

GOVERNMENT OF ROMANIA

**MINISTRY OF TRANSPORT,
CONSTRUCTION AND TOURISM**



**SECTORAL OPERATIONAL PROGRAMME – TRANSPORT
(SOPT)
2007 - 2013**

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Abbreviations and Acronyms

AADT	Annual Average Daily Traffic
ACN	Administration of Navigable Canals
AGC	European Agreement on Main International Railway Lines
AFDJ	River Administration of Lower Danube
AFER	Romanian Railway Authority
AIS	Automated Identification System
APDF	Fluvial Danube Ports Administration
APDM	Maritime Danube Ports Administration
ATFER	Romanian Railway Transporters Association
BCTDR	Central Bank for Road Technical Data
BMS	Bridge Management System
CF	Cohesion Fund
CFCU	Central Finance and Contracting Unit
CFR	Romanian National Company for Railways
CIS	Community of Independent States
CSCT	Constanta South Container Terminal
CSF	Community Support Framework
CSMC	Community Support Framework Monitoring Committee
DRDP	Regional Directorate for Road Maintenance
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EDIS	Extended Decentralised Implementation System
EIB	European Investment Bank
EMU	Electric motor Units
ENR	Etiage de Navigation et de Regularisation
ERDF	European Regional Development Fund
ERTMS	European Rail Traffic Management System
ETCS	European Train Control System
EU	European Union
EU 15	European Union up to May 2004
EU 25	European Union at current state
EU 27	European Union at current state together with the two accession countries (Romania and Bulgaria)
GD	Government's Decision
GDFFA	General Directorate for Foreign Financial Affairs
GDP	Gross Domestic Product
GTMP	General Transport Master Plan
HR	Human Resources
IB	Intermediate Body
IBRD	International bank for Reconstruction and Developemnt
IFI	International Financing Institution
ICT	Information and Communication Technology

INMH	National Institute for Meteorology and Hydrology
ISPA	Instrument for Structural Policies for pre-Accession
LAD	Least Available Depth
MACF	Managing Authority for the Cohesion Fund
MACSF	Managing Authority for the Community Support Framework
MARPOL	International Convention for the Prevention of Pollution from Ships
MPF	Ministry of Public Finance
MTCT	Ministry of Transport, Construction and Tourism
NDP	National Development Plan
NSRF	National Strategic Reference Framework
Phare	One of the EC Pre-accession Instruments
PMS	Pavement Management System
PPP	Public-Private Partnership
PRAG	Practical Guide to contract procedures financed from the General Budget of the European Communities in the context of external actions
PSC	Public Sector Compensation
PSO	Public Sector Obligation
NCMNR	National Company for Motorways and National Roads
OP	Operational Programme
O-D	Origin- Destination
SNCFR	Romanian National Railway Company
ROP	Regional Operational Programme
SEA	Strategic Environmental Assessment
SIMIN	Integrated Meteorological Information System
SMIS	Single Management and Information System
SOP	Sectoral Operational Programme
SOPT	Sectoral Operational Programme Transport
SWOT	Strengths/ Weaknesses/Opportunities/ Threats
TA	Technical Assistance
TAC	Track Access Charge
TEN- T	Trans-European Network- Transport
TOR	Terms of Reference
VTMIS	Vessel Transport Management and Information System

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INTRODUCTION

Introduction to the Operational Programmes in Romania

The European Economic and Social Cohesion Policy, defined under Article 158 of the European Union Treaty, aims at reducing disparities between the levels of development of the various regions and identifying the additional help needed to assist the least developed regions. In meeting these objectives, and in particular that of fostering real convergence, the actions supported with the limited resources available to cohesion policy should be concentrated on promoting sustainable growth, competitiveness and employment as set out in the renewed Lisbon strategy.

The new Cohesion policy is focused on three main objectives:

- Convergence,
- Regional competitiveness and employment, and
- European territorial cooperation.

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 full list of Operational Programmes, are as follows:

Under the “Convergence” Objective:

1. Increased Economic Competitiveness SOP
2. Transport SOP
3. Environment Infrastructure SOP
4. Human Resources Development SOP
5. Administrative Capacity Development OP
6. Regional Development OP
7. Technical Assistance OP

and under the “European Territorial Cooperation” Objective – Cross border cooperation strand:

8. Romania – Hungary OP
9. Romania – Bulgaria OP
10. Romania – Serbia-Montenegro OP
11. Romania – Moldavia OP
12. Romania – Ukraine OP

The SOPT is the instrument that elaborates upon the objectives of the National Strategic Reference Framework (NSRF), establishing priorities, goals and the allocation of funds for development of the transport sector in Romania. The total budget of the SOP-T over the programming period 2007 – 2013 is estimated at about 5 billion Euro, which represents about

23% of the overall budget of structural operations for Romania over the said period. Out of these, 4,010 million Euro represent the Community financial support, while national co-financing will amount to about 995 million Euro. The Community funding will be provided the Cohesion Fund and the European Regional Development Fund.

The SOPT uses as its base the development of the legislation established by the Council of the European Union (draft General Regulation, version of March 2006) establishing general provisions applicable to the ERDF, ESF and the Cohesion Fund.

In parallel to the SOPT, a Regional Development OP has been developed. Both programmes integrate towards a common development strategy in order to achieve a coherent transport system providing for spatial cohesion and interoperability with the European Union transport systems.

Objectives and elaboration of the Sectoral Operational Programme- Transport

In accordance with the general objective, a key issue for the Romanian economy in years 2007-2013 will be the development of transport infrastructure, which will have significant impact on increasing the economic competitiveness, facilitate the economic accession to the EU, contribute to the actual development of the internal market and allow for the development of the Romanian economy. It is aimed at creating the conditions for increased investment activity, the promotion of sustainable transport and spatial cohesion.

After modernisation, the improved transport infrastructure will directly lead to increased competitiveness of manufactured products and the provision of services, both in key sectors of the economy and within whole regions of Romania. The overall impact will be to generally improve the economy of Romania

More specifically, the modernisation of infrastructure will:

1. Provide needed capital investment expenditure in locations that are now difficult to access or which suffer excessive traffic congestion;
2. Lead to improvement of transport services offered to customers;
3. Allow development of improved logistics systems resulting in lower costs of supplies and deliveries;
4. Facilitate cooperation of producers and manufacturers;
5. Increase potential for access and penetration of new markets.

The SOPT builds on the results of the previous national development plans, including the previous analyses performed as well as lessons learned during implementation. It is not a analysis based solely on what has been concluded in past projects. The SOPT is based on a more detailed analysis and therefore provides a clearer picture of some aspects.

Key transport-related issues identified in Romania's National Development Plan were:

- Domestic transport, although diversified, has insufficient capacity for transporting freight and passengers, especially in certain areas and during certain parts of the year (summer season, week-ends);
- The transport infrastructure is insufficiently developed, and requires significant investment in order to meet European standards;

- Access to the West-European corridors, as well the Eastern and Southern Europe ones is limited and made difficult by the low transport capacity and the quality of specific physical infrastructures (only 100 km of highway, non-modernized national roads etc);
- Romania's location at the crossroads of many roads connecting Eastern to Western Europe and Northern to Southern Europe, as well as the location of the country on the transit axes connecting Europe to Asia, point out the importance of a developed infrastructure;
- Romania's access to the Black Sea and the Danube River represents an opportunity and an argument to increase the level of transport on waterways, taking into account the low costs as compared to land and air transport.

The Romanian strategy for absorption of funds will be able to produce significant economic, social and environmental benefits. In addition, the strategy provides for implementation of the concept of a country-wide Romanian transport system development that will be internally coherent and interoperable with the European Union system.

Undertakings proposed for funding under the Cohesion Fund are concentrated within identified EU priority axis, which are of fundamental importance for creation of spatial cohesion in Europe. Operations to be funded under the ERDF component of the SOPT are targeting, in turn, an increased accessibility of the Romanian regions.

In addition, the General Transport Master Planning (GTMP) process for Romania is in progress and it will provide the basis for future development but will use the knowledge gained from the SOPT as the core criteria for the establishment of projects.

It would have been a more usual practice to produce the GTMP before the SOPT, but as this was not possible the GTMP will integrate its results and create a direct link to the Transport Infrastructure SOP. In the absence of the GTMP, the SOPT concentrates on clear priorities and EU policies, such as development of the TEN-T, mode balancing and improvement of traffic safety.

The opportunity created within the ToR of the GTMP for its revision at regular intervals, will provide the flexibility to address the developing situation in Romania and assist the SOPT monitoring process.

When elaborating the SOPT proposals, a comparison has been made between the situation in the Romanian transport sector and that in the EU 15, EU 25 or EU 27 member states, as the EU has grown. The comparison shows that in EU countries the transport infrastructure projects have resulted in the provision of higher quality standards that are essential to be introduced into Romania for the future efficient operation of passenger and freight transport operations.

In the Romanian SOPT there is a requirement to take into consideration the lack of investment in transport infrastructure over many years. There has been limited infrastructure expenditure on new construction and the maintenance expenditure has been below the optimum level. Romania inherited a number of deteriorated infrastructure bottlenecks and conflicts with the settlement pattern and the environment.

In order to ensure a comprehensive understanding of the current position there have been many consultations with all relevant stakeholders during a series of presentations, working groups and individual meetings.

On the basis of the information gathered and the diagnosis of the transport sector data, a detailed development strategy until the year 2013 has been drafted to include the issues of new development and a recovery programme that will address the future developments and the poor inheritance.

Structure of the document

This SOPT has been developed by the Ministry of Transport, Construction and Tourism (MTCT), assisted by potential beneficiaries and in close cooperation with Regional Authorities. During the implementation process the SOPT will be managed centrally by the MTCT.

In order to provide the reader with a broad understanding of the transport sector in Romania a macroeconomic analysis is appended as Annex D.

This document starts with an introduction of the current situation of the transport sector in Romania and provides a comparison between the situation in Romania to that of the EU countries at the various stages of expansion of the EU, in order to emphasise the general trend in demand for transport services and to provide focus for future action to be taken.

The SOPT proposes the expected results of various interventions, indicates the allocation of the funds and defines institutional arrangements for the implementation of the assistance.

1. ANALYSIS OF THE CURRENT SITUATION

1.1 Recent trends in the transport sector of Romania

The main reasons for problems in the financing of the transport infrastructure in Romania stem from a number of key issues that define the most important changes that have taken place in the transport sector since 1990.

These include:

- Fundamental changes in the structure of the transport sector in Romania, from a State planned economy (command economy) to a market driven transportation demand economy
- Decline of the industries most likely to make use of rail transport
- Regional instability in the neighbouring Balkan countries
- Inheritance of an inadequate infrastructure and continued under-investment
- Under-investment in infrastructure maintenance
- A rapid increase in private vehicle ownership
- Damage to road and rail infrastructure due to widespread flooding.

These have in turn led to:

- A significant reduction in the number of tonne-kilometres of freight by rail
- A change in the pattern of international traffic flows and under-utilisation of waterways for international bulk freight and container transportation
- Increased need for the construction of new transport infrastructure
- Increased reconstruction and rehabilitation needs of transport infrastructure
- A rapid increase in the volume of traffic on the roads

Consequent effects include:

- Increased road congestion, road vehicle operating costs and road journey times
- Reduced rail speeds
- A decline in the numbers of rail passengers
- Increased environmental degradation
- Reduced competitiveness and attractiveness of the Romanian market for investment.

In addition, there has been a relatively slow uptake of innovative ideas and technology, leading to reduced opportunities for taking advantage of alternative sources of finance that include PPP, road tolling and new modes of transport such as multimodal and combined transport.

1.2 Road transport

Road network

The existing national public road network of Romania in 2004 is shown in the figures below and as a map in Annex D.2. The total length of the public road network in Romania in 2004 was 79,454 km. This represents a growth of about 9% since 1990, as shown in the table below.

Table 1-1 Public road network in Romania, 1990-2004 (km)

	1990	1995	2000	2003	2004
Motorways	113	113	113	168	211
National	14,683	14,683	14,824	15,122	15,712
County & Local	58,133	58,176	63,655	63,879	63,742
Total	72,816	72,859	78,479	79,001	79,454
Paved	16,592	17,608	19,418	20,368	20,880
Density (km/100 km ²)	30.5	30.6	32.9	33.1	33.3

Source: Statistical Yearbook 2004, National Institute of Statistics 2005

Of the 79,454 km total, 15,712 km (19.8%) are national roads and 63,742 km county and local roads. There are just 211 km of motorway. The network is made up of 20,880 km (26.3%) of paved¹ roads, 20,200 km (24.4%) of lightly paved roads² and 38,374 km (48.3%) of gravel and earth roads. Virtually the whole network of national roads is paved, while much of the network of county and local roads is only lightly paved or unpaved.

The overall density of public roads is 33.3 km/100 km². This is very low compared to the EU 25 average of 110 km/100 km², as shown in the table below, suggesting low accessibility to the road network. The distribution of roads throughout the country is largely uniform, except in the Bucharest-Ilfov region where there is a higher density.

Table 1-2 Comparison of road densities by region and country, 2002

Country	Km of road / 100 km ²	Km of road / million population
Romania	33.3	3,624
EU25 (2003)	110.1	9,388
EU15 (2003)	110.6	9,421
Bulgaria	na	na
Czech Republic	70.3	5,432
Hungary	145.7	13,366
Poland	117.0	9,879
Slovakia	36.2	3,301

Source: Eurostat Pocketbook: Energy, transport and environment indicators, 2005 edition

¹ Paved roads are surfaced with asphalt or concrete, although their condition may not be good

² A lightly paved road is an earth or gravel road both graded and rolled that may have some surface binding material added.

The 211 km motorway network comprises the following sections:

- A1 Bucharest – Pitesti 95.8 km west from Bucharest
- A2 Fetesti – Cernavoda 17.5 km across the Danube between Bucharest and Constanta
- A2 Bucharest – Drajna 97.3 km east from Bucharest.

This represents a density that is significantly lower than in the EU25, both when considered in terms of density per 1,000 km² and per population. There is no motorway connection to the motorway network of the existing EU member states.

Table 1-3 Comparison of motorway densities by region and country, 2002

Country	Km of motorway / 1,000 km ²	Km of motorway / million population
Romania	0.5	5.2
EU25	13.8	121.6
EU15	16.5	140.0
Bulgaria	3.0	41.5
Czech Republic	6.6	50.8
Hungary	5.7	52.3
Poland	1.3	10.6
Slovakia	6.2	55.9

Source: Eurostat Pocketbook: Energy, transport and environment indicators, 2005 edition

Of the total National road network, 5,868 km (37.3%) are classified as European roads, particularly suitable for international traffic, but long sections of this network are not compliant with the conditions included in the “European Agreement on Main International Traffic Arteries (AGR)”. However, it is agreed that by the date of accession (1st January 2007), all the roads classified as being on the TEN-T will be open to vehicles compliant with EC Directive 96/53 on weights and dimensions, including trucks of 11.5 tonnes standard axle loads.

The total number of bridges on the national roads network is 3,286 with a total length of 138,568 m. Most of the bridges (95%) are constructed of reinforced concrete, the rest being metal structures and other types. Of these bridges, 94 (4,131 m length in total) are in need of urgent repairs and almost 50% are technically classified as marginally acceptable or of a lower standard.

The access roads from national roads to town centres and cities are inadequate and most towns located on National and European roads lack bypasses. Many National and European roads have insufficient capacity leading to congestion and consequently to increased travel time, vehicle operating costs, accidents and environmental damage.

Much of the national road network suffers from problems of low design standard and insufficient maintenance, both because of inadequate funding and inappropriate management procedures. Institutional restructuring of road maintenance has taken place in recent years; periodic maintenance and part of the routine maintenance have been subject to divestiture and commercialisation. However additional initiatives are necessary in order to address this issue.

In addition, national roads are vulnerable to flooding and landslides. Taking into account the low density of the road network, such natural events might have a strong impact at national level as the limited number of variant routes considerably reduces mobility; the region of Moldova was

partly isolated during the floods in the summer 2005, while the Carpathians crossing along the Olt valley (located on TEN-T priority axis no. 7) was blocked several times during recent years.

Road and motorway construction / rehabilitation

In the early 1990s, following years of under-maintenance, the national road network was generally in an unsatisfactory to bad condition. The first priority was therefore to preserve the existing assets.

Since 1992, Romania has embarked on a large programme of national roads rehabilitation and upgrading to standards compliant with EC Directive 96/53 on weights and dimensions. This effort has been initially focused on the core national network, including the TEN-T links, and structured into a number of phases. Each phase includes rehabilitation of 500 to 1,000 km and is co-financed by IFIs (primarily the EIB), the State budget and the European Commission through the Phare and ISPA programmes. To date, phase IV is under completion, while phase V is at an advanced stage of preparation and contracting and phase VI under negotiation.

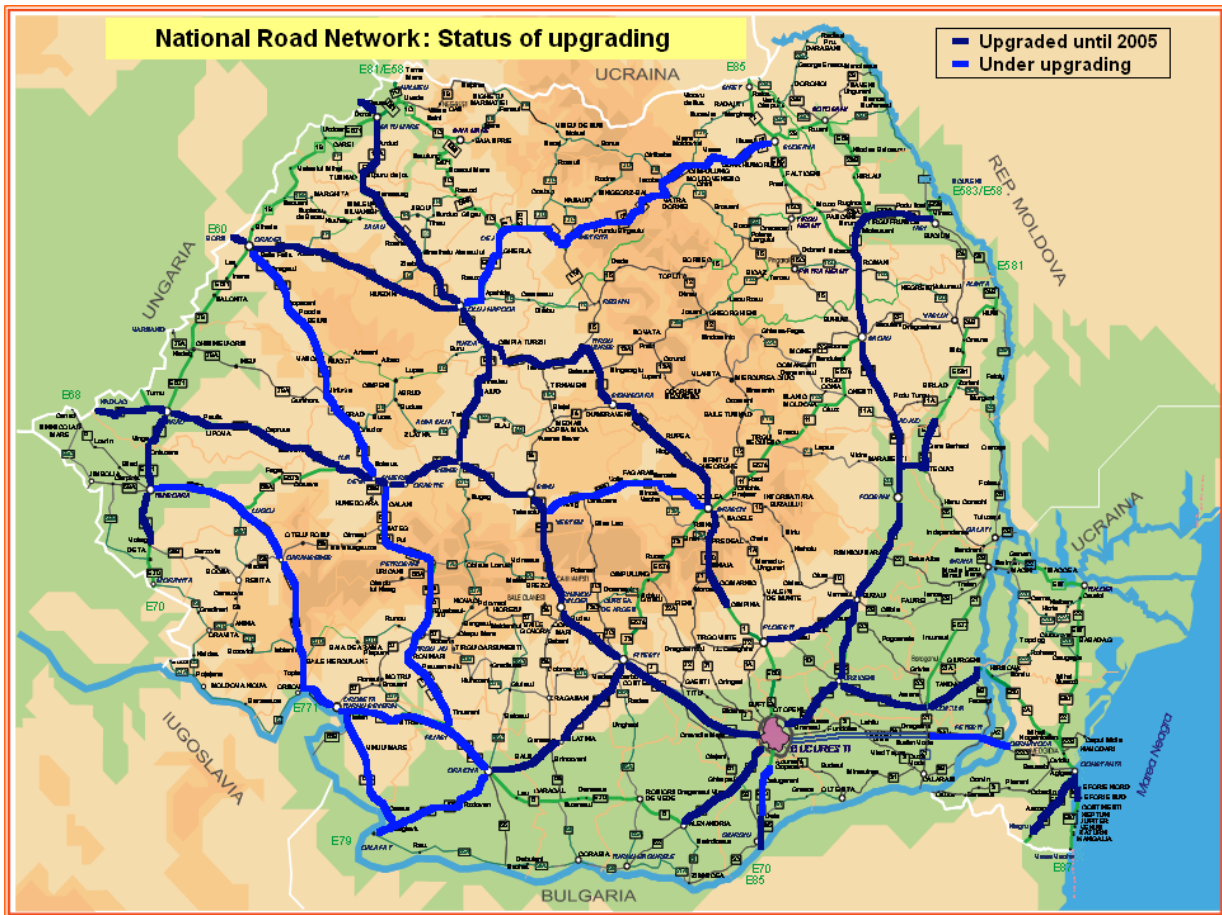
To date, about 3,000 km of the core network have been rehabilitated or are under rehabilitation. The rehabilitation programmes have had a marked impact on the improvement to the national road network and the SOPT priority is to ensure that this core work is completed first to demonstrate the cohesion to the continuing road rehabilitation policy and to demonstrate that the new program is the continuation from a firm base.

Beyond the benefits for road users and mainly the reduction of vehicles operating costs, a significant scope is to enable Romania to meet the commitments of the EU Accession Treaty, namely to open to traffic compliant with Directive 96/53 (mainly 11.5 tonnes / axle trucks):

- the whole of the TEN-T network by the date of accession and
- the entire national road network until the end of 2013.

The figure below shows the roads that had been upgraded / reconstructed to modern standards by the end of 2005.

