

## 2 Appraisal of the socio-economic sector analysis and the relevance of the strategy to the needs identified

### 2.1 Socio-economic sector analysis

The Sectoral Operational Programme Transport (SOPT) is one of the seven operational programmes under the Convergence Objective.

It is the instrument that elaborates upon objectives of the National Strategic Reference Framework (NSRF), establishing priorities, goals and the allocation of funds for development of the transport sector in Romania.

It is an important Operational Programme as it represents 23% of the overall budget of structural operations for Romania over 2007-2013.

When analysing the transport sector in Romania, it is important to take into account that there is a overall lack of reliable transport data, which makes detailed analysis of the transport system and modal trends for policy development rather difficult. It is expected that the development of the General Master Plan for Transport (GMPT) in Romania will provide the tools for improving the system of data collection as well as will produce relevant data for use for implementation, monitoring and evaluation of the SOPT. The first results from the GMPT are expected in 2007.

The SOPT provides in Chapter 1 an analysis of the present situation of the transport sector in Romania and starts by saying that one of the major problems that the sector is facing is the lack of financing of transport infrastructure in Romania in the past.

The SOPT further states that the main reasons for problems in the financing of infrastructure in Romania stem from a number of key issues, including:

- Fundamental changes in the structure of the transport sector in Romania towards 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.
- Rapid increase in private vehicle ownership.
- Damage to road and rail infrastructure due to widespread flooding.

These key issues are certainly related with the problem of lack of financing. However, some are both cause and result of this lack. The development of a market driven transportation demand economy has an impact on the modal shift from railways towards road transport. Railways has always served a social need for public transportation. Necessary investments in rail infrastructure and rolling stock can not always be justified by market conditions. At the same time some

heavy industries in Romania, which used railways for transporting raw materials and processed goods, declined because of globalization and emerging competition. Less use of railway operations means less justification for investments in infrastructure and rolling stock, leading to further deterioration of performance, thus ending up in a vicious circle of overall decline and loss of competitiveness. Development of a market driven demand economy and socio-economic development also results in an increase of private vehicle ownership, thus putting extra pressure on the revenues for the public transportation system as people are using more private cars than public transportation.

It is always difficult to distinguish between cause and consequence in this respect. Lack of financing of transport infrastructure results in a further deterioration of this infrastructure and contributes towards the primacy of roads, but in the long term also deteriorates road transport as not sufficient funds are allocated for rehabilitation and maintenance of these roads. To break this vicious circle is a difficult and costly task, but it has to be done. The SOPT provides an excellent opportunity to seize this opportunity and the Managing Authority apparently intends to do so.

These identified key issues related with the lack of financing of transport infrastructure have, according to the SOPT, in turn led to:

- Significant reduction in the number of tonne-kilometres of freight by rail.
- Change in pattern in international traffic flows and underutilisation of waterways for international freight transport.
- Increased need for the construction of new transport infrastructure.
- Increased reconstruction and rehabilitation needs of transport infrastructure.
- Rapid increase in the volume of traffic on the roads.

What the SOPT tries to say here is that there is indeed a modal shift towards road transport, while at the same time the huge backlog of investments in transport infrastructure is increasing as railways and inland waterways are decreasing in performance and new investments do not seem to be justified in economic terms.

The SOPT identifies the consequent effects as follows:

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

The ultimate consequence, according to the analysis of the SOPT, is that because of the huge modal shift towards road transport, these roads are getting congested, environmental degradation is taking place and thus economic development in Romania hindered.

The SOPT prepares the floor for addressing these consequent effects. A large amount of the proposed investments in the SOPT is for revitalizing Romanian

Railways, further develop inland waterway transport and promoting multimodal, intermodal and combined transport.

The last identified consequent effect, however, is maybe even more important: reduced competitiveness and attractiveness of the Romanian market for investment. Integration into the EU; increased competitiveness; and increased attractiveness of the Romanian market for investment can be considered as cornerstones of Romanian socio-economic policy.

The SOPT presents a comprehensive and detailed analysis of the transport sector on a mode by mode basis.

Road transport is, by far, the most important mode of transport. In 2005, it represented:

- 88% of inland passengers traffic (in passengers-km), and
- 69% of inland freight traffic (in tons – km).

The analysis of the road sector highlights a crucial problem: the lack of financing for road maintenance and road rehabilitation. The principle of road user charges is not fully implemented. The cost for basic maintenance is more than 200 million euro per year. The cost for rehabilitation is much higher; 60% of the national road network is in need of repair or rehabilitation. If new roads will be constructed, funds should be guaranteed to finance regular maintenance and rehabilitation. More analysis is needed to find alternatives and options for safeguarding financing for the road sector on medium and long term.

The road vehicle fleet is drastically increasing from almost 1.9 million vehicles in 1990 to 4 million in 2005. Car ownership is 136 cars per 1,000 people. This is still much lower than the average for EU25 463 cars per 1,000 people. So it can be expected that there will be rapid growth in car ownership over the next 10 years in Romania.

Road safety is a serious issue in Romania. The accident rate per million vehicle-km is significantly higher than in other countries. There are 743 fatalities / million cars against an EU 25 average of 239. There has been an increase in road traffic accidents from 2004 to 2005. One of the reasons mentioned in the SOPT is the emergence of so-called linear villages (villages along both sides of the highway) without a by-pass. However, more analysis is needed of the causes of the high accident rate in Romania, as it is European policy to reduce the number of fatalities in road accidents by 50% by 2010.

Railways is still an important mode of transport in Romania. However, rail transport operations have seriously decreased

- 12% of inland passengers traffic (in passengers – km), and
- 31% of inland freight traffic (in tons – km).

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

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

Massive investments are needed for rehabilitation and for making railways more competitive with road transport.

Air transport is increasing rapidly with more than 4 million passengers in 2005, of which 3 million were handled through Henri Coanda International Airport in Bucharest. In 2005 there were four other major airports, which handled more than 100,000 passengers: Bucharest Aurel Vlaicu (380,000); Timisoara (336,000); Cluj-Napoca (199,000); Constanta (111,000).

Although there still is no airport development strategy (this will be addressed in the GTMP), the SOPT opts for ensuring sustained growth at the Henri Coanda International Airport.

There are many regional airports, which lack prospects for future sustained growth. It is envisaged that the GTMP will provide some guidance on the focus and possible sources for investments in regional airports. Capacity does not need to be increased. The basic priorities are catching-up with backlog of maintenance of prioritized regional airports and measures to increase airport and aviation safety.

Romania has an attractive network for water transport. Constanta is the main port on the Black Sea and the Danube provides inland waterway transport to and from other important European trading countries. Although the growth of handled traffic by the port of Constanta has increased enormously from 34 million tonnes in 2001 to 61 million tonnes in 2005, it still performs a merely national function. The port is not yet optimally used as international transit port, although it is located strategically at the Black Sea on the crossroads between Europe and Asia. In order to capitalize on this geographical situation and the potential of the port of Constanta, investments on the land side are necessary in roads and railways along the TEN-T.

The Danube is gradually being re-used after the removal of the main bottlenecks caused by regional instability in the Balkan. The potential for transport over the Danube is laying in international container transport.

This latter is directly related with the emphasis that the SOPT puts on intermodal and combined transport. Priority is given to inland waterway and the promotion of intermodal and combined transport as an alternative to road transport. The port of Constanta is an important link in the international logistic chain. The SOPT acknowledges that for the development of intermodal and combined transport the participation of the private sector is crucial.

Concluding can be said that the socio-economic sector analysis delivers a real picture of the situation in the sector and that good use has been made of available and quantified data from own data collection systems, documentation and consultancy reports. In terms of analysing transport performance sufficient measurable indicators have been used.

The ex-ante evaluator, however, would like to make two observations related with this socio-economic sector analysis:

It has been stated earlier that one should take into consideration the lack of investment in transport infrastructure over many years. Few investments in transport infrastructure in Romania have taken place in the pre-ISPA era before 1999. The lack of investments in road and railway infrastructure and the enormous backlog in rehabilitation and maintenance of the existing infrastructure presents a real challenge for the Managing Authority. The SOPT addresses this issue in a satisfactory way. However, the bigger challenge is to create the necessary conditions and to take appropriate measures that this situation will not occur again in Romania. This can be achieved by an ambitious programme of further developing planning capacity in the broadest sense.

The earlier mentioned lack of reliable data impedes the process of forecasting of future freight, passenger and traffic flows over the transport infrastructure network in Romania and the formulation of growth scenarios. It also makes monitoring and evaluation of interventions by using indicators difficult.

## 2.2 SWOT

### 2.2.1 Analysis of SWOT

The Romanian transport sector has undergone restructuring due to the transition process towards market economy. The consequence was and is that the modal split has quickly evolved towards the supremacy of the road transport sector with a share in 2004 of 75% in passenger transport and 64% in freight transport. This is putting a heavy load on the road network. Massive investments in railway and inland waterway infrastructure are needed to revert this trend.

The socio-economic sector analysis provides the basis for the formulation of the strategy to address the identified problems in transport infrastructure and transport operations.

The Ministry of Transport, Construction and Tourism is in the middle of the process of formulating transport policy and elaborating a General Transport Master Plan. Consequently there is still no sound system in place of prioritisation of transport infrastructure projects.

In the absence of a GTMP, the SOPT concentrates on priorities and EU policies, such as development of TEN-T, mode balancing and improvement of traffic safety. This certainly makes sense. The further improvement of the integration of the Romanian transport infrastructure into the Trans European Transport Network will enable the creation of a single market and promote external trade bringing clear benefits to the Romanian economy. Mode balancing is important as well, as, for instance, railways may be an alternative for road transport for longer distances, container transport and transport of bulk and heavy materials. However, railways need massive investments and a careful Cost Benefit Analysis is required to justify such massive investments. Improvement of traffic safety is

one of the cornerstones of European transport policy and should be one of Romania's as well.

