*	*No. of applications for SOP-T projects*	*Ongoing*
Awareness	*Impact*	*Public awareness of SOP-T & role of EU in funding projects*	*Public opinion surveys and focus group discussions: baseline survey and FGDs 2007 Q1, follow-up surveys and FGDs 2010 and 2013*
Satisfaction	*Impact*	*Satisfaction of beneficiaries & partners with application & funding process*	*Customer satisfaction questionnaires for applicants, attendees at information events*

Monitoring indicators

The main indicators of monitoring shall be:

- progress in annual plan preparation,
- progress in tendering and contracting,
- progress in services / supply implementation (physical and financial),
- evolution of actual contract prices.

The attached estimated timetables and expenditures tables should be used as references.

5.2.12 Horizontal themes

- Sustainable development

Hardly applicable

- Equal opportunities

Particular attention will be given to facilities for disabled persons.

5.2.13 State Aid

Not applicable as the funding is not targeting any economic operator but the MTCT itself.

IMPLEMENTATION PLAN
FOR COMMUNICATION STRATEGY

1. Introduction and Background

1.1 Purpose of this Implementation Plan

This Implementation Plan takes the objectives and the proposed activities that are included in the Communications Strategy and turns them into practical information and publicity measures, with an estimated budget, proposed timetable and allocation of responsibilities, for implementing the Strategy.

Thus this Plan seeks to deliver the overall aim identified in the Communications Strategy: **to promote understanding and appreciation of the role and purpose of Structural Instruments, and the European Union's contribution thereto, in developing the transport infrastructure of Romania**. Within that, it seeks to deliver six specific objectives (see section 3) contained in the Strategy.

1.2 Analysis of Existing Situation

1.2.1 Features of the Country

In considering which communications tools and messages are appropriate, it is important to bear in mind the particular context of Romania, which differs significantly from many of the recently-acceded EU Member States.

Romania is a large country, both in size and population. It covers an area of 237,000 km², of great geographical diversity, with mountainous terrain and other factors complicating access to some regions, and has a population of over 22 million, with an estimated 7.3 million households. For administrative purposes, the country is divided into 8 regions and 42 judets (counties), with thousands of smaller municipal units below that level.

Thus reaching all geographical areas and all sections of the population will present particular challenges. To combat this, a "cascade" approach to information and publicity activities – providing information to authorities and the media at both national and regional level, who can in turn distribute information to authorities and opinion-formers at judet and municipal level – is the only realistic solution.

The one official language is Romanian, and all information and publicity materials will be produced in the national language. There are minority communities, in particular a sizeable Hungarian-speaking minority (estimated to comprise c. 8% of the population). While it is not considered necessary to publish duplicate materials in minority languages, it is recommended that information about SOP-T is made

available to these communities through their own language media, and also where appropriate on websites.

Copies of information materials for the international community, in languages such as English and French, could also be included on websites.

1.2.2 Romanian Media

The Romanian media will clearly be one of the main means for distributing information about SOP-T. Since the advent of democracy, a broad range of media has mushroomed at national, regional and local level throughout the country. Accurate statistics are sometimes hard to come by, but two trends are clear. Firstly, as in most countries television is the dominant media from which people receive information. Secondly, because of the size of the country, the regional and local media will have an important role alongside that of the national media.

The main publicly-owned TV channel TVR1 is the only station which can claim to reach virtually the entire Romanian population (see table below). However, several of the main private channels also reach a majority of the population, frequently through a network of regional affiliates:

Main TV Stations

	Share of Viewers (09/03/2006)	*Population Reach (2004)*
TVR1	30.6%	99%
PRO TV	14.1%	68%
Antena 1	12.7%	68%
Acasa TV	12.3%	52%
Prima TV	4.7%	62%
Others	25.6%	-

Sources: TNS/AGB; "Media Ownership & its Influence on Media Independence & Pluralism", Mirovni Institute

There are hundreds of radio stations spread across the country, varying as in all countries as to the amount of "hard news" and current affairs that they cover. Again, publicly-owned Romanian National Radio is however the only station which can claim virtually complete coverage of the country.

There are approximately 45 daily newspapers in circulation, two-thirds of them at the regional level, with a combined circulation of about 1.3 million. Approximately 80 non-daily newspapers have a combined circulation of c. 1.7 million (these figures only cover publications within the Romanian Press Club).