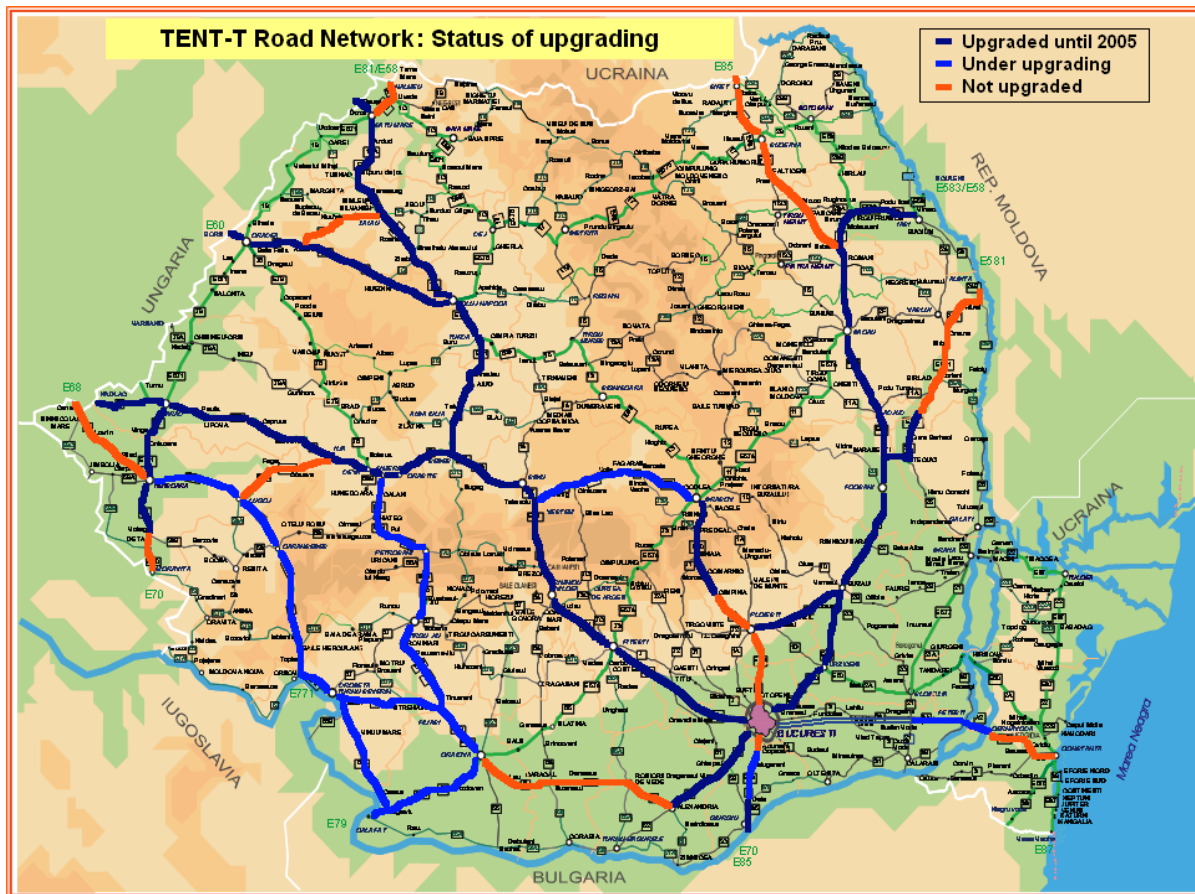
Figure 1-1 National Road network: Status of upgrading



Source: SWK Consortium, TA to MTCT, 2006

The following map shows the actual status of upgrading of the TEN-T road network.

Figure 1-2 TEN-T Road network: Status of upgrading



Source: SWK Consortium, TA to MTCT, 2006

Over the years, traffic has significantly increased on particular sections and several projects aiming at increasing traffic capacity have been launched. These can be grouped into: construction of bypasses around the main towns and motorway construction.

For motorways, the following projects have been launched:

- rehabilitation of the Bucharest – Pitesti motorway, completed in 2000,
- the Bucharest – Constanta motorway, financed by the EIB, ISPA and the Romanian Government,
- progressive construction of the Pitesti – Sibiu – Nadlac motorway, along TEN-T priority axis no. 7,
- construction of the Brasov – Cluj - Bors motorway, launched in 2004 and financed by the Romanian budget,
- construction of the Bucharest – Brasov motorway, to be launched in 2006 and financed by the Romanian budget.

To date, the approach towards construction has remained traditional, namely using construction contracts. While the development of new methods, such as design-build-operate (DBO) contracts and public private partnerships (PPP), have been considered, no such initiatives have been successful to date.

Road maintenance

Road maintenance is a key to sustainability of any road infrastructure investment.

Since 1996, the National Company for Motorways and National Roads (NCMNR) has been obliged to concentrate on its role of planning, funding and control rather than on the execution of maintenance due to lack of available funding.

Maintenance of the national road infrastructure is organised under 8 regional directorates (DRDP) of the NCMNR. The divestiture and commercialisation of road maintenance activities started in 1996-1998 when only part of the routine maintenance and the management and control of periodic maintenance remained with the DRDPs.

The periodic maintenance activities and rehabilitation works are now publicly tendered for each intervention. Part of routine maintenance is now publicly tendered and contracted on an annual basis.

NCMNR is also developing a Pavement Management System (PMS) and a Bridge Management System (BMS), so as to plan and prioritise maintenance more efficiently.

The maintenance funding system has been under review and a new policy was introduced recently.

The previous Road Fund tax was funded with a fuel tax, but this tax was removed as a direct income to the NCMNR when it was transformed into an excise duty and paid directly as unallocated revenue to the State Budget.

A road vignette payment system (the vignette provides a vehicle with the right to use the national road, and motorway, network) started in 2002 with phased full implementation by 2008. The amounts collected by this means are now a direct revenue to the NCMNR for road maintenance.

In 2005 the vignette system was also extended for passenger cars and the total amount collected in 2005 from all road users was about 111 Meuro. Bridges crossing the Danube River are tolled and this toll revenue in 2004 was about 7.2 Meuro, also paid to NCMNR. In addition NCMNR also collects charges for overloaded vehicles.

The annual revenue to the NCMNR from these sources is therefore about 120 Meuro per year, and is supposed to cover most of the road expenditures. They have however to be compared to the required full cost of road maintenance, that is estimated to be above 250 Meuro/year for the national road network.

The NCMNR is therefore heavily reliant on the State budget, IFIs or commercial loans in order to fund the difference, which is:

- the need to fund the actual cost of maintenance
- to make provision to fund both rehabilitation and new construction costs
- to service its debt.

The cost of basic maintenance has significantly increased over the last few years, and is now in excess of 200 Meuro / year for current and periodic maintenance, without the cost of

rehabilitation. Rehabilitation costs represent the backlog of work not done in former years and over 60% of the national road network is in need of repair or rehabilitation.

If the current funding levels stabilise over the medium term, this backlog will progressively decrease.

While the fiscal policy, and in particular the maintenance funding, are in the process of being reformed, the organisation of maintenance is also being improved.

This includes:

- Establishing a more systematic use of the PMS and BMS in planning and programming
- Introducing new contractual mechanisms, including multi-annual maintenance contracts or operation contracts.
- Providing that the new motorways receive adequate maintenance at all times to ensure their viability

Road vehicle fleet

The road vehicle fleet consists of about 4 million motor vehicles, having grown from around 2 million in 1990. The breakdown of vehicles by broad category is shown in the table below.

Table 1-4 Evolution of road transport fleet 1990-2004 (million vehicles)

	1990	1995	2000	2003	2004
Motorcycles	0.312	0.328	0.239	0.236	0.235
Cars & taxis	1.292	2.197	2.778	3.088	3.225
Buses & minibuses	0.028	0.042	0.041	0.042	0.043
Trucks	0.259	0.343	0.427	0.463	0.482
Total	1.891	2.910	3.485	3.829	3.985

Source: Statistical Yearbook 2004, National Institute of Statistics 2005

Car ownership is much lower than the average for the EU27, at 136 cars per 1,000 people. This compares with the EU25 average of 463, so it can be expected that there will be rapid growth in car ownership over the next 10 years. In the recent years, the development of financing schemes (leasing and bank loans) has boosted the purchase of new cars.

Car ownership is expected to continue to grow at sustained rates in the medium term. Two main driving forces in the car ownership increase can be identified: the first one would be the GDP increase and the second one a “catch up effect”, leading to higher rates of increase while the overall car ownership rate is still low. Such effect can be observed in several countries: between 1990 and 2002, the car ownership has increased by 109% in Poland, 58% in Bulgaria, 51% in the Czech Republic against 29% in the EU 15. This trend might however be influenced in the short term by a series of issues such as improved job opportunities abroad, access to credit in anticipation of higher earnings, greater demand for personal transport freedom and fiscal decisions by government.

The truck fleet in Romania comprises mostly small old vehicles and the vehicle parc is also much smaller than the average for the EU27. In comparison with the population, there were 20 trucks per 1,000 people in Romania in 2002. This compares with 63 in the EU25.

Freight transport on own account, also decreasing, still represents a major share of road freight: 65% of the total tonnes and 35% of the total tonnes-km in 2004, against respectively 71% and 53% in 2001. Transport companies are in a process of fleet modernisation and renewal, with an increasing share of heavy vehicles (over 12 tonnes).

Road traffic

Road traffic in Romania has increased from an average AADT of 3,200 in 1990 to 4,500 in 2005.

There was a steep rise immediately after 1990 when restrictions on the use of road for freight transport of over 50 km were lifted, while fuel and cars became more readily available.

A limited decline in average road traffic was observed between 1995 and 2000, resulting from the combination of two opposite trends (GDP decline and change in the modal pattern), while a significant average growth has occurred in the next period (2000 to 2005), based on high GDP increase. The road traffic share of heavy vehicles has fallen from about 30% in 1990 to 23% in 2005.

Road traffic has grown at 2.3% per year on average since 1990, and at 3.7% per year since 2000. It is forecast to grow at a similar rate to 6,800 AADT in 2015.

Table 1-5 Evolution and forecast of road traffic 1990-2015 (AADT)

	1990	1995	2000	2005	2010	2015
Total	3,221	3,857	3,776	4,531	6,041	6,796
Heavy vehicles ³	994	889	765	n.a.	n.a.	n.a.

Source: NCMNR

It can be observed that, between 1990 and 2000, the relative share of heavy vehicles in the total road traffic has been decreasing, due to the following causes:

- the passenger car fleet has been increasing at a much faster pace than the heavy vehicle fleet. This has resulted in a significant increase of passenger car traffic that gives an immediate distortion to the ratio between heavy vehicles and passenger cars, during this period
- the heavy vehicles fleet itself has been significantly restructured, with many of the smaller older vehicles being replaced with larger newer ones, which again will distort the statistical count.

To date, the structure of the heavy vehicle fleet is seen to be comparable with Poland where statistical data has been found to be quite reliable. It is therefore expected that Romania will

³ The definition of a Heavy vehicle as defined by NCMNR is any vehicle over 3.5 tonnes gross vehicle weight including minibuses, vans and what would be classified elsewhere in Europe as non HGV. Articulated HGVs may be double counted as trailers are recorded as separate vehicles in the census data.

follow a similar pattern but that restructuring of the heavy commercial vehicle fleet will continue, but at a slower pace than has been experienced in Poland.

It is likely however that, based on car sales predictions and the anticipated growth in the car ownership market in Romania, that the passenger car park will continue to increase at the current rate, leading to a further relative decrease of heavy vehicle share in the total traffic.

A traffic census is carried out across the Romanian national road network at five yearly intervals with the most recent census in 2005 but the processing of the data has not yet been completed. The figures in Appendix 3 show the road traffic volumes on the National road network recorded in the year 2000 and the projected traffic volumes in the years 2005 and 2015. Although the development of a national transport model would enable the analysis to be refined, the figures presented tend to demonstrate that the traffic is concentrated along a limited number of routes, that almost correspond with the TEN-T road network.

This leads to the identification of two parallel priorities:

- increase traffic capacity on the TEN-T, so as to meet transport demand and prevent or reduce bottlenecks, and
- upgrade and maintain the remaining network, so as to ensure territorial accessibility.

Inter-urban passenger car traffic

Generally available statistics in Romania do not include data relating to the volume of passenger car traffic and focus on public transport only. However, an analysis of data from recent studies carried out on Corridors IV and IX, suggests that inter-urban passenger car traffic may total 48.4 million vehicle-km per day or about 122.4 million passenger-km per day. This equates to 17.66 billion passenger car-km per year. It should be clarified that this figure does not include all short distance trips or trips made on local roads.

Using the results of other recent studies providing data related to traffic on county roads and linking the figures so obtained with the passenger cars traffic on national roads evolution, the following estimate may be made:

Table 1-6 Passenger cars performance

	1990	1995	2000	2005
Inter-urban passenger cars traffic (million veh x km)				
On national roads	11,023	14,691	14,904	17,666
On county roads	2,415	3,218	3,265	3,870
Total	13,438	17,909	18,169	21,536
inter-urban passenger traffic using passenger cars (million passenger x km)	33,595	44,774	45,422	53,840

Source: SWK Consortium, TA to MTCT, 2006 estimate

This constitutes about 75% of the total passenger traffic of land-based transport modes.

As mentioned above, car ownership is still low by comparison with the EU 25. It can therefore be expected that rapid growth in car ownership will be experienced over the next 10 years and that this will necessitate a total review of urban car use, the establishment of a car parking control system to include on and off road parking and the strengthening of the urban public mass transport system to reduce urban road congestion.

Inter-urban public passenger traffic by road

In accordance with statistical data, inter-urban public passenger traffic by road has declined from 780 million passengers in 1990 to 217 million in 2004, a decline of 72%. At the same time the number of interurban bus passenger-km has declined by 61%.

Travel by this mode appears to have stabilised since 2000. Such stabilisation reflects the development of public transport by mini-buses that has shown a very significant growth. It is however likely that this evolution is much higher than shown, as performance of transport by mini-buses does not appear to be accurately recorded.

Table 1-7 Evolution of bus and mini-bus passenger transport 1990 – 2004

	1990	1995	2000	2003	2004
Passengers (mln.)	780.7	413.5	206.0	216.2	216.5
Pass-km (mln.)	24,007	12,343	7,700	9,443	9,438

Source: Statistical Yearbook 2004, National Institute of Statistics 2005

As there are no clear records, the detailed causes of the decline can only be speculated upon:

- the main factor is most likely the significant increase of passenger car traffic, partly replacing the use of public transport, especially in a society having been given a free choice after years of no choice
- statistical data for year 1990 are likely not to be reliable during the transitional phase,
- in the early 1990s, interurban bus transport was performed by State owned companies, with a fleet in very poor condition. Such services were not sustainable.
- current statistics are likely not to be reliable as owners and operators may not see the need for accuracy in the data for their own tax minimisation reasons.

Compared with the EU countries, the interurban bus and mini-bus passenger-km per inhabitant per year are by far the lowest in Romania. The average in the EU is around 1,000, compared with just 242 in Romania. In order to redress the balance the movement of people by public road transport will need to be made more attractive.

Table 1-8 Comparison of public passenger transport by road, by region and country, 2002

Country	Passenger-km / inhabitant
Romania	242
EU25	1,070
EU15	1,082
Bulgaria	2,158
Czech Republic	947
Hungary	1,840

Country	Passenger-km / inhabitant
Poland	762
Slovakia	1,531

Source: Eurostat Pocketbook: Energy, transport and environment indicators 2005

Currently, the statistics in Romania exclude data relating to the volume of passenger car traffic. Because of this, modal share statistics apply only to public passenger transport and not to overall passenger transport.

Road public transport passenger-km would constitute about 13% of the total passenger traffic of land-based transport modes (estimated total of about 71.9 billion passenger-km in 2004).

Road freight traffic

The method of surveying and recording road freight traffic changed in 1998 and data from previous years cannot therefore be compared with that for subsequent years as shown in the following table.

Since 2000, road freight has increased from 262.9 million tonnes to 294.2 million tonnes, an increase of 13%. At the same time, the number of tonne-km has increased from 14,288 to 37,220, an increase of 160%. This suggests an increase in average length of haul from 54 km to 126 km. Road transport accounts for 69% of the total freight transport by road and rail in terms of tonne-km and is increasing, demonstrating consumer choice in a free market.

Table 1-9 Evolution of road freight transport 1990 – 2004

	1990	1995	2000	2003	2004
Tonnes (mln.)	1,934.4	616.0	262.9 ^a	275.6	294.2
Tonne-km (mln.)	28,993	19,748	14,288 ^a	30,854	37,220

Source: Statistical Yearbook 2004, National Institute of Statistics 2005

^a Change in coverage and survey methodology

There are 20 heavy commercial vehicles (rigid trucks and articulated motive units) per 1,000 inhabitants in Romania, which is less than one third of the number in the EU25. Rapid growth in the number of commercial vehicles is therefore expected over the next 10 years.

Table 1-10 Comparison of commercial vehicle ownership by region and country, 2002

Country	Trucks and road tractors / 1000 population
Romania	20
EU25	63 ^a
EU15	67 ^a
Bulgaria	41
Czech Republic	34
Hungary	39
Poland	56
Slovakia	32

Source: Eurostat Pocketbook: Energy, transport and environment indicators 2005 edition

^a 2001

However, in terms of tonne-km per unit of GDP, the amount of road freight transported in Romania is high, although this is more a reflection of the low GDP rather than the high volume of freight.

Table 1-11 Comparison of road freight transport by region and country, 2002

Country	1,000 tonne-km / GDP (EUR mln.)
Romania	898
EU25	193
EU15	176
Bulgaria	838
Czech Republic	923
Hungary	422
Poland	546
Slovakia	772

Source: Eurostat Pocketbook: Energy, transport and environment indicators, 2005

About 83% of the registered freight and passenger transport operators in Romania are owned by the private sector. In 2004, the private sector is performing about 94% of public road transport of passengers and 96.5% of road freight transport.

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.

Table 1-12 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 may be supposed that the accident rate per million vehicle-km is significantly higher than in other countries.

Table 1-13 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

1.3 Rail transport

The implementation of **Council Directive 91/440** on the development of the Community's railways started in 1998, with the restructuring of the National Society of Romanian Railways (SNCFR). Its objective was the separation of the infrastructure management from the operating activity, both at administrative and institutional level. SNCFR was therefore divided into a national company, two national societies and two commercial companies having as main activities:

- management of railway infrastructure and ancillary assets;
- freight railway transport;
- passenger railway transport;
- ensuring of the financial accounting and legal services; this company, SMF, was dissolved in 2002 and its functions have been taken over by the other companies;
- management of the exceeding assets resulted from the SNCFR reorganisation.

The new companies have been relieved of the historical debt that remains within SNCFR that is kept for the sole purpose of administrating the debt. The next step was to contract out certain activities subject to divestiture and commercialization such as coach wash and repair.

According to the Romanian legislation in force, all above entities can be privatised, with the exception of the railway infrastructure management.

In 1999 – 2001, a tentative of regionalisation of the rail passenger transport was made, dividing the passenger company into eight short-distance operators for passenger transport and one long-distance operator (including international transport). The idea was that the local governments would pick up the subsidy payments. This solution wasn't applied because of the lack of a legal framework allowing Public Service Obligations (PSO) compensation from local budgets, the lack of an ICT-based ticketing system to allow revenue allocation among the operators, and fragmentation of assets, that caused higher operating costs.

In addition, a Railway Regulatory Authority (AFER) was created for licensing and safety certification.

Rail Infrastructure

In 2004, the national railway network in Romania included 11,053 km of route kilometres⁴ in operation (10,914 km standard 1,435 mm gauge, 78 km narrow gauge and 61 km broad gauge).

Of the total, 3,965 km (35.8%) were electrified, compared with 51% in the EU15. 2,965 km (26.9%) were double track, compared with 41% in the EU15. There are 996 stations and stops.

The railway network decreased in length by 2.7% between 1990 and 2004, due to the closure of several little used lines.

⁴ This means there are 11,053 km of railway services between rail nodes, irrespective of the number of tracks at any location.

Maps in Annex D.2 show the existing rail network in 2005 and the route of the rail TEN-T network, highlighting the route of TEN-T priority axis no. 22.

Table 1-14 Railway network in Romania 1990-2004 (km)

	1990	1995	2000	2003	2004
Total	11,348	11,376	11,015	11,077	11,053
Electrified	3,689	3,866	3,950	3,965	3,965

Source: Statistical Yearbook 2004 and CFR

The railway density is above the EU15 and EU25 average in terms of density per population but is slightly below the average in terms of density per 1,000 km². Compared with neighbouring countries, it is below the average of all except in terms of density per 1,000 km² in Bulgaria.

Table 1-15 Comparison of railway densities by region and country, 2002

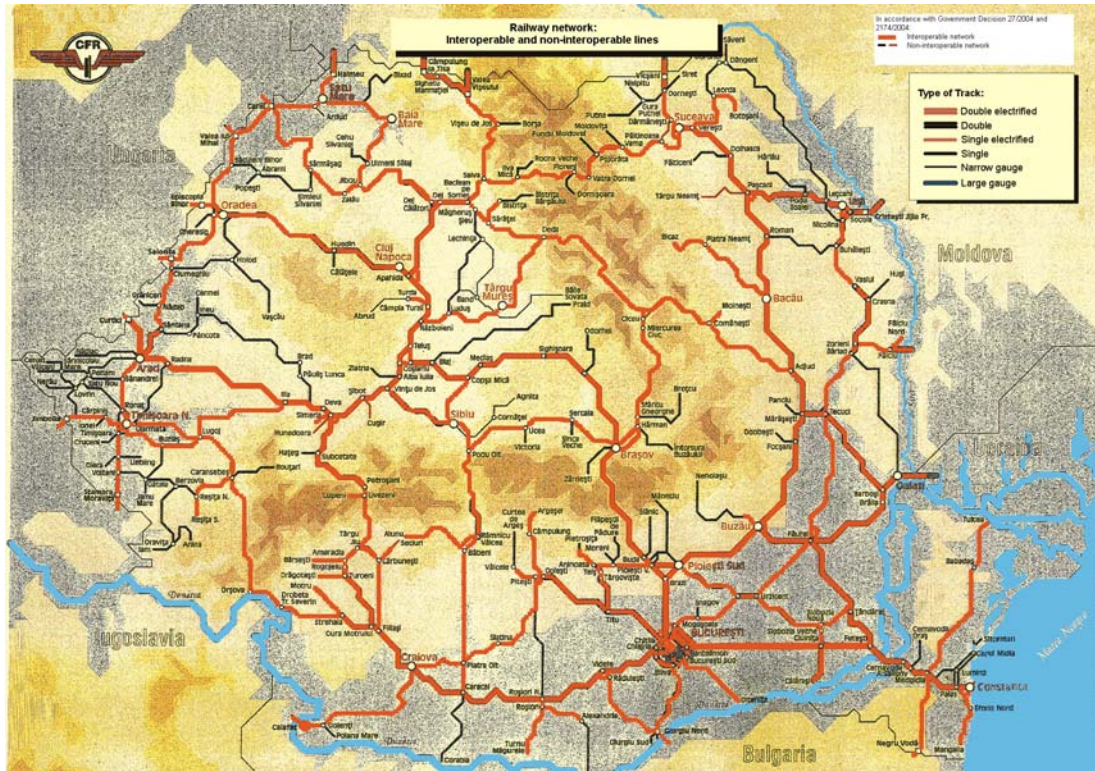
Country	Km of railway / 1,000 km²	Km of railway / million population
Romania	46.1	504.7
EU25	51.2	450.6
EU15	48.1	409.3
Bulgaria	38.9	546.6
Czech Rep.	121.7	941.2
Hungary	82.5	752.5
Poland	65.2	551.6
Slovakia	75.0	680.6

Source: Eurostat Pocketbook: Energy, transport and environment indicators 2005 edition

In 2004, the Romanian government has adopted an approach to reduce the excess railway track by dividing the railway network into two categories: interoperable and non-interoperable. The former, about 70% of the total route network would be maintained in compliance with EU regulations and standards. The latter 30% would be operated under sub-concession agreements by interested public or private entities, further to a tendering process, or closed. The lines account for 2 percent of the freight traffic and 8 percent of passenger traffic. In this context, the term of interoperable network does not however imply that such network is currently interoperable in the sense of EC Directive 16/2001.

