

Final Report

**Romania Environmental Policy and
Institutional Restructuring**

August 2003

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Final Report

Romania Environmental Policy and Institutional Restructuring

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Environmental Policy and Institutional Strengthening Indefinite Quantity Contract (EPIQ)

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Acronyms

C4EP	Central and Eastern European Environmental Economics and Policy Program
CTO	Cognizant technical officer
EAPS	Environmental Action Program Support Project
ECS	environmental compliance strategy
EFS	environmental financing strategy
EI	economic instrument
EPA	Local Environmental Protection Authority
EPI	Local Environmental Protection Inspectorate
EPIQ	Environmental Policy and Institutional Strengthening IQC
EO	Emergency Ordinance
EU	European Union
GD	government decision
HIID	Harvard Institute for International Development
IFI	international financial institution
IR	Intermediate Result
IRG	International Resources Group
JI (AIJ)	Joint Implementation (Activities Implemented Jointly)
MO	Ministerial Order
MWFEP	Romania Ministry of Waters, Forests, and Environmental Protection
NEAP	National Environmental Action Program
NEF	Romanian National Environmental Investment Fund
NGO	non-governmental organization
OECD	Organization for Economic Cooperation and Development
PHARE	EU assistance program
RfQ	request for quotations
SSF	system of self-financing local EPAs
SO	Strategic Objective
STTA	short-term technical assistance
TAG	technical assistance grant
WG	working group

1. Introduction

Since 1993, USAID has provided the resources to support environmental policy assistance programs in Romania. During the period, 1993-1998, the Harvard Institute for International Development (HIID) implemented a policy advisory program as a component of the USAID-funded cooperative agreement titled “Central and Eastern Europe Environmental Economics and Policy (C4EP) Project.” The C4EP project in Romania, in partnership with the Council of Coordination, Strategy and Economic Reform, Ministry of Privatization, Ministry of Water, Forests, and Environmental Protection, and Romanian Automobile Registry provided technical assistance on a broad spectrum of environmental policy and finance issues.

When the C4EP Project ended in 1998, USAID continued the policy program for an additional year and requested the EPIQ consortium to field a resident team, supported by foreign experts. The task order and two no-cost extensions covered the period from October 1, 1998, through January 31, 2000. In April 2000, USAID requested a proposal from EPIQ to undertake a new task order to continue and expand on the activities undertaken during the first EPIQ task order.

This report summarizes the activities that the EPIQ consortium carried out in Romania under the “Romania Environmental Policy and Institutional Restructuring” program (Task Order No. 835) Project. The activities described in subsequent chapters span a period of over 28 months. The initial task order covered the period (May 15, 2000–September 30, 2001) but was extended by one year as a result of two no-cost and one cost extension.

The next chapter describes the work plan process and the organization of the team. **Chapter 3** provides an overview of technical work and describes the challenges the EPIQ team encountered in implementing the work plan. **Chapters 4-8** provide a synthesis of the five activities the team carried out during the task order. For a more in-depth description of specific tasks carried out by the EPIQ team, monthly and quarterly reports have been submitted to USAID over the course of task order implementation. These reports are available from IRG or USAID/Romania. Finally, **Chapter 9** provides concluding remarks on the project’s achievements and identifies potential follow-up assistance activities.

The six appendices to this report provide additional information on the task order. The EPIQ Work Plan is provided in Appendix 1. Appendix 2 provides a list of all experts who contributed to the work, while Appendix 3 provides a comprehensive list of Romanian and foreign participants in workshops, work groups, and other meetings organized or co-organized by EPIQ. Appendix 4 provides a list of all the EPIQ meetings. Appendix 5 contains three lists of all the documents prepared by EPIQ during the task order. EPIQ has compiled a CD-ROM that includes all of these documents that were prepared in electronic versions. Finally, Appendix 6 presents a list of all Romanian legislation that the EPIQ team had a hand in drafting or reviewing.

2. Organization of the Work

2.1 Task Order Objectives

The USAID objective in the Europe and New Independent States region regarding environmentally sustainable development is elaborated in Strategic Objective (SO) 1.6:

Increased environmental management capacity to support sustainable economic growth

The intermediate results (IR) identified by the USAID mission in Romania for promoting SO 1.6 included the following:

IR1—*Environmental resource management improved;*

IR2—*Environmental legal authority enhanced; and*

IR3—*Environmental sector financial sustainability increased.*

The Task Order awarded to the EPIQ consortium stressed the need to provide Romania with technical assistance and advice to establish effective and operational environmental policies necessary to protect Romania's environmental and natural resources. The three intermediate results reinforce this overall objective, given that they emphasize building appropriate management institutions, adopting a set of policies that are effective in creating the correct incentives for polluters and resource managers, and ensuring adequate financial resources to carry out the implementation of environmental policies.

2.2 Work Plan Process

During the week of May 22, 2000, EPIQ mobilized a team to develop the Work Plan. In its response to the RfQ, EPIQ had proposed to divide the work into five activities. Thus, the team included the proposed activity leaders for each of the five activities: Glen Anderson (Activity 1 and Team Leader); Vladimir Rojanschi (Activity 2 and Local Coordinator); Marilena Patrascu (Activity 3); Laurie Manderino (Activity 4); and Victor Platon (Activity 5). Throughout the week the team was assisted by Carmen Constantin (Office Manager) in preparation of presentation and work plan materials.

The team met briefly with the USAID CTO for the Task Order, Marshall Fischer, on May 22 to discuss the week's planned activities. EPIQ organized a series of meetings with counterparts in the Ministry of Waters, Forests, and Environmental Protection (MWFEP) during the week to discuss each activity and to solicit counterparts' suggestions. We agreed to prepare a briefing at the end of the week to summarize the outcome of our meetings.

On May 23, the EPIQ team met with senior officials in the Ministry to kick off the week's meetings. The meeting was also attended by the Task Order CTO, who introduced the team and outlined USAID's expectations for the collaboration between the Ministry and EPIQ. It was decided during the meeting to form three working groups to guide the five activities as well as a

smaller steering committee composed of two members of each working group plus the MWFEP Director of the Directorate of EU Integration and International Relations, Mihai Cozariuc, to provide oversight for all of EPIQ’s activities. MWFEP procedures require the issuance of a Ministry Decree to create the working groups and establish a process for nominating members, organizing working group meetings, and monitoring their activities. EPIQ assisted the Ministry in drafting and insuring the issuance of this decree. In addition, an exchange of letters between the Ministry and USAID to formalize cooperation was initiated with the preparation of a letter from the Ministry to USAID.

During the previous task order, the working group framework had been introduced as a mechanism to facilitate dialogue and facilitate closer cooperation between EPIQ staff and counterparts in the Ministry. At the request of the USAID CTO, EPIQ proposed broader representation on the working groups. Agreement was reached with MWFEP during the May 23 meeting to include members from respective government ministries, agencies and institutes as well as representatives from industry, local government, and NGOs in the three working groups. The three proposed working groups would be organized to cover all five EPIQ activities (see table).

On May 24 and 25, EPIQ met with the chairpersons from each working group to outline the proposed activities. The meeting with WG A also included several proposed WG members from outside of the Ministry. The meetings were useful in identifying potential overlaps between EPIQ’s activities and those supported or under consideration by other donors, refining specific tasks and clarifying schedules.

Table 2.1 Working Group Framework

Working Group	Activities	Chairperson(s)
A	<ul style="list-style-type: none"> • Environmental Financing Strategy • System of Self-Financing 	General Directorate for Monitoring and Ecological Control, Gabriel Dumitrascu, General Director
B	<ul style="list-style-type: none"> • National Environmental Fund • Economic Instruments 	General Directorate for Resources and Development, Vasile Lupu, General Director Economic Directorate, Melania Manea, Director
C	<ul style="list-style-type: none"> • Environmental Compliance Strategy 	Directorate for Strategies, Policies, and Legislation, Ion Machedon, Director Economic Policy Unit, Badita Petroica, Director

On May 26, EPIQ made a presentation to MWFEP Secretary of State Anton Vlad, other senior officials in the Ministry (including all WG chairpersons), and USAID. Later in the day, EPIQ met with the USAID CTO, who provided some initial feedback and additional direction on the content and structure of the work plan. The final work plan is attached to this report as Appendix 1.

2.3 Organization of the Project Team

To carry out the activities elaborated in the work plan, the following staffing plan was implemented. Glen Anderson, IRG Senior Manager, was designated as the Task Order Technical Manager or Team Leader. He was responsible for overall management, reporting and

correspondence with USAID, and ensuring the quality of all technical assistance outputs prepared by the EPIQ team. Based in the U.S., Mr. Anderson traveled to Romania every two to three months. With the exception of training activities for local environmental authorities, all workshops and most working group meetings were organized to coincide with Mr. Anderson's trips to Romania.

EPIQ set up a local program office in Bucharest, headed by the Local Program Coordinator, Vladimir Rojanschi. His responsibilities included representing the EPIQ program in the absence of the Team Leader, developing agendas and schedules for workshops and working group meetings, coordinating the preparation of the minutes of working group meetings and workshop summaries, and serving as program liaison. The local team also included the Bucharest Office Manager, Carmen Constantin and three Romanian experts (Marilena Patrascu, Victor Platon, and George Dulcu, who joined the team in July 2000).

As noted in the previous section, activity leaders were designated for each of the five activities in the work plan—environmental financing strategy (EFS), environmental compliance strategy (ECS), system of self-financing (SSF), national environmental fund (NEF), and economic instruments (EI). The activity leaders were responsible for organizing the tasks for their respective activities, identifying local and foreign consultants to carry out tasks not undertaken by the local team, preparing terms of reference for consultants, and reviewing all work products for the activity. Initially, the activity leaders were as follows:

- EFS Glen Anderson
- ECS Vladimir Rojanschi
- SSF Marilena Patrascu
- NEF Laurie Manderino (IRG consultant)
- EI Victor Platon

After Mr. Dulcu joined the team, he replaced Mr. Anderson as activity leader for EFS. Shortly after Mr. Dulcu's arrival, Ms. Manderino took a long term assignment with the Peace Corps in Benin. Mr. Anderson assumed the position of activity leader for NEF following her departure. The EPIQ team worked with a number of Romanian, U.S., and European consultants. These consultants are acknowledged in Appendix 3.

To complement the local team, IRG provided home office support for the Task Order including a Project Administrator and a Technical Assistance Grant (TAG) Manager. Over the course of the Task Order, several IRG staff filled these positions. Initially, Whitney Sims served as Project Administrator and Ken Ames as TAG Manager. Nancy Charbonneau replaced Ms. Sims as Project Administrator for most of the Task Order, with Rebecca Russell filling this role for the last three months of the Task Order. Ms Charbonneau also assumed responsibilities for the management of TAGs from Mr. Ames.

3. Overview of the Technical Work

3.1 Activity Goals and Anticipated Results

In developing its proposal and subsequent work plan, the EPIQ team identified environmental finance as the single greatest environmental challenge facing Romania. In the years ahead, financial resources would be needed to sustain national and local staffs in developing and implementing policies, and to finance the investments and other actions to be taken by private firms, municipal environmental service providers, and households. Unfortunately, this increased demand for an infusion of financial resources coincides with similar demands throughout government and all sectors of the economy.

Recognizing the importance of environmental finance, the EPIQ team structured all five activities to feature task elements designed to foster financial sustainability.

Below, a brief overview of the five activities is provided, including discussion of the objective, anticipated results, and their relationship to SO 1.6 and the three IRs described previously. Table 3.1 provides a summary of the objectives and anticipated results for the five activities.

Table 3.1 Objectives and Anticipated Results

Activity	Objective	Anticipated Result
1. Environmental Financing Strategy	Develop and implement an effective tool for establishing a prioritized and affordable environmental investment program	MWFEP expands and utilizes capacity to evaluate demand and supply of investment in key environmental sectors
2. Environmental Compliance Strategy	Develop an understanding of the compliance tools that can be utilized to address the most critically important pollution problems in the earliest, most practicable timeframe	MWFEP prepares an effective and realistic environmental compliance strategy for key environmental sectors
3. System of Self-Financing	Develop and implement a system of self-financing that is rational, accountable, transparent, and sustainable	MWFEP revises and updates the interim system on the basis of analysis of system performance and the changing demands on the permitting system
4. National Environmental Fund	Develop the National Environmental Fund as a transitional vehicle for stimulating interest in projects needed to bring Romania into accord with international environmental performance as well as specific compliance with EU legislation	The NEF is established, endowed with sustained financial resources to support projects, staffed with appropriately trained personnel, and follows best practices for management of the project cycle
5. Economic Instruments	Promotion and adoption of economic instruments that motivate environmental compliance, improved resource stewardship, and generate needed financial resources to support the NEF and sustained capacity of environmental institutions	Romania implements new economic instruments in support of environmental policy goals with particular emphasis on the water and waste sectors as well as those that generate revenue

Activity 1—Environmental Financing Strategy

Since the early 1990s, countries in Central and Eastern Europe were encouraged (and received technical assistance) to set environmental priorities and develop environmental action programs. Generally, the resulting national environmental action programs (NEAPs) and in some cases, regional or local action programs were overly ambitious in terms of the number, cost, and timing of actions, and unrealistic from a financial perspective. The environmental financing strategy concept and methodology was developed in the late 1990s to help countries better anticipate and respond to the need for environmental financing resources. The centerpiece of the environmental financing strategy (EFS) methodology is the analysis of differences between the amount of financing required to meet environmental goals and the amount of financing likely to be supplied. This difference, referred to as the financing gap, serves as the analytical guide for countries to set realistic environmental goals and mobilize environmental financing. The EFS methodology was first applied in Lithuania to assess the country's capacity to comply with European Union environmental legislation in the water and solid waste sectors.

The objective of the EFS activity was to develop and implement an effective tool for establishing a prioritized and affordable environmental investment program. The EPIQ team envisioned that Romania would benefit from experience with the EFS methodology since the country faced difficulties similar to Lithuania in implementing EU legislation calling for massive investments in new and updated environmental infrastructure. The anticipated result would be an expanded capacity in MWFEP to evaluate demand and supply of investments in key environmental sectors. Mainly, the tasks under Activity 1 would contribute to increased financial sustainability in the environmental sector (IR 3).

Activity 2—Environmental Compliance Strategy

While Activity 1 focused on the financial aspects of compliance, there was also a need to ensure that MWFEP and local agencies developed the capacity to manage the implementation of environmental policies. Two dimensions of capacity of concern were the training and in some cases recruitment of additional staff to carry out environmental management responsibilities for implementation, monitoring, and enforcement. The EPIQ team viewed this activity as an opportunity to help MWFEP develop a strategy for setting and then meeting compliance targets. This was not a new concept to the Ministry, as it had been engaged in developing strategies for several years. EPIQ's goal was to assist MWFEP in developing an understanding of the compliance tools that can be utilized to address the most critically important pollution problems in the earliest, most practicable timeframe. The anticipated result of Activity 2 would be the preparation by the Ministry of an effective and realistic environmental compliance strategy for key environmental sectors. Activity 2 would promote all three USAID intermediate results, given the focus on the development of appropriate laws and regulations, the need to improve and expand institutional capacity, and the importance of sustaining management capacity over the relevant timeframe for compliance.

Activity 3—System of Self-Financing

During the previous task order, the EPIQ team had assisted the Ministry in promoting legislation to enable local environmental agencies to self-finance (at least partially) environmental

management costs through the collection of fees associated with the review and issuance of environmental permits. In the new task order, EPIQ anticipated that the local environmental agencies would require training to implement the system of permit fees and that the system would need to be reviewed and improved once agencies had gained some implementation experience. Thus, the goal of Activity 3 was to assist MWFEP in developing and implementing a system of self-financing that is rational, accountable, transparent, and sustainable. The anticipated result of the activity would be that MWFEP revises and updates the interim system on the basis of analysis of system performance and the changing demands on the permitting system. Principally, this activity would help local agencies sustain financing (USAID IR 3) for effective local environmental management (USAID IR 1).¹

Activity 4—National Environmental Fund

The establishment of a national environmental fund has been under discussion in Romania since the mid-90s. All CEE countries, with the exception of Romania have (or have had) national funds. In 2000, the Romanian National Environmental Fund (NEF) was established with the enactment of Law no. 73/2000 (later, amended by Law no. 293/2002). However, to operationalize the NEF, administrative and project cycle management procedures were needed. Under Activity 4, the EPIQ team was tasked to assist MWFEP in developing the National Environmental Fund as a transitional vehicle for stimulating interest in projects needed to bring Romania into accord with international environmental performance as well as specific compliance with EU legislation. The anticipated result was that the NEF would be established, operational, endowed with sustained financial resources to support projects, staffed with appropriately trained personnel, and would follow best practices for management of the project cycle. Successful completion of Activity 4 would help to promote financial sustainability (USAID IR 3) by providing a reliable source of co-financing for environmental investments in Romania

Activity 5—Economic Instruments

One of the important concerns with the implementation of environmental policies designed to improve environmental performance at an accelerated rate is costs of compliance. Throughout the CEE region, USAID has provided assistance to identify and develop cost-effective environmental policies, often employing economic instruments. In the previous EPIQ task order, economic instruments were proposed by EPIQ to supplement regulatory approaches in waste management. Activity 5 represents a continuation of this previous assistance, focusing more on implementation—rather than design—of economic instruments. Also, the EPIQ team determined it would be useful to examine economic instruments that would provide revenue potential in addition to incentives for reducing pollution. Such instruments would be valuable as sources of revenue for the national environmental fund. The goals of Activity 5 were to promote the adoption of economic instruments that motivate environmental compliance, improved resource stewardship, and generate needed financial resources to support the NEF and sustained capacity

¹ In Section 3.3 and in Chapter 6, the reader will recognize that Activity 3 was significantly modified at the request of the Ministry to address their need for assistance in aligning permitting regulations to EU legislation. Thus, Activity 3 also promoted enhanced legal authority (USAID IR 2).

of environmental institutions. The anticipated result was the implementation of new economic instruments in support of environmental policy goals with particular emphasis on the water and waste sectors as well as those that generate revenue. With its focus on cost-effective policies, Activity 5 would contribute to both USAID IR1 and IR3.

3.2 Cooperation with Counterparts

The principal partner for the EPIQ program was the Ministry of Water, Forests, and Environmental Protection (MWFEP), later changed to the Ministry of Waters and Environmental Protection (MWEF) after responsibility for forestry was transferred to the Ministry of Agriculture and Food in the government-wide reorganization at the beginning of 2001. Within the MWFEP, the team worked most closely with the Water Department and the Environmental Protection Department. After the reorganization, EPIQ worked principally with the departments under the leadership of the State Secretaries for European Integration and Environmental Protection, respectively.

Other major counterparts included the local (judet) environmental protection agencies. Following the government reorganization at the beginning of 2001, these local agencies were subordinated to MWEF and renamed environmental protection inspectorates. For selected activities, the project team also worked closely with other counterparts. EPIQ worked with the National Environmental Institute (ICIM) on the National Waste Management Strategy and Action Plan (Activity 2) and with a number of ministries in the development of regulations for the management of used batteries and waste oil. In addition, EPIQ cooperated with four NGOs in the implementation of technical assistance grants.

3.3 Implementation Challenges and Constraints

Romania is a country in transition. What this means for many people is that it is undergoing a transition from a planned to a market economy, with many of the reforms focused on clarifying and strengthening the incentives for the private sector. However, the transition period also features massive changes in the institutions of governance. Romania is trying to downsize government but at the same time maintain or improve its capacity to provide the services expected of its ministries and agencies. At the same time, Romania faces new challenges as it prepares to join the European Union as a full member, with membership now anticipated in 2007. Not surprisingly, change is rapid in a transition period. Over a 28-month assistance period, the EPIQ team has witnessed many changes in the Ministry and in government, many of them resulting in significant effects on the EPIQ program and the nature of its assistance and cooperation with counterparts. These implementation challenges and constraints are summarized below. In later sections, these constraints are discussed in more detail in the context of their direct implications for specific tasks.

Management Changes in the Ministry

Over the course of the EPIQ program, the Ministry of Waters, Forestry, and Environmental Protection underwent several changes. In December 2000, there was a change of government and a new Minister was appointed in January 2001. In the months leading up to this change, it was quite apparent to those in the Ministry that a new government was imminent. It became very

difficult to advance ministerial orders or new legislation as the attention of senior officials in the ministry and government was diverted to the elections and the implications for management in the ministry. As a result, EPIQ encountered some difficulty in advancing regulations for the system of self-financing and administration of the national fund in the last three months of 2000.

The appointment of a new Minister was accompanied by a ministry-wide restructuring plan. Responsibilities for forestry were shifted out of the ministry to the Ministry of Agriculture and Food (which was renamed the Ministry of Agriculture, Food, and Forests). A government-wide initiative established the senior management position of State Secretary in lieu of Deputy Minister. In the renamed Ministry of Waters and Environmental Protection (MWEP), four State Secretary positions were established. Notably, one of the new positions, State Secretary for European Integration, signaled the importance and commitment of the new government to fulfill its campaign promise and press for membership in the EU.

Prior to the reorganization, the EPIQ program's main counterparts in the ministry were the water and environmental protection departments. With the reorganization, emphasis in the EPIQ program shifted to the departments tasked with preparation for EU accession. Another aspect of the reorganization concerned the local environmental agencies at the judet level. Prior to the reorganization, these agencies were autonomous entities. As noted earlier, EPIQ had pushed for the introduction of a system of permitting fees that would enable the local agencies to "self-finance" a major portion of their management costs. However, through a movement to consolidate management authority, the local agencies were subordinated to the Ministry and renamed environmental protection inspectorates. This change also included concomitant obligation for the ministry to provide financial support for the inspectorates. The effect of this consolidation on the EPIQ program was to shift the emphasis of Activity 3 from support for the system of self-financing toward greater assistance for the alignment of permitting and licensing procedures with EU legislation (more discussion in Chapter 6).

In the beginning of 2002, Minister Ilie was appointed as the Romanian ambassador to the Republic of Russia and replaced by Petru Lificiu, then State Secretary for European Integration. This change resulted in a few minor changes in the ministry's management structure but no reorganization or shift in priorities or EPIQ's counterparts. Nevertheless, over the course of the task order, there were two changes in leadership and one major reorganization. Four out of five of EPIQ's counterparts (chairpersons for the three working groups) were changed during the task order.

Staffing Levels and Skills

With the appointment of a new Minister in January 2001, there was also a spate of new appointments at the level of Director in the Ministry. All Directors, whether they were in the ministry previously or newly appointed, were required to pass examinations before they were confirmed in their positions. Until these examinations were administered late in March 2001, all directors' positions were designated as "temporary." During this time, EPIQ's ability to work with counterparts was significantly limited. Once the examinations were completed, EPIQ began to work more closely with the directors, particularly those working on preparations for negotiations with the EU.

The process of recruiting staff at the level of director was very slow in the ministry. Several director positions were not filled for more than six months, including the position of Director for the Economic Policy Department. Effectively, a department could not be considered operational until its director was in place to recruit staff. As a result, the ministry was slow to recruit staff with economics training. This hampered EPIQ's plans to transfer knowledge and skills in certain analytical areas to staff in the ministry.

As part of its campaign promises, the new government pledged to downsize government. This decision had an immediate effect on the inspectorates, whose staff was decreased by more than 10%. This downsizing policy came at a time, however, when EPIQ perceived that the ministry needed to expand its analytical capacity to deal with the preparations for negotiations with the EU. In the next few years, the ministry will also need to rebuild staffs at the environmental protection inspectorates to administer the body of EU environmental legislation.

