



NATIONAL REFORM PROGRAMME 2020

**BUCHAREST
APRIL 2020**

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ABBREVIATION INDEX

ABA	Water Basin Administration
ACOP	Administrative Capacity Operational Programme 2014-2020
ADR	Authority for Digitization of Romania
AFM	Environment Fund Administration
AJPIS	County Agency for Payments and Social Inspection
ANAF	National Agency for Fiscal Administration
ANANP	National Agency for Natural Protected Areas
ANAP	National Agency for Public Procurement
ANAR	“Romanian Waters” National Administration
ANC	National Authority for Qualifications
ANCPI	National Agency for Cadastre and Real Estate Advertising
ANFP	National Agency of Civil Servants
ANI	National Integrity Agency
ANIF	National Agency for Land Improvement
ANL	National Housing Agency
ANMCS	National Authority for Quality Management in Health
ANOFM	National Employment Agency
ANPC	National Authority for Consumer Protection
ANDPDCA	National Authority for the Rights of Disabled Persons, Children and Adoptions
ANPM	National Agency for Environmental Protection
ANPIS	National Agency for Payments and Social Inspection
ANRE	National Energy Regulatory Authority
ARF	Railway Reform Authority
ARB	Romanian Association of Banks
ATU	Administrative Territorial Unit
BAS	Unemployment Insurance Budget
BNR	National Bank of Romania
BS	State Budget
CCR	Constitutional Court of Romania
CEF	Connecting Europe Facility
CESEC	The Central and South Eastern Europe energy connectivity
CF	Cohesion Fund
CFR	Romanian National Railways Company
CJEU	Court of Justice of the European Union
CNAIR	National Company for Road Infrastructure Administration
CNAS	National Health Insurance House
CNCAN	National Commission for Nuclear Activities Control
CNDIPT	National Center for the Development of Vocational and Technical Education
CNG	Compressed Natural Gas
CNPP	National House of Public Pensions
CNSC	National Council for Solving Complaints
CNTDS	Tripartite National Council for Social Dialogue
COP	Competitiveness Operational Programme 2014-2020
CSAT	Supreme Council of National Defence

CSM	Superior Council of Magistracy
CSRs	Country Specific Recommendations
CTE	Thermoelectric plant
DDD	Department of Sustainable Development
DGAF	General Anti-Fraud Directorate
DGASPC	General Directorate for Social Assistance and Child Protection
DLAF	Anti-Fraud Department
DLRC	Community-led local development
DSU	Department for Emergency Situations (within MAI)
EAFRD	European Agricultural Fund for Rural Development
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EIF	European Investment Fund
ERDF	European Regional Development Fund
E-RES	Electric energy from Renewable energy sources
ERTMS	European Railway Traffic Management System
ESA	European System of Accounts
ESD	Effort Sharing Decision (Decision No 406/2009/EC)
ESF	European Social Fund
ESIF	European Structural and Investment Funds
EUSDR	EU Strategy for the Danube Region
FDI	Institutional Development Fund for state universities
FEAD	Fund for European Aid to the Most Deprived
GC	Green Certificates
GD	Government Decision
GDP	Gross Domestic Product
GEO	Government Emergency Ordinance
GHG	Greenhouse gas
HCOP	Human Capital Operational Programme 2014-2020
IB	Intermediate Body
IBRD	International Bank for Reconstruction and Development
IFI	International Financial Institution
IM	Labour Inspectorate
INA	National Institute of Administration
INHGA	National Institute of Hydrology and Water Management
INS	National Institute of Statistics
IP	Investment Priority
ITI	Integrated Territorial Investment
ITM	Territorial Labour Inspectorate
LEA	Overhead power line
LIOP	Large Infrastructure Operational Programme 2014-2020
LULUCF	Land Use, Land-Use Change and Forestry
MA	Managing Authority
MADR	Ministry of Agriculture and Rural Development
MAE	Ministry of Foreign Affairs
MAI	Ministry of Internal Affairs
MApN	Ministry of National Defence

MAP	Ministry of Waters and Forests
MC	Ministry of Culture
MEEMA	Ministry of Economy, Energy and Business Environment
MEC	Ministry of Education and Research
MFE	Ministry of European Funds
MFP	Ministry of Public Finance
MJ	Ministry of Justice
MLPDA	Ministry of Public Works, Development and Administration
MMAP	Ministry of Environment, Waters and Forests
MMPS	Ministry of Labour and Social Protection
MO	Ministerial Order
MS	Ministry of Health
MTIC	Ministry of Transport, Infrastructure and Communications
MTS	Ministry of Youth and Sport
NRDP	National Rural Development Programme 2014-2020
OECD	Organization for Economic Cooperation and Development
OIT	Directorate-General for Transport Intermediate Body
OJ	Official Journal of Romania
OMDRAP	Order of the minister of regional development and public administration
OMFP	Order of the minister of public finance
ONAC	National Office for Centralized Procurement
ONRC	National Trade Register Office
OP	Operational Programme
PA	Priority Axis
PCI	Projects of Common Interest
PE	Public Enterprise
PES	Public Employment Service
PMUD	Sustainable Urban Mobility Plans
PNCDI III	National Plan for Research, Development and Innovation 2015-2020
POAD	Aid to the Most Deprived Operational Programme 2014-2020
REI	Integrated Educational Register
RES	Renewable energy sources
RNC	National Register of Qualifications
RMU	Unique Matriculation Register
ROP	Regional Operational Programme 2014-2020
SB	State Budget
SDG	Sustainable Development Goal
SEA	Strategic Environmental Assessment
SEAP	Electronic System for Public Procurement
SGG	Secretariat-General of the Government
SICAP	Environmental Information System for performing collaborative development of public procurement
SIIR	The Integrated Information System of Education in Romania
SIPOCA	Information system of ACOP
SMEIOP	SME Initiative Operational Programme 2014-2020
SMEs	Small and medium-sized enterprises
SMG	Natural gas metering station
SNDDR	National Strategy for Sustainable Development of Romania 2030
SNT	National Transport System

SO	Specific Objective
SOP	Sectoral Operational Programme
SPAS	Public Service Social Services
SUMS	Sustainable Urban Mobility Plan
TA	Technical Assistance
TAD	Territorial and administrative division
TAOP	Technical Assistance Operational Programme 2014-2020
TEN-T	Trans-European Networks - Transport
UEFISCDI	Executive Unit for the Financing of Higher Education, Research, Development and Innovation
UEIP	Public Investment Evaluation Unit
UIPFFS	Implementation Unit of Projects Funded from Structural Funds

1. INTRODUCTION

The **National Reform Programme (NRP)** is a framework for defining reform measures that meet the priorities set at EU level, the CSRs and certain challenges pointed out by the EC in its annual analyses, named Country Reports.

The NRP 2020 was drafted in accordance with EC guidelines¹ and the priorities established by the *Annual Sustainable Growth Strategy 2020 (ASGS)*², considering both the 2019 CSRs³ and the *Country Report Romania 2020*⁴.

However, it should be emphasized that **the situation generated by the COVID-19 pandemic requires a set of exceptional measures to mitigate the negative economic and social effects.** In this context, the current edition of the European Semester should be dealt with **considering the unfeasibility of assessing, at this time, the overall and actual effects the COVID-19 pandemic is having at EU level and for each and every one of its Member States.**

As such, it is necessary to take into account the need to adjust the commitments provided for in the current edition of the NRP, as well as the benchmarks for the implementation of proposed measures, in the light of ongoing developments. From Romania's perspective, it is necessary to continue the dialogue with the EC and to carry out a comprehensive post-COVID-19 evaluation, at a later time, so that all the aforementioned issues be taken into account in the European Semester 2020-2021. Moreover, the EC's future recommendations for 2020/2021 also need to reflect these developments.

NRP 2020 aims to further boost competitiveness and productivity, strengthen social and territorial cohesion and maintain employment - all with the aim of closing the gaps as against the other EU Member States and to minimize the negative effects of the COVID-19 crisis. The further ownership of the key structural reforms for the national economy and public administration is consistent with the objective of consolidating the efforts to modernize the Romanian society, being also able to support the economic-social convergence at EU level.

The EC's message conveyed through ASGS emphasized that sustainable development and the well-being of citizens must be at the heart of EU and Member States' actions and that the economy must work for the people and the planet. To achieve these goals, the EC has proposed four interconnected and mutually reinforcing priority dimensions: environmental sustainability, increased productivity, social fairness and macroeconomic stability. In addition, a novelty is the reorientation of the European Semester to integrate and monitor the UN Sustainable Development Goals (SDGs). The 2020 NRP makes references to the SDGs at the end of its chapters or sub-chapters, following the model used by the EC in the 2020 Country Reports.

Considering the EC's assessment presented in the *Country Report Romania 2020*, response measures are foreseen by the Romanian authorities to face the challenges regarding fiscal and budgetary policy, public investments, EU funds absorption, tapping the labour force potential, income inequalities, efficiency and accessibility of the healthcare system, ensuring quality education, support for the business environment, digitisation, infrastructure improvement, but also the quality of environment or pursuing the reform of public administration and the reform of the public procurement system.

Developments in the achievement of the national targets in the *Europe 2020 Strategy* indicate,

¹ Submitted through the SG' letter Ref. Ares(2019)6337461 - 14.10.2019

² COM (2019) 650 final, Bruxelles, 17.12.2019

³ Council Recommendation of 09 July 2019 on the 2019 Romania's National Reform Programme and delivering a Council opinion on the 2019 Convergence Programme of Romania (2019/C 301/23)

⁴ SWD (2020) 522 final, Bruxelles, 26.02.2020

according to the EC, good results in terms of employment rates, national greenhouse gas emissions, energy levels from renewable sources, energy efficiency and tertiary education. As far as the targets set for investment in research and development and early school leaving are concerned, the objectives are not met.

Regarding the implementation of CSRs, the EC assessed the implementation progress from a multi-annual⁵ perspective. Thus, according to the EC review, Romania has registered at least some progress for 47% of all CSRs issued since 2013.

Given this context, 2020 NRP also proposes new measures, in line with the *Government Programme* and, at the same time, it carries on with some of the commitments made through previous NRP editions, thus ensuring consistency with European Semester landmark documents, such as ASGS or CSRs.

Given *the COVID-19 pandemic context*, the 2020 NRP also reflects, for the main areas of interest, information on the short term measures put forward to respond to the challenges raised in the management of the pandemic in Romania, while being worth mentioning that at the time of drafting the 2020 NRP edition a number of other specific measures, as well as economic recovery measures are still under evaluation, depending on the objectives and instruments developed at European level.

⁵ Progress evaluation of the EC is carried out according to the following scale: 1) No progress, 2) Limited progress, 3) Some progress, 4) Substantial progress, 5) Full implementation.

2. MACROECONOMIC CONTEXT AND SCENARIO

In 2019, **GDP advance was 4.1%**, one of the highest among EU Member States (at the aggregate level, GDP advanced by 1.4% in the EU and by 1.2% in the euro area). However, the slowdown of growth in the euro area, especially of the external demand from Germany, had a significant impact on Romanian manufacturing and exports.

On the supply side, the advance of the economy was supported in 2019 by the increase of gross value added in construction (+17.3%) and services (+4.8%), while **agriculture and industry decreased by 3.2% and 1.5% respectively**. Services were characterized by maintaining a sustainable growth rate for some categories, such as information and communications (+8.1%), cultural and recreational activities (+7.5%), support and administrative activities (+5.7%), while **trade and transport sectors (+5.1%) were partially affected as a result of the reduction in activity in this area towards the end of the year**.

On the demand side, private consumption, the main determinant of economic advance in recent years, was positioned on a slight deceleration path (+5.9% in 2019 compared to +7.3% in 2018), indicating the beginning of a period of moderation of consumers' appetite for some categories of goods. On the other hand, **investments (gross fixed capital formation) reversed their downward trend and registered a significant advance in 2019 (+18.2%)**, given the expansion of construction works. However, the positive evolution of domestic demand counterbalanced the unfavourable effect of net exports, which increased its contribution to slowing growth (-1.7 percentage points (p.p.) in 2019 from -1.4 p.p. in 2018), amid a sharper slowdown in exports of goods and services.

In 2019, there was an improvement of the situation on **the labour market** in terms of newly created jobs. Thus, the total number of employees (ILO) increased by 1.2% compared to 2018, while the total employed population registered a slight decrease (-0.1 p.p.). The unemployment rate was 3.9%, 0.3 p.p. lower than in 2018. **The employment rate of the population aged 20-64 reached 70.9%**, being for the first time above the national target of 70% set in the context of the *Europe 2020 Strategy*.

The annual inflation rate evolved in 2019 on an oscillating trajectory, with a peak of 4.12% reached in July. Annual inflation in December reached 4.04%, 0.08 p.p. less than in July. An influence was also felt in the evolution of the leu/ euro exchange rate, which depreciated in nominal terms by 1.8%. Throughout 2019, consumer prices increased, on average, by 3.83%, compared to the previous year, due to the increase in prices for food (4.69%) and services (3.87%), while non-food prices rose by 3.24%.

The current account deficit of the balance of payments continued to deepen in 2019 compared to the previous year, reaching a share in GDP of 4.6%, given the worsening of the negative balance of goods.

The GDP forecast for 2020 takes into account the effects of the COVID-19 pandemic (as assessed at the time of drafting the 2020 NRP), as well as the support measures for the business environment, labour market and consumers and interventions in health care.

As a result of COVID-19, it is expected that the Romanian economy will experience a **significant adjustment, GDP will register a reduction of 1.9%**, in real terms, which leads, in fact, to a total contraction of about 6% compared to previous forecasts for 2020.

Gross fixed capital formation will be reduced by 2.6% compared to the previous year, as the investment behaviour of the private sector is expected to be less expansive. To a lesser extent, there will be an impact on private consumption expenditures (-0.7%), which are supported by

the moderate increase in net earnings and the population's propensity to consume. Government consumption spending will increase (2.4%), because of measures taken by the Government to control and neutralize the effects of the pandemic. Both the export and the import of goods and services will register negative dynamics compared to 2019 (-6.7% and -5.6%, respectively). Under these circumstances, net exports will make a negative contribution of 0.3 p.p. to the increase in GDP.

On the supply side, there are estimated reductions in the contribution to GDP from industry (-4.2%) and construction (-1.7%) as against 2019, in the first case the COVID-19 crisis leading to an accentuation of the downward trend which has been set since the Q2/2019.

Compared to the winter forecast regarding the dynamics of the economic branches, the **impact of COVID-19 will be more dire on industry and constructions** (with a reduction of over 7 p.p.), **as well as in the case of services** (with a reduction of about 5.6 p.p.), the most exposed being the entertainment, cultural and recreational activities (about 11 p.p. compared to the winter scenario), real estate transactions (-9 p.p.), trade, transport, hotels and restaurants (-8.8 p.p.).

Economic growth

- Annual percentage changes -

	2018	2019	2020
Real GDP	4.4	4.1	-1.9
Nominal GDP	11.0	11.3	2.1
<i>Real GDP components - expenditures method</i>			
Private consumption expenditures	7.3	5.9	-0.7
Government consumption expenditures	2.1	6.4	2.4
Gross Fixed Capital Formation	-1.2	18.2	-2.6
Exports of goods and services	6.2	4.6	-6.7
Imports of goods and services	9.1	8.0	-5.6
<i>Real GDP components - offer side</i>			
Industry	4.4	-1.5	-4.2
Agriculture, forestry and fish farming	10.8	-3.2	0.3
Construction	-1.0	17.3	-1.7
Services	3.6	4.8	-1.4
<i>Real GDP components - expenditures method (percentage)</i>			
Final domestic demand	4.7	8.7	-0.6
Change in stocks	1.2	-2.9	-1.0
Net export	-1.4	-1.7	-0.3
<i>Real GDP components - offer side (percentage)</i>			
Industry	1.1	-0.3	-0.9
Agriculture, forestry and fish farming	0.5	-0.1	0.0
Construction	-0.1	0.9	-0.1
Services	2.1	2.8	-0.8

Source: INS and CNSP

The current account deficit of the balance of payments is expected to fall below the 10

billion euros threshold this year, reaching a share of GDP of 4.1% as a result of the narrowing of the trade deficit and the primary income balance, as well as improving the secondary income balance.

External trade and current account

- Billion Euro -

	2018	2019	2020
FOB Export	67.7	69.0	63.9
- annually percentage change, %	8.1	1.9	-7.3
CIF Import	82.8	86.3	81.0
- annually percentage change, %	9.6	4.2	-6.1
Trade Balance FOB - CIF	-15.1	-17.3	-17.1
Current account deficit	-9.0	-10.2	-9.1
- % of GDP	-4.4	-4.6	-4.1

Source: INS and CNSP

For 2020, it is estimated that **inflation** will fall both as an annual average - to 3.1% and at the end of the year - to 3.0%.

Inflation

- % -

	2018	2019	2020
- end of the year	3.27	4.04	3.0
- annual average	4.63	3.83	3.1

Source: INS and CNSP

In terms of **employment rate of the population aged 20-64**, in 2019 the set target was exceeded by 0.9 p.p., reaching 70.9%, in 2020, but due to the impact of the COVID-19 related crisis, it is estimated that the employment rate of the population aged 20-64 shall decrease by 0.4 p.p., yet remaining above the target of 70% set under the *Europe 2020 Strategy*.

Labour force

- % -

	2018	2019	2020
Employment rate (age group 20-64)	69.9	70.9	70.5
- men	78.9	80.3	79.9
- women	60.6	61.3	61.0
Unemployment rate (according to ILO) -%	4.2	3.9	4.4

Source: INS and CNSP

The employed population will follow the GDP trend, respectively a decrease by 1.4% in 2020, reaching 8.56 million people (according to the ILO methodology) and within this category, the number of employees will experience the largest reduction (-1,6%). Considering the methodological hypothesis of keeping those in technical unemployment in the category of employees, the unemployment rate, according to the ILO, will reach 4.4% on average in 2020. Should people who are technically unemployed be added to the number of the unemployed, the unemployment rate reaches a level of 6.3%.

The growth potential of the economy is affected **in the short term** mainly through the labour factor, as in the previous recession. Given both the negative evolution of the employed population and the average number of hours worked per person employed in the context of reduced output in most sectors and social distancing, in 2020 the contribution of labour to potential growth is expected to be negative.

Regarding 2021, two important sources of uncertainty have been found at this time, which can generate risks to GDP growth: the quarterly trajectory of the resumption of economic activities and the probability associated with a second pandemic wave in October - November 2020.

A delayed resumption of economic activity in the event of an "L" evolution of GDP or the reappearance of COVID-19 would have negative effects on economic activity in 2021, in which case the return of robust economic growth would occur in the second half of next year.

The capital stock will diminish its positive contribution considering that the gross fixed capital formation will register this year a decrease of 2.6% and for the year 2021 the investment activity, including FDI flows, are still marked by uncertainties. According to the common European methodology for estimating potential GDP and output-gap, for Romania it was observed, starting with 2009, that decreases in gross investments by 1% correspond to decreases in the contribution of capital stock to the potential increase of 0.09 p.p. Similar to capital, the contribution of total factor productivity will remain positive.

It is worth mentioning that Romanian exports and the manufacturing industry have been, since early 2020, under the negative influence of the slowdown in global trade flows prior to the coronavirus pandemic. Moreover, since the decline in economic activity globally is expected to be one with a very high degree of synchronization at the level of the national economies, the economic recovery in Romania depends largely on positive developments internationally.

In the medium term however, the most likely scenario is one in which economic growth returns to its estimated potential level from before the COVID-19 pandemic, respectively in the range of 3-4%.

3. POLICY RESPONSE TO ECONOMIC CHALLENGES

3.1. Fiscal and budgetary policy

Key directions:

- ✓ Effective management of public investment
- ✓ Increasing the efficiency of budgetary spending
- ✓ Improving tax collection
- ✓ Improving customs activity

According to operative data, the general consolidated budget execution for 2019 ended with a cash deficit of 48.3 billion lei, i.e. 4.6% of GDP and 4.3% of GDP in ESA terms. The budget execution for 2019 in ESA terms indicates an increase in the budget deficit by 1.4 p.p. of GDP as against the level of 2.9% of GDP recorded in 2018.

Taking into account the 3% threshold exceed of the ESA deficit in 2019, on 4 March 2020, the EC initiated the Excessive Deficit Procedure (EDP) and on 3 April 2020 the EU Council adopted the *Recommendation with a view to bringing an end to the situation of an excessive government deficit in Romania*. The deficit targets in the EDP recommendation are similar with Romania's Fiscal Strategy targets (developed at the end of 2019), providing for a gradual decrease of the government deficit to 3.6% of GDP in 2020, 3.4% of GDP in 2021 and 2.8% of GDP in 2022.