The SOPT makes explicit reference to the key transport-related issues identified in the National Development Plan:

- Insufficient capacity of domestic transport.
- Transport infrastructure is insufficiently developed.
- Access to European transport network is limited.
- Romania's location is at the crossroads between East and West and North and South.
- Opportunity to develop inland waterway transport because of access to Black Sea and the Danube River.

All of these transport-related issues identified in the NDP are being widely addressed in the SOPT.

The framework for the proposed strategy and the subsequent proposed interventions is formed by the SWOT analysis. The SWOT analysis<sup>3</sup> in the SOPT identifies the strengths, weaknesses, opportunities and threats of the Romanian transport sector. In essence, the SWOT should be based on an interrelated and integrated analysis and constitute the bridge between the socio-economic and sector analysis and the development of a strategy and the resulting portfolio of proposed programmes and projects.

The SWOT analysis presented in the SOPT is certainly useful and identifies important issues. However, it lacks a logical sequence. The ex-ante evaluator has proposed to put the strengths, weaknesses, opportunities and threats in a more logical sequence.

<b>Strengths SOPT April 2006</b>	<b>Strengths identified by evaluator</b>
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	Romania is located at an important point of entrance to the EU and has good potential for new <i>multimodal</i> transport links to neighbouring countries and to the Black Sea for international trade
Low cost skilled labour force with good basic education available although new skills will be required to meet transport reconstruction demands	Prime location along key axis on TEN-T and on Corridor IX that provides good accessibility to neighbouring countries.
Prime location along key axis on TEN-T and on Corridor IX that provides good accessibility to neighbouring countries.	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.
Well established and competitive, privately operated road freight and passenger	

<sup>3</sup> Analysis of the Strengths, Weaknesses, Opportunities and Threats.

<p>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>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>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>Extensive railway network with innovative private operators providing local services.</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>Well established and competitive, privately operated road freight and passenger services are available in most main locations</p>
<p><b>Weaknesses SOPT April 2006</b></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><b>Weaknesses identified by evaluator</b></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 internal resources and external technical assistance.</p> <p>Unclear long-term government commitment toward infrastructure financing and public service obligations.</p> <p>Lack of experiences in PPP in transport infrastructure.</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>	<p>Road network is underdeveloped throughout country and poorly maintained creating high accident risk</p> <p>There are few motorways with almost no links to EU, development regions or neighbouring countries.</p> <p>Transport infrastructure design and construction quality is not of EU standards so that significant investment is now needed for rehabilitation to the EU standards.</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 construction 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> <p>Insufficient coordination between the transport modes.</p> <p>Lack of concept for development of multimodal transport as a well-functioning and integrated transport system.</p> <p>Lack of focus on transport safety issues.</p>
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<b>Opportunities SOPT April 2006</b>	<b>Opportunities identified by evaluator</b>
<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>Integration in Europe and increased mobility within Europe will create the potential for economic growth in all economic regions.</p> <p>The potential to provide greater access to Europe from the Black Sea 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>Development of multi-/inter-modal corridors and logistic chains</p> <p>Strengthening of the business climate will result in improvements in the manufacturing, agricultural and industrial sectors, leading to greater transport demand.</p> <p>Speeding-up the processes of transport sector's restructuring through concessioning, privatization, legal promotion of competition</p> <p>More privatisation to attract investments in transport infrastructure and transport operations.</p> <p>New opportunities to use additional EU funds for development of transport infrastructure in all transport modes and further modernization of transport infrastructure and implementation of new technologies.</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>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><b>Threats SOPT April 2006</b></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</p>	<p><b>Threats identified by evaluator</b></p> <p>International transit flows by-pass Romania</p> <p>Lack of long-term state commitment on public service obligations.</p> <p>Delay in implementation of reforms, restructuring, and modernization of transport sector and sub-sectors.</p> <p>Delay in priority projects realization.</p> <p>Insufficient national funds available for co-financing investment opportunities resulting in delays of project implementation.</p> <p>Unless the institutional capacity is effectively strengthened for the management and implementation of SOPT, through <i>inter alia</i> internal commitment, human resources development and technical assistance, implementation bottlenecks might jeopardize the investment strategy in the transport sector.</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>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>Rail service, cost and efficiency for both passengers and freight must improve to prevent further decline of rail transport.</p>

<p>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>	<p>There is a risk that if there is insufficient response to customer demands at Constanta for improved services then both rail and waterways transport will be deprived of opportunities to expand.</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>
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The ex-ante evaluator analyses the SWOT of the Romanian transport sector in a summarized way by clustering individually identified strengths, weaknesses, opportunities and threats as follows:

- The *strengths* relate mainly to:
  - The strategic geographic location of Romania and its connection to the European transport network.
  - Its potential to develop international multimodal/intermodal transport (ports, inland waterways, railways).
  - Availability of low cost qualified labour and efficient road transport services.
- The identified *weaknesses* can be classified as follows:
  - Lack of institutional capacity to implement the SOPT.
  - Lack of investments in motorways, other roads, railway infrastructure, inland waterway transport, maritime transport.
  - Lack of integrated transport infrastructure network.
  - Railway operations, multimodal transport operations and river management services not responding to users needs.
  - Lack of focus on safety standards in all modes except air transport.
  - Lack of long-term planning commitment, modal coordination and promotion of private investments (this is added by the ex-ante evaluator).
- The following *opportunities* are distinguished:
  - Integration in Europe and increased mobility facilitates economic growth and trade.
  - Develop a corridor concept for multimodal transport using Romania's ports, inland waterways and railways.
  - Improved business climate and attraction private and public investments in transport infrastructure and operations.
  - Development tourism.

- Finally the *threats* can be summarized as follows:
  - The costs of transport services remain high and these services do not respond to customers demand resulting in a low level of international transit trade.
  - Lack of cofinancing for implementation SOPT.
  - Lack of institutional implementation capacity; long duration project pipeline.
  - Not integrated transport network because of lack of coordination.

The following external developments can be identified, which influence the proposed SWOT:

- The transit traffic between EU and Asia will further develop and Romania should attract a significant share of it.
- The transport demand will grow after Romanian accession in EU resulting in further growth of international freight transport/transit.
- Changing production structure and commodity-mix are in favour of road transport development.
- Limited growth of domestic freight transport because of limited domestic market.
- Increasing personal incomes will accelerate car ownership and car use that will generate (sub) urban traffic problems and need for increased public transport facilities.

## 2.2.2 Assessment of the SWOT

For the assessment of the SWOT, it is important to evaluate whether it is based on and can be logically derived from a correct analysis of the transport sector or that is a listing of incidental issues without any coherence or consistency. There should also be a certain balance between identified Strengths, Weaknesses, Opportunities and Threats. Furthermore, the topics mentioned in the SWOT analysis should be as much as possible tangible, measurable and usable.

Most of the identified *Strengths and Weaknesses* can be deduced from the socio-economic sector analysis of the SOPT. The strengths are mostly focused on the unexploited potential of Romania for international trade by its geographical situation and its basic transport infrastructure, in particular the port of Constanta, inland waterways and railway infrastructure. The weaknesses refer to deteriorated state of infrastructure; transport operations not responding to customers needs; lack of institutional capacity. It is observed by the ex-ante evaluator that the lack of intra-sectoral, intersectoral and regional planning and coordination should be considered to be a weakness.

Regarding the identified *Opportunities and Threats* the most important opportunity is the integration of Romania in Europe, which will boost economy and trade, but requiring an appropriate transport infrastructure network and efficient and competitive international transport services. Further, the strength of its geographical situation can be capitalized by developing a fast, efficient and effective transit corridor in Romania along the European transport networks. The opportunities, which result from improved business climate and attraction of private investors are less tangible. Development of tourism is certainly an opportunity. The main threats are the continuing lack of institutional capacity, but also the

lack of cofinancing. Higher transport costs as an overall threat is a general consequence of the state of transport infrastructure and transport operations in the a competitive international business environment.

It is obvious that the SOPT can not address all identified strengths, weaknesses, opportunities and threats in the SWOT analysis as it has to take into account the specific requirements from the use of the Structural Funds. However, it would be logical to link the proposed priority axes and key areas of interventions of the SOPT as much as possible to the outcome of the SWOT analysis. Lack of coordination, however, may result in the fact that the Romanian economy will not benefit to its full extent from this opportunity as local and regional connection to this international network is failing and missing.

### 2.3 Relevance

The evolving needs and priorities for the transport sector in Romania at national and EU level are 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 present state of the transport infrastructure and services can be qualified as of poor quality and not responding to the present needs. This constitutes a major obstacle to territorial and social cohesion and further economic development; e.g. it impedes competitiveness, movement of goods and labour, business settlements, investments, etc. There is a huge backlog in investments in transport infrastructure from the past. New transport infrastructure has to be built and further integration of the transport network should be achieved. The upgrading of the transport infrastructure system to EU standards is also identified as priority. Rehabilitation and maintenance of existing transport infrastructure are urgent and requiring huge investments. Financial constraints, however, require a prioritisation based of the earlier sound diagnosis of the transport sector, clear objectives and an integrated strategy to achieve them. In the SWOT analysis the SOPT emphasizes the need to address in particular the road and railways, but also attention has been paid to the river and maritime port infrastructure. It is, however, acknowledged that there is a need to effectively strengthen the institutional capacity for the management and implementation of the SOPT.

The potential of Romania is described in the socio-economic analysis of the sector and the strengths are identified in the SWOT-analysis: the location along Trans European Transport Corridors; the extensive network of railway infrastructure; and inland waterway facilities and the port of Constanta on the Black Sea. The further development of this potential will bring economic benefits to the country.