The mix of skills and staffing shortages in the ministry has had a profound effect on the relationship between the EPIQ team and ministry staff. The ministry has utilized the EPIQ team more as a specialized staff than as advisors, relying on EPIQ to conduct economic and financial analyses, draft legislation, and prepare procedures, guidelines, and manuals; in effect, to plug gaps in the ministry's skill set.

Shifting Priorities

Beginning in 2000, the Government's legislative reform and strategic planning agenda shifted to the transposition and implementation of EU legislation. For MWEF, this effort focused on implementation of the environmental *acquis communautaire*. The key document in this effort was the Position Document for the Environment Chapter, which outlined the intent and timetable for transposing and implementing EU environmental directives.

In the work plan, the EPIQ program had been structured around the theme of sustaining institutions and financing for environment through the elaboration of realistic strategies and policies. With the ministry focusing considerable attention on the EU accession process and the start-up of negotiations with the EU, EPIQ was requested to more closely align its assistance efforts to the preparation of analysis, documentation, and legislation in support of the Position Document and other materials needed for negotiations. In addition, EPIQ concentrated a considerable amount of its resources on the solid waste sector, as this sector was established as the first priority in EU negotiations.

4. Environmental Financing Strategy

4.1 Activity Overview

EPIQ perceived that the major challenge Romania faces in improving its environmental performance relates to mobilizing financial resources for environmental investments and other actions. The problem of environmental financing has a number of dimensions. First, an understanding the demands for financing (who will require financing, how much financing, and over what timeframe) is necessary in order to determine if there are adequate financing resources available. Second, it is important to understand the various types of financing that are available for the environmental sector. Are donor/IFI grants and loans available? Can municipalities and private firms raise capital needed for investments? What role, present and future, can domestic capital markets be expected to play in financing environmental demand? Third, assuming a gap between demand and supply is expected to occur, how can this financing gap be closed?

The aim of this activity was to assist MWEP in developing and implementing an effective tool for establishing a prioritized and affordable environmental investment program. EPIQ organized its work to familiarize MWEP with some of the methodologies and tools that had been developed and demonstrated in other countries, and then to assist the ministry in analyzing demand and supply and preparing an environmental financing strategy. Brief, this activity included the following six tasks:

- Task 1.1—*Stocktaking Study on Environmental Costs, Expenditures, and Financing Sources*—this study was designed to identify and assess the quality of information available on environmental compliance costs, current Romanian expenditures on environment, and existing sources of financing in advance of the preparation of the Romanian environmental financing strategy.
- Task 1.2—*Workshop on EFS Methodology and Scope of the Romanian EFS*—EPIQ organized a workshop to present alternative methodologies used in developing EFS in Lithuania and selected NIS countries and to present EPIQ’s proposals for the structure, content, and methodological approach to be used in preparing the Romanian EFS.
- Task 1.3—*Preparation of the Romanian EFS*—EPIQ planned to prepare a comprehensive EFS covering all of the major “heavy investment” sectors covering the investment and O&M costs of environmental actions in these sectors, proposals for matching financing to these “demands,” and an analysis of potential financing gaps. However, in response to the EU Communication on Environmental Financing, MWEP opted to focus EPIQ EFS support more narrowly on those EU directives for which Romania planned to request transition periods (negotiated dates for full compliance).
- Task 1.4—*Workshop on Draft EFS*—As the Romanian EFS was not undertaken, but replaced with directive-specific analyses, EPIQ did not convene a workshop solely dedicated to the EFS work. Instead, the directive-specific analyses were presented in several venues.

- Task 1.5—*Training in the Use of EFS Analytical Tools*—Beyond the presentation of the EFS methodologies and tools at the EFS workshop (Task 1.2), EPIQ did not undertake this training activity because of lack of demand in MWEF for this training.
- Task 1.6—*Adoption and Implementation of the Romanian EFS*—EPIQ did not assist MWEF with this task because the EFS was not prepared.

4.2 Tasks

Task 1.1—Stocktaking Study on Environmental Costs, Expenditures, and Financing Sources

In preparing this report, Mr. George Dulcu reviewed 20 documents covering environmental statistics, estimates of EU approximation costs in Romania, strategies for meeting the requirements for individual EU directives or addressing environmental problems in specific sectors, and information on sources of environmental financing available in Romania. In reviewing official Romanian statistics, Mr. Dulcu met with officials to discuss the statistics that were included in the statistical yearbooks and to familiarize them with the environmental expenditure methodology used by OECD and the European Environmental Agency. For the environmental costs of approximation, there were two main sources of cost estimates, EU-funded studies referred to as ROM 1 and ROM2. These studies produced significantly different estimates for national costs of approximation, leading EPIQ to examine the costing methodologies more closely (see Task 1.3). In reviewing strategy data, EPIQ learned that the strategies had not adequately considered environmental improvements and their costs stipulated in the contracts of privatization of industrial units. In examining sources of environmental financing, the starting point for this review was the USAID-funded financing sourcebook that was finalized in October 2000. This review was supplemented by materials describing the various EU financing mechanisms for pre-accession countries including ISPA.

The stocktaking paper was finalized in December 2000 and served two purposes. First, it provided background information on current expenditures, future costs of accession, and financing, enabling EPIQ to identify gaps in the databases that would be used in preparing the Romanian environmental financing strategy. Second, it helped EPIQ identify key issues that would need to be addressed in subsequent work on the financing strategy including:

1. Development of an appropriate methodology for estimating and updating approximation costs;
2. Selection of one or more sectors for detailed analysis of costs and supply of finance;
3. Analysis of Romanian approximation costs in comparison to those estimated for other EU accession countries.

Task 1.2—Workshop on EFS Methodology and Scope of the Romanian EFS

The EPIQ team convened a one-day workshop for the Ministry, working groups, and other interested parties in March 2001. The goals of the workshop were to familiarize Romanian officials and experts with the EFS methodology and to discuss the scope of the Romanian EFS.

The workshop presentations on the EFS methodology included presentations by Glen Anderson on compliance and financing strategy methods, by Ms. Daiva Semeniene of the Lithuanian Environmental Policy Center on the Lithuanian Environmental Financing Strategy, and by Ms. Birgitte Martens of COWI Consult on the use of a decision tool developed by her company for use in developing environmental financing strategies. The decision tool has been used in Georgia, Moldova, Kazakhstan, Ukraine, and Novgorod and Pskov oblasts in the Russian Federation.

Following the discussion of the EFS methodology and applications in Lithuania and the NIS, the EPIQ team made a number of presentations, summarizing the results from the stocktaking paper, a review of sources of financing and estimate of the costs of EU accession, and proposals for the structure and content of the Romanian EFS.

Task 1.3—Preparation of the Romanian EFS

EPIQ's work on the Romanian EFS proceeded in two phases. In the first phase, the groundwork for the EFS was undertaken. A number of background papers, including the stocktaking paper (Task 1.1) were commissioned and completed. EPIQ developed the structure and outline for the EFS and participated in discussions with the Ministry and working groups to decide on the sectors to be covered by the EFS. In the second phase, the proposal to prepare a "stand alone" Romanian EFS was abandoned in favor of analytical papers targeted to the Ministry's requests for supporting documentation for the Romanian government's Position Paper (Chapter 22), which provided the basis for negotiations with the EU on the implementation of environmental legislation.

Phase 1. Work during the first phase can be divided into three groups of activities: 1) the development of the structure and scope of the EFS; 2) the evaluation and selection of the EFS methodology and supporting tools; and 3) the preparation of supporting materials. The outline for the Romanian EFS was developed by the EPIQ team and presented to the ministry and the working group. The EFS would include four major components: (1) estimation of the demand for environmental investment and associated costs; (2) analysis of the supply of financing, presently and in the near future (both public and private sector sources and domestic and foreign); (3) simulation of demand and supply (the financing strategy) to determine potential financing gaps; and (4) analysis of affordability of the proposed financing strategy. The EFS would also provide recommendations for strengthening institutional capacities to provide financing and prepare investment projects.

The more difficult decision facing the working group was the selection of sectors to be covered. Ideally, an EFS would cover all environmental sectors. This comprehensive approach would ensure that priorities for investment are set over the full range of environmental problems and financial resources are targeted according to these priorities. However, previous environmental financing strategies have focused on a limited number of sectors. Most of the NIS strategies focused only on drinking water and wastewater, while the Lithuanian strategy covered these sectors plus municipal solid waste and hazardous waste. The rationale for limiting the number of sectors has been two-fold: 1) the high cost of analyzing investments and O&M costs for several sectors, and 2) the characteristics of environmental financing sources that limit their use to a specific sector or sectors. For example, water tariffs can only be applied to drinking water or

wastewater investments, ISPA funds can be used mainly to address water and solid waste problems (as long as other requirements are met).

For the Romanian EFS, it was proposed to concentrate on those sectors for which compliance with EU directives would engender significant investment costs and for which Romania planned to request transition periods (delays in meeting compliance requirements). A third consideration was to focus on sectors for which substantial foreign assistance could be anticipated. As a result of these discussions, it was decided to tailor the financing strategy to the major water and solid waste directives. For air pollution, another sector entailing significant investment costs, it was proposed to prepare a case study, using EPIQ technical assistance grant (TAG) resources (see below).

In terms of methodology, EPIQ reviewed the methodologies used in Lithuania and the NIS and decided to utilize the Lithuanian EFS methodology complemented by the decision tools developed by COWI. EPIQ acquired the COWI decision tools to use in organizing investment data and in analyzing financing gaps. EPIQ's approach was to build the EFS on a series of EXCEL spreadsheets so that the Ministry would be able to update the strategy over time to reflect changes in compliance schedules, technologies, investment costs, and available sources of financing.

To support the preparation of the EFS, EPIQ staff and consultants prepared a number of documents. Also, EPIQ awarded a TAG to the Romanian research institution, FREM to prepare the case study on the Romanian power sector. The major documents prepared in support of the Romanian EFS were the following:

- *Conditions for environmental investments in the agglomeration of over 2000 inhabitants* – an analysis of the prospects of financing environmental investments with local resources for areas with more than 2000 inhabitants (corresponding to the minimum size of localities required to comply with the urban water and wastewater directive).
- *The Romanian banking and financial sectors* – a review of the investment capacity in the commercial banking and financing sector, and prospects for tapping these sources for environmental projects. The memo also covered the subjects of GDP and inflation, economic forecasts, data on banks, banking risks, capital markets, investment facilities, direct investments, leasing services, venture capital funds, internet banking, privatization banks, and the directory of financing sources (prepared under the USAID-funded EAPS project).
- *Statistical data gathering for the Romanian Environmental Financing Strategy* – this memo focused on the types of data collected in Romania and their potential use in the EFS. This work also involved a number of meetings with counterparts in the government where options for improving the environmental statistics were discussed.
- *Current situation and prospects of the development of the Romanian power and heat generation sector under the new environment regulation* – a case study covering the costs and financing options for modernizing and rehabilitating existing thermal power plants

and constructing new plants that meet the EU requirements for air emissions from large combustion plants.

Phase 2. By the middle of 2001, the Ministry was deeply engrossed in the preparation of the Position Paper for the EU and supporting documentation for the requested transition periods. These activities were time-sensitive because of the schedule established for negotiations between the EU and Romania on the environmental *acquis*. As a result, interest in producing a *stand alone* Romanian EFS waned, largely because this document could not be directly utilized in the EU negotiations. Following collaborative discussions between EPIQ and the Ministry, it was decided to refocus EPIQ's work on EFS activities to provide analytical support for the Ministry's preparations for negotiations. Thus, EPIQ continued to carry out analyses of the costs of accession and assist the Ministry in preparing a justification for transition periods.

A major component of this new work was the analysis of comparative costs of approximation among candidate countries. The purpose of this analysis was to update the costs of complying with specific directives, reflecting more recent information and analysis than was available in earlier EU-funded studies in Romania, and then to compare these costs with those for other candidate countries. Underlying the Ministry's request for this updated analysis were two hypotheses: first, the costs of approximation were very significant, and when compared to existing financing, provided a justification for longer compliance periods; and second, these costs—expressed in per capita or in terms of GNP—were higher in comparison to those for other candidate countries.

George Dulcu conducted this analysis, prepared a report, and presented the result as a working group meeting. The report presented comparative data concerning environmental compliance costs in candidate countries for all major directives, expressed in monetary terms as indices (costs per capita, costs per GNP in USD and in terms of purchasing parity). The report also speculated on the likely costs of complying with directives that had not been rigorously assessed in Romania, by reference to attributes of candidate countries where these costs had been analyzed.

Following the preparation of this report, the Ministry next requested assistance in developing detailed compliance costs for the EU waste directives. As a first step, costs from the comparative cost study were reanalyzed and updated. Subsequently, new information on potential investment costs in the waste sector were analyzed and a compliance schedule was elaborated that covered investment and O&M costs for 100 landfills, the costs of personnel, training of personnel, and environmental impact studies, as well as the potential or known sources of financing (state budget and local budgets, soft loans, ISPA, PHARE, EU grants after 2007, and user fees). The approach taken in this report was consistent with recent guidelines for supporting requests for transition periods issued by the EU as a Communication from the Commission titled, "The Challenge of Environmental Financing in the Candidate Countries." This communication essentially requires candidate countries to prepare a "mini" EFS for each EU directive for which a transition period is requested.

EPIQ continued to expand the analysis of EU waste directives to include investments in incinerators for municipal and hazardous waste and revised some earlier estimates of the costs of addressing wastewater issues, based on new information on investments. Ultimately, a similar set

of calculations to those for the waste sector were prepared for the water sector for the compliance period 2002-2022 (a 13-year transition period, based on accession in 2007).

Task 1.4—Workshop on Draft EFS

After the decision was taken to abandon the preparation of the EFS, the Workshop to present the Draft EFS was cancelled. However, several of the EFS outputs described in the section above were presented at a working group meeting in September 2001, a seminar in October 2002 (covering a range of EPIQ work products), and at the National Workshop on the Waste Strategy in June 2002.

Task 1.5—Training in the Use of EFS Analytical Tools

Throughout the period during which the Ministry prepared for negotiations with the EU, EPIQ carried out all activities related to the analysis of compliance costs and sources of financing. Training in the use of the EFS analytical tools was not conducted for two reasons. First, the Ministry and EPIQ agreed to refocus the EFS activities to support EU negotiations. Thus, the tools were described in the workshop on EFS methodology (Task 1.2) but not used in EPIQ's analysis. Second, the Ministry was under serious time pressure and lacked staff (with appropriate experience) to receive training either in the use of the EFS tools, or in carrying out the analysis of compliance costs.

Task 1.6—Adoption and Implementation of the Romanian EFS

As noted earlier, the Romanian EFS was not prepared, adopted or implemented. As this task order was coming to a close, negotiations with the EU were still underway. If this process had been completed before the end of EPIQ, it would have been possible to assist the Ministry in developing a program for updating the analyses EPIQ conducted in support of EU negotiations. However, it was EPIQ's perception that the Ministry was only focusing in the short run on completing negotiations successfully. While the EU plans to require monitoring of compliance for directives, especially those for which transition periods are requested, EPIQ was unaware of Ministry plans to develop this capacity.

5. Environmental Compliance Strategy

5.1 Activity Overview

This activity was designed to assist the Ministry to develop an understanding of the compliance tools that can be utilized to address the most critically important pollution problems in the earliest, most practicable timeframe. The selection of topics reflected the concern that the Ministry was transposing EU legislation without giving adequate thought to the staffing implications or the resource commitments associated with implementation. Thus, EPIQ aimed to cooperate with the Ministry in preparing an environmental compliance strategy (ECS) that would serve as a focal point for discussions of implementation issues.

EPIQ's ECS activities suffered a fate similar to those for the financing strategy; the Ministry focused on producing only those documents and analyses that were immediately required for EU negotiations. Thus, instead of portraying compliance as a broad spectrum of requirements and examining resource requirements in a comprehensive way, all of the documents prepared and analyses conducted were narrowly focused on a single directive, with the notable exception of the national waste strategy. A short summary of the individual tasks is provided below, followed by more detailed discussions in subsequent sections:

- Task 2.1—*Inventory of Compliance Strategies and Programs*—During the last several years, MWFEP has prepared several strategies for implementing Romanian laws and government decisions. EPIQ reviewed these strategies in order to identify policy/program elements, compliance dates, and institutional capacity requirements.
- Task 2.2—*Preparation of Compliance Options Paper*—This paper provided an overview of the range of compliance instruments that have been used in OECD countries and EU accession countries. The paper also provided recommendations on how to organize the process of developing a national environmental compliance strategy and aligning it with EU environmental legislation. Special emphasis in the paper was placed on methods for prioritizing environmental investments and other environmental actions.
- Task 2.3—*Convene Workshop to Present Options Paper*—EPIQ presented the Options Paper to the Working Group in March 2001
- Task 2.4—*Prepare the ECS*—EPIQ carried out preliminary tasks including developing the structure of the ECS, but this effort was superseded by the Ministry's requests for analytical materials to support the Position Paper. Ultimately, ECS work focused on a country-wide prioritization exercise to identify priority actions (mainly investments) in the water, waste, and air sectors at the local level; and analytical support for the preparation of the National Waste Management Strategy and Action Plan.
- Task 2.5—*Assist MWFEP in Implementing and Updating the ECS*—As the ECS was not completed, proposed assistance in implementing and updating the ECS was not undertaken.

5.2 Tasks

Task 2.1—Inventory of Compliance Strategies and Programs

This task involved a study to identify existing compliance strategies and programs that have a) been implemented, b) have been authorized through enactment of laws, regulations, government decisions, etc., and c) are currently being analyzed. For each strategy or program, compliance activities were described in terms of characteristics such as the types and sizes of facilities subject to compliance; types of compliance instruments that were to be used; compliance schedules; and institutional requirements (and relation to existing institutional capacity).

The inventory was prepared by EPIQ staff members, Vladimir Rojanschi and George Dulcu, based on the set of documents provided to him by the Ministry. He also conducted meetings with working group chair, Mr. Ion Machedon and other members of the working group to discuss the proposed environmental compliance programs. A number of recent environmental strategy documents were reviewed including the national medium term environmental strategy, the National ISPA strategy, and the water sector strategy. The inventory was completed by the end of the year 2000 and presented at the EPIQ Compliance Options Workshop in March 2001.

Task 2.2—Preparation of Compliance Options Paper

The second task focused on the development of compliance options that might be incorporated into the ECS. These options would describe the steps in the compliance process and identify a variety of compliance instruments that have been used in OECD countries, other CEE countries, and in Romania. The compliance options paper was drafted by David J.H. Phillips, based on the discussions with the team members and officials of the Ministry. It was circulated to the EPIQ for comments, revised and translated into Romanian for broader dissemination.

The Compliance Options paper provided an overview of the EU requirements for development of a compliance program and summarized Romania's progress to date in harmonizing with EU legislation. Mainly, Romania's progress through 2000 was mainly in transposing the sector and media-specific (vertical) legislation as opposed to the horizontal legislation (see discussion in Chapter 6). One of the Compliance Option Paper's key recommendations called for a national locally-focused prioritization exercise designed to identify priority investments and other actions that would need to be implemented as part of the compliance program for each piece of EU legislation.

Task 2.3—Convene Workshop to Present Options Paper

In March 2001, EPIQ convene a workshop to present its current work on the environmental compliance and financing strategies. At this workshop, Mr. Phillips presented the Compliance Options paper and Mr. Rojanschi provided an overview of Romanian environmental strategy development efforts. Workshop participants from the local Environmental Protection Inspectorates expressed their view on the importance of the prioritization exercise and offered to work with EPIQ in finalizing and demonstrating the prioritization methodology. At a follow-up meeting with Ministry officials, it was decided to proceed with the pilot for the prioritization exercise, recognizing that one of the key outcomes would be a list of projects (required by the

EU in support of requests for transition periods). It was also decided that the prioritization exercise would focus on water, wastewater, municipal waste and air pollution projects.

Task 2.4—Prepare the ECS

In conjunction with the preparation of the Compliance Options Paper, EPIQ developed an outline of the proposed Romanian ECS. The workshop in March 2001 was planned to serve as the start-up of work focused on the preparation of the ECS. However, the Ministry informed EPIQ that although they appreciated and understood the logic of a comprehensive compliance strategy, they were committed to the preparation of the Position Paper and supporting documents needed for negotiations with the EU. As a result, EPIQ was asked to concentrate its compliance strategy activities on work products that were directly related to the current work of the Ministry.

As a result, EPIQ was asked to carry out the prioritization exercise that had been described during the March 2001 workshop in order to prepare priority lists for the investment “heavy” EU directives. In addition, later in 2001, EPIQ was asked to support the preparation of the national waste management strategy and action plan, a collaboration between ICIM and the Ministry. These two sets of activities are described below.

Prioritization of environmental investments. To prepare for the prioritization exercise, EPIQ consultant, David Phillips and staff member, Marilena Patrascu, planned to conduct two pilot exercises to demonstrate the methodology and determine if changes were needed before it was implemented in all the judets. A draft Guidance Document together with a *proforma* for prioritization, intended for the EPIs who will have to be involved in the pilot activities) were developed by EPIQ and sent to the EPI in Resita judet. The first pilot compliance prioritization activity was organized between May 22 and 25. The results of this exercise were as follows:

- The prioritization weighting/scoring Tables for all sectors were updated and a new *proforma* was generated for each of the four aspects addressed in the prioritization procedure. This proforma will be provided to the EPIs in both hard copy and as an electronic version, for their preferred use. The *proformas* will be employed as the key documents for recording the decisions on weighting and scoring for each facility requiring upgrading.
- The step-by-step guide to the completion of the *proformas* was improved based on the relevant issues arising from its application at the county level, and this will be provided to the EPIs to assist in their efforts.
- It was decided after the completion of the Resita pilot that the relevant staff in the Resita EPI and those in Ploiesti EPI (where the second pilot was conducted) would assist EPIQ in assisting other EPIs in prioritizing actions in their judets.

The compliance prioritization/pilot activities will continue with a two-day session in Ploesti on July 9 and 10. For the purposes of this second pilot, the prioritization weighting/scoring tables for all sectors and the new proformas, as updated after Resita pilot, were sent to Ploiesti EPI together with the guidelines for the completion of the proformas.

The results of both piloting activities were summarized by Mr. Phillips in the Working Group meeting on July 12. During this discussion, a dialogue was initiated on the follow-up steps and EPIQ moved ahead in preparing for the workshop, August 15-16 to train all EPIs in undertaking the prioritisation exercise and working with the county-level lists to generate a national priority list. The two-day workshop included participants from the EPIs and Water Authorities. The EPIQ team provided all participants with forms and detailed guidelines to fill these forms, to be used for identifying and prioritising the objectives that should be in compliance with EU legislation for aerial emissions, drinking water quality, urban wastewater and landfills. Following the training session, a letter was sent on behalf of the Minister requesting the EPIs and River Water Authorities to finish the prioritisation exercise at the county level and to send the completed forms to EPIQ before September 5, in order to finalise the national priority lists by September 15.