Given the size of the total population (22 million), it can be seen that the printed media has a far less significant reach than television as an information medium. Nevertheless, certain of the main national publications listed below, and their regional equivalents, will be important channels for reaching some target audiences, such as the business community:

Main National Newspapers

	Circulation (latest date audited)
Libertatea	268,000
Jurnanul National	93,000
Evenimentul Zilei	73,000
Romania Libera	61,000
National	60,000
Academia Catavencu (*weekly*)	49,000
Capital (w)	46,000
Adevarul	42,000
Ziua	42,000
Gandul	37,000
Saptamana Financiara (*weekly*)	21,000
Ziarul Financiar	16,000

Sources: BRAT; European Journalism Centre

Romania still lacks behind existing EU countries in Internet usage, with 4.94 million Internet users (23% of the population) compared to the EU-25 figure of 50% (source: www.internetworldstats.com). However, Internet usage is growing fast in Romania, increasing by 517% during 2000-2005. While the Internet may not yet be an effective tool for reaching the general population, especially in rural areas, it is however already widely used by many of the "professional public" target groups. Moreover, if usage continues to expand rapidly, it will become an increasingly important medium for the public at large in the later years of the SOP-T.

1.2.3 Existing Levels of Knowledge

Despite substantial information activities about the European Union undertaken in recent years by the Romanian Government, the European Commission and others – reflected in overwhelming public support for EU membership – the evidence suggests there is still widespread ignorance of many of the practical implications of membership, including the financial benefits available under SOP-T, both among the general public and among key target groups.

Focus group discussions to test levels of knowledge regarding Structural and Cohesion Funds were conducted by AB Research Group on behalf of the Ministry of Public Finance in December 2005. In addition, IMAS and PricewaterhouseCoopers conducted a survey of the state of preparation of Romanian institutions for EU accession in September 2005.

The results of both sets of research suggest that there is still much work to be done to ensure that even those who will be involved in administering and spending funds have an adequate knowledge of their scope and procedures – plus that those who will benefit from spending, both the business community and the general public, understand the purpose, levels and requirements for funding. While the research covered Structural Instruments in general, not SOP-T in particular, there are no

indications that levels of knowledge are significantly higher regarding transport than in other sectors.

1.2.4 Resources for Information and Publicity

The Managing Authority for SOP-T – the General Directorate for Foreign Financial Affairs, within the Ministry of Transport, Construction and Tourism (MTCT) – currently has no dedicated unit or trained personnel for information and public activities. Relevant activities within the MTCT as a whole are divided between three other Directorates:

- The General Directorate for Mass Media and Transparency, whose roles include dealing with the media on behalf of MTCT, collecting information from subsidiary organisations for the Ministry's website and dealing with public enquiries and complaints.

- The General Directorate for Management and Administration which, being in charge of protocol, delegations and the arrangement of meetings and appointments for MTCT, has extensive experience and contacts for arranging meetings concerning SOP-T.

- The General Directorate for Relations with Parliament, Trade Unions, Employers' Associations and Non-Governmental Organisations, as the name suggests, is responsible for relations with these bodies, all of whom will be important partners in spreading information and understanding about SOP-T.

While these directorates can provide limited assistance to the Managing Authority for the time being, it is clear that their many other roles and the scale of information and publicity required for SOP-T will necessitate a dedicated Public Relations unit to be established within the Managing Authority (see the proposals in section 4).

This unit will also have to liaise closely with partners (such as the PR units of transport companies, Regional Development Agencies, the Managing Authorities for other SOPs and for Structural Instruments in general, and the future European Commission Information Office) to ensure that a co-ordinated and consistent stream of information is provided to target audiences, many of which will overlap for different types of funding (see section 4).

2. Target Groups

The Communications Strategy has identified the following as the main target groups for information and publicity activities. Each target group requires particular types of information, which can be summarised as follows:

Target Group	*Type of Information Required*
Internal Public: Managing Authority staff, other MTCT directorates, other relevant ministries, Managing Authorities and EU institutions.	- *Information on regulations, procedures, tendering etc* - *Publicity & visual identity requirements* - *Detailed information on scope, eligibility etc of individual programmes and schemes so that they can advise & inform others*
Professional Public: beneficiaries, social and economic partners, other intermediate communicators such as the media, regional and local authorities, business organisations, trade unions, chambers of commerce, Members of Parliament and NGOs.	- *Information for publication in media, newsletters and distribution to members regarding actual and forthcoming projects and schemes* - *Advance notification of and invitations to events, seminars etc* - *Details of particular schemes of interest to specific groups' / organisations' members*
General Public: Members of the public and legal entities, including certain groups to receive information about specific schemes or programmes (passengers, drivers etc).	- *General information through media, publications etc regarding SOP-T and individual programmes and schemes* - *Information in easy-to-understand format regarding specific projects and schemes aimed at or benefiting particular population groups*

Before implementing the measures proposed below, further **research** will be required to identify the existing levels of knowledge and the information needs of each target group; to develop and test the draft messages and materials to be delivered to each; and to identify the most appropriate information channels for providing information to them.

This should include a baseline survey of the general public to identify existing levels of knowledge and information needs, and against which the impact of information and publicity measures can later be measured and evaluated (see section 5). It should also include a series of focus group discussions, with representatives of different groups in the internal and professional public categories, to identify their information needs and to test messages and materials, before large-scale publicity activities commence.

3. Specific Objectives and Activities

Five specific objectives and the following activities are proposed in order to achieve the overall aim identified in the Communications Strategy: to promote understanding and appreciation of the role and purpose of Structural Instruments, and the European Union's contribution thereto, in developing the transport infrastructure of Romania.

Specific Objective 1: To inform the partners and final beneficiaries (existing and potential) involved in implementation of the SOP-T of its priorities, measures and results and of their own responsibilities for information and publicity.

1.6 Collaboration with relevant ministries, local authorities and social and economical partners in organising workshops at national and regional level to transmit key information regarding the SOP-T (priorities, conditions of eligibility, procedures, criteria, contacts etc).

Specific measures required and estimated costs:

- ***National and regional seminars each year to provide information and updates on SOP-T and projects (see 2.6 below)***
- ***Ad hoc meetings as needed with particular social partners and interest groups on projects in particular fields of transport (estimated costs EUR 10,000 per annum)***

1.7 Production and distribution of information materials regarding SOP-T at the workshops and through European Information Offices, Regional Development Agencies, regional branches of beneficiaries, chambers of commerce and other outlets, including a website.

Specific measures required and estimated costs:

- ***Production of PowerPoint presentations for seminars (standard template to be designed)***
- ***Production of display stands with information panels about SOP-T, updated annually (EUR 10,000 in year 1, thereafter EUR 1,000 p.a.)***
- ***Leaflet and maps about SOP-T (see 2.3 below)***
- ***Database developed and maintained for distribution of information materials (distribution costs EUR 5,000 p.a.)***
- ***Website (see 2.4 below)***

1.8 Establishing networking systems (meetings, newsletters, e-mail updates etc) for dialogue with partners and beneficiaries to ensure a regular flow of information concerning implementation of SOP-T. Establish a specific e-mail address dedicated for information and communication unit and allocation of a specific telephone number in order to establish direct contact with the public.

Specific measures required and estimated costs:

- ***Quarterly newsletter aimed at partners and beneficiaries (EUR 20,000 p.a.)***
- ***E-mail updates sent out to partners and beneficiaries on a monthly basis or more frequently if required***

- ***Database developed and maintained for distribution of newsletter and e-mail updates (EUR 10,000 p.a.)***
- ***Establishment of specific e-mail address***
- ***Establishment of a specific telephone number (see section 3.1 below)***

1.9 Production and distribution to all beneficiaries of a guide to their rights and responsibilities in accepting funding, including a check-list of information and publicity measures to be taken.

Specific measures required and estimated costs:
- ***Guide for beneficiaries produced and updated annually (EUR 25,000 p.a.)***
- ***Guide to include check-list of information and publicity requirements (see draft check-list already prepared)***
- ***Database developed and maintained for distribution of guide (EUR 7,000 in year 1 and then EUR 1,000 p.a.)***

1.10 Arrangement of a visit room for the public, including establishment of a help desk to answer inquiries from beneficiaries and partners.

Specific measures required and estimated costs:
- ***Visit room, helpdesk established and member of staff trained (see section 3)***
- ***Telephone number and other details circulated to beneficiaries and partners***
- ***Standard forms and monitoring systems developed for handling enquiries and ensuring customer care (Helpdesk establishment, promotion & administration EUR 20,000 in year 1, thereafter EUR 10,000 p.a.)***

Specific Objective 2: To ensure the highest degree of transparency of the activities implemented by the Managing Authority in developing and modernising the transport infrastructure of Romania, through informing the general public about the overall scope, the importance, the priorities the specific measures and the results of the SOP-T.