However, following the COVID-19 crisis, in 2020 both cash and ESA deficit are planned to reach a level of 6.7% of GDP. The Fiscal Strategy provided for an ESA deficit of 3.6% for 2020; the difference from that level is explained by the crisis generated by COVID-19 pandemic, which caused, on the one hand, a revenue loss generated by the economic slowdown and, on the other hand, an increase of expenses for medical equipment and social assistance (technical unemployment, support granted to parents staying at home with children etc.).

In the first three months of 2020, the execution of the consolidated general budget ended with a deficit of 18.06 billion lei, i.e. 1.67% of GDP.

Amid the crisis generated by the COVID-19 pandemic, on 20 March 2020, the EC, with the agreement of the European Council, activated the *general escape clause from the provisions of the Stability and Growth Pact (SGP)*. Therefore, in this period, Member States may deviate from their Medium Term Budgetary Objectives or from their adjustment path towards them; for the corrective arm of SGP, the general escape clause will allow a different fiscal treatment for the public spending generated by the COVID-19 pandemic, meaning that, when assessing whether Romania reached its EDP deficit targets, the costs generated by COVID-19 will be excluded.

To increase the budgetary revenues, in 2019 the authorities implemented measures on increasing gambling taxation, increasing excise duties for cigarettes⁶ (by 8%) and for fuel (by 3.1%). Consequently, revenues from excise duties for cigarettes recorded a 17.7% increase in 2019 compared to 2018, while revenues from excise duties applied to energy products recorded a 6.4% increase, considering a rising consumption too. In order to implement the provisions of

⁶ As from 1 January 2019, cigarettes' excise level was increased to 483.74 lei/1,000 cigarettes (from 448.74 lei); GEO no 114/2018 has set up a *gradual growth timeframe* for cigarettes' overall excise level.

Directive 2011/64/EU on the structure and rates of excise duties applied to manufactured tobacco (art.10 (2)), the total excise duty for cigarettes was further increased starting with 1 January 2020⁷ and a new gradual growth timeframe was set up by GEO no 89/2019.

Moreover, the *EU rules against tax avoidance practices* (Directive 2016/1164/EU) were transposed into the national legislation by GO no 6/2020.

To ensure the **short-term sustainability of personnel related public spending**, the Government approved GEO no 1/2020, which continues the measures *on containing this type of spending for 2020*. It provides for maintaining at December 2019 level the bonuses, allowances for public dignity offices and food allowances provided for the Framework-Law no 153/2017 (347 lei/month).

On 31 December 2019, **Government debt**, calculated according EU methodology, was **35.4% of GDP**, under the 60% reference value provided for the Maastricht Treaty. For 2020, according to Law no 238/2019, the ceiling for the government debt, calculated according to the EU methodology, is 40% of GDP.

Concerning the **external financing of the economy**, for 2020 Romania has planned to attract 6 billion euros from the external financial markets. A first issue worth 3 billion euros was successfully made, in very attractive cost conditions and with maturities of 12 and 30 years, with a demand from investors over 3 times higher than the awarded value. Although Romania falls into the “*investment grade*” category, there is a decoupling between the rating and the evolution of borrowing costs, which have been on a downward trend since the beginning of the year, on average by 10-15 bps, investors maintaining a constant interest in the Eurobonds issued by Romania.

More details related to Romania's fiscal-budgetary policy can be found in the Convergence Programme, developed under the coordination of the Ministry of Public Finance.

Improving the management of public investment

MFP monitors, on an yearly basis, the way in which the main credit release authorities reflect the results of **prioritizing significant investment projects** in their annual budget projects (art. 45 of GEO No 88/2013), being empowered to apply sanctions in case of non-compliance with these legal provisions (through its Economic-Financial Inspectorate). In 2019, MFP elaborated the *Memorandum containing the list of significant public investment projects for 2020*, which includes 158 significant projects (compared to 136 in 2018), managed by eight ministries.

In order to start the prioritization process for 2021 budget, MFP shall submit requests to the main credit release authorities on sending the significant public investment projects and related information for their verification and for preparing the draft memorandum presenting the prioritization results.

Regarding the **rationalization of public investment portfolio**, the pilot exercise started by MFP in cooperation with MTIC is continuing. MFP-MTIC working party had several meetings in order to analyse the information provided by MTIC and to go through the rationalization process stages: analysing the rationalization criteria based on existing data, making proposals for improving them and the benchmarks for identifying non-performing projects, finding strategies and solutions for non-performing projects.

Given the MTIC reorganization process in 2019, as well as the large volume of information and data, the completion of the pilot exercise and the presentation of its results, along with legal

⁷ From a level of 483.74 lei/1000 cigarettes to 503.97 lei/1000 cigarettes

proposals, are estimated for Q4/2020.

As far as the *National Programme for Local Development (PNDL)* is concerned, the process of finding concrete ways to streamline it continues. On 7 June 2019, the Ministerial Order No 1686 amending and supplementing the Implementing Regulation for applying the provisions of GEO No 28/2013⁸ was approved. To assist the public authorities in the preliminary assessment of the expenditures needed to achieve the public funded investment objectives, MLPDA initiated an opportunity analysis to set standard costs for various types of construction works. On 25 March 2020, 4,514 investment objectives financed under PNDL I were carried out, out of which 2,774 were already completed. Under PNDL II, there 7,265 investment objectives are being financed and 1,031 have been finalized.

Increasing the efficiency of budgetary spending

Making public spending efficient will help increase the fiscal room for investments, improve the sustainability of public finances and increase the predictability of medium and long-term fiscal policy.

In order to monitor the **public spending efficiency measures**, a Structural Reform Support Programme (SRSP) project titled *Technical Assistance for administrative capacity building of DAECF⁹(within MFP), by elaborating a methodology for monitoring and assessing the financial impact of the measures set in the context of a spending review analysis or a programme* is being implemented. By the end of the project (Q4/2021), MFP will have been provided with a support-document for elaborating a Manual on the methodology for monitoring and assessing the impact of public spending efficiency measures and with the specifications for developing/purchasing an IT application for monitoring public spending efficiency measures.

Regarding the **improvement of public debt management**, after completing the legal framework for the use of financial derivative instruments (FDI) in the management of sovereign debt portfolio (GO No 14/2018, GD No 218/2019, OMFP No 3217/2019), MFP is currently developing **internal procedures on elaborating the framework for the use of FDI**. Also, the authorities are planning to start the procurement procedure on legal advisory services for concluding framework agreements such as ISDA Master Derivative Agreement (elaboration, negotiation, conclusion) and for carrying out FDI transactions (interest rate swap, currency swap, cross-currency swap).

With regard the **decrease of exposure to foreign exchange risk**, on 31 December 2019, the share of public debt denominated in foreign currency in the total public debt was 50.2% (preliminary data according to national legislation which does not include temporary financing), on a decreasing trend in comparison with 2018, when the share was 51.4%.

Improving tax collection

In 2019, the degree of voluntary submission of tax returns was 94.69% (+0.25 p.p. compared to 2018), while the degree of voluntary compliance with the payment of tax obligations was 86.55% (+0,11 p.p. compared to 2018).

Regarding the **evolution of budgetary revenues collected by ANAF in 2019**, according to the provisions of the second 2019 budget rectification (GEO No 71 and 72/2019), the budgetary revenue collection programme for 2019 reached the amount of 273,891.5 million lei. According

⁸ On the approval of PNDL, approved by the Joint Order no 1851/ 2013 of the Deputy Prime minister, Minister of Regional Development and Public administration

⁹ Directorate for Public Spending Analysis and Efficiency

to operative data, ANAF collected 271,639.4 million lei, which represents a 99.2% degree of achievement of the revenue programme established by the rectified annual budget laws, a 10.9% increase of the revenues collected by ANAF in 2019 compared to 2018, respectively a 0.2 p.p. increase in the share of revenues collected by ANAF in GDP i.e. from 25.9% in 2018 to 26.1% in 2019, even in the context of a GDP growth¹⁰. To present in a comparable manner 2018 and 2019 results, it is necessary to exclude the influence of the incomes from dividends and payments from the net profit of state-owned enterprises. Under the circumstances:

- there is an increase of revenues collected of 12.00% compared to those collected in 2018, when 237,294.6 million lei were collected (excluding income from dividends and payments from the net profit of state owned enterprises) and this increase exceeded the forecast economic growth index for 2019 of 5.5%
- the degree of achievement of the revenue collection programme (excluding the income from dividends and payments from the net profit of state-owned enterprises) is 99.6%.

The data show an **overall improvement for the all the revenues collected by ANAF**, following the adoption of the Action Plan and the "Quick wins" actions carried out in this period.

In June 2019, ANAF published an **Action Plan to streamline revenues' collection to the general consolidated budget**, with the following objectives:

- I. Simplifying tax administration procedures to support voluntary compliance in filling tax returns,
- II. Supporting compliance with payment of tax obligations,
- III. Preventing and fighting tax evasion,
- IV. Ensuring a differentiated tax treatment according to taxpayers' behaviour,
- V. ANAF, an efficient and transparent institution.

Since the adoption of this Action Plan, ANAF has acted to implement its objectives.

State of play of the Action Plan to streamline revenues' collection to the general consolidated budget

I. The first category of measures aims to reduce the number of forms and returns for legal entities, reduce the frequency of filling tax returns for legal entities, streamline the single tax return for individuals and expand the possibility of receiving tax returns online.

In this context, ANAF reviewed the possibilities of *decreasing*, through administrative measures (merging forms), *the number of tax return forms submitted by legal entities*, which resulted in the conclusion that several tax returns¹¹ can be merged.

Also, ANAF made proposals for amending the *Fiscal Code* on *reducing the frequency of reporting* on corporate tax, micro-enterprises' income tax and VAT *for certain categories of legal entities*, respectively proposals for amending the *Fiscal Code* in order to simplify the form "*Single tax return on income tax and social contributions due by individuals*". The first proposals (for legal entities) were reviewed by the Technical Advisory Panel, set up within ANAF. The single tax return for individuals was submitted in 2019 by approximately 960,000 taxpayers, 80% of them using the Virtual Private Space (SPV); the new form was approved by the OPANAF No 139/2020 and published in the Official Journal No 47/ 23.01.2020.

¹⁰ From 944.2 billion lei in 2018 to 1.040.8 billion lei in 2019, according to CNSP's autumn prognosis

¹¹ **100** - Tax return on payment obligations to the state budget; **101** - Tax return on profit tax; **300** - VAT return; **301** - Special VAT return; **307** - Tax return on the amounts resulted from VAT adjustment/ regulating; **311** - Tax return on VAT owed by taxable persons whose VAT purposes' recording code was cancelled, according to art. 316 of Law No 227/ 2015 on Fiscal Code.

With regard the *extension of the possibility of receiving tax returns online*, the National Centre for Financial Information (CNIF) within MFP is developing/ adapting IT applications for electronically filling/ submitting some forms. The aim is to provide *technical support for submitting online all tax returns*.

In addition, the development of the IT services **Virtual Private Space (SPV)** and **PatrimVen** continues. *The functionalities currently available in SPV* are: submission of tax returns, receipt of documents (answers, fiscal and administrative documents), information requests or documents, contact form, user profile, ANAF - RSS, specific tools, track record of 318 and 319 tax returns, mini One Stop Shop¹², reports on cash transactions/ external transfers, identification data of non-resident persons, inventory number generator, account statements, submission of tax returns in PDF format with xml attached, requesting and receiving the tax record certificate. By OMFP No 2894/2019, the following functionalities were added: the taxpayers' facility to verify the tax authority's accuracy in processing the Single tax return on income tax and social contributions due by individuals, submitted in hard copy; the opportunity for natural persons with Romanian citizenship, who reside or work abroad, to enrol in SPV by presenting themselves at the embassy/ consular offices in the respective country; in case new models of tax returns, requests or other documents are established, they can be implemented in SPV, without any legal amendments, by publishing the list and format of the documents on MFP/ANAF website 30 days prior submitting them through SPV.

The number of users registered in the SPV has constantly increased, on 9 March 2020 reaching **1,302,967 users**, out of which 840,940 were natural persons and 462,027 legal entities or other entities¹³. To date, the following documents have been sent to users through SPV: 1,012,745 income certificates, 69,794 + 351,397 tax certificates (for natural and legal persons), 321,221 tax decisions, 144,515 + 352,720 addresses for setting up garnishment of amounts due to the debtor by third parties (for natural and legal persons), 57,842 + 808,341 notifications on the establishment of garnishment of available funds (for natural and legal persons), 193,570 decisions to withdraw the enforcement measures for amounts owed to the debtor by third parties (for legal entities), 373,563 annual tax decisions for determining the health contribution, 3,606 decisions for cancelling the tax decision by default, 36,965 tax decisions by default, 150,455 decisions to lift the enforcement measures for amounts owed to the debtor by third parties, 178,596 + 390,425 decisions for calculating ancillary obligations and for natural and legal persons, 77,823 notifications regarding outstanding tax obligations for natural and legal persons, 235,979 + 1,614,483 summonses and enforceable titles for natural and legal persons, 260,220 notifications regarding the settlement of tax receivables for legal persons, 78,778 notifications regarding the incorrect filling of tax returns for legal entities, 293,056 notifications for failure to fill tax returns in the legal timeframe for legal entities, 5,417,214 information notes on receipts/ compensations/ refunds issued by MFP, 7,575,189 other documents (social security contributions declared by employers, unpaid tax obligations, payment order to the Treasury), 89,056 responses to complaints through the single contact form.

Regarding **PatrimVen**¹⁴, the number of public institutions using this service has also increased constantly; by 9 March 2020 **2,630 public institutions** were enrolled, i.e. 23% of the total of 11,400 public institutions (2,531 TADs, six courts, three MAPN houses of pensions, the Prosecutor's Office attached to the High Court of Cassation and Justice, ONPCSB, ONJN, MFE, MLPDA, MTS, ANOFM, ANPIS, Romanian Fund for SME Credit Guarantee, Romanian Counter-Guarantee Fund, 16 high schools, 32 schools). By OMFP No 2756/2019, *public interest authorities and institutions* have become eligible to be enrolled in this IT system. Also, the form P1000 (Protocol for joining PatrimVen IT services) and a

¹² Special VAT scheme, operational from 1 January 2015, which allows non-EU or EU taxable persons but not resident in the consumer Member State and delivering electronic, telecommunication, broadcasting and television services to EU non-taxable persons to fulfil their VAT obligations in a single compliance place represented by the Member State in which they have established their economic activity or where they have a fixed commercial office. This system allows VAT registration, declaration and transmission in electronic format.

¹³ At 31.12.2019, the number of SPV users was 1,262,120.

¹⁴ IT system for collecting, aggregating and making available to users, in a common database, information on the assets of taxable natural and legal persons in Romania, on the income of natural persons, on the banks to which individuals and companies have open accounts.

fiscal record service were included; the service consists in sending information on contraventions or criminal deeds sanctioned by fiscal, financial, accounting or customs law.

II. For **supporting compliance with payment of tax obligations**, the following measures have been adopted in 2019:

- *restructuring outstanding tax obligations*, accomplished by GO No 6/2019 on granting some fiscal facilities, establishing the possibility of restructuring outstanding budgetary obligations by 31 December 2018. In this context, 345 taxpayers submitted notifications/demands for *restructuring their tax obligations* and 67,185 taxpayers submitted notifications/demands for cancelling their *ancillary obligations*. By GEO no 29/2020, the term for submitting notifications term was extended to 31 December 2020 while the term for submitting restructuring demands was extended to 30 October 2020. With regard the budgetary impact of the ancillary obligations cancellation demands, starting with 08.08.2019 (when GO No 6/2019 entered in force) 7,889.2 million lei were collected while 1,091.3 million lei worth ancillary obligations were cancelled following the demands submitted;

- *implementing a supervision system for debtors to ensure compliance with the tax restructuring plan*, measure accomplished by art. 7 (4) of GO No 6/2019 and OMFP No 3126/2019;

- for implementing an *electronic system for bank account sequestration/ garnishment*, by OPANAF No 2153/2019 and OMFP No 1665/2020, the authorities approved the establishment of an enforcement body for accomplishing enforcement acts by massive electronic processes and regulated the electronic sending of enforcement acts. The implementation timeframe is 30 days after closure of the state of emergency. The regulations adopted provide that the garnishment is raised when the seized amount is sufficient and the debtor's accounts are released as soon as possible.

Significant progress has also been made on measures like providing *tax facilities for good payers* or providing *media coverage for the best taxpayers* ("white list").

III. For **preventing and fighting fiscal evasion**, several measures were set such as:

- *Starting tax controls according to BEPS (Base Erosion Profit Shifting) plan and ATAD directive*. In this regard, the model and content of the form "Country-by-Country Report" were approved. Also, in the transfer pricing related risk assessments, data from BEPS - OECD Package (actions 5 and 13) exchange of information is used. At the same time, a working party was set up to develop ways to find taxpayers with fiscal risk associated with transfer pricing and training sessions were organized in the field of transfer pricing. In the next period, the manner of carrying out a friendly procedure will be approved and working procedures will be elaborated for improving the identification of taxpayers with transfer prices associated risks.

- *Expanding and improving electronic control techniques*, which will be achieved through the ACOP project *Strengthening ANAF's capacity to support modernization initiatives* (17.98 million euros). The project involves introducing electronic public services that streamline business-oriented decision-making processes, including by implementing an international standard audit file for all economic operators. SAF-T (Standard Audit File) aims to standardize the information used in the control stage of the fiscal administration-taxpayer interaction, with positive effects for the administrative activity processes specific to fiscal audits but also in reducing the cost of compliance for taxpayers. On 6 November 2019, a tender for an IT application related to SAF-T was launched. The deadline of the project is estimated for 31 December 2020, according to the Project Activity Timeframe (development of IT application related to SAF-T implementation). At the same time, with the support of consultants from the project, in 2020 ANAF will develop proposals to amend the legislation in place to implement SAF-T system.

Another ongoing project which will contribute to the **digitization and modernization of ANAF** is the ACOP project *Improving the monitoring system for intra-community transactions* (1.38 million euros), which aims to develop an IT system for monitoring intra-community transactions.

In order to **monitor and control the activities in the field of e-commerce**, in 2019, ANAF, through its specific structure, carried out audits at 172 taxpayers active in this business, applying 35 civil sanctions (fines) and seizures amounting to 304,900 lei were enforced; six notifications were submitted to criminal investigations bodies for a damage of 3.52 million lei.

In 2020, ANAF will continue its efforts to *strengthen the monitoring and controls in e-commerce field*. The measure aims to develop a legal and procedural frame in this field, to strengthen the specialised structure within the General Directorate Fiscal Antifraud (DGAF), to develop specific procedures for finding fraud cases in the field of e-commerce, to develop special tools for monitoring/ analysing/ investigating, to develop technical and functional specifications for an IT application in the field of monitoring and control of e-commerce. In the first two months of 2020, 47 taxpayers were audited, being applied civil sanctions of 219,100 lei.

Some of these objectives will be achieved with the support of the SSRP funded project - *Strengthening ANAF's administrative capacity in terms of monitoring, analysis, investigating and auditing e-commerce* (290,000 euros); the project involves exchange of experience with other tax administrations, technical support for developing a methodology for monitoring e-commerce transactions, TA for developing the technical and functional specifications of a future IT application.

In order to **fight VAT fraud**, in 2019, DGAF, through its specific structure, carried out control actions for 37,575 taxpayers, 235 notifications being submitted to the criminal investigation bodies for a loss amounting to 585.32 million lei (the share of VAT in the estimated obligations was 58.9%). Also, DGAF applied fines and confiscations amounting to 272.14 million lei. In the first two months of 2020, 2,551 taxpayers were audited and 12,85 million lei worth sanctions (fines and confiscations) were applied; 34 notifications were submitted to criminal investigation bodies for a loss of 50.58 million lei.

In the field of **cross-border fraud**, in 2019 DGAF was part of *two multilateral controls*: one in the field of fossil/diesel fuels (started at DGAF's initiative) and one in the field of beer transport on French territory (initiated by French authorities).

The efforts to fight VAT fraud, including cross-border fraud will continue in 2020 by increasing the share of operational and unforeseen controls dedicated to dismantling evasion chains and to eliminating shell companies from the system, by monitoring road traffic of goods from intra-Community acquisitions, by risk assessment based controls and rapid reaction in the field of trade with Community goods, by stepping up the use of instruments of administrative cooperation on VAT, including multilateral controls.

The measures on monitoring e-commerce, fighting VAT fraud as well as the ones on stimulating the issuance of receipts will also contribute to the **reduction of VAT gap**. In fact, ANAF has developed *studies for calculating/ estimating the tax gap*, the results of which will be discussed with the representatives of the EC and IFI. Based on the studies carried out, ANAF will develop a report that will provide a better understanding of the compliance behaviour and will support the decision-making process for the intervention measures. It is worth mentioning that ANAF is analysing the results of these tax gap studies and is already calculating figures as close to reality as possible in order to define and model as well as possible the actions on risk areas, as the methodology currently used does not allow a breakdown of the gap by economic sectors. The discussion will be useful especially for the next calculation of VAT gap, for 2018. The latest results on this line are the effect of the measures taken to fighting tax evasion and VAT fraud. The Romanian tax administration carefully analyses the results of this study, providing an input in the risk assessment in the control area, which can be adjusted to capture the highlighted risk elements.