In September 2001, the primary inputs received from the local authorities were processed, analyzed, and the first preliminary results were released on Monday, September 17. EPIQ developed comments on all the inputs, and prepared comments that were forwarded to the EPIs and water authorities, under the signature of the State Secretary, Petru Lificiu. The comments were addressed and new lists of priorities prepared for the Ministry's Department of EU Integration. Subsequently, EPIQ was asked to assist the Ministry in preparing for a meeting in December 2001 with EU representatives from the PEPA project. Ms. Patrascu made a presentation during the meeting, describing the methodology used for the preparation of the priority lists, as well as the final results and the benefits of using such lists for planning the implementation of the EU environmental *acquis*. The presentation was highly appreciated by the PEPA representatives and it was mentioned that Romania was the only large CEE country that has prepared such priority lists.

National Waste Management Strategy and Action Plan. In September 2001, the Department for Management of Waste and Dangerous Substances of MWEP requested EPIQ's support ICIM, tasked with the preparation of the National Waste Management Strategy and Action Plan. In a meeting between EPIQ and ICIM, agreement was reached on the tasks that would be carried out by EPIQ related to the strategy and action plan. Later, the Ministry made an additional request of EPIQ, related to translation of Romanian waste legislation.

The principal task undertaken by EPIQ related to the strategy and action plan involved development of two chapters of the strategy involving the analysis of implementation costs for landfills and incinerators. Victor Platon was responsible for estimating these costs and George Dulcu worked on refining the national list of landfills. A number of meetings with ICIM and the Ministry were needed to determine how Romania planned to meet the requirements of the landfill directive. While the national list of priorities in the waste sector, developed by judets, included a substantial number of small landfills to replace existing dumps and uncontrolled landfills, ICIM preferred to build the strategy for investment in landfills around a smaller number of regional landfills. MWEP asked EPIQ to work with ICIM in finalizing the list of investments, reconciling the regional landfill list developed by ICIM with the list resulting from the prioritization exercise.

In conducting the analysis of costs, Mr. Platon had to take into account the significant costs of transportation that a regional landfill approach would engender. The problems wasn't simply a

matter of calculating the number of kilometers that trucks would have to travel to transport waste from more than 13,000 villages, but a question of the quality of roads and their suitability for waste disposal vehicles. In some cases, the roads were not suitable for these vehicles, in other cases, the roads were suitable for these vehicles, but their poor quality would increase maintenance and operation costs of the vehicles, suggesting a different unit cost (cost per kilometer) be used in comparison to costs in urban areas. Mr. Platon suggested that ICIM consider excluding rural waste from the regional system but this proposal was rejected. Ultimately, the landfill cost calculations were divided between urban and rural waste, to reflect differences in transportation costs and distances. Mr. Platon also developed cost estimates for incinerators. Both chapters were finalized by July 2002.

EPIQ also assisted ICIM by reviewing the draft Waste Management Strategy and Action Plan. Victor Platon, George Dulcu and Glen Anderson reviewed these documents and submitted comments to ICIM. In addition, Mr. Anderson also edited the English language drafts of both documents. At the request of MWEP, EPIQ also translated all new waste legislation into English for submission to the EU during negotiations. Mr. Dulcu coordinated the activity of translation and was responsible for final editing. He also organized and produced a CD with eight pieces of legislation (in Romanian and English), which can be used also by the EPIs. The content of the CD is:

1. Law no. 426 of 18 July 2001, published in M.Of. Part I no. 411 of 25.07.2001 on wastes management
2. UO no.78 of 16 June 2000, published in M.Of. Part I no. 238 of 06.22.2000 concerning the waste regime
3. GD no. 173 of 13 March 2000, published in M.Of. Part I no. 131 of 03/28/2000 for the regulation of the special management and control regime of polychlorinated biphenyls and other similar
4. GD no. 662 of 12 July 2001, published in M.Of. Part I no. 446 of 08/08/2001 on the management of used oils
5. GD no. 1057 of 18 October 2001, published in M.Of. part I no. 700 of 11/05/2001 on the regime of rechargeable and non-rechargeable batteries containing hazardous substances
6. GD no. 128 of 14 February 2002, published in M.Of. Part I no. 160 of 03/06/2002 on waste incineration
7. GD no. 162 of 20 February 2002, published in M.Of. Part I no. 164 of 03/07/2002 on the landfilling of waste
8. GD no. 349 of 11 April 2002, published in M.Of. Part I no. 269 of 04/23/2002 on the management of packaging and packaging waste

EPIQ co-organized the Workshop on the National Waste Management Strategy with MWEP and ICIM on June 26, 2002. EPIQ staff members made three of the seven presentations at the

Workshop and assisted MWEP in finalizing their presentations. Victor Platon presented the cost analyses for landfills and incinerators, Mr. Dulcu described the results of the prioritization exercise for landfills and his efforts, working with ICIM and MWEP to finalize the national priority list. Mr. Anderson made a presentation on international experiences with economic instruments in waste management.

Task 2.5—Assist MWEP in Implementing and Updating the ECS

As the ECS was not completed, the proposed assistance in implementing and updating the ECS was not undertaken.

6. Regulations for Environmental Management

6.1 Activity Overview

At the outset of the task order, it was anticipated that the system of extra-budgetary revenues would serve as a significant source of revenue to support staffing of the local environmental protection agencies (EPAs). As a result, EPIQ established four tasks focused on this single regulatory mechanism. EPIQ envisioned assisting EPAs in implementing the system of permitting fees, helping MWFEF evaluate the performance of these fees, and recommending changes (implemented through government decisions) for 2001 and 2002.

However, the autonomous EPAs were subordinated into the Ministry by the new government in 2001. The EPAs were renamed Environmental Protection Inspectorates, with their budgets financed out of the state budget. Thus, the impetus for modifying the system of fees in future years and working with the EPIs to identify changes was lost as the EPIs no longer would have control over these resources. However, in 2001, the new ministry counterparts requested EPIQ refocus the resources that were planned for Tasks 3.3 and 3.4 (analysis and assistance in drafting revisions to the system of extra-budgetary revenues in 2001 and 2002) to provide assistance in drafting a number of legal documents to support changes in permitting and related procedures, necessitated by transposition of EU environmental legislation. This new work was carried out as the modified Task 3.3. Briefly, the three tasks for this activity are described below and then in greater detail in Section 6.2:

- Task 3.1—*Conduct Survey of EPA Capacities and Compliance Activities*—this survey was completed, along with some training of the EPAs in implementing the permitting fees.
- Task 3.2—*Review Performance of Current System and Propose Refinements in System*—at the end of 2000, EPIQ had reviewed the survey results and prepared recommendations for changes in the system. However, the recommendations were not approved or the related government decision drafted because of delays in convening the working group, and then after the elections in December 2000, interest in revising the system.
- Task 3.3—*Review and Updating of Romanian Regulations*—beginning in 2001, EPIQ supported the revision of all existing environmental permitting procedures as part of the Ministry's efforts to transpose the "horizontal" environmental *acquis communautaire* (those legal requirements that apply across environmental media) and the Integrated Pollution and Control (IPPC) directive.

6.2 Tasks

Task 3.1—Conduct Survey of EPA Capacities and Compliance Activities

The first task focused on the preparation, distribution and analysis of a questionnaire for central and local environmental authorities. The questionnaire was used to assess the capacities of environmental authorities to implement the new SSF as well as to conduct compliance activities

financed by SSF revenues. The questionnaire elicited input from the local EPAs regarding (1) the types of problems local EPAs had encountered in the administration of the new SSF and (2) their difficulties in executing compliance activities under the permitting procedures promulgated through the Ministerial Order no. 125/1996, in light of new regulatory responsibilities resulting from new legislation and realignment of compliance responsibilities.

The questionnaire was prepared and distributed by EPIQ to all local EPAs. Ms. Marilena Patrascu of the EPIQ team analyzed the responses to the questionnaire sent to all local EPAs and organized a working group meeting to summarize the results and reach agreement on the agenda for a seminar for local EPAs. All directors of local EPAs and many directors of the Ministry of Waters, Forests and Environmental Protection attended the seminar organized in Sibiu on July 19, 2000. The problems arising from questionnaire's responses have been clarified in accordance with the current legislation and the participants identified other important issues which need to be addressed by updating/modifying the existing legal provisions. It was agreed that the evaluation report and options paper would be presented in August to the ministerial (small) working group and sent to the local EPAs after its approval. The possibilities of other internationally funded projects' involvement in updating the permitting related current legislation have been assessed.

Task 3.2—Review Performance of Current System and Propose Refinements in System

The current self-financing system, as approved by the Ministerial Order no.340/2000 in March 2000 and published in the Official Gazette no.144/6 April 2000 has been implemented by both central and local environmental authorities in the months since the order was published. The first monthly results for April and May 2000 and balance sheets allowed EPIQ Activity Leader, Marilena Patrascu, to evaluate collected revenues and prepare a projection for revenue collection for the rest of the year. This evaluation was done on a reporting form basis requested by the General Director for Monitoring and Ecological Control, Gabriel Dumitrascu, and chairperson for Working Group A. The first evaluation of extra-budgetary revenues for these two months revealed that the system was applied in all local EPAs and revenue collections exceeded the allocation received from the state budget for the same period of time.

Ms. Marilena Patrascu responded to the comments and proposals received during the seminar with local EPAs directors organized on July 19, 2000 and completed the As part of the evaluation, a set of recommendations on possible refinements to the system were prepared and distributed to working group members for their review. A revised options paper with complementary options and copies of the report on self-financing system's performance was prepared in advance of the working group meeting planned to discuss and advance amendments to the Ministerial Order no.340/2000.

The planned working group meeting was first postponed, and then, as it became clear that there would be a change in the government and in the leadership of the Ministry, interest in promoting changes in the system waned in the working group. As it turned out, the new government eliminated the autonomy of the EPAs, subordinating them as inspectorates under the aegis of the State Secretary for Environmental Protection. Under this new structural arrangement, the EPIs were still required to levy fees for permits but the revenues could not be used by the local offices (all fees reverted to the National Fund). As a result of these changes, incentives for EPIs to

participate in seminars and contribute to modifications in the system diminished. As a footnote, the provisions of the Ministerial Order no.340/2000 were partially replaced by Governmental Decisions on the permitting fees for 2001 and 2002 (G.D. no.625/2001 and no.753/2002)

Task 3.3—Review and Updating of Romanian Regulations

Beginning in 2001, EPIQ shifted resources from the system of extra-budgetary revenues to a range of regulations and other legal documents related to Romania's permitting system. Part of this regulatory work focused on a new permitting procedure that would integrate requirements for integrated pollution prevention and control (IPPC) into facility permits. In addition, EPIQ was asked to assist the Ministry in transposing EU horizontal legislation, much of it related to permitting.

New permitting procedure integrating IPPC requirements. In 2001, EPIQ assisted the government in developing a simplified permitting procedure for registering and authorizing commercial companies to apply for and operate under an environmental permit. These simplified procedures were approved as Emergency Ordinance of the Government no. 76/May 2001, and then published as Government Decision no.625/2001.

However, as the Ministry moved forward on the transposition of horizontal legislation (see section below), it became necessary to introduce additional changes to the permitting procedures. Specifically, permitting procedures needed to be revised to account for requirements for various types of assessments, clarify disclosure requirements related to freedom of information (Aarhus Convention), and insure that facility permits fully integrated IPPC requirements. These modifications were accomplished as Law no.753/2002, replacing Government Decision no. 625/2001. Following the approval of revisions to the permitting procedures, EPIQ, at the request of the Ministry, prepared a series of documents to support implementation of the procedures, including instructions for completing permit applications and protocol agreements between the Ministry and the Romanian Chamber of Trade and Industry.

After the approval by the Parliament and Government of Emergency Ordinance no. 76/2001, as subsequently modified, and the Decision of the Government no. 573/2001 on registration and authorization of commercial companies, three training sessions were organized by EPIQ (held by MP), as follows:

- 5-6 July, Bucharest - Romanian Chamber of Trade of Industry (RCTI) and ICIM for participants from approximately half of EPIs and representatives of RCTI
- 12-14 July, Sibiu for participants from the remaining EPIs and local Chamber of Trade and Industry.

Transposition of horizontal environmental legislation. In accordance with the Position Document on the Environment, the Government of Romania committed to complete the full transposition of the horizontal sector of the environmental *acquis communautaire* by early 2002. This transposition involved several EU directives, promoted in Romania as new laws, amendments to existing laws (mainly the Law on the Environmental Protection), government decisions, and ministerial orders. The Ministry requested support from EPIQ in 2001 to assist in their efforts to complete this transposition. EPIQ staff member, Ms. Patrascu, assisted the

Ministry, first reviewing the EU legislation, identifying gaps in Romanian legislation that would need to be addressed, and then making recommendations on how to make the transposition. All of these drafting activities were carried out in small working groups. Once agreement was reached on how to transpose the Romanian legislation, Ms. Patrascu drafted legislation in the agreed form (GD, MO, etc.), participated in follow-up discussions in the working group, and then made revisions as needed. For some of the legislation, additional meetings were required with groups or government agencies outside the Ministry.

The first stage in this work focused on amendments to the Romanian Framework Law on Environmental Protection (no.137/1995) to reflect the requirements of the EU horizontal legislation, specifically related to procedures for environmental impact assessments, strategic environmental assessments, freedom of information, and IPPC. The draft legislation to modify the law transposed the EU legislation with regards to EIA, as stipulated by the Directive 85/337, and amended by the Directive 97/11, as well as the IPPC provisions, as stipulated by the Directive 96/61. It also integrated the part of Aarhus Convention related to the public participation in decisions on specific activities (art. 6, para 1.a). The draft was prepared and promoted as Emergency Ordinance no. 91/2002.

EPIQ also prepared the various regulations and implementing procedures associated with the revised framework law. These included Government Decision no.918/2002 on impact assessments, Government Decision no.1050/2002 on public participation and information, and Ministerial Order no.860/2002, the implementation procedure for permitting of economic and social activities. EPIQ also assisted in the drafting of new legislation to set up an office for licensing projects at the judet level and the drafting of a ministerial order on the certification of environmental experts and auditors.

7. National Environmental Fund

7.1 Activity Overview

The overall goal of this activity was to assist the Ministry (and later the Fund Administration) in operationalizing the National Environmental Fund (NEF). This assistance was designed to focus on the preparation of the three key documents: (1) the Rules of Operation and (2) the Operating or Project Cycle Manual—both needed for the Fund to start operations; and (3) a report analyzing proposed and potential sources of revenue for the NEF. In addition, EPIQ planned to provide training on fund operations, both during the development of these two documents (for Working Group members) and following the approval of the documents (for NEF staff).

EPIQ's work to promote the NEF was divided into five tasks. These tasks included the following:

- Task 4.1—*Support Development of the NEF Rules of Operations*—was successfully completed and reflected in the Governmental Decision promoted in 2001. In addition, EPIQ assisted the Ministry in responding to a review of the Fund Law by the EU and OECD, assisted the Ministry in drafting amendments to the Fund Law (new law approved in 2002), and provided a technical assistance grant to support the development of a process for selecting the NGO representative on the Fund's Steering Committee.
- Task 4.2—*Support Training to Expose Romanians to Disbursement and Revenue Mechanisms*—EPIQ assisted the World Learning Center in identifying participants for a study tour to the U.S. on the topic of environmental and infrastructure funds. A study tour to familiarize Romanians with CEE environmental funds in advance of the preparation of the revenue options paper and project cycle manual was postponed and ultimately cancelled, although the Fund Director and Chairman of the Fund's Steering Committee visited the Czech Republic during the last week of the task order (September 2002). EPIQ substituted a number of WG presentations for this study tour in order to inform WG members as to good management practices in CEE Funds.
- Task 4.3—*Prepare Options Paper for NEF Revenues and Disbursements*—This options paper was divided into two parts. The disbursement options paper was integrated into the project cycle management options paper, and revenue options were addressed in a separate paper. The paper was prepared, presented in a number of venues, but ultimately not reflected in the amendments to the Fund Law.
- Task 4.4—*Prepare NEF Procedures/Project Cycle Manual*—This work was accomplished in two stages. First an options paper was prepared covering project cycle management and disbursement mechanisms. Second, a draft project cycle manual was prepared and revised. The manual was not finalized due to delays in the organization of the Fund Administration and appointment of the Fund's Director.

- Task 4.5—*Provide Training for NEF Staff*—Only a limited amount of training was provided to the NEF because of delays in appointing the Fund Director and hiring staff. EPIQ organized a study tour for the Fund Director and Chairman of the Steering Committee to the Czech Republic and provided a presentation at the first Steering Committee meeting.

7.2 Tasks

Task 4.1—Support Development of the NEF Rules of Operation

The first task under Activity 4 was initially focused on support for the development of NEF Rules of Operation required by the NEF legislation, including preparation of an organizational chart and staffing plan. However, shortly after EPIQ finalized its work plan, MWFEF received critical comments on the Fund Law from the OECD at the request of the European Commission. After EPIQ analyzed the OECD comments and provided suggestions on which comments should be addressed and how they should be addressed, the ministry took a decision to develop amendments to the Fund Law to correct the problems identified by the OECD. As a result, EPIQ worked simultaneously on two legislative fronts: developing rules of operation for the fund to implement the Fund Law, while supporting the ministry’s development of amendments. EPIQ also undertook a third subtask related to the rules of operation, using TAG resources to facilitate a participatory process for selecting the NGO representative on the steering committee for the NEF.

NEF Rules of Operation of the Fund (ROF). EPIQ began working on the ROF in June 2000. At the first working group meeting, EPIQ presented a proposed outline for ROF, a draft organizational chart, and a list of issues that needed to be addressed by the ROF. By September 2000, the draft ROF had been prepared. After several iterations and redrafting of the ROF as an annex to a government decision to set up the fund administration, the government decision was submitted to the Ministry in February 2001. Subsequently, comments from the Ministry of Finance and MWFEF staff resulted in additional revisions of the government decision. By May 2001, the government decision was in its final form. However, it was decided to postpone adoption of the government decision until after the emergency ordinance to amend the fund law was approved by the government and submitted to Parliament (June 2001). As a result of additional delays, the Government Decision No. 1174/11.21.2001 was not approved until November 2001. Throughout this long period of development, EPIQ supported the ministry in the drafting of the ROF and government decision.

Among other things, the ROF cover the following:

- Organization, working methods, and responsibilities of the 3 bodies (staff, management board, and advisory committee);
- Process for development, adoption, and revision (as needed) of the NEF Operating Manual (project cycle procedures);
- Financial management procedures; and
- Reporting requirements.

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A related component of this task involved support for the development of a Staffing Plan for the Fund and preparation of position descriptions. The Staffing Plan was to be submitted to the Steering Committee for approval once the Rules of Operation had been implemented and the Steering Committee activated. Because of delays in organizing the Fund Administration and convening the first steering committee meeting, no action was taken on this staffing plan before the end of the task order.

Amendments to the Fund Law. As noted above, efforts to make changes to the Fund Law were initiated shortly after the OECD comments were received by the Ministry and only two months after the law was enacted. The OECD identified a number of serious flaws in the law, most of these related to the sources of revenue elaborated in the Law. The OECD viewed several of these revenue sources as either a clear violation of EC law or potential restraint on trade, as they involved charges on imports and exports of waste materials, goods, or raw materials. After receiving these comments, the ministry forwarded them to the EPIQ team to help develop a response to the EC and guide the drafting of amendments. In the early stages of this drafting effort, EPIQ worked closely with the ministry in analyzing options, particularly the revenue options that had been included in first Fund Law and those that might be added to or in place of the original group.

From August 2002 until May 2002, EPIQ supported the ministry in drafting amendments to the fund law, preparing supporting documentation, and responding to comments from within the government (particularly those received from the Ministry of Finance). This support was sporadic as there were long breaks in activities related to the drafting and promotion of the Emergency Ordinance (EO) to amend the Fund Law. The first draft of the EO was endorsed by Minister Tomescu and distributed to other ministries for comments in September 2000. Comments were received in October and November, but further work on the EO was postponed until after the change in the government and appointment of Minister Ilie. Work on the EO resumed in February 2001 and by May 2001, a new draft of the EO was produced. The government (not Parliament) approved Emergency Ordinance no.93 on June 21, 2001 to amend and complete Law no.73/2000 on the Environmental Fund. Almost a year after the government approved EO no.93, the Romanian Parliament took action by approving Law no. 293 to modify Law no. 73/2000 for Environmental Fund. The new law was published in the Official Gazette on June 7, 2002.

Selection of the NGO Representative on the Steering Committee. The Fund Law passed in 2000 stipulated that one of the steering committee members should be nominated to represent the environmental NGO community. Using Technical Assistance Grant resources, EPIQ funded a proposal from the NGO—the Ecological Group of Collaboration (GEC)—to facilitate the process for selecting the NGO representative. GEC developed procedures for nominating the NGO representative for the Fund’s steering committee. GEC convened four working sessions in order to elaborate the proposed elective procedure and the draft of the Guide. These procedures were vetted within the NGO community and 80 NGOs provided comments that were reflected in the final draft of the procedures.

These procedures, completed in July 2001, have not been implemented. The amended version of the Fund Law approved in June 2002 changed the composition of the steering committee (although this was not a recommendation of the OECD) and eliminated the NGO representative.

In its place, the Fund's steering committee was given more of a political flavor by stipulating positions for the eight presidents of the regional economic development committees.

Task 4.2—Support Training to Expose Romanians to Disbursement and Revenue Mechanism

EPIQ planned to support two training activities to acquaint Romanian officials with the operation of funds utilizing a variety of revenue and disbursement mechanisms during the project. For the first training, EPIQ helped to facilitate the selection of Romanian participants in a USAID-funded World Learning Center study tour to the United States. The study tour was organized and led by the Santa Cruz Institute located in Arizona (this training had been identified and funded through the Transit Program administered in Romania by World Learning). During the 2-week study tour, participants were exposed to a variety of environmental and infrastructure funds in California and Arizona including state revolving funds, the successor to the Federal Construction Grants Program that had been administered by the U.S. EPA. Participants were introduced to project cycle management practices, project preparation, and a range of disbursement mechanisms. In supporting this study tour, EPIQ also provided input to the Santa Cruz Institute including comments and suggestions on the study tour agenda and background information on the proposed NEF in Romania, and developed a Romanian language glossary of environmental finance terms to assist interpreters during the study tour.

The second component of this task was to involve a visit to a CEE environmental fund by selected members of Working Group B. EPIQ identified a couple of candidate funds that could host Romanian participants and explored possibilities for the CEE Fund visit with the Working Group Chair. On the basis of discussions with the working group and ministry staff, it was decided to schedule the CEE visit after the Fund Administration had been set up and staff hired (see Section 7.2.5). As an alternative mechanism for exposing the working group members and other Romanian experts to disbursement and revenue mechanisms, EPIQ organized a number of alternative activities. At several working group meetings and workshops, EPIQ presented the CEE experience related to disbursement mechanisms (mainly grants, soft loans, interest rate subsidies, and loan guarantees) and revenues to capitalize funds (environmental pollution fees, natural resource taxes, and a variety of product charges). EPIQ also was invited to make presentations on revenue sources for the NEF and CEE Funds at a variety of professional meetings involving NGOs, members of Parliament, and Romanian environmental experts in government and academic and research institutions.

Task 4.3—Prepare Options Paper for NEF Revenues and Disbursements

This task was designed to provide an options paper covering alternatives for raising revenues and making disbursements from the NEF. The EPIQ team decided to restructure the options paper. Revenue sources were addressed as one option paper while disbursement options were incorporated into the options paper on project cycle management (Task 4.4). Therefore, the discussion below focuses only on revenues.