The following map shows the railway network planned to become interoperable together with rest of the network.

Figure 1-3 Railway network: interoperable and non-interoperable lines



Source: MTCT

Due to the significant state of usage of the rail network including associated structures, the maximum traffic speed is subject to dramatic restrictions on several routes. On about 27% of the network maximum speed is 50 km/h, while on another 39% of the network the maximum speed is 80 km/h. As a measure of the network deteriorating condition, the number of speed restrictions has been increasing over the last years, affecting 624 km in 2001, against 386 km in 1995.

It should also be noted that the railway gauge is inter-operable. Attention needs to be focused also on signalling communications and controls.

Railway Infrastructure Maintenance

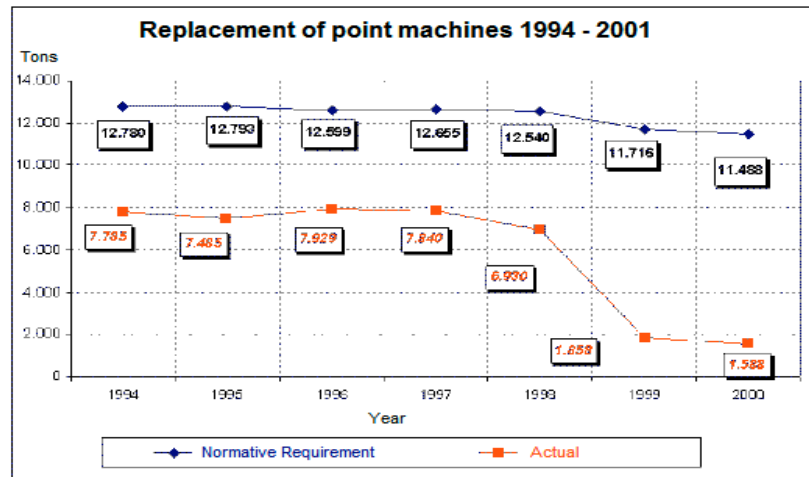
The railway system suffers from a chronic lack of maintenance that has been evidenced for many years and the rehabilitation that will be required to recover the position to achieve acceptable levels of safety at speed is difficult to quantify with any accuracy at this time. Work continues to quantify the cost.

In 2001, 4,000 km of rail track were due for rehabilitation, representing about 30% of the network but this work was not provided with funding.

Also in 2001, out of 18,739 bridges and culverts, 2,700 had exceeded their normal working life, 615 needed urgent complete replacement while 10,403 were due for a major overhaul. It is seen therefore that, insufficient maintenance was affecting over 73% of the bridges and culverts and that this jeopardised safety.

With regard to the status of point machines, the following figure presents the evolution over the period 1994-2001 of (i) the need for replacement and (ii) the actual replacement.

Figure 1-4 Record of replacement of point machines



Source: MTCT

The effect of not conducting this work resulted in a 36% increase in the number of black spots on rail, from 195 in 1994 to 307 in 2001 and an increase of 44% in the length of track affected by speed restrictions (from 349 km in 1994 to 624 km in 2001) to the detriment of the quality of service level provided.

A similar situation was reported on track signalling, telecommunications and electric systems with over 7,000 km of overhead catenary line due for major overhaul, out of a total of 10,600 km (66%), as well as 66 out of 77 traction sub-stations that required complete refurbishment.

The main reason given for the lack of maintenance is the insufficient funding, particularly from the State budget.

In order to recover from this situation, it is proposed that:

- there should be an increase of income to railways through a better track access charge system
- a better assessment of maintenance needs through a computerised system based on actual condition surveys rather than “normative” requirements,
- increased efficiency and reduced costs through procurement of modern maintenance machinery.

Railway Operations

The railway services are predominantly operated by the State companies CFR Calatori (Passengers) and CFR Marfa (Freight), but the market for rail freight transport has been opened in Romania since 1998 with the first private operators starting business in 2000.

There are currently about 30 private railway undertakings licensed by the railway authority for rail transport operations. The scale of their operations remain small but, in 2003 the private freight operators carried 2 million tonne km representing approximately 6.7 per cent

of the total network task; and in 2004 the private operators increased their volumes to 3.2 million tonne km representing 10.5 per cent of the total freight moved for the year. Private passenger operations only started in 2004, mainly on the non-interoperable lines.

Most private operators operate under an association known as ATFER, that sees itself, among others, as a speaking partner to the Ministry of Transport on legislative matters.

Access charges and State support

All rail operators have access to the network against payment of a track access fee. The system is non-discriminatory and designed to implement the requirements of EC Directive 2001/14.

The State is providing compensation for passenger services (PSC represent about 60% of the total State support to Railways), as well as support to the infrastructure company for investments. The budget support for infrastructure is however inadequate to cover the actual cost because of excess track and a backlog of deferred maintenance that has accumulated over the past decade.

All investments are funded by means of IFI loans and grants as well as the State budget. Most investment needs of CFR and CFR Calatori are covered by the State budget, including about 80-90 % of their debt service payments. The total amount of the State support to the railways is about 0.7% of GDP.

Until recently, the access charge was much higher for freight than for passengers, partly because the State was actually unable to pay for the full cost of Public Service Compensation for passenger services and the freight company (CFR Marfa) cross-subsidized these services. This caused the track access charges to be much higher for CFR Marfa than CFR Calatori. In 2003, track access charges were Euro 3.6/train km for Marfa and Euro 1.0/train km for CFR Calatori. This undermined CFR Marfa's competitiveness and in turn reduced CFR's revenue to maintain the track and pay for the employment and social taxes of its staff.

The track access charges (TACs) for CFR Calatori increased from EUR 1.0/train-km to EUR 2.4/train-km in March 2004. From 2007, CFR Calatori is scheduled to pay a higher rate of EUR 3.6/train-km. Rail freight access charges will remain at EUR 3.6/train-km. This will result in a significant increase in the level of Public Services payments, but will help to focus on the need for further rationalisation of passenger services, and the refinement of a clear Public Services contract to cover only obligations deemed essential and affordable by the State budget.

Fleet and services

The fleet of CFR Calatori (passengers company) 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 CFR Marfa (freight company) fleet includes:

- 927 locomotives
- 55,000 freight wagons, and
- 2 ferry boats of 12,500 tdw each.

Most 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.

In theory the capacity of the existing rail infrastructure is technically sufficient to satisfy the demand and in 2004, 99.5m passengers were transported by rail (of which 0.5m were international passengers), generating 8.6 billion passenger-km.

This amounted to 43.8% of the total number of passenger-km transported by public transport in Romania⁵ and is estimated to constitute 12% of the total passenger movements by road and rail.

Table 1-16 Evolution of rail passenger transport

	1990	1995	2000	2003	2004
Passengers (mln.)	407.9	210.7	117.5	94.8	99.5
Pass-km (mln.)	30,582	18,879	11,632	8,529	8,638

Source: Statistical Yearbook 2004, National Institute of Statistics 2005

The rail passenger transport has declined for several reasons:

- greater attractiveness of private car that provides a door to door service against rail public transport point to point service,
- decreasing competitiveness against mini-bus services, in terms of journey time, frequencies and prices operating on similar routes.

The poor condition of the rail infrastructure has triggered a reduction of the operational speed while the level of comfort is affected by the ageing passenger fleet.

In addition, the train timetable does not appear to be suited to the current needs, in particular because of the extensive use of large train units at low frequencies. It appears that the rail passenger company is primarily operating trains before meeting passenger needs; in other words, it is still not customer-oriented enough as remains the case in many other countries.

Compared with the EU15, EU25 and EU27, the rail passenger-km per inhabitant per year are lower in Romania. The average in the EU 15 around 800, compared with 400 in Romania. Only Bulgaria has less.

⁵ It may be noted that national statistics do not include traffic data relating to private cars. Thus, modal shares quoted in official documents usually refer to shares in public transport rather than total transport.

Table 1-17 Comparison of rail passenger transport by region and country, 2002

Country	Passenger-km / inhabitant
Romania	390
EU25	773
EU15	812
Bulgaria	330
Czech Republic	646
Hungary	1,037
Poland	540
Slovakia	499

Source: Eurostat Pocketbook: Energy, transport and environment indicators, 2005 edition

In 2004 over 72 million tonnes of freight were transported (of which 20.9 million were international and 0.7 million were in transit), generating 17 billion tonne-km. This figure represents 31% of the total number of tonne-km transported by both road and rail.

Table 1-18 Evolution of rail freight transport

	1990	1995	2000	2003	2004
Tonnes (mln.)	218.8	105.1	71.5	68.8	72.7
Tonne-km (mln.)	48,912	17,907	16,354	15,039	17,022

Source: Statistical Yearbook 2004, National Institute of Statistics 2005

Compared with the EU15 and other neighbouring countries, the amount of rail freight is very high in comparison with GDP, equalled only by Slovakia. It is currently more than ten times the amount transported in the EU but indications are that this will not be maintained.

Table 1-19 Comparison of rail freight transport by region and country, 2002

Country	1000 tonne-km / GDP (EUR mln.)
Romania	538
EU25	45
EU15	31
Bulgaria	440
Czech Republic	334
Hungary	174
Poland	349
Slovakia	538

Source: Eurostat Pocketbook: Energy, transport and environment indicators, 2005 edition

The main advantages of passenger and freight rail transport are:

- Rail has greater energy efficiency than road transport
- Energy efficiency is better for rail transport as energy consumption per transport unit is 10% of the consumption by road transport
- It generates less environmental pollution with the quantity of air pollutants only 10% of that of road transport.

- For passengers, rail provides a wide social benefit due to the wide national spread of the rail network and is considered safer than travel by coach or car.
- Rail has fewer accidents per passenger km and tonne/km than road transport.
- Although it could be said that water transport has advantage over rail, the limited services currently available by inland waterways make water borne traffic for passengers and freight advantageous in only a few specific circumstances.

In the past 15 years the market share held by Romanian rail transport has fallen at a greater rate than that in the EU15. Romania is not alone as this has also occurred throughout Eastern Europe and is due to economic changes such as the closure of some industrial facilities that produced freight suitable for rail (low cost bulk raw materials), along with the rationalisation and restructuring of transport patterns following the dramatic political changes in 1990. It is also due to the increased competitiveness within the road haulage industry.

Railway restructuring and modernisation

Significant financial support has been provided to the Railways, starting with the Railway Rehabilitation project that started in 1996, co-funded by the IBRD, EBRD and the Phare Programme.

Three main priorities can now be identified:

- consolidation of the railway restructuring process,
- improvement of the infrastructure,
- modernisation of the passenger services.

A framework for restructuring the railways comprises six key components:

- reduction of excess staff (about 10% of the number in December 2003);
- reduction of excess railway track (3,000 km, or 30% of railway route length in December 2003);
- implementation of fair, transparent, and competitive track access charges;
- rationalisation of passenger services, and refinement of a clear public services contract;
- transformation of the railways into a fully commercial business;
- private sector participation in the operation and management of railways, particularly in the provision of freight services.

Infrastructure:

Upgrading the TEN-T rail network has been given special attention. It is estimated that 50% of the total rail traffic in Romania is on the TEN-T network representing some 20% of the total Romanian rail system length. The general objective of the rehabilitation and upgrading works, in line with the AGC requirements, is to meet speeds of 160 km/h for passenger trains and 120 km/h for freight trains, while implementing interoperability.

The TEN-T infrastructure rehabilitation programme started in 1999 with an EIB loan under which the Bucharest – Campina section (90 km) of the Bucharest – Brasov line has been rehabilitated. The Bucharest – Constanta line (225 km) is currently being rehabilitated under ISPA and JBIC funding, while ISPA – financed works on the Campina – Predeal section (40 km) are under tendering.

Passengers services:

The rail market share has been sharply decreasing with regard to passengers transport, in favour of private cars but also mini-buses services that are seen as providing better frequencies for lower costs.

The improvement of passenger services therefore implies:

- reform of the timetable by introducing higher frequencies (and smaller trains),
- improvement of the rolling stock so as to increase comfort and reduce operating costs,
- modernisation of the railway stations so as to increase attractiveness of rail transport.

1.4 Air transport

Overview

There are 17 airports currently operating in Romania⁶. 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.

Figure 1-5 TEN-T Airports Romania



Source: European Commission

⁶ Aspects of the experience with liberalisation process of the air transport market within the transitional period of Romania for accession as full membership state of the European Union, February 2003

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:

Table 1-20 Airport ranking by passenger number

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

Table 1-21 Romanian Air Traffic, 2000-2005

	2000	2001	2002	2003	2004	2005
ATMs ⁷	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.

⁷ Air transport movements, commercial only

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.

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 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.

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.

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. It is envisaged that the General Transport Master Plan, due to be launched in 2006, will address air transport policy issues.

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.

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.

1.5 Waterborne transport

The Romanian water transport network includes seaports, river ports, and inland waterways. Constanta, its major seaport and the largest on the Black Sea, is linked via the Danube to Serbia, Hungary, and Austria, and then via the Rhine-Main-Danube Canal to the Rhine as far as Rotterdam on the North Sea.

The ports of Constanta, Midia, Mangalia, and Tomis are operated by the 100% state-owned joint stock company National Company Maritime Ports Administration Constanta (MPAC). MPAC is a member of EcoPorts, the European Intermodal Association (EIA), International Association of Ports and Harbours (IAPH), the International Association of Cities and Ports (IACP), and is a corresponding member of Inland Navigation Europe (INE). Maritime Ports Administration Constanta S.A.

The Danube – Black Sea Canal linking the port to the inland waterways is owned by the State and operated by the National Company for Navigable Channels Administration (Compania Nationala Administratia Canalelor Navigabile S.A), based in Constanta, formally a commercial company owned by the MTCT.

Otherwise, the water transport infrastructure is managed by:

- the National Company for Administration of the Danube Maritime Ports in Galati (Compania Nationala Administratia Porturilor Dunarii Maritime S.A.) and
- the National Company for Danube River Port Administration in Giurgiu (Compania Nationala Administratia Porturilor Dunarii Fluviale S.A.),
- the Autonomous Agency for Management of the Lower Danube (Regia Autonoma Administratia Fluviala a Dunarii de Jos) located in Galati.

1.5.1 Seaports

The seaports of Constanta, Mangalia and Midia are on the Black Sea, while Braila, Galati, Tulcea and Sulina on the Danube operate as river/sea ports. The maritime section of the Danube consists of the 170 km length from Sulina to Braila.

Constanta Port

The Port of Constanta is the main Romanian port and the largest port in the Black Sea. It offers a link between the developed countries of Western Europe, and the emerging markets of Central Europe, with the raw resource from the CIS, Central Asia and Transcaucasus, and with containerised cargoes from the Far East.

Constanta has a strategic geographic location that has the potential to provide access to Europe from the Black Sea and a transshipment point between the maritime network and the road, rail and inland waterway networks. It is located at the crossing of TEN-T priority axes 7 (Road), 18 (Rhine/Meuse-Main-Danube inland waterway), and 22 (Rail) and thus has the potential to become an alternative gateway for the Central/East Europe – Asia corridor.

Its two satellite ports, Midia and Mangalia, are located nearby, and share functions with the main port.

Constanta is a multi-purpose port with modern facilities and sufficient depth to accommodate Suezmax vessels. It has direct access to TEN-T priority axis 18 via the Danube Black Sea Canal, potentially offering lower cost waterway transport links with Central Europe. It has good links to rail, road, river, air transport and pipeline modes. Its container capacity has grown with the development of a new Container Terminal on Pier II South, and it has Ro-Ro terminals allowing development of short sea shipping serving the Black Sea and Danube riparian countries.

The capacity of Constanta Port is approximately 105 million tonnes / year following the commissioning of the new Constanta South Container Terminal (CSCT), and it covers an area of approximately 1,312 ha of land and 2,614 ha of water. It includes a 29.83 km long network of quays with up to 19 m of water depth. It can accommodate ships with a maximum capacity of 165,000 DWT for dry bulk and 250,000 DWT for liquid bulk cargo.

Figure 1-6 Aerial photograph of Constanta Port



Source: Constanta port website

The condition of the infrastructure is deteriorating from age and in many cases equipment is operating 20 years beyond its economic life.

Nevertheless, throughput has increased rapidly in recent years, as shown below.

Table 1-22 Constanta Port Traffic 2000 – 2005 (million tonnes)

2000	2001	2002	2003	2004	2005
33.1	33.8	40.5	43.2	50.4	61.1

Source: Constanta Port Handbook 2005-2006

Traffic through Constanta, Midia and Mangalia increased from 50 to 61 million tonnes between 2004 and 2005. Maritime traffic increased from 39 to 47 million tonnes, while river traffic increased by 23% 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%.

Apart from containers (7.4 million tonnes), the main types of cargo handled in 2005 were iron ore (12.62 million tonnes), crude oil (8.68 million tonnes), oil products (5.29 million tonnes), and grain (6.01 million tonnes).

The main development and modernisation programmes implemented since 2000 have been:

- Completion of the rehabilitation of Constanta Port's North and South piers
- Completion of first phase of the new container terminal (Mol II S)
- Introduction of a modern VTMS information system, improving high-level management of the port and linking it into the global ports system.

Three environmental projects were completed in the port in 2005, including commissioning of a new MARPOL vessel, provision of a new landfill site, and provision of a new incinerator for hospital and ship waste. Work on a waste-water treatment station will be completed in 2007. Also in 2005, a new passenger terminal was built, as was a new x-ray scanning station for containers and vehicles for Customs.

The number of vessels calling at the three ports increased from 5,277 vessels in 2004 to 5,511 vessels in 2005.

Two container stevedores operate at Constanta: Socep and DP World, which controls the new CSCT terminal. Of the 768,000 TEU handled by these two stevedores in 2005, some 60% was transhipped to other Black Sea ports, leaving about 310,000 TEU to be distributed inland by road, rail, or waterway. Waterway container traffic is almost inexistent, but rail has a share of about 45%.

Constanta South Container Terminal (CSCT), the terminal operated by DP World, has increased volumes by more than 450%, achieving around 560,000 TEU in 2005 compared with just under 100,000 TEU in 2004. The quality of the operation meets international standards.

CSCT handles a mix of local cargo and trans-shipment cargo for many other countries in the Black Sea region. Barge services linking Constanta and Belgrade have recently been initiated, and there are plans for a rail link between CSCT and Budapest.

1.5.2 Inland waterways

The Romanian sector of the Danube River, between Bazias and Sulina, has a total length of 1,075 km of which 320 km is entirely on Romanian territory. The remainder is shared as a State Border with Ukraine (55 km), Moldova (0.97 km), Bulgaria (470 km) and Serbia and Montenegro (230 km). In practice this means that rehabilitation projects on all but the section where Romania has sole responsibility, must be agreed and coordinated by both countries and put into effect at the same time.

Figure 1-7 Inland waterways and ports network



Source: European Commission

The Romanian inland waterway system is shown on the map above.

It is focused on the Danube in the south of the country. It also includes the secondary navigable branches of the Danube and the Danube - Black Sea and Poarta Alba - Midia Navodari canals between the Danube and the coast in the vicinity of Constanta. There are in addition various small branches, including in the Danube Delta, mostly used for leisure and local (low volume) freight traffic. The branches of the Danube offer an additional 530 km of navigable waterway.

The Danube is an international inland waterway that stretches from the Black Sea at Sulina in Romania via Belgrade in Serbia, Croatia, Budapest in Hungary, Bratislava in Slovakia and Vienna in Austria to its source in the Black Forest Mountains in Germany. It has a total length of 2,845 km. It is navigable as far as 2,411 km up to Bamberg from where it links to the Rhine via the 171 km long Bamberg/Kelheim canal.

In Romania, the 170 km section between Braila and the Black Sea can handle maritime shipping. The remainder, also called fluvial Danube, can handle ships and barges up to 2,000 dwt. The whole Romanian section of the Danube is navigable, but transport is hindered by seasonal low water levels and in 2003 traffic volumes declined sharply due to an unusually long low-water period in the summer.

The Danube is part of the Priority axis TEN-T-18: Rhine/Meuse-Main-Danube inland waterway axis and it provides Romania and the other countries through which it passes with major new opportunities for the development of water transport.

The Danube also acts as a natural barrier to road/rail transport. It has just three bridges on the Romanian section and two dams at the Iron Gates I and II, although the construction of a fourth bridge is planned at Vidin - Calafat and there are several ferry crossings for vehicles and passengers.