The SOPT envisages to contribute to the development of a more efficient, flexible and safe transport system, which will have a positive impact on the reduction of social and economic disparities between Romania and the EU member states.

The SOPT therefore formulates as its global objective 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.

This global objective has been specified as follows:

- i. Promote international and transit movements of people and goods in Romania by providing effective connections of the port of Constanta, as well as Greece, Bulgaria and Turkey, with the EU through the modernization and development of the relevant TEN-T priority axes
- ii. Promote effective movement of persons and goods among Romanian regions and their transfer from the hinterland to priority axes by modernizing and developing national and TEN-T networks
- iii. Promote the development of a balanced transport system of modes, based on the respective competitive advantage of each, by encouraging the development of rail, waterborne and intermodal transport, and
- iv. Promote sustainable development especially by minimizing adverse effects of transport on the environment and improving safety.

In order to achieve the objectives 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  
This priority axis includes road, railway and water transport infrastructure along the TEN-T priority axes. There is a logical balance in the investments in the road and railway sector.
2. Modernization and development of the national transport infrastructure outside the TEN-T priority axes  
This priority axis includes national road and railway infrastructure and the development of fluvial and maritime and airport infrastructure.
3. Upgrade the railway passenger rolling stock on the national and TEN-T railway networks  
The upgrade of the railway passenger rolling stock and TEN-T railway networks is necessary for reverting the trend of the decreasing number of passengers by train and is a serious attempt to promote sustainable and a relatively environmentally friendly mode of transport.
4. Sustainable development of the transport sector  
For promoting a sustainable development of the transport sector, emphasis is put on creating the conditions for further developing multimodal transport; improve traffic safety; and minimize the negative effects of transport on environment. On this last item more detailed information can be found in the Strategic Environment Assessment, which is attached to this main document.
5. Technical Assistance  
The fifth priority axis focuses on support for effective managing, implementing, monitoring and controlling the SOPT. This is a very

important component of the SOPT and a condition sine qua non for the successful implementation of the programme.

For each priority axis, key areas of interventions were identified.

The ex-ante evaluator considers the programme consisting of the five priority axes and the key areas of interventions as described in the SOPT as addressing the present needs of the sector. This will be further elaborated in the next chapter where the rationale of the strategy will be assessed. The proposed priorities and measures can be derived from the analyses of the situation in the transport sector. The formulated objectives and the proposed strategy are sufficiently relevant in relation to the identified weaknesses and strengths. The proposed strategy is also sufficiently relevant in relation to the identified trends and future challenges.

## 2.4 Overall conclusions

The SOPT provides a relatively comprehensive overview of the needs related with the development of the transport sector in Romania. These needs have been translated into a strategy at the level of the Operational Programme as there still is no General Master Plan for the Transport Sector with definition of global objectives; specific objectives; list of priority axes and key areas of intervention. There is a certain logical coherence in this process.

It goes without saying, however, that with a more reliable database development of transport policy would be much easier and programme and project interventions could be more focused and targeted to implement this policy.

Concluding, the ex-ante evaluator considers the presented strategy and the programme as a whole as relevant.

## 3 Evaluation of the rationale of the strategy and its consistency

### 3.1 Introduction

The evaluation of the rationale of the strategy and its consistency forms the core of the ex ante evaluation. It addresses the issue whether the chosen strategy is appropriate to alleviate the identified problems and to achieve the formulated objectives.

The evaluation of the rationale of the strategy focuses on the logic of the choice for particular priorities; on the shares and weights between priority axes and areas of interventions; on complementarity of certain proposed interventions and possible conflicts between intended programmes and projects.

The assessment of the consistency of the strategy deals with justification of the strategy and its compliance with national and European policy directions; the balance between specific objectives, identified areas of interventions and available resources; and the appraisal of the policy mix.

### 3.2 Assessment of the rationale of the strategy

A preliminary conclusion is that the strategy proposed and its strategic objectives are sufficiently relevant in relation to the problems, needs and potentials as identified in the SWOT analysis. Most SWOT statements can be traced back to the outcome of the socio-economic analysis

The strategy of the SOPT is derived from the Strategic Objective of the Romanian National Strategic Reference Framework (NSRF) for 2007-2013, which on its turn is based on the National Development Plan. The strategy for the transport sector is clearly described in these three documents and is consistent.

The global objective of the SOPT is to promote a transport system in Romania, which will facilitate safe, fast and efficient movement of people and goods nationally and internationally to European standards. The SOPT is one of the most important pillar of NSRF, having a significant impact on the economic and social development of the country.

In order to achieve the objective of the SOPT it is proposed to focus the EU and State funds for transport, on modernization and development of TEN-T and national infrastructure for all transport modes. The railway network has an important role in Romanian transport infrastructure and its development implies not only investments in infrastructure, but also the improvement of services quality. In the framework of this modernization process special attention will be given to the sustainable development of the transport sector.

In order to achieve the global 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 (72% of total Community funding; CF)
- 2 Modernization and development of the national transport infrastructure outside the TEN-T priority axes (19% of total Community funding; ERDF)
- 3 Upgrade the railway passenger rolling stock on the national and TEN-T railway networks (3% of total Community funding; ERDF)
- 4 Sustainable development of the transport sector (5% of total Community funding; ERDF)
- 5 Technical Assistance (1% of total Community funding; ERDF)

In Table 3.1 an assessment is made of the relation between the summarized SWOT analysis and the proposed priority axes:

**Table 3.1** *Relation SWOT and proposed Priority Axes*

<b>SWOT statements</b>	<b>Linked to Priority Axes</b>
<i>Strengths</i>	
- The strategic geographic location of Romania and its connection to the European transport network.	1,2,4
- Its potential to develop international multimodal/intermodal transport (ports, inland waterways, railways).	1,2,4
- Presence of low cost qualified labour and efficient road transport services.	
<i>Weaknesses</i>	
- Lack of institutional capacity to implement the SOPT.	5
- Lack of investments in motorways, other roads, railway infrastructure, inland waterway transport, maritime transport.	1,2,4
- Lack of integrated transport infrastructure network.	1,2,4,5
- Railway operations, multimodal transport operations and river management services not responding to users needs.	1,2,3
- Lack of focus on safety standards in all modes except air transport.	1,2,4

– Lack of long-term planning commitment, modal coordination and promotion of private investments (this is added by the ex-ante evaluator).	5
<i>Opportunities</i>	
– Integration in Europe and increased mobility facilitates economic growth and trade.	1,2,4
– Develop a corridor concept for multimodal transport using Romania's ports, inland waterways and railways. – Improved business climate and attraction private and public investments in transport infrastructure and operations.	1,2,4,5
– Development tourism.	1,2,3,4
<i>Threats</i>	
– The costs of transport services remain high and these services do not respond to customers demand resulting in a low level of international transit trade.	1,2,3,4
– Lack of cofinancing for implementation SOPT.	
– Lack of institutional implementation capacity; long duration project pipeline.	5
– Not integrated transport network because of lack of coordination.	5

The conclusion from this assessment is that the proposed priority axes match reasonably well with the results of the SWOT analysis.

From the summarized 17 items from the SWOT analysis, 4 are addressed by four priority axes and 6 items are addressed by three priority axis.

**Table 3.2** Quantification of match between SWOT summarized issues and proposed priority axes

No. SWOT issues	0 PA	1 PA	2 PAs	3 Pas	4 PAs	5 PAs
17	3	4	0	6	4	0
Frequency PA matches		PA 1	PA 2	PA 3	PA 4	PA 5
		10	10	3	9	6

Only three items from the SWOT analysis are not directly addressed by the priority axes. It is noted that the priority axes 1 and 2 both have 10 matches with the summarized items identified in the SWOT analysis.

**Table 3.3** Financial plan in current prices for SOP Transport<sup>4</sup>

Financing Plan of the SOP TRANSPORT with the Annual Commitment of Each Fund in the Operational Programme			
Financial Plan Current Prices	Structural Funding (ERDF) (1)	Cohesion Fund (2)	Total (3) = (1)+(2)
<b>2007</b>	84,938,144	223,151,971	308,090,115
<b>2008</b>	122,249,222	319,099,620	441,348,842
<b>2009</b>	174,085,731	429,019,784	603,105,515
<b>2010</b>	202,851,916	515,554,203	718,406,119
<b>2011</b>	219,643,530	554,654,920	774,298,450
<b>2012</b>	234,263,424	596,207,451	830,470,875
<b>2013</b>	251,300,243	638,917,136	890,217,379
<b>Grand Total 2007-2013</b>	<b>1,289,332,210</b>	<b>3,276,605,085</b>	<b>4,565,937,295</b>

Note: All funding is for regions without transitional support. All amounts in €, current prices.

Financial plan of the SOP TRANSPORT giving, for the whole programming period, the amount of the total financial allocation of each fund in the operational programme, the national counterpart and the rate of reimbursement by priority axis								
	Community Funding (a)	National counterpart (b) = (c) + (d)	Indicative breakdown of the national counterpart		Total funding (e) = (a)+(b)	Co-financing rate* (f) = (a)/(e)	For information	
			National Public funding (c)	National private funding (d)			EIB Contribution	Other funding
<b>Priority Axis 1 CF</b>	3,276,605,085	578,269,513	578,269,513	-	3,854,874,598	85.08%	-	-
<b>Priority Axis 2 ERDF</b>	864,128,373	288,040,545	288,040,545	-	1,152,168,918	75.00%	-	-
<b>Priority Axis 3 ERDF</b>	128,108,186	128,108,186	128,108,186	-	256,216,372	50.00%	-	-
<b>Priority Axis 4 ERDF</b>	245,525,617	120,110,942	81,842,250	38,268,692	365,636,559	67.15%	-	-
<b>Priority Axis 5 ERDF</b>	51,570,034	17,197,824	17,197,824	-	68,767,858	74.99%	-	-
<b>Total</b>	<b>4,565,937,295</b>	<b>1,131,727,010</b>	<b>1,093,458,318</b>	<b>38,268,692</b>	<b>5,697,664,305</b>	<b>80.14%</b>	-	-

\* The co-financing rates for all Priority Axes are calculated on a total cost basis (public and private).