In the OECD comments on the Fund Law, a number of questions were raised about the choice of revenue instruments. Thus, some of the EPIQ team's attention in drafting amendments to the Fund Law centered on changing the revenue sources for the fund.

The EPIQ team's work on revenues included a number of interventions over the course of two years. Initially, the team commented on the OECD questions regarding revenues and prepared a memo on potential sources of revenue for the Fund for the Working Group tasked to prepare amendments to the Fund Law. Subsequently, the memo was expanded to include an economic and financial analysis of alternative revenue sources and to discuss some of the key implementation issues to be addressed before and during collection. This analysis included forecasts of the potential revenue that could be raised from each source. For the options paper on revenue sources which expanded on the analysis, information was added on international experiences in revenue sources and collection, particularly in other CEE countries.

Members of EPIQ team, mainly Mr. Victor Platon, made a number of presentations on revenue sources during the time changes in the Fund Law were under discussion. The following presentations were made: 1) potential revenues were discussed at several working group meetings; 2) "Revenues for Environmental Funds" was presented at the Seminar with NGOs and experts from ministries on April 24, 2001; 3) Mr. Platon presented the options paper on revenues at the Seminar on the NEF at the Romanian Parliament on June 20, 2001; 4) Mr. Anderson and Mr. Platon presented the final version of the options paper at an EPIQ workshop on October 25, 2001; and 5) Mr. Platon met with experts in the Romanian Senate to discuss proposed revenue sources to be included in the amendments to the Fund Law in February 2002.

The final amendments to the Fund Law pertaining to the management of revenue were, from EPIQ's perspective, disappointing. Many of EPIQ's recommendations, crafted to reflect Romanian reality but consistent with international experience and best practices, were not reflected in the final amendments. In particular, EPIQ advised MWEP to address the assignment of responsibility for revenue collection. In every other environmental fund in CEE and NIS countries, responsibility for revenue collection is vested with tax authorities, with the notable exception of pollution fees (whose collection is organized by environmental authorities, usually at the local level). Responsibility for revenue collection in Romania falls, by default, to the fund administration. In the early months of the fund's operation, the new General Director's time was fully focused on trying to organize the collection process. Lacking staff, other operational priorities, including development of the project cycle manual, were deferred (see next section).

The final list of revenue sources included in the amendments to the Fund Law included several sources that a) were either not recommended or opposed by EPIQ and b) do not satisfy most of the basic efficiency and equity criteria used to evaluate revenue sources. The sources for the fund are listed in the table below. The shaded sources are those that are most controversial. Only the fee on air pollution (item "b") and loan repayment revenue (item "j") are typical revenues for CEE or NIS funds collected from facilities and project recipients. The In addition, most of the revenue sources outcome of the two-year effort to modify the potential sources of revenue in the Fund Law resulted in demonstrates the difficulty of providing policy advice when the decision making process involves a number of key players, not all of whom are involved at every stage of the rulemaking. In addition, the EPIQ team worked principally with staff in MWEP that was involved early on in the Working Group. However, through some changes in ministry responsibility and ineffective dissemination of EPIQ background materials including the various papers on revenue sources, the EPIQ recommendations were either a) not communicated to the appropriate decision makers or b) were noted but ultimately did not factor into the final selection of revenue sources.

Table 7.1 Sources of Revenue for the Fund

a	A rate of 3% from the incomes of the commercial agents who collect or sell ferrous and non-ferrous wastes
b	The sums received for the emission of pollutants in the air that affect the environment
c	The use of new land for depositing the recyclable wastes
d	A rate of 3% from the value of the packaging sold by producers and importers, with the exception of those used for pharmaceuticals
e	A rate of 2% from the value of the dangerous chemical substances sold by the producers and importers, with the exception of those used for the production of pharmaceuticals
f	A rate of 0.5% from the value of the dangerous chemical substances sold by the producers and importers, with the exception of those used in agriculture
g	A rate of 3% from the bidding price of the wood bought from the National Forest Company and other forest owners, legal bodies or individuals
h	A rate of 1.5% from the value of the incomes from selling tobacco products
i	State budget allocations, payments, donations, sponsoring, financial aid from physical or legal persons, Romanian or foreign
j	The sums received from repayment of loans, interests, other financial operations run from the financial sources of the Environmental Fund
k	Financial assistance from international bodies
l	Payments received from events organized in the benefit of the Environmental Fund
m	The quantum of taxes received through the Unique Offices at the provision of the environmental permit for reduced impact activities;

Task 4.4—Prepare NEF Procedures/Project Cycle Manual

The preparation and use of a Project Cycle Manual is one of the major recommendations of the St. Petersburg Guidelines for Environmental Funds in Economies in Transition (1995 OECD Report) and one of the key documents necessary to ensure consistent, organized, and transparent operations. Task 4.4 involved the preparation of two documents; (1) an options paper describing the project cycle process, CEE fund experience, and options for designing and operating the project cycle; and (2) a project cycle manual for the NEF.

The groundwork for preparing these two documents was initiated at the first working group meeting, when the EPIQ team made a presentation of the components of the project cycle and shared selected experiences from other CEE environmental funds. The EPIQ team also obtained several copies of the OECD publication, *Sourcebook on Environmental Funds in Economies in Transition* for distribution to WG members. The Sourcebook provides a synthetic overview of project cycle approaches and 5 to 10 page descriptions of most of the environmental funds in the region.

As discussed in the EPIQ Work Plan, the main work on the project cycle manual was planned to follow the development and approval of the NEF Rules of Operation. The rationale for the timing of the work was as follows: approval of the NEF Rules of Operation was required before the Fund Administration could be operationalized. Once the Fund Director had been appointed and staff recruited, EPIQ would have appropriate counterparts to respond to proposals in the

project cycle options paper. As noted earlier, the approval of the NEF Rules of Operation and the organization of the Fund Administration were delayed more than one year. In consultations with the WG chair and management of MWEP, it was decided to begin the project cycle manual tasks with WG members as the counterparts.

EPIQ work on the project cycle manual was initiated in July 2001 with the mission of Mr. Patrick Francis, EPIQ consultant on environmental funds, to Bucharest. During this visit, Mr. Francis participated in meetings with MWEP staff to discuss project cycle management options, made a presentation of CEE experiences with project cycle management at the Working Group meeting on July 12, and developed an outline for the options paper on project cycle management procedures, including disbursement options.

In October 2001, Mr. Francis made a presentation on Project Cycle Management Options. He subsequently drafted the options paper and together with Mr. Anderson, prepared a draft project cycle manual. The draft was edited by the local EPIQ team to make the manual consistent with the new Fund Regulations and then translated into Romanian for distribution to the WG members in January 2002.

The draft project cycle manual, by design could not be reviewed, approved and implemented in its draft form. The EPIQ team did not believe it was appropriate to take “policy” decisions that were the domain of the future Fund Director. As a result, where such decisions were needed (e.g., whether to use a one or two-stage application process, criteria to be used in project selection, etc.), the draft manual provided the options. This approach would enable the future Fund Director to review the draft manual, provide comments and make the policy choice that would enable the EPIQ team to finalize the manual.

In January 2002, EPIQ convened a meeting of Working Group members to discuss the draft manual and review EPIQ’s proposals for finalizing the manual. The WG members accepted the proposed schedule for finalizing the manual. This schedule called for EPIQ to address WG member comments on the draft manual, but to postpone preparation of the final draft until the Fund’s Director was appointed.

Over the next several months, the EPIQ team met with MWEP officials to check on the status of the Fund Administration and to remind them that EPIQ’s work on the manual would resume once the Fund Administration was operationalized. On June 21, the new General Director of the National Environmental Fund, Mr. Gheorghe Ionel, was introduced during an internal meeting of MWEP. The Director began work in July. A meeting between EPIQ staff and the Director was organized at the EPIQ office, at which time EPIQ presented Mr. Ionel with two letters from Team Leader, Mr. Anderson provided an overview of EPIQ activities related to the Fund, and gave him a number of reports prepared by EPIQ on project cycle management and revenue. The EPIQ team established a plan to continue its assistance to the Fund, including work on project cycle management.

In August, the EPIQ team participated in numerous meetings with Mr. Gheorghe Ionel, General Director of NEF, to clarify the tasks needed to operationalize the Fund Administration’s activity. A Working Group meeting was convened at EPIQ’s office on August 27 with representatives from MWEP, EPIQ, and Mr. Ionel in attendance. At this meeting, the EPIQ team reminded the

participants that the EPIQ task order would end on September 30, 2002, and that EPIQ's support for the Fund should be prioritized. In part because the Fund Director's main focus had been on revenue collection issues, he had not yet reviewed the draft project cycle manual. As a result, it was decided that the task of finalizing the project cycle manual would not be completed under the EPIQ task order.² Instead, EPIQ would focus on organization of a study tour to the Czech Republic and assisting the Fund Director in organizing the Fund's first steering committee meeting at the end of September.

Task 4.5—Provide Training for NEF Staff

At the time the EPIQ Work Plan was prepared, EPIQ and its counterparts expected the Fund Administration would be operational within the next year. On the basis of this assumption, Task 4.5 was elaborated for the purpose of providing training for NEF staff, the Board of Directors and the Steering Committee. As noted earlier, the Fund Director started work in July 2002 and his first members of the staff were hired in September 2002. As a result, training for NEF staff was not organized under the EPIQ task order. However, EPIQ provided a limited amount of training to the Fund Director and Steering Committee members.

During September 2002, EPIQ arranged a study tour for NEF staff to visit the Czech Republic State Environmental Fund. The study tour was designed to accommodate five participants from the Romania NEF. However, as staff was hired in late September, only the Fund Director and the Chairman of the NEF Steering Committee participated in the study tour (along with George Dulcu from the EPIQ team and a Czech consultant, Lubomir Paroha). Over a 3-day period, the study tour participants met with officials and staff of the Czech Fund, the Ministry of Environment and State Inspectorate.

EPIQ also assisted the Fund Administration in organizing the first meeting of the Fund's Steering Committee. The major purpose of this meeting was to provide an orientation for Steering Committee members covering the goals and operations of the NEF and the respective roles and responsibilities of the Fund Administration and the Steering Committee. Mr. Anderson made a presentation on these topics during the Steering Committee meeting.

² The preparation of the project cycle manual (as well as the Annual Operating Plan and application and outreach material) was completed in January 2003 with funding provided by the Danish Environmental Protection Agency. This work was carried out by former EPIQ team members Victor Platon and George Dulcu with guidance from Glen Anderson and production and translation support from Carmen Constantin (Frunza).

8. Economic Instruments

8.1 Activity Overview

This activity was designed to promote and, where possible, facilitate the adoption of economic instruments that motivate environmental compliance, improved resource stewardship, and generate needed financial resources to support the NEF and sustained capacity of environmental institutions. The principal instruments of interest were mainly fees, product charges, tariffs and deposit/refund payments. Most of these economic instruments could potentially generate substantial revenues.

This activity was divided into five tasks, although the first two were abandoned seven months into the EPIQ task order at the request of MWEP. The five tasks were as follows:

- Task 5.1—*Conduct Demonstration of Water Tariffs in Selected River Basins*—EPIQ initiated work to conduct a demonstration of the methodology for calculating water tariffs (developed in previous EPIQ Task Order) in the Cris River basin. However, this task was abandoned in the beginning of 2001 after the new management team in MWEP requested EPIQ to shift its resources to alternative issues related to accession.
- Task 5.2 – *Review Demonstration Results and Revise Tariff Systems*—As this task involved follow-up analysis to the Cris River demonstration, it was not undertaken once Task 5.1 was abandoned.
- Task 5.3—*Assist in Drafting Government Decisions on Recycling Used Batteries and Waste Oils*—Development of both of these government decisions was initiated under the previous EPIQ Task Order. Under the current task order, EPIQ continued to support the drafting of the decisions, providing comments and analysis of options for managing these waste streams. The Government Decisions on recycling used batteries and managing waste oils were approved in 2001.
- Task 5.4—*Design Implementation Phase for Used Batteries and Waste Oils*—the EPIQ Work Plan originally called for assistance in designing the implementation phase for these waste management programs. However, most of the analysis of design issues and costs of implementation were carried out in advance of the approval of the government decisions.
- Task 5.5—*Analyze the Role of Tariffs and Economic Instruments in the EFS and NEF*—Most of the work on this task focused on the preparation and presentation of a paper on economic instruments, and training on the use and evaluation of economic instruments and other policy instruments in the policy course conducted for MWEP.

8.2 Tasks

Task 5.1—Conduct Demonstration of Water Tariffs in Selected River Basins

EPIQ worked with the Ministry to develop a new methodology for water tariffs under the previous task order. The next step in that work involved a demonstration of water tariff methodology in selected river basins. The Oradea EPA and Cris River basin were selected for the demonstration in consultations with the General Director of the Water Department in the Ministry.

The EPIQ team undertook a number of preliminary tasks in advance of the demonstration that included: (1) an analysis of the Water law and water tariffs methodology; (2) participation in several meetings with MWEP to establish a contact person in the Ministry for the demonstration and to initiate planning for a workshop in Oradea; and (3) a review of the approximation strategy for EU water directives (in relation to the water tariffs).

After completing this initial work, EPIQ was informed that the workshop would be postponed until at least after the December 2000 elections. After the elections and the change in the government and management team in the ministry, EPIQ was asked to discontinue work on water tariffs as this was a relatively low priority in the ministry.

Task 5.2—Review Demonstration Results and Revise Tariff System

As noted in the Activity Overview, this task was abandoned after the ministry requested EPIQ to re-focus its assistance program to more pressing priority topics (mainly support for EU accession).

Task 5.3—Assist in Drafting Government Decisions on Recycling Used Batteries and Waste Oils

In the previous task order, EPIQ had participated in inter-ministerial working groups tasked with developing regulations for managing used batteries and waste oils. EPIQ had promoted a variety of policy instruments for managing these two waste streams. For used batteries, EPIQ had developed the concept for deposit-refund system, similar to systems used throughout Europe and the United States. For the new task order, it was decided that EPIQ would continue to support the development of both regulations.

EPIQ's role in these two regulatory development processes included assistance in drafting and revising the government decisions, preparing comments on drafts and responding to comments from other members of the respective inter-ministerial working groups. From June through December 2000, Mr. Victor Platon participated in frequent meetings with both working groups, as the groups refined the respective government decisions. Following the national elections in December and changes in the leadership of MWEP and other ministries participating in the working groups, there was a short break in working group meetings. When the meetings resumed in February 2001, the Ministry of Industry surprised the working group with a radically different version of the government decision on waste oils, employing a command and control approach that failed to adequately account for the administrative complexity associated with regulating the recovery of waste oils used by automobiles and in industrial applications. EPIQ collaborated

with the German twinning project on waste to identify alternative command and control options for managing waste oils, drawing on German experience.

Throughout 2001, Mr. Platon continued to participate in both working groups. In March, he made a presentation on waste oils management at a seminar organized by MWEP that included representatives from the oil industry and a presentation on the deposit-refund system for used batteries at a working group meeting in June. EPIQ also was asked to analyze the costs of the two government decisions (described in Section 8.2.4).

The government decisions went through numerous revisions and were submitted and approved in the second half of 2001. The government decision for used batteries included the deposit-refund system EPIQ had promoted for more than two years and was published in November 2001 as Government Decision (nr. 142/25.10.2001). For waste oils, the government decision was approved in August (nr. 446/8.8.2001) and then modified (to address waste oil in transformers) and approved in May 2002 (nr.441/16.5.2001). Economic instruments were not featured in the waste oils government decision, but suggestions for improving the administration of the management system provided by EPIQ were incorporated into the decision.

Task 5.4—Design Implementation Phase for Used Batteries and Waste Oils

EPIQ had anticipated the government decisions for used batteries and waste oils would be approved in 2000, given the stage of development at the beginning of the EPIQ task order. However, the process of finalizing these decisions and receiving approval stretched to the end of 2001. In addition, while EPIQ planned to work on implementation issues after the decisions were approved, the inter-ministerial working group requested assistance during the development stage, mainly focused on demonstrating how the deposit-refund system would work and elaborating the national costs of the management regimes for used batteries and waste oils.

In the previous task order, EPIQ had drafted options for implementing a battery recycling program. At the request of the working group, EPIQ deepened the analysis of deposit-refund system, proposed a uniform deposit for automobile batteries (\$5), and estimated the costs of compliance for the management program. These cost estimates and the additional details on the deposit-refund system were of value in informing the discussions of various drafts of the government directive, both within the working group and in external meetings with industry.

In addition to the costing study for management of used batteries, EPIQ prepared a parallel analysis of the costs of the government decision for management of waste oils. Both sets of cost estimates were incorporated into the national estimates of the costs of approximation with EU environmental legislation that MWEP has been developing to support Romania's Approximation Strategy. Furthermore, these cost estimates were included in the National Waste Management Strategy and Action Plan documents prepared by ICIM (see discussion in Section 5.2.4). The cost studies were presented in numerous venues including working group meetings and in the national workshop on the waste strategy in June 2002.

Task 5.5—Analyze the Role of Tariffs and Economic Instruments in the EFS and NEF

One of the major underlying themes of the EPIQ program in Romania has been to foster understanding of the potential benefits of policy instruments that lead to cost-effective

implementation of environmental improvements. Economic instruments—in countries that have used them—are a set of policy tools that can, in varying degrees, provide incentives for compliance and generate revenues. Several of the tasks described earlier in this report have focused on the generation of revenues from permit fees (Task 3.2), revenues for the NEF (Task 4.3) and the use of deposits on new batteries (Task 5.3).

EPIQ approached Task 5.5 from two perspectives: 1) provide information on the potential uses and benefits of economic instruments, drawing from international experiences; and 2) provide training to MWEP staff on how to analyze policy instruments, including economic instruments.

Mr. Robert Anderson, EPIQ consultant drafted the paper on international experiences with economic instruments, targeted at those instruments that can raise revenue such as pollution fees and product charges. This paper was translated into Romanian for distribution to MWEP and also presented at a workshop in October 2002. In addition to this paper, EPIQ supported requests from MWEP for information on international experiences in waste recycling and the policy instruments used to encourage recycling as opposed to disposal and made presentations on the role of economic instruments in various venues, including a presentation on policy instruments to accelerate the widespread switch to unleaded gasoline in Romania.

In June 2002, EPIQ presented a two-day environmental policy course to more than 40 staff (including directors) in MWEP. The course was developed from the EPIQ report, *Environmental Policy Lessons Learned—Ten Years of Environmental Policy Activities in Developing Countries* and covered all four components of the policy process—problem diagnosis, policy design, policy implementation, and evaluation. Participants received instruction in the application of analytical tools needed to assess existing policy problems and to evaluate alternative policy instruments. The participants were also divided into small topical work groups and provided time to apply these tools in examining the priority environmental problems of water, air, and waste.

9. Conclusions

Over the course of the task order (28 months), the EPIQ team completed a significant portion of the tasks that were proposed in the Work Plan. As noted earlier, EPIQ abandoned several tasks, particularly those related to the preparation of comprehensive Romanian financing and compliance strategies and follow-up training. In each instance where MWEP requested a shift in EPIQ activities to better align them with the Ministry's priorities, EPIQ substituted additional tasks. Although the accomplishments of the EPIQ team have been described in previous sections, a brief summary of them is provided below. Also, as requested by USAID, we have provided some suggestions for future policy assistance.

9.1 Accomplishments

- EPIQ carried out a large number of analytical tasks for the Ministry related to negotiations with the EU on compliance schedules and requests for transition periods for the heavy investment directives. Among these are the following:
 - analysis of the national costs of approximation in comparison to other accession countries
 - development of national priority lists for investments in drinking water, wastewater treatment, air, and solid waste
 - directive-specific analyses of costs for landfills, incinerators, and water
- EPIQ provided assistance to MWEP and ICIM in finalizing the National Waste Management Strategy and Action Plan
- EPIQ drafted more than 20 laws, emergency orders, government decisions, and ministerial orders, many of them necessary to align environmental permits with the requirements of the EU horizontal legislation
- EPIQ staff prepared all procedures required to operationalize the National Environmental Fund. Only the draft Operating Manual was prepared because of delays in appointing the Fund's Director
- EPIQ staff assisted in the development of two major waste regulations covering the management of used batteries (featuring a deposit-refund system) and waste oil.
- EPIQ successfully promoted a broad-based working group model that included participants not only from government institutions but also NGOs, researchers, and trade organizations.
- EPIQ carried out an extensive training program including a number of courses for staff from the local EPIs and an environmental policy course for managers and senior staff in the Ministry

- Almost 400 people including 190 from the local EPIs participated in EPIQ workshops, seminars, working group meetings and training sessions.

9.2 Recommendations for Future Work

Romania faces two key problems as they prepare to execute compliance schedules for EU environmental legislation. First, staffing levels in the Ministry and EPIs are significantly stretched to carry out the tasks of developing regulations, reviewing permits, and monitoring compliance. In addition, the Ministry lacks the necessary capabilities to carry out analytical tasks or provide training in environmental permits for EPI staffs. Second, huge gaps remain unresolved in financing the more than \$20 billion in investments needed to upgrade existing facilities and build new ones to comply with EU requirements for the heavy investment directives.

In the future, there will be a substantial requirement for training in the Ministry and EPIs, a need that could be filled by USAID contractors. However, until there is a commitment by the government to support adequate staffing levels and the appropriate mix of skills, it will be difficult to carry out such training activities. If such commitment exists, the major priorities for training would be a) training in all aspects of environmental permitting and familiarization with the full scope of EU legislation for the EPIs, and b) training in economic and financial analysis for qualified staff in the Ministry.

It is our view that the Ministry and most Romanians do not have a good grasp of the costs of approximation and the challenges of developing sources of financing to fund the large number of investments that will be needed. Thus, there is still a need for a comprehensive environmental financing strategy. With EPIQ support, some progress has been made in assessing costs of approximation, but mainly those costs related to investments. The costs of managing the environment—costs that will mostly likely come from the state budget—are still largely unknown. In addition, many of the existing cost estimates need to be further refined. The more significant problem relates to availability of financing. There is a need to understand the limits of foreign support, the implications of higher compliance costs for user fees for water, waste, and heating services, and the potential role of the National Fund and other domestic sources of financing.

As we finalize this report, the NEF is operational, has now collected tens of million USD in revenue, has finalized the project cycle manual (to handle grant applications), conducted its first solicitation of project proposals, and prepared an annual operating plan. With the exception of revenue collection, all of these tasks have been accomplished by local and U.S. experts. As the EPIQ Task Order concluded, another donor stepped in to assist the Fund, but at the end of this assistance, two problems were evident. First, the Fund was not hiring staff in adequate number and expertise to enable it to effectively manage project cycle operations, creating a logjam in the project cycle. Second, the Fund lacks the senior analytical capacity to make changes to the project cycle manual, develop selection criteria and review project applications.

In order for the Fund to effectively use donor assistance in the future, the Fund must recruit adequate staff to carry out the day-to-day operations of the Fund. Once these staff members are in place, technical assistance and training would be recommended to strengthen the institutional

capacity of the Fund. As the Fund is contemplating adding a loan program to the current disbursement of grants, a major training need will be in the evaluation of financial aspects of loan applications.

A second assistance need for the Fund will be the conduct of an independent performance evaluation, once the Fund has completed the first year of project cycle management operations. Since 1997, the OECD and a number of EU donors have supported performance reviews in the Czech Republic, Estonia, Kazakhstan, Moldova, Poland, and Slovenia. Such a performance review would provide the Fund Administration with recommendations for strengthening its operations including changes that could be accomplished through modifications of procedures as well as those that might require amendments to the Fund Law.