Altogether Romania has 32 inland waterway ports with a total capacity of 52 million tonnes / year. Among these, thirteen are part of the TEN-T network. Five river/sea ports namely Constanta, Braila, Galati, Tulcea, and Sulina have a total traffic capacity of approximately 34 million tonnes / year, and allow access to sea-going vessels of up to 25,000 dwt of capacity, 180 m in length, and a usual maximum 6.9 m draught (limited by the depth of the Sulina Canal).

Romanian river ports, under the responsibility of the company for Danube River Port Administration, have a total of 16,200 m of quays, of which some 20% are said to be over 60 years old and urgently in need of reconstruction, with another 65% in poor physical condition due to lack of funds for maintenance and repairs.

Maintenance issues

There are two Authorities operating under MTCT responsible for the required physical conditions for navigation:

- River Administration of Lower Danube (AFDJ) for the river and maritime sections of the Danube River
- Administration of Navigable Canals (CAN) for the Danube-Black Sea Canal and its branch canals

The main responsibilities include the need to assure the fairway with sufficient depth for navigation provide fairway marking and the thalweg survey. The Danube Commission Requirements are for a minimum 2.5m navigation depth, “Least Available Depth” (LAD) for ENR (94%)⁸ water level, and current river management activity (mainly dredging) does not ensure that this minimal level is maintained at a number of critical spots. This has led to a cessation of traffic flow at certain times of the year. For the seagoing vessel section Braila – Sulina, a 7.3m depth is required and this is generally ensured. The Danube-Black Sea canals provide a guaranteed navigation depth of 6 m.

⁸, „Etiage de Navigation et de Regularisation”- the level above which the flow is situated for 94% of the time

A table with current and required efforts for dredging is as follows:

Table 1-23 – Dredging of Danube River by Romanian party

Section	Current situation		Estimates for 2m LAD		Estimates for 2.5m LAD	
	Mil m ³	Mil Euro	Mil m ³	Mil Euro	Mil m ³	Mil Euro
Bazias-Braila	0.8	2	1.75	4.4	4.6	11.6
Braila-Sulina	0.7	3.9	0.7	3.9	0.7	3.9
Danube-Black Sea Canals	0.34	1.2	0.34	1.2	0.34	1.2
Total	1.84	7.1	2.79	9.5	5.64	16.7

Source: Ecorys Report, 2006

Maintenance of the navigable channel, including dredging, on the Romanian / Bulgarian section is shared between the two countries: Romania is responsible for the Portile de Fier II – Turnu Magurele while Bulgaria is responsible for the Turnu Magurele – Calarasi section.

Fairway marking is performed on a monthly basis and includes replacement of about 30% of buoys a month. Fairway marking annual cost is 3.0 mil Euro. Thalweg survey is important for identifying changes of the river-bed depth and alignment, which has particular applicability at bottlenecks and is performed monthly at an annual cost of 1.1 mil Euro (Ecorys Report, 2006).

It is important to confirm that as the use of the river part of the Danube is free of charge, due to its international status, no revenues are collected and maintenance funding has to be ensured by the Romanian State.

Port infrastructure, including quays, building and navigation channels belong to MTCT through two authorities:

- Fluvial Danube Ports Administration (APDF) and
- Maritime Danube Ports Administration (APDM)

Both APDM and APDF have suffered from the economic downturn of the last decade, however they have succeeded in maintaining essential port infrastructure, although not all of the desirable maintenance was possible. The current port development strategy aims at maintaining all ports along the Danube, irrespective of their size and current economic viability. Maintenance works for ensuring the good quality at quays and walls amounted to 2.5 Meuro from the own port funds and 3 Meuro from EC funds for the period 2001 to 2004.

Inland Waterway Traffic

The opening of the Rhine-Main-Danube Canal in 1992 linked the Rhine with the Danube, and thus created a direct 3,500km waterway transport route between the North Sea and the Black Sea.

In subsequent years, the canal generated new westbound traffic, but political instability in the Balkans and the related conflicts in former Yugoslavia led to stagnation and to a complete breakdown of freight traffic along the lower Danube in the 1990s. After the destruction of the bridge at Novi Sad, in 1999, navigation in this section of the Danube was blocked, creating a

major obstacle to the development of Danube navigation, until the waterway was reopened in October 2005.

Danube traffic recovered strongly in more recent years, as is shown in the table below:

Table 1-24 Inland waterway freight transport, 1990 – 2004

	1990	1995	2000	2003	2004
Tonnes (mln.)	12.0	14.4	13.1	12.8	14.6
Tonne/km (mln.)	2,090	3,107	2,634	3,521	4,291

Source: Statistical Yearbook 2004, National Institute of Statistics 2005

In 1995, the latest year for which comparative data is available, cargo traffic on the Romanian inland waterways accounted for 14.4 million tonnes and 3,107 million tonne-km, much higher than the new EU member states achieved in the same year: 2 million tonnes in the Czech Republic, Hungary, and Slovakia, and 10 million tonnes in Poland. This suggests that the greater proportion of inland waterway traffic in Romania starts and ends within the country.

The Romanian figures are much lower when compared with other EU member states: 128 million tonnes in Belgium, 329 million tonnes in Holland, and 91 million tonnes in Finland. This is a matter of the size and capability of the networks, and the availability of large volumes of appropriate cargo.

Between November 2003 and February 2004, the Romanian inland water transport fleet was subject to a thorough legal and technical investigation, according to Romanian standards and EC Directive 82/714/CE. As a result, 279 ships from a total 1,563 propelled and non-propelled vessels were denied reconfirmation of their nationality certificates, are to be repaired or scrapped.

Development and Modernisation Projects

The main development and modernisation programmes implemented since 2000 have been riverbank protection and flood control works for the Danube-Black Sea lengths and the Poarta Alba-Midia-Navodari Canals.

Where the Danube River is under a “natural flow” regime measures for improving the conditions of navigation are required to ensure efficient and safe operation of the maritime standards section of the river, as well as improving the quality of navigation on the Sulina Channel by rehabilitating and consolidating the riverbanks, and establishing topo-hydrographic measurement and signalling systems on the Romanian section of the Danube River. A ship traffic survey and management system is also under way on the Romanian section of the Danube River.

The “river standard” section of the Danube River from border crossing point to hydro-technical and navigation works of Portile de Fier II (km 863) provides appropriate conditions for navigation because it is under a “trained flow” regime, while the section downstream of Portile de Fier II is under a “natural flow” regime, creating difficult navigation conditions on some sections when water levels are low. An ISPA financed programme for improving navigation conditions on the Calarasi – Braila section is in progress. Works are expected to

start in 2006. Another programme for improving navigation conditions on the Romanian-Bulgarian section of Danube River is due to be promoted.

The harbour administrations are in charge of maintenance of the port infrastructure and primarily the piers. Lack of related funding has however led to significant deterioration of these, sometimes up to a point where they cannot be operated any longer. The need for proper operation as well as the intended development of new, specialised terminals, is therefore driving a number of project proposals. Actual terminal operations are often concessioned to private companies.

As part of a trans-European transport network, the Danube has potential for the development of tourism in areas adjacent to the river and the Danube Delta, and for improvement of operations at river harbours, as well as being part of combined transport development. For this reason, projects aimed at ensuring that the Danube environment is not harmed by port operations are being put forward.

1.6 Intermodal and combined transport

Road freight 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 planned to encourage more environmentally friendly transport modes and increase the efficiency of door-to-door freight transport chains, by using rail or waterway as well as, if necessary, air and road.

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

Table 1-25 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 (millionTkm%)					
Rail	65	54	52	30	29
Road	33	39	41	62	64
River	2	6	8	7	7

Source: MTCT

Water transport is a low cost mode for bulk movement of large volumes of cargo, but can only be used where a 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 therefore there are only specific instances where waterways are suitable for use as part of intermodal transport chains. Romanian river ports are also poorly equipped for intermodal transport.

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. There are no facilities for movement of trucks by rail, and there is very limited movement of domestic freight intermodally.

There is some potential for the inland waterway movement of maritime containers, which is discussed in the waterway section, but the movement of freight vehicles by water, which has happened on the Austro-Hungarian section of the Danube, is not considered a realistic likelihood for Romania in the period under consideration.

One of the projects under consideration under the 'intermodal' heading is for a rail/air interchange at Timisoara. This concept is globally unique and not further considered here. The remainder of this section considers the conventional rail/road combined transport concept as applicable (and in current use) in Romania.

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. Most of these, about 80%, are however destined for private sidings rather than intermodal terminals, which is unusual in Western Europe. Rail movement is also carried out in general trains rather than block trains, which is also not usual in Western Europe, as these services are not regarded as economic, and do not offer the required quality of service.

Romania's network of intermodal freight terminals have been designed to a standard pattern. These terminals are owned and operated by a subsidiary of CFR Marfa, the main rail freight company. They are serviced from marshalling yards, have two tracks under rail mounted gantry cranes, 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.

An Intermodal study⁹ is ongoing under EC Funding and their preliminary findings have been considered within this report.

⁹“Assistance to Elaborate a Strategy Regarding the Positioning of Freight Logistics Centres (Freight Villages) on the Romanian Railway Network” undertaken by Halcrow

Figure 1-8 Typical terminal layout in Romania



Source : Intermodal study, 2006

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.

For the Intermodal study proposals for the development of a new system of terminal operation and management, a wide range of actual and potential customers were interviewed, and it was established that they were concerned about the inadequacy of existing terminal facilities, the inflexibility of terminal operations, traffic delays at the port of Constanta, and poor security both on terminals themselves and on trains.

They 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 that was highlighted, is the over-complicated documentation required by railway operators and/or customs authorities.

In the Intermodal study the 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%.

Table 1-26 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%

Source: Intermodal study, 2006

A survey of road movements at Constanta demonstrated the internal regional origins and destinations of export and import loaded containers as follows:

Table 1-27 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

Source: Intermodal study, 2006

1.7 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.

Table 1-28 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	24,007	27%	12,343	16%	7,700	12%	9,438	13%
Railway	30,582	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 Institute of Statistics

Table 1-29 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	28,993	36%	19,748	48%	14,288	43%	37,220	64%
Railway	48,912	61%	17,907	44%	16,354	49%	17,022	29%
Inland Waterway	2,090	3%	3107	8%	2634	8%	4,291	7%
Total	79,995	100%	40,762	100%	33,276	100%	58,533	100%

Source: National Institute of Statistics

The changes in the transport pattern have resulted in congestion on some road sections and have 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:

Table 1-30 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.

2. SWOT ANALYSIS

Strengths	Weaknesses
<p>Romania is located at an important point of entrance to the EU and has good potential for new road and rail links to neighbouring countries and to the Black Sea for international trade</p> <p>Low cost skilled labour force with good basic education available although new skills will be required to meet transport reconstruction demands</p> <p>Prime location along key axis on TEN-T and on Corridor IX that provides good accessibility to neighbouring countries.</p> <p>Well established and competitive, privately operated road freight and passenger services are available in most main locations</p> <p>Extensive railway network with innovative private operators providing local services</p> <p>Danube and other inland navigation waterways are well connected to provide new potential for low cost bulk freight, development of intermodal container traffic and leisure use.</p> <p>Constanta Port (the largest on the Black Sea) is on TEN-T and has adequate space for expansion and increased throughput with sufficient draught for the largest ships and shipping lines who are expanding their operations and trade routes.</p> <p>Extensive water transport resources are being developed that are well suited to low cost bulk transportation of low value commodities in an environmentally friendly mode that requires relatively little network development and maintenance and can provide a cost effective link in the development of new higher value intermodal transport systems.</p> <p>Multimodal transport (road/rail) is an established environmentally friendly mode and has a high share of the current Romanian inland container transport that provides a cost effective alternative to road transport.</p>	<p>Transport infrastructure design and build quality was not to EU standards so that significant investment is now needed for rehabilitation to the EU standards.</p> <p>Insufficient institutional capacity for the management and implementation of the SOPT. It is therefore proposed that improvement in institutional capacity should be addressed through technical assistance.</p> <p>Multimodal transport initiatives are lacking for future development</p> <p>A distortion previously existed between the establishment of road and rail infrastructure in favour of rail.</p> <p>Safety issues are regarded as a key weakness area in all but air transport as detailed in the respective sections.</p> <p>Good private road freight and passenger services do not operate in most rural locations.</p> <p>Road network is underdeveloped throughout country and poorly maintained creating high accident risk</p> <p>Few motorways with no links to EU, the development regions or neighbouring countries.</p> <p>Low maintenance investment of rail infrastructure resulting in speed restrictions and level-crossings are in poor condition.</p> <p>Rail wagon and locomotive provision does not meet current customer demand and for freight the few block train operations limits effectiveness for intermodal operations No coordinated contact with rail customers, no mode champion, inflexible pricing and excessive documentation.</p> <p>Rail passenger numbers and freight volume by rail is in decline.</p> <p>Low investment on new build and maintenance of fluvial and maritime port infrastructure including handling facilities. Danube navigation for large vessels limited by depth and width of canals and river and with few bridges and ferries for transit by road transport, creates a natural barrier to trade.</p> <p>Lack of investment in river management and services reduces the value of the waterways, with traffic loss to other modes</p>

Opportunities	Threats
<p>Sustained economic growth will lead to greater international trade</p> <p>New opportunities to use additional EU funds for development of transport infrastructure in all transport modes.</p> <p>More privatisation to attract inward investment in all transport modes to relieve fiscal support by government.</p> <p>Increased mobility within Europe will create the potential for economic growth in all economic regions.</p> <p>Strength in of the business climate will result in improvements in the manufacturing, agricultural and industrial sectors, leading to greater transport demand.</p> <p>Potential to develop new cost effective and environmentally friendly bulk freight and container traffic by waterborne means, in addition to leisure traffic on the Danube River.</p> <p>Development of business travel and tourism by the increasing customer demand for low cost air travel to Bucharest and regional airports for trade development throughout the country.</p> <p>Potential to restructure rail operational services (more block trains) to increase the use of the cost effective multimodal transport modes for transit, international and domestic container traffic.</p> <p>The potential to provide greater access to Europe from the Black Sea riparian countries and to create a cost effective transshipment point between the maritime network and the road, rail and inland waterway networks of Romania.</p>	<p>Project preparation and feasibility studies as well as land acquisition issues have been taking too long to implement and resolve. Unless there is an improvement in this area to conform to accession requirements there could be lost opportunities to use EU funding.</p> <p>If there are insufficient national funds available for co-financing investment opportunities some projects will be delayed.</p> <p>Unless the institutional capacity is effectively strengthened for the management and implementation of SOPT, through <i>inter alia</i> human resources development and technical assistance, implementation bottlenecks might jeopardize the investment strategy in the transport sector.</p> <p>The pace of reconstruction works has been slow to date and in future the N+2 / 3 rule will require faster implementation to prevent compromise or reduction in funding</p> <p>There is a shortage of skilled resources and there are not enough experienced contractors and suppliers in Romania to meet the developing needs and this could result in higher costs</p> <p>Transport infrastructure needs to be significantly upgraded with attractive rates and service levels to prevent internal transport cost increases and to encourage Romania to be seen as a route into Europe, rather than servicing only domestic traffic.</p> <p>Rail service, cost and efficiency for both passengers and freight must improve to prevent further decline of rail transport in favour of road transport.</p> <p>There is a risk that if there is insufficient response to customer demand at Constanta for improved services then both rail and waterways transport will be deprived of opportunities to expand</p> <p>Increased efficiency of road transport operations through the building of new motorways and through the application of all EU laws on road transport will increase competition, reduce prices and increase efficiency, making intermodal transport less attractive.</p> <p>There is a need to find a balance between the development of the main road and rail axis routes into Romania with increased accessibility to national routes and services, with the limited funds available</p>

3. STRATEGY

The Strategic Objective of the Romanian National Strategic Reference Framework (NSRF) for 2007-2013 addresses promotion of competitiveness, development of basic infrastructure and development and effective use of human resources, with a view to reducing the social and economic development disparity between Romania and EU member states.

The principal objective for the transport sector in the NSRF focuses on the provision of an adequately developed, modern and sustainable infrastructure, appropriately maintained, facilitating the safe and efficient movement of persons and goods nationally and within Europe and contributing positively and significantly to the economic development of Romania.

The transport sector in the NSRF is fully consistent with, and promotes the Lisbon and Gothenburg strategies of growth, jobs and sustainable development.

3.1 Objectives

The formulation of the *Sectoral Operational Programme – Transport (SOPT)* objectives draws on the SOPT analysis of the current state in transport and SWOT, which were presented in the previous chapter with due consideration to the commitments Romania has made through the *Negotiation Chapter 9 –Transport* as well as to the *Community strategic guidelines for the cohesion policy in support of growth and jobs, 2007-2013*.

The poor quality of transport infrastructure and services is a major obstacle to social cohesion and the economic development; e.g. it impedes competitiveness, movement of goods and labour, business settlements, investment, etc. The upgrading of the transport system is urgent and requires huge investments, but financial constraints require prioritisation based on the earlier sound diagnosis of the transport sector, clear objectives and an integrated strategy to achieve them.

Taking into consideration Romania's need for reducing the social and economic development disparities vis-a-vis EU member states' and that also an efficient, flexible and safe transport system can be regarded as a necessary precondition for economic development, the global objective of the Sectoral Operational Program-Transport (SOPT) is as follows:

Global Objective

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.

Further, the specific objectives are:

- 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.**

Caveats

This SOPT covers only transport projects co-financed by the Government in partnership with the CF and ERDF. It shall not include projects co-financed by third parties including IFIs.

This SOPT covers the financing of first and second-wave transport projects for implementation during the budget period 2007 – 2013. It also covers the financing for project preparation during 2007-2013, which are scheduled for implementation during the next budget period 2014-2020.

While the GTMP has not yet been produced all efforts must be made to ensure consistency in the approach and cohesiveness in the conclusions and results between the SOPT and GTMP.

Next, while transport maintenance projects are not covered under the SOPT¹⁰ they are known nevertheless to have important ramifications for the effective functioning of the Romanian transport system. In order to ensure that transport projects are effectively utilized to their design capacity it is imperative that they are appropriately maintained throughout their design life. However, at times, in the haste to develop new projects, maintenance requirements may not receive their deserving attention without provision for sufficient allocation of funds. This could raise the risk of generating a further backlog of maintenance activities for SOPT projects over and above any existing backlog. Recognizing the risks, the Romanian transport authorities will ensure the monitoring of the adequacy of funding for infrastructure maintenance¹¹ across the Romanian transport system, on an on-going basis.

¹⁰ The fact that transport maintenance projects are not covered in the SOPT and do not receive funding from the CF and ERDF should not diminish their importance. On the contrary it places even more burden on the State to ensure adequate maintenance funding for transport.

¹¹ At present a strategy on improving road maintenance is under consideration by the MTCT, including increased funding. A World Bank project on road maintenance management sector is currently under consideration and a pilot project with EBRD financing is under way with the aim to improve efficiency by implementation of performance based multi-annual maintenance contracts.

3.2. List of Priority Axes¹²

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

1. **Modernization and development of TEN-T priority axes**
2. **Modernization 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**

Each *SOPT priority axis* can be funded by either the CF or the ERDF but not both; and will be supported by one or more *operations*. For each priority axes, key areas of interventions were identified.

The next table presents a brief outline of the list of priority axes and key areas of intervention.

¹² The reader should be warned of the risk of confusion in terminology which must be clarified. *SOPT Priority Axes* refer to major areas of financial intervention by the Structural and Cohesion Funds. On the other hand, *TEN-T Priority Axes* refer to the physical transport routes or corridors, which are located on the TEN-T (*Trans-European Transport Network priority axes and projects 2005, (Van Miert report; EC/DGTREN, 28 July 2005)*) and have been given the highest priority for intervention by the EU and its member states.

Table 3-1

Summary list of SOPT priority axes and key areas of intervention

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

3.2.1. Priority axis 1: Modernisation and development of TEN-T priority axes

Objective	<p>This priority axis should aim at enhancing the territorial cohesion between Romania and the EU member states, by significantly reducing travel times with improved safety and quality of service to principal destinations, domestically as well as Europe-wide, for both passengers and freight, along the TEN-T priority axes 7, 18 and 22. It will be achieved through the development and upgrading of motorways and railway, and water transport infrastructure, with a view to improving the quality, efficiency and speed of transport services, door-to-door, and increasing volumes of freight and passenger traffic from eastern to western Romania.</p> <p>This Priority axis will focus on the development of motorways (TEN-T Priority axis 7) and on upgrading rail infrastructure with a view to its interoperability (TEN-T Priority axis 22). Special focus will be given to inland water transport (TEN-T Priority axis 18).</p>
Source of funding	Cohesion Fund (CF) and the Romanian State budget.
Rationale	<ul style="list-style-type: none"> • The Romanian transport system across all modes is insufficiently developed and of inadequate quality as compared to EU member states impeding the quality, safety and O-D travel time for people and goods. • Long distance Romanian and inter-European transit traffic is particularly disadvantaged due to lack of transport infrastructure at European standards across the TEN-T priority axes 7, 18 and 22. The Danube navigation, as well as the rail and road priority axes require major improvements in their respective infrastructure to offer transport at European standards. • Improved infrastructure along the TEN-T priority axes would enhance the possibilities of increased traffic from Asia via the Black Sea, with Constanta being the principal entry port to Europe. • According to the provisions of the <i>Community strategic guidelines for the cohesion policy in support of growth and jobs, 2007-2013</i>, EU member states should give priority to the thirty projects of European interest located in regions under the <i>Convergence objective</i>, which in the case of Romania are situated on the TEN-T priority axes 7,18 and 22.