2.8 Organising press conferences, interviews, press releases and articles at national and regional levels to ensure a regular stream of media coverage of SOP-T.

Specific measures required and estimated costs:
- ***Establishment of press office function in Managing Authority (see section 3)***
- ***Development and maintenance of database of national and regional media, including specialist transport correspondents / publications / programmes (phone, fax & mailing costs EUR 10,000 p.a.)***
- ***Press conferences, interviews, press releases and articles organised as required, tied to seminars / publications / major announcements (EUR 25,000 p.a.)***
- ***Sponsorship of annual competition for best media reports on SOP-T projects (promotion, administration and prizes EUR 10,000 p.a.)***

- ***Purchase of advertising space in national and regional publications to announce specific events / developments / opportunities and for paid-for articles (EUR 400,000 p.a.)***

2.9 Producing public information bulletins for broadcast on television and radio at national and regional level to explain the SOP-T.

Specific measures required and estimated costs:

- ***Production of one medium-length (3-5 minutes) public information programme and one short (30-60 second) advertising spot each year with key messages and information about progress of SOP-T and new opportunities for broadcast on national and regional television (production costs EUR 50,000 p.a.)***
- ***Production of similar programmes and advertising spots for broadcast on national and regional radio (production costs EUR 10,000 p.a.)***
- ***Identification of TV and radio stations prepared to broadcast such items, free of charge or at minimal cost, on their own or as introductions to studio discussions, phone-in programmes etc (allowance for purchase of airtime EUR 600,000 p.a.)***
- ***Production and distribution of broadcast-quality tapes / DVDs of the above to TV and radio stations and ordinary DVDs to partners and beneficiaries (TV & radio stations: EUR 25,000 p.a.)***

2.10 Producing regular information materials and disseminating them via partner organisations at national and regional level, containing updated news on implementation of SOP-T.

Specific measures required and estimated costs:

- ***Brochure explaining the main features of SOP-T, expenditure, progress recorded in SOP-T implementation and achievements, to be produced and updated annually (EUR 50,000 p.a.)***
- ***Summary leaflets on each main transport sector (road, rail, air, water) to be produced and updated annually (EUR 75,000 p.a.)***
- ***"Butterfly"-style map to be produced showing locations of SOP-T projects (EUR 100,000 in years 1, 3, 5, 7 and 9)***

2.11 Establishing and maintaining a website for presenting SOP-T and updated news on its implementation, including details of beneficiaries and projects funded, and the amount of public funding.

Specific measures required and estimated costs:

- ***Staff in Managing Authority appointed and trained to manage design and content of website (see section 3)***
- ***Agreement with Information Technology department on technical support, location of website, bandwidth etc***
- ***Website developed, launched and regularly updated (EUR 20,000 in year 1, thereafter EUR 10,000 p.a.)***
- ***All publications also produced in electronic format for inclusion in / download from website***

- ***Selected materials for website translated into other languages (translation costs EUR 10,000 in year 1, thereafter EUR 5,000 p.a.)***

2.12 Providing a forum on the website for public consultation and feedback on SOP-T.

Specific measures required and estimated costs:

- ***Member of staff appointed and trained to manage forum, reply to questions and monitor feedback (see section 3)***
- ***Promotion and maintenance of public forum (EUR 10,000 in year 1, thereafter EUR 5,000 p.a.)***

2.13 Organising a high-profile conference to launch SOP-T and seminars each year at national and regional level to present the achievements of SOP-T and information on projects funded.

Specific measures required and estimated costs:

- ***National conference to launch SOP-T (EUR 20,000 in year 1)***
- ***1 national and "roadshow" of 8 regional seminars each year to provide information and updates on SOP-T and projects in each region (EUR 10,000 p.a.)***
- ***National conference to mark completion of SOP-T and report on achievements (EUR 25,000 in year 9)***
- ***Development and maintenance of database for invitation of delegates (included in conference / seminar costs)***
- ***Production of information pack (folders, conference papers, pens, name badges etc) for all delegates to conferences and seminars (included in conference / seminar costs)***

2.14 Producing printed materials for outdoor publicity (banners, posters, billboards). These materials will be exposed in crowed public places.