Finally, there is significant potential for shifting USAID resources to the private sector which will be required to comply with the full range of EU legislation. Among the potential activities that would help the private sector prepare for changes in environmental requirements are the following:

- Training for facilities in IPPC, with emphasis on assessing cost-effective compliance strategies
- Development of a primer for Romanian businesses covering a range of topics related to environmental compliance including an overview on environmental requirements in Romania, methods for determining least cost compliance solutions, steps in preparing technical and financial components of project/loan applications, finding affordable project financing.
- Training in project preparation, focused mainly on development of applications to the National Environmental Fund.

Appendix 1. Work Plan

I. Introduction

In response to the Request for Quotation (RFQ) No. 186-00-29, the EPIQ IQC prepared a proposal in April 2000. USAID issued a Task Order on May 12, 2000 to EPIQ to provide the services requested. As indicated in our proposal, EPIQ has mobilized its project team and developed a work plan to implement the activities enumerated in the RFQ. The Work Plan is presented in the sections below. Section II describes the process by which the Work Plan has been prepared. Section III describes the five major activities that comprise the work program. For each activity, an overview is provided followed by a table summarizing the tasks, outputs, assumptions and expected results. Section IV describes the management plan including TAG grant administration. Section V provides summary tables on staffing of all activities and level of effort while Section VI provides a proposed schedule.

II. Development of the Work Plan

During the week of May 22, EPIQ mobilized a team to develop the Work Plan. The team included the proposed team leaders for each of the five activities: Glen Anderson (Activity 1 and Chief of Party); Vladimir Rojanschi (Activity 2 and Local Coordinator); Marilena Patrascu (Activity 3); Laurie Manderino (Activity 4); and Victor Platon (Activity 5). Throughout the week the team was assisted by Carmen Constantin (Office Manager) in preparation of presentation and work plan materials.

The team met briefly with the USAID CTO for the Task Order, Marshall Fischer, on May 22 to discuss the week's planned activities. EPIQ organized a series of meetings with counterparts in the Ministry of Waters, Forests, and Environmental Protection (MWFEP) during the week to discuss each activity and to solicit counterparts' suggestions. We agreed to prepare a briefing at the end of the week to summarize the outcome of our meetings.

On May 23, the EPIQ team met with senior officials in the Ministry to kick-off the week's meetings. The meeting was also attended by the Task Order CTO, who introduced the team and outlined USAID's expectations for the collaboration between the Ministry and EPIQ. It was decided during the meeting to form three working groups to guide the five activities as well as a smaller steering committee composed of two members of each working group plus the MWFEP Director of the Directorate of EU Integration and International Relations, Mihai Cozariuc, to provide oversight for all of EPIQ's activities. MWFEP procedures require the issuance of a Ministry Decree to create the working groups and establish a process for nominating members, organizing working group meetings, and monitoring their activities. EPIQ assisted the Ministry in drafting and insuring the issuance of this decree. In addition, an exchange of letters between the Ministry and USAID to formalize cooperation was initiated with the preparation of a letter from the Ministry to USAID.

As agreed during the May 23, 2000 meeting, working groups will include members from respective government ministries, agencies and institutes as well as representatives from

industry, local government, and NGOs. The three working groups and their chairpersons established by the decree are as follows:

Working Group	Activities	Chairperson(s)
A	<ul style="list-style-type: none"> • Environmental Financing Strategy • System of Self-Financing 	General Directorate for Monitoring and Ecological Control, Gabriel Dumitrascu, General Director
B	<ul style="list-style-type: none"> • National Environmental Fund • Economic Instruments 	General Directorate for Resources and Development, Vasile Lupu, General Director Economic Directorate, Melania Manea, Director
C	<ul style="list-style-type: none"> • Environmental Compliance Strategy 	Directorate for Strategies, Policies, and Legislation, Ion Machedon, Director Economic Policy Unit, Badita Petroica, Director

On May 24 and 25, EPIQ met with the chairpersons from each working group to outline the proposed activities. The meeting with WG A also included several proposed WG members from outside of the Ministry. The meetings were useful in identifying potential overlaps between EPIQ’s activities and those supported or under consideration by other donors, refining specific tasks and clarifying schedules.

On May 26, EPIQ made a presentation to MWFEP Secretary of State, Anton Vlad, other senior officials in the Ministry (including all WG chairpersons), and USAID. The slides from this presentation are provided in Annex 1. Later in the day, EPIQ met with the USAID CTO, who provided some initial feedback and additional direction on the content and structure of the work plan.

III. Activities

A. Overview

Consistent with the Task Order, this assistance program is divided into five activities. An Activity Leader has been designated for each activity. Activity Leaders are responsible for organizing all tasks under their activity, organizing working group meetings, and coordinating the work of foreign and Romanian consultants who contribute to individual tasks.

The activities build on EPIQ technical assistance provided under the previous task order, but with greater focus on *downstream* results related to implementation and demonstration of policies. This greater focus will necessitate close cooperation with counterparts and success will often require the Ministry to follow through on the preparation of orders, decrees, and regulations and make financial commitments (for example, staffing the National Environmental Fund). As noted in EPIQ’s proposal in response to the RFQ, there are numerous linkages between all of the activities. With all five activities being interrelated and synergistic, the Activity Leaders will need to closely coordinate their activities among the team as well as with their respective counterparts in the Ministry and WG. A special challenge relates to the issue of avoiding overlap and redundancy with other assistance provided to the Ministry by other donors. As noted in EPIQ’s meetings with counterparts, a number of “placeholder” activities were

identified in the EU-PHARE 1998 and 2000 programs (the 2000 program is not expected to start until late this year). While the Ministry should have adequate motivation to coordinate all activities undertaken in support of the Ministry, the EPIQ team also will monitor other activities, determine opportunities for collaboration, and work with other donors and/or contractors to address potential duplication.

The overall program that will be implemented by EPIQ is focused on the creation of sustainable institutions, adoption of economic and other instruments of policy, and the demonstration of capabilities to carry out strategic planning in the areas of compliance and financing. These activities should complement the more targeted directive-specific technical assistance and capital funding programs supported by the EU, other European donors, and the IFIs.

The work program will also place great emphasis on insuring that the working group process represents a sound forum for establishing workable policies and programs through the applications of a civil and democratic society. In the prior environmental policy Task Order, the working group process played an important role in promoting the EPIQ proposals and recommendations. However, in this case, the WG will include broadened stakeholder participation that provides better understanding of the range of perspectives and issues that will confront the implementation of the policies and programs advocated by the workgroup. In addition, considerable emphasis will be placed on the use of options papers, workshop and working group presentations, and informal discussions with counterparts and stakeholders to exchange ideas and promote more effective environmental management in Romania. Use of these materials will help fundamentally the advancement of the Aarhus Convention on public information and involvement in decision-making.

B. Description of the Five Activities

In this section, short descriptions are provided of each activity and their component tasks. For each activity, a summary table presents the overall objective and result, as well as intermediate results to be achieved for each task.

Activity 1—Environmental Financing Strategy (EFS)

The development of an environmental financing or investment strategy is timely and will help Romania prepare for EU membership and could play a role in mobilizing resources and identifying environmental projects to reduce greenhouse gas emissions. Already, Lithuania and Latvia have prepared national financing strategies and the Danish Environmental Protection Agency is planning to assist other EU Accession countries (Estonia, Czech Republic, and Slovak Republic) in developing strategies. The general methodology for environmental financing strategies (developed in conjunction with the Lithuania strategy) is flexible and adaptable to the specific needs of Romania.

Activity 1—Environmental Financing Strategy (EFS)

Overall Objective:

Develop and implement an effective tool for establishing a prioritized and affordable environmental investment program

Overall Result:

MWFEP expands and utilizes capacity to evaluate demand and supply of investment in key environmental sectors

Intermediate Results:

Background information is developed to inform discussions on the scope of the Romanian EFS	Task 1.1
Workshop participants gain understanding of the EFS methodology and can provide input on the scope of the Romanian EFS	Task 1.2
Romanian EFS guides the setting of investment priorities in the environmental sector and policy decisions to mobilize financing	Task 1.3, 1.4
EFS methods and support tools transferred to Romanian experts to facilitate future updating of the Romanian EFS	Task 1.5
MWFEP expands and updates EFS to include other sectors and reflect revised analyses of investments and their costs	Task 1.6
Outputs:	
Stocktaking Study	August 2000
Methodology Workshop	October 2000
Draft EFS	March 2001
EFS Workshop	March 2001
Final EFS	April 2001
Training Workshop	May 2001
Analysis to Support EFS Implementation	June-Sept 2001

The Activity Leader for the Environmental Investment Strategy will be Glen Anderson, EPIQ Task Manager. He has led the development of the Lithuanian EFS and is currently the team leader in developing the Kazakhstan EFS. The methodology for environmental finance strategies developed by Mr. Anderson will be adopted for Romania. Mr. Anderson will be responsible for development of the strategy, liaison (assisted by Vladimir Rojanschi) with the Ministry, other government agencies, donors, and stakeholders, organizing workshops and meetings, and assisting Romanian and foreign experts in specific tasks. This Activity will also involve staff from the Lithuania Environmental Policy Center in Vilnius that prepared the Lithuanian strategy. Their role will be to present the methodology and strategy at a workshop and assist Romanian experts in assessing and costing specific investment projects in the water, air, and waste sectors. In addition, they will share their experience in matching sources of financing to investment projects. The Romania EFS will be prepared by local experts under the supervision of Mr. Anderson. Activity 1 will be comprised of six tasks. They are briefly described below:

Task 1.1—Stocktaking study on environmental costs, expenditures, and financing sources.

This initial study will be undertaken to determine the scope of information and analyses that have already been developed for Romania that are germane to the financing strategy. The study will identify existing analyses of strategies for complying with specific EU directives, proposed

compliance schedules, and estimated costs. This overview will help to inform WG discussions on the proposed scope of the EFS (e.g., sectors and directives to be covered) and determine if additional work on estimating costs of approximation will be necessary. In addition, the study will examine the availability of statistics on environmental expenditures in the public and private sectors. Finally, the study will summarize current knowledge of the sources of financing for environmental investments that are currently or potentially available in Romania. The starting point for this review will be the financing sourcebook currently under preparation by the USAID-funded EAPS project and anticipated for distribution in October 2000 (MWFEP is anticipated to become the institutional home for the sourcebook with the opportunity to maintain and update it as necessary). The stocktaking report will develop recommendations for additional analyses of financing sources that will be needed in preparing the financing strategy.

Task 1.2—Workshop on EFS methodology and scope of the Romanian EFS.

The EPIQ team will convene a one-day workshop for WG B and other interested parties. The purpose of the workshop will be two-fold: first, to familiarize Romanian officials and experts with the EFS methodology and second, to discuss the scope of the Romanian EFS. The workshop presentations on the EFS methodology will include a presentation by Glen Anderson on the methodology that has been developed and implemented in Lithuania and NIS countries and regions (Georgia, Moldova, Kazakhstan, and the regions of Novgorod and Pskov in the Russian Federation). In addition, Daiva Semeniene from the EPC in Lithuania will present the Lithuanian EFS.

To facilitate discussions of the scope of the Romanian EFS, EPIQ staff will summarize the results of the Stocktaking Study and provide recommendations and options for the Romanian EFS, reflecting preliminary input from MWFEP and WG members. The scope of the EFS will likely include the waste and/or water sectors. These sectors involve substantial investments in the municipal sector and also are closely linked to EPIQ's work on water tariffs and economic instruments (Activity 5)

Task 1.3—Preparation of the Romanian EFS.

The Romanian EFS will employ the EFS methodology presented at the Workshop, adapted to address the specific sectors/directives to be included and adjusted in terms of the analytical components to respond to data limitations (mainly those related to the limited number of existing studies that have evaluated the implementation costs of specific EU directives.

The Romanian EFS will include four major components: (1) estimation of the demand for environmental investment and associated costs; (2) analysis of the supply of financing, presently and in the near future (both public and private sector sources and domestic and foreign); (3) simulation of demand and supply (the financing strategy) to determine potential financing gaps; and (4) analysis of affordability of the proposed financing strategy. The EFS will also provide recommendations for strengthening institutional capacities to provide financing and prepare investment projects.

The preparation of the EFS will require cooperation and an ongoing dialogue with Romanian policymakers and experts. Our experience in Lithuania suggests that there are a number of decisions that will need to be discussed and taken in Component 3 in deciding the timeframe of the strategy, priorities within sectors, regions, and projects, and in determining how to match

financing sources with project financing needs. For example, in Lithuania, the investment program allocated financing shares for municipal investments that qualify for ISPA as follows: 50% ISPA grant; 30% World Bank loan; and 20% public investment program or other state budget resources.

EPIQ will establish Decision Tools to help the MWFEP organize EFS data and carry out some of the analytical calculations. A modified decision tool would serve two purposes. First, it would reduce the time and costs of preparing the EFS in Romania and second, it would be possible to leave the tool with Romanian officials. Since the tool covers all major environmental sectors, the EFS could be updated as more data and analyses are completed.

Preliminary discussions have already been conducted on adapting an existing user-friendly, interlinked Excel Spreadsheets decision tool developed by consultants to the Danish Environmental Protection Agency (DEPA). Given the role that financing strategies play in the accession process, the probability of DEPA support is moderate to high.

Task 1.4—Workshop on the Draft Romanian EFS.

Following the preparation of the draft EFS, EPIQ will convene a workshop to present the strategy to the Working Group and other interested parties. Comments received from participants, plus comments that will be solicited from MWFEP, other ministries and selected peer reviewers will be addressed in the final draft of the EFS.

Task 1.5—Training in the use of EFS analytical tools

The final EFS will be a “living” document, that can be revised, updated, and expanded over time as additional information and analyses are available for specific directives and sectors. Given the limited duration of the EPIQ task order, the team plans to conduct training sessions for the Ministry, Romanian consultants, and other stakeholders to transfer the EFS “technology.” All analytical tools and associated programs (e.g., databases and spreadsheets used for calculations) will be translated into Romanian and transferred to the Ministry and other interested institutions (and individuals) and/or made available on the internet.

The training will be organized to guide participants in exercises to expand the existing EFS and conduct the major types of analyses that are incorporated into the EFS (e.g., costing of directives, calculating annualized costs, matching supply and demand, developing cost recovery plans, and conducting gap and affordability analyses. Training will also include the application of any decision tools that are developed or adapted by the contractor.

Task 1.6—Adoption and Implementation of the Romanian EFS

EPIQ will complete the EFS several months in advance of the end of the Task Order to allow time to assist the Ministry in beginning the process of implementing recommendations in the EFS. Many components of the EFS have important links to other activities including the role of the NEF as a source of financing, the development of economic instruments (with both revenue/financing and compliance elements), and the development of the environmental compliance strategy which will determine the pace and scope of compliance activities, many of which will require investment financing and will have been included in the EFS. It is anticipated that EPIQ could assist the Ministry in preparing background materials and additional analyses as needed to implement specific EFS recommendations.

Activity 2—Environmental Compliance Strategy(ECS)

The environmental compliance strategy represents a critical element of Romania's overall accession strategy. The EU will require all accession countries to demonstrate capacity to monitor compliance and propose and implement a realistic compliance schedule linked to specific EU legislation. The EU has made it clear to all accession candidate countries that environmental compliance may be the most critical issue or barrier toward membership. With Romania's historically low level of compliance with existing standards, the development of the compliance strategy should be linked to the financing strategy to ensure there are adequate resources available for the investments and management expenditure needed to implement the compliance strategy.

However, Romania will not be expected to implement many of the EU directives until late in the current decade or after 2010, given the current timeframe for Romanian membership and the expectation that all new member countries will not be able to meet all EU requirements at the time of accession. In light of the current low level of environmental performance of facilities in Romania and the massive investment that will be needed to comply with EU environmental legislation, the initiation of compliance activities should not be put off for a number of reasons.

Activity 2—Environmental Compliance Strategy (ECS)

Overall Objective:

Develop an understanding of the compliance tools that can be utilized to address the most critically important pollution problems in the earliest, most practicable timeframe

Overall Result:

MWFEP prepares an effective and realistic environmental compliance strategy for key environmental sectors

Intermediate Results:

Inventory of current and proposed compliance programs provides input into the development of the Romanian ECS	Task 2.1
Romanian counterparts gain knowledge on environmental compliance tools used in other countries	Task 2.2, 2.3
Romanian ECS is prepared to guide compliance activities both in advance of EU requirements and to meet schedules for implementing EU legislation	Task 2.4
MWFEP implements ECS, adopts compliance instruments, and mobilizes resources to monitor facility compliance in priority sectors	Task 2.5

Outputs:

Inventory of Strategies	September 2000
Working Group C Meeting	September 2000
Compliance Options Paper	November 2000
Compliance Options Workshop	December 2000
Draft ECS	March 2001
ECS Workshop	April 2001
Working Group C Meeting	May 2001
Final ECS	June 2001
Assistance to MWFEP to implement ECS	July-Sept 2001

First and most important, there are environmental and human health costs that result from poor environmental performance. These have large measurable impacts in economic and social terms. Many of these damages can be addressed with investments that have low costs relative to their benefits (damages avoided) or even negative costs (so-called “win-win” investments). Second, it is necessary to foster a culture of environmental awareness and compliance. This cannot happen overnight and will require the strengthening of institutions at the national, regional, and local levels and the gradual introduction, then convergence of compliance requirements that will satisfy EU criteria. An effective process of elaborating environmental priorities that accounts for the relative magnitude of environmental impacts can support the development of intermediate compliance goals. Third, there are financial resources available from donors and IFIs that can substantially reduce the net costs of environmental investments to facilities. In addition, the development of the National Environmental Fund will provide additional inducements for investments. Thus, there is an opportunity to encourage investments that comply with expected EU requirements ahead of the expected compliance schedule.

The Activity Leader for the Environmental Compliance Strategy (ECS) will be Dr. Vladimir Rojanschi, who served as Romanian chief of party for the prior EPIQ Task Order. He will be responsible for development of the compliance strategy, liaison with governmental officials and stakeholders, and convening the working group that will guide development of the compliance strategy as well as the investment strategy. He will also coordinate the work of Romanian and foreign experts and organize meetings as needed. EPIQ will draw on the experiences of the U.S. and European countries in developing compliance programs and utilizing policy instruments that encourage compliance among facilities.

Activity 2 will include five tasks. They are briefly described below:

Task 2.1—Inventory of compliance strategies and programs.

The first task will involve a study to identify existing compliance strategies and programs that have a) been implemented, b) have been authorized through enactment of laws, regulations, government decisions, etc., and c) are currently being analyzed. For each strategy or program, compliance activities will be described in terms of characteristics such as the types and sizes of facilities subject to compliance; types of compliance instruments that will be used; compliance schedules; and institutional requirements (and relation to existing institutional capacity). This inventory will provide background and input to the ECS and will be distributed to WG C members for comments and to determine if the analysis is comprehensive.

Task 2.2—Preparation of compliance options paper.

The second task will focus on the development of compliance options that might be incorporated into the ECS. These options will focus on a variety of compliance instruments that have been used in OECD countries, other CEE countries, and in Romania. In some cases, compliance instruments simply involve regulations and a system of non-compliance sanctions. In other cases, other mechanisms, including economic instruments may be used to encourage, rather than compel compliance, especially compliance that is achieved in advance of compliance dates. The options paper should describe the mechanisms and instruments, their effectiveness where they have been implemented, the types of policies for which they are best suited, associated

institutional requirements, and the types of issues that need to be addressed to utilize them in Romania.

Task 2.3—Convene workshop to present options paper.

Following the preparation of the draft options paper, EPIQ will convene a workshop to present the findings and recommendations in the options paper and to present proposed scope of the ECS. Workshop participants will include members of Working Group C and other interested parties (including judet/EPA representatives and NGOs).

Task 2.4—Prepare the ECS.

The EPIQ team will prepare the draft ECS following an outline that will be prepared in cooperation with Working Group C. In collaboration with the Working Group, EPIQ will identify criteria that will be applied in establishing priorities for compliance activities throughout the ECS' timeframe. Recognizing that EU compliance dates may be many years in the future, a portion of the ECS will focus on compliance activities in advance of EU timeframes for compliance. The strategy will consider the use of intermediate compliance targets (by types of facilities, sectors) for selected current Romanian environmental standards and EU directives. In addition, the ECS will include the development of an overall compliance strategy for the environmental *acquis*. The strategy will also identify institutional capacity required to implement the ECS in terms of staff, other resources, and types of skills.

The task order provides resources for Technical Assistance Grants (TAGs) that can be awarded to NGOs to support their participation in policy dialogues germane to their constituencies. EPIQ believes the input of NGOs and trade associations is essential to the credibility of compliance programs and plans to issue a selected number of TAGs to NGOs to defray the costs of their participation in working group meetings, and for organizing discussions of compliance programs and preparing responses to the working group on behalf of constituencies. EPIQ will consult with the Ministry, local EPAs, NGO leaders, and other stakeholders in identifying potential TAG recipients (management of TAG is covered in Section IV).

Following the preparation of the draft ECS, EPIQ will convene a workshop to present the strategy to Working Group C and other interested parties. Comments received from participants, plus comments that will be solicited from MWFEP, other ministries and selected peer reviewers will be addressed in the final draft of the ECS.

Task 2.5—Assist MoWFEP in implementing and updating ECS.

Following the preparation of the ECS, EPIQ will meet with Ministry staff to discuss ECS implementation activities and determine areas where the EPIQ team can support Ministry effort to prepare for implementation, provide additional analysis in support of ECS recommendations on the use of compliance instruments, and assist the Ministry in preparing updates or revisions to the ECS.

Activity 3—System of Self-Financing (SSF)

In 1999, legislation to establish a system of self-financing of local environmental protection authorities was passed in Romania. In response, an action plan, outlining the steps required to demonstrate and implement the self-financing system, was prepared. The benchmarks associated with Outcome 3 relate to that action plan which was generally agreed to by the MoWFEP in October 1999.

The Activity Leader for Activity 3 will be Ms. Marilena Patrascu. She has been integrally involved in the development of the self-financing concept and legislation as well as the Action Plan. She will be responsible for carrying out the demonstration and implementation tasks, working with a steering committee that will guide this work, and coordinating inputs from Romanian and foreign experts. Dr. Clifford Zinnes, formerly Senior Environmental Policy Advisor in Romania with HIID's C4EP Program will assist Ms. Patrascu in several tasks related to the tariff methodology and design of operational structures.

The current self-financing system, as approved by the Ministerial Order no.340/20 in March 2000 and published in the Official Gazette no.144/6 April 2000 was supposed to be applied by both central and local environmental authorities since May 2000. The initial implementation of SSF was regarded as an interim approach until additional work could be undertaken on improving the fee structure and administration. The action plan referred to above includes steps to assure that the fees are applied in a rational and equitable manner consistent with the "polluter pays" principle and that the program is administered in a transparent and accountable manner.

At the end of May, the first monthly results and balance sheets should allow an estimation of collected revenues, and provide some indication of some potential difficulties encountered by local EPAs in implementing the SSF. Considerable differences in SSF implementation are expected from one local EPA to another, because of the expedient nature of collection start-up, the lack of guidelines or training on the SSF, and the absence of requirements for monitoring and reporting of the results in the existing regulation (although such requirements had been recommended by EPIQ during the previous task order.