<p>Key areas of intervention</p>	<p>3.2.1.1 Modernization and development of road infrastructure along the <i>TEN-T</i> priority axis 7</p> <p>These operations will target construction of new motorways and construction of bypasses for cities located on, or adjacent to TEN-T priority axis 7.</p> <p>In accordance with the commitments made by Romania during the negotiation process for the <i>Chapter 9 Transport Policy</i> in the field of transport, implementation of projects for developing and upgrading the transport infrastructure on the Priority axis TEN-T-7, is an absolute priority.</p> <p>These operations will aim at completing the construction of the motorway on the northern arm of Priority axis TEN-T-7 (Nadlac - Constanta).</p> <hr/> <p>3.2.1.2 Modernization and development of railway infrastructure along the <i>TEN-T</i> priority axis 22</p> <p>These operations aim at making the railway infrastructure <i>inter-operable</i> along the TEN-T priority axis 22; also at improving the quality of rail service by modernizing the railway infrastructure and raising the maximum operational speed to 160 km/h for passengers trains and 120 km/h for freight trains.</p> <p>Another objective of it is for rail to retain its present market share of passenger traffic at 15%, while increasing safety level and reducing travel time.</p> <p>Similarly, the objective for freight is to increase its market share by becoming more attractive and more competitive, particularly against road transport through the provision of higher quality of service and speed based on modern European infrastructure standards.</p> <p>These operations will aim at rehabilitating/upgrading/modernizing Priority axis TEN-T-22 (Curtici - Constanta).</p> <p>In addition to modernizing rail infrastructure and in order to ensure effective inter-operability, the project envisaged by this operation will include the introduction of ERTMS/ETCS level 2 systems.</p> <p>Romania will undertake to develop the ERTMS 2 in full cooperation with its neighbours.</p>
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3.2.1.3 Modernization and development of water transport infrastructure along the *TEN-T priority axis 18*

This Operation addresses TEN-T Priority axis 18, which includes the River Danube along its full length, the Black Sea canal to the port of Constanta as well as the Midia - Poarta Alba canal. It aims at developing the inland water transport infrastructure in Romania in order to increase its utilisation.

Initiatives for the Danube river and canals are mostly intended to reduce the incidence of low water and therefore allow barge convoys to travel fully instead of part-loaded, and to increase average speeds by removing obstructions and reduce the need to wait for other vessels to pass. Some projects aim to increase the flow of the river, creating a self-dredging effect to reduce bottlenecks and ensure the minimum river depth of 2.5m at times of drought.

The conditions for navigation on the Calarasi – Braila and Sulina Branch sections of the Danube will continue to be improved, the bottlenecks on the shared Romanian-Bulgarian Danube section will be addressed, and the Danube – Black Sea Canal banks will be strengthened and completed.

For the purpose of ensuring coherence in the implementation of the project for improvement of navigation on the Danube’s Romania/Bulgaria common sector, Romania will prepare the feasibility study for works on the common sector of the Danube, which will include a schedule of projects/activities on both sides of the border/river. In order to formalize the timely implementation of the project a bilateral agreement on its implementation will be sought.

These projects are intended to increase the competitiveness of inland waterway transport and increase its share against road and rail.

Indicators		No.	%
	Output	Lane-kms of new motorways completed	
	Kms of interoperable railway rehabilitated and/or upgraded		
	Kms of navigable waters fully open for navigation		
Results	Increase in passenger traffic (pass-km)		
	Increase in freight traffic (t-km)		

3.2.2 Priority axis 2: Modernisation and development of national transport infrastructure outside the TEN-T priority axes

Objective	<p>This priority aims at modernizing and developing road, rail, water transport and air transport infrastructure located on the national network outside the TEN-T priority axes.</p> <p>Its objective is to increase passenger and freight traffic with higher degree of safety, speed and quality of service including rail interoperability; in light of the cohesion policy's objective of developing secondary network connections to the TEN-T priority axes in order to address effectively territorial cohesion Europe-wide as well as among Romania's regions.</p> <p>In the pursuit of achieving this objective the SOPT will take full account of other OPs. Possible overlaps with other OPs have already been addressed and eliminated¹³.</p>
Source of funding	ERDF and the Romanian State budget.
Rationale	<ul style="list-style-type: none"> • The Romanian transport system across all modes is insufficiently developed with inadequate quality and poor maintenance as compared to EU member states impeding the quality, safety and origin/destination travel time for people and goods. • Long distance inter-regional movement of people and goods is disadvantaged due to lack of transport infrastructure at European standards across the national routes. • The Rhine-Main-Danube axis is a major freight route connecting the North Sea, Port of Rotterdam, to the Black Sea, in particular Port of Constanta.
Key areas of intervention	<p>3.2.2.1 Modernization and development of national road infrastructure</p> <p>These operations aim at the modernization and development of national road infrastructure sections that are located outside the TEN-T priority axes. Its objective is to increase passenger and freight traffic with higher degree of safety, speed and quality of service. Also to stall and reverse the recent trends in inter-urban bus passenger traffic which has declined by 72% in the last 15 years and is the lowest of the E27 (1/4 of the average EU).</p> <p>Road infrastructure of national importance will be developed and modernized, allowing improved access to industrialized regions and population centres and generally to traffic generating nodes, as well diverting transit traffic away from population centres. To this purpose, the existing traffic flows as well as those forecasted for the programming period 2007-2013 will be taken into account.</p>

¹³ See Section 3.4

	<p>These operations will improve inter-regional accessibility and enhance regional development in Romania by facilitating the movement and therefore promoting the use of locally available supplies and raw materials to industrialized regions; by facilitating access for labour force to these areas; and by facilitating access for the rural population to services including health care in its area of competency and in coordination with the ROP objectives.</p>
	<p>3.2.2.2 Modernization and development of national railway infrastructure</p> <p>These operations aim at achieving <i>rail inter-operability</i> on the national rail infrastructure outside TEN-T priority axes by modernizing rail sections, and by rehabilitating railway stations, bridges and tunnels. Attention will also focus on the preparation of technical specifications for interoperability on the conventional rail network and modernizing power centres.</p> <p>It will be implemented in the context of the introduction of ERTMS/ETCS level 2 systems.</p>
	<p>3.2.2.3 Modernization and development of river and maritime ports</p> <p>These operations aim at financing the modernization and development of river and maritime ports, with a view to increasing efficiency and attractiveness for users and raising traffic for this transport mode.</p> <p>In order to capitalize on the potential of offered by the Rhine-Main-Danube axis, the development of Danube and maritime ports, in particular port of Constanta becomes a major objective.</p> <p>This objective will be achieved by facilitating port operations and efficiency, increase container stacking and handling capacity, and increase vessel safety in the port of Constanta; and also by similar initiatives on other Danube ports subsequent to recommendations of an upcoming proposed study supporting the need for such initiatives.</p>
	<p>3.2.2.4 Modernization and development of air transport infrastructure</p> <p>These operations aims at financing the modernization and development of TEN-T airports, with a view to increasing efficiency and attractiveness for users and raising capacity utilization, as well as connecting effectively to Community and International points.</p> <p>This objective is consistent, with the provisions of the <i>Community</i></p>

	<i>strategic guidelines for the cohesion policy in support of growth and jobs, 2007-2013</i> , in particular as it applies to the promotion of regional development with a special focus on improving the <i>connectivity</i> of landlocked territories to the TEN-T.			
Indicators			No.	%
	Output	Lane-kms of new motorways and of 2-lane roads completed		
		Kms of interoperable railway rehabilitated and/or upgraded		
		Number of ports and harbours upgraded		
		Kms of navigable waters cleared for navigation		
		Incremental airport passenger throughput capacity		
		Incremental air freight capacity		
	Results	Increase in passenger traffic (pass-km)		
		Increase in freight traffic (t-km)		
		Increase passenger traffic through airports (no. of pass.)		
		Increase in freight traffic through airports (no of tons)		

3.2.3 Priority axis 3: Upgrade the railway passenger rolling stock on the national railway network

Objective	<p>Priority axis 3 aims at promoting 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.</p> <p>This objective is part of the overall effort to revitalize the railways for the <i>balancing of modes</i> objective of the <i>White paper –European transport policy for 2010 (EC, 2001)</i></p>
Source of funding	ERDF and the Romanian State budget.
Rationale	<ul style="list-style-type: none"> • The Romanian rail passenger transport services are insufficiently developed and of inadequate quality as compared to EU standards impeding the quality, safety and origin/destination travel time for domestic and international passengers. • There is a high risk that the fast expanding and improved road transport infrastructure with modern motorways and the increased number of cars nationally, will result in shift of passenger traffic from rail to road thus skewing the balance of modes in favour of road transport and against rail.
Key areas of intervention	<p>3.2.3.1 Upgrade the railway rolling stock with up to date train units.</p> <p>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 <i>balance of modes</i>, rail/road in particular, and allow for <i>rail inter-operability</i> by equipping the train units with the European Train Control System (ETCS);</p> <p>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.</p> <p>In order to facilitate the implementation of these operations consideration will be given to introducing a PSO contract for select rail passenger transport routes, which will be <i>inter-operable</i> and will incorporate all newly introduced/upgraded modern rolling stock funded through the SOPT. Such funding will be minimal and only to</p>

	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.			
Indicators			No.	%
	Output	No of EMUs		
	Results	Increase in pass-km		

3.2.4 Priority axis 4: Sustainable development of the transport sector

Objective	This Priority aims at 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 (Gothenburg 2001). It will promote increased levels of safety, minimize adverse effects on the environment as well as promote intermodal and combined transport.
Source of funding	ERDF and the Romanian State budget.
Rationale	<ul style="list-style-type: none"> • Current trends show high fatality rates and property damage caused by transport accidents, particularly on Romanian roads, significantly in excess of European levels. Such accident levels compromise significantly <i>transport safety</i> at European standards. The forecast increases in traffic can only worsen an already unsatisfactory level of safety. • Unless measures are taken to ensure <i>balanced development of transport modes</i> based on the respective competitive advantage of each, through measures such as intermodal and combined transport, indications point to compromising the appropriate balance of transport among transport modes. • Present indications point to increasingly negative effects of transport on the <i>environment</i> unless measures are taken to reverse such trends.
Key areas of intervention	<p>3.2.4.1 Promotion of inter-modal transport</p> <p>These operations promote intermodal transport and 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 operations: consequently, the promotion of intermodal transport refers mainly to the provision of terminal infrastructure or logistics centres for intermodal units.</p> <p>Initiatives will include calls for proposals for the development of intermodal terminals and/or combined transport logistics and distribution centres covering terminal infrastructure.</p> <p>It is expected to aid intermodal operations focussing on rail.</p>
	<p>3.2.4.2 Improvement of traffic safety across all transport modes</p> <p>These operations aim at ensuring implementation of European standards of safety and security across all transport modes including intermodal. It will be controlled by the transport industry branch of MTCT. A number of initiatives will be implemented under this key area of intervention including the following:</p>

	<p><u>Safer roads</u></p> <ul style="list-style-type: none"> • 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.). <p><u>Safer railways</u></p> <ul style="list-style-type: none"> • Electro-dynamic centralization (interlocking), automatic barriers, signalling, etc. <p><u>Safer water transport</u></p> <ul style="list-style-type: none"> • 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. 			
	<p>3.2.4.3 Minimise adverse effects of transport on the environment</p> <p>These operations include the introduction of efficient non-polluting/environment-friendly transport infrastructure initiatives, with European standards and requirements across all transport modes including inter-modal activities and in observance to the Kyoto Agreement.</p> <p>A sub-objective of this operation will be to mitigate the environment impact of past developments in the transport sector prior to the introduction of the sustainable development legislation in Romania.</p> <p>A second sub-objective will be the aid for the establishment of a management environmental system, which will include strategic analysis, assessment of specific impact for the transport sector, monitoring and mitigation measures and inter-institutional co-operation.</p>			
Indicators			No.	%
	Output	Intermodal terminals		
		New Safety regulations New environmental regulations		
	Results	No. of new/upgraded intermodal terminals		
		Reduction in accidents		
		Reduction in fatalities		

3.2.5 Priority axis 5: Technical Assistance (TA)

Objective	<p>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.</p> <p>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, as detailed below.</p> <p>Another objective of this priority 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.</p>
Source of funding	ERDF and the Romanian State budget.
Rationale	<ul style="list-style-type: none"> • 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 • Publicity and promotion of the SOPT to the public-at-large and the beneficiaries are essential requirements for highlighting the role of the Community and ensuring that assistance from the Funds is transparent.
Key areas of intervention	<p>3.2.5.1 Support for effective SOPT managing, implementing, monitoring and controlling</p> <p>It includes activities focusing on streamlining the structural instruments in management, implementation, monitoring, control, assessment and evaluation. This key area of intervention identified the following:</p> <ul style="list-style-type: none"> • Ensure adequate resources for administrative costs and relevant equipment. • Services associated with effective SOPT implementation will include: <ul style="list-style-type: none"> - support for preparatory, managing, implementing, monitoring, controlling, auditing and evaluation activities of SOPT

	<ul style="list-style-type: none"> - 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 <ul style="list-style-type: none"> • Continuous updating and development of the Transport Master Plan (GTMP) and other horizontal studies. • Support for preparation of SOPT for the next programming period. <p>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, services for the Managing Authority and Monitoring Committee, support of management, monitoring and control, audit and SOPT evaluation.</p> <p>In addition, they can provide for the procurement of ICT for management, monitoring, inspection and evaluation activities for the staff directly involved in the SOPT management and implementation, for publicity activities including web site for SOPT establishment and maintenance and organisation and participation in training and exchange of good practice in the management of the SOPT.</p> <p>The beneficiaries of the operations will be the management and monitoring structures, and the staff involved in management and implementation of SOPT of the Managing Authority and of beneficiaries.</p>
	<p>3.2.5.2 Information and publicity regarding SOPT</p> <p>It includes the following:</p> <ul style="list-style-type: none"> • Information campaign promoting and explaining SOPT to beneficiaries, partners and the public. The aim of this activity is to support implementation of the Communication Plan drawn up by the Managing Authority. Various media, advertisements, brochures, posters, seminars and promotion materials will be used for the purpose of this operation. • Website promoting and explaining SOPT. This activity should include an information portal for the benefit of SOPT managing and implementing staff, beneficiaries, partners and the public for accessing SOPT information and providing feedback. • Establishment of a Unit in the Managing Authority to manage information and publicity activities and training of relevant staff and partners in communications skills.

	<ul style="list-style-type: none"> Evaluation of information and publicity activities promoting SOPT and tasks implemented. 			
Indicators			Number	%
	Output	Increase in number of staff		
		Number of information materials and events		
		Number of website visits		
		Number of training seminars		
	Result	Increase in number of staff		
		Number of staff having received training		
Increase in public awareness of SOPT/Funds				

3.3 Coherence and compliance with the Community and national policies

3.3.1. Coherence and conformity of SOPT with Community policies

Community policies	Community policy reflection in	
	SOPT priority axes	SOPT key areas of intervention
<p>Lisbon Strategy: - Growth - Jobs Community strategic guidelines for the cohesion policy in support of growth and jobs, 2007-2013</p> <p>Negotiation Chapter 9-Transport</p> <p>White paper, European transport policy (EC, 2001) - Balanced development across all transport modes - Elimination of bottlenecks - Safety in transport policy - Globalization of transport policy</p> <p>Trans-European transport networks (TEN-T) - priority axes and projects 2005</p> <p>Conclusions of the European Council from Goteborg 2001</p>	<p>Modernization and development of TEN-T priority axes</p> <p>Modernization and development of national transport infrastructure outside the TEN-T priority axes</p> <p>Upgrade the railway passenger rolling stock on the national and TEN-T railway networks.</p> <p>Sustainable development of the transport sector.</p>	<p>Modernization and development of road infrastructure along the TEN-T priority axis 7</p> <p>Modernization and development of railway infrastructure along the TEN-T priority axis 22</p> <p>Modernization and development of water transport infrastructure along the TEN-T priority axis 18</p> <p>Modernization and development of national road infrastructure</p> <p>Modernization and development of national railway infrastructure</p> <p>Modernization and development of river and maritime ports</p> <p>Modernization and development of air transport infrastructure</p> <p>Upgrade the railway passenger rolling stock with up to date train units</p> <p>Promote inter-modal transport</p> <p>Improve traffic safety across all transport modes</p> <p>Minimize adverse effects of transport on the environment</p>

Sustainable development

The sustainable development will be reflected in the reduced impact transport-environment and low pollution from transport activities.

Romania made environment commitments in the negotiation of the Chapter 9 “Policy in transport field” and in the international treaties and agreements signed by Romania and/or EU (UN Framework Convention on weather modifications from 1992, the Kyoto Protocol from 1997, the Geneva Convention on cross-border air pollution etc.) and there will be a continuous cooperation with the environmental authorities.

Therefore there will be a particular focus on:

- elaboration of studies and databases for green house effect emissions across transport modes, to be annually submitted to National Inventory of GHG
- elaboration of critical thresholds and loads in air pollution at national level and at cluster base and elaboration of emissions forecasts on social and economical basis
- development of appropriate infrastructure for waste management for all transport modes
- development of logistics for noise mapping, and mitigation action plans by transport authorities
- Reduction of environmental impact of transport projects and activities

SOPT will follow Romania's objective of reducing the emissions generating the heating effect by 8% as compared to 1989, during the first commitment period between 2008-2012, as a integrant part of the objective of reducing the global emissions generating the heating effect by at least 5% as against 1990 between 2008-2012¹⁴.

All projects for construction, extension or rehabilitation of transport infrastructure financed under the SOPT will be subject to Environmental Impact Assessment procedures under recent Romanian legislation, fully harmonised with the relevant European regulation in force.

This objective will be reached by extending combined and intermodal transport with the related equipment and by using special vehicles with low energy consumption and high environment protection, by introducing highly performing vehicles from a technical and operational point of view, and creating the conditions for sound insulation (such as wooden protection curtains) to reduce noise levels for houses close to road and rail traffic.

Moreover, the concept of International Logistics Centres will be introduced in intermodal transport to improve the efficiency of road and rail transport, the use of electrical trains will be increased, as well as the use of modular units for freight trains. In addition, environmental protection will be enhanced by introducing modern electrical and diesel equipment for passenger railway transport, the extension of electrification of the railway network and the introduction of modern systems and technology for freight loading-unloading in the ports and harbours. Specific projects will be introduced to introduce new technology to control and prevent pollution in the maritime and river transport sector.

Improving the conventional railway infrastructure and the rolling stock will lead to a more attractive and cost effective railway transport system. This is part of the main EU objective for 2007-2013 for revitalizing the railway transport sector system by offering a non-polluting alternative, which will be a safer alternative for both passengers and freight, as compared to other transport modes.

In the air transport field, the use of noisy aircraft will be discouraged, the intentions being to use modern noise monitoring systems in the airports, specific waste systems and takeoff/landing procedures aimed at reducing the impact on the residential neighbourhood.

Special attention will be granted to the provisions in the "Green Book for action against the noise"¹⁵, by using modern noise control systems in the railway and road transport and eliminating noise emissions from the source to protect the public health against the noise.

¹⁴ Kyoto Agreement, 1997

¹⁵ The European Commission Green Book for the future policy on noise, November 4, 1996

Based on the Marco Polo programme on moving the freight traffic from road transport to other transport modes¹⁶, and considering the EC request to continue the program¹⁷ in 2007-2013, the Romanian counterpart achieved the procedures in due time, by signing the “Memorandum for agreement between the European Community and Romania on Romania’s participation to Marco Polo Program”, the operations regarding the intermodality and the combined freight will be encouraged and adjusted, as well as the development of the related equipment network.

Government programmes will support the renewal of the fleet (road vehicles, train sets, maritime shipping fleet, river barges and boats and aircraft), which is one of the ways to reach the objective of durable development. This operation, including regulatory and financial components, will have a decisive impact on reducing environment pollution (water, air, soil) and increasing the energy efficiency of transport.

Additionally, the renewal will have a positive effect on the security of transport in general.

Equal opportunities

Equality of opportunity to groups sharing less than their fair balance of social advantages is a major issue affecting the evolution of the economy and the society in Romania. In the transport sector, men in particular are advantaged in finding a working place. This is why special care will be granted to this aspect and actions will be undertaken to keep the equality principle not only between genders but also with regard to other disadvantaged minorities including the disabled, and immigrant population.

In many countries cultural differences have restricted some aspects of equality but by careful consideration of the issues and in some cases redrafting of employment law a gradual move towards equality can be made.

In many cases economic necessity has powered such change for the benefit of full employment and freedom for the individual.

Competition Policy and State Aid

This Operational Programme has been developed having regard to the Commission’s Guide to the Community rules on State aid. The provisions of Articles 87 and 88 of the Treaty in relation to competition rules are fully respected.

Acting according to its competence set out in the national legislation, the Competition Council, the national State aid authority¹⁸, has provided support to the OP Managing Authority and its Intermediate Bodies in respect of State aid applicable rules and it is providing on-going operational advice and guidance. A special Task Force has been created at the level of the Competition Council in order to undertake these activities on a permanent basis.

The Competition Council, acting as the Contact Point with the European Commission, shall ensure the strict observance of the notification requirements and of the “*standstill principle*”. For those operations covered by a Block Exemption Regulations, the Competition Council

¹⁶ Regulations 1382/2003 from July 22, 2003

¹⁷ “Marco Polo” Regulation proposal by CE nr. COM (2004)0478 final

¹⁸ Competition Law no. 21/1996, republished and the Law no. 143/1999 on State aid, republished.

shall provide the European Commission with all the information required by the relevant regulations. For the operations supported by State aid measures that, according to the Romania's Accession Treaty, can be considered as existing aid, the Competition Council shall use the Interim Mechanism, once this mechanism is opened.

In accordance with Article 36 of the Council Regulation (EC) no....., the Operational Programme contains a table with an indicative list of the proposed aid schemes (see Annex B), under Article 87 of the Treaty. These schemes are expected to be submitted to the Commission within the programming period, whenever the EC rules request an *ex-ante* approval from the Commission. Specific obligations with regard to individual notification of aid granted under aid schemes which apply to certain sectors and for certain large investment projects will be respected.