In 2019, in order to **increase the administrative and professional capacity of the staff involved in transfer pricing control**, ANAF organised training sessions on *case studies* (for 90 tax inspectors from the regional finance directorates), *risk analysis associated with transfer pricing* (for 120 tax inspectors from the regional finance directorates), as well as relevant courses for 30 civil servants with responsibilities in resolving appeals. The training of tax inspectors carries on by weekly training sessions targeting all staff from the transfer pricing compartments.

In order to prepare the control actions based on the selection of large taxpayers with transfer pricing risk, a video-conference was organized with management and execution staff from 38 county tax administrations and with inspection coordinators from seven regional directorates (350 civil servants). At taxpayers' request, hearings were also held both for the issuance of Advance Price Agreements and for Mutual Agreement Procedures.

For **improving the risk analysis in the field of transfer pricing**, by amending OPANAF No 3769/2015¹⁵, information on transactions with affiliated persons was introduced in the 394 tax return form. During 1 January 2020 - 10 March 2020, audits were carried out for 1,394.29 million lei worth transactions with affiliated persons, being settled 7.21 million lei additional amounts for profit tax, 660,100 lei ancillary obligations and 39.23 million lei loss reduction.

IV. On providing a differentiated tax treatment according to tax behaviour, the most important measures under implementation are:

- harmonizing the risks found in tax administration activity, tax inspection activity, customs and antifraud activity, to create a *single risk profile of the taxpayer*;
- gradually applying, according to taxpayers' behaviour, some specific measures: notifying taxpayers on possible irregularities that could lead to the establishment of tax differences; mediation; unexpected control; partial tax inspection; general tax inspection;
- converting forced execution into an investigative process. From the actions carried out in the case of 1,130 monitored debtors, decisions to engage joint liability were issued for 50 million lei;
- reviewing VAT refund procedure (reduction of the number of tax audits dedicated to solving VAT reimbursements).

To **improve risk analysis and taxpayers' selection for tax inspections**, Law No 30/2019¹⁶ set new principles concerning risk analysis within ANAF, setting a legal basis for *managing taxpayers according to their behaviour* (by risk categories). A new rule of conduct in managing fiscal receivables was introduced - *the process of managing fiscal receivables according to the fiscal risk class/ subclass* in which the taxpayers fall in, following the risk assessment performed by the fiscal body. At the same time, the authorities legally set the general criteria according to which the fiscal risk class/ subclass are established.

During April 2019 - February 2020, ANAF carried out 7,805 fiscal audits which had *risk analysis* as selection criterion; 3,326.31 million lei additional amounts were established.

V. ANAF is planning to increase its efficiency and transparency. Thus, ANAF is considering measures aiming at implementing a performance index system as well as fair allocation of resources to the subordinate tax authorities. These measures will be considered in the reforming process.

¹⁵ On declaring deliveries/ services /acquisitions made on national territory by VAT purposes registered persons and on approving the model and content of the informative tax return on deliveries/ services /acquisitions made on national territory by VAT purposes registered persons (Tax return declaration 394)

¹⁶ On approving GEO no 25/2018 concerning amending and completing some legal acts as well as on approving some fiscal-budgetary measures

At the same time, the reorganization initiative based on the principles also considers the adjustment and resettlement of certain internal structures at central ANAF, to improve the methodological coordination of certain activities. By GD No 174/ 2020, the authorities approved the revision of the organization and functioning principles of the General Directorate Fiscal Antifraud, the establishment of a single structure for risk analysis, subordinated to the President of ANAF, as a result of taking over the risk assessment activity in a single directorate in order to efficiently manage the non-compliance risks and the establishment of an internal structure for the area of strategy and process monitoring.

At the same time, **to strengthen tax collection, ANAF has implemented some other measures in the field of controlling and monitoring the economic activity.**

The process of equipping the economic operators with electronic cash registers has been substantially implemented, as the number of electronic cash registers (declared by the authorised suppliers, for which single identification number certificates were issued, respectively installed/ functioning at the economic operators) is changing daily considering the cycles/ development of the economic environment. By 12 March 2020, 625,364 devices were registered in ANAF's IT system, 605,103 with single identification number assigned and **519.530 devices were in operation by taxpayers**; from September 2018 to 12 March 2020, 5,464,779 A4200 declarations were submitted.

In order to **accelerate the pace of equipment with electronic cash registers**, ANAF elaborated a *Guide for registering information on fiscal electronic cash registers*, as well as for issuing the single identification number certificate in the pre-operational stage of the register; online assistance sessions on fiscal electronic cash registers topic were held on ANAF's Facebook page; meetings were organized with business operators (authorized users and distributors, accredited service and marketing units in Bucharest and Ploiesti); information concerning the obligation of equipping with electronic cash registers was sent through SPV service.

For the economic operators who have the obligation to use electronic cash registers and who have not complied with the relevant legal provisions, **operational control campaigns have been carried out on the equipment and use of electronic cash registers** in areas with a high risk of non-compliance. Thus, 405 taxpayers were sanctioned by suspending their activity for non-compliance with legal provisions on the equipping with and use of electronic cash registers (316 for non-equipment and 89 for non-use).

In 2020, the specialized structure within ANAF will continue to carry out unannounced controls on the equipment and use of electronic cash registers in areas with a high risk of non-compliance, thus helping to stimulate tax receipts' issuance.

In 2019, a working party was set up to coordinate the implementation of a **national IT system for fiscal data surveillance and monitoring** (OMFP No 2005/2019) which, after consulting the market stakeholders, it developed the specifications for the acquisition of the *IT System for Collection, Storage, Archiving and Reporting of fiscal data from electronic cash registers* (SICSAR); the system will be installed in MFP's data centers and will be operated by the provider for a four year period. Moreover, an action plan on SICSAR implementation was developed and can be applied only after allocating the necessary funds, estimated at 91.5 million lei (including SICSAR and the physical infrastructure required to ensure the system). The completion of the SICSAR acquisition process and the connection of the devices is planned for Q4/2020.

Finally, the *TA projects* carried out with the support of SRSP will also contribute to the **strengthening of ANAF's administrative capacity**, as follows:

- *strengthening the administration of large taxpayers in order to increase the efficiency and effectiveness of revenue collection process* (263,000 euros) - the project involves study visits to other tax administrations in order to gain experience in this field, TA to optimize control procedures and processes, technical support for the development of control manuals on various industries (pharmaceutical, banking, etc.) as well as training on improving audit techniques and methods and risk analysis, on transfer pricing and international taxation;
- *increasing the strategic management capacity in ANAF* (700,000 euros) - the project will contribute to the development and implementation of a new framework for strategic management, by providing consulting services on increasing the skills and competencies needed to prepare working documents for top management and for monitoring decisions' implementation. A senior management coaching programme will be also developed to raise awareness and properly implement the new strategic management framework;
- *development of tools to increase tax compliance* (400,000 euros) - the project will help creating a new culture within the organization (building skills to work together on the basis of coordinated action plans), educating taxpayers by implementing risk management on personal income tax and implementing a modern approach concerning tax compliance framework, with focus on personal income.

Improving customs activity

Concerning the action on ***providing equipment and systems for securing EU's external border*** in the road, maritime and air customs offices, during January 2019 - March 2020, the following progress has been made:

- the Authorization for Possession for the equipment of the Nuclear Unit within the General Directorate of Customs (DGV) was extended;
- the documentation for the necessary services to be purchased, according to CNCAN requirements, was prepared;
- a working party was set up to update the security consultancy study Uniform equipment of customs offices and of small traffic points with security systems, human and freight traffic improving and automatic control systems in order to meet Schengen accession standards, new legislative provisions and World Customs Organization and CELBET recommendations¹⁷ (OPANAF No 2200/2019);
- a collaboration protocol was concluded between Constanta South Customs Border Office and Constanta South Container Terminal SRL, providing the customs authorities with a free ***device for scanning containers from import***;
- two contracts were concluded for the purchase of ***control equipment for endowing the customs authority's mobile squads***, under a project financed by the Hercules II Programme;
- documentation was prepared for providing ***control equipment***, which will be purchased from the funds received in the framework of cooperation agreements between the EC, signatory Member States and Japan Tobacco International/ Philip Morris International;

¹⁷ Customs Eastern Land Border Expert Team

- the negotiation procedure without publishing a contract notice was resumed for **handling and transport of radioactive materials** for mobile systems for non-destructive control of freight transport means and Roboscan/ MIS type containers. For the procurement of these services, documentation related to the conclusion of a four-year framework agreement was approved and the invitation to the economic operator is to be sent. The deadline for concluding the framework agreement is Q2/2020;

- procedures were started for an open tender on **handling radiological installations of ANAF's Nuclear Unit**; the documents related to the conclusion of a four-year framework agreement are under approval. The deadline for concluding the framework agreement is Q2/2020.

In addition, ANAF is implementing or preparing several **projects with external financing to improve customs infrastructure and modernize customs offices**:

- The LIOP project **Improving customs infrastructure for streamlining traffic flow at Siret border crossing customs point** (10.9 million euros, according GD No 188/2020) consists of: construction/ modernizing the access infrastructure at the border crossing point, including in customs area; setting, extending and modernizing customs and road control infrastructure in the customs office, including related buildings; purchasing equipment for non-destructive customs control activities, including scanning equipment; purchasing tools and equipment related to the dynamic monitoring of the area and traffic management;

- **Rehabilitation and modernization of border customs offices on Romania - Moldova border**, namely Albita, Sculeni and Giurgiulesti customs offices (10 million euros, out of which 5 million euros from the European Neighborhood Instrument for investments in Romania) - this project involves: modernizing customs offices in Romania and improving the conditions for customs control according to international requirements, by providing specialized equipment for control, monitoring and surveillance systems; rehabilitating border crossing buildings and equipping them with the facilities required to improve working conditions for customs officers; modernizing and extending the road and control infrastructure of border crossing points in order to improve the border crossing capacity; organizing training on the use of new equipment for carrying out customs control to streamline goods and people traffic flow and fight cross-border organized crime.

With regard the **Convention on Mutual Assistance and Cooperation between Customs Administrations** (Naples II) and to implement the provisions thereof, the Romanian authorities are developing the national legal framework (draft GEO). MFP comments on the draft GEO shall be reviewed within the inter-ministerial working party and the approval procedure will be resumed. The 12th annual meeting of Naples II Central Coordination Units was held in Iasi, during 27-29 November 2019.

To **prevent and fight illicit traffic of tobacco products**, in 2019, the central, regional and local customs supervision and control teams carried out specific controls following which 39.3 million pieces of cigarettes were seized. Regarding loose tobacco, 1,036 kg of tobacco were confiscated during the reporting period. In the first two months of 2020, 290 cases of illegal activities were investigated and 1,901,683 cigarettes and 151.9 kg of tobacco were confiscated.

Moreover, the authorities prepared the 2019 assessment report for the **Customs Authority Strategy for 2019-2021 on preventing and fighting illicit traffic in tobacco products**.

According to a research conducted quarterly by a consulting company, illegal cigarette trade decreased in September 2019 to 10.5%, the lowest level recorded since 2010, i.e. by 3.2 p.p. less than in July 2019. The annual average share of cigarette smuggling was 13.9% in 2019, compared to 16.3% in 2018. In January 2020, the level of illicit traffic was 12.1%.

EU Strategy on Customs Risk Management, which will transpose the Union Customs Code provisions (EU Regulation 952/2013), is being implemented. In this regard, the experts from DGV and CNIF had working meetings and the specifications for the development of an application were developed. Also, a substantiation note was drawn up for setting up a helpdesk unit for risk analysis in safety and security area.

Regarding the **Excise Movement and Control system**¹⁸ (EMCS), the procurement contract for developing software services for EMCS 3.3, EMCS 3.4 and SEED (V1.11 and V2.0) was assigned and signed. Starting the production for SEED V 1.11 is scheduled for the second month of the project while launching of EMCS Phase 3.4 is scheduled for the end of the 7th month of the project.

To fight and manage the effects of the COVID-19 pandemic, the authorities adopted measures aiming at increasing the capacity of the health system, supporting the affected citizens and sectors or the liquidity of the economy.

The fiscal related measures, under MFP responsibility, are:

- *changing the calculus for advance payments* for taxpayers that apply the advance payments annual system for profit tax, meaning setting the advance payments' level on the basis of the current quarterly calculation (instead of 1/4 of the tax set for the previous year), in order to correlate the fiscal burden with the reduced revenues determined by the measures to counter the COVID-19 pandemic;
- *granting bonuses for payment of profit tax and income tax for micro-enterprises* until the due date (5% for large taxpayers, 10% for other taxpayers, including micro-enterprises), considering the budgetary consolidation needs;
- *exempting HORECA (Hotels, Restaurants, Catering) taxpayers from paying the specific taxes* for the days their activity ceased because of the anti-COVID-19 measures;
- *extending the deductible sponsorships* done by micro-enterprises to public institutions and to other bodies of public authorities, considering the financing needs in the health and social field;
- no tax is due for benefits in kind granted by employers to individuals holding essential positions and who are in preventive isolation at work or in specially dedicated areas; also, their value is not included in the calculation of social contributions;
- for allowances granted under GEO No 30/2020 and Law No 19/2020, settled from the unemployment insurance budget or from the state budget, the fiscal facilities provided for by art. 60, art. 138¹, art. 154 (1) r) of the Fiscal Code are not granted;
- setting the legal framework (OMFP No 1830/6.04.2020) for *submitting by electronic means (through SPV)* the applications for issuing residence certificates and tax attestation certificates for the tax paid in Romania by non-residents. Signing these certificates by the competent fiscal body is done with an extended electronic signature, as acquired in a qualified certificate;

¹⁸ IT system, used by all EU Member States, to monitor intra-Community movements with excised goods under excise duty suspension, which helps to simplify procedures and eliminate bureaucracy.

- no interest and late payment penalties are calculated for the *tax obligations due starting with the date of entry into force of GEO No 29/2020* and unpaid up to 30 calendar days after the end of the state of emergency; the above-mentioned tax obligations are not considered arrears;
- *extending the deadline and the bonus* established by the local council for payment of the *building tax, land tax and means of transport tax* from 31 March to 30 June 2020 (GEO No 29/2020);
- *suspending the obligations related to bank loans* to support debtors affected by the economic activities/ traffic restrictions (GEO No 37/2020). Various categories of borrowers may request banks to suspend the obligations related to loans, representing instalments, interest and commissions until 31 December 2020. Interest on the suspension period shall be added to the balance of the loan at the end of the suspension period and the credit shall be extended accordingly to the suspension period. In the case of mortgages contracted by individuals, the interest related to the suspension period is individualized as a separate claim and shall be repaid by the debtor for a period of five years, its payment being fully guaranteed by the Romanian state, through the National Credit Guarantee Fund for SMEs.

In addition, in the field of **tax and customs administration**, ANAF adopted several measures to support the business environment, of which the most important are:

- *suspending or not starting the enforcement measures* by seizure of budget receivables, except for enforcement measures for the recovery of budget receivables established by court decisions in criminal matters. The measures for suspending seizures of incomes and available cash shall be applied by the credit institutions or seized third parties, without other formalities from the fiscal bodies;
- *operating VAT refunds in an emergency regime* to ensure capital flow to companies, enabling them to use the needed working capital to operate. In March, ANAF reimbursed VAT amounting to almost 4 billion lei, corresponding to 24,526 returns (compared to 1.6 billion lei, the average of reimbursements in the first two months of 2020). From the date of declaring the state of emergency, ANAF has accelerated the VAT reimbursement process by relocating the personnel involved in the suspended control actions. At the same time, ANAF carried out campaigns among the taxpayers who requested the VAT refund, in order to quickly prepare the compensations and tax refunds;
- *postponing VAT payment is customs for imports of medicinal products, protective equipment, other medical devices* that can be used in fighting COVID-19, carried out during the state of emergency period and in the following 30 days (GEO No 33/2020). The tax for these imports will be marked by the importers both as a collected tax and as a deductible tax in the VAT return for the fiscal period in which the import is made;
- *border customs offices have a non-stop schedule* and the inland customs offices ensure customs formalities for urgent operation outside the normal working hours as well. In addition, the authorities developed, approved and implemented a *Plan of Measures for custom structures to ensure a speedy fulfilment of customs formalities for medical devices, sanitary materials and medicines that ensure the prevention and treatment of diseases associated with COVID-19*;
- ANAF requested taxpayers to increase the use of electronic means of interaction with ANAF by submitting tax returns online or through SPV, by making payments through Internet banking, or through the ghiseul.ro, by requesting information through Call center, electronically or by constantly accessing ANAF website;

- limiting direct contact with taxpayers and adopting security measures in all administrations, especially in the structures open to the public. Notifications to taxpayers on changes of policies and services are communicated through the official websites of MFP and ANAF and through official press releases.

Banking and financial stability

BNR has continued to monitor developments in the financial-banking sector and to engage in public and parliamentary debates on draft legislation whose regulatory object is circumscribed to the areas of competence and powers of the central bank. In this context, BNR will assess the impact of these legal initiatives on the financial-banking sector and present its views, observations and proposals, promoting solutions that do not affect financial stability and do not generate systemic risk.

Following the implementation of indebtedness cap from 1 January 2019, **the median indebtedness for newly granted loans in 2019**, expressed as the ratio of debt service to net income, was 36.4%, 8.5 p.p. down compared to the loans granted in 2018, indicating efficiency in preventing an excessive indebtedness of the population. In addition, the share of newly-loans with indebtedness level above 45% decreased from 49% to 15%. These changes in the portfolio structure are likely to diminish the default risk on newly granted loans and improve borrowers' capacity to repay their loans even under adverse economic conditions.

BNR constantly monitors developments in the financial-banking sector, engaging in public and parliamentary debates covering the central bank's areas of competence and tasks. Thus, between January 2019 and March 2020, BNR endorsed with comments *the draft GEO No 19/2019 for amending and completing some normative acts* (subsequently, GEO No 1/2020 repealed entirely the provisions concerning credit institutions of GEO No 114/2018). BNR's comments were also taken into account on the contents of GEO No 67/2019 for amending and completing Law No 96/2000 on Exim Bank's organization and functioning and in the legislative proposal for regulating some measures on the general framework applicable to national development banks in Romania (Law No 42/2020).

In addition, BNR communicated **views** on:

- the legislative proposal for amending and completing GO No 13/2011 on statutory remunerative and penalizing interest for monetary obligations, as well as on regulating some fiscal-financial measures in the banking field¹⁹;
- the draft law for amending Law No 77/2016 on *datio in solutum* of real estate to settle the obligations assumed by credits;²⁰
- the legislative proposal on the amendment of GO No 51/1997 on leasing operations and leasing companies;
- the legislative proposals on consumer protection against currency risk in credit contracts, against abusive or untimely enforcement, excessive interest rates and against speculative assignments of debts. On 28 October 2019 these proposals were withdrawn by the originator and the legal procedure ceased;
- the draft GEO on exempting customers of savings-lending banks in the housing field from

¹⁹ Subsequently, the Constitutional Court of Romania found that the draft law for completing GO no 13/2011 was unconstitutional.

²⁰ Subsequently, the Constitutional Court of Romania found the partial unconstitutionality of the draft law for amending Law no 77/2016.

reimbursing the amounts representing state premium and accessories.

Also, BNR is analysing the legal proposal on strengthening the national currency as a single payment currency in Romania.

Regarding the insurance sector, ASF and the European Insurance and Occupational Pensions Authority (EIOPA) have agreed on developing in 2020 an independent assessing programme for the insurance sector in Romania through a **Balance Sheet Review (BSR)**. The start date of the assessing exercise will be determined in the light of subsequent market developments, in the context of the current situation (COVID-19 pandemic). ASF will finance from its own budget the cost of the consultant for data aggregation and for monitoring of the application of methodology and the insurance companies will cover the cost of the audit carried out by specialized auditors, selected by the ASF and EIOPA. *The results of the assessment exercise for 2020 will lead to adopting supervisory measures*, including on capital adequacy, on deadlines imposed for participating insurance companies for implementing the imposed measures and on monitoring the manner the participating insurance companies comply with the imposed measures.

To achieve a **National Financial Education Strategy**, a cooperation protocol from July 2018 is being implemented between BNR, ASF, MEC, MFP and ARB. The National working party, established based on this protocol, received expert assistance from the Dutch Ministry of Finance, under the Dutch Constituency programme. Also, within this programme and the activity related to the protocol, a **questionnaire on financial literacy in Romania** - the first such survey conducted at national level - has been carried out. The questionnaire was conducted by OECD-INFE (International Network on Financial Education) is in the final stage. Following its completion, the national financial education strategy will be developed.