Specific measures required and estimated costs:

- ***Production and installation of banners and posters (EUR 30,000 in year 1 and then EUR5,000 p.a.)***
- ***Production and erection of billboards (EUR 10,000 p.a.)***

Specific Objective 3: To ensure the internal communication, both with the staff of the Managing Authority and the stakeholders in order to effectively co-ordinate the publicity concerning SOP-T in accordance with other publicity for Structural Instruments and the National Strategic Reference Framework.

3.1 Developing the Public Relations capacity within the Managing Authority, through a dedicated unit and communications training, to manage information and publicity activities.

Specific measures required and estimated costs:

- ***Recruitment / appointment and training relevant members of staff for Institutional Support, Publicity and Information Unit (see section 3;***

labour costs for 4 professional staff including taxes estimated at EUR 70,000 p.a.)

- ***Allocation of rooms and provision of equipment for ISPI Unit (see section 3; purchase of equipment and consumables estimated at EUR 150,000 in year 1, thereafter EUR 20,000 p.a.)***
- ***Communication skills training (including presentation and media skills) for senior staff in Managing Authority, plus selected partners and beneficiaries, with refresher courses as required (EUR 80,000 in year 1 then EUR 35,000 p.a.)***

3.2 Maintaining good internal communications within the managing authority and with other members of the "internal public", including regular e-mail or Intranet updates

Specific measures required and estimated costs:

- ***Appointment and training of member of staff responsible for internal communications (see section 3)***
- ***Regular managerial and departmental meetings within Managing Authority to ensure vertical and horizontal sharing of information***
- ***Annual staff days to discuss development and plans for year ahead (EUR 40,000 p.a.)***
- ***Regular e-mail and/or Intranet updates to all members of staff, including a weekly diary of events (admin costs EUR 2,000 p.a.)***

3.3 Participation in a network of managing authorities and partners to co-ordinate information and publicity activities and share best practice.

Specific measures required and estimated costs:

- ***Member(s) of staff delegated to attend meetings of PR group concerning all Structural Instruments (see section 3)***
- ***Contribution to common design / visual identity for publicity materials concerning all Structural Instruments***
- ***Regular exchange of information / diary re. forthcoming events with other members of PR group to co-ordinate activities and avoid clashes (admin costs EUR 1,000 p.a.)***

3.4 Ensuring usage of a common logo and visual identity for all SOP-T materials.

Specific measures required and estimated costs:

- ***Member of staff appointed and trained to oversee development of common identity and its enforcement (see section 3)***
- ***Logo and key design elements produced or commissioned, including use of design elements required for all Structural Instruments (EUR 25,000 in year 1)***
- ***Visual Identity Manual produced and training in its use for all staff (EUR 10,000 in year 1)***

Specific Objective 4: To promote the aspects of SOP-T which emphasise environmental protection and the development of equal opportunities.

4.1 Ensuring that all information and publicity materials for SOP-T mention wherever appropriate environmental and equal opportunity considerations included in the preparation and development of projects.

Specific measures required and estimated costs:

- ***Delegation of member(s) of staff in Managing Authority to monitor these matters***
- ***Collation of information for inclusion where appropriate on the website and in publications (EUR 5,000 p.a.)***

4.2 Ensuring that dialogue with social and economic partners and with relevant NGOs includes exchange of information on these aspects.

Specific measures required and estimated costs:

- ***Emphasising to partners and beneficiaries through seminars, publications and website the need to monitor and provide information on these matters (included in event/publication costs)***

Specific Objective 5: To monitor and evaluate information and publicity activities to ensure they achieve the above objectives and conform to the rules set out in the EC Regulation on Publicity.

5.1 Development of a set of indicators for measuring the extent and impact of publicity and information activities regarding SOP-T.