Task 3.1—Conduct survey of EPA capacities and compliance activities.

The first task consists mainly in the preparation, distribution and analysis of a questionnaire for central and local environmental authorities. The questionnaire would be used to assess the capacities of environmental authorities to implement the new SSF as well as to conduct compliance activities financed by SSF revenues. The questionnaire would try to determine the types of problems local EPAs have encountered in the administration of the new SSF and their difficulties in executing compliance activities under the permitting procedures promulgated four years ago through the Ministerial Order no. 125/1996, in light of new regulatory responsibilities resulting from new legislation and realignment of compliance responsibilities.

Activity 3—System of Self-Financing (SSF)

Overall Objective:

Develop and implement a system of self-financing that is rational, accountable, transparent, and sustainable

Overall Result:

MWFEP revises and updates the interim system on the basis of analysis of system performance and the changing demands on the permitting system

Intermediate Results:

The survey of local EPAs provides input on revenue collections, resource requirement for permitting programs, and identifies problems encountered in administering the SSF	Task 3.1
The SSF is evaluated and refinements in the system discussed and proposed	Task 3.2
The SSF is modified through Government Decisions for 2001 and 2002	Task 3.3, 3.4

Outputs:

Survey of Local EPAs	June 2000
Working Group A Meeting	July 2000
Report on Current SSF and Options	July 2000
Local EPA Workshop	July 2000
Options Paper and Draft Regulations	December 2000
Working Group A Meeting	December 2000
Local EPA Workshop	December 2000
2002 Options Paper and Draft Regulations	July 2001
Working Group A Meeting	July 2001
Local EPA Workshop	August 2001

Task 3.2—Review performance of current system and propose refinements in system.

A report on the performance of the current system of self-financing and an options paper to refine it will be provided under the second task. This report will draw on results from the questionnaire and include the EPIQ team's assessment of the current system as defined by the regulations, drawing on EPIQ's earlier proposals for creating an effective set of administrative procedures for the SSF from October 1999.

The report will be presented to Working Group A for comments and endorsement and subsequently presented to the central and local EPA representatives in two seminars.

Tasks 3.3–3.4—Review and updating of the SSF

For the remaining duration of the EPIQ task order, the EPIQ team will review the performance of the SSF and assist the Ministry in revising the regulation to improve the system's effectiveness. The mode of work will involve, to the extent possible, close collaboration with working group members, as well as close contacts with other projects running within the Ministry to reflect changing demands on the permitting system associated with the introduction of new legislation aligned with the EU environmental *acquis*.

The process for preparing the revised SSF regulations for the years 2001 and 2002 will involve similar processes including the following steps: 1) assessment of current performance of the SSF

and updating of permitting responsibilities and associated capacities in the local EPAs, 2) development of an options paper that summarizes proposed changes in the permitting tariffs and SSF administration, 3) development and vetting of draft regulations with the Working Group and selected stakeholder groups, 4) preparation of final versions of regulations for adoption by the MWFEF, and 5) training of local EPAs in the implementation of the revised SSF.

This approach allows the working group members: a) to improve, when necessary, the system; b) to update it periodically, in accordance with the needs of new developments in legislation; and c) to increase their familiarity with these methods in order to continue the process of review and updating once the EPIQ task order has been completed.

Activity 4—Development of the National Environmental Investment Fund (NEF)

On May 4, 2000, the President approved the Law for the Environmental Fund no. 73/4 May 2000 (published in the Official Gazette no. 207/11 May 2000) establishing the National Environmental Investment Fund. While the law sets out the basic function and core structure of the Fund, significant work is needed before this important economic transition facility can function. The next steps involve the development of fund policies related to disbursement, procedures for managing financial resources and the investment project cycle, and identification and mobilization of working capital. Because this is the first environmental fund in Romania, EPIQ will need to draw primarily on foreign experts to provide assistance in operationalizing the fund, although we plan to pair foreign experts with Romanians to develop in-country capacity.

Activity 4—National Environmental Fund (NEF)

Overall Objective:

Develop the National Environmental Fund as a transitional vehicle for stimulating interest in projects needed to bring Romania into accord with international environmental performance as well as specific compliance with EU legislation

Overall Result:

The NEF is established, endowed with sustained financial resources to support projects, staffed with appropriately trained personnel, and follows best practices for management of the project cycle

Intermediate Results:

The NEF Rules of Operation are approved, enabling the NEF to proceed with staffing and organization of fund start-up activities	Task 4.1
Romanian policymakers gain familiarity with fund operations through training activities in other countries, enabling them to establish disbursement, revenue, and project cycle policies for the NEF	Task 4.2
Romanian policymakers review options for revenues and disbursements and set these policies for the NEF	Task 4.3
The NEF adopts a Procedures/Project Cycle Manual to guide the selection of projects that will receive financial support	Task 4.4
NEF staff are trained to carry out the operations of the fund	Task 4.5

Activity 4—National Environmental Fund (NEF)

Outputs:

Working Group B Meeting	June 2000
Draft and Final Rules of Operations	July-August 2000
Draft NEF Staffing Plan	August 2000
Revenue/Disbursement Draft Options	September 2000
Working Group B Meeting	October 2000
Revenue/Disbursement Final Options	November 2000
Procedures/Project Cycle Manual Draft	February 2001
Working Group B Meeting	February 2001
Procedures/Project Cycle Manual Final	April 2001
NEF Staff Training Workshops	April 2001
NEF Brochures	May 2001

The Activity Leader for Activity 4 will be Ms. Laurie Manderino. She is currently a consultant with the Environmental Action Programme Task Force Secretariat at the OECD in Paris. She works on environmental financing and fund issues and previously worked with the Egyptian Environmental Fund to establish operating procedures and identify revenue sources. She will be responsible for carrying out all tasks, monitoring the World Bank consultant task on developing a possible multi-lateral debt-for-environment swap in Romania, and preparing project cycle procedures. Patrick Francis, formerly an advisor with the EAPS program in Poland and a consultant to OECD, and Glen Anderson will assist Ms. Manderino in carrying out the tasks related to this activity.

Task 4.1—Support development of the NEF Rules of Operation

The first task under Activity 4 is to support the development of NEF Rules of Operation required by the NEF legislation and essential to the effective mobilization of the Fund. In accordance with the legislation enacting the Fund, the Government of Romania is required to prepare these rules within 90 days of the President's signing of the bill into law. The rules, in the form of a Government Decision, must be submitted by the Minister of Environment to the Cabinet of Ministers for approval.

Among other things, the rules will cover the following:

- Organization, working methods, and responsibilities of the 3 bodies.
- Process for development and adoption of the NEF Procedures/Project Cycle Manual, as well as future revisions
- Financial management procedures
- Reporting requirements

EPIQ will provide a briefing on the content of these rules and suggestions (where there is flexibility) for the structure and content of these rules at the first Working Group Meeting.

Comments will be requested and a follow-up meeting convened by the Working Group Chair (Mr. Lupu) to discuss options and work on the text of these Rules. The draft Rules will be distributed to WG members and discussed at a subsequent WG meeting, then finalized and submitted to the Ministry for action.

A related component of this task will involve support for the development of a Staffing Plan for the Fund and preparation of position descriptions. The Staffing Plan will be submitted to the Steering Committee for approval, once the Rules of Operation have been implemented and the Steering Committee has been activated.

Task 4.2—Support training to expose Romanians to disbursement and revenue mechanism

EPIQ will support two training activities to acquaint Romanian officials with the operation of funds utilizing a variety of revenue and disbursement mechanisms. In one case, the training will be provided by the Santa Cruz Institute located in Arizona (This training has been identified and funded through the Transit Program administered in Romania by World Learning). This institute has proposed a two-week study tour in Arizona and California to expose Romanian participants to a variety of environmental and infrastructure funds including state revolving funds, the successor to the Federal Construction Grants Program that had been administered by the U.S. EPA. Participants will be introduced to project cycle management practices, project preparation, and a range of disbursement mechanisms. EPIQ's role will be to provide input to the Santa Cruz Institute including background information on the proposed NEF in Romania and EPIQ's role in developing the fund and assisting in preparing a financing strategy. Following the study tour, EPIQ will meet with participants, answer any residual questions, and provide follow-up information on some of the programs and instruments that were introduced during the trip.

The second component of this task will involve a visit to a CEE environmental fund by selected members of WG B. EPIQ plans to utilize a Technical Assistance Grant (TAG) to a Romanian NGO to organize meetings, coordinate with the host fund, provide information to participants prior to the trip, and handle logistics and post-training debriefing. EPIQ has identified a couple of candidate funds that could host Romanian participants and will finalize the selection (in collaboration with the Working Group Chair) after the candidate funds have been contacted. The TAG recipient will also organize a follow-up meeting at which the Romanian participants can share their impressions with other interested Romanians.

Task 4.3—Prepare options paper for NEF Revenues and Disbursements

This task will involve the preparation of an options paper covering alternatives for raising revenues and making disbursements from the NEF. Some potential revenue sources are listed in the NEF legislation, but an assessment of their feasibility in the near term is needed. There will be close coordination with the corresponding activity on economic instruments, as these instruments are key sources of fund revenue. The relationship of the NEF to the existing forestry and water funds will be clarified to the extent possible. (Currently, some within the MWFEP are advocating that these funds be incorporated into the environmental fund where it is anticipated by such advocates that they can be more effectively and accountably managed.) In addition to domestic sources, outside revenue sources will be explored, such as donors, IFIs, the EU, etc. A range of options will be presented, as the NEF may initially draw on a limited number of revenue sources, but draw on additional sources over time.

Options for NEF disbursement mechanisms will be analyzed in terms of capital and cash flow requirements, management and monitoring needs, etc. Other country experience with disbursements will be used for the analysis. In particular, the possibility of a special program for climate change projects will be explored, to exploit opportunities created by joint implementation and the Kyoto mechanisms. (This area may require close coordination with consultants from the Netherlands and the Netherlands Senter Institute that is actively seeking “Joint Implementation” projects in anticipation of ratification of the Kyoto Protocol or similar mechanism.)

A workshop will be convened to review the revenue and disbursement alternatives outlined in the options paper. The purpose is to seek input from the group for narrowing down the range of options to a small number that are feasible and manageable within the initial fund structure and budget.

Task 4.4—Prepare NEF Procedures/Project Cycle Manual

A NEF Procedures/Project Cycle Manual, necessary to ensure consistent, organized, and transparent operations, will be developed under the fifth task. The manual will cover topics such as how project applications are collected, screened, and evaluated; how funds are managed; and how projects are monitored after implementation. Overall, the manual will help to coordinate the actions of various parties involved with the NEF.

The EPIQ team will share experiences from other environmental funds. An overview of project cycle management approaches will be presented at the first WG meeting and project cycle manuals from other funds will be provided in English or translated into Romania to allow WG members to become more familiar with alternative project cycle management approaches.

EPIQ will work with other stakeholders to identify how the project cycle management approach can effectively support related environmental programs such as ISPA and flexible mechanisms contemplated by the UN Framework Convention for Climate Change and implementing protocols.

Discussions with WG members will help to guide the development of the draft manual. A workshop will be convened to present the manual and discuss components of the manual. The Manual will be finalized, submitted to the Fund for presentation to the Steering Committee for approval.

Task 4.5—Provide training for NEF staff

The final task will be to train NEF staff on relevant procedures. The most detailed training will be for the executive secretariat staff, but the Board of Directors and Steering Committee will also receive orientation to explain their responsibilities. In addition, to promote the NEF to applicants and other outside parties, material for a brochure and other potential marketing tools will be developed, which the NEF staff can also draw on for web site development, etc.

Activity 5—Economic Instruments (EI)

Under the HIID C4EP Program and the previous EPIQ Task Order for Romania, a range of economic instruments was analyzed and concepts for their application promoted. These included specific instruments to address hazardous waste disposal problems and reduce SO₂ emissions associated with fuel combustion. In addition, EPIQ developed a methodology for a revised system of water tariffs. Elements for an implementation program were proposed in the case of water tariffs, SO₂ charges for diesel, and management of used vehicle batteries. Activity 5 represents activities to advance the development of economic instruments to the implementation stage. Many of these economic instruments are specifically earmarked by the National Environmental Fund as sources of working capital. Additionally, effective use of such instruments is consistent with the “polluter pays” principle, the implementation of which is critical to Romania’s eventual EU membership. Finally, these instruments have consistently demonstrated their value in promoting improved environmental natural resource management.

Activity 5—Economic Instruments (EI)

Overall Objective:

Promotion and adoption of economic instruments that motivate environmental compliance, improved resource stewardship, and generate needed financial resources to support the NEF and sustained capacity of environmental institutions

Overall Result:

Romania implements new economic instruments in support of environmental policy goals with particular emphasis on the water and waste sectors as well as those that generate revenue

Intermediate Results:

Romania demonstrates, assesses, and implements a new system of water tariffs	Task 5.1, 5.2
Romania adopts Government Decisions for the management of used batteries and waste oils	Task 5.3
Romania implements economic instruments to encourage recycling of used batteries and waste oils	Task 5.4
Based on proposals on potential applications of economic instruments, Romania initiates development of legislation, regulations and government decisions to expand the use of economic instruments	Task 5.5

Outputs:

Water Tariff Demonstration	October 2000
Draft Government Decision on Waste Oil, Used Batteries	November 2000
Draft Implementation Plan for Water Tariffs	December 2000
Draft Options Paper on EI for EFS and NEF	January 2001
Workshop on Waste Oil and Used Batteries Implementation	February 2001
Workshop on EI	February 2001
Working Group B Meeting on EI Implementation	March 2001
Follow-up Analysis of EI Implementation Plans	April–Sept 2001

The Activity Leader for Economic Instruments will be Mr. Victor Platon. He led EPIQ’s work on economic instruments during the previous task order. He will be responsible for coordinating all work with Romanian and foreign experts, and for presenting results and proposals to officials

in the Ministry and other government agencies and ministries. Mr. George Dulcu has been recruited to carry out the tasks related to water tariffs, replacing Ms. Mihaela Popovici (who had been proposed previously in EPIQ's response to the RFA).

Task 5.1—Conduct demonstration of water tariffs in selected river basins

EPIQ worked with the Ministry to develop a new methodology for water tariffs under the previous task order. The next step in that work will be to conduct a demonstration of water tariff methodology in selected river basins. The Oradea APM and Cris river basin were selected for the demonstration in consultations with the General Director of the Water Department in the Ministry. EPIQ will participate in meetings in the demonstration sites with local authorities to introduce the new methodology and monitor implementation of the demonstration.

Task 5.2—Review demonstration results and revise tariff system.

At the completion of the demonstration, EPIQ will assess results and work with the Ministry to revise the tariff methodology and assist in developing an implementation plan for expanding the water tariffs to other river basins in Romania. EPIQ will provide training to local authorities in the implementation and provide other assistance as requested to align tariffs to the new methodology.

Task 5.3—Assist in drafting Govt. Decisions on recycling used batteries and waste oils

In discussions with the Ministry and other ministries and agencies represented in the working groups related to economic instruments in the previous task order, it has been decided to continue work on government decisions to implement economic instruments to address the problems of disposing/recycling used batteries and waste oils. EPIQ will assist in the drafting of these Government Decisions and soliciting comments from the representatives of the various government agencies and institutes.

Task 5.4—Design implementation phase for recycling used batteries and waste oils.

Once the government decisions have been adopted, EPIQ will assist in the development of implementation activities. Previously, EPIQ has drafted options for implementing a battery recycling program and options for waste oil. These earlier drafts will be developed into implementation plans to guide the adoption of these two economic instruments. EPIQ will conduct additional analysis that may be requested, and assist in preparing a schedule for implementation and monitoring and evaluation. The implementation plan will define the approximate staffing and institutional needs required to effectively administer the program over a phased period. EPIQ will also assist with training staff as requested.

Task 5.5—Analyze the role of tariffs and economic instruments in the EFS and NEF.

EPIQ will prepare a paper to examine the potential role of a range of economic instruments that could be adopted to generate revenue needed to close anticipated financing gaps in the EFS (Activity 1) and to capitalize and sustain the NEF. The analysis will build on the initial analysis of revenues for the NEF and consider economic instruments that could complement those that will be the initial focus of the NEF.

A draft paper will be prepared and presented to a joint meeting of the working groups, given the relevance of the paper to the EFS, NEF, and the ECS as well. The paper will then be finalized. Feedback on options will be requested from the working groups to enable EPIQ to identify

economic instruments for further analysis and development of legislation or regulation and an implementation plan.

C. Key Assumptions

The EPIQ team's ability to assist Romanian counterparts in achieving the intermediate and overall results enumerated in the previous section is predicated on a number of key assumptions. Most of these assumptions concern the contributions or responses of Romanian counterparts and beneficiaries to the various activities undertaken by EPIQ, with the notable exception USAID's provision of funding up to the amount authorized in the Task Order. The assumptions concerning Romanian support for EPIQ's activities include the following:

- *Leadership and commitment of MWFEP and other government policymakers*—over the course of the project, a number of decisions will need to be taken by the Romanian government in order for EPIQ to support implementation activities.
- *Broad-based policy dialogue*—USAID has stressed the importance and value of broad-based policy dialogue in providing a forum for the discussion and vetting of new policies, programs, and strategies, building consensus, and improving both the accountability and transparency of public decision making. EPIQ has encouraged MWFEP to organize working groups that are representative of the full range of stakeholders including NGOs, industry groups, government agencies, and research institutions.
- *Cooperation and coordination with other project implementers*—To some extent, EPIQ will rely on the Ministry to help EPIQ steer clear of other projects to avoid duplication and to broker cooperation between projects, where there may be opportunities to carry out complementary activities.
- *Commitment of MWFEP staff time*—EPIQ recognizes that staff in the Ministry are extremely busy with the regular duties, combined with the demands imposed on their time to participate in donor-sponsored activities. However, the EPIQ team's success will depend on its access to counterparts in the Ministry to discuss policy issues and their availability to participate in working group meetings and training.

D. Schedule

Table 1 provides the schedule for carrying out the five tasks enumerated above in Section B. It is organized by activity and outputs of the tasks under each activity. The EPIQ team has tried to schedule most activities for completion a few months before the end of the task order, to allow for possible slippage in schedules due to delays in organizing meetings, receiving comments on work products, and progress in approving legislation, regulations, and taking government decisions. The last few months of the task order will also be utilized for wrap-up activities, receiving feedback from counterparts, and finalizing documents.

IV. Task Order Management

As described in EPIQ's response to the RFQ, we have proposed a management structure designed to carry out the activities described in the previous section within the budget constraints

of the task order. This involves a U.S.-based chief of party complemented by a resident office manager and local coordinator.

A. Management Structure

To carry out the activities required to achieve the five outcomes and their corresponding benchmarks, the management structure will include the following staff:

1. Task Order Technical Manager (Chief of Party)—responsible for all aspects of the technical assistance program
2. Activity Leaders—responsible for management of the tasks for each of the five outcomes enumerated in the SOW
3. Short-term technical assistance—provided by Romanian, CEE, and U.S. experts to carry out the tasks under the direction of the respective Activity Leaders
4. Bucharest Office Manager—responsible for local accounts and maintaining the in country office. The manager will be supported by a home office Project Administrator
5. Local Coordinator—responsible for liaising with local counterparts in the absence of the Task Manager
6. Grants Manager—responsible for establishing, implementing and monitoring the technical assistance grants

B. Technical Assistance Grant Management

Technical Assistance Grants to Romanian non-governmental organizations are listed in the benchmarks for Outcomes 2 and 5. In addition, EPIQ has identified a potential use of TAG in Activity 4 (Outcome 4) and will consider the use of such a mechanism to provide stakeholder inputs for Outcome 3 (SSF). Under the activities corresponding to these outcomes, TAGs would be used to broaden civil society participation in the preparation of the environmental compliance strategy (Activity 2), assist Romanian officials and experts in gaining a better understanding of the functioning of environmental funds and other financing facilities (Activity 4), and catalyze broader participation in the development of economic instruments and implementation activities related to water tariffs and climate change.

EPIQ has designated a Grants Manager (Ms. Virginia Hines, IRG/Washington) to develop, and provide implementation oversight, monitoring and evaluation of the grants program. During the first three months of the task order the grants manager will establish, in collaboration with host country counterparts and USAID Mission personnel, specific objectives, technical and financial parameters for the grants program, and criteria to evaluate grant proposals. EPIQ proposes that an ad hoc committee, comprising host country counterparts, USAID Mission staff and EPIQ team members, be formed to review proposals and select grantees.

Once the USAID contracting officer issued grants, the EPIQ specialist would provide assistance to each of the grantees in setting up their grant management procedures according to USAID

requirements. Technical and financial updates of the grants program will be incorporated in task order quarterly reports. Progress and performance indicators will be tied to the Mission's SO and Intermediate Results, as well as to the benchmarks for which the grants will be awarded. Over the life of this TO, EPIQ expects to award six to eight grants totaling approximately \$75,000.00

C. *Staffing and Level of Effort*

Two tables have been developed to present information on level of effort. Table 2 provides a summary of all project staff and the allocation of level of effort (LOE) to each of the five activities and to management. As noted in the table, a substantial number of days have been reserved for Romanian short term technical assistance (STTA). Table 3 indicates the specific tasks for which staff LOE has been allocated.

D. *Monitoring and Reporting*

Over the course of the task order, EPIQ will provide frequent reports on the team's progress in carrying out the activities in the RFQ and further elaborated as tasks in the Work Plan. EPIQ will monitor progress in completing the technical work and financial status of the Task Order. Since USAID has only obligated approximately half of the funds necessary to implement the task order, the financial report will provide a mechanism for keeping USAID apprised of remaining budgets and the timing of an additional disbursement of funds.

Monthly and Quarterly Progress Reports

In particular, EPIQ will submit monthly and quarterly reports to the CTO describing activities completed during the recently completed period. The outputs and associated intermediate results will be used to monitor progress under the Task Order. Each report will include a self-assessment of EPIQ progress, judging it to be: (1) ahead of schedule, (2) on schedule, or (3) behind schedule. In instances where a task is behind schedule, EPIQ will assess the reasons and identify potential solutions where EPIQ has been responsible for the delays and has the ability to put the task back on schedule. In some instances, progress may depend importantly on a government decision, with EPIQ unable to take the next steps until the decision has been taken. Where there have been delays reported in a monthly or quarterly report, EPIQ will provide updates in future reports until the task in question has been successfully completed or is back on track with the proposed schedule.

Monthly Financial Reports

EPIQ will also prepare monthly financial reports that summarize expenditures on labor and materials for the previous month, cumulative expenditures from the beginning of the project through the end of the reporting period, and projected expenditures for the next month and the remainder of the project. The report will indicate the percentage of obligated funds that have been spent and remain in the project budget. These monthly financial reports will be submitted to the CTO approximately 2 weeks following the end of the reporting period.