Also, to increase the level of financial and economic literacy, starting from 2020-2021 school year, the discipline **Economic and Financial Education** will be compulsory for the 8th grade (measure undertaken by MEC).

In the financial and banking sector, BNR has also adopted a package of measures to mitigate the negative effects of the COVID-19 crisis.

Thus, the following were undertaken:

- *monetary policy measures*: (1) reducing the monetary policy interest rate by 0.5 p.p., from 2.5% to 2% and (2) narrowing the corridor formed by the permanent facilities interest rates around the monetary policy interest rate to ± 0.5 p.p. from ± 1 p.p.. Thus, the interest rate for the deposit facility is maintained at 1.5% and Lombard interest rate is reduced to 2.5% from 3.5%. The expected effect will be to lower interest rates for loans for both population and companies; (3) providing liquidity to banks and (4) buying from the secondary market government securities denominated in Lei, in order to finance the real economy and the public sector in good conditions;
- *measures to make the regulatory framework more flexible so that credit institutions and non-banking financial institutions are able to help individuals and companies with loans*: lenders will be able to defer payments for any natural and legal person affected by COVID-19 pandemic, without applying the conditions regarding the indebtedness level, limiting the credit depending on the guarantee and the maximum duration of the consumer credit;
- *measures on bank resolution*: delaying by 3 months, with the possibility of extending until 6 months, the deadline for collecting the annual contributions to the bank resolution fund for 2020; postponing the deadlines for reporting information related to resolution planning;
- *operational measures*: ensuring a proper functioning of national currency payment and settlement systems, to conduct commercial and financial transactions under normal conditions; BNR will provide banks with uninterrupted cash flows for all operations, including

for ATMs.

The measures presented in this chapter can contribute to the fulfilment of SDG 8.

3.2. Business environment and competitiveness

Key directions:

- ✓ Creating a favourable environment for public and private investments
- ✓ Developing transport infrastructure
- ✓ Developing the sectors with growth potential
- ✓ Granting state aid to support investments
- ✓ Increasing the performances of public enterprises

Creating a favourable environment for public and private investments

In order to **increase the competitiveness of enterprises**, based on OECD recommendations resulting from the completion of the project *The impact assessment of the regulations in force in three key sectors of the Romanian economy*²¹ on the competitive environment, by 15 March 2020, 30 normative acts were amended through which 52 ODCE recommendations have been implemented, out of which 24 in the transport field (railway, naval, road), 19 in the field of construction and public procurement and nine in the field of agro & food processing). By the end of 2020, 15 normative acts aimed at eliminating approximately 20-30 barriers are envisaged to be amended/supplemented.

In addition, a **comprehensive redesign of the licencing system in Romania is envisaged**. To that end, in order to streamline the licencing system and strengthen the institutional capacity of the authorities in charge with authorizing and harmonizing this system in line with international best practices, the Competition Council, in collaboration with OCDE and DG REFORM, are implementing a TA project, financed through the Structural Reform Support Programme (SRSP) worth 715,000 euros. The project aims to systemize the trade licencing system for all Romanian economic sectors, to remove the unjustified barriers for entering the market and to ensure an equal treatment for all consumers in Romania. The main objective consists in finding those shortcomings and bottlenecks in functioning of the current licencing system. The project will play a crucial role in establishing a regulatory environment conceived to foster businesses, create jobs and attract investments. Cutting the red tape in terms of licenses and permits, removing the barriers for entering the market and reducing the administrative burden are significant objectives for business environment in Romania.

With the aim of strengthening the **institutional capacity for assessing the impact of state aid**, a dedicated project was launched in July 2018 and is currently under implementation. The total value of the project is 400,000 euros, financed through the SRSP. Its aim is to develop a pilot assessment of the impact of the state/de minimis aid granted by using three aid schemes selected based on some representativity and opportunity criteria. At the same time, an *ex-ante* and *ex-post* evaluation methodology on the impact of the state aid will be developed (by the WB) and training sessions for Romanian experts in this field will be held.

Taking into account **the need for improving the competition environment in Romania, the regulatory framework and the whole electricity market structure or some segments of gas market**, a project titled *Consolidating the internal market of the European Union by action on the energy and gas markets. Competition, intervention in the regulations field and the market*

²¹ Construction, agro & food processing and freight transport sectors

mechanisms has obtained the EU funding²². Amid Romanian market realities, the competition has an impact on the regulations approval, cross borders transactions flow, the market systems consolidation (including fair competition conditions to enter the market and access information) and improvement of the competition regulations. The project application was developed in the context of the implementation of the Directive (EU) 2019/944 (Electricity) and the Directive (EU) 2019/692 (Gas sector).

To increase accessibility of business enterprises to services provided by public authorities to support the former throughout their lifecycle, the simplification/ optimization of procedures supporting SMEs/ businesses throughout their lifecycle²³ continues, as follows:

- **streamlining the procedures for obtaining the building permit:** in order to improve the quality of the normative and methodological framework in this field²⁴, with impact on the business environment and citizens, one aims at streamlining the process and informational flows through the project *Systematization of the legislation in the area of spatial planning, urbanism and constructions as well as strengthening the administrative capacity of the specialized bodies of central public institutions in charge*, accepted for ACOP funding and currently under implementation. The main result of the project will be the *Territorial Planning, Urbanism and Construction Code*. In this regard, a public service procurement agreement was signed between MLPDA and the consortium formed by Deloitte Consultanta SRL (association leader), SCA Reff and Associates and the Order of Architects of Romania on the elaboration of the Diagnostic Analysis Report, in order to substantiate the Code of spatial planning, urbanism and constructions, systematization of legislation and elaboration of the draft Code of spatial planning, urbanism and constructions and ensuring the process of consulting the Code. In the substantiation stage of the Spatial Planning, Urbanism and Construction Code, six consultation meetings on dysfunctions at the level of the normative and institutional framework in the fields of spatial planning, urbanism, constructions and related fields were foreseen and held between August and October 2019 (i.e. at Bucharest, Craiova, Constanta, Galati and Brasov).

Two consultancy reports were prepared under this agreement, namely the *Report on the analysis of spatial planning, urbanism and construction legislation* and the *Report on the detailed analysis of the specialized structures in the field of spatial planning, urbanism, construction and exercise in those areas, organized at the level of local public administration authorities*. The first version of the Code was made under the expertise services contract and submitted to MLPDA. Under this stage, three versions of the Code are planned. During the third stage, which will take place in 2020, the public consultation on the Code will be carried out, providing for the organization of six thematic debates and two public consultations (activities that will be adapted to the current context on social distancing).

The draft *Code of spatial planning, urbanism and constructions* shall include all relevant normative acts for the fields in question. The regulations, legislation and enforcement regulations in the fields of spatial planning, urbanism and constructions as well as specific provisions in related fields (environment, energy, transports, cadastre, property, protected built areas and historical monuments, natural and industrial risk management, etc.) are to be correlated, simplified, improved and put together in a unitary structure. In this way, any natural or legal person, professional or investor become familiar and applies correctly the relevant legal provisions. Thus, it is expected to reduce the vulnerability to corruption thanks to the systematization of legislation and the development of technical procedures. At least

²² The financial allocation is 600.000 euros, through the SRSP.

²³ *Better Regulation Strategy 2014-2020*

²⁴ *Measure No 11 of the Integrated Plan to simplify administrative procedures applicable to citizens*

three procedures in the field of urbanism will be simplified to reduce by at least 30% the deadlines for obtaining approvals for urban planning documents necessary to obtain building permits. For the implementation of Components 2 and 3, preparatory activities were carried out - meetings with stakeholders, activities related to the SIPOCA 20 project regarding e-government activities and the related specifications for starting public procurement procedures are underway.

- **Improving cadastral activity:** to this aim, the ANCPI works towards increasing the quality of its services and completing the systematic registration with the *Integrated System of Cadastre and Land Book* (SICCF), by implementing both the *National Programme for Cadastre and Land Book 2015-2023* (PNCCF) and the major project *Improving the coverage and inclusion level of the registration system of real estates from Romania's rural areas* which was set up to respond to the PNCCF. This programme is implemented according to the GEO No 35/2016 regulating the allocation of funds for local authorities by the ANCPI to ensure financing/ co-financing of the systematic registration process of real estates, initiated by TADs. By 31 March 2020, the state of play of registration with SICCF was as follows: 15,026,604 real estate units (37.57%) out of the total 40 million estimated at national level; 85 TADs within which all properties were registered; 9,426,961 ha of land were registered. At the same time, 604 people were employed and trained in this field according to another objective of the project.

The major project titled *Improving the coverage and inclusion level of the registration system of real estates from Romania's rural areas* as part of Priority Axis 11²⁵ of ROP 2014 - 2020 complements the NPCLB objective by carrying out the systematic registration of the buildings from 660 TADs²⁶ in the rural area (with a total area of 5,758,314 ha) which were selected in accordance with the following prioritization criteria: localities which are subject to the infrastructure development projects specified in the *General Transport Master Plan*; localities that implement or are covered by the infrastructure development projects targeted by other programmes; localities that are known as areas with particular social vulnerabilities concerning the informal access to property.

The tender preparation for awarding the services contracts of systematic registration with the *Integrated System of Cadastre and Land Book* is ongoing. For this year, 510 TADs are targeted. During March 2020, ANCPI conducted a related market analysis for setting up a defining element within the project (the level of financial allocation for cadastral works) and during April 2020 two procedures of awarding the contracts of systematic registration of real estate units belonging to 246 TADs were scheduled for launching. ANCPI has carried out the required steps for streamlining the procedures foreseen into the legislation in force. To shed light on different aspects of the project launching and implementation, videoconferences are held (ANCPI/MAI - relevant actors at the local/county level).

The online payment services²⁷ through which the individuals and businesses can obtain the land book excerpt for information purposes, the extract of the cadastral plan based on the

²⁵ *Geographical enlargement of the property registration system in cadastre and land register*

²⁶ According to the list approved by Order No 6962/1743/389/1522/2017

²⁷ <https://epay.ancpi.ro/epay/Welcome.action>

orthophotomap and GNSS (Global Navigation Satellite System) real-time positioning services are all operational.

The implementation of the activities foreseen in the *Action Plan for the development and updating of the national infrastructure for spatial information in Romania*²⁸ continues and allows the loading of geospatial information into the system.

- **Business insolvency:** during 1 January - 31 December 2019, the number of the openings of insolvency proceedings registered with the insolvency proceedings bulletin decreased by roughly 0.81% as against the previous year. Between 1 July 2014 - 31 December 2019, according to the Insolvency Proceedings Bulletin (BPI), 31,772 bankruptcy proceeding were solved (general and simplified procedures).

To improve the insolvency proceedings, the project *IRI for Europe* is implemented with the purpose of interconnecting the Insolvency Registers from EU Member States and to implement the provisions of the Regulation (EU) 2015/848 on insolvency proceedings. The total value of the project²⁹ is amounting to 426,930 euros and the deadline for project completion has been extended by 10 months, respectively until 31 March 2020.

- **Registration of enterprises:** *the ONRC online services portal is operational; on 30 August 2019, the interconnection between the ONRC (National Trade Register Office) and the Trade Registers from EU members States (BRIS) within the European e-Justice Portal became operational.*

The project "*Strengthening the institutional capacity of the National Trade Register Office, of the trade register system and of the legal advertising system*" funded by ACOP (financial allocation about 31.8 million lei) is under implementation. The project aims at enhancing decision-making processes and workflows within the ONRC in line with the principles of cutting red tape, maximizing transparency and integrity and increasing the quality of the services provided. With respect to the professional training specified in the project, by the end of December 2019, the following activities were completed: 10 training sessions on Civil Code topics; four sessions on Control Management; one session on legislation applicable to Mass-media; nine (out of ten) sessions on Civil Procedure Code; one (out of two) on Legislation regulating the cybernetics field and two (out of nine) on the Quality Management System (QMS). Concerning the IT systems/applications foreseen to be developed within the project, the related activities designed to achieve an integrated and consolidated system of the legal publicity by means of computing tool as the Trade Register electronic bulletin and the "Collaborative" cooperation framework continue. A diagnostic audit was carried out to implement and certify in the entire institution a quality management system according to the ISO 9001 standard, including the mapping of processes: at present the QMS implementation is in progress.

Taking into consideration that the **digital environment becomes an important pillar for the good functioning of the economy**, including the support for development of the enterprises with focus on SMEs and starts-up, **the aim is to make progress in industry and services digitalization, improving digital skills as well as to ensure cyber security.**

As regards the *setting up of a national cybersecurity system (SNSC)*, the main regulatory acts related to the implementation of *NIS Directive (EU) 2016/1148*, respectively the *Law No 362 concerning measures for a high common level of security of networks and information systems*

²⁸ Approved by GD No 38/2016

²⁹ Through the European financial instrument *Connecting Europe Facility*

were elaborated. The Ministerial Order of Communications and Information Society on establishment of the *Register of essential service operators*, the identification of essential service operators and providers of digital services and the methodology of setting up the incident impact were all published in Official Journal No 542 of 2 July 2019. In addition, the draft GDs on the *list of the essential services*, the intersectoral criteria and sectoral threshold values; the technical standards for establishing the impact of incidents applicable to the essential services operators and digital service providers; the composition, responsibilities and organizational structure of the *Interinstitutional Working Party for establishing the threshold values necessary to set up the significant disruptive effect of incidents on the networks and computer systems of the essential service operators* were completed. These draft normative acts are under initiation and approval procedures at SGG.

The *CERT-RO* (The Romanian National Computer Security Incident Response Team) reorganization is due to be completed and it aimed at operationalizing three pillars: the NIS Authority, the Single Point of Contact and the National CSIRT³⁰. The GD No 548/2019 on the modification and completion of the GD No 494/2011 was adopted and the organizational acts on the organizational chart and the Organizing and Functioning Regulation (ROF) were approved by the CSAT. Steps have been made to include the new occupations specific to the field of cyber security in the Classification of Occupations in Romania (COR). Some initiatives have been launched and will continued in the public-private field, as well as in the field of academic cooperation, so as for increasing the potential for the necessary human resources in the field of cyber security. Some Romanian universities launched academic curricula in order to generate some core structures that will extend and ensure an adequate level of training on cyber security in an applicable manner. By the end of 2020, a long-term strategy³¹(3-5 years) is envisaged to be developed with the aim of finding both public and private resources.

In addition, for *strengthening the administrative capacity of the MTIC and CERT-RO*, the implementation of the project *Integrated management system for a performing informational society* (SIMSIP) has made some progress, its eligible allocation provided by 2014-2020 ACOP reaching roughly 8 million lei. The implementation timeframe of the project has been extended by 12 months, respectively until 10 July 2021. The public procurement procedures provided for the project have been initiated. Following the completion of the procurement agreements, CERT-RO has scheduled some activities to implement the CAF (Common Framework for Self-Assessment of Public Institutions) and to implement and certify the standard ISO 9001: 2015 as well to implement the BSC(Balanced Scorecard) type performance management system at CERT-RO.

In order to ensure the *cyber security of ICT systems and computer networks* (Action 2.3.2 of the 2014 - 2020 COP), the project *RO-SAT Early warning and real-time information system is implemented* (technical progress made: 5%), which was contracted on 20 September 2019, is under implementation. The project total budget is 15 million euros. The substantiation note on this project funding was prepared and the promotion of the related GD by the SGG is expected. The process of carrying out the related public procurement has also started. The main project' objective is to increase the operational capacity of CERT-RO to ensure national capabilities for the prevention, identification, analysis and response to cyber security incidents. The project also focuses on the development of a national real-time alert system for natural and/ or legal persons targeted by cyber-attacks and/or affected by cyber incidents, as well as for ensuring information and cooperation to/with competent public authorities. The project aims to ensure the interoperability between RO-SAT and other IT systems which make direct use of RO-SAT

³⁰ Computer Security Incident Response Team

³¹ Which is based on White Book on education, already drafted

data, respectively the entities affected or possibly affected by cyber security incidents/ attacks reported to the CERT-RO, to which all necessary data can be transmitted in a timely manner and in a standardized format, in order to take all required measures to mitigate the effects of incidents.

As of 23 August 2019, the project *Upgrading the existing IT system and including in this system new IT&C infrastructures with critical values for national security (IVC) in order to increase the capabilities to identify cyber-attacks, as well as to increase the level of security* (technical progress achieved: 14.35%) is implemented by SRI (Romanian Intelligence Service) and ADR. The financial allocation for the project is roughly 43.5 million euros. The process of carrying out the related public procurement procedures has been initiated.

In respect of *setting up of the reference framework for extending national broadband network* in Romania (NBN), as of Q1/2019, a project is under implementation having as specific objectives: consolidation of the MTIC's capacity in order to intervene on the broadband market if dysfunctionalities occur by elaborating a comprehensive paper analysis on the public intervention options; increasing the demand for and use of large networks by elaborating an *Action Plan* designed to reinforce their deployment. The public procurement procedure is under technical evaluation, following its publishing in SICAP on 27 November 2019. The mapping of broadband coverage at national level is in progress.

The implementation of the RoNET project *Development of a national broadband infrastructure in disadvantaged areas, using structural funds* continues. The project is financed from ERDF, through COP and has budget of approximately 378 million lei. The project includes seven lots (targeting an average of one hundred localities each), of which only two have been completed (Lot 1 - May 2019 and Lot 5 - October 2019).

To *increase the consumers and retailers' confidence in e-commerce on the national market, a public policy* as the main result of a project implementation³² and an Action plan and a public policy on e-commerce were adopted. A related strategy to be developed by the MTIC is envisaged.

To *support the investments for the digitalization of SMEs*, the evaluation of all 223 project applications submitted under the 2nd call of proposals for financing the SMEs with the aim to increase the degree of innovation of the Romanian ICT products was completed. Out of the 68 project proposals evaluated as eligible, 16 projects were contracted and 22 are in several contracting phases. For the other 30 projects, steps were taken to the MA COP to supplement the state aid scheme. The deadline for receipt of applications was 25 March 2020.

Supporting SMEs and investments in the economy are the priorities of the Romanian Government, **aiming at diversifying the financing sources necessary for the implementation of investment projects.**

In order to support SMEs' access to credit, in the COVID-19 pandemic context, the GEO No 42/2020 for the amendment and completion of GEO No 110/2017 on the Support programme for Small and Medium Enterprises - SME INVEST ROMANIA, as well as on the approval of the State Aid Scheme for supporting the activity of SMEs, has been adopted.

Benefiting from a budget of 781 million lei, this aid scheme proposes measures to guarantee loans and subsidize interest, as well as related fees for SMEs through FNGCIMM, which

³² *Improving the required rules, procedures and mechanisms for MTIC to further develop the e-Commerce sector (ECOM)*

guarantees 80% or 90% investment loans and/or working lines to finance working capital. The maximum cumulated value of the guaranteed financing that can be granted to a beneficiary for making investments is 10 million lei and for the working capital the threshold is 5 million lei.

As a first step, until 31 December 2020, the interest on bank loans, the risk commission due by the MFP beneficiary to cover the credit risk, as well as the administration fee due to FNGCIMM by the beneficiary of the loan for managing the guarantee are fully subsidized from the budget, through a state aid scheme, but not more than the 800,000 euros per enterprise. **The EC approved the state aid scheme on 10 April 2020.**

To increase SMEs' access to loans and guarantees from 2014-2020 ERDF allocations (totalling 250 million euros), *the implementation of the uncapped guarantee instrument* carried out by SMEIOP has started. In 2018, the budget allocation increased by 150 million euros, reaching the value of 250 million euros by transforming POIIMM into AP 15 ROP. By 31 October 2019, nine financial intermediaries were selected. By 31 December 2019, 2,122 SMEs had been financed and payments amounting to 250 million euros had been made from the ERDF.

During 2020, MEEMA intends to promote **two new legislative actions** to improve the business environment: the draft decision approving the SME sector development strategy and improving the business environment in Romania - Horizon 2027 and the draft Decision amending the GD No 33/2018 on the establishment of the contraventions that fall under the incidence of the Prevention Law No 270/2017, for updating the list of contraventions.