Authorities will have the responsibility to ensure compliance with State Aid rules. The actual implementation will be the responsibility of the Managing Authority. In case the responsibility for implementation of the state aid rules is delegated to the Intermediate Bodies the Managing Authority will discharge its responsibility for compliance with state aid aids by ensuring that appraisal systems include the analysis of potential state aid issues and the compliance with the relevant notification or block exemption as appropriate. Questions demanded of applicants and guidance given will ensure that the applicants understand the limitations on assistance given and provide sufficient information to highlight any potential issues. Procedures will ensure that compliance is checked during claim checks and on the spot checks during certification and verification. Where delegated, spot checks on the work of the Intermediate Bodies will ensure compliance and consistency.

The Annual Implementation Reports will detail the measures undertaken in order to ensure the compliance of all operations with State Aid rules with respect to the provisions of block exemptions, "de minimis", aid for Small and Medium-Sized Enterprises, regional aid, risk capital aid and environmental aid. In addition, the information required by the Commission for each block exemption and the information required by the Commission and by the World Trade Organization for notified schemes will be provided annually as required.

Public procurement

The National Authority for Regulating and Monitoring Public Procurement (N.A.R.M.P.P.) has as mission the creation at conceptual level, the promoting and implementing of the policy in the public procurement field;

N.A.R.M.P.P. is organised as a public institution with legal personality, being subordinated to the Government and being directly coordinated by the Prime – Minister;

It ensures a fully harmonised legal framework with the community provisions in the field of public procurement, and also the application of the legal provisions in the context of managing the Structural Funds and the Cohesion Fund, N.A.R.M.P.P. has the following responsibilities:

- the elaboration of the strategy in the public procurement field;
- ensuring a coherent and harmonized with the community *acquis* legal framework in the field of public procurement by regulating the procedures for awarding public procurement contracts;
- ensuring a conform application of the legislation in the field of public procurement by developing the implementing capacity at the level of the contracting authority;

- the fulfilment of the correlative obligations derived by applying the provisions of the E.U. Directives in the field of public procurement;
- monitoring, analysis, evaluation and supervision of the methods used for awarding public procurement contracts;
- ensuring a permanent communication channel with the structures within the European Commission, with the correspondent institutions from the member States of the European Union and with the national public interest organisms and representing Romania within the Consultative Committees, working groups and communication networks organised by the European Commission;
- methodological counselling of the contracting authorities in the process of awarding public procurement contracts, having a supportive role in order to ensure the correct application of the legislation in this field;
- initiation/sustaining projects or actions for training the personnel involved in specific activities related to public procurement, having a supportive role in developing the implementation capacity of the legislation at the level of the contracting authorities;

Ex-ante control

The proposed mechanism for the ex-ante control will be established at the level of the Ministry of Public Finance; this mechanism shall function as an independent observatory system which will ensure the analysis and quality review of the tendering and contracting documents for all public procurement contracts (services, supply and works contracts) amounting above the thresholds to be established by the main stakeholders.

3.3.2 Coherence and compliance of SOPT with the national policies

National policies	National policy reflection in	
	SOPT priority axes	SOPT key areas of intervention
<p>Law nr. 203/2003 (republished) on developing and modernizing the transport network of national and European importance and Law 71/1996 for approval of the National Territorial Planning – Section I – Communication ways and the draft law proposed by MTCT for updating this Law</p> <p>Romanian modal transport strategies approved by Law</p> <p>National Strategic Reference Framework (NSRF) and NDP 2007-2013</p> <p>Negotiation Chapter 9- Transport</p> <p>Governmental programme for the period 2004-2008</p> <p>Law 3/2001 for ratifying the Kyoto Agreement</p> <p>Government Decision 321/2005 for reassessment and management of the environmental noise</p>	<p>Modernization and development of TEN-T priority axes</p> <p>Modernization and development of national transport infrastructure outside the TEN-T priority axes</p> <p>Upgrade the railway passenger rolling stock on the national and TEN-T railway networks.</p> <p>Sustainable development of the transport sector.</p>	<p>Modernization and development of road infrastructure along the TEN-T priority axis 7</p> <p>Modernization and development of railway infrastructure along the TEN-T priority axis 22</p> <p>Modernization and development of water transport infrastructure along the TEN-T priority axis 18</p> <p>Modernization and development of national road infrastructure</p> <p>Modernization and development of national railway infrastructure</p> <p>Modernization and development of river and maritime ports</p> <p>Modernization and development of air transport infrastructure</p> <p>Upgrade the railway passenger rolling stock with up to date train units</p> <p>Promote inter-modal transport</p> <p>Improve traffic safety across all transport modes</p> <p>Minimize adverse effects of transport on the environment</p>

3.4 Complementarity with other Operational Programmes and the operations financed from EAFRD and EFF

The SOPT authority has addressed complementarity with other Operational Programmes.

More specifically, and subsequent to an agreement between the Romanian competent authorities of the SOPT and ROP, it was decided that:

- urban transport infrastructure will be within the scope of ROP and will not be addressed in the SOPT;
- county roads will be within the scope of ROP; while European and national roads will come under SOPT;
- communal roads will be financed from EAFRD;
- all motorways will come under the scope of SOPT;
- national and regional TEN-T airports will be within the scope of SOPT; while all non-TEN-T airports will come under ROP;
- TEN-T ports will be within the scope of SOPT; while all non-TEN-T ports will come under ROP;
- No overlaps were identified for the railway between SOPT and ROP.

The SOPT will be consistent with and draw from the ROP analysis and recommendations to ensure that it responds effectively in its area of competency to the needs of rural population for access to services including health care.

The Bucharest rail underground urban mass transport is the responsibility of the Bucharest Municipality and will not be addressed in the SOPT.

At the national level an operational programme for technical assistance (TA) has been established, for which the Managing Authority is the Ministry of Public Finance.

Personnel training on general issues related to management and control, exchange of experience, use of the Single Management Information System (SMIS), networking, promotion and information will be the responsibility of the Managing Authority for the TA OP.

Personnel training on technical issues related to the implementation of SOPT will be the responsibility of the SOPT Managing Authority.

4. FINANCIAL PLAN

4.1 SOPT Financial Plan

The SOPT Financial Plan by Priority axis for each of the budget years 2007-2013 is presented in Tables 4-1 and 4-2. It is subject to the decision of the Commission.

Table 4-1: Estimated EU contribution to SOP Transport 2007-2013, by Fund

- Mil. EUR -

Fund	2007	2008	2009	2010	2011	2012	2013	2007-2013
ERDF	80	114	153	181	191	201	212	1,132
ESF	0	0	0	0	0	0	0	0
CF	209	295	389	458	483	509	535	2,878
TOTAL	289	409	542	639	674	710	747	4,010

Table 4-2: Indicative financial table of SOP Transport 2007-2013, by Priority axis

	Community funding (Mil. Euro)	National funding			Total OP	EU co-financing rate (%)	EIB, other financial instruments
		Public	Private	Total			
0	2	3	4	5=3+4	6=2+5	7=2/6x100	8
Priority axis 1							
CF	2,878.00	507.88	-	507.88	3,385.88	85.00	-
Priority axis 2							
ERDF	756.17	252.06	-	252.06	1,008.23	75.00	-
Priority axis 3							
ERDF	115.00	115.00	-	115.00	230.00	50.00	-
Priority axis 4							
ERDF	215.55	71.85	33.60	105.45	321.00	67.15	-
Priority axis 5							
ERDF	45.28	15.09	-	15.09	60.37	75.00	-
TOTAL	4,010.00	961.88	33.60	995.48	5,005.48	80.11	-

4.2 Major projects

Projects with global cost exceeding €50 million are defined as major projects. Those are subject to evaluation and subsequent decision by the Commission. The Commission's decision shall define the physical object, the amount to which its co-financing rate for the priority applies and the annual plan of commitment appropriations of the ERDF or the CF. An indicative list of major projects, by key areas of intervention and by mode, is presented in Annex A.

5. IMPLEMENTATION

5.1 Management

5.1.1 General Framework for SOP Transport Implementation

National Authority for Coordination of Structural Instruments (NACIS)

The Government Decision 497/2004¹⁹ has established the management and control structure for the Management of Structural Instruments in Romania. This includes the establishment of the Management Authority for the Community Support Framework (CSF) and a Community Support Framework Monitoring Committee (CSMC). The Management Authority for CSF will evolve into the National Authority for Coordination of Structural Instruments.

The Government Decision 1200/2004 regulates the constitution, organisation and functioning of the National Coordinating Committee for preparation for Management of the EU Structural Instruments. This committee will evolve into the National Coordination Committee for the Structural Instruments (NCCSI), chaired by a representative of the National Authority for Coordination of Structural Instruments.

The central coordinating and monitoring mechanism will have to be adjusted by the NCCSI according to new Regulations.

Managing Authority for SOP Transport

The Managing Authority is responsible for the effectiveness and correctness of management and implementation of the SOP assistance, in accordance with the respective EU regulations and the institutional, legal and sound financial systems that operate in Romania. The function of the SOPT Managing Authority was assigned to the MTCT, within the General Directorate for Foreign Financial Affairs (GDFFA). Details about those functions are presented in sections 5.1.2 and 5.3.3.

Certifying and Paying Authority

The National Fund is acting as Certifying / Paying Authority. Following the Government Decisions 272/2004, 497/2004 and 208/2005 its Certification and Payments departments will evolve into a Certifying and Paying Authority able to operate in accordance with the new acquis of Romania's National Strategic Framework for 2007-2013. With the introduction of the General Regulation 13052/2005, the certifying authority shall receive the payments made by the Commission and, as a general rule, shall make the payments to the lead beneficiary. The Certifying Authority is a department that is functionally independent of any other activities within the National Fund. Details about those functions are presented in section 5.3.2.

¹⁹ A revision of this decision has been recently signed by the Government (January, 29, 2006)

Audit Authority and the Central Harmonizing Unit for Public Internal Audit

The Audit Authority near the Court of Accounts was established by Law no. 200/2005. The Court of Accounts is the supreme state institution on financial control. It functions around the Parliament of Romania and activates independently, in accordance with the provisions of the Constitution and of the national laws. The Court of Accounts will be responsible for preparing the declaration on winding-up of assistance from EU Funds. The Central Harmonizing Unit for Public Internal Audit (CHUPIA) within the Ministry of Public Finance is the central methodological unit in the field of financial control and internal audit. It is also the contact body of the European Commission in the field of financial control, and fulfils all other tasks inferred from international agreements. Details about those functions are presented in sections 5.4.1 – 5.4.3.

Public Procurement Mechanism

The Public Procurement Mechanism is under preparation at the national level. The Public procurement system for SOP Transport will be adapted in line with the national decision taken by the Responsible Bodies in this field. The Procedure Manual for SOPT deals with procurement issues.

Beneficiaries

Beneficiaries are operators, bodies or firms, whether public or private responsible for initiating or initiating and implementing operations. In the case of aid schemes pursuant to Article 87 of the Treaty and in the case of aid granted by bodies designated by the Member States, the beneficiaries are the bodies that are receiving public aid.

MTCT will use the network of existing implementation agencies involved in pre-accession funds management that are under the jurisdiction of the MTCT and the focus of which relates to the operations of the operational programme. These are the following institutions:

- National Company for Motorways & National Roads (NCMNR)
- National Company for Railways (CFR)
- MTCT Agency

Beneficiaries perform various functions²⁰ set out in the draft Council Regulation and draft European Commission Regulation (EC)., etc. These functions include:

- The initiation of operations
- Responsibility for ensuring the implementation of the entire operation;
- Preparation of and compliance with the financial plan
- Verification that expenditure has been paid for the purpose of implementing the operation and corresponds to the activities agreed
- Certification of accuracy and eligibility of expenditure
- Publicity

²⁰ Based on the implementation agreement signed by beneficiary and Managing Authority

5.1.2 Managing Authority for SOP Transport

According to the Government Decision 497/ 2004²¹ the Managing Authority of SOPT has the following general management functions:

- Prepare the Operational Programmes²², in observance of the objectives and priorities set forth by the National Strategic Reference Framework (National Development Plan);
- Ensure the consistency between the Operational Programmes under the coordination of the Community Support Framework (CSF) Management Authority (Coordinating Body of the National Strategic Reference Framework);
- Monitor the achievement of general results and the impact defined by the operational programme
- Monitor the development of the administrative capacity of the structures involved in the execution of the respective Operational Programme, as well as the consolidation and extension of the partnerships throughout the planning process, as well as throughout all the implementation phases of the Operational Programme;
- Ensure the implementation of the respective Operational Programme in observance of the recommendations of the Monitoring Committees (see sections 5.1.1 and 5.2.1 for a description of the relevant Monitoring Committees) , of the regulations of the European Union and of the community principles and policies, especially the ones in the fields of competition, public procurement, environment, gender equality;
- Develop and promote partnerships at the central level, as well as between the central, regional and local levels, including public-private partnerships;
- Analyze and propose amendments to the Operational Programme and forward the proposals regarding fund re-appropriations between the operations within Operational Programmes to the relevant Monitoring Committees.
- Elaborate implementation procedures for the respective Operational Programmes;
- Prepare the selection and evaluation criteria for projects and approve the projects applied by the beneficiaries;
- Ensure the proper information dissemination to citizens and the mass-media regarding the role of the European Union in the execution of the Programmes and raise the awareness of the potential beneficiary professional organization regarding the opportunities generated by the implementation of the Programmes;
- Responsible for the efficient, effective and transparent use of the funds that support the Operational Programme;
- Set up the Monitoring Committee for the Operational Programme in observance of the principles of partnership, representation, equality of opportunity between genders; ensures the presidency and the secretariat of the Operational Programme Monitoring Committee;

²¹ The amended text of this Government decision was signed in 29/01/06. Originally produced in the context of Plans and Programmes for 2000-2006, it still refers to programme complements, measures instead of operations, final beneficiaries instead of the beneficiaries, etc.

²² Programming for the Funds that work through operational programmes, which cover the period between 1 January 2007 and 31 December 2013 has been simplified as follows:

- on the policy level, each Member State prepares a document based on the Community strategic guidelines approved by the Council and negotiated with the Commission, which will serve as a framework for the preparation of the programmes;

- on an operational level, the Commission approves programmes on the basis of the national strategic reference framework. These programmes contain only the largest operations; the "programme complement" and management by measure is no longer required.

- Participates in the annual meetings of the European Commission aimed at examining the results of the previous year;
- Performs other attributions, as set forth by the law.

In addition to these areas, and in relation to financial management, the Managing Authority will carry out the activities detailed in section 5.3.3

5.2 Monitoring and Evaluation

5.2.1. Monitoring

Roles of the Monitoring Committee

According to the Government Decision 497/2004 a Monitoring Committee (MC) for the SOP –Transport will be established. The Monitoring Committee is the main co-ordinating and decision-making body of the SOPT. It is responsible for the quality and effectiveness of implementing the programme. The Monitoring Committee will be set up within three months of the Commission Decision approving the SOPT and will draw up its own Terms of Reference.

The ‘Operational Programmes Implementation Guidance Manual of Romania’s National Strategic Reference Framework (NSRF) for the 2007-2013 period’ gives the following guidelines for the creation and functions of the Monitoring Committee²³:

The Monitoring Committee has the following roles and responsibilities:

- a) it considers and approves the criteria for selecting the operations financed within six months of the approval of the SOP and approve any revision of those criteria in accordance with programming needs;
- b) it periodically reviews progress made towards achieving the specific targets of the SOP on the basis of documents submitted by the Managing Authority;
- c) it examines the results of implementation, particularly achievement of the targets set for each priority axis and the of evaluations of the SOP;
- d) it considers and approves the annual and final reports on SOP implementation;
- e) it is informed of the annual control report, or of the part of the report referring to the SOP concerned, and of any relevant comments the Commission may make after examining that report or relating to that part of the report;
- f) it may propose to the Managing Authority any revision or examination of the SOP likely to make possible the attainment of the Funds’ objectives, or to improve its management, including its financial management;
- g) it considers and approves any proposal to amend the content of the Commission decision on the contribution of the Funds.

Composition of Monitoring Committee

The Monitoring Committee is set up in accordance with the Member States institutional and legal arrangements, traditionally in the framework of partnership between national, regional and local authorities, economic and social partners and other competent bodies.

²³ The Procedure Manual for SOPT describes the specific roles, composition, nomination of members, rules of procedure of the SOPT Monitoring Committee.

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

The composition of the SOPT Monitoring Committee is set out below:

National Members:

Chairperson, also Head of MA for SOPT
NSRF Coordinating Body
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)

Transparency of information flows

Transparency is an essential principle of the operation of the Monitoring Committee. Therefore:

- in order to ensure that there is adequate information about its work, wherever possible the Committee should keep the media informed of the progress of the assistance packages for which it is responsible;
- contacts with the press should be under the responsibility of the chairman;
- appropriate arrangements shall also be made when important events are held in connection with the Monitoring Committee's meetings, such as high-level meetings or inaugural sessions. The Commission and its offices in the Member States should be kept informed of these arrangements; and
- minutes of the meetings of the Monitoring Committee should be placed on the Internet.

Ensuring the transparency of Monitoring Committee business is an important component of the Secretariat's work. The Secretariat requires all members to submit written information on the procedures they have put in place to inform the groups they represent about the on-going business of the Monitoring Committee, as well as follow up reports on the implementation of these procedures.

Rules of procedure

The Monitoring Committee elaborates and approves its rules of procedure at the first meeting. The chairperson makes a proposal and informally agrees it with the European Commission before it is discussed in plenary session.

Rules of procedure include the following: objectives and tasks of the Monitoring Committee; composition; chair; secretariat; convene meetings; minutes; papers; decision making process; process of changes to the rules of procedure.

Decisions of the Monitoring Committee are taken by consensus and the Chairperson should take all measures necessary to achieve consensus. A voting system may be used, but this can be less effective in securing genuine decision-making in partnership. Rules of procedures of the Monitoring Committee need to ensure that the decisions necessary for the implementation of the SOP will be taken, including decisions on reallocation of funds as needed.

Additionally instructions based on the 'Operational Programmes Implementation Guidance Manual of Romania's National Strategic Reference Framework (NSRF) for the 2007-2013 period' were implemented. These include: Timing of Secretariat tasks, Servicing Programme Monitoring Committees, Nomination of members, Appointments and attendance of alternates, Issues of non – attendance.

5.2.2. Evaluation

Regulatory framework

Evaluation of Operational Programmes is an activity inseparable from the overall OP management and implementation arrangements, as a tool for assessing the relevance, efficiency, effectiveness of the financial assistance deployed, as well as the impact and sustainability of the results achieved.

The requirement to conduct systematic evaluation activities of the Operational Programmes and the general rules for those activities are determined in the Council Regulation (EC) No/2006, laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund (Articles 36, 45 – 47), hereinafter referred to as the "Council General Regulation".

Types of Evaluation to be carried out

In accordance with Articles 45-47 of the Council General Regulation, three main types of evaluations will be carried out for OP Transport:

- *An ex-ante evaluation* (before OP implementation commences)
- *Ongoing evaluations* (during the period of implementation of the OPs)
- *Ex-post evaluation*.

Ex-ante evaluation. For the programming period 2007-2013, the ex-ante evaluation will be carried out for each OP by an external evaluator (a single contractor).

Where relevant, the ex-ante evaluation shall also include the Strategic Environmental Assessment, done in compliance with the requirements of the Directive 2001/42 on the assessment of the effects of certain plans and programmes on the environment.

The management of the ex-ante evaluation contract will be ensured by the MACSF through the Evaluation Central Unit in close cooperation with the Managing Authorities and other main stakeholders.

Ongoing evaluations carried out during the period of implementation of the OP Transport: shall be of three types – *a) interim, b) ad hoc* and *c) with a cross-cutting theme*, as follows:

The Interim Evaluation will aim at improving the quality, effectiveness and consistency of the assistance and the strategy and implementation of operational programmes. The interim

evaluations will support the OP management process by analysing problems which occur during the implementation and propose specific solutions to improve the operation of the system.

There will be 2 interim evaluations of the OP: one evaluation to be carried out in the end of 2009 or beginning of 2010 and one in 2012. The first interim evaluation will examine progress to date in implementing the OP, looking particularly at issues such as management of the OP, whereas the second interim evaluation will focus more on priorities, looking towards the next programming period.

Ad-hoc evaluations will be carried out where programme monitoring reveals a significant departure from the goals initially set or where proposals are made for the revision of operational programmes. Ad-hoc evaluations can also address either implementation or management issues of an individual Priority or Key Area of Intervention, or can be “thematic”.

Interim and ad hoc evaluations will be managed by the evaluation function of the Managing Authority and will be conducted externally, by independent evaluators.

Evaluations with a cross-cutting theme will be carried out where the evaluation is of a horizontal nature and completion of the evaluation demands involvement from more than one operational programme. These evaluations may examine the evolution of all or a group of Operational Programmes in relation to Community and national priorities. They may also examine particular management issues across all OPs.

Evaluation with cross-cutting themes will be managed by Evaluation Central Unit of the Managing Authority for Community Support Framework and will be commissioned to external consultants.

Specific objectives, evaluation questions, tasks and expected results of *interim, ad-hoc and cross-cutting evaluations* will be defined separately for each evaluation to be conducted.

Ex-post evaluations shall be carried out by the Commission for SOP-T, in close cooperation with the Member State and Managing Authorities, according to art. 47 par. 3 of the draft Council General Regulation.

The Commission may also carry out *strategic evaluations*, as well as evaluations linked to the monitoring of operational programmes, in accordance to art. 47 par. 2 of the Council General Regulation.

Institutional framework for evaluation

The national institutional framework for evaluation comprises 2 levels:

- an overall coordination level, ensured by the **Evaluation Central Unit** established within the MACSF structure, Ministry of Public Finance
- a functional level, composed of the **evaluation units established within each MA**.