<sup>4</sup> Financial plan sent to DG Regio by the Ministry of Public Finance on November 3, 2006

The following principles have been used:

- Activities will be co-financed through CF/ERDF and State Budget;
- Funding will be allocated among the five SOPT priority axes;
- Each axis will be supported by one or more key areas of intervention;
- Each key area of intervention is one, or a group of projects;
- For each axis, measurable assessment indicators will be developed;
- The priority axes and operations conform to community and national policies.

The next table shows a breakdown by key area of intervention:

**Table 3.4** Breakdown CF/ERDF Funding of SOPT by key area of intervention  
(source: Programme Complement, 8/2006)

Priority Axis		C.F.	ERDF	EUTotal	% Total	% C.F.	% ERDF	% P.A.
<b>1.</b>	<b>Trans European Infra-structure</b>	<b>2.878</b>		<b>2.878</b>	<b>72%</b>			
1.1.	Roads	1.413		1.413		49%		
1.2.	Railways	1.294		1.294		45%		
1.3.	Waterways	171		171		6%		
<b>2.</b>	<b>National Transport Infra-structure</b>		<b>756</b>	<b>756</b>	<b>19%</b>		<b>67%</b>	
2.1.	Roads		350	350				46%
2.2.	Railways		265	265				35%
2.3.	Waterways		118	118				16%
2.4.	Airtransport		22	22				3%
<b>3.</b>	<b>Railway passenger rolling stock</b>		<b>115</b>	<b>115</b>	<b>3%</b>		<b>10%</b>	
3.1.	Modernise rolling stock		115	115				
<b>4.</b>	<b>Sustainable development</b>		<b>216</b>	<b>216</b>	<b>5%</b>		<b>19%</b>	
4.1.	Promote inter-modal transport		25	25				12%
4.2.	Improve traffic safety		178	178				82%
4.3.	Minimise environmental effects		12	12				6%
<b>5.</b>	<b>Technical Assistance</b>		<b>45</b>	<b>45</b>	<b>1%</b>		<b>4%</b>	
5.1.	Management, implementation, etc		34	34				
5.2.	Information and promotion		11	11				

	<b>SOPT Total</b>	<b>2.878</b>	<b>1.132</b>	<b>4.010</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
	<b>Infrastructure total</b>							
	Roads	1.763			49%			
	Railways	1.559			43%			
	Waterways	289			8%			
	Airtransport	22			1%			
	Total infrastructure	3.633			100%			

The financial figures are different than the ones provided in the financial plan provided to DG Regio in November 2006. They come from the Programme Complement from August 2006 and give a good indicator for the weight attached to the various areas of intervention, including a breakdown of the proposed budget among the different modes of transport.

The rationale of the strategy proposed, its global objectives and the definition of the priority axes and key areas of interventions are sufficiently relevant in relation to the problems, needs and potentials as identified in the SWOT analysis. In some cases, however, their coverage can not totally be derived from the analysis but find their source in other programme documents, studies or from directly the NDP and the NSRF. It is also important to take into account that the Regional Operational Programme and the National Rural Development Programme also address the needs for regional, local and rural road infrastructure and are, thus, complementary to the SOPT.

### 3.3 The consistency of the strategy

The SWOT analysis identified the following weaknesses in the Romanian transport sector:

- Lack of investments in motorways, other roads, railway infrastructure, inland waterway transport, maritime transport.
- Lack of integrated transport infrastructure network.
- Railway operations, multimodal transport operations and river management services not responding to users needs.
- Lack of focus on safety standards in all modes except air transport.

Simultaneously the following opportunities were distinguished:

- Integration in Europe and increased mobility facilitates economic growth and trade.
- Develop a corridor concept for multimodal transport using Romania's ports, inland waterways and railways.
- Improved business climate and attraction private and public investments in transport infrastructure and operations.
- Development tourism.

The strategy to address these issues seems to be consistent. The most important deficiencies in the transport system are being addressed by the SOPT. There is also certain balance in the interventions in the most important modes of

transport with the major emphasis on road infrastructure and railways. It is important to take into account that the Regional Operational Programme and the National Rural Development Programme also address the issue of regional, local and rural road infrastructure and can as such be considered as complementary to the SOPT.

**Table 3.5** *Proposed budget breakdown ERDF/CF financed projects<sup>5</sup>*

<b>Areas</b>	<b>EU financed (in million €)</b>	<b>%</b>
<i>Roads</i>		<i>43.9</i>
- TEN-T	1412.69	35.2
- National roads	350.43	8.7
<i>Railways</i>		<i>41.7</i>
- TEN-T	1294.18	32.2
- National railways	265.19	6.6
- Rolling stock passenger	115.00	2.9
<i>Water Transport</i>		<i>7.9</i>
- TEN-T	171.12	4.3
- National	118.44	3.0
<i>Airports</i>		<i>0.6</i>
- National	22.11	0.6
Intermodal	25.20	0.6
Traffic safety	178.28	4.4
Environment	12.07	0.3
Technical support	33.96	0.8
Information	11.32	0.3
<b>GRAND TOTAL</b>	<b>4010.00</b>	<b>100</b>

As Table 3.5 shows, 43.9% of the EU financed part of the SOPT is directly earmarked for road infrastructure and 41.7% for railway infrastructure and rolling stock. The balance between road and railway shows the perception of the Managing Authority that railways is an important component in the SOPT and may contribute to fulfil the objectives of transport policy. Also can be seen that by large the major part goes to strengthening international cohesion and linking the Romanian infrastructure to the main European international transport corridors. Again the balance between road and railways is striking: 35.2% of the EU financed part of the SOPT is proposed for road infrastructure along the TEN-T and 32.2% for railway infrastructure along the TEN-T. Low priority has been given to public investments in airports, while a reasonable amount of investments are planned for inland waterway transport. As said before, this breakdown, however, is indicative.

The whole amount of the Cohesion Fund is intended to be used for the implementation of three priority axes. It is, however, noted that 72 per cent of

<sup>5</sup> As proposed in the Programme Complement dated August 2006. This breakdown is indicative as still changes are being made by the Managing Authority.

the total Community funding is for the development and modernisation of the TEN-T priority axes, while only 5 per cent of the Community funding is earmarked for sustainable transport and only 1 per cent for Technical Assistance.

Paragraph 3.4 presents in more detail an assessment of the proposed priority axes and key areas of interventions.

### 3.4 Priority axes and key areas of intervention

	Comments by ex-ante evaluator
<p><b>Priority axis 1:</b> <i>Modernization and development of TEN-T priority axes</i></p>	
<p>Modernization and development of road infrastructure along the TEN-T priority axis 7</p>	<p>This measure is aiming at enhancing the territorial cohesion between Romania and the other Member States of the EU. As such this measure stands at the core of the Cohesion Fund.</p> <p>The completion of the construction of the motorway in the norther arm on TEN-T 7 (Nadlac-Constanta) is considered one of the priorities.</p>
<p>Modernization and development of railway infrastructure along the TEN-T priority axis 22</p>	<p>This measure is aiming at enhancing the territorial cohesion between Romania and the other Member States of the EU. As such this measure stands at the core of the Cohesion Fund.</p> <p>This measure aims at making the railway infrastructure <i>inter-operable</i> along the TEN-T priority axis 22 (Curtici - Constanta); 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. This key area of intervention also introduces the ERTMS/ETCS level 2 systems and complies as such with European standards. It will contribute to the development of the international transit corridor through Constanta.</p>
<p>Modernization and development of water transport infrastructure along the TEN-T priority axis 18</p>	<p>This measure is aiming at enhancing the territorial cohesion between Romania and the other Member States of the EU. As such this measure stands at the core of the Cohesion Fund.</p> <p>The measure 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.</p> <p>It will contribute to the development of the international transit corridor and the use of inland waterways for transportation. As such it contributes to the development of sustainable transport.</p>

<p><b>Priority axis 2:</b> <i>Modernization and development of the national transport infrastructure outside the TEN-T priority axes</i></p>	
<p>Modernization and development of national road infrastructure</p>	<p>This key area of intervention aims at modernizing and developing road infrastructure located on the national network 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. It is fully compatible with 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>Modernization and development of national railway infrastructure</p>	<p>This key area of intervention aims at modernizing and developing railway infrastructure located on the national network outside the TEN-T priority axes. It takes into account <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. This key area of intervention also introduces the ERTMS/ETCS level 2 systems and complies as such with European standards.</p>
<p>Modernization and development of river and maritime ports</p>	<p>This measure will facilitate port operations and efficiency, increase container stacking and handling capacity, and increase vessel safety in the port of Constanta. Similar interventions on other Danube ports are planned. The implementation of this measure will certainly contribute to the strengthening of the transport transit corridor and promote inland waterway transport.</p>
<p>Modernization and development of air transport infrastructure</p>	<p>This measure is not very concrete yet. It only spells out that interventions will be planned on the TEN-T airports. In particular, attention will most probably be paid to Henri Coanda International Airport. The Managing Authority is still waiting for the GTMP where prioritization will be made concerning interventions and investments in international, national and regional airports.</p>
<p><b>Priority axis 3</b> <i>Upgrade the railway passenger rolling stock on the national and TEN-T railway networks.</i></p>	
<p>Upgrade the railway passenger rolling stock with up to date train units</p>	<p>This priority axis at promoting appropriate balance among modes of transport. It aims at faster, safer and higher quality services at inter-operable European</p>