MEEMA also envisages the development of the following **strands of action**:

- *Promoting Romania as an investment destination* by: intensifying Romania's promotion to target destinations such as: USA, Japan, South Korea, EU, UK; participation in online webinars for industries with significant impact on the Romanian economy (automotive, IT, outsourcing, labour market, state aid, etc.); a better focus on online promotion, in the new context, on social networking platforms where InvestRomania is already present (LinkedIn, Facebook, InvestRomania website); intensifying Romania's promotion to industries with growth potential (IT, outsourcing/ BPO) through closer collaborations with the profile associations in Romania: ANIS, ATIC, ARIES and ABSL.
- *Providing technical assistance for investors wishing to make investments* through: in-depth communication with human resources agencies in Romania to fully understand the profile of the labour force that has returned from the diaspora, to find economic sectors where labour is available; a one-on-one dialogue with the management of the top 50 foreign investors in Romania to review the main problems encountered and how the state can develop tools to overcome these shortcomings; identifying economic measures to ensure employment of Romanian citizens who came from diaspora and proposing such measures to the relevant institutions; providing additional assistance to foreign investors in Romania which have been affected by unforeseen phenomena/events (COVID-19 or others) in order to mitigate/eliminate the impact of negative effects on the business; facilitating the making of investment projects in strategic fields in order to develop the necessary products/technologies in special and/or emergency cases; facilitating investment projects in countries that have not been affected by the crisis and promoting Romania as an investment destination among investors in these countries.

Developing transport infrastructure

In the transport sector, the main objective of the Government is to increase national and trans-European connectivity. The investments are oriented on the development of an economically efficient, sustainable and safe transport system with low impact on the environment, the efforts being focused mainly on improving the preparation and accelerating the implementation of the transport infrastructure investment projects (CSR 4) for implementing the priorities established in the *General Transport Master Plan (GTMP)*³³.

For improving the capacity to manage European funds and to prepare and implement transport infrastructure projects, by mid-January 2020, two technical assistance projects³⁴ with EIB had been implemented, their main results consisting in the followings:

- elaboration of 417 deliverables (including the risk analysis tool in implementing LIOP, which is used for risk prevention in preparing new projects and regular reports with proposed corrective measures, as well as the IT tool to monitor project preparation and to develop technical specifications);
- evaluation/ contracting/ monitoring of 48 projects and the development of 48 funding applications;
- *strengthening the administrative capacity of the main beneficiaries of LIOP* by developing procedures (e.g. the internal control framework at CNAIR level), finalising checklists on the preparation of projects and public procurement documentation and organising training sessions to disseminate best practices on project implementation, on various topics (contract management, traffic study and cost-benefit analysis, intelligent transport systems/ITS and road safety, etc.);
- *monitoring the execution of the performance contracts of CNAIR and CFR*. The level of compliance with the performance indicators is assessed annually. CNAIR reports biannually to MTIC on the level of compliance with the performance indicators as set out in the performance contract. The model for the activity and performance contract of CFR will be updated after the approval of the *Strategy for Railway Infrastructure Development 2020 - 2024*³⁵ and of the multiannual plan for financing the railway infrastructure.

In December 2019, the *Agreement on Technical Assistance Services for Projects - PASSA 2020-2023*, amounting to 20 million euros, was signed with the EIB. The agreement is financed through TAOP and will run until December 2023. Through this agreement, EIB experts will continue to support MFE (MA LIOP), MTIC (IBT) and the beneficiaries of LIOP for the implementation of the operational programme. The objectives of the agreement are the followings:

- supporting the preparation of the next programming period and the implementation of lessons learned from previous programming periods, to maximize the absorption of European funds;
- supporting MFE to meet the favourable conditions for the programming period 2021-2027, in

³³ GD No 666/2016 on the approval of the strategic document General Transport Master Plan of Romania

³⁴ TAOP, PA 1, SO 1.1 - Strengthening the capacity of beneficiaries to prepare and implement projects financed by ESIF, project *Providing technical assistance services from EIB expert for the management of LIOP at the level of transport and environment beneficiaries* and PA 2, SO 2.1 - Improving the regulatory, strategic and procedural framework for the coordination and implementation of the ESIF, project *Provide technical assistance services from EIB expert for the management of LIOP at the level of MA LIOP and IBs*. Projects under PASSA Agreement.

³⁵ The Strategy for the Railway Infrastructure Development 2020 - 2024 was elaborated in accordance with Directive 2012/34/EU, is correlated with GTMP as well as with the Management Plan of CFR, covers a timeframe of at least five years and indicates the actions needed for the development of railway infrastructure, as well as the funding needs. After the integration of the measures recommended by the Ministry of Interior for traffic safety, the draft GD for the approval of the strategy will be retransmitted on the inter-ministerial approval circuit.

- the sectors financed under LIOP: transport, water, waste, disaster management, etc.;
- supporting the preparation of the project portfolio for the next financial exercise to reduce potential shortcomings in implementation;
 - consolidating the skills and implementation capacity of the structures involved in the management of the operational programme in the next financial exercise;
 - supporting the preparation of the management and implementation system for other projects, such as CEF-funded projects, for which MFE is the coordinating authority at national level, or, on a case by case basis, infrastructure projects of strategic importance.

To streamline investment in rail transport infrastructure, the Government supports the *structural reform of rail transport* for increasing the safety and security of users, as well as the share of rail transport as compared to road transport.

The project for the elaboration of the study *Sustainability and efficiency of the railway network in Romania*³⁶ is under implementation at the level ARF³⁷. The study aims to analyse 113 railway lines from a technical and economic point of view and to identify concrete measures to increase the efficiency of the railway network. The progress in implementing the project is of 60% and according to the timeframe, three reports (initial report, interim report no 1 and status report) were received and payments amounting to 2.66 million lei were made.

The large project for the *procurement of rolling stock* is implemented with the consulting team selected by EIB³⁸ and is divided into several lots, depending on the types of rolling stock required. The feasibility study and the market consultation report were developed within the project. In April 2019, the tender for Lot 1 was launched consisting in the purchase of new rolling stock for regional and suburban passenger rail transport (40 regional RE-R electric trains) and maintenance services for a period of 15 years. Three offers were submitted and evaluated within the tender and at the level of Q1/2020, the procedures for solving the complaints made by two of the bidders was ongoing. In order to launch the tender for Lot 2 (purchase of new electrical multiple units for regional express, inter-regional and territorial cohesion services/EMU-IR and maintenance services), in March 2020, the process of elaborating the award documentation was ongoing in collaboration with ANAP.

As regards the *public service contracts (PSC)*, ARF elaborated both the Mechanism for calculating, recording and granting the public passenger service compensation from the state budget and the Implementing Regulation for calculating, recording and granting the public passenger service compensation from the state budget³⁹. In addition, the draft contract for the period 2020-2023 with the railway operators for public passenger transport was elaborated, the document being under review at ARF, CC and the consulting company.

To improve the functioning of ARF, in 2019, two competitions were organised for the recruitment of specialised personnel, following which 21 persons were employed, so that the filling rate of vacancies reached 50%.

³⁶ The project is carried out based on the Contract for consultancy services No RUIIC 64/31.08.2018 for the elaboration and completion of the study and of the Financing Contract No 26 - RUIIC 77/ 6.01.2019 (extended by additional act until 31 May 2020). The eligible value of the project is 5.26 million lei (ERDF + state budget).

³⁷ ARF is operational starting from 2017 (based on GEO no 62/2016 on the establishment of ARF and GD No 98/2017 on the organisation and operation of ARF)

³⁸ To prepare the necessary documentation for the procurement of rolling stock, the award and monitoring of public service contracts, the implementation of the railway network restructuring study and the development of the administrative capacity, ARF benefits from EIB-PASSA technical assistance based on the Implementation Agreement of the PASSA Agreement No 193/MN between MFE and ARF. The consultant selected by EIB is the consortium AECOM&MC Viena.

³⁹ Decision of the President of ARF No 720/22.11.2019, published in OJ No 979/15.12.2019

Improving the legislative framework aims to accelerate the implementation of infrastructure projects. The legislative changes adopted in 2019 targeted, among others, the followings: the reception of construction works in the field of road and rail infrastructure of national interest⁴⁰ and the quality in constructions⁴¹; ensuring the funds for paying the compensation related to expropriation for cause of public utility for private property buildings located on the site of public utility works of national interest in transport infrastructure⁴²; improvement of the methodological norms regarding the ex-ante control function of the process for awarding the sectoral contracts/ framework agreements for public procurement and the concession contracts of works and services⁴³. The *Implementing Regulation of Law No 255/2010 on expropriation for reasons of public utility, necessary to achieve objectives of national, county and local interest, with subsequent amendments and completions* are estimated to be updated until September 2020.

To orient investments on the development of an efficient and sustainable infrastructure, in the context of the financial framework 2021-2027, activities are carried out for the global planning of transports at the appropriate level⁴⁴. In order to identify the data from the National Transport Model (NTM) that can be used for the multimodal mapping of the existing and 2030 planned infrastructures, in accordance with GTMP, MTIC collaborates with MLPDA and the consultant responsible for modelling within the TA provided in the project *Increasing the capacity of the Ministry of Transport to carry out strategic planning and manage the General Transport Master Plan*⁴⁵.

The project aims to ensure the continuity of the GTMP and to improve the projects prioritization process. The main objectives of the project are to increase the medium and long-term capacity of MTIC to use, update and NTM, as well as to improve the procedural framework for projects evaluation and cost-benefit analysis in the transport sector. By March 2020, eight persons were trained on the use of NTM and all the guidelines and procedures provided in the project have been completed (these are currently, at various stages, on the internal approval circuit of MTIC), as follows: General working procedure of the Master Plan Implementation Office; NTM update procedure; NTM access and query procedure; Project evaluation guide; Guide on technical standards for transport infrastructure and the Internal Training Plan. Two national seminars were organised on the topic of GTMP (one in 2019 and one in 2020) and were attended by approx. 120 participants.

In 2020, investments continue for the **development of infrastructure along the TEN-T network and for the modernization of existing transport infrastructure** on all transport modes.

⁴⁰ Law No 17/2019 for the approval of GEO No 84/2018 for supplementing some legislative acts in the field of constructions (OJ No 33/2019)

⁴¹ Law No 97/12 May 2019 amending and supplementing Law No 10/1995 regarding the quality in constructions and GO No 18/2019 for the extension of the term provided in art. II of the Law No 163/2016 amending and supplementing Law No 10/1995 regarding the quality in constructions

⁴² Law No 34/2019 for the approval of GO No 13/2018 supplementing GEO No 40/2015 on the financial management of the European funds for the 2014-2020 programming period (OJ No 54/2019)

⁴³ GD No 495/24 July 2019 amending and supplementing the Methodological Norms for applying the provisions of GEO No 98/2017 on the ex-ante control function for awarding the contracts/ framework agreements for public procurement, the sectoral contracts/ framework agreements for public procurement and the concession contracts for works and services, provided in annex No 1 of GD No 419/2018

⁴⁴ According to the Memorandum with the theme: National assessment of the fulfilment of the enable condition "Global planning of transports at the appropriate level", provided in the proposal of EC Regulation establishing common provisions for a series of EU-post 2020 funds and necessary measures for its fulfilment, approved in the Government meeting on 14 May 2019

⁴⁵ Project SIPOCA 15, implementation period Q4/2016 - Q2/2020, with financing from ACOP, PA 1 - Strategy on Strengthening Public Administration 2014-2020. Eligible value of 2.5 million Lei.

For the **development of road infrastructure**⁴⁶, 86 projects (with a total eligible value of 6.71 billion euros⁴⁷) were submitted within LIOP and certified expenses worth 992.62 million euros were registered for the 54 contracted projects: 18 projects for TA - total eligible value of 44.61 million euros and 32 projects for construction works - total eligible value of 4.72 billion euros. Within the projects for construction works, 290.02 km of new roads were built on the central and global TEN-T network (54.76 km built with CF funding and 235.26 km built with ERDF funding) until Q1/2020. Out of the 10 financing applications (with a total eligible value of 4.25 billion euros) submitted for analysis and approval to EC, eight applications (with a total eligible value of 3.05 billion euros) were approved.

Investments in road infrastructure development are a major priority for the completion of the TEN-T network and the territorial integration of the regions. In a comprehensive approach, priority is given to 46 investment projects (totalling approx. 27,408.69 million euros) that are in various stages of development, as follows: 34 projects are under implementation stage (e.g. Lugoj - Deva Motorway, Targu Mures - Ogra - Campia Turzii Motorway, Integrated Infrastructure for the Orbital Zone of Bucharest, Preparation of the project Sibiu - Pitesti Motorway and building Sections 1, 4 and 5, Bacau Bypass, Suspension Bridge over Danube, Sebes-Turda Motorway, Bucharest - Brasov Motorway section Comarnic - Brasov Lot 2, Transilvania Motorway Subsection Biharia - Bors)⁴⁸; five projects are under evaluation phase (e.g. Craiova - Pitesti Express Road)⁴⁹ and 7 projects are under preparation (Targu Mures - Targu Neamt - Iasi - Ungheni Motorway, Lugoj - Caransebes - Drobeta Turnu Severin - Calafat/Vidin Motorway, Craiova - Calafat Motorway, Craiova - Bucharest Motorway, Ploiesti - Buzau - Focsani - Bacau - Pascani - Suceava - Siret Motorway, Bucharest - Giurgiu Motorway, Timisoara - border with Serbia Motorway).

To **stimulate regional mobility**⁵⁰, ERDF finances regional and local investment projects for the upgrading/ rehabilitation of the county road network located in the proximity of TEN-T. By Q1/2020, 129 investment projects (with an eligible value of 2,056.177 million euros) were contracted. The implementation of these projects will lead to reconstruction/ modernisation of over 4,250 km of county roads. By March 2020, 250 km of modernized county roads were received and payments of approx. 235 million euros were made.

For the **development of railway infrastructure**⁵¹, the preparation and implementation of

⁴⁶ LIOP, PA 1 - Improving mobility through the development of the TEN-T network and metro system: SO 1.1 - Increasing mobility through the development of road transport on TEN-T core network; PA 2 - Development of a multimodal, high-quality, sustainable and efficient transport system: SO 2.1 - Increasing mobility on TEN-T network and SO 2.2 - Increasing accessibility for regions with low connectivity to TEN-T road infrastructure

⁴⁷ Values calculated at the InfoEur exchange rate for March 2020 1 Euro=4.8100 Lei

⁴⁸ Other projects in implementation: Timisoara - Lugoj Motorway and Timisoara Bypass at motorway standards; Targu Mures Bypass; Bucharest-Brasov Motorway, section Bucharest-Ploiesti (Bucharest Ring Road Node and Moara Vlasiei Node); South Bypass Timisoara; Overground passage over the ring road of Oradea; Rehabilitation of DN 6 Alexandria - Craiova / phase II; Rehabilitation of DN56 Craiova-Calafat/ phase II; Brasov Bypass/ phase II; Rehabilitation of Giurgiu bridge / phase II; Rehabilitation of DN66 Rovinari-Petrosani / phase II; Construction of the Caracal Bypass/ phase II; Construction of the Targu-Jiu bypass/ phase II; Modernisation of DN5 Bucharest-Adunatii Copaceni/phase II; DN 73 Pitesti - Campulung - Brasov; Mihailesti Bypass; Tecuci Bypass; Update of the Feasibility Study, preparation of the Technical Project and Execution Details for the Zalau Bypass - Stage 2; Satu Mare Bypass; Elaboration of the Feasibility Study and Technical Execution Project for the objective Express Road Braila / Jijila - Tulcea / Cataloi; Rehabilitation of DN 76 Deva - Oradea/phase II; Construction of the Sacuieni Bypass / phase II; Carei Bypass/ phase II and Stei Bypass

⁴⁹ Other projects in evaluation: Rehabilitation of the Bridge over the Borcea branch and the Cernavoda Bridge located on the A2 Motorway, Construction of the Alesd Sud Bypass, Bridge over Dambovita river on DN73, Widening DN7 Baldana - Titu to four lanes

⁵⁰ ROP, IP 6.1 - Enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multi-modal nodes

⁵¹ LIOP, PA 1 Improving mobility through the development of the TEN-T network and metro system: SO 1.2 - Increasing mobility on the TEN-T core railway network; PA 2 Development of a multimodal, high-quality,

investment projects continues in order to develop and upgrade the railway infrastructure located on core and comprehensive TEN-T network, to purchase ERTMS (European Rail Traffic Management System) and to modernize railway stations. By Q1/2020, 16 projects (with a total eligible value of about 2.23 billion euros) have been submitted and certified expenses of 845.25 million euros were registered for implementing the 14 contracted projects (four projects for TA - total eligible value of 4.24 million euros and 10 projects for construction works - total eligible value of 2.19 billion euros). By Q1/2020, works have been received for 61.959 km of renovated/ modernized railway lines (by Q2/2020, receptions for 42.26 km on the section Simeria - Vintu de Jos is estimated to be made), 11 rehabilitated bridges and 22 rehabilitated small bridges and activities were underway to ensure the functionality, certification and authorization of putting into function the ERTMS system.

Three financing applications (with a total eligible value of 2.29 billion euros) were submitted for analysis and approval to EC, all of them being approved. The length of the renovated/ modernized railway lines, respectively equipped with the ERTMS system, included in the large infrastructure projects submitted to the EC for approval is 314.47 km (the target assumed for 2023 through LIOP being of 140 km). Under CEF, two contracts worth 1,335.64 million euros were signed in the railway sector for works on railway lines sections Brasov - Apata and Cata - Sighisoara, respectively Apata - Cata. Bearing in mind the delays in implementing these two projects, the phasing of the projects was agreed with EC.

Priorities for the development of railway infrastructure are investments in 20 projects (with a total value of 17,317.69 million euros) out of which 10 projects⁵² are in implementation (e.g. projects for the rehabilitation of the railway lines component of the Pan European Corridor IV in order to enable the trains to run at a speed of maximum 160 km/h: Brasov - Simeria, sections Sighisoara - Coslariu and Simeria - Coslariu, as well as Border Curtici - Simeria section 2 km 614 - Gurasada and section 3 Gurasada - Simeria), the other 10 projects⁵³ being in preparation (e.g. at the level of CFR, four contracts for financing the feasibility studies are implemented for the following railway sections: Predeal - Brasov and railway infrastructure in Port Constanta, located on the Rhine - Danube corridor; Craiova - Drobeta Turnu Severin - Caransebes and Craiova - Calafat, located on the Orient - East Med corridor).

The implementation of projects for the **development of metro infrastructure**⁵⁴ continues in 2020. Six projects (with a total eligible value of 1.33 billion euros) were submitted for financing from LIOP and EC approved the four financing applications (with a total eligible value of 1.1 billion euros) submitted for analyses and approval. By Q1/2020, certified expenses worth 283.3 million euros were registered for implementing the four contracted projects (totalling 383.17 million euros). These projects are in different stages of implementation. Three projects were finalised⁵⁵, resulting 1.89 km of new metro line constructed and 24 trains purchased, six stations

sustainable and efficient transport system: SO 2.7 - Increasing sustainability and quality of rail transport

⁵² Railway infrastructure projects in implementation: Rehabilitation of railway bridges on the railway section Bucharest - Constanta/ phase II; Rehabilitation of bridges, small bridges and railway tunnels - Regional Railway Branches Iasi, Brasov, Bucharest (phase II) and Cluj; Modernization of the railway stations Sfantu Gheorghe and Targu Mures/ phase II

⁵³ Railway infrastructure projects in preparation: Ploiesti - Buzau - Bacau - Pascani - Iasi/MD and Siret/UKR, Coslariu - Cluj Napoca - Dej - Suceava, Bucharest - Giurgiu, Craiova - Bucuresti, Timisoara - SRB (Border), Bucharest railway ring

⁵⁴ LIOP, PA 1 Improving mobility through the development of the TEN-T network and metro transport: SO 1.4 - Increasing the use of metro transport in Bucharest - Ilfov

⁵⁵ Project *Modernization of ventilation facilities on Metro lines 1, 2, 3 and the metro connecting section Petrache Poenaru - Timpuri Noi*. Project *Modernization of as well as access control facilities on Metro lines 1, 2, 3 and the metro connecting section. Access control facilities*. Project *Metro line 4 Connection 2 Section Bazilescu Square - Straulesti* for which the tests of the security system are carried out to achieve the reception at commissioning for the Multimodal Terminal and the Straulesti Depot

and five inter-stations upgraded in terms of ventilation facilities, 1,329 access gates installed for 41 metro stations and two new metro stations, one connecting gallery, one inter-modal terminal and one depot commissioned. One project⁵⁶ is in progress with a physical state of works of 96% (98,5% resistance structure, 100% the foundation of the runway, 77% finishes and 26% for the traffic safety and automation system) and it is estimated to be finalised by 30 June 2020. Within this project, 10 metro stations, a depot and a connecting gallery will be built.

For the development of the metro infrastructure, the investment priorities target the projects under implementation (e.g. Metro line M5 section Raul Doamnei - Eroilor, including Valea Ialomitei - Phase 2) and other 11 investment projects (totalling 7,719 million euros) in preparation: Metro line 4 - South/North Station - Progresu Station, Metro line 5 - Section 2/ Eroilor - Iancului Station, Modernization of stations on Metro line 2, Extension of Metro line 2 - North, Metro line 8 South, Extension of Metro line 3 - West, Metro line 7, Improve accessibility of metro stations in operation for people with visual impairments and three projects for the modernization of ventilation systems, access installations, respectively dynamic information systems.

