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Bulgaria, Cyprus, Greece, Hungary, Romania, IPA/ISPA accession negotiations
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Brussels, 17.06.2010* 04931
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Subject: follow-up of May Monitoring Committee

Dear Mr. Friptu,

Following the discussions which took place in the context of the Monitoring Committee of the Regional Operational Programme on the 19-20 May, we would like to share with you some of our concerns about the implementation of the programme.

First of all we would like to express our concern regarding the *absorption level* of the Regional Operational Programme which represents only less than 1% of expenditure paid by beneficiaries and certified to the Commission. Thus, for future Monitoring Committees, we would appreciate a focus of the presentations and of the discussion on the real absorption rate and on the achievements of the programme as main indicators of the progress of ROP.

In this context, we would like to recall the importance of *ensuring compliance with the payments forecasts* sent to the Commission for the current year.

The low absorption level has to be the main concern of the Managing Authority in the following period and measures have to be taken to *streamline procedures* both at the project selection and reimbursements level. Thus, we encourage the Managing Authority to reassess and streamline the existing procedures in order to assist beneficiaries in their access to European funding (e.g. scheduling availability of evaluators, more active helpdesk) and in simplifying the reimbursement procedures (e.g. reducing the unnecessary activities and papers, an appropriate interpretation of the "4 eyes principles" in order to avoid multiplication of the same documentation).

We would like to *recall our disagreement* expressed during the Monitoring Committee with the increase of co-financing for micro-enterprises by up to 100% of eligible expenditure. We believe that even small percentages of private co-financing (e.g.10%) can have a strong effect in encouraging the beneficiary to seek good value for money, reduce risk of deadweight and bad quality projects.

Mr Gabriel Friptu

General Manager

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18.06.2010
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Moreover, regarding *State Aid schemes*, please provide us information on the availability and correct usage by the Managing Authority of the database in place for monitoring state aid schemes.

We would also expect to receive, as requested during the Monitoring Committee, *additional information on the progress of the Priority Axis 5.3*. "Promoting the tourism potential and setting-up the needed infrastructure in order to increase Romania's attractiveness as tourism destination" as this was not clear from the presentation made during the Committee.

Moreover, we consider that the *Growth Poles strategy* should be given increased focus in order to ensure smooth and efficient implementation of the projects. Thus, we expressed in previous correspondence our concerns regarding the costs estimation for a certain number of projects on urban infrastructure and therefore encourage the Managing Authority to refer to the experience of JASPERS in assessing these kinds of projects and obtain assurance on the quality of their technical documentation.

Due to the uneven quality of the strategy and subsequent list of projects for the poles we also support initiating a process of "peer learning" in the form of a network including main stakeholders in the process (pole's coordinators, ADI, RDAs, representatives of the city halls, relevant MAs and ACIS) meeting regularly and improving the implementation of the strategy through an exchange of solutions and good practices.

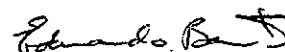
Please provide us information on which mechanisms have been put in place in order to improve and ensure the quality of the projects included in the Growth Pole strategy.

We take this opportunity also to express our concern on the conclusion of the *Audit Report on the Regional Operational Programme* qualifying the management and control system at level 3 of assurance. As this can have an impact on the processing of payments, please provide us information on the stage of implementation of the recommendations of this Audit Report.

The discussion on the reallocation of the funds from Priority Axis 4.2. on the "Rehabilitation of unused polluted industrial sites and preparation for new activities" should be considered by taking into account three main elements. First of all, there is a need to identify and implement pilot projects as the rehabilitation of unused polluted industrial sites is still a major problem from an environmental point of view. Second, the reallocation should be considered as an opportunity in the current context of crisis to reinforce the support to business sector (especially SMEs and micro-enterprises) which is facing serious financing difficulties in Romania. We also would favour that it should secure financing for public hospitals which are on the reserve list. We are available to discuss this further with you as needed.

Looking forward to your reply, we are counting on your cooperation on the follow-up and implementation of the issues raised during the Monitoring Committee.

Sincerely,



Eduardo Barreto
Acting Head of Unit

Cc: Razvan Murgeanu, Secretary of State, Ministry of Regional Development and
Tourism
Stefan Ciobanu, Director General ACIS
Aron Popa, Director General Audit Authority
Lucica Tarara, Director General, Certifying and Paying Authority