	<p>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>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.</p> <p>It will contribute to a better balance between road and railways and facilitates inter-operability by equipping the train units with the European Train Control System (ETCS).</p>
<p><b>Priority axis 4</b> <i>Sustainable development of the transport sector</i></p>	
<p>Promote inter-modal transport</p>	<p>This priority axis will promote increased levels of safety, minimize adverse effects on the environment as well as promote intermodal and combined transport.</p> <p>This measure promotes the development of intermodal terminals and/or combined transport logistics and distribution centres covering terminal infrastructure. It also promotes the use of railways in multimodal, intermodal and combined transport.</p> <p>The measure contributes towards achievement of sustainable transport and simultaneously promoting the development of international multimodal transport corridors through Romania.</p>
<p>Improve traffic safety across all transport modes</p>	<p>This key area of intervention ensures implementation of European standards of safety and security across all transport modes.</p> <p>It addresses as such important issues in European and Romanian transport policy.</p>
<p>Minimize adverse effects of transport on the environment</p>	<p>These measures include the introduction of efficient non-polluting/environment-friendly transport infrastructure initiatives, in full compliance with European standards across all transport modes and in observance to the Kyoto Agreement.</p> <p>It addresses as such important issues in European and Romanian transport policy.</p>
<p><b>Priority axis 5</b> <i>Technical Assistance for SOPT</i></p>	
<p>Provide support for effective SOPT managing, implementing, monitoring and controlling</p>	<p>The most important component of this priority axis is institutional support and strengthening of the administrative capacity of the Managing Authority and the Implementing Agencies. New staff will be needed and existing staff will need to be trained in both general administrative duties and technical aspects of transport project management within the MA and IAs.</p>

Provide support for information and publicity regarding SOPT	Special attention is paid in the area of intervention to dissemination of information on the implementation of the SOPT. It is important to use this measure as well to collect and process feedback from the stakeholders on the implementation of the SOPT.
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The proposed priorities axes and key interventions proposed can easily be considered as complementary to each other. All these measure will contribute to the development and improvement of transport infrastructure in Romania focusing on capitalizing the strengths and opportunities as identified in the SWOT analysis and reducing, decreasing and ultimately removing weaknesses and threats.

### 3.5 Overall conclusions rationale and consistency

Concerning the rational and the consistency of the proposed strategy, the general conclusion is justified that the Sector Operational Programme Transport will certainly contribute to develop the transport infrastructure and support and promote of sustainable economic and social development in Romania.

It can not be expected that the successful implementation of the SOPT will address all weaknesses and threats identified in the analysis of the socio economic situation and the state of the Romanian transport infrastructure within the programme period 2007-2013. However, it will certainly contribute to address the basic needs.

The choice of particular priorities as well as the decisions taken on the shares and the weights of the proposed budget's division are sufficiently justified from the socio-economic analysis and can be explained from the intervention logic.

The priority axes and the actions proposed can be considered are sufficiently complement and synergy between them can certainly be expected. All proposed actions can contribute to improved state of transport infrastructure and increased efficiency and effectivity of the Romanian transport system.

In the framework of this evaluation possible conflicts amongst the proposed objectives could not be detected.

The proposed policy mix can be considered as an optimal one and does not conflict with each other.

## 4 Appraisal coherence of the strategy with EU, National and Regional policies and the Community Strategic Guidelines

### 4.1 Appraisal compatibility strategy with EU policy objectives and the Community Strategic Guidelines on cohesion

The SOPT makes explicit reference to the Lisbon Strategy, the Community strategic guidelines for the cohesion policy in support of Growth and Jobs and the conclusions of the European Council from Goteborg 2001 related to growth, jobs and sustainable development.

In accordance with the integrated guidelines for growth and jobs of the renewed Lisbon agenda, the programmes supported by cohesion policy should seek to target resources on the following three priorities (1):

- improving the attractiveness of Member States, regions and cities by improving accessibility, ensuring adequate quality and level of services, and preserving the environment,
- encouraging innovation, entrepreneurship and the growth of the knowledge economy by research and innovation capacities, including new information and communication technologies, and
- creating more and better jobs by attracting more people into employment or entrepreneurial activity, improving adaptability of workers and enterprises and increasing investment in human capital.

The Community Strategic Guidelines (Council Decision 6 October 2006 on Community strategic guidelines on cohesion) mention that in the case of regions and Member States eligible for support under the Convergence objective, the aim should be to stimulate growth potential, so as to achieve and maintain high growth rates, including addressing deficits in basic infrastructure networks and strengthening institutional and administrative capacity. The territorial dimension of cohesion policy is important and all areas of the Community should have the possibility to contribute to growth and jobs. Accordingly the strategic guidelines should take account of investment needs in both urban and rural areas in view of their respective roles in regional development and in order to promote balanced development, sustainable communities and social inclusion.

One of the most important elements in the Community Strategic Guidelines relates to the concept of territorial cohesion. An appraisal of the coherency of the strategy of the SOPT, which relates to the territorial dimension of this operational program, therefore, is opportune. Territorial planning in Romania takes in principle place at three levels: at national, zonal and on county level. The planning documents that are drafted for these levels should form important tools for spatial and regional economic planning in Romania and take into account the planning of transport infrastructure as well. Within the Ministry of Transport, Construction and Tourism, a department exists dealing with spatial planning at different planning levels. Nevertheless, co-ordination between the different sectors on the issue of integrated territorial planning still can be improved. An effec-

tive spatial planning instrument, however, is still missing. This lack of such an effective planning instrument could in the long term have negative effects on balanced regional developments and the territorial cohesion in Romania.

As the SOPT is definitely impacting on economic growth and employment some additional core indicators to measure specific and global impacts at programme level have to be defined. Proposals for such indicators are provided in the annex on indicators.

Reference still should be made to the Regions for Economic Change initiative<sup>6</sup> and arrangements could be made to facilitate the integration of innovative operations related to the results of the networks in which the region is involved.

The SOPT also took into account the White Paper on European Transport Policy (2001) and the Trans-European Transport Networks (TEN-T). The White Paper on European Transport Policy (2001) focuses on the following priorities:

- Revitalising the railways
- Improving quality in the road transport sector
- Promoting sea / inland waterways
- Balancing air transport and the environment
- Turning intermodality into reality
- Trans-European transport network
- Improving road safety
- Adopting a policy on effective charging for transport
- Recognising the rights and obligations of users
- Developing high-quality urban transport
- Research and technology
- Managing globalisation
- Developing environmental objectives

Many of the issues are addressed by the SOPT. In particular, the priorities assigned to railways by the SOPT are relevant in this respect.

## 4.2 Appraisal compatibility with NSRF

In the "Strategy" chapter of the SOPT reference is made to the overall development goals of the National Strategic Reference Framework (NSRF).

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, building administrative capacity and promote a balanced territorial development with a view to reducing the social and economic development disparity between Romania and EU member states.

The implementation of the SOPT will contribute to these priorities established by the NSRF as Table 4.1 shows:

<sup>6</sup> Consult Communication from the Commission "Regions for Economic Change", COM(2006)675 final, 8.11.2006, {SEC(2006)1432}.

**Table 4.1** Contribution of Transport SOP to the NSRF Priorities

	Develop Basic Infrastructure to European Standards	Increase the L-T Competitiveness of the Romanian Economy	Development and More Efficient Use of Romania's Human Capital	Building Effective Administrative Capacity	Promote Balanced Territorial Development
Priority Axis 1: <i>Modernization and development of TEN-T priority axes</i>	♦	♦			♦
Priority Axis 2: <i>Modernization and development of the national transport infrastructure outside the TEN-T priority axes</i>	♦	♦			♦
Priority Axis 3: <i>Upgrade the railway passenger rolling stock on the national and TEN-T railway networks</i>	♦		♦		♦
Priority Axis 4: <i>Sustainable development of the transport sector</i>	♦				
Priority Axis 5: <i>Technical Assistance</i>	♦			♦	

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 SOPT states that the transport sector in the NSRF is fully consistent with, and promotes the Lisbon and Gothenburg strategies of growth, jobs and sustainable development. The NSRF estimates an overall net increase in the average number of employees of about 130,000 persons by 2013 compared to 2005 as result of all Structural Fund interventions. The SOPT is not directly targeted to create new jobs or increase employment growth. However, the construction of infrastructure creates or at least maintains a significant number of jobs. Although being a temporarily employment effect it will have a significant influence on labour market developments for a number of years as the investment period is relatively long. Furthermore, the envisaged increase in transport activities will have an impact on the economic development as a whole and therewith an employment effect.

According to macroeconomic forecasts of the National Commission for Prognosis, Romania's GDP will increase on average by 5.6%, in the period 2007 – 2013. The economic growth will be based on the domestic demand, especially on Government's investments, including those financed with the support of the EU funds. The NRSF estimates that the impact of the Structural and Cohesion Funds will generate an additional 15% increase in Romania's GDP by 2015 compared to a situation without these funds. This growth estimate was calculated by using a macroeconomic model in which improvements of transport infrastructure were used as one of the key factors to generate growth. However, it will be rather dif-

difficult in the framework of a SOPT monitoring system to simply isolate the particular impact of the SOPT on the economic growth rate. Therefore, a SOPT impact monitoring should use "GDP growth" as a context indicator.