ERDF supports the development of a multimodal, high - quality, sustainable and efficient transport system. In order to **develop airport infrastructure**⁵⁷, 18 projects (with a total eligible value of about 153 million euros) were submitted and certified expenses totalling 16.71 million euros were made for implementing the 10 projects (with a total eligible value of 87 million euros) contracted to modernize the following airports: Craiova, Bacau (two projects), Tulcea (two projects), Timisoara, Iasi and Cluj (3 projects).

Investments for the implementation of contracted projects, as well as projects for the modernization of Targu Mures, Satu Mare and Tuzla airports (which are in preparation/ evaluation) are among the priorities for the development of airport infrastructure. To the projects, one should add the major investment project for developing the airport infrastructure at Bucharest Henri Coanda International Airport (the project being under implementation with financing from own sources of National Company Bucharest Airports and state budget).

The **development of naval and intermodal transport**⁵⁸ targets the increase of inland waterway transport and the cargo volume passing through intermodal terminals and ports⁵⁹. Two projects financed from CEF (*Fast Danube - Improving the navigation conditions on the Romanian - Bulgarian common sector of the Danube* and *Protect -Upgrade of infrastructure and environmental protection in the Constanta Port*) will be completed by the end of 2020, 14 projects (with a total eligible value of about 295 million euros) were submitted for financing from ESIF and certified expenses totalling 75.49 million euros were made for implementing the six contracted projects. Nine investments projects are among the priorities for the

⁵⁶ Metro line M5 section Raul Doamnei - Eroilor, including Valea Ialomitei - Phase 2

⁵⁷ LIOP, PA 2 Development of a multimodal, high quality, sustainable and efficient transport system: SO 2.3 - Increasing the sustainable use of airports

⁵⁸ LIOP, PA 1 - Improving mobility through the development of the TEN-T network and metro system: SO 1.3 - Increasing the use of waterways and ports on the TEN-T core network and PA 2 - Development of a multimodal, high-quality, sustainable and efficient transport system: SO 2.4 - Increasing the cargo volume passing through intermodal terminals and ports

⁵⁹ Freight traffic on inland waterways increased to 29.714 million tonnes/ year in 2018 compared to 26.8 million tonnes/ year in 2013 (reference year), but remains below the target set for 2023 of 32.20 million tonnes/ year and the volume of containerized goods handled in intermodal transport units was maintained at the level of the reference year, respectively 25,198 TEU/ year (the target assumed by POIM being 70,000 TEU/ year). TEU (Twenty Equivalent Units) is the international unit of measurement for containers and is equal to 20 feet (1 foot = 0.304 m)

development of naval and intermodal transport: six projects are under implementation⁶⁰ and three projects are under evaluation⁶¹. The completion of these projects will lead to the improvement/ creation of 36.6 km of waterways, rehabilitation of three locks and the modernization of four TEN-T ports and three non TEN-T ports.

Financing from ERDF of projects aimed at **improving safety on all transport modes and reducing the environmental impact of transports**⁶², including by installing ITS, continues. By March 2020, 14 projects (with a total eligible value of about 220 million euros) were submitted and certified expenses totalling 28.40 million euros were made for implementing the six projects (with a total eligible value of about 62 million euros) contracted⁶³ with the aim of increasing safety in rail and road transport. Another project is in the pre-contracting phase and two projects referring to road transport and road education are under evaluation at the level of IBT.

Investments in the above-mentioned projects remain a priority for improving safety on all transport modes, the implementation of these projects contributing to the decrease in the number of accidents and casualties from traffic accidents (for example, implementing the projects *Improving road safety for the Giurgiu border crossing point connection with DN5* and *Modernization of the infrastructure related to the traffic safety on DN1, in linear villages and black spots - Stage 1* will lead to the elimination of 95 road black spots and through the project *Modernization of railway level crossings* which is estimated to be contracted in Q4/2020, 150 railway level crossings will be signalled).

The acceleration of major infrastructure projects is of importance for counteracting the negative economic effects caused by the COVID-19 pandemic and revitalizing the economy.

The aim is to maintain the deadlines assumed by contracts and to complete with priority the objectives that are in various stages of execution, as well as to launch new major infrastructure projects. An example in this respect is the start of works on lot 1 of section 1, Sibiu - Boita, within the Sibiu - Pitesti Motorway.

For the immediate management of the challenges of the COVID-19 pandemic, Romania has taken measures to ensure unrestricted freight transport by all means of transport, in accordance with EU Guidelines has established and notified to the EC and Member States the **five free transit lanes along the main TEN-T network**. Within these lanes, vehicles and drivers have access to essential services (parking, fuel, public catering) with limited contact with the local population.

In implementing the EC's recommendations, Hungary and Romania decided to supplement the common border crossing facilities for the transport of goods and persons with three more border

⁶⁰ Priority projects in implementation: Shore defences on the Sulina canal - final stage; Modernization of locks. Equipment and Installations/ Phase 2; Implementation of Deep Water Specialized Berth/ Berth 80; Modernization of the port infrastructure by ensuring the increase of the depths of the channels and basins and of the safety of navigation in Constanta Port; Modernization of Tulcea Port; Arrangement of the international crossing point of the Romanian-Ukrainian state border for passengers and freight in the ferry regime between Isaccea/Romania and Orlivka/Ukraine

⁶¹ Projects in evaluation: Development of the multimodal platform from Galati, stages II and III and Development of Tulcea Port

⁶² LIOP, PA 2 - Development of a multimodal, high quality, sustainable and efficient transport system: SO 2.5 - *Increasing the safety and security in all modes of transport and reducing the environmental impact of transport*

⁶³ Overheated axle box and tight brake detection system/Phase II; Modernization of the electromechanical centralization installations on the Ilia - Lugoj traffic section/Phase II; ITS Strategy; Electronic centralization in Videle Station; Modernization of electromechanical centralization installations on the Siculeni - Adjud; Multifunctional ice class tugboat with navigation area 3 - inland waterways (2 pcs.)and Multifunctional ice class tugboat with coastal shipping area (2 pcs.)

crossing points (Bors, Cenad, Nadlac I) in order to ensure traffic flow in the context of transit corridors (measure applicable from 20 March 2020). In addition, having in view the long waiting times recorded at certain time intervals, in order to decongest the Nadlac II border crossing point and for the proper functioning of the "green lanes", it was agreed with the Hungarian side to use this crossing point exclusively for trucks and freight traffic and to direct the persons traffic to Nadlac I.

Romania, through MAI, ROSA and MTIC, participates in the **pilot project launched at EU level for the development of a mobile phone application for monitoring, prioritizing and streamlining road traffic at the borders on the TEN-T road network** (within the free corridors initiative /"green lanes"). The project involves collaboration between the Member States' border police, with the support of the European Global Navigation Satellite Systems Agency/GSA. Drivers will also benefit from information through this application, together with the Border Police.

Romania has adopted and notified EC⁶⁴ on derogations from the provisions on drivers' driving and rest times provided for in Regulation 561/2006. Moreover, on the Romanian territory, the validity of some documents used in transports was extended, namely: for documents used in road transport, relating to legal persons or qualified personnel, if they had expired during the emergency state; extending the validity of seafarers' documents (maritime and on board of inland waterway vessels) for a period of 3 months, but not later than 1 October 2020; based on the Decree No 195/2020, the Romanian Civil Aeronautical Authority extended by up to four months, as from 30 March 2020, the professional and medical certificates issued to individuals and legal persons in the field of civil aviation.

In the context of the COVID-19 pandemic, **economic operators in the transports sector (transporters, airports, providers of auxiliary services to air transport etc.) are among the beneficiaries of economic and social support measures adopted by the Romanian Government** (e.g. GEO No 29/2020 and GEO No 30/2020). In order to support transporters in the terms of keeping them operational, a series of measures were taken, such as granting of state aid to compensate the losses suffered as a result of the COVID-19 pandemic by the Romanian National Air transport Company TAROM S.A. and SC Blue Air Aviation S.A.⁶⁵, respectively SN Timisoara International Airport - Traian Vuia S.A.⁶⁶

Developing the sectors with growth potential

For the development of products and services that are more competitive, investment projects focused on the **development of the 10 competitive economic sectors⁶⁷** are funded by state budget and ESIF 2014-2020.

In order to increase the competitiveness of SMEs in competitive sectors mentioned in the *National Competitiveness Strategy (NCS)* and the Regional development plans, the **investment projects of micro-enterprises in the urban area** will be financed through ROP by a total budget of 1,056.5 million lei. Thus, by 31 March 2020, 1,961 financing contracts were signed,

⁶⁴ The extension of derogations is done with the authorization of EC

⁶⁵ On 23 April 2020, the Memorandum with the theme "Granting state aid to SC Romanian National Air transport Company - TAROM SA, respectively SC Blue Air Aviation SA for compensating the losses suffered as a result of the COVID-19 pandemic and caused directly by the pandemic" was approved, based on art. 107 paragraph (2) letter. b) of TFEU.

⁶⁶ On 24 April 2020, the Memorandum for granting state aid to SN Timisoara International Airport - Traian Vuia S.A. to compensate for losses suffered because of the COVID-19 pandemic was under approval procedure.

⁶⁷ The competitive sectors identified in the NSC are as follows: tourism and eco-tourism; textiles and leather goods; wood and furniture; creative industries; automotive industry and components; TIC; beverage and food processing; health and pharmaceuticals; energy and environmental management; bio-economy.

with an eligible value of 356.65 million euros, for which payments amounting to 231.24 million euros have been made.

In order to *support SMEs for the creation and expansion of advanced production capacities and service development*, through ROP - P.I. 2.2 A, by 31 March 2020, 993 financing contracts were signed, with an eligible value of 935.91 million euros, for which payments amounting to 352.67 million euros have been made.

To *support investments in the development of business incubators*, a call for proposals was launched on 4 December 2017. The total budget allocated through ROP, P.I. 2.1 B reaches 529.4 million lei and support is granted for the establishment and development of roughly 140 SMEs. Thus, by 31 March 2020, 32 financing contracts were signed, with an eligible value of 105.44 million euros, for which payments amounting to 1.21 million euros have been made.

In order to support the investments of SMEs destined to micro-industrialization, through the multi-annual *National Programme of micro-industrialization*, a number of 117 beneficiaries were supported, with a total value of the financed projects of 50.18 million lei and 234 new jobs were created. Through the *Programme for the development of marketing activities for market products and services*, 96 beneficiaries were supported with a total project value of 22.17 million lei and 192 new jobs were created.

To **create the critical mass of active SMEs** and their involvement in local/regional economies, including in rural areas, *the development of support services to stimulate entrepreneurship and creativity among SMEs* is supported.

To **simplify the legislation in the field of mineral resources and state-owned companies**, a SIPOCA 388 project is implemented and financed by the ESF. The project has as objectives the simplification and systematization of the active fund of legislation in the field of mineral resources and state-owned companies in line with the *Better Regulation Strategy 2014-2020* and the development of evidence-based public policies. In that regard, one aims at adopting and publishing in the Official Journal two normative acts, respectively one for each field of intervention (non-energy mineral resources and companies with state capital), as well as the elaboration of public policies in the two fields of reference of the project.

The Industrial Policy Document of Romania has been finalized and approved in the Inter-ministerial Committee for Competitiveness, currently being under the approval procedure by GD. It sets out measures to improve the competitiveness of manufacturing sectors for growth and employment, in line with the *Europe 2020 Strategy*, the *Government Programme* and the *National Competitiveness Strategy*. These will be important tools for increasing competitiveness by consolidating and diversifying the industrial base in Romania, improving innovation capacity at the enterprise level, effective use of available natural resources and smart specialization or the making of high value-added industrial products.

The Industrial Policy Document aims at **developing innovative enterprises, clusters and applying state aid rules accordingly, so that industry can capitalize the best available techniques**, but which involve allocating appropriate financial resources to their implementation. Public funding will be needed to improve digital and sustainable skills, boost recycling facilities, renovate public buildings, preserve, or renovate infrastructure and identify investment needs in relevant areas of interest.

Also, the project *Increasing the administrative capacity of the Ministry of Economy to monitor, evaluate and coordinate public policies in the field of economic competitiveness* (SIPOCA 605), funded by the ESF, aims to strengthen the capacity of MEEMA to implement and evaluate the public strategies/policies it coordinates. The objectives of the project are: making available to MEEMA of the necessary tools for the elaboration, implementation and monitoring of the National Competitiveness Strategy (SNC); extending the scope of application of the Economic

Atlas of Romania(AEC) to the area of users outside MEEMA; developing the competencies of MEEMA employees in the field of public policies. The main expected outputs of the project are: 2021-2027 SNC developed and proposed for approval; SNC 2015-2020 and 2021-2027 monitoring methodologies developed; accessibility of data provided by the Economic Atlas of Romania extended to the external environment.

At the same time, the project *Development of the institutional capacity of the Ministry of Economy (SIPOCA 7)* aims at strengthening the institutional capacity of MEEMA by developing the capacity to substantiate, implement, monitor and evaluate public policies. Among the objectives of the project one mentions the elaboration of *the Economic Atlas of Romania* as a necessary working tool in the process of monitoring the implementation of public and private investments, national and European programmes and assessing their impact in sectoral and territorial areas, in the context of 2014-2020 SNC objectives. Thus, the information contained in the AEC will be used in the process of substantiating public policies, available to MEEMA decision makers. The amount related to the elaboration of the atlas is 4.5 million lei, i.e. 46% of the total value of the whole project.

In order to **increase the managerial performance of farmers, micro-enterprises and small enterprises in rural areas**, as well as to apply competitive production practices at the level of associative forms of farmers and producer groups, the implementation of investments will start from EAFRD 2014-2020 in the *development of agricultural advisory services*. Thus, nine contracts were signed consisting in the provision of *consultancy services provided to farmers working on small farms, young farmers and agricultural producers* in order to establish and develop forms of association in the agricultural sector (1,613 beneficiaries of consultancy services in agriculture).

In order to support the **entrepreneurial initiatives of SMEs in the fields of plant culture, zootechnics and aquaculture**, a programme to stimulate production in the above agricultural domains is envisaged, by setting up a credit for developing the business with state guarantees amounting to 80% of the production credit. The duration of the programme is eight years and about 10,000 farms and companies with activities in these domains will benefit from. Moreover, fiscal facilities will be granted to agricultural cooperatives (farmers, agricultural holdings - members of an agricultural cooperative), considering the provisions of the *Agricultural Cooperative Law*.

In order to **increase labour productivity and the competitiveness of agricultural enterprises/holdings in the processing and marketing of agriculture food products**, financed by the EAFRD 2014-2020, the support for investments in *farms development and diversification of integrated agro-food chain* continues as follows:

- *increasing the competitiveness of farms, agricultural holdings and producer groups*. Under SM 4.1, 1.931 holdings were supported, out of which 137 holdings from the contracts transited from NRDP 2007-2013 to NRDP 2014-2020 to be completed. For those contracts, payments amounting to 517.33 million euros were made, out of which 24.56 million euros related to transited contracts. Through SM 4.1a, 468 farms were supported for which payments amounting to 92.33 million euros were made;
- the support provided under sub-measure 4.1, the 5D area of intervention aims at investments to achieve an adequate level of farm equipment, modern facilities for storage and application of manure and sewage sludge, biogas facilities, agricultural machinery for reduction the GES and ammonia footprint, as well as technologies that help sustain a low-carbon economy. To date, concerning the 5D intervention field, 423 projects of public value of 378.85 million euros were contracted, out of which 63 projects of public value of 23 million euros were taken over (transited) from PNDR 2007-2013 in PNDR 2014-2020 for

completion. Payments of 112.45 million euros were made, out of which 16.88 million euros related to transit projects;

- stimulating *the merging of agricultural lands by reducing their fragmentation* to increase productivity and competitiveness in this sector. Three contracts worth 0.002 million euros were signed, related to the scheme for small farmers in PNDR 2014-2020;
- *increasing the competitiveness of enterprises that are processing/marketing agricultural products*, under sub-measure 4.2 "Support for investments in the processing/ marketing and/or development of agricultural products". A total of 499 beneficiaries were supported and payments amounting to 137.81 million euros were made. Related to sub-measure 4.2a *Investments in the processing/marketing of fruit products*, 14 beneficiaries were supported and payments amounting to 3.29 million euros were made;
- support provided under SM 4.3 "*Investments for the development, modernization or adaptation of agricultural and forestry infrastructure*" for investments in *the modernization of secondary irrigation infrastructure*, contributes to the area of intervention DI 5A "Making the use of water in agriculture more effective" and has a positive effect by promoting new technologies, saving water in agriculture and reducing the costs of water consumption. Investments are supported for the modernization of secondary irrigation infrastructure, buildings related to pressure pumping stations and/or connection to utilities, including the construction/modernization of irrigation water collection and storage basins. So far, 347 contracts of 282.76 million euros have been signed, of which 72 contracts transited from PNDR 2007-2013 to PNDR 2014-2020 to be completed. Payments of 119.20 million euros were made, out of which 8.95 million euros for the transited projects;
- *making the agricultural credit fund operational*, by which one aims to increase farmers' access to finance for investments that contribute to the diversification of economies in rural areas. To date, the EIF has selected five banks to act as financial intermediaries. By the end of December 2019, 274 loans were granted, amounting to roughly 36.5 million euros.

To ensure the economic sustainability of farms and agricultural and forestry holdings, the support for investments in the *modernization of secondary irrigation infrastructure* continues through the 2014-2020 EAFRD. Thus, 347 contracts were signed, out of which 72 were transferred from 2007-2013 NRDP. Payments of 119.20 million euros were made, out of which 8.95 million for the transited projects.

In addition to the investments made under the EAFRD 2014-2020, the Government will step in for the development⁶⁸ of the main irrigation infrastructure, in line with the provisions of the *National Programme for the Rehabilitation of the Main Irrigation Infrastructure in Romania*, developed by MADR to ensure the development of the main infrastructure. Between 2017 and 2018, 14 irrigation facilities that had not been put into operation for over 20-25 years, have been operationalized. In March 2019, the irrigation campaign started and the area prepared for irrigation was 1.4 million ha. There are 68 objectives in the design phase and in 2019 the value of investments reaching 60.2 million euros.

The development and diversification of short supply chains⁶⁹ for the marketing of agro-food products⁷⁰ continue. In this respect, 50 beneficiaries were supported, with payments

⁶⁸ Investments in the rehabilitation of the main irrigation infrastructure are intended to increase the share of the functional area in the viable and marginally economically viable area for irrigation (%) from 50%, to the current level, to 70% in 2020. Long-term target (horizon 2030) will be 90%.

⁶⁹ A supply chain that does not include more than one intermediary between the manufacturer and the consumer.

⁷⁰ EAFRD 2014-2020, Sub-measure 16.4 *Support for horizontal and vertical cooperation between actors in the supply chain in order to establish and develop short supply chains and local markets as well as to carry out promotional activities in a local context for the development of short supply chains and local markets* and sub-measure 16.4.a

amounting to 1.72 million euros under SM. 16.4. Since the beginning of the 2014-2020 NRDP, under sub-measure 16.4a, 21 beneficiaries were supported and payments of 0.67 million euros have been made.

To *support the setting up and functioning of Operational Groups (GOs) for the development of pilot projects and new products*⁷¹, 117 calls for interest related to Stage I were submitted and 24 applications worth 8.4 million euros were selected. At the same time, 19 projects related to the second stage were submitted. For SM 16.1a, 73 calls for interest related to stage I were submitted and 17 applications worth 7.2 million euros were selected. At the same time, 11 projects related to the second stage were submitted.

To **support the sustainable development of tourism**, through 2014-2020 ROP, 43 projects were contracted, with an eligible value of 137.21 million euros. The payments to the beneficiaries have amounted to 18.12 million euros.

To *support the cultural and creative industries*, another important sector of the national economy provided by the National Competitiveness Strategy, a new version of the *Sectoral Strategy for Culture and Cultural Heritage* will be elaborated. To this aim, the related project *The Strategic and coherent vision for the cultural sector* was approved for funding under the ACOP, following the technical and financial evaluation⁷² of the project proposal.

For the elaboration of the *Code of Cultural Heritage*, as from July 2018, the project *Historical monuments - the strategic planning and improved public policies* is under implementation stage. The achievement of one project objective consisting in streamlining and progressively diminishing of the existing volume of legal acts in force on the cultural heritage is ongoing. To date, 22 normative acts from those listed in the project and 20 related normative acts have been reviewed. The completion of the systematization activity, following the conclusion of public consultation process on the analysis report is envisaged. In addition, the codification activity is ongoing as part of drafting process of the *Code of Cultural Heritage*, scheduled to be completed in April 2020. Within the project, two other objectives have been accomplished, respectively the development of the methodology for inventorying the historical monuments and completion of the immovable heritage inventory pilot. The centralization of information and drafting the related fiches are in progress

Regarding the **preservation of the cultural, scientific and educational heritage**, as from July 2018, the project *E-Culture: the Digital Library of Romania* (total financial allocation: 9.17 million euros from ERDF⁷³) is under implementation stage. As regards the first component of the project -the digitalization of the cultural heritage, so far 269,000 cultural resources out of 550,000 provided in the project have been digitalized.