Appendix 2. EPIQ's U.S., Foreign, and Romanian Experts

U.S. and Foreign Experts	Activity
Kenneth Ames	Technical Assistance Grants
Glen Anderson	Management, Environmental Strategies, Environmental Fund, Environmental Training
Robert Anderson	Environmental Taxes, Charges, and Fees
Nancy Charbonneau	Technical Assistance Grants, Administration
Douglas Clark	Management
Patrick Francis	Environmental Fund
Laurie Manderino	Environmental Fund
Birgitte Martens	Environmental Financing Strategy
Lubomir Paroha	Study Tour for Romanian Environmental Fund
David Phillips	Environmental Compliance Strategy
Rebecca Russell	Administration
Daiva Semeniene	Environmental Financing Strategy
Whitney Sims	Administration
James Tarrant	Environmental Policy Course

Romanian Experts	Activity
George Dulcu	Environmental Financing Strategy, Environmental Fund, Waste Management Strategy, Technical Assistance Grant
Marilena Patrascu	System of Permitting Fees, Environmental Permits and Licenses, Transposition of EU Environmental Legislation, Development of Priority Investment Lists, Training, Environmental Compliance Strategy, Environmental Fund
Victor Platon	Revenues Sources for the Environmental Fund, Waste Management Regulations, Technical Assistance Grant
Vladimir Rojanschi	Local activity coordination, Environmental Compliance Strategy, Technical Assistance Grant
Luminita Chivu	Waste Management Regulations, Revenue Sources for the Environmental Fund
Constantin Ciutacu	Waste Management Regulations, Revenue Sources for the Environmental Fund
Tania Miha	Environmental Financing Strategy
Monica Radulescu	Environmental Financing Strategy

Romanian NGOs	Activities
CCMESI —Center for Environmental Research and Impact Studies	Assessing the economic and ecological prospects value of the Romanian counties: National and 8 county reports
FREM —Romanian Foundation for Energy and Environment	Analysis of the Romanian power and heat generation sector under the new environmental regulations
GEC —Group for Environmental Cooperation	Setting up of the Environmental Fund Administration
SAR —Romanian Academy Society	Environmental and Economic Policy Evaluation

Appendix 3. Participants

1. Ministry of Waters and Environmental Protection (MWEP)

No.	Participant (Number of Activities)	No.	Participant (Number of Activities)
1	Catalin Alecu (1)	38	Vasile Lupu (3)
2	Madalina Alecu (1)	39	Ion Machedon (2)
3	Ruxandra Balaet (1)	40	Melania Manea (8)
4	Mircea Balan (1)	41	Aurel Marinescu (1)
5	Liliana Bara (7)	42	Dumitra Mereuta (11)
6	Elena Bucur (1)	43	Adriana Micu (1)
7	Maria Borza (1)	44	Dorina Mocanu (1)
8	Radu Cadariu (1)	45	Cristian Nastase (1)
9	Madalina Caprusu (1)	46	Alexandra Nedelcu (1)
10	Cristiana Carlan (4)	47	Cristina Negulescu (1)
11	Nicoleta Chiriac (4)	48	Teodor Ognean (4)
12	Liliana Chirilă (2)	49	Gabriela Osiceanu (2)
13	Maria Comanoiu (2)	50	Octavian Patrascu (2)
14	Gheorghe Constantin (4)	51	Radu Paunescu (2)
15	Mihai Cozariuc (1)	52	Madalina Petrescu (1)
16	Francisc Czobor (1)	53	Badita Petroaica (2)
17	George Dulcu (2)	54	Maria Pluta (1)
18	Gabriel Dumitrascu (2)	55	Ion Pop (1)
19	Elena Dumitru (3)	56	Nicu Popescu (1)
20	Carmen Enescu (1)	57	Elena Popovici (2)
21	Eduard Fleisch (1)	58	George Pretorian (11)
22	Daniela Florea (1)	59	Monica Radulescu (1)
23	Florea Gabrian (3)	60	Madalina Rotaru (1)
24	Ionel Gheorghe (3)	61	Marian Rotaru (2)
25	Mariana Ghineraru (6)	62	Oana Sbiera (1)
26	Cornelia Ghita (1)	63	Renata Scarlat (1)
27	Valerica Grigoras (1)	64	Dan Sachelarescu (2)
28	Costel Hanta (5)	65	Dan Stacescu (6)
29	Constantin Harjeu (1)	66	Mihai Staicu (1)
30	Cristina Iosub (1)	67	Oana Stanga (1)
31	Gabriela Isac (1)	68	Adrian Tantau (1)
32	Alina Istodor (1)	69	Liviu Timotin (1)
33	Ioan Jeleu (3)	70	Daniela Vaiberg (1)
34	Angelica Jucan (2)	71	Ileana Vasilescu (4)
35	Gheorghe Lazea (6)	72	Cristina Vasc (9)
36	Ligia Leaua (4)	73	Anton Vlad (2)
37	Petru Lificiu (5)		

2. U.S. Agency for International Development—Mission in Romania

No.	Participant (Number of Activities)
1	Marshall Fisher (2)
2	Edward Landau (1)
3	Fred Kirschstein (2)
4	Gianina Moncea (9)
5	Denny Robertson (3)

3. Foreign Organizations (USAID, IRG)

No.	Participant (Number of Activities)
1	Douglas Clark, IRG (2)
2	Angela Crooks, USAID (1)
3	Kimberly Sais, USAID (2)
4	Loren Schulze, USAID (2)

4. Other Foreign Programs in Romania

No.	Participant (Number of Activities)	Program
1	Martin Pohlmann (1)	German Twinning
2	Dana Romanescu (2)	REC Romania
3	Kiichiro Sakaguchi (1)	JICA

5. Ministry of Public Finance

No.	Participant (Number of Activities)
1	Melania Bustan (6)
2	Camelia Dobroteanu (1)
3	Carmen Ghita (1)
4	Monica Secareanu (1)

6. Ministry of Industries and Resources

No.	Participant (Number of Activities)
1	Anca Babes (3)
2	Manuela Cazana (1)
3	Doina Constantinescu (2)
4	Georgeta Livanu (3)
5	Cristiana Ion (2)
6	Liliana Nichita (7)
7	Sorin Cristian Popescu (1)
8	Mihai Solea (3)
9	Radu Stoica (1)
10	Ovidiu Voinea (1)

7. Ministry of Public Administration (MPA)

No.	Participant (Number of Activities)
1	Constantin Ilie (1)
2	Constantin Mihara (1)
3	Carmen Toropoc (2)
4	Mihaela Vasilescu (2)

8. Other Ministries

No.	Participant (Number of Activities)	Affiliation
1	Liviu Creanga (1)	Ministry of Agriculture, Food and Forests
2	Ion Machedon (1)	
3	Cristina Pop (1)	
4	Alexandru Radulescu (1)	
5	Lavinia Toma (2)	Accountancy Court
6	Alina Vrabie (2)	Ministry of Justice
7	Gheorghe Cristea (1)	Ministry of Public Works, Transportation and Houses
8	Gheorghe Ionascu (2)	
9	Emil Ioniță (1)	
10	Jaqueline Iordan (1)	
11	Marius Lucan (1)	
12	William Padina (1)	
13	Georgeta Vasilache (1)	
14	Alexandra Cucu (1)	Ministry of Family and Health
15	Luminita Sanda (1)	

No.	Participant (Number of Activities)	Affiliation
16	Cristina Ciubotaru (2)	Ministry of Development and Prognosis
17	Ion Ghizdeanu (1)	
18	Magdalena Mihesteanu (1)	
19	Maricel Nechita (1)	Domestic Ministry
20	Constantin Manoloiv (1)	
21	Vasile Badescu (1)	Ministry of National Defense
22	Ramona Bostina (1)	Ministry of Small and Medium Business Firms
23	Mirela Tuțulan (1)	Commerce Chamber of Sibiu

9. Authority for Privatization and Administration of the State Participation (ex SOF)

No.	Participant (Number of Activities)
1	Doina Aspru (2)
2	Maria Matichescu (2)
3	Lucia Stanciu (2)

10. Institute for Environmental Research and Engineering (ICIM)

No.	Participant (Number of Activities)
1	Oana Popescu (2)
2	Dan Paduraru (4)
3	Monica Radu (1)
4	Mariana Stanciulescu (7)
5	Luminita Stefanescu (3)

11. Environmental Protection Inspectorates (EPI) – ex EPA

No.	Participant (Number of Activities)	No.	Participant (Number of Activities)
1	Daniela Alexan (1)	96	Steluta Iosif (1)
2	Ștefan Amza (1)	97	Monica Isopescu (1)
3	Daniela Anghel (1)	98	Vasile Jalba (1)
4	Iulian Antohi (1)	99	Constantin Jehac (1)
5	Simona Antonache (1)	100	Agneta Liebmann (1)
6	Orlando Atanasiu (1)	101	Niculina Lungu (3)
7	Horea Avram (4)	102	Tudorel Lupu (1)
8	Adrian Baceanu (2)	103	Bogdan Macarescu (3)
9	Florin Balan (1)	104	Roxana Marinescu (1)
10	Iuliana Baldea (1)	105	Florica Matasaru (1)
11	Sergiu Balif (1)	106	Liviu Matei (1)

No.	Participant (Number of Activities)	No.	Participant (Number of Activities)
12	Adalbert Balogh (2)	107	Cornel Meilescu (1)
13	Daniela Balsanu (1)	108	Rodica Mereuta (1)
14	Doina Barbat (1)	109	Geza Meszaros (1)
15	Ludmila Bardan (1)	110	Mariana Micu (1)
16	Cadar Bectas (1)	111	Sergiu Mihuş (1)
17	Cornelia Benea (1)	112	Lidia Mirica (1)
18	Viorel Biscareanu (1)	113	Viorel Mocanu (1)
19	Gabriela Boca (1)	114	Marin Mone (1)
20	Niculina Bocanete (1)	115	Gabriela Munteanu (1)
21	Radu Bolchis (1)	116	Mihaela Munteanu (3)
22	Rodica Sanda Bongeag (1)	117	Teodora Munteanu (4)
23	Angela Bota (1)	118	Ovidiu Muresan (1)
24	Elena Bratu (1)	119	Dan Nan (1)
25	Elena Bucur (1)	120	Luminita Neagoie (1)
26	Vasile Calamaz (1)	121	Danut Negoita (1)
27	Luminiţa Calin (1)	122	Amalia Neagu (1)
28	Marin Catarig (1)	123	Gheorghe Nicolae (1)
29	Marinela Cenghia (1)	124	Constantin Nicolescu (1)
30	Ilie Chincea (5)	125	Doina Niculescu (1)
31	Codruta Chiriac (1)	126	Emil Oanta (1)
32	Ana Cilibeanu (1)	127	Nicoleta Olcu (1)
33	Ion Ciofu (1)	128	Adina Orasan (1)
34	Elena Ciubotariu (1)	129	Brandusa Orasanu (1)
35	Iluta Cocriş (1)	130	Constantin Ormindean (1)
36	Doru Cojocaru (1)	131	Dan Palaghia (1)
37	Mihaela Condur (1)	132	Ştefan Gal Pal (1)
38	Alexandru Constantinescu (1)	133	Alin Palici (1)
39	C.Constantinescu (1)	134	Maria Paun (1)
40	Elena Copia (1)	135	Guinea Pauna (1)
41	Angela Cordos (1)	136	Carmen Paval (2)
42	Doina Cornici (1)	137	Mihaela Pavel (1)
43	Irina Costache (1)	138	Nicolae Peiu (1)
44	Ionel Valentin Costea (1)	139	Gheorghe Pitulan (2)
45	Lucia Costinas (1)	140	Victor Ploesteanu (1)
46	Despina Covaci (2)	141	Geta Pop (1)
47	Liliana Crac (1)	142	Ioana Popa (1)
48	Roxana Craciun (1)	143	Sonia Popa (1)
49	Florentina Cretu (1)	144	Andreea Popescu (3)
50	Ion Croitoru (1)	145	Gentiana Popescu (1)
51	Attila Csatarz (1)	146	Ileana Popescu (1)

No.	Participant (Number of Activities)	No.	Participant (Number of Activities)
52	Aurelia Dan (1)	147	Marius Popescu (1)
53	Mircea Dan (1)	148	Nicoleta Popescu (2)
54	Corneliu Vicentiu Daniliuc (1)	149	Doina Poptean (1)
55	Rodica Dascalita (1)	150	Florica Prescau (1)
56	Valentin Delcea (1)	151	Marian Prodan (1)
57	Iulia Dinu (1)	152	Ecaterina Protoesil (1)
58	Valeria Ditoiu (1)	153	Cristina Prunila (1)
59	Daniela Ligia Dobre (1)	154	Doralin Raica (1)
60	Cecilia Dobrota (1)	155	Nicolae Rizescu (1)
61	Violeta Dragu (4)	156	Mihaela Radu (1)
62	Teodora Duminica (1)	157	Marius Roman (1)
63	Cornel Dumitrescu (1)	158	Mihaela Roman (1)
64	Narcisa Maria Dumitru (2)	159	Eugenia Rosu (1)
65	Ioana Dutu (2)	160	Gelu Rosu (1)
66	Marilena Faier (1)	161	Corina Rugina (1)
67	Corina Filip (6)	162	Septimiu Samarghitan (1)
68	Mihaela Emilia Florea (1)	163	Adriana Selea (1)
69	Mihaita Gaina (1)	164	Peter Somay (3)
70	Mihaela Gajban (1)	165	Marius Stanca (1)
71	Milică Geanta (1)	166	Codruta Stanila (1)
72	Adrian Georgescu (1)	167	Dorin Stoian (1)
73	Elena Georgescu (1)	168	Cezar Stoica
74	Doina Gheorghe (1)	169	Danut Stefanescu (2)
75	Mariana Gheorghe (2)	170	Viorica Szemesi (1)
76	Sanda Gheorghe (1)	171	Delia Talvescu (1)
77	Mircea Ghitea (1)	172	Gabriel Tamaian (1)
78	Ioan Ghemes (1)	173	Florin Tecsor (1)
79	Simona Giju (1)	174	Cezarina Titu (1)
80	Nicolae Giorgi (1)	175	Dan Tolciu (1)
81	Sorin Giurgiu (1)	176	Gina Topal (1)
82	Mircea Gog (1)	177	Constantin Tudosa (1)
83	Mihaela Grigore (1)	178	Teodora Tudur (1)
84	Adriana Groza (1)	179	Roxana Udrea (1)
85	Ion Gunaris (1)	180	Olga Untan (1)
86	Teona Gutiu (1)	181	Laurentiu Vama (3)
87	Ruxandra Hasegan (1)	182	Alexandrina Vasile (1)
88	Katalin Hersh (1)	183	Mariana Vasile(1)
89	Corneliu Horaicu (1)	184	Mariana Vasiu (1)
90	Eugenia Huchiu (2)	185	Gabriela Vesa (1)
91	Constantin Hutupas (1)	186	Danila Vieru (1)

No.	Participant (Number of Activities)	No.	Participant (Number of Activities)
92	Maria Iacob (1)	187	Simona Viulet (1)
93	Valeriu Iancu (1)	188	Marius Vodita (1)
94	Sorin Ignat (1)	189	Cornelia Vrasmas (1)
95	Marina Ion (2)	190	Bernadt Zelma (2)

12. Forest Institutions

No.	Participant (Number of Activities)
1	Gheorghe Parnuta (1)
2	Rodica Ungureanu (1)
3	Dumitru Zecheru (3)

13. National Company “Apele Romane”

No.	Participant (Number of Activities)
1	Ovidiu Gabor (1)
2	Maria Manolescu (2)
3	Mihai Manolescu (1)
4	Dumitra Mereuta (3)
5	Cristian Rusu (1)

14. County Councils/City Hall

No.	Participant (Number of Activities)
1	Sulfina Barbu (1)
2	Doina Blaj (1)
3	Adrian Cormos (1)
4	Stela Florea (1)
5	Sandu Gavril (1)
6	Silviu Ionescu (1)
7	Luminita Mirototescu (1)
8	Nicolae Mischie (1)
9	Iulia Stoica (1)

15. Local Water Departments

No.	Participant (Number of Activities)	# Participation
1	Emilian Albu (1)	1
2	Emil Caslaru (1)	1
3	Gheorghe Craciun (1)	1
4	Dan Dascalita (2)	2
5	Ramona Floari (1)	1
6	Monica Gheorghe (1)	1
7	Dana Guta (1)	1
8	Alexandra Iavu (1)	1
9	Daniela Popescu (1)	1
10	Mircea Vasilescu (1)	1

16. Government Institutes

No.	Participant (Number of Activities)	Affiliation
1	Luminița Chivu (2)	Institute for National Economy
2	Constantin Ciutacu (3)	
3	Sorin Dragulin (1)	
4	Roxana Mazilescu (1)	
5	Patrick Stefan Mehedinteanu (1)	
6	Andreea Clara Munteanu (1)	
7	Mihai Sabin Muscalu (2)	
8	Florin Marius Pavelescu (1)	
9	Constanta Petcu (1)	
10	Simona Popescu (1)	
11	Steliana Sandu (1)	
12	Sorica Sava (1)	
13	Ana Stanica (1)	
14	Cristina Cincea (1)	Institute for Financial and Monetary Research
15	Mihail Dimitriu (1)	
16	Constantin Gheorghiu (1)	
17	Gabriela Oprisanescu (1)	
18	Elena Padurean (1)	
19	Mihai Proca (1)	
20	Stefan Ragalie (3)	
21	Ioana Iacob (2)	Institute for Public Health
22	Ana Elena Mosneanu (1)	Institute of Finance and Prices

17. Universities

No.	Participant (Number of Activities)
1	Mircea Cazacu (1)
2	Marian Dragoi (1)
3	Mircea Dutu (1)
4	Aurel Iancu (1)
5	Costel Negrei (1)
6	Monica Radulescu (1)

18. NGOs

No.	Participant (Number of Activities)
1	Doru Cristiu (1)
2	George Darie (1)
3	Radu Dornean (1)
4	Adrian Gazdaru (1)
5	Serban Ionescu Homoriceanu (1)
6	Iulia Jercan (1)
7	Elena Laslu (1)
8	Dan Manoleli (3)
9	Viorel Marcu (1)
10	Alexandru Savulescu (1)
11	Nicolae Sdrula (1)
12	Roxana Suci (1)
13	Maria Camelia Sur (1)
14	Lina Vasile (1)

Appendix 4. Meetings, Working Group Meetings, Training Sessions, and Workshops Organized by EPIQ

Date	Title	Location
June 19, 2000	Workshop on the National Environmental Fund and Economic Instruments	Lebada Hotel Bucharest
June 30, 2000	Working Group Meeting on National Environmental Fund	MWFEP
July 14, 2000	Working Group Meeting on administration of the System of Self-Financing and the difficulties of the permitting procedure enforcement	MWFEP
July 19, 2000	Workshop on Self-Financing with all Directors of EPAs	Continental Hotel Sibiu
July 24 and 31, 2000	Working Group Meetings on both amendments to the Environmental Fund law and the main issues of ROF	MWFEP
August 3, 2000	Workshop on the National Environmental Fund	Lebada Hotel Bucharest
September 18–22, 2000	Meetings with various representatives of NGOs for the TAG under the EPIQ	EPIQ office Bucharest
October 10–11, 2000	Working Group Meeting with local EPA involving the director and representatives of the regulatory staff	Environmental Protection Agency Buzau
October 17–18, 2000	Working Group Meeting with local EPA involving the director and representatives of the regulatory staff	Environmental Protection Agency Targoviste
October 19, 2000	Working Group on Environmental Compliance Strategy	MWFEP
November 3 and 13, 2000	Working Group Meetings on National Environmental Fund	MWFEP
January 26, 2001	Meeting at top level to present an overview of the EPIQ Romania activities	MWEP
January 30, 2001	Meeting to discuss the technical activities of the EPIQ Program and changes in the content and schedule, consistent with the priorities of MWEP	MWEP
February 5, 2001	Working Group Meeting on preparation of the GOR Decision for setting up the Administration of Environmental Fund,	EPIQ office Bucharest
March 23, 2001	Working Group Meeting on new materials to support the Minister's Decision to amend the existing Environmental Fund Law have been delivered	EPIQ office Bucharest
March 27, 2001	Meeting to present the goals of EPIQ project and USAID concerns related on environmental issues	MWEP
March 28, 2001	Workshop on Environmental Compliance and Financing Strategies	Marriott Hotel, Bucharest
March 29, 2001	Working Group Meeting on proposals for TAG	EPIQ office Bucharest

Date	Title	Location
April 19, 2001	Working Group Meeting on the GEC activity under the TAG	EPIQ office Bucharest
May 7, 2001	Working Group Meeting to discuss and to improve the recent Emergency Ordinance for the amendment of the Law nr. 73/2000 concerning the Environmental Fund based on the comments received by the Ministry of Finance	EPIQ office Bucharest
May 22-25, 2001	Pilot activity on the compliance strategy regarding the prioritization lists	Environmental Protection Inspectorate Resita
June 13, 2001	Working Group Meeting on activity performed by GEC under the TAG	EPIQ office Bucharest
June 4, 11, 25, 27, 2001	Working Group Meetings to review and update of all existing regulations covered by the self-financing system	MWEP
July 8, 2001	Meeting regarding the EPIQ team involving in establishing the financial efforts of Romania for adopting the EU Environmental Legislation	MWEP
July 9–10, 2001	Pilot activity on the compliance strategy regarding the prioritization lists	Environmental Protection Inspectorate Ploiesti
July 10, 2001	Working Group Meeting on Environmental Fund	MWEP
July 10, 2001	Meeting to present the stage of EPIQ activities and to discuss about the next steps	MWEP
July 12, 2001	Workshop on Environmental Compliance and Financing Strategies and Environmental Fund	Marriott Hotel Bucharest
July 21, 2001	Training Session with the representatives of all Environmental Protection Inspectorates (EPI)	ICIM Bucharest
August 6–7, 2001	Working Group Meetings to develop the simplified permitting procedure for registering and authorizing the commercial company, as required by the Emergency Ordinance of the Government no. 76/May 2001 and detailed by the Decision of the Government no. 625/2001	MWEP
August 14–16, 2001	Training Session with all EPIs in undertaking the prioritization exercise and working with the county-level lists of priorities	Parc Hotel Bucharest
September 13, 2001	Working Group Meeting on Environmental Compliance Strategy regarding the prioritization lists organizing	EPIQ office
October 25, 2001	Workshop on Economic Instruments, Environmental Fund and Environmental Compliance and Financing Strategies	Marriott Hotel Bucharest
November 27, 2001	Working Group Meeting on Special Waste	EPIQ office Bucharest
January 24, 2002	Working Group Meeting on Environmental Fund and Law no. 137/1995—review proposals	EPIQ office Bucharest
January 25, 2002	Meeting with three REC experts to exchange information regarding the Environmental Fund in the Czech Republic and environmental impact assessment in Poland	EPIQ office Bucharest

Date	Title	Location
March 11, 2002	Meeting with a team of Japanese and U.S. experts that are elaborating a master plan for dangerous waste	EPIQ office Bucharest
April 22, 2002	Working Group Meeting on Waste Management	EPIQ office Bucharest
June 20, 2002	Working Group Meeting to clarify the possibilities and the necessary system for gathering the new revenues for the Environmental Fund	EPIQ office
June 21–23, 2002	Environmental Policy Course	Orizont Hotel Predeal
June 26, 2002	Workshop on Strategy for Waste Management	Marriott Hotel Bucharest
June 27, 2002	Working Group Meeting to discuss cooperation on analyses in support of the Position Paper's elaboration of implementation plans for the waste sector	EPIQ Office Bucharest
July 6, 2002	First Training Session regarding the Decision of the Government no. 573/2001 on registration and authorization of commercial companies	ICIM Bucharest
July 12–14, 2001	Second Training Session regarding the Decision of the Government no. 573/2001 on registration and authorization of commercial companies	Sibiu
August 27, 2002	Working Group Meeting on Environmental Fund	EPIQ office
September 21–25, 2002	Study Tour for Environmental Fund Administration	Czech Republic
September 27, 2002	Steering Committee Meeting of the Environmental Fund Administration	Marriott Hotel Bucharest