#### 4.3 Appraisal compatibility with EU horizontal objectives on Environment, Equal opportunities and Information society

Also special attention has been paid to sustainable development reflected in the reduced impact transport-environment and low pollution from transport activities; equal opportunities; and competition policy and state aid. Explicit reference still could be made to the Information Society. This reference to the Information Technology is important in the Romanian context. Wider promotion and use of Information and Communication Technology (ICT) may improve productivity levels and competitiveness and contribute to a more efficient and effective delivery of public services. Technology dissemination can contribute to regional development and developing connectivity and networking in and between regions and sectors. Application of ICT in transport and transport infrastructure may also contribute to the solution for the lack of information on the use of transport infrastructure and on transport operations and may assist in developing reliable transport information database through collection and processing of data. Management information systems can also be designed to prepare, plan, implement, monitor and evaluate emerging needs for new and rehabilitation and maintenance of existing transport infrastructure.

#### 4.4 Results Strategic Environmental Assessment (SEA)

Strategic Environmental Assessment was carried out in accordance with the requirements of the European Council Directive on assessment of the effects of certain plans and programmes on the environment (2001/42/EC) and Romania Governmental Decision no.1076/8.07.2004 for setting up the environmental assessment procedure of certain plans and programmes (Of.J.no.707/5.08.2004).

The implementation of the objectives and priority axes of the SOPT will likely have significant environmental effects on the environment. Special attention should be given and selection of appropriate mitigation measures to offset the potential negative impacts should be done for Priority Axes 1 and 2. Most likely positive effects are to be expected from carrying out measures planned under Priority Axis 3 and 4.

Key mitigation measures proposed for SOPT are:

- all projects should have EIA carried out with special focus given on alternatives to reduce any potential impacts on Natura 2000 and landscape fragmentation. Since the exact locations of the projects are not known, special attention should be given to overlap and interaction of the developments with Natura 2000 network which is to be approved at the end of 2006;
- priority support should be given to the investments that promote BATs;
- priority support should be given to the investments that promote minimization of energy consumption, increase energy efficiency and energy demand (e.g. oil and gas) and promote reuse of the natural resources;

- projects enabling PT use and development should have a priority (e.g. rail versus road and measures aimed at PT promotion);
- projects prioritised using the environmental section criteria proposed in the report should take priority in the overall SOPT funding.

The report on the Strategic Environmental Assessment (SEA) is proposing a system of monitoring the SOPT environmental effects and provides a list of proposed environmental monitoring indicators. The report considers the fact that, in general, in the framework of a monitoring system of environmental indicators at national or regional level, it is rather impossible to separate the SOPT environmental impacts from impacts of other activities or interventions (e.g. projects financed from sources other than the SOPT). According to the SEA team the provided list of indicators which is based on standard requirements for monitoring environmental effects of infrastructure investments and transport activities should be modified to accommodate the particular needs and project particularities. The SEA team proposes "to selectively use monitoring indicators to monitor environmental effects based on the characteristics of the projects selected for funding". The monitoring results of particular projects could be aggregated and these aggregates could serve as a basis to estimate the overall environmental effects of the SOPT. Such data collection and processing procedure implies that most of the proposed environmental indicators will be used in the monitoring system of the programme and further defined and described in the Programme Complement.

It is important to mention that the SOPT version from April 2006) is likely to have more positive environmental effects than the previous (2005) version of the SOPT, since

- the new objective "Promote sustainable development especially by minimizing adverse effects of transport on the environment and improving safety" brought into the SOPT will clearly add to the environmental safety of the transport sector;
- KAI 4.3 "Minimise adverse effects of transport on the environment" is likely to have significant positive effects by expending activities under priority axis 4, then the originally proposal
- the last version enables better integration of sustainable development and environment to the SOPT.

The full SEA report can be found in Annex 4 to this ex-ante evaluation report.

#### 4.5 Appraisal of complementarity with other Operational Programmes

Complementarity with other Operational Programmes and the operations financed from EAFRD and EFF has been addressed in paragraph 3.4 of the SOPT (page 71).

In particular attention has been paid to the consistency between the SOPT and the ROP. It was decided that:

- Urban transport infrastructure is within the scope of ROP and will not be addressed in SOPT.
- County roads will be within the scope of ROP; European and national roads will be under SOPT.
- Communal roads will be financed from EAFRD.
- All motorways will be under SOPT.
- National and regional TEN-T (air)ports will be under SOPT; the others under ROP.

It is also stated that the Bucharest rail underground urban mass transport is the responsibility of the Bucharest Municipality and will not be addressed in the SOPT.

This situation has recently been changed. There is a proposal to include transport projects in the Bucharest area into the SOPT. The projects as such are eligible for financing under the CF and ERDF.

The division of responsibilities between SOPT and ROP has been made clear. What is not clear yet, however, is how the infrastructural linkages between European/national and regional/county/communal have been planned and if there is any synergy between the three entities (SOPT, ROP, EAFRD). There are the Regional Coordination Committees designed to identify potential synergies and strategic responses to the specific problems of a Region, which could be put into practice through correlated and/or synchronized interventions under various Programmes, including those financed by EAFRD and EFF. However, these Regional Coordination Committees seem to lack authority and resources to guarantee this synergy and to embody integrated planning. There are no strong administrative structures at regional level and the Regional Development Agencies lack authority and do not form intrinsic part of the Romanian state administration.

Concluding it can be said that the ROP complements proposed investments in road infrastructure of the SOPT as it addresses regional, local and urban roads. Also the National Rural Development Programme is complementary in this respect as it includes interventions in the area of construction and upgrading of rural roads.

The SOPT also makes explicit reference to Economic Competitiveness and states that improved transport infrastructure will directly lead to increased competitiveness of manufactured products and the provision of services.

#### 4.6 Overall conclusions on coherence of the strategy

The strategy of the SOPT is coherent with EU policy and national policy. However, problems emerge regarding coherence with regional policy as this latter is lacking, mainly due to the non-existence of strong regional state structures.



Complementarity of the proposed investments in road infrastructure of the SOPT, ROP and NRDP is also important to take into account and one should strive for an integrated planning mechanism for (road) transport infrastructure.

## 5 Evaluation of expected results and impact

### 5.1 Quantification of objectives at programme and priority level

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.

At the level of the SOPT no programme indicators had been formulated. In the Programme Complement a distinction was made between monitoring indicators and evaluation indicators. The main indicators of monitoring at project level are related with progress in design preparation; tendering and contracting; land acquisition; utilities relocation/protection; Works implementation; evolution of actual contract price. At the level of key areas of intervention, the main indicators of monitoring are: commitment rate; contracting rate; payment rate; rejection rate. The evaluation indicators have been divided into output indicators and result indicators by key area of intervention.

The development and use of programme impact indicators is highly recommended as it is a very powerful tool for further policy development and enhance and increase the planning capacity of the Managing Authority. The ex ante evaluator proposes to consider the use of the following programme impact indicators:

**Table 5.1** Proposed Programme Impact Indicators SOPT

Indicator	Unit	Baseline	Baseline Year	Target (2015)	Source	Definition / Comments
<b>Impact</b>						
Jobs created / maintained	No	-	-		SOP-T Monitoring System / surveys	Temporarily jobs to be measured during investment / construction period
Value for timesaving stemming from new and reconstructed roads for passengers	Euro/ year	-	-		survey	Value for timesaving is a core indicator listed in the EU regulation
Value for timesaving stemming from new and reconstructed roads for freight	Euro/ year	-	-		survey	
Value for timesaving stemming from rehabilitated railways for passengers	Euro/ year	-	-		survey	
Value for timesaving stemming from rehabilitated railways for freight	Euro/ year	-	-		survey	
<b>Environmental Impact</b>						
Emissions by mode of: - SOx - NOx, - VOCs, - PM10	kt / year	-	-		Data aggregated from the project level may be further compared with data from the national monitoring data	Reduction of emission levels.. Data should be also calculated for intercity and international transportations.
Transport emissions of greenhouse gases (CO2 equivalent) by mode	kt/year	-	-		Effects for specific projects and the SOPT respectively should be calculated based on fuel consumption.	Decrease GHG emissions from transport Reduction of GHG emission levels due to the transport traffic.
Land fragmentation increase due to SOPT	ha		-		SOP-T Monitoring System	Protect and improve the conditions and functions of terrestrial and aquatic eco-systems against anthropogenic degradation, habitat fragmentation and deforestation
Infrastructure surface land take in Romania (increase due to projects)	ha	-	-		Data from the monitoring of the specific projects supported within the SOPT and national statistics	Preserve the natural diversity of fauna, flora, and habitats in protected areas and potential Natura 2000 sites
Transport final energy consumption (total and by mode)	GJ / year	-	-		Data from monitoring of specific projects and from the National statistics data	Improve energy efficiency and use of energy resources

For some of the impact indicators presented in the following chapter the target values have not yet been defined. Based on a further specification of related operations and the present missing target values and base lines can be defined (for some of the indicators base line values might not be applicable). However, in principle, there is no obligation to define target values for impact indicators prior to the beginning of a programme implementation. The EC indicator guidelines accept also defining of target values for impact indicators during the first phase of implementation.

Further, the specific objectives at priority axis level have been formulated as follows:

- 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.  
*Priority Axis 1: Modernization and development of TEN-T priority axes (72% of total Community funding; CF)*
- 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  
*Priority Axis 2: Modernization and development of the national transport infrastructure outside the TEN-T priority axes (19% of total Community funding; ERDF)*
- 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  
*Priority Axis 3: Upgrade the railway passenger rolling stock on the national and TEN-T railway networks (3% of total Community funding; ERDF)*
- Promote sustainable development especially by minimizing adverse effects of transport on the environment and improving safety.  
*Priority Axis 4: Sustainable development of the transport sector (5% of total Community funding; ERDF)*

Priority Axis 5 is Technical Assistance (1% of total Community funding; ERDF).

## 5.2 Evaluation of expected results

To evaluate the expected results of the implementation of the SOPT the use of quantified outputs and results are assessed. The SOPT has defined the main output and result indicators that the Managing Authority is going to use to monitor and evaluate the implementation of the operational programme. The Programme Complement has detailed these indicators.