As regards the development of the *culturalia.ro* platform, four procedures have been completed: one simplified procurement procedure and three procurement procedures (open auction) on the development services of digital portal which plays the role of a digital library and shared catalogue; the acquisition of the equipment for setting up the digital platform; the acquisition for related equipment as well as the acquisition of the equipment needed for digitalization and classification processes.

As a complementary project, the project *e-Heritage, a corresponding project to e-Culture*, will be developed with the aim to achieve a comprehensive and updated database of all historical monuments across Romania using modern ICT tools as well as to set up e-Government

⁷¹ NRDP 2014-2020, Sub-measures 16.1 and 16.1a (fruit-growing sector) - *Support for establishing and operation of Operational Groups (OGs) for development of pilot-projects, new products.*

⁷² Being admitted after the administrative and eligibility verification

⁷³ Perioada de implementare: 13 iulie 2018 - 12 iulie 2021 (36 luni).

procedures related to the interaction between the monuments' owners and public institutions. For this purpose, the project fiche was elaborated and the financial resources are to be found.

To increase the **access to culture, promote cultural diversity and strengthen intercultural dialogue**, on 1 April 2020, under the RO-CULTURE Programme, a second call for proposals for *The Consolidation of the cultural entrepreneurship and development of audience and public* was launched and will be concluded on 1 July 2020. The project budget is 2 million euros⁷⁴.

Funding from 2014-2020 EAFRD for the investments on restoration, preservation and capitalization of the cultural heritage objectives according to the sub-measure 7.6 *Investments related to the protection of cultural heritage* of the NRDP continues. The financial allocation ended in 2017, yet the implementation of the projects submitted in previous years concerning 660 heritage objectives is continuing, payments amounting to 82.19 million euros being made. With respect to ERDF, the cultural heritage is financed under priority axis 5 of ROP 2014 -2020, investment priority 5.1. - *Preservation, protection, promotion and development of the natural and cultural heritage* benefiting from a financial allocation of 369.31 million euros. 214 contracts for financing were signed with an eligible value of 509.83 million euros and payments amounting 125.6 million euros were made.

In the context of the COVID-19 pandemic, a set of measures relevant to both the public administration in the cultural field and the private cultural and creative sectors have been promoted. Thus, GEOs No 29/2020, No 30/2020 and No 32/2020 on **technical unemployment** also have impact on these sectors, because they include a special provision for natural persons who obtain income exclusively from copyright and related rights in accordance with the regulations in force. With the purpose to encourage and support the film industry, the percentage allocated to this sector from the amounts collected to the budget following the taxation of gambling operators has increased from 2% to 4%.

On 27 March 2020, MC launched the **ACCES Online 2020 Programme**, which ensures the financing for cultural projects that can be fully circulated in online environment and it is intended to support independent artist and cultural professionals who cannot engage in public activities this period. The targeted fields are the following: theatre, music, dance, visual arts and intangible cultural heritage. The budget of this programme is about 1 million lei, with an allocation of roughly 50,000 lei per project.

To **facilitate access to culture through digital/online platforms**, most public cultural institutions have ensured their online presence (websites or social media pages) by broadcasting concerts, plays, operas, movies, exhibitions and virtual tours. In addition, an online platform designed for registration of cultural activities at national level was developed by the National Institute for Cultural Research and Training. This platform identifies both the providers and cultural contents circulated in the online environment and, as from 21 April 2020, is available in Romanian and English languages. A study on the digital market for cultural products was also launched in early March 2020.

Granting state aid to support investments

As regards the **granting of state aid**⁷⁵ to stimulate investments with a major impact on the economy, 55 grant agreements have been issued so far, for which a state aid totalling 504.58 million euros was approved. So far, the payments made have amounted to 167.73 million euros.

⁷⁴ Financed through the grants SEE 2014 - 2021.

⁷⁵ GD No 807/2014 for the establishment of a state aid scheme aimed at stimulating investments with major impact on the economy

Between April 2019 and March 2020, 25 financing agreements were signed, for which a state aid of 128.41 million euros was approved. Of the 55 companies for which financing agreements have been granted, nine are in the monitoring phase of maintaining the investment. During the same period, the payments made amounted to the equivalent of 77.7 million euros.

Concerning the **granting of state aid⁷⁶ for sustainable economic development**, to date the payments made amounted to 343.78 million euros. 59 financing agreements were released, out of which 20 were revoked and all of the 39 enterprises for which financing agreements were issued have finalized investments, out of which 20 are under investment sustainability monitoring phase, while the remaining 19 enterprises have completed the follow-up phase on maintaining the investment.

To **grant state aid⁷⁷ to stimulate economic growth by supporting investments**, four financing agreements were approved for which a total state aid of 103.11 million euros was allocated. All four companies that received state aid have completed the monitoring phase on maintaining the investment.

Regarding the **state aid⁷⁸ for regional development by stimulating investments**, two grant agreements have been released so far, with total payments amounting to 70.94 million euros. The two enterprises for which financing agreements were concluded are under the monitoring phase concerning the maintenance of the investment.

As regards **the granting of state aid⁷⁹ to support investments promoting regional development using new technologies and job creation**, the payments made so far has amounted to 99.33 million euros. The enterprises for which financing agreements were issued have completed the implementation phase of the investment projects. The 14 enterprises for which funding agreements were issued are in the stage of monitoring the investment and/or the jobs created after disbursement. In 2019, the payments made amounted to the equivalent of 8.92 million euros.

To **increase the capacity of the authorities to assess the impact of state aid**, in terms of the market power study, three training sessions were held with the participation of 150 trainees.

In the context of the management of [the COVID-19 pandemic](#), considering the Decree of the President of Romania No 195/2020 declaring a state of emergency throughout Romania and **in order to expedite the payment of state aid requested by beneficiaries**, GD No 268/2020 for the amendment of GD No 807/2014 was approved and it provides that between 6 April 2020 and 31 December 2020 a phase in the settlement of payment request (i.e. on-site verification) is cancelled. The provision shall also apply to payment requests pending by the time of approval of GD No 268/2020.

Moreover, in order to support the **Romanian business environment**, MFP has developed a series of proposals to amend the legal framework in place regarding the obligations of state aid beneficiaries based on all schemes administered by MFP who may face possible blockages in running their current businesses. Thus, MFP envisages, inter alia, the implementation of a mechanism for recalculating contributions to regional development and/or other obligations provided for in financing agreements, taking into account this period in which the activity of state aid companies and not only, may suffer.

⁷⁶ GD No 1680/2008 for the establishment of a state aid scheme regarding the assurance of sustainable economic development

⁷⁷ GD No 1165/2007 for stimulating economic growth by supporting the realization of investments

⁷⁸ GD No 753/2008 for the establishment of a state aid scheme regarding regional development by stimulating investments

⁷⁹ GD No 797/2012 on the establishment of a state aid scheme to support investments that promote regional development using new technologies and job creation

Increasing the performances of public enterprises (PEs)

The MFP, through the competent structures, constantly pursues **the implementation of corporate governance** according to the legal provisions, including control actions where, in case of non-compliance with legal provisions, civil sanctions are applied according to the legal provisions in force. The annual report on the activity of PEs for 2018 was published on the MFP website on 10 September 2019.

Regarding the monitoring of public enterprises according to the provisions of OMFP No 1952/2018, out of the total of 146 public enterprises of central subordination, compelled to apply the provisions of GEO No 109/2011, by 31 December 2019:

- 22 PEs completed the selection process of administrators and directors;
- 63 PEs were in different stages of the selection process of administrators and directors;
- 37 PEs did not start the selection process of administrators and directors;
- 24 PEs did not declare the stage of the selection process.

Out of the total of 1,141 PEs of local subordination, compelled to apply the provisions of GEO No 109/2011, by 31 December 2019:

- 301 PEs completed the selection process of administrators and directors;
- 98 PEs were in different stages of the selection process of administrators and directors;
- 89 PEs have not started the process of selecting directors and directors;
- 653 PEs did not declare the stage of the selection process.

Regarding *the checking the manner of observing the provisions on the application of corporate governance and taking legal measures according to art. 59 ^ 1 (5) of the GEO No 109/2011 and OMFP No 2460/2016*, the persons within the economic-financial inspection apparatus were empowered to ascertain the contraventions and apply the sanctions provided by GEO No 109/2011 on the corporate governance of public enterprises. Thus, during 2019, 98 control actions were performed at public authorities/enterprises. During these controls, 89 civil sanctions were applied and remedial actions were ordered. In 2020, 119 control actions were scheduled at the level of the economic-financial inspection apparatus at public authorities/economic operators and controls will be carried out during the year on other operators who will be notified.

The 2018 report on the evolution and performance of the activity of autonomous companies and companies in which MEEMA has the capacity of Public supervisory body was prepared and published on the MEEMA website where the reports on the evaluation of the activity of directors/directorates of companies were published too. According to the provisions of art. 58 para. (1) the corresponding 2019 report will be published by the end of June 2020.

In accordance with Art. 3 para. (1) lit. (b) of MPFO No 1952/2018, MEEMA submitted to MFP the information contained in Annexes 1 and 3 of the S1100 form for the second semester of 2019.

For the consolidation/creation of the structures responsible for the management of the PEs within the tutelary authorities and for the assurance of the proper functioning of the structures with attributions in the application of Law No 111/2016 on corporate governance, MEEMA hired two employees. At the same time, the Department for Privatization and Administration of State Participations (DPAPS) merged through absorption with MEEMA. Thus, within the MEEMA, the Participation Administration, Corporate Governance and Insolvency Directorate (DAPGCI) was established, having the Corporate Governance Service (SGC) as distinct structure.

Regarding the improvement of performances at PEs that have already implemented **professional management for MEEMA**, professional management has been introduced in some of the PEs, where key financial and non-financial performance indicators were negotiated, as annex to mandate contracts and as performance measurement tools established in order to determine the efficiency of the activity within the PEs and the profitability increase. A contract for the assistance and recruitment of Board of Directors/Supervisory Board members, signed with independent experts, is currently underway. Six letters of expectation were published on the MEEMA and PEs websites placed under its authority.

MEEMA, as a tutelary public authority, ordered the necessary measures in order to initiate the selection procedure of the members of the Boards of Directors/Supervisory Board at the companies in which it is a majority shareholder, having an active role in implementing the provisions of GEO No 109/2011.

Regarding the companies in the field of energy and energy resources, the provisions of GEO No 109/2011 on the corporate governance of public enterprises have been implemented in the following companies: CONPET SA, OIL Terminal SA, Electrocentrale Grup SA, the Energy Participation Management Company (SAPE) SA, SPEEH Hidroelectrica SA, SN Nuclearelectrica SA and Uzina Termoelectrica Midia SA.

The activities undertaken for the **selection of professional management at PEs from the transport sector**⁸⁰ continues. By Q1/2020, documents specific to the professional management recruitment procedure were approved and published (over 11 letters of expectation, candidate profiles, member profiles for Board of Directors, initial components) and members of the Board of Directors have been appointed to nine PEs operating under the authority of MTIC. In addition, by the Order of the Minister of Transport No 1115/31 July 2019, the procedure started for the selection of candidates for administrator position that are vacant or about to become vacant, as well as for those temporarily filled at other four autonomous public entities⁸¹. Also, the procedure for selecting candidates for the vacant or temporarily occupied positions of administrators was decided to start according to the Decision of the General Meeting of Shareholders of the Romanian National Air Transport Company Tarom S.A. No 10/2 September 2019. In 2020, the budget allocated for acquiring services of an independent expert (individual or legal person) specialized in recruiting and selecting candidates for administrator positions is 150,000 lei.

To increase economic performances, the **process for the restructuring/ reorganization and increasing efficiency of some PEs from energy and transport sectors** continues.

In *the field of energy*, by EC Decision 48394 of 2018/C (ex2017/N), adopted on 24 February 2020, the individual state rescue aid granted to the National Uranium Company was declared incompatible with the internal market and it was ordered to be recovered until 25 June 2020.

In *the field of transport*, efforts are focused on *restructuring/ streamlining TAROM's activity*. Thus, a restructuring programme for the period 2020 - 2022 is under elaboration (with the PriceWaterhouse Cooper acting as consultant). The implementation of the programme will start after the aviation company receives the rescue aid adopted by the Romanian Government through GEO No 12/2020 and approved by EC, which provides for a loan, up to the amount of 199.052 million lei, for a period of 6 months. Measures are also implemented to address the followings: renew the fleet (in December 2019, a contract was signed for the purchase through operational leasing of nine ATR72-600 aircraft, out of which four aircrafts have already entered

⁸⁰ 20 PEs established under the MT Order No 348/20 March 2017 and MT Order No 573/23 May 2017

⁸¹ Autonomous public entity "Romanian Administration of Air Traffic Services - ROMATSA"; Autonomous public entity "Romanian Civil Aeronautical Authority"; Autonomous public entity "Galati Lower Danube River Administration"; Autonomous public entity "Bega Waterway Administration" Timis

the fleet between February and March 2020 and other three will be delivered by the end of April 2020; the sale procedures for older ATRs owned by Tarom are in progress; implement the project for the modernization of the applications and products system (SAP) and of the revenue and passenger accounting system; restructuring of the route network in order to render the activity more efficient (six routes were closed by March 2020, but the global context related to COVID-19 does not favour the opening of new routes).

The measures presented in this chapter can contribute to the fulfilment of SDG 1, SDG 2, SDG 8, SDG 9, SDG 11 and SDG 12.

3.3. Strengthening administrative capacity and other governmental measures

Key directions:

- ✓ Implementing the Sustainable Development Goals
- ✓ Increasing the absorption capacity of the European funds
- ✓ Continuing the decentralization process
- ✓ Strategic planning and prioritizing Government policies
- ✓ Strengthening the culture of transparency and participatory governance
- ✓ Establishing a unitary legal framework for the central and local administration
- ✓ Improving human resources management in the public administration
- ✓ Professionalizing the public administration personnel
- ✓ Better regulation
- ✓ Territorial development
- ✓ Improving housing conditions
- ✓ Improving the e-government solutions
- ✓ Continuing the reform of the public procurement system
- ✓ Other actions to support the functioning of the administration

Restoring administrative capacity and citizens' trust in public institutions, respect for the principles of transparency, integrity, professionalism are among the short-term objectives set out in the Government Programme, with an important role in preparing reforms needed to modernize Romania in the European spirit.

Implementing the Sustainable Development Goals (SDGs)

Regarding the SDGs, Romania has taken concrete steps so that since 2017, under the subordination of the Prime Minister, within the government working apparatus, the Department for Sustainable Development (DDD)⁸² was established with the main role of coordinating the activities of implementing the UN 2030 Agenda for Sustainable Development and the Romania's Sustainable Development Strategy 2030 (SNDDR). Consequently, in 2018, DDD revised SNDDR, according to the 17 SDGs adopted by the 2030 Agenda for Sustainable Development, at the UN level, in September 2015. SNDDR was approved by GD No 877/2018.

In addition, *The Interdepartmental Committee for Sustainable Development* was established by GD No 272/2019, it is composed by members of the Government and chaired by the Prime Minister. The Committee supervises the process of implementation, monitoring, evaluation and review of this Strategy and ensures coherence in the process of drafting and promoting normative acts regarding sustainable development, by public authorities and institutions that are responsible for implementing the 2030 Agenda at national, regional and local level. Also, the Department had the initiative to establish the Sustainable Development Hubs at the level of central authorities/ ministries.

⁸² By GD No 313/2017 on the establishment, organization and functioning of the Department for Sustainable Development

To follow the implementation of SNDDR, DDD is the beneficiary of the project financed from the ESF, “*Sustainable Romania - Development of the strategic and institutional framework for the implementation of SNDDR 2030*”⁸³. Within the project, DDD coordinates various SNDDR implementation activities such as inventory of existing policies, gap analysis related to each target for 2030 or drafting the Action Plan for SNDDR implementation, through close consultation of civil society, academic world and the private sector.

Within this Project, DDD also started the support actions for drafting the *Romanian Sustainability Code*⁸⁴, in order to increase the degree of transparency, by creating the mechanisms for non-financial reporting by enterprises that fall under the provisions of MFP Order No 1,938/ 2016 on amending and supplementing accounting regulations, partially transposing the provisions of Directive 2014/95/EU amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups referring to environmental, social and personnel issues and on human rights, the fight against corruption and bribery. This standardized framework will allow benchmarking, bench-learning, to ensure transparency and accountability both for the entities that are obliged to prepare those reports and for other entities that wish to prepare the reports voluntarily. Also, SGG (through DDD⁸⁵) is designing the occupational standard of *expert in sustainable development*, in order to improve the skills of the administration staff to be able to ensure coherence in the governmental act and strategic planning, for sustainable development at the level of central and local administration in Romania.

Increasing the absorption capacity of the European funds

In order to increase the absorption capacity of European Structural and Investment Funds and improve the management thereof as well as to maximise the impact of EU funding provided to Romania, measures are carried out to monitor the implementation of the operational programmes funded by the 2014-2020 ESIF, to launch/accelerate calls for projects in the health and social investment field as well as calls aiming to increase economic competitiveness, to ensure transparency in the implementation of European programmes and projects, to support project beneficiaries, including SMEs through the use of financial and territorial instruments. In 2019, measures to comply with the 36 ex-ante conditionalities⁸⁶ assumed by Romania through the *Partnership Agreement* have been finalised.

In the context of monitoring the implementation of the 2014-2020 ESIF programmes, by 28 February 2020, 322 calls for projects were launched, with a total budget of approximately 26 billion euros, that is approximately 97% of the total allocation available for implementing the Cohesion Policy funded programmes (LIOP, COP, TAOP, HCOP, ROP and ACOP). Moreover, 7,572 projects with a total value of approx. 29.4 billion euros were contracted, the Romania's absorption rate being about 38%.

To ensure full transparency in the implementation of European programmes and projects, relevant information on the state of implementation of the 2014-2020 ESIF is available on the websites of institutions involved in the management of European funds. By late February 2020, 323 Applicant Guidelines (both final and under public consultation) have been published.

The support to the beneficiaries of projects funded from European funds has continued by training 2,562 people through the TAOP projects. The training sessions focused on topics such

⁸³ SIPOCA project 613; implementation period: 36 months, starting from August 2019

⁸⁴ It is accomplished within the SIPOCA 613 project

⁸⁵ Idem 84

⁸⁶ Seven general and 29 thematic conditionalities

as: drafting funding applications, progress reports and reimbursement applications, conflict of interest and incompatibilities, the new legislative public procurement/verification package, irregularities and fraud prevention, drafting feasibility studies, management of IT services and the security etc. 1,012 persons have participated to 23 regional information sessions for HCOP beneficiaries, focusing on measures to prevent irregularities, fraud and conflicts of interest. Furthermore, through TAOP, assistance for increasing beneficiaries' administrative capacity for large infrastructure projects preparation is provided through training sessions on horizontal and specific themes within the ATASPI⁸⁷ framework with the EIB for 570 LIOP beneficiaries and agreement with the EBRD for 956 LIOP beneficiaries from water and wastewater sector.

Furthermore, during August - October 2019, an analysis of ROP, COP and HCOP have been carried out to identify **measures to simplify the implementation process**. In this context, meetings of the working parties (comprising representatives from MA, IB and the System Coordination and Monitoring Directorate) took place and *documents for submitting the financing application/contract signing/ submitting the reimbursement application* have been analysed; following EU regulations or national legislation provisions, the necessity of these documents or their obtaining through agreements with other public institutions have been evaluated. Aspects regarding *MA and IB verifications* (checking their necessity from the EU regulation perspective, avoiding unjustified overlapping and checking the efficiency in the verification sequencing), according to the procedures, as well the ways in which the IT system intervenes in the process have been discussed as well. The preliminary results of the analysis have been structured in two categories: (i) measures that could be implemented in the current programming period and (ii) measures to form the basis for implementing the next programming period. The identified measures have been discussed with the EC and the Audit Authority representatives and actions to follow have been included into a draft simplification action plan, which comprised supplementary proposals made by the EC as well.

Progress in **establishing a digital platform for communication and consultation between the MFE and EU funds beneficiaries** is registered, the platform (mfe.gov.ro/comp) being complete from a technical perspective. At present, MFE is running an analysis on communication instruments with beneficiaries and the public.