Appendix 5. Documents Prepared by EPIQ team

1. Reports and Papers

Reports and Papers	Activity
Stocktaking Paper: A Survey of Strategies and Reports	2
Environmental Compliance Strategy—A Report on the Environmental Approximation Procedure	2
Report: <i>The population and the stored wastes in 2000 for 2962 localities</i> (available on paper in Romanian)	1
Study: <i>Cost Estimates for Waste Strategy</i> (Romanian/available on paper)	1
Study: <i>Cost Estimates for Landfilling—Synthesis—English & Romanian/PDF</i>	1
Draft Paper <i>Environmental costs recorded in national and EU statistics (in Lei and transformed in USD)</i> prepared by Tania Mihiu, STTA (available on paper)	1
Final report <i>Current situation and prospects for the development of the Romanian power and heat generation sector under the new national environment regulations</i> prepared by FREM under TAG project ROM-1657-001 (available on paper)	1
<i>Conditions for environmental investments in the agglomerations of over 2000 inhabitants</i> prepared by Monica Radulescu, STTA, available on paper in English and Romanian	1
Final report: <i>Environmental investments included in urban plans</i> (Romanian on paper)	1
Draft paper: <i>Environmental expenditures by specific activities and type of expenditure</i> recorded in Romanian and EU statistics for the period 1992–1999 (in lei and USD), (available on paper)	1
Guidelines for Implementing the Decision of the Government no 625/2001	3
Draft paper: <i>Comparative environmental costs exercise</i> by similarity with candidate countries and for the heavy investments directives, (available on paper)	1
Draft paper: <i>List of 2960 localities</i> , with population, water and waste parameters (available on paper)	2
Report: <i>Taxes, Charges and Fees for improving the Environment</i> , prepared by Robert Anderson (available on paper)	5
Revenues Sources for the Environmental Fund, English and Romanian	4
Revised Project Cycle Manual for Environmental Fund (available on paper in English and Romanian)	4
System of Self-Financing—Evaluation of Questionnaire Feedback from local EPAs in Assessing Capacity to Implement New Regulations	3
Report on the Performance of Self-Financing Systems, Romanian	3
Environmental and Economic Policy Evaluation—Final report SAR under TAG project ROM-1657-002 (available on paper in Romanian)	5
Assessing the economical and ecological prospects value of the Romanian counties—8 counties reports elaborated by the CCMESI under TAG project ROM-1657-003 (available on paper in English and Romanian)	5
Assessing the economical and ecological prospects value of the Romanian counties—national level report elaborated by the CCMESI under TAG project ROM-1657-003 (available on paper in English and Romanian)	5

2. Agendas, Participant Lists, Presentations, Meeting Summaries

Agendas, Participant Lists, Presentations, Meeting Summaries	Activity
National Environmental Fund—Working Group Participants' Comments from June 19, 2000 Meeting	4
Agenda, Participant List, and Summary of Working Group meeting (October 19, 2000) on Compliance Strategy	2
Seminar Presentation (November 2000) <i>Environmental Fund and the Financing Strategy of the sector</i>	1,4
Workshop Presentation (November 2000) <i>Instruments and Economic Mechanisms for Used Batteries Management in Romania – Proposals, Romanian</i>	5
Work Group Presentation (November 2000) <i>Instruments and Economic Mechanisms for Used Oils Management in Romania – Proposals, Romanian</i>	5
Seminar Presentation (November 2000) <i>Economic Incentives and Romania's Transition to Unleaded Gasoline</i> , at Seminar organized by USEPA and Sofia Initiative on Air Quality	5
Work Group Presentation (November 2000) <i>Economic Instruments for Batteries Recycling, Romanian</i>	5
Minutes of the meeting (January 26, 2001) with the new MWEP officials to present the EPIQ Project workplan	1-5
Minutes of the meeting (January 30, 2001) with MWEP officials regarding the development of the EPIQ Project activities	1-5
Summary of meeting (February 15, 2001) among MWEP officials, USAID Washington representative and EPIQ representative regarding the Climate Change and Environmental Fund	4
Minutes from Meeting addressing Used Oil Legislation (February 28, 2001)	5
Workshop (March 28, 2001) Presentations by Glen Anderson: <i>Seminar Objectives, Environmental Financing and Compliance Strategy, and Proposals regarding the next activities</i>	1,2
Workshop (March 28, 2001) Presentation by David Phillips: <i>Compliance Strategy—Options</i>	2
Agenda of the Workshop (March 28,2001) <i>Environmental Financing and Compliance Strategies</i>	1,2
List of Participants for the Workshop (March 28,2001) <i>Environmental Financing and Compliance Strategies</i>	1,2
Workshop (March 28, 2001) Presentation by Daiva Semeniene: <i>Lithuanian Environmental Financing Strategy</i>	1
Workshop (March 28, 2001) Presentation by Brigitte Martens: <i>Instruments of decision support: Data management and support analyses of Environmental Financing Strategy</i>	1
Summary of the meeting, April 19, 2001 at the EPIQ Romania office with GEC project coordinator regarding the activity under TAG project ROM-1657-004	5
Proceedings of the workshop organized by FREM on April 25, 2001 with title “ <i>Opportunities for reducing the environmental impact of the Romanian power plants</i> ” (available on paper)	1

Agendas, Participant Lists, Presentations, Meeting Summaries	Activity
Summary of the meeting (May 7, 2001) regarding the improvement of the recent Emergency Ordinance for the amendment of the Law nr. 73/2000 concerning the Environmental Fund based on the comments received by the Ministry of Finance, General Directorate for Policy and Fiscal Legislation	4
Summary of the meeting held on June 13, 2001 with Prof. Manoleli, project coordinator of GEC TAG project ROM-1657-004	4
Summary of the meetings between MWEP officials and EPIQ team regarding the involvement of EPIQ in supporting the Ministry to adopt the EU Legislation, July 8 and 10, 2001	1,2
Summary of the meeting (July 10, 2001) between MWEP officials and EPIQ team to present the stage and the next steps of EPIQ activities, Romanian	1-5
Summary of the Working Group meeting (July 12, 2001) regarding Environmental Fund, Romanian	4
WGM (July 12, 2001 Presentation: <i>Environmental Fund—Disbursement Instruments in the transition countries</i> , Romanian	4
WGM (July 12, 2001) Presentation <i>Revenues for Environmental Funds</i> , Romanian	4
WGM (July 12, 2001) Presentation <i>Revenue Sources for Environmental Fund in Romania</i> , Romanian	4
Workshop (July 12, 2001) Presentation: <i>Content and status of Romanian Environmental Financing Strategy</i> (available on paper)	1
Participant List of the Training Session on August 15-16, 2001, Hotel Parc, Bucharest, Romanian	2
Agenda for the Training Session of 15-16 August, 2001	2
Guidelines for the Participants in the Training Session of 15-16 August, 2001	2
Training Session (15-16 August, 2001) presentation by Dr. David Phillips: <i>The Compliance of Romania with the Environmental Approximation Requirements of the European Union for the EPIs and NCRW on the Prioritization Procedures</i>	2
Notes on Questions and Discussions during the Training Session of 15-16 August, 2001	2
Summary of the Compliance Strategy working group meeting of September 13, 2001, Romanian	2
List of participants for the Environmental Compliance and Financing Strategies working group meeting on September 13, 2001, Romanian	1,2
Workshop (October 25, 2001) presentation by Patrick Francis: <i>Option paper on Project Cycle and Disbursement Policy</i>	4
Workshop (October 25, 2001) Presentation by Glen Anderson and Victor Platon: <i>Revenues for Environmental Fund in Romania; Existing situation and proposals</i> , (the Romanian is available on paper)	4,5
Workshop (October 25, 2001) Presentation by Robert Anderson: <i>International experience in implementing Economic Instruments; costs and critical issues</i>	5
Workshop (25 October 2001) Presentation by George Dulcu: <i>Comparative Cost Estimation Exercise for the heavy investment directives</i> , (available on paper)	1
Workshop (25 October 2001) Presentation by Glen Anderson: <i>ECS/ EFS: Status Report</i>	1,2
Summary of the working group meeting (November 27, 2001) on <i>Special Waste</i> , Romanian	2
MWEP-PEPA Seminar (December 13-14, 2001) Presentation by Ms. Patrascu: <i>The prioritization exercise of projects for implementation of costly EU directives</i> (available on paper in Romanian)	2

Agendas, Participant Lists, Presentations, Meeting Summaries	Activity
Summary of the Environmental Funds Working Group Meeting held on January 24, 2002, at the EPIQ office	4
Presentation for the Meeting (February 18-19, 2002) on High Officials on Environmental Financing in SEE elaborated by Glen Anderson and George Dulcu: <i>Soon, A Romanian Environmental Fund</i> , organized in Szentendre, REC Conference Center, Hungary (available on paper)	1,4
List of participants to the working group meeting about comments for modification of Environmental Law no. 137/1995 on February 27, 2002, Romanian	4
Agenda for Working Group Meeting regarding “ <i>Waste Management</i> ”, April 22, 2002	1,2
WGM (April 22, 2002) Presentation by Glen Anderson: <i>The EPIQ role in elaborating the National Strategy for Waste Management</i>	2
WGM Presentation (April 22, 2002) by Mr. George Dulcu: <i>The stage and perspectives of finishing the TOC and IQ tables for EU Waste Directives</i> , (Romanian, available on paper)	1,2
WGM Presentation (April 22, 2002) by George Dulcu: <i>Costs phasing of the Landfill Directive Implementation for the transition period 2002–2017</i> , (Romanian, available on paper)	1
WGM Presentation (April 22, 2002) by Victor Platon: <i>Approximation Costs for the Landfill Directive</i> , (available on paper in Romanian)	1
Participants List of WGM on April 22, 2002	1,2
Summary of WGM on April 22, 2002	1,2
Draft Agenda for the Environmental Policy Course June 21 – 23, 2002	5
Report on the Environmental Policy Course, English & Romanian	5
Participant List for the Workshop (June 26, 2002) on <i>Strategy for Waste Management</i>	1,2
Agenda of the Workshop (June 26, 2002) on <i>Strategy for Waste Management</i>	1,2
Summary of the Workshop (June 26, 2002) on <i>Strategy for Waste Management</i>	1,2
Workshop (June 26, 2002) Presentation by Glen Anderson: <i>Objectives of the Workshop on Strategy for Waste Management</i>	1,2
Workshop (June 26, 2002) Presentation by Glen Anderson: <i>Recent Policy Trends in Waste Management</i>	5
Workshop (June 26, 2002) Presentation by George Dulcu: <i>Financing Sources in Environmental Protection</i> , available on paper in Romanian	1
Workshop (June 26, 2002) Presentation by Victor Platon: <i>Cost Estimates for Waste Management</i> , Romanian/PPT	1
Participant List for the training session (July 6, 2002) at the ICIM Bucharest, Romanian	3
Note of training session (July 6, 2002) at the ICIM Bucharest, Romanian	3
Participant List for the Sibiu training session (July 12-14, 2002), Romanian	3
Note of Sibiu training session (July 12-14, 2002), Romanian	3
Steering Committee Meeting (September 27, 2002) presentation by Glen Anderson: <i>The Role of Steering Committees in Environmental Funds—Experience in CEE Countries</i>	4

3. Miscellaneous Documents

Miscellaneous Documents	Activity
Agreement on Compliance Strategy—Steps & Responsibilities	2
Draft Outline of Romanian Environmental Financing Strategy	1
Terms of Reference for the preparation of the consultant report on “ <i>Conditions for environmental investments in the agglomeration over 2000 inhabitants</i> ”	1
Draft table of contents of the report “ <i>Conditions for environmental investments in the localities</i> ” that will be prepared by the short-term local expert	1
Memo concerning Romanian banking and financial sectors, Romanian	1
TOR for second STTA that will prepare a report on <i>Statistical data gathering for the Romanian Environmental Financing Strategy</i>	1
Activities performed in June 2001 by Monica Radulescu, STTA	1
Activities performed in June 2001 by GEC under TAG project ROM-1657-004	4
Memo on <i>The banking and financing systems</i>	1
Activities performed in July 2001 by Monica Radulescu, STTA	1
Activities performed in July 2001 by Tania Mihiu, STTA	1
Factors affecting costs of establishing waste management system	1
Data Needs for the Water and Wastewater Directives	1,2
UWWT Indicators (EXCEL File as separate attachment)	1,2
Funds for 2002 and 2003 necessary for implementation of costly EU environmental directives	1
Next Steps in Developing Priority Lists for the Heavy Investment Sectors	2
Memo about European integration cost in the Environmental Sector – available on paper	1
Comparative data concerning environmental compliance costs in candidate countries, Romanian	1
Documentation on Purchasing Power Parity (P.P.P.) economic indicator (available on paper)	1
Environmental compliance costs for Romania EPIQ activities performed in August 2001 by Tania Mihiu, STTA	1
Monitoring need of environmental compliance cost indicators, prepared by Tania Mihiu, STTA, translation in Romanian, available on paper	1
Priority Lists (3) for compliance with Directive 84-360-EEC (including amendments), available only electronically	2
Priority Lists (3) for compliance with Directive 88-609-EEC (including amendments), available only electronically	2
Priority Lists (3) for air sector, available only electronically	2
Priority Lists (3) for compliance with Directive 98-83-EC - available only electronically	2
Priority Lists (3) for compliance with Directive 91-271-EEC (including amendments), available only electronically	2
Priority Lists (3) for compliance with the Council Directive 1999-31, available only electronically	2
Calculation of total waste compliance costs for Romania using input units data existing in OECD model	1
Comparative data concerning waste compliance costs for Romania considering the situation in candidate countries	1

Miscellaneous Documents	Activity
Waste compliance costs for Romania calculate per UE directives with years of compliance and for each year the costs (personnel, training of personnel, O&M materials, environmental impact studies, capital costs) and source of financing (state budget and local budgets, loans, ISPA/PHARE), Romanian	1
Activities performed in September, 2001 by Monica Radulescu, STTA	1
Activities performed in September, 2001 by Tania Mihu, STTA	1
Memorandum on activities performed in October 2001 by Monica Radulescu, STTA	1
Guidelines for Waste Management for the Local Plans, Romanian	2
Current Situation and Next Steps – Environmental Financing Strategy - memo prepared by Glen Anderson for Liliana Bara, MWEF Director	1
Tables with waste costs assessment for approximation in Romania of EU landfill directive (available on paper)	1
Activities performed in November 2001 by Monica Radulescu, STTA.	1
Structure of the paper on Estimating Costs for Landfill Directive, Romanian	1
Proposals for improve the efficiency of waste recycling	5
The draft list of projects for the Landfill EU Directive (available on paper in Romanian) Final Structure of the Cost Estimate for Waste Strategy (two directives), Romanian	2
The draft waste investment lists with 178 projects (130 final zonal landfills projects and waste transfer stations, 24 projects for integrated waste management, 14 projects for selective waste collection and recycling and 10 project for waste treatment and recovery), available on paper in Romanian	2
The National Strategy for Waste Management edited by Glen Anderson, available on paper	2
The National Waste Management Action Plan edited by Glen Anderson, available on paper	2
The project unit costs (EUR/inhabitant) for the existing 81 landfill projects, available on paper	1
The average unit costs (EUR/inhabitant) for nine categories of existing projects, available on paper	1
Estimated compliance costs for waste sector in Candidate Countries, available on paper	1
The spreadsheet with total costs for municipal waste (existing and new) projects, available on paper	1
Memo on the changes in instructions for prioritization, following the work at Resita	2
The new prioritization weighting/scoring Tables for all sectors with changes in red text	2
A draft Guidance Document, intended eventually for the EPIs who will have to complete the <i>proformas</i>	2
Case Studies Relating to Environmental Approximation	2
Scoring tables for prioritization	2
National Environmental Fund—Proposed Sources of Revenues (English & Romanian)	4
Note on Environmental Fund Revenues, English & Romanian	4
Memo on EPIQ support for the development of the National Environmental Fund	4
National Environmental Fund—Proposed Organizational Structure of Operating Office	4
National Environmental Fund—Outline on Rules of Administration	4
Organizational Chart for the Ministry of Waters and Environmental Protection	4

Miscellaneous Documents	Activity
GEC—"Practical guide for democratic selection of legitimate representative of NGOs community to sit on the Steering Committee of NEF, and representative attributions," Romanian	4
Note about nomination of the NGO representative in the Steering Committee of NAEF	4
Matrix elaborating the next steps for setting up the Environmental Fund	4
System of Self-Financing—Actual Revenues and Expenses for April-May 2000, Estimates for June-December, 2000	3
System of Self-Financing—Questionnaire for local Environmental Protection Authorities (EPAs) in Assessing Capacity to Implement New Regulations	3
Romanian Definitions & Terminology related to Taxes and Fees	5
Methodology for collaboration between authorities involved in the Unique Office's activity, Romanian	3
Protocol Agreements between Ministry of Water and Environmental Protection and Romanian Chamber of Trade and Industry, Romanian	3
Statement form for applicants and Guidelines for completing statement form, Romanian	3
Models for completing the Statement form, Romanian	3
Application form, Romanian	3
Guidelines for completing the Application form, Romanian	3
Models for completing the Application form, Romanian	3
The draft of the GOR Decision for setting up the Administration of the Environmental Fund (including rules and structure), based on the existing Law from May 2000, Romanian	4
The draft of the UO (emergency ordinance) for improvement of the existing Law from May 2000 for Environmental Fund, Romanian	4
Memorandum about the proposal regarding the permitting procedure of the environmental impact activities, Romanian	3
Draft to modify the Environmental Protection Law no.137/1995, Romanian	3
Draft of Decision of the Government on the environmental assessment of the effects of certain public and private projects, Romanian	3
Explanatory Memorandum for Decision of Government on EIA, Romanian	3
Screening table for EIA Directive transposition	3
Draft of Decision of the Government on the freedom of environmental information, Romanian	3
Explanatory Memorandum for Decision of Government on freedom of information on environment, Romanian	3
Screening table for the transposition of Directive on freedom of information	3
CD with new waste legislation—versions I and II (Romanian & English)	2,3
Draft of Decision of the Government on the methodology to implement EO no.76/2002 - Romanian	3
Comments on the Governmental Decision on the Management of Used Oil Recycling, Romanian	5
Comments on the Governmental Decision on Batteries and Accumulators Containing Hazardous Substances, Romanian	5
Comments on Draft Governmental Decision on Used Oil Disposal and Recycling (English & Romanian)	5
Draft Ministerial Order to replace MO no. 125/1996, Romanian	3

Miscellaneous Documents	Activity
Steps in Implementing the EU Water Framework Directive, Romanian	2
Draft of Ministerial Order to implement Decision of Government transposing EIA, Romanian	3
Decision of the Government on the methodology to implement EO no.76/2002 (as approved by the Government), Romanian	3
Draft of Decision of the Government on the methodology to implement EO no.76/2002, Romanian	3
Screening table to prove the transposition of environmental acquis in the proposed amendments to the Environmental Protection Law no.137/1995, Romanian	2
Notes for GD about used batteries (version 6), Romanian	5
Comments regarding GD about used oils, Romanian	5
Comments on GD on batteries recycling, Romanian	5
Cost Estimates of Government Decision for batteries recycling, Romanian	5
Memo about cost assessment regarding batteries and waste oil management, Romanian	5
Synthesis on cost revenues for Scrap Batteries Recycling, Romanian	5
Synthesis on cost revenues for Used Oils Recycling, Romanian	5
Table with situation of waste recycling in European countries (administrative structure), Romanian	5
Trip Report on TAG, Mr. Ken Ames, September 18–22, 2000	1,4,5
Technical Assistance Grant Program	1,4,5
Trip Report, Nancy Charbonneau, December 8-17, 2000	1,4,5
Comments on the FREM report under the TAG project ROM-1657-001	1
Activities performed in May by FREM under TAG project ROM-1657-001	1
Comments of the draft Guide prepared by GEC within the TAG project ROM–1657-004 – Romanian	4
Draft table of contents proposed for the reviewed Guide that will be prepared by GEC within the TAG project ROM–1657-004, Romanian	4
Activities performed in May, 2001 by GEC under TAG project ROM-1657-004	4
Activities performed in June, 2001 by FREM under TAG project ROM-1657-001	1
Final report prepared by GEC under TAG project ROM-1657-004, (available on paper)	4
FREM summary report for TAG final report	1
GEC summary report TAG final report	4
CCMESI summary report TAG final report	5
SAR summary report TAG final report	5

Appendix 6. Legal Acts

Law/Regulation	Title	Status
HG 142/25.10.01	Regarding the regime of batteries and accumulators that enclose dangerous substances	Promulgated
HG 662/8.08.01	Regarding the management of used oils	Promulgated
HG 1174/21.11.01	Approval of the Regulation for organizing and functioning and for the structure organization of the Administration of the Environmental Fund	Promulgated
OU 93/2001	Emergency Ordinance for Environmental Fund amending the Law 73/2000	Promulgated
HG/2001	Regarding the recycle of packaging waste	Draft; sent for comments to other ministers
OU 11/26.07.01	Regarding some measures for acquiring nonferrous metals, nonferrous alloys and nonferrous recyclable waste	Published
OU 16/26.07.01	Regarding the management of recyclable industrial waste	Published
Law 22/22.02.01	Ratification of the convention regarding the impact on environment in trans-border context, adopted at Espoo, 25.02.1991	Published
Law 451/18.07.01	For approval the Emergency Ordinance no. 200/2000 regarding the classification, labeling and packaging	Published
HG 732/26.07.01	Regarding the conditions for supplying on the market of the unleaded gasoline and of low sulfur diesel fuel.	Published
HG 625/6.07.01	Approving the procedures for authorization small traders	Published
OM 325/21.03.01	Approval of technical instructions for applying the provisions of the HG 472/2000 regarding some measures for protecting water resources – NTPA 012 and for the modification of the Ministerial Order no. 242/1990	Published
Law 426/18.07.01	Law for the approval of Government Ordinance of Urgency No.78/2000 on wastes management	Published
OM 32/30.01.02	Regarding the organization of public services for water supply and sewage	Published
HG 100/07.02.02	Regarding the quality norms for surfaces water	Published
HG 118/07.02.02	Regarding the action plans for pollution reduction aquatic ecosystem and underground water	Published
HG 188/28.02.02	Regarding the conditions for waste water discharge in aquatic environment	Published
HG 162/07/03.02	Regarding waste landfill	Published
HG 128/06.03.02	Regarding waste incineration	Published
OU 34/3.04.02	Regarding integrated pollution prevention and control	Published
Law 735/07.06.02	For the approval of the OU no. 76/2002 regarding the simplification of administrative formalities for registering and permitting commercial companies	Published

Law/Regulation	Title	Status
HG 572/13.06.02	To establish the model and content of application's form for registering commercial companies	Published
HG 573/13.067.02	For the approval of permitting procedures for operating activities applicable to commercial companies	Published
OU 91/20.06.02	To modify and complete the framework environmental protection law no. 137/1995	Published
HG 918/09.02	Regarding the assessment of environmental impact from certain public and private projects	Published
draft HG	To ensure the free access of public to environmental information	Not published
OM 860/26.09.02	To replace MO 125/1996 on permitting procedure	Not published

Note: HG—Governmental Decision; OM—Order of the Minister; OU—Emergency ordinance