The ex ante evaluator considers that useful indicators have been identified for each priority axis and a first attempt has been made to set the targets for 2015. One of the problems is that sometimes reliable baseline data are not available.

The ex-ante evaluator proposes based on the work already done by the MA of the SOPT a comprehensive set of output and result indicators. For each priority axis a set of output indicators have been defined.

**Table 5.2** *Output Indicators by Priority Axis*

**Priority Axis 1:  
Modernisation and development of TEN-T priority axes**

***Output Indicators***

<b>Indicator</b>	<b>Unit</b>	<b>Baseline</b>	<b>Baseline Year</b>	<b>Target (2015)</b>	<b>Source</b>	<b>Definition / Comments</b>
<b>Output</b>						
TEN-New motorways completed	Lane -km	0	2007	600	SOP-T Monitoring System	
TEN- rehabilitated motorways	Lane -km	0			SOP-T Monitoring System	
TEN-Interoperable railway rehabilitated/upgraded	km	0	2007	180	SOP-T Monitoring System	
TEN-Navigable waters fully open to navigation	km	0	2007	450	SOP-T Monitoring System	

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

***Output Indicators***

<b>Indicator</b>	<b>Unit</b>	<b>Baseline</b>	<b>Baseline Year</b>	<b>Target (2015)</b>	<b>Source</b>	<b>Definition / Comments</b>
<b>Output</b>						
National roads rehabilitated	km	0	2007	800	SOP-T Monitoring System	
Railway stations rehabilitated/upgraded	No	0	2007	18	SOP-T Monitoring System	
Railway bridges	No	0	2007		SOP-T Monitoring System	
Railway tunnels	km	0	2007		SOP-T Monitoring System	
Ports rehabilitated/upgraded	No	0	2007	1	SOP-T Monitoring System	
Airports rehabilitated/upgraded	No	0	2007	3	SOP-T Monitoring System	

**Priority Axis 3:  
Upgrade the railway passenger rolling stock on the national railway network**

***Output Indicator***

Indicator	Unit	Baseline	Baseline Year	Target (2015)	Source	Definition / Comments
<b>Output</b>						
New EMUs	No	0	2007	45	SOP-T Monitoring System	

**Priority Axis 4:  
Sustainable development of the transport sector**

***Output Indicators***

Indicator	Unit	Baseline	Baseline Year	Target (2015)	Source	Definition / Comments
<b>Output</b>						
New/upgraded intermodal terminals	No	0	2007	10	MA SOP-T	
Improved/upgraded level crossings	No	0	2007	80	MA SOP-T	
km of road through linear villages improved as per safety	Km	0	2007	180	MA SOP-T	
Environmental strategy for the transport sector	No		2007	1	MA SOP-T	

For all transport infrastructure interventions / operations the result indicators are of the same type.

**Table 5.3** Result Indicators for Priority Axes 1 to 4

Indicator	Unit	Baseline	Baseline Year	Target (2015)	Source	Definition / Comments
<b>Result</b>						
Increase in passenger traffic (road and rail)	million passenger - km	81 833 (estimate)	2007	+ 37%	Cestrin / National Statistics	basic value to be verified: NDP 2004: 19,707.9 mil.
Increase in railway passenger traffic	million passenger - km	9 494 (estimate)	2007	+ 26%	National Statistics	
Inland freight traffic	million tonne - km	65 842 (estimate)	2007	+ 33%	National Statistics	
Transported passengers on rivers and inland canals	mil	0.2 (NDP)	2004	1.0 (NDP)	SOP-T Monitoring System / surveys	
Goods conveyed in transit through ports, of which maritime river	Mil. ton	71.74	2004	115 (NDP)	SOP-T Monitoring System / surveys	
		40.53 31.21		80 (NDP) 35 (NDP)		
Increase in passenger traffic through airports	thousand passengers	3 949 (estimate)	2007	+ 45%	SOP-T Monitoring System / surveys	
Increase in freight traffic through airports	ton	22 506 (estimate)	2007	+ 41%	SOP-T Monitoring System / surveys	basic value to be verified: NDP 2004: 5,500
Reduction in serious accidents	serious accidents / million passenger cars	2 155	2003	- 20%	National Statistics / Road Police	
Reduction in fatalities	fatalities / million passenger cars	724	2003	- 20%	National Statistics / Road Police	

As the effects of infrastructure improvements of TEN and outside TEN related investments are difficult to separate due to network impacts it seems to be advisable to monitor the results of Priority Axis 1 to 4 of the SOP-T in one common result monitoring system. Furthermore, the estimates of target values for the respective result indicators were effected on an aggregated level and are not differentiating between the particular axis.

As regards Priority Axis 5 Technical Assistance no indicators are specified. Since the activities of that Priority Axis are determined by the general regulation (monitoring, implementation, evaluation, communication) and operationally described in the draft regulation on implementation, indicators are not relevant here as the authorities responsible for planning and implementation just need to comply with European law.

A proposal for the use of an integrated set of result, output and impact indicators is included in Annex 3 to this report.

It is important to stress that the evaluation of the expected results is an important step in the planning process and forms a structural and integral part of it. It permits to assess the success of the programme and gives guidance for readjustment of the planned interventions. This is in particular important in a programme such as the SOPT, where a comprehensive pipeline exist of projects, which will be reviewed on a regular basis.

### 5.3 Justification of the proposed policy mix

On the basis of the SWOT analysis in Chapter 2.2 and the proposed division of the available resources, the ex ante evaluator concludes that, if one compares the matching of the SWOT analysis with the proposed priority axes in Table 3.1 with the proposed division of the total available resources over the 5 priority axes in Table 3.4, the **policy mix** offered for the implementation of the proposed strategy is justified.

The proposed policy mix is in compliance with EU and national policy. The SOPT and its priority axes and key areas of intervention address both the European agenda as well as the national one. Explicit reference has been made to the Lisbon Strategy and the Community strategic guidelines for the cohesion policy in support of Growth and Jobs; the White Paper on European Transport Policy (2001); the Trans-European Transport Networks (TEN-T); and the conclusions of the European Council from Goteborg 2001. This is reflected in the funding principles which give high priority to investments in the three TEN-T connecting Romania to the international transport network and promoting economic growth and creating jobs. Simultaneously national issues as the national transport infrastructure network, rail passenger transport, sustainable transport and technical assistance are addressed. It should be taken into account that the heavy emphasis on investments in the three TEN-T financed under the Cohesion Fund can be justified by the fact that both the Regional Operational Programme and the National Rural Development Programme also include investments in transport infrastructure (regional, local and rural road infrastructure). In this respect, the policy mix is more in balance.

### 5.4 Overall conclusions expected results and impact

For evaluating the expected results, an adequate institutional framework has been established. Also quantitative indicators have been developed. However, it is recommended to introduce impact indicators as well to be able to enhance the effectivity of the programme.

The ex ante evaluator has proposed the use of a comprehensive set of programme impact, output and result indicators for monitoring and evaluation purposes.



The proposed policy mix is justified taking into account the results of the SWOT analysis, the proposed priority axes and key areas of intervention and the proposed breakdown of the budget over the different priority axes and key areas of interventions.

## 6 Appraisal of the proposed implementation system

### 6.1 Introduction

The success of the implementation of the SOPT, and thus of the Community support, is largely dependent on the delivery capacity and management performance of the management authority and the implementing agencies. The quality of the implementation system, including the monitoring and evaluation arrangements, is decisive for the efficiency and effectivity of the implementation of the SOPT. It is also important to assess whether these arrangements also take into account the EU principles of transparency and partnership.

The proposed implementation system for the SOPT is addressed in Chapter 5 of the Operational Programme. The function of the Managing Authority for SOP Transport has been assigned to the Ministry of Transport, Construction and Tourism (MTCT), within the General Directorate for Foreign Financial Affairs. MTCT intends to use the network of existing implementation agencies involved in pre-accession funds management:

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

The management functions of the MA for SOP Transport are laid down in Government Decision 497/2004. One of these functions is to develop and promote partnerships at the central level, as well as between the central, regional and local levels, including public-private partnerships.

The MA for SOP Transport needs to think about the integration of the management of the SOPT within the management structure of the overall transport infrastructure planning.

### 6.2 Management

The General Directorate for Foreign Financial Affairs (GD FFA) of the MTCT carries out the function of the Management Authority for the SOPT. Two relevant SOPT bodies co-exist within the GD FFA of the MTCT. These are:

- the Managing Authority as such and,
- the Project Implementation Agency.

According to the Government Decision 497/ 2004 the Managing Authority of SOPT has the following general management functions:

- Prepare the Operational Programmes, 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;
- 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.

A key function of the MA is the management of the Operational Programme in its widest sense of which the identification and appraisal of projects and programmes proposed for financing is an essential function. A very important component is the management of the entire project cycle of identification, pre-feasibility and feasibility, prioritization, planning, implementation, monitoring and evaluation.

The SOPT mentions that it will use the network of existing implementation agencies involved in pre-accession funds management: NCMNR, CFR and MTCT ISPA Agency. The MTCT Project Implementation Agency will act as beneficiary for the implementation of the technical assistance priority axis. The advantage of having only three beneficiaries is that it may be easier to establish proper co-

ordination mechanisms between the MA and the implementation agencies. However, in the SOPT other beneficiaries are mentioned and other areas of interventions are proposed such as ports, inland waterway transport, maritime transport, airports, etc.

The relation between the Managing Authority and the Implementation Agencies should be translated into workable co-ordination mechanisms. In order to gain implementation power for the programme, it is also important to find ways to involve regional and local administrations in the overall management process of the SOPT. This should not be limited to the promotion of partnerships at regional and local level. In this respect the relation with the Regional Operational Programme is evident, where the Regional Development Agencies and the Counties have to play a decisive role in programme implementation.