Specific measures required and estimated costs:

- ***Appointment and training of member(s) of staff to conduct monitoring and evaluation (see section 3)***
- ***Development and implementation of monitoring and evaluation indicators (see section 5; estimated costs EUR 50,000 in years 1, 5 and 9 when opinion surveys & focus group discussions held, otherwise EUR 20,000 p.a.)***
- ***Commissioning of baseline opinion survey and focus group discussions in 2007 (to identify knowledge levels & information needs, test draft materials and provide a baseline for measuring impact of information & publicity measures)***
- ***Follow-up opinion surveys and focus group discussions in 2011 and 2015 to measure change in knowledge levels and impact of activities (see section 5)***
- ***Collation of data from all relevant sources (see section 5)***

5.2 Informing the Monitoring Committee of information and publicity activities for inclusion in its reports.

Specific measures required and estimated costs:

- ***Provision of information to Monitoring Committee for its annual, mid-term and final reports (see section 5; included in costs above)***

5.3 Amending the Communication Plan as required in order to ensure ongoing fulfilment of its objectives.

Specific measures required and estimated costs:

- ***Using monitoring and evaluation information to identify and implement changes to the Communication Plan***
- ***Establishment of decision-making process regarding communications within Managing Authority to ensure rapid approval of activities and amendment where required (no cost implications)***

4. Management and Implementation

The Communications Strategy proposes to have information and publicity activities managed by the **Institutional Support, Publicity and Information (ISPI) Unit** established within the managing authority. Resources allocated should consist in four persons, with the following functions:

- **Press Officer (possibly Head of Unit)**: responsible for managing the ISPI Unit, relations with other units, co-ordination with other Structural Instruments publicity and communications with the media.

- **Publications and Design Officer**: responsible for development, production and distribution of information materials, including management of out-sourced services such as design and advertising, and ensuring use of common visual identity in all SOP-T materials.

- **Website and Internal Communications Officer**: design and maintenance of content SOP-T website, liaison with IT Unit regarding technical maintenance and collection and distribution of regular internal information by e-mail / Intranet newsletter.

- **Information & Aftercare Officer**: responsible for handling enquiries from beneficiaries, partners and the public and staffing a help desk for partners / beneficiaries to provide detailed information and an aftercare service.

The Unit should also have secretarial / administrative support. It will also require a standard set of **equipment** for a communications department, with the following list providing the minimum requirements.

- Telephones for every member of staff
- Mobile telephones
- Fax machine / scanner
- Printer / colour printer / photocopier
- Computer with Internet connection and standard software for every member of staff
- At least one laptop computer for use at presentations
- At least one computer should have a large screen and Desk Top Publishing software
- Digital camera
- Video camera
- Multi-media projector
- Radio/cassette recorder
- Dictaphone
- Portable display boards with information panels about SOP-T
- Television
- Video/DVD recorder with timer
- Press conference room or access to press conference facilities

The head of the ISPI Unit should have direct and regular access to the Managing Authority's senior management, including attendance at regular managerial meetings, to ensure awareness of and provision of advice on all SOP-T activities with a potential publicity aspect, and rapid approval of information and publicity activities.

The above is proposed as the initial structure of the ISPI Unit, given the large volume of information and publicity activities required during the launch and early period of SOP-T. Its functions and staffing levels should, however, be reviewed thereafter. In particular, when there are periods of less intensive publicity activities, one or more members of staff should be redeployed to perform an "aftercare" function of checking on the progress of any providing advice and assistance to existing SOP-T projects.

Some of the information and publicity measures will almost certainly require out-sourcing for professional services (such as design, printing, advertising and photography). It will be the responsibility of the ISPI Unit to prepare and technically manage such services. Procedurally, these services will be contracted in accordance with public procurement rules, by the Managing Authority Project Implementation Agency. The Project Implementation Agency will act as contracting authority, while the ISPI will ensure the technical management of the services to be contracted.

Publicity concerning SOP-T must be carefully co-ordinated with that for Structural Instruments overall and for other SOPs, since many of the target groups, messages and information channels will overlap. The ISPI Unit should therefore take an active part in the network of PR colleagues from other managing authorities and partners which is being established

Apart from the ISPI Unit, **training** will be required for other staff of the managing authority and major partners and beneficiaries – in particular, its senior officials and public spokespersons – in communications skills, such as public presentations and media interview techniques. Initial courses should be followed up with refresher courses as required, especially if new senior managers or spokespersons are appointed.

5. Evaluation and Monitoring

As described above, the ISPI Unit will develop monitoring and evaluation indicators for information and publicity activities to measure their effectiveness. It will collect information and provide this to the Monitoring Committee for inclusion in its annual reports. The ISPI Unit will monitor, evaluate and perform the adjustments needed in the annual SOP-T Communication Implementation Plan, once or twice per year.

In particular, the Monitoring Committee's mid-term report for 2010 and its final annual report are required to include results of the evaluation of information and publicity measures.