The **coordination role** of the Evaluation Central Unit can be summarized as follows:

- (i) Carrying out cross-cutting evaluations;

- (ii) Providing capacity building activities to support and develop the operational capacity of the evaluation units established in the Operational Programmes Managing Authorities.
- (iii) Providing overall quality assurance activities to ensure the quality of all evaluations.

The evaluation unit established within the SOP Transport Managing Authority will be responsible for managing the following types of ongoing evaluations:

- (i) *Interim evaluations* and
- (ii) *Ad hoc evaluations*.

The evaluation unit will act in co-operation with the Monitoring Committee and will interact on a constant basis with the Evaluation Central Unit.

Evaluation Plans

The MA evaluation unit will draft an Evaluation Plan, which will comprise the indicative evaluation activities it intends to carry out in the different phases of the programme implementation, the indicative human and financial resources allocated for each evaluation activity, the actions aimed at capacity building, as well as the incumbent responsibilities. This planning shall be done in accordance with the new Regulations on Structural Instruments, the methodological working papers on evaluation issued by DG Regio, the methodological working papers on evaluation issued by MACSF - Evaluation Central Unit.

Operating arrangements

Steering Committees will be established for each evaluation, in order to fulfil, as a minimum, the following tasks: set the terms of reference for individual evaluations, facilitate the evaluator's access to the information needed to perform his/her work; support the evaluation work, particularly from the methodological standpoint; ensure that the terms of reference are correctly respected and followed; exercise quality control in relation to evaluation performed. Under the coordination of Evaluation Central Unit, a follow-up mechanism of the evaluation recommendations will be set-up in the SOP Transport Managing Authority.

As concerns the **availability for the public** of the evaluation results, the executive summary of the evaluation reports will be made publicly available. The means of communication will be readily identifiable and accessible.

5.3 Financial Management and Control

The National Fund (FN) of the Ministry of Public Finance is designated by the Member State to fulfil the role of Certifying Authority for all OPs, responsible for certifying declarations of expenditure and applications for payment before they are sent to the Commission in line with the provisions of Article 60 of the draft General Regulation

A separate unit of the National Fund (FN) is designated by the Member State to act as the Competent Body for Payments, responsible for receiving all payments of ERDF, ESF and Cohesion Fund resources made by the Commission in respect of all OPs and for transferring payments of Community resources to the Beneficiaries (as defined in Article 75(2) of the draft General Regulation

An associate body of the Romanian Court of Accounts has been designated as Audit Authority for all OPs. In line with the requirements of Article 58 of the draft General Regulation, this Audit Authority is operationally independent of the Managing Authorities, Certifying Authority and Competent Body for Payments.

Certifying and Paying Authority – shall be responsible in particular for:

- 1) Certification – draw up and submit to the Commission certified statement of expenditure and payment claims in computerized form;

Is certifying that:

- the statement of expenditure is accurate, results from reliable accounting systems and is based on verifiable supporting documents;
- the stated expenditure complies with applicable Community and national rules and was incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme and complying with Community and national rules.

Within this purpose, the tasks of the Paying Authority are as follows:

- to ensure that the received information on the procedures and verifications carried out in relation to expenditure and included in expenditure statements provides an adequate basis for certification, which entails:
- to verify the compliance of the claimed figures with the database;
- to verify the correct calculation of the total amount of eligible expenditures;
- to take account of the results of all audits carried out by or under the responsibility of the Audit Authority/internal audit body or European Commission.

- 2) Payments – with this purpose will be performed the following activities:

- receives the ERDF, ESF and CF instruments;
- transfers the ERDF, ESF and CF instruments and the co-financing amounts (if is the case) to the beneficiaries/paying units;
- draws up and submits the estimation of expenditures to the EC;
- based on MA assessment, compiles and submits to the EC updated payment forecasts;
- returns the EC non-eligible expenditures or the instruments that were not used, including interest of late payment;
- keeps a debtor ledger.

Each OP Managing Authority is responsible for managing and implementing its Operational Programme efficiently, effectively and correctly in line with the provisions of Article 59 of the General Regulation

Each OP Managing Authority will work closely with the designated Certifying Authority and Competent Body for Payments in fulfilling the responsibilities of financial management and control to ensure that:

- Money is used most effectively to achieve the objectives of each OP;
- Use of resources is publicly accountable to the EU and the Member State;
- Budgetary control is effective so that commitment is sustainable within each OP and financial planning profiles are adhered to;
- Contracting is within budget;
- Procurement of goods and services under projects financed:
 - takes place;
 - conforms to EU and Member State rules;
 - represents value for money;
- Financial statements sent to the European Commission and other bodies are correct, accurate and complete:
 - correct - funds are applied correctly;
 - accurately – free from errors;
 - complete – all relevant items have been included;
- Payments to Beneficiaries are made regularly and without undue delay or deductions;
- Co-financing resources are provided as planned;
- Payments are properly accounted for;
- Irregularities are notified in line with EU regulations;
- Any sums wrongly paid out are recovered swiftly and in full;
- Unused or recovered resources are re-committed within the respective OP;
- De-commitment is avoided – particularly in relation to the n+3/n+2 rule;
- Closure of each OP takes place smoothly and on time.

Within the purpose of expenditure certification to the European Commission verifications are carried out on four levels:

- 1) certification of expenditures at the Beneficiary level;
- 2) certification of expenditures at IB level²⁴;
- 3) certification of expenditures at MA level;
- 4) certification of expenditure at Certifying Authority level.

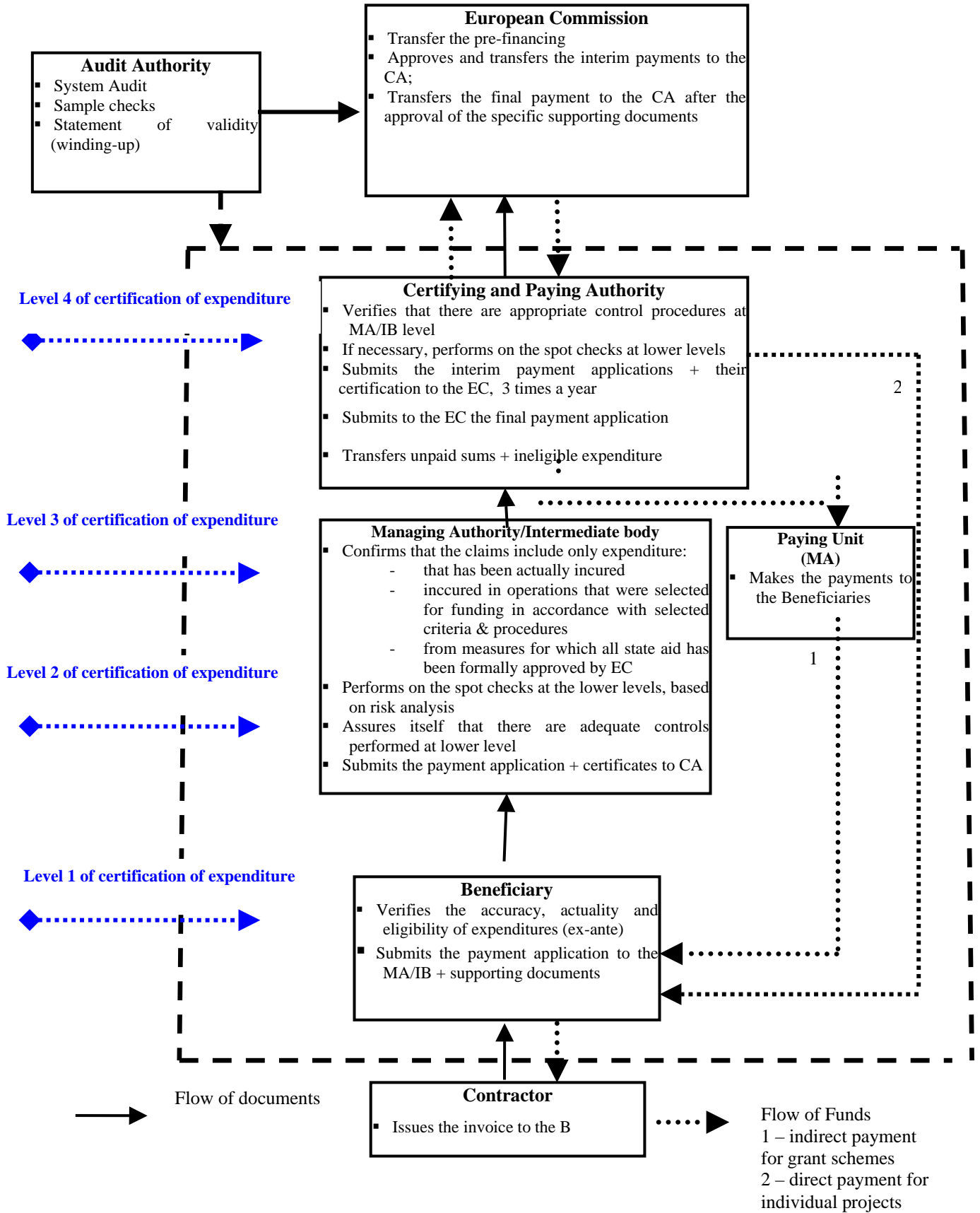
Verifications carried out at the IB level are delegated tasks from MA, based on its assessment regarding administrative capacity. The MA will remain responsible for the tasks delegated to the IB. The tasks performed in that sense will not duplicate checks carried out at IB level.

Regarding the payment process at the at the Ministry of Public Finance level, there was taken the decision to have two payment flows:

- a) direct payment for European Union financial contribution and co-financing amounts (where applicable) from PA to the final beneficiaries, in the case of individual projects and,
- b) indirect payment, through the paying units that are established near Managing Authorities, for the grant schemes.

²⁴ If no IBs have been designated for the Operational Programme, the second level of certification does not apply.

Financial flow of the SOP-T



Identification and reporting of irregularities

The legal basis is represented by Commission Regulation no. 1681/94 concerning irregularities and the recovery of sums wrongly paid in connection with financing of structural policies, the Council Regulation no. 2988/95 on the protection of the European Communities' financial interests and the Romanian Government Ordinance no. 79/2003 which settles the ways of control and recovery of sums resulted non-reimbursable EU financial assistance.

The objective of this section is to describe the identification and reporting of any suspected fraud or other irregularity. This section will also deal with the importance of the immediate implementation of corrective action (including sanctions and launching of civil or criminal proceedings) deemed necessary as a consequence of the investigation of an irregularity.

Irregularities involving loss of EU funds of less than 4,000 Euro are not required to be reported to the Commission under Commission Regulation (EC) No 1681/94 unless the Commission requests it.

Therefore, irregularities of over €4,000 and all irregularities committed intentionally must be reported to the European Commission. These reports are accumulated and checked by the Certifying/Paying Authority and then are forwarded to the Anti-Fraud Coordination Service (AFCOS) for transmission to OLAF on a quarterly basis. The Certifying/Paying Authority receives the reports from the MAs and it must include any reports on irregularities within the Certifying/Paying Authority itself.

In order to allow a proper process of prevention, detection and reporting of irregularities, at the level of the MA, IB and Beneficiary (B), an irregularities officer is appointed to this purpose. The irregularities officer appointed at the level of the B prepares quarterly and ad-hoc reports and submits them to the IB. The irregularities officer appointed at the level of the IB prepares quarterly and ad-hoc reports and submits them to the MA. The irregularities officer appointed at the level of the MA prepares quarterly and ad-hoc reports and submits them to the Paying/Certifying Authority.

The irregularities officer takes action both from own initiative and on the complaints received. The irregularities officer carries out its activity based on the Irregularities Manual that will be prepared at the level of each structure involved (MA, IB and B).

Internal audit

Within all ministries involved in the implementation of the Operational Programmes have been established Internal Audit Units that are independent from the structures performing the tasks of Managing Authorities (or Intermediate Bodies) and are directly subordinated to the head of the institutions concerned. The methodological coordination of these Units is ensured by a special unit within the Ministry of Public Finance, namely the Central Harmonizing Unit for Public Internal Audit.

Attributions of the Central Harmonizing Unit for Public Internal Audit

- Developing and implementing uniform procedures and methodologies based on international standards agreed by the European Union, including internal audit manuals and audit trails.
- Developing risk management methodologies.

- Developing the Ethical Code of the internal auditor.
- Endorsing the methodological norms on PIA, specific to the different domains of activity in the field of public internal audit.
- Developing a reporting system for the results of all public internal audit activities and elaborating an annual report.
- Verifying whether norms, instructions, as well as the Ethical Code are respected by internal audit services in public entities; it may initiate the necessary corrective measures in co-operation with the Head of the respective public entity.
- Co-ordinating the system of recruiting and training in the field of public internal audit.

Tasks of the Public Internal Audit Unit

Public Internal Audit Units within the ministries that implement Structural Funds and Cohesion Funds, have specific audit manuals for the European Funds.

According to the law, the tasks of the Internal Audit Unit are the following.

- Performing internal audits activities in order to assess whether the financial management and control systems of the public entity are transparent and comply with the norms of lawfulness, regularity, cost-effectiveness, effectiveness and efficiency;
- Informing CHUPIA on the recommendations not followed- by the head of the audited public entity and of their consequences
- Reporting periodically on the findings, conclusions and recommendations resulted from its audit activities.
- Preparing an annual overview of its activities in the annual report.
- Reporting immediately to the Head of the public entity and to the inspection unit in case of detecting any serious irregularities or fraud cases.

Audit Authority

Romania has established an **Audit Authority** for all Operational Programmes through Law no 200/2005.

The **Audit Authority** is an associated body to the Court of Accounts, without legal capacity, operationally independent from the Court of Accounts and at the same time independent from all the Managing Authorities and Certifying Authority.

In accordance with to the provisions of the Law 200/2005, art. 14², the Audit Authority has the following responsibilities:

- system audit, sample checks and final audit;
- checks and external audit for the structural funds;
- annual checks of the management and control systems;
- checks of the statements of expenditure, on the basis of an appropriate sample;
- carries out appropriate checks in order to issue winding-up declarations at the closure of measures and programmes;
- checks the existence and correctness of the national co-financing.

5.4 Information and publicity

Requirements

European Commission Regulation (EC) No. .../...2006, sets out specific requirements for information and publicity measures for the Cohesion and Structural Funds, including the preparation of a Communication Plan for each Operational Programme (or one for all Operational 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.

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 SOPT of its priorities, measures and results and of their responsibilities for information and publicity.
- *Specific Objective 2:* to inform the public of the overall scope, importance and priorities of the SOPT in developing and modernising the transport infrastructure of Romania.
- *Specific Objective 3:* to inform the public of the specific measures and results of the SOPT and ensure the highest degree of transparency in implementation of the Programme.
- *Specific Objective 4:* through co-operation with the PR offices of ministries, managing authorities and partner institutions, to ensure that publicity concerning SOPT is effectively co-ordinated with other publicity for Structural Instruments and the National Development Plan.
- *Specific Objective 5:* to promote aspects of the SOPT which emphasise environmental protection and the development of equal opportunities.

- *Specific Objective 6:* 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.

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, beneficiaries.
- The *Professional Public:* 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 undertaken 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.

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.

- 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).
- 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.
- 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.
- 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.
- Establishment of a help desk to answer inquiries from beneficiaries and partners and provide an aftercare service.

Specific Objective 2: To inform the public of the overall scope, importance and priorities of the SOPT Transport in developing and modernising the transport infrastructure of Romania.

- Organising press conferences, interviews, press releases and articles at national and regional levels to ensure a regular stream of media coverage of the SOPT.
- Producing public information bulletins for broadcast on television and radio at national and regional level to explain the SOPT.

Specific Objective 3: To inform the public of the specific measures and results of the SOPT and ensure the highest degree of transparency in implementation of the Programme.

- Producing regular information materials and disseminating them via partner organisations at national and regional level, containing updated news on implementation of the SOPT.
- Establishing and maintaining a website for presenting the SOPT and updated news on its implementation, including details of beneficiaries and projects funded, and the amount of public funding.
- Providing a forum on the website for public consultation and feedback on the SOPT.
- Organising a high-profile conference to launch the SOPT and a seminar each year to present the achievements of the SOPT and information on projects funded.

Specific Objective 4: Through co-operation with the PR offices of ministries, managing authorities and partner institutions, to ensure that publicity concerning SOP-Transport is effectively co-ordinated with other publicity for Structural Instruments and the National Development Plan.

- Developing the public relations capacity within the managing authority, through a dedicated unit and communications training, to manage information and publicity activities.
- Maintaining good internal communications within the managing authority and with other members of the “internal public”, including regular e-mail or Intranet updates
- Participation in a network of managing authorities and partners to co-ordinate information and publicity activities and share best practice.
- Ensuring usage of a common logo and visual identity for all SOPT materials.

Specific Objective 5: To promote the aspects of the SOPT which emphasise environmental protection and the development of equal opportunities.

- Ensuring that all information and publicity materials for the SOPT mention wherever appropriate environmental and equal opportunity considerations included in the preparation and development of projects
- Ensuring that dialogue with social and economic partners and with relevant NGOs includes exchange of information on these aspects.

Specific Objective 6: 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.

- Development of a set of indicators for measuring the extent and impact of publicity and information activities regarding the SOPT.
- Informing the Monitoring Committee of information and publicity activities for inclusion in its reports.
- 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.

Budget

20 million Euros has provisionally been allocated from the Technical Assistance budget for information and publicity measures concerning the SOPT over the period 2007-2013. 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.

Management and Implementation

An Information, Publicity and Aftercare (IPA) Unit will be established within the Managing Authority to manage all information and publicity activities. This will be a four-person unit, with the following functions:

- *Head of Unit & Press Officer:* responsible for managing the IPA 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 SOPT materials.
- *Website and Internal Communication Officer:* design and maintenance of content SOPT 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 above will be the initial structure of the IPA Unit, given the large volume of information and publicity activities required during the launch and early period of the SOPT. 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 IPA Unit to manage such services and ensure they are contracted in accordance with public procurement rules.

It is also very important that publicity concerning the SOPT 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 IPA Unit will therefore take an active part in the network of PR representatives 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 – in particular, its senior officials and public spokespersons – in communications skills, such as media interview techniques. Such training is included in the Implementation Plan.

Evaluation and Monitoring

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

In particular, the Monitoring Committee's report for 2010 and its final annual report are required to include results of the evaluation of information and publicity measures.

5.5 Single Management Information System

Concept of the Single Management Information System (SMIS)

The Single Management Information System is a nation-wide web-based information system, supporting all Romanian organisations implementing the National Strategic Reference Framework and Operational Programmes. The system is addressing the needs of all management levels (Managing Authorities, Intermediate Bodies, Certifying Authority etc.) and through all the stages of the programme cycle (programming, tendering, contracting, monitoring, evaluation, payments, audit and control). SMIS main characteristic is that it provides its users with a single mechanism for assisting them in accomplishing their everyday tasks.

SMIS design and functionalities

The SMIS design follows three main principles: data *availability* (data are directly available following the request of an authorized user); data *confidentiality* (data are provided only to those users authorized for accessing that specific piece of information); data *integrity* (data processing should occur only by authorized users under authorized means). As means for implementing the three aforementioned principles the system supports multiple users categorized into a number of user groups/roles. In that way user permissions are easily organized and managed and the access to information can be thoroughly audited and logged in a flexible way.

In order to provide an effective management tool, the functional model of the SMIS is based on a set of subsystems, which together reflect the broad range of functionalities the System is designed to perform, as follows:

- *Programming* which allows the registration and the modification of the main information on the NSRF broken down at lower levels on OPs, priority axis, key area of intervention and operation;
- *Project accession and modification* (registration and the modification of the main information on projects, including the contracts²⁵);
- *Monitoring* which allows observing the NSRF progress at all levels, where appropriate against targets previously set; It also allows automatically bottom-up aggregation of the *actual value* of the core data which are registered at lower levels of the System
- *Audit* which registers the control and audit findings and generates the audit reports;
- *Funds flow management* which deals with payment request forecasts, inflows, project revenues, suspensions and recoveries of funds.

Electronic data exchange with the European Commission will be done through an interface between SMIS and the EC management information system which is currently under development within the project SFC2007 – Electronic Data Exchange.

²⁵ A contract is a legal commitment concluded between the Beneficiary and the Grantee or Provider of the services, works or supplies necessary to implement a part of a project.

6. PARTNERSHIP

The Partnership requirement ensures 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, the following initiatives took place:

- MTCT conducted a series of presentations on the initial draft SOPT to all ***eight development regions*** by means of a “Caravan” organised by the Ministry of Public Finance during the period September to December 2005 at which attendance was in average 80 participants per meeting.
- In early December 2005, there were a series of meetings organized by the MTCT with all ***political parties*** in Romania in order to describe the SOPT process and the obligations undertaken by Romania.
- On 9th December 2005 a public consultative meeting addressed to all relevant ***stakeholders*** was organized by MTCT. The meeting participants included:
 - The General Directorate of Territorial Planning of MTCT;
 - The Romanian Association for International Road Transports [Asociatia Romana pentru Transporturi Rutiere Internationale] (ARTRI) representing over 1,700 large transport companies.
 - The National Union of Road Hauliers from Romania [Uniunea Nationala a Transportatorilor Rutieri din Romania] (UNTRR) representing over 5,000 transport companies with up to 5 vehicles including buses and taxis.
 - Union of Rail Transport (ALFA, rolling stock mechanics)
 - Union of TAROM (Romanian national airline)
 - Regional Development agencies
 - EC Delegation
 - Romanian consultants in transport sector (INCERTRANS)
 - Romanian consultants in territorial planning (Proiect Bucuresti)
- Between December 2005 and March 2006 a number of meetings were held between MTCT and other ***relevant Ministries***.
- On 20th January MTCT held a meeting in Bucharest with ***SE Regional representatives of the RDA from Braila*** on regional policy coordination between the ROP and SOPT.
- On 3rd February 2006 at a meeting on ***ROP and SOPT*** between the Ministry of European Integration and the MTCT, chaired by the EC, it was confirmed that interventions in urban transport would be the responsibility of the ROP programme and not of the SOPT.