The SOPT acknowledges that considerable experience has been acquired through implementation of pre-accession and IFIs programmes. It further admits that 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."*

The SOPT also acknowledges that there is insufficient institutional capacity for the management and implementation of the SOPT and that this calls for institutional strengthening through human resources development and technical assistance.

Personnel training on general issues related to management and control, exchange of experience, use of the Single Management Information System, networking, promotion and information will be the responsibility of the MA for the Technical Assistance OP. Also the Sector Operational Programme on Administrative Capacity Development stresses the importance of strengthening the institutional capacity and addresses this issue.

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

In the Programme Complement it is stated that 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

Therefore, the following activities have been identified:

- Activity 1. Ensure adequate resources for administrative costs and relevant equipment.
- Activity 2. Services associated with effective SOPT implementation will include:
  - support for preparatory, managing, implementing, monitoring, controlling, auditing and evaluation activities of SOPT
  - support for managing and monitoring structures of the SOPT in implementing their tasks
  - training in preparation, selection, assessment and evaluation of projects and in management and monitoring of the projects implementation
  - training in cost benefit analysis and safety analysis
- Activity 3. Continuous updating and development of the Transport Master Plan (GTMP) and other horizontal studies.
- Activity 4. Support for preparation of SOPT for the next programming period.

The proposed activities to increase the institutional capacity as such are relevant. However, it is still not clear whether sufficient resources will be allocated and appropriate measures will be taken to tackle this issue seriously. Experience from the implementation of ISPA projects in Romania in the period 2000-2006 has showed that many obstacles may arise during the project cycle, resulting in substantial delays in project and programme implementation and under spending. Therefore, this issue requires serious additional attention, all the more because the amount of funds and the number of projects are significantly higher than the funds from the ISPA programme.

In order to assist the Managing Authority and the Implementing Agencies two ad hoc analyses are being carried out to assess the present capacity and training needs of the staff of the two main Implementing Agencies of the SOPT, e.g. the Romanian Railways and the National Company of Highways and National Roads. Both Implementing Agencies together will be responsible for the implementation of more than 85% of the proposed EU financed part for the implementation of the SOPT. Details of the analyses will be used to enrich the Programme Complement of the SOPT and strengthen the management capacity of the MA and IAs. The quantity and quality of the present staff is not sufficient to carry out the tasks required for the implementation of the key areas of intervention in the railway and road sector. In particular, railways lack human resources to manage the railway projects from the SOPT. The results of these ad hoc analyses will be integrated in the ex-ante evaluation of the Programme Complement.

### 6.3 Monitoring

According to Article 66 of Council Regulation 1083/2006, the Managing Authority and the Monitoring Committee shall ensure the quality of the implementation of the operational programme.

An institutional framework for monitoring of the SOPT has been established. According to the Government Decision 497/2004 a Monitoring Committee (MC) for the SOPT 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. Roles and responsibilities of this Monitoring Committee have already been defined.

The members of this monitoring committee are:

- Chairperson, also Head of MA for SOPT
- MA CSF
- Certifying Authority and Paying Authority
- MA for ROP
- MA for Technical Assistance
- Competition Council
- MA for European Territorial Cooperation
- European Commission (consultative role)
- European Investment Bank/European Investment Fund (invited)

This institutional framework for monitoring is adequate. It may be useful to find ways to involve regional and/or local administrative structures in this monitoring process.

The ex ante evaluator would like to make some additional remarks. Article 66 of Council Regulation 1083/2006 states that the Management Authority and the monitoring committee shall carry out monitoring by reference to financial indicators. These financial indicators on the implementation of the SOPT may provide up to date information on the value of approved projects, tenders in progress, contracts signed, the amount paid to contractors, etc. It is important to establish these indicators from the outset and they should be updated on a regular basis. The monitoring by financial indicators will provide useful information of the implementation of the programme. It is recommended to start this monitoring process as early as possible as lessons can be learnt from possible obstacles to the successful implementation of the operational programme. Besides, also reports have to be submitted to the European Commission on a regular basis; the first time in 2008. According to Article 66 of Council Regulation 1083/2006, which spells out the arrangements for monitoring, data exchange between the Commission and the Member States shall be carried out electronically, in accordance with the implementing rules of the Regulation, A description of the information recorded by the system in place, is very important and needs to be developed with certain urgency.

Many regular monitoring activities of other projects of the MTCT are taking place. Each specific project and/or programme has its own particular monitoring and evaluation requirements depending on the sources of financing (national budget, ISPA, CF and ERDF, EIB, World Bank, private capital, etc.). It is important to optimise standardisation and maximum coordination of these monitoring activities as being part of one integrated system.

## 6.4 Evaluation

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.

In accordance with Articles 47-49 of Council Regulation 1083/2006, three main types of evaluations will be carried out for the OPs:

- An ex-ante evaluation (before implementation of OPs)
- 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 by an external evaluator (*a single contractor*) for each OP.

*Ongoing evaluations* will be carried out during the period of implementation of the OP Transport and shall be of three types – *a) interim, b) ad hoc and c) with horizontal themes*. 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, while the second interim evaluation will focus more on priorities, looking towards the next programming period. Depending on the efficiency and effectiveness of the monitoring system, it may be considered to have already a first interim evaluation by the end of 2008, as early lessons can be learnt from possible obstacles to the successful implementation of the operational programme.

*Ex-post evaluations* shall be carried out by the Commission for SOPT, in close cooperation with the Member State and Managing Authorities, in compliance with the provisions of *Article 49* of Council Regulation (EC) No. 1083/2006.

An institutional framework for evaluation has been established at two different levels:

- An overall coordination level, ensured by the Evaluation Central Unit within the Managing Authority for the Community Support Framework (MACSF), Ministry of Public finance.
- At 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 SOPT 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.

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 institutional framework for evaluation activities is adequate and the proposed actions can be endorsed. It is recommended to carry out the first interim evaluation already in 2008.

Furthermore, it is important to optimise standardisation and maximum coordination of the evaluation activities of the SOPT with those of other programmes and projects of the Ministry of Transport, Construction and Tourism as being part of one integrated evaluation system of MTCT.

## 6.5 Financial management and control

A framework for financial management and control has been set-up by the designation of Certifying Authorities for all OPs, Competent Bodies for Payments and Audit Authorities.

The financial management and control arrangements are comprehensively described and financial flows have been made visible through a flowchart.

The SOPT states that each OP Managing Authority is responsible for managing and implementing its Operational Programme efficiently, effectively and correctly and that each Managing Authority will work closely with the designated Certifying and Paying Authority 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.

Most of these responsibilities belong to the CA, and in some cases to Beneficiaries; therefore, the wording in the introductory paragraph needs to be changed into *Managing Authority will **assist** the designated Certifying and Paying Authority in fulfilling the responsibilities of financial management and control **in carrying out the following functions***. Articles 60, 61 and 61 of Council Regulation 1083/2006 spell out in detail the functions of the Managing Authority, the Certifying Authority and the Audit Authority, respectively. The Regulation provides details on the verification of activities and expenditures, the certifying authority and the competent body for payments as well as the flows of the funds. Also all requirements concerning the identification and reporting of irregularities, the Audit Authority and the different audit levels and their attributions are explained.

## 6.6 Single Management Information System

The Single Management Information System has been set-up and is operational. It is a nation-wide web-based information system, supporting all Romanian organisations implementing the National Strategic Reference Framework and Operational Programmes. 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).

Effective use of the SMIS and the active use of the indicators provide a powerful tool for management and for carrying out monitoring and evaluation tasks.

## 6.7 System for information and publicity

A comprehensive system of information and publicity measures for the Cohesion and Structural Funds has been set-up, including a Communication Plan, which is presented in the PC Transport. This system is considered to be adequate.

## 6.8 Partnership and public consultation

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.

From September to December 2005, MTCT has conducted a series of presentations on the initial draft SOPT to all eight development regions. In December 2005 a series of meetings was organised with all political parties in order to describe the SOPT process and the obligations undertaken by Romania and also a public consultative meeting addressed to all relevant stakeholders. Between December 2005 and April 2006 a number of meetings were held between MTCT and other relevant Ministries. Between May and November 2006

19 seminars and conferences were organized in different counties and cities to discuss the contents of the SOPT with stakeholders. It is important to use this experience to set further steps in the institutionalisation of this process of public consultation and integrate it in the daily practice of programme and project cycle management of the MTCT.

## 6.9 Overall conclusions implementation system

A comprehensive legal and institutional framework for the implementation of the Sectoral Operational Programme for Transport has been elaborated. On paper everything looks fine.

The major issue, however, is still institutional capacity. There seems to be no guarantee that the problem of the shortage of qualified staff for the Managing Authority and the Implementation Agencies will be solved soon. Experiences from the ISPA programmes, which are similar to the programmes financed by the Cohesion Fund and the European Regional Development Fund, but much smaller in size, show that the implementation capacity for project in transport infrastructure is much lower than originally planned. This has not only to do with the capacity of the project staff of the Ministry and the Implementation Agencies, but extends to the entire chain of the project cycle, including the contractors.

The establishment of financial indicators for monitoring activities is considered to be very important. Structural monitoring of the implementation of the SOPT based using sound indicators provides opportunities for removal of constraints for successful implementation and adjustment of the programme. It is also recommended to carry out the first interim evaluation at the end of 2008 instead of 2009.

The Managing Authority is invited to give some thoughts on the further integration of the project implementation units for the projects financed out of the Cohesion Fund and the European Regional Development Fund within the ordinary state administration in order to avoid the building of a "state within a state".

Public consultation in all stages of programme preparation, implementation, monitoring and evaluation is very important and will definitely contribute to a more successful programme.