The following general evaluation indicators are proposed:

Indicator	**Type of Indicator**	**Measurement**	**Timing**
Public Enquiries	*Output*	*No. of visitors, written, telephone & e-mail enquiries re. SOP-T to MA & partners*	*Ongoing*
Website Visits	*Output*	*No. of visitors to SOP-T website & no. of comments / feedback*	*Ongoing*
Signage	*Output*	*No. of signs / plaques erected*	*Ongoing*
Publications Distributed	*Output*	*No. of publications printed & distributed*	*Ongoing*
Information Events	*Output*	*No. of conferences, seminars etc organised*	*Ongoing*
Media Coverage	*Impact*	*No. of programmes, articles etc in media*	*Ongoing*
Applications	*Impact*	*No. of applications for SOP-T projects*	*Ongoing*
Awareness	*Impact*	*Public awareness of SOP-T & role of EU in funding projects*	*Public opinion surveys and focus group discussions: baseline survey and FGDs 2007 Q1, follow-up surveys and FGDs 2010 and 2013*
Satisfaction	*Impact*	*Satisfaction of beneficiaries & partners with application &*	*Customer satisfaction questionnaires for applicants,*

		funding process	*attendees at information events*

6. Budget

15.09 million Euros has provisionally been allocated from the Technical Assistance budget for information and publicity measures concerning the SOP-T over the period 2007-2013. This should be sufficient to ensure high visibility activities so that all the above objectives are fulfilled.

However, it is understood that further sums can be made available for information and publicity activities if necessary. This should depend primarily on two factors:

- The extent to which it is possible to obtain airtime free of charge, or at a minimal cost, for broadcast of TV and radio information programmes and advertising spots. It is understood from previous governmental public information campaigns that this should be possible with publicly-owned channels (which have the largest potential audiences – see section 1.2.2) – and that the Ministry for European Integration has been able to negotiate very favourable deals with some private channels as well for public information films concerning EU accession.

- The extent to which information about Structural Instruments in general is provided to the public by the Managing Authority in the Ministry of Public Finance. This Implementation Plan has been based on the assumption that it requires to provide a "stand alone", ongoing public information campaign about SOP-T to all target groups, including the general public across Romania. If, however, the MPF Managing Authority provides information about all Structural Instruments to the general public, including funding in the transport sector, SOP-T publicity could be more selective and targeted to more specific beneficiary groups. This issue affects all SOP communication plans, and the exact dividing line between general SF publicity and SOP-specific information had not been clearly resolved at the time of writing.

The following cost estimates are provided at constant prices, since it is impossible to forecast likely inflation in Romania over a seven-year period, and are based on whatever sources of information (often limited) were available during the production of this Implementation Plan. As such, they should be treated with caution, as approximate estimates only, and many of them will in any event be subject to a tendering process under public procurement rules.

In particular, some of the larger budgets – for possible purchase of airtime and of advertising – are allowances, based on the overall sums available, rather than estimates of the cost of buying particular amounts of airtime or advertising. Such purchases should of course be subject to intense commercial bargaining as well as competitive tendering.

It is worth stressing that, although the sums for advertising and airtime appear large, for a country the size of Romania they are very small in comparison to commercial advertising budgets, given the large population and wide variety of media to cover (total advertising spending on television alone in Romania is estimated to be around EUR 220 million p.a.). Indeed, it would be better to concentrate such spending in a

limited period and over a limited number of media outlets in order to achieve a significant impact on the population.

The estimated budget has therefore deliberately left a fair degree of flexibility to allow for changes in actual costs, and for the inevitable changes in priorities during the SOP-T timeframe, which will occur:

Estimated Costs (EUR 1,000s)