The following initiatives are currently planned:

- Following the submission of the SOPT to EC in April 2006 a ***further consultative meeting for stakeholders*** will be organized by MTCT to follow up from the 9th

December 2005 meeting and explain the background and methodology of the latest submitted version of the SOPT.

- It is intended that the SOPT detail as well as the Strategic Environment Assessment (SEA) will be published on the websites of the MTCT and Ministry of the Environment.

ANNEXES

ANNEX A

Indicative List of Major Projects

ANNEX A.1

Major Projects by Key Areas of Intervention

Major projects by key areas of intervention

Key area of intervention	Ref no	Name of project	Project location	Project description	Invest cost EUR m	CF EUR m	ERDF EUR m
1.1	RDA1/01	Nadlac - Arad		Motorway construction D2	147.44	125.32	0.00
1.1	RDA2/06	Cernavoda - Constanta		Motorway construction D2	300.00	85.00	0.00
1.1	RDA1/06	Orastie - Sibiu		Motorway construction D2	669.00	568.65	0.00
1.1	RDA1/09	Sibiu - Cornetu		Motorway construction D2	490.00	416.50	0.00
1.1	RDA1/10	Cornetu - Pitesti		Motorway construction D2	770.00	654.50	0.00
1.1	RDA1/04	Lugoj - Deva		Motorway construction D2	638.00	542.30	0.00
1.2	RL09	Coslariu - Simeria		Railway rehabilitation	334.15	284.03	0.00
1.2	RL08	Sighisoara - Coslariu		Railway rehabilitation	454.40	386.24	0.00
1.2	RL10	Simeria - Radna		Railway rehabilitation	531.22	451.54	0.00
1.2	RL07	Brasov - Sighisoara		Railway rehabilitation	575.00	488.75	0.00
1.2	RL06	Predeal - Brasov		Railway rehabilitation	191.00	162.35	0.00
1.2	RL12	Craiova - Calafat		Railway rehabilitation (without adjoining infrastructure)	319.00	271.15	0.00
1.3	WT02	Portil de Fer II - Calarasi		Rehabilitation and improvement of river works	74.00	62.90	0.00
1.3	WT11	Canal works	Sulina River Branch	Rehabilitation and improvement	80.00	68.00	0.00
1.3	WT04	Poarta Alba - Midia Navodari		Rehabilitation and improvement of canal works	100.00	85.00	0.00
1.3	WT03	Agigea - Cernavoda		Rehabilitation and improvement of canal works	140.00	119.00	0.00
2.1	RDR/64	Sabaoani - Siret		National road modernisation S2	110.00	0.00	82.50
2.1	RDR/55	Alexandria - Craiova		National road modernisation S2	98.70	0.00	74.00
2.1	RDR/18	Craiova - Bechet		National Road modernisation S2	52.00	0.00	39.00
2.1	RDR/39	Ghimpati - Gaesti		National Road modernisation S2	55.30	0.00	41.50
2.1	RDR/02	Sibiu - Sighisoara		National Road modernisation S2	67.50	0.00	50.60
2.1	RDR/22	Buzau - Braila		National Road modernisation S2	68.90	0.00	51.70
2.1	RDR/32	Targoviste - Sinaia		National Road modernisation S2	80.00	0.00	60.00
2.1	RDR/11	Harsova - Constanta		National Road modernisation S2	85.00	0.00	63.75
2.1	RDR/21	Caracal - Olanesti		National Road modernisation S2	95.20	0.00	71.40

2.1	RDR/08	Braila Slobozia - Drajna		National Road modernisation S2	99.00	0.00	74.25
2.1	RDR/01	Chichis - Toplita		National Road modernisation S2	111.72	0.00	83.80
2.1	RDR/10	Pitesti - Brasov		National Road modernisation S2	113.00	0.00	84.75
2.1	RDR/33	Balaseri - Miercurea Ciuc		National Road modernisation S2	163.75	0.00	122.80
2.1	RDR/28	Dr.Tr. Severin - Ramnicu Valcea		National Road modernisation S2	179.10	0.00	134.30
2.1	RDR/31	Buzau - Brasov		National Road modernisation S2	181.30	0.00	136.00
2.1	RDR/05	Brasov - Bacau		National Road modernisation S2	198.00	0.00	148.50
2.1	RDR/23	Toplita - Bacau		National Road modernisation S2	240.00	0.00	180.00
2.1	RDAX/06	Marasesti - Albita		Motorway construction D2	729.20	0.00	546.90
2.1	RDR/68	Baia Mare - Sighetu Marmatiei		Natiional road modernisation S2	52.00	0.00	39.00
2.1	RDAX/07	Marasesti - Iasi - Sculeni		Motorway construction D2	1750.00	0.00	1312.50
2.1	RDR/17	Targu Frumos - Botosani		National Road modernisation S2	50.10	0.00	37.60
2.1	RDR/37	Caracal Corabia - Turnu Magurele		National Road modernisation S2	50.40	0.00	37.80
2.1	RDR/40	Raminicu Sarat - Braila		National Road modernisation S2	55.30	0.00	41.50
2.1	RDR/26	Bistrita - Moisei		National Road modernisation S2	60.75	0.00	45.60
2.1	RDR/34	Suceava - Manoleasa Prut		National Road modernisation S2	80.00	0.00	60.00
2.1	RDR/20	Sighetul Marmatiei - Iacobeni		National Road modernisation S2	116.30	0.00	87.20
2.1	RDR/63	Timisoara - Cenad		National road modernisation S2	60.00	0.00	45.00
2.1	RDR/06	Bacau - Vaslui		National Road modernisation S2	54.00	0.00	40.50
2.1	RDR/07	Onesti - Barlad		National Road modernisation S2	66.50	0.00	50.00
2.1	RDR/41	Macin - Ceamurlia		National Road modernisation S2	68.50	0.00	51.40
2.1	RDR/25	Varfurile - Chisineu Cris		National Road modernisation S2	75.00	0.00	56.25
2.1	RDR/27	Reghin - Apahida		National Road modernisation S2	77.40	0.00	58.10
2.1	RDR/19	Brad - Alba Iulia		National Road modernisation S2	84.00	0.00	63.00
2.1	RDR/29	Stei - Turda		National Road modernisation S2	193.20	0.00	145.00
2.2	RL16	Railway station upgrades		Rehabilitation of 22 main stations & 10 others	200.00	0.00	150.00
2.2	RL26	Priority railway bridges / tunnels			100.00	0.00	75.00
2.2	RL15	Cluj - Episcopia Bihor		Electrification	400.00	0.00	300.00
2.2	RL27	Bucharest Airport Rail link	Bucharest	new Metro link to Henri Coanda airport, including rolling stock (maglev)	700.00	0.00	525.00
2.2	RL14	Constanta - Mangalia		Electrification	220.00	0.00	165.00
2.2	RL13	Bucharest ring		Railway rehabilitation	529.72	0.00	397.29
2.2	RL17	Upgrading of power centres		16 centres	88.00	0.00	66.00
2.3	WT05	North breakwater extension	Constanta Port	North breakwater extension	84.00	0.00	63.00

2.4	AIHC04	Surface access to the new passenger terminal	Bucharest Henri Coanda	Including road, rail access and interchange	100.00	0.00	75.00
2.4	AIIA02	Runway realignment and extension	Iasi	Realignment by 5 degrees and extension to 2,800 m	56.00	0.00	42.00
3.1	RL22	Rolling stock renewal		45 EMUs for 250-300 passengers	200.00	0.00	100.00
4.2	SRD3	Linear villages		Traffic safety works	105.00	0.00	78.75
4.2	SRD4	SIMIN		Road meteo devices	100.00	0.00	75.00
4.2	SRD5	Traffic monitoring/video system		Equipment	50.00	0.00	37.50

ANNEX A.2

Major Projects by Mode

Major projects by mode

Key area of intervention	Ref no	Name of project	Project location	Project description	Invest cost EUR m	CF EUR m	ERDF EUR m
2.1	RDR/64	Sabaoani - Siret		National road modernisation S2	110.00	0.00	82.50
1.1	RDA1/01	Nadlac - Arad		Motorway construction D2	147.44	125.32	0.00
1.1	RDA2/06	Cernavoda - Constanta		Motorway construction D2	300.00	85.00	0.00
1.1	RDA1/06	Orastie - Sibiu		Motorway construction D2	669.00	568.65	0.00
2.1	RDR/55	Alexandria - Craiova		National road modernisation S2	98.70	0.00	74.00
1.1	RDA1/09	Sibiu - Cornetu		Motorway construction D2	490.00	416.50	0.00
1.1	RDA1/10	Cornetu - Pitesti		Motorway construction D2	770.00	654.50	0.00
2.1	RDR/18	Craiova - Bechet		National Road modernisation S2	52.00	0.00	39.00
2.1	RDR/39	Ghimpati - Gaesti		National Road modernisation S2	55.30	0.00	41.50
2.1	RDR/02	Sibiu - Sighisoara		National Road modernisation S2	67.50	0.00	50.60
2.1	RDR/22	Buzau - Braila		National Road modernisation S2	68.90	0.00	51.70
2.1	RDR/32	Targoviste - Sinaia		National Road modernisation S2	80.00	0.00	60.00
2.1	RDR/11	Harsova - Constanta		National Road modernisation S2	85.00	0.00	63.75
2.1	RDR/21	Caracal - Olanesti		National Road modernisation S2	95.20	0.00	71.40
2.1	RDR/08	Braila Slobozia - Drajna		National Road modernisation S2	99.00	0.00	74.25
2.1	RDR/01	Chichis - Toplita		National Road modernisation S2	111.72	0.00	83.80
2.1	RDR/10	Pitesti - Brasov		National Road modernisation S2	113.00	0.00	84.75
2.1	RDR/33	Baluseri - Miercurea Ciuc		National Road modernisation S2	163.75	0.00	122.80
2.1	RDR/28	Dr.Tr. Severin - Ramnicu Valcea		National Road modernisation S2	179.10	0.00	134.30
2.1	RDR/31	Buzau - Brasov		National Road modernisation S2	181.30	0.00	136.00
2.1	RDR/05	Brasov - Bacau		National Road modernisation S2	198.00	0.00	148.50
2.1	RDR/23	Toplita - Bacau		National Road modernisation S2	240.00	0.00	180.00
2.1	RDAX/06	Marasesti - Albita		Motorway construction D2	729.20	0.00	546.90
2.1	RDR/68	Baia Mare - Sighetu Marmatiei		Natiional road modernisation S2	52.00	0.00	39.00
2.1	RDAX/07	Marasesti - Iasi - Sculeni		Motorway construction D2	1750.00	0.00	1312.50
1.1	RDA1/04	Lugoj - Deva		Motorway construction D2	638.00	542.30	0.00
2.1	RDR/17	Targu Frumos - Botosani		National Road modernisation S2	50.10	0.00	37.60

2.1	RDR/37	Caracal Corabia - Turnu Magurele		National Road modernisation S2	50.40	0.00	37.80
2.1	RDR/40	Raminicu Sarat - Braila		National Road modernisation S2	55.30	0.00	41.50
2.1	RDR/26	Bistrita - Moisei		National Road modernisation S2	60.75	0.00	45.60
2.1	RDR/34	Suceava - Manoleasa Prut		National Road modernisation S2	80.00	0.00	60.00
2.1	RDR/20	Sighetul Marmatiei - Iacobeni		National Road modernisation S2	116.30	0.00	87.20
2.1	RDR/63	Timisoara - Cenad		National road modernisation S2	60.00	0.00	45.00
2.1	RDR/06	Bacau - Vaslui		National Road modernisation S2	54.00	0.00	40.50
2.1	RDR/07	Onesti - Barlad		National Road modernisation S2	66.50	0.00	50.00
2.1	RDR/41	Macin - Ceamurlia		National Road modernisation S2	68.50	0.00	51.40
2.1	RDR/25	Varfurile - Chisineu Cris		National Road modernisation S2	75.00	0.00	56.25
2.1	RDR/27	Reghin - Apahida		National Road modernisation S2	77.40	0.00	58.10
2.1	RDR/19	Brad - Alba Iulia		National Road modernisation S2	84.00	0.00	63.00
2.1	RDR/29	Stei - Turda		National Road modernisation S2	193.20	0.00	145.00
3.1	RL22	Rolling stock renewal		45 EMUs for 250-300 passengers	200.00	0.00	100.00
2.2	RL16	Railway station upgrades		Rehabilitation of 22 main stations & 10 others	200.00	0.00	150.00
1.2	RL09	Coslariu - Simeria		Railway rehabilitation	334.15	284.03	0.00
1.2	RL08	Sighisoara - Coslariu		Railway rehabilitation	454.40	386.24	0.00
1.2	RL10	Simeria - Radna		Railway rehabilitation	531.22	451.54	0.00
1.2	RL07	Brasov - Sighisoara		Railway rehabilitation	575.00	488.75	0.00
1.2	RL06	Predeal - Brasov		Railway rehabilitation	191.00	162.35	0.00
1.2	RL12	Craiova - Calafat		Railway rehabilitation (without adjoining infrastructure)	319.00	271.15	0.00
2.2	RL26	Priority railway bridges / tunnels			100.00	0.00	75.00
2.2	RL15	Cluj - Episcopia Bihor		Electrification	400.00	0.00	300.00
2.2	RL27	Bucharest Airport Rail link	Bucharest	new Metro link to Henri Coanda airport, including rolling stock (maglev)	700.00	0.00	525.00
2.2	RL14	Constanta - Mangalia		Electrification	220.00	0.00	165.00
2.2	RL13	Bucharest ring		Railway rehabilitation	529.72	0.00	397.29
2.2	RL17	Upgrading of power centres		16 centres	88.00	0.00	66.00
1.3	WT02	Portil de Fer II - Calarasi		Rehabilitation and improvement of river works	74.00	62.90	0.00
1.3	WT11	Canal works	Sulina River Branch	Rehabilitation and improvement	80.00	68.00	0.00
2.3	WT05	North breakwater extension	Constanta Port	North breakwater extension	84.00	0.00	63.00
1.3	WT04	Poarta Alba - Midia Navodari		Rehabilitation and improvement of canal works	100.00	85.00	0.00

1.3	WT03	Agigea - Cernavoda		Rehabilitation and improvement of canal works	140.00	119.00	0.00
2.4	AIHC04	Surface access to the new passenger terminal	Bucharest Henri Coanda	Including road, rail access and interchange	100.00	0.00	75.00
2.4	AIIA02	Runway realignment and extension	Iasi	Realignment by 5 degrees and extension to 2,800 m	56.00	0.00	42.00
4.2	SRD3	Linear villages		Traffic safety works	105.00	0.00	78.75
4.2	SRD4	SIMIN		Road meteo devices	100.00	0.00	75.00
4.2	SRD5	Traffic monitoring/video system		Equipment	50.00	0.00	37.50

ANNEX B

INDICATIVE LIST OF STATE AID SCHEMES

According to Article 8 of the draft general regulation, operations financed by the Structural Funds shall be in conformity with the provisions of the Treaty, with instruments adopted under it and with Community policies and actions. This includes the rules on competition and State Aid.

1. General Provisions for Competition and State aid

1.1 General

If the Community is to co-finance State aid schemes, the Commission must approve such aid in accordance with Articles 87 and 88 of the EC Treaty. Under Article 88 (3), Member States must notify the Commission of any measure granting, altering or extending State aids to firms.

1.2 Treatment of aid schemes in the Operational Programme

In accordance with Article 36(1.i) the Operational Programmes will contain an indicative list of the proposed State Aid schemes which are expected to be submitted within the programming period for Commission approval.

1.3 Large Investment Projects

As regards large investment projects the rules laid down in the relevant Commission Communication (Multisectoral framework on regional aid for large investment projects *OJ C 70, 19.03.2002, pages 8-20*) pursuant to Article 88(3) of the EC Treaty will be applied.

1.4 Procedural Aspects

Notifications will be prepared with two main scopes: ensure legal certainty and receive approval.

The Managing Authority will cooperate with the Competition Council so as to fill in the notification forms, including providing details on the scope of the proposed project, the level of assistance against the total cost and the competition situation, including other operators in the region. Advice from the Competition Council will particularly be sought as regards the reasons why a specific project should not be considered as State Aid or, as the case may be, why Aid can be considered as compliant with Community rules.

Notifications will be transmitted to the Permanent Representation of Romania and then officially submitted to the Commission (DG Competition).

The Managing Authority, through the Competition Council and the Permanent Representation, will endeavour to efficiently answer any query for additional information or propose scheme fine-tuning.

2. Outline of Projects

Out of the projects proposed for funding under the SOPT, three particular projects and two series of projects bear a risk of State aid. These are:

- the modernisation of passenger rolling stock with new train units,
- the support to inter-modal centres,
- purchase of waste water treatment / de-pollution vessel, as well as
- projects in the airport sector,
- projects in the port sector.

The other projects are principally targeting the development or modernisation of public infrastructure, operated by public bodies and not in the competitive sector: road, rail and inland waterway infrastructures. State Aid risk for such projects would only appear in the future, in case of modifications of the assets status, for example if motorway sections were to be concessioned to private operators.

2.1. Passengers rolling stock modernisation

The project consists in renewal of part of CFR Passengers rolling stock by acquiring 45 Electric Multiple Units (EMU). These units would be used on short to medium distance sections (up to 200 km), enabling higher frequencies than the existing trains, a better adaptation to the actual demand (smaller trains), as well as a reduction of operating costs. It will therefore enable CFR to provide a better service.

Information received from the European Commission indicated that such schemes might be acceptable if they are fulfilling the following conditions:

1. dedicated for services running under a PSO contract,
2. shall be interoperable,
3. limited to the minimum necessary,
4. funding only replacement schemes, not increase of capacity,
5. national resources to be notified under State aid regime.

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 below) 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.

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 currently not open to competition under EU legislation.

2.2 Support to inter-modal centres

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 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, documentation concerning subsidised investments and promotion of the projects.

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.

2.3 Waster water treatment / de-pollution vessel

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.

2.4 Airport projects

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.

2.5 Port projects

Projects expected to be financed under the SOPT in the port sector regard only the public infrastructure of the port and not the terminal facilities (which are normally the property of the port operators). The development / modernisation of such terminal facilities would actually be eligible for funding under the support to inter-modal centres (see 2.2 above).

The analysis to be performed as regards port infrastructure will actually be extremely similar in its scope with the one described for airports (above).

As mentioned in the SOPT, it shall also be noted that the hinterland of the port of Constanta is, in real terms, limited to Romania, as the proportion of freight using inland transport from / to Constanta to / from a foreign country is extremely low. Therefore, it is considered that, in the current situation, the competition between ports on the Black Sea is actually very limited.

ANNEX C

Ex-ante Evaluation Summary

To follow subject to instructions of Ministry of Public Finance

ANNEX D

SOPT Supporting Information

ANNEX D.1

Macroeconomic Overview

Over the past few years, Romania's macroeconomic performance has been favourable in spite of the worsening world economic outlook. Gross domestic product (GDP) growth has been strong and driven by high fixed investments and private consumption, fuelled by strong growth in credit to the private sector.

Romania has made significant progress in stabilising its macroeconomic situation with the economic growth (8.3% in 2004) remaining robust. However, consumption increased 10.4% and fixed investment by 10.1% and this led to a deterioration of the trade balance (9% of GDP in 2004) caused by imports increasing and exports declining.

Romania is the EU's 14th largest trade partner representing 71% of Romania's total bilateral trade. Other significant partners with Romania are Russia (4.9%), Turkey (4.4%) and the USA (2.8%). In 2004, total bilateral trade (imports and exports) amounted to €32.1 billion, a figure that has tripled since the entry into force of the EU-Romania Europe Agreement in February 1995. EU exports to Romania increased by over 21% and imports by over 14%. The trade balance in favour of the Community has doubled in the last two years to €3.9 billion. Manufactured products comprise more than four fifths of the total bilateral trade and Romania is the fifth largest deliverer of textiles and clothing to the EU market.

The monetary policy stance was tightened in order to counteract a substantial credit growth and Foreign Direct Investment (FDI) maintained a steady inflow. Unemployment was reported to be fairly low (6.6% in 2003) and inflation fell to single figures for the first time since transition (9.3% in 2004) but it is threatened by high wage growth. The 2004 budget deficit also tightened to 1.2% due to higher than expected revenues.

With regard to structural reforms, major privatisation initiatives took place in the industrial sector and more recently in the energy sector. In July 2004 Austria's OMV AG paid €69 million for a 33.3% stake in the national oil and gas company SNP Petrom which became the country's largest privatisation activity to-date. In the energy, mining and railway sectors, progress on privatisation is being made. However, much remains to be done to tackle the accumulation of arrears by state-owned companies and a reluctance to use bankruptcy procedures.

In December 2004, the government adopted a major tax reform, which introduced a flat-rate income tax of 16% and lowered the corporate tax from 25% to 16%. Following the tax reform, the reviews under Romania's Stand-By Arrangement with the International Monetary Fund (IMF) could not be concluded as planned and discussions continue on the 2005 budget deficit target and the impact that the recently introduced tax cuts will have on the economy.

Substantial progress is still required concerning the functioning of the judiciary and the public administration to improve the overall business environment but booming construction activities and a strong manufacturing industry have led to growth on the supply side and the country's international standing has strengthened.

Comparatively low wages, rising productivity, attractive market size and location and the prospect of EU accession are key factors for foreign direct investors (FDIs) willing to relocate production facilities into Romania. However, despite an overall improvement in the business climate, the high level of bureaucracy and other administrative barriers remain significant obstacles to higher net FDI inflows.

Financial discipline in state-owned enterprises remains weak and the privatisation process of targeted enterprises has faced some delays.

ANNEX D.2.

Maps