Activity	2007	2008	2009	2010	2011	2012	2013	2014	2015
1.1 Meetings	10	10	10	10	10	10	10	10	10
1.2 Display stands	10	1	1	1	1	1	1	1	1
Distribution of materials	5	5	5	5	5	5	5	5	5
1.3 Newsletter	20	20	20	20	20	20	20	20	20
Distribution	10	10	10	10	10	10	10	10	10
1.4 Guide for Beneficiaries	25	25	25	25	25	25	25	25	25
Distribution	7	1	1	1	1	1	1	1	1
1.5 Helpdesk promotion, admin	20	10	10	10	10	10	10	10	10
2.1 Media communications	10	10	10	10	10	10	10	10	10
Press conferences etc	25	25	25	25	25	25	25	25	25
Media competitions	10	10	10	10	10	10	10	10	10
Advertising	400	400	400	400	400	400	400	400	400
2.2 TV production	50	50	50	50	50	50	50	50	50
Radio production	10	10	10	10	10	10	10	10	10
Purchase of airtime, if necessary	600	600	600	600	600	600	600	600	600
Tapes / DVDs	25	25	25	25	25	25	25	25	25
2.3 Brochures	50	50	50	50	50	50	50	50	50
Sectoral leaflets	75	75	75	75	75	75	75	75	75
Maps	100		100		100		100		100
2.4 Website	20	10	10	10	10	10	10	10	10
Translation	10	5	5	5	5	5	5	5	5
2.5 Public forum	10	5	5	5	5	5	5	5	5
2.6 National conferences	20								25
National & regional seminars	10	10	10	10	10	10	10	10	10
2.7 Banners and posters	30	5	5	5	5	5	5	5	5
Billboards	10	10	10	10	10	10	10	10	10

3.1 ISPI Unit staff costs	70	70	70	70	70	70	70	70	70
ISPI equipment & consumables	150	20	20	20	20	20	20	20	20
Communications training	80	35	35	35	35	35	35	35	35
3.2 Staff internal comm. days	40	40	40	40	40	40	40	40	40
Internal e-communications	2	2	2	2	2	2	2	2	2
3.3 Co-ordination	1	1	1	1	1	1	1	1	1
3.4 Logo & Visual Identity	25								
Visual ID Manual & training	10								
4.1 Environment / equal opps. info	5	5	5	5	5	5	5	5	5
5.1 Monitoring & evaluation	50	20	20	20	50	20	20	20	50
TOTAL	**2,005**	**1,575**	**1,675**	**1,575**	**1,705**	**1,575**	**1,675**	**1,575**	**1,730**

TOTAL ALLOCATED, 2007-2015: EUR 15,090,000

7. Timescale of Activities

There is, understandably, a heavy concentration of the proposed information and publicity activities and spending in the first year of SOP-T, reflecting the need to inform and educate the target groups at an early stage and to establish new structures and positions. Likewise, at the end of the nine-year period there will also be more intensive activities, reflecting the need to inform the public of the achievements of SOP-T (and also, probably, what funding for transport projects can be expected during the next budgetary period).

While it is understood that funding from the Technical Assistance budget for information and publicity measures will not be available until the start of the SOP-T timeframe (1 January 2007), it will nevertheless be preferable if as much preparatory work as possible can be carried out during the second half of 2006, so that information activities about SOP-T can commence as soon as Romania joins the European Union.

These would include, as a minimum, identification and recruitment / training of suitable staff for the ISPI Unit, preparation of draft information materials, events schedules and design of the website.

The existing staff of the Managing Authority also intend to conduct some information events – including a series of national and regional "roadshow" seminars – during the second half of 2006, with an information brochure to be distributed. This would follow similar activities successfully held in 2005.

It is hoped these can be funded from within the existing Managing Authority budget, so that a substantial number of key partners and likely beneficiaries receive at least basic information about SOP-T before the programme comes into effect.

The following chart therefore summarises the activities proposed over the seven-year timeframe of SOP-T:

Activity	2007	2008	2009	2010	2011	2012	2013	2014	2015
1.1 Meetings									
1.2 Display stands									
1.3 Newsletter									
1.4 Guide for Beneficiaries									
1.5 Helpdesk promotion, admin									
2.1 Media communications									
Press conferences etc									
Media competitions									
Advertising									
2.2 TV production									
Radio production									
Purchase of airtime, if necessary									
Tapes / DVDs									
2.3 Brochures									
Sectoral leaflets									
Maps									
2.4 Website									
Translation									
2.5 Public forum									
2.6 National conferences									
National & regional seminars									
2.7 Banners and posters									
Billboards									
3.1 IPA Unit staff costs									
IPA equipment & consumables									
Communications training									
3.2 Staff internal comm. days									
Internal e-communications									

3.3 Co-ordination									
3.4 Logo & Visual Identity									
Visual ID Manual & training									
4.1 Environment / equal opps. info									
5.1 Monitoring & evaluation									

Key

Intensive Activity / initial development

Less intensive / limited activity