The support for SMEs using financial and territorial instruments has continued (10,441 companies through the HCOP and 39 through the COP). By 30 December 2019, funding for 2,122 SMEs has been granted (unlimited portfolio guarantees financial instrument) through the *SME Initiative*. As for the equity instrument, funded through the ROP - P.I 2.2, the *Morphosis Capital* fund made the first investment of 3 million euros in the DocProcess SA company.

In order to ensure an effective crisis response to COVID-19, the Government of Romania, through MFE, is supporting with EU funding the efforts of public institutions/authorities involved in fighting the pandemic, through acquisition of medical/protection equipment for the medical personnel involved in treating the coronavirus infected patients, as well as through new and significantly improved products/ technologies/ processes/ services for consolidating response to the COVID-19 crisis, towards production and commercialisation⁸⁸.

According to the provisions of GEO No 43/2020 on the approval of some EU funded support measures following the spread of COVID-19 virus, during the state of emergency, the following measures will be taken with HCOP funding:

- *support for social assistants/ caretakers involved in supporting elderly persons in home*

⁸⁷ Agreement of TA services for projects implementation

⁸⁸ Details on the projects to be funded are in the chapter 4.8. Social inclusion and combating poverty, the health section and in the chapter 4.2. Research, development and innovation.

- isolation or with travel restrictions, persons with disabilities or families taking care of persons with disabilities during the COVID-19 pandemic;
- *support for employees in the companies* whose activity is directly affected following the pandemic situations (e.g. COVID-19), including subsidies;
 - *support for allocating a risk incentive to the existing salary for physicians, medical staff, paramedical staff, including the auxiliary personnel*, involved directly in the transport, fitting, evaluation, diagnostic and treatment of COVID-19 infected patients, as well as to settlement of protective equipment and materials for health personnel directly involved in the transport, equipping, assessment, diagnosis and treatment of patients infected with COVID-19.

The process of amending HCOP has started to adapt it to the measures envisaged by the above-mentioned GEO.

Other possible measures in line with the provisions of the recently adopted legislative framework at EU level in the context of COVID-19 are also being assessed, in particular as regards flexibility in the management of ESIF.

Continuing the decentralization process

The decentralization process remains a priority of action for the Government, the steps in this respect being circumscribed to the objectives of the *General Strategy for Decentralization*. The state of play by Q2/2019 on this Strategy implementation was presented in the Memorandum titled *Measures to continue the decentralization process*, approved at the Government meeting of 20 June 2019. The procedures for approving the draft GD on organizing and functioning of the *Inter-ministerial Technical Committee for Decentralization*, as well as of the *working parties for the decentralization of the competences* are continuing. The draft normative act was subject of the transparency procedure and of the consultation process with the associative structures of the local public administration authorities and it will be submitted on the inter-ministerial endorsement circuit. This project supports the ministries and the other institutions of the central public administration responsible for developing and promoting quality standards and, as the case may be, cost standards for the decentralized public services. To improve the quality of the public services, the *cost and quality standards of these services* are to be approved. For the public services that have been decentralized the approval term is within 12 months⁸⁹ from the entry into force of the *Administrative Code*, in July 2019 and for the public services to be decentralized, within 12 months from the entry into force of the sectoral laws of decentralization. Thus, MLPDA coordinates the process of drafting the GDs on the **approval of the quality standards related to the decentralized public services** for those areas selected as a result of implementing⁹⁰ the project *Strengthening the framework for increasing the quality of public services and supporting development at the local level*⁹¹.

Strategic planning and prioritizing Government policies

One of the main objectives of the public administration reform aims at improving the quality of the Government action and the public policy management, especially by strengthening the

⁸⁹ According to art. 80 para. (1) of GEO No 57/2019 on the Administrative Code

⁹⁰ In 2018 there were developed proposals for quality standard sand, where appropriate, cost standards for the following areas of decentralized public services: community services of public utilities; order, public safety and people's records; social work/services; culture, youth and sport; administration of the public and private domain of the TADs and in 2017, for health and education.

⁹¹ SIPOCA 9, project co-funded by ESF, through ACOP

SGG's role in the policy coordination process. In this context, the national authorities remain focused on the **strategic planning and prioritization of the Government policies** (financed inter alia by European funds), as strands of action meant to enhance the Executive's institutional capacity of policy-making, communication and inter-ministerial coordination and to ensure a higher degree of transparency in governance.

Thus, the *Annual Working Plan of the Government* (PALG) continues to be applied, its 2019 assessment report showing that a share of 33% of the assumed priorities has been implemented by the ministries. The report was presented at the Government meeting on 10 March, this year. PALG 2020 was elaborated in January and its implementation is monitored at SGG level. As from 2019, the focus is also on strengthening the strategic management function of SGG. To develop a project with this purpose, the financing contract with MA ACOP was signed in August 2019 and the TA contract between SGG and IBRD-WB⁹² was concluded in December. A draft GD on the methodology for developing, implementing and monitoring the Government strategies at national level was completed; it will be subject to approval procedure in Q3/2020. Furthermore, the inventory of the strategies having the year 2020 as deadline has been initiated to analyse the ministries' intention to launch such documents or to carry on with the existing ones. The next step will consist in analysing the strategic management capacity of the ministries.

From the perspective of **extending the strategic planning system**, all 13 Institutional Strategic Plans were updated for 2019-2022 and the final report of the project carried out by SGG⁹³ was elaborated. The document presents the main areas of reform that must be further implemented to have a complete and functional system of strategic planning and programmes-based budgeting. At the same time, the draft GD on the strategic planning methodology was revised and its approval is expected for Q3/2020. The project will be completed in July 2020 and it is meant to contribute to the consolidation of the monitoring component based on performance indicators, to improve the decision-making and increase the quality of public expenditure. To apply the strategic planning system at the level of all ministries, a second project⁹⁴ is underway, covering sectors such as *justice, energy, culture, communications and information society, tourism*, etc.

Strengthening the culture of transparency and participative governance

In Q4/2019, the project *Participative, Open and Transparent Governance - standardization, harmonization, improved dialogue* was finalized (target group: central and local public authorities, civil society). Legislative proposals to amend the implementing regulation of the *Law No 544/2001 on the free access to information of public interest* as well as norms for implementing the *Law No 52/2003 on decisional transparency* were elaborated. The draft GDs are to be submitted to the public consultation procedure and, subsequently, for approval in Government meeting (2020). A public policy document on *improving the process of ensuring the institutional transparency at the level of the central and local public administration* was also prepared. According to the latter, the studies and analyses developed within this project show an increase of the interest for public participation (information, consultation, transparency), which influences the consolidation of the institutional and non-institutional framework of social dialogue and public consultation⁹⁵.

⁹² Duration: Q4/2019 - Q4/2022

⁹³ SIPOCA 28; the project focused on areas such as: *agriculture, administration, economy, education, business, public finances, health, transport, etc.*

⁹⁴ SIPOCA 612; TA from WB

⁹⁵ <https://sgg.gov.ro/new/wp-content/uploads/2019/12/Document-de-politica-publica.pdf>

SGG will continue to support the legislative process at the Government level by developing and implementing the policy related to open governance, transparency and access to information of public interest, public consultation. Among the main activities 2020-2021 for this purpose we mention: (i) steps for requesting non-reimbursable ESF funding (ACOP) for a project on setting a *public authorities - civil society strategic partnership*, in order to increase the quality of the public consultation processes; (ii) coordinating the development, implementation and monitoring of the *Open Governance Partnership* (PGD); (iii) rendering the *Unique Interest Groups' Transparency Register* platform operational; (iv) launching the project *Strengthening the Capacity in the field of Romania's Public Governance* (OECD will conduct an analysis on the open governance policies, which will contribute to developing a new national strategy in this sector).

The objective of ensuring the **quality and transparency of the decision-making** is also considered from the perspective of the local public administration. To increase the involvement of the authorities from this area in implementing the PGD principles, as well as the involvement of the citizens in the decision-making process, eight information sessions were organized at regional level (June-July 2019), with over 200 representatives of the local public administration, NGOs and academia. At the same time, 119 authorities were assisted and guided to put into practice the Local Action Plans. The above-mentioned measure was completed in Q4/2019. The measures regarding the open governance at local level remain in the MLPDA's attention, in the context of elaborating the *National Action Plan 2020-2022* for the implementation of the PGD commitments.

Establishing a unitary legal framework for the central and local administration

The efforts to **establish a coherent, clear and unitary legal framework for the central and local public administration** are ongoing. The *Code of Administrative Procedure* will be developed through the project *Systematizing legislation, monitoring and assessing tools in public administration* (SIPOCA 59)⁹⁶. The contract on the organization of the events and consultations necessary to substantiate and elaborate the draft Code was signed in February 2020. At the beginning of March 2020, the relevant stakeholders discussed the issues which will be the subject to a working methodology for the process of analysing the applicable legislation, the situations and the shortcomings encountered in practice by the public authorities and institutions regarding the main categories of acts and administrative contracts, the doctrine and the experience of other states. The structure/content elements related to this methodology were agreed and the document will be subject to validation within a second working party. Given the epidemiological context and the state of emergency⁹⁷, the events dedicated to the process of substantiation and preparation of the draft Code have been rescheduled.

The action related to the **elaboration of a methodology to assess the impact of implementing the quality management systems and tools in public administration** is put into practice through the same project, SIPOCA 59. The activities for the preliminary analysis on the identification and development of the set of relevant indicators, as well as the types of data that will be collected to measure the impact of the quality management actions started in Q2/2019. Two workshops on the proposals for specific impact indicators and the ways of collecting data were held in Q1/2020. Their conclusions will be useful for the elaboration of the methodology. It will consider the progress made on how to carry out the activities and provide the public services through the implementation of the quality management tools. At

⁹⁶ ESF co-financing; duration: April 2018 -July 2021; beneficiary: MLPDA

⁹⁷ Decree No 195 of the President of Romania, OJ No 212/16 March 2020

the same time, the methodology will be based on a set of indicators that are relevant for the impact assessment (e.g. the results of the public institution, in relation to the objectives/targets established; the satisfaction level of the beneficiaries).

The draft *Local Public Finances Code*⁹⁸, aiming at the systematization, concentration and streamlining of the legal norms specific to this domain, will be subject to a new consultation process with the associative structures of the local public administration, in order to update, by the end of 2020, the version of the document drafted in 2018 by the specialized department of MLPDA.

Improving human resources management in the public administration

Improving human resources management remains in the attention as a strand of action meant to ensure a coherent career management, with positive effects both for the public institutions, from the perspective of streamlining staff related costs and for the civil servants, in terms of motivation and position stability⁹⁹. Thus, *monitoring the compliance with the rules of conduct by civil servants and the enforcement of the disciplinary procedures*¹⁰⁰, as well as the *assessment of the training needs and requirements for the public authorities and institutions of the central and local administration* continue. During 2019, ANFP gathered 166 annual professional training plans for civil servants, the central and local public administration showing interest in areas such as: *management and communication, decision-making transparency* (over 40% of the training options), *EU law and legislation* (11%), *European funds management, ICT, public resources and services, sustainable regional development* (each of them with a percentage of 8%)¹⁰¹.

The implementation of the measures connected to the *establishment of the primary legislative framework for setting up the National Electronic System for Public Administration Employment Records, re-evaluating the recruitment of the civil servants, setting the role of ANFP, reviewing and supplementing the legislative framework concerning the Ethics/Compliance Advisor* must be correlated with the provisions of the *Administrative Code*¹⁰².

Putting such measures into practice is relevant to the reform of the administration system in general, contributing to a stable, comprehensive and coherent institutional and regulatory framework of the human resources. In Q1/2020, a draft GD on the appointment procedure, the duties, the way of organizing the activity and the individual professional performances appraisal procedure of the civil servant designated as *Ethics/Compliance Advisor*, as well as for approving the reporting manner of the institutions, in order to implement, monitor and control the compliance with the principles and rules related to the civil servants' conduct was finalized and entered into decision-making transparency. At the same time, SGG is making efforts to render the *National Council for Human Resources Development in Public Administration* operational.

The activities regarding the *Electronic System for Public Administration Employment Records* (e.g. study about the common data on the staff working in the administration needed), the re-

⁹⁸ The *Preliminary Theses of the Local Public Finance Code* were approved through GD No 285/27 April 2017.

⁹⁹ http://www.dpfbf.mdrap.ro/documents/strategia_administratiei_publice/Strategia_pentru_consolidarea_administratiei_publice_2014-2020.pdf

¹⁰⁰ According to *GEO No 57/2019 on the Administrative Code*, with subsequent amendments, *annual reports* on monitoring the implementation of the principles, standards of conduct and disciplinary procedures within public authorities and institutions are drafted by ANFP on the basis of the reports submitted by the Ethics Advisors.

¹⁰¹ The *2019 Report on the professional training of the civil servants* finalized in August 2019 and published on the ANFP website

¹⁰² *GEO No 57/2019* with subsequent amendments (normative act approved in July 2019)

evaluating of the recruitment of civil servants (e.g. IT system for organizing the national contest for recruitment and selection in the administration) are carried out through the project *Developing an unitary management system of the human resources in public administration*¹⁰³. It is meant to lead to the implementation of predictable and sustainable public policies that find the solutions for a standardized management of different categories of human resources, as well as for restricting the discretionary approach of the decision-making. In Q4/ 2019, the functional analysis related to ANFP (included in the *Study on the existing legal and institutional framework in the field of human resources*) was approved by the *National Committee for coordinating the implementation of the Strategy for Public Administration Consolidation 2014-2020*. WB experts have developed a draft of the competency frameworks for the public administration - general and specific functions in view of a transparent and inclusive process of recruitment and selection in the administration; the design of a model and an IT system to organize the national contest is ongoing.

Moreover, in Q1/2020, the documents related to the competency frameworks model were reviewed and updated by the WB experts, encompassing the comments and the proposals received, to finalize and endorse this document.

Professionalizing the public administration personnel

The strategic directions of the Government to increase the institutional efficiency also address the component of *training and development* adapted to the current requirements of the public administration. As a result, the **professionalizing the central and local public administration staff** continues, by setting up a portfolio of professional training/ specialized training programmes for different positions within administration and for other interested persons, high-ranking civil servants, TADs secretaries, local elected officials etc.

Throughout 2019, INA and its Territorial Centres organized 200 *professional training programmes* on a wide range of topics, with 3,020 participants (e.g. in Q4/2019: 78 programmes for 1,225 people). The grid of the professional training programmes for 2020 has been drafted and is pending approval¹⁰⁴. At the same time, the *Specialized Training Programme to Holding a Civil Service Position Corresponding to the Category of High-ranking Civil Servants* continued (March-April 2019: the national admission contest; May-July 2019: eight training modules; 55 graduates). Given that the COVID-19 pandemic has generated the social distancing measures and the need to allocate public funds for other priority fields, INA is analysing the optimal options to organize this programme in 2020, too.

Developing leadership programmes for the decision-makers and the executive management of the public authorities, institutions and services is among the objectives achieved by INA in line with the *Strategy on Professional Training for Public Administration 2016-2020*. A regulation in this regard was approved in June 2019¹⁰⁵. The applied training *Leadership Academy Programme* was included in INA's training offer in Q3/2019.

Strengthening the capacity of developing and implementing public policies that impact the training system is also in focus. On 29 October 2019, INA-SGG-WB signed a two-year TA Agreement (the expected activities: functional analyses, common standards, recommendations to improve the training policy etc.). This Agreement supports the project¹⁰⁶. *Building INA*

¹⁰³ SIPOCA 136, ESF co-financing; beneficiary: SGG, partners: ANFP, MMPS, with TA from WB

¹⁰⁴ Due to the provisions of the art. 7 para (1), GEO No 68/2019 and of the art. XXXII para (1), GEO No 1/2020, in conjunction with art. 37 para (1), *Law No 500/2002 on public finances*, with subsequent amendments and completions

¹⁰⁵ Order No 170/6 June 2019 issued by the President of INA

¹⁰⁶ Co-financed through ACOP, implemented by INA, in partnership with SGG and ANFP (duration: 24 months).

capacity to develop studies/analyses with an impact on the training system in the public administration (signed in August 2019)¹⁰⁷.

Better regulation

The steps towards the operationalization of the *quality of regulations control mechanism* through the project *Impact Studies for a better regulation*¹⁰⁸ will continue. The implementation of this project started and the first mission of the WB experts took place between 13 and 23 January 2020. A brief presentation of the analysis that will recommend clear options for the configuration and rendering the above-mentioned mechanism operational has already been delivered. It is worth mentioning that, in the context of the COVID-19 pandemic, the procurement procedure envisaged to organize, by the end of 2020, the training sessions in the field of the preliminary impact assessment has been suspended and there is a high probability that the sessions to be postponed.

Regarding the *Zero Bureaucracy*¹⁰⁹ project that mainly aims at developing an integrated mechanism to identify and simplify the administrative burdens for the business environment and citizens, the public procurement procedure related documentation has been completed. Within this project, an analysis of the public services with a significant bureaucratic impact on the business environment and citizens is expected to be carried out by the end of 2020.

As for the setting up through the project *Systematizing legislation, monitoring and assessing tools in public administration* (SIPOCA 59) of the mechanisms related to the *Integrated plan to simplify the administrative procedures applicable to citizens* (the *monitoring* and the *impact assessment* of the simplification measures), the consultancy services contract was signed in August 2019. The procurement procedure on the events related organizing services and the consultations necessary to develop the two mechanisms was resumed¹¹⁰ in May 2019 and the contract was signed on 12 February 2020. The delays in awarding this contract caused a postponement by approx. one quarter of the activities aiming at developing the monitoring mechanism; this setback affects the deadline for setting up the second mechanism related to the impact assessment of the simplification measures implementation.

Declaration of the state of emergency caused by the current epidemiological context led to the postponement of all events and workshops foreseen in the project, which implies an extension of the estimated deadlines for developing the impact assessment mechanism until Q2/2021. It should be mentioned that two workshops were organized to establish the relevant monitoring indicators and the risks related to the implementation of the measures included in the Plan (26 and 27 February 2020); a first version of the methodology on data collection on the specific areas of the simplification measures was debated in a workshop (13 March 2020); the monitoring mechanism will be finalized by the end of Q2/2020. The estimated term for implementing the monitoring mechanism of the Integrated plan to simplify the administrative procedures, as well as for elaborating the monitoring report is the beginning of Q3/2020.

Territorial development

With regard to the **territorial development** and **housing conditions**, the draft law on the

¹⁰⁷ The project was suspended for three months (15 January - 15 April 2020); on 23 March 2020, INA requested a new suspension for three months due to the provisions of the art. 7 para (1), GEO No 68/2019 and of the art. XXXII para (1), GEO No 1/2020, corroborated with art. 37 para (1), *Law No 500/2002 on public finances*, with subsequent completions and amendments.

¹⁰⁸ SIPOCA 603

¹⁰⁹ SIPOCA 399

¹¹⁰ The first procedure in this regard was canceled in April 2019.

approval of the *Strategy of Territorial Development of Romania* (SDTR) is currently pending approval of the Chamber of Deputies (which is the decisional Chamber of the Romanian Parliament in this matter). The start of the approval process of the draft GDs¹¹¹ needed for the implementation of SDTR and the draft law for developing the metropolitan areas will be possible only after the promotion of the draft law on the approval of SDTR.

To attain the development objectives of the *New Urban Agenda* assumed by Romania as well as a sustainable urban development, by September 2019, the project *Elaboration of the urban public policy as a tool for strengthening the administrative capacity and strategic planning of urban areas in Romania* (SIPOCA 711) was approved for funding¹¹². On 27 November 2019, the consultancy services agreement was signed with the WB. The total value of the project is about 20 million lei and the implementation timeframe reaches 24 months. According to the implementation planning, the project is in the phase of analysis and initiation of consultations with relevant stakeholders at the local level.

Substantiating the legal, investment and financial framework and changing the attitudes/mindset on the sustainable urban development process are key elements for the fulfilment of the project main objective of the project regarding the development of the *Urban Policy*. This policy covers the *social, economic, infrastructure, environment and territorial governance areas*. Among the targeted results it is worth mentioning the following ones: the elaboration of the *2020-2035 Urban Policy* and its related action plan; the elaboration of four urban development strategies at local level designed to implement the *Urban Policy* provisions; elaboration of five implementation mechanisms of *Urban Policy*; setting up of a *Dialogue and Technical Support Group*. Amid the institutional changes, the process of promoting the draft *Law on the revision of the National Spatial Planning Plan, Section IV - Localities network* was resumed.

Improving housing conditions

With regard the *improvement of housing conditions*, the promotion of draft normative act¹¹³ for the approval of the *National Housing Strategy* will be resumed. In addition, the new draft *Housing Law* regulating the economic, technical and legal aspects of the building and housing use (in terms of a substantial review of the *Housing Law No 114/1996*) is being elaborated by MLPDA.

Considering the steps made to ensure the strategic framework for territorial/ spatial development and housing, as of 23 May 2019, the MLPDA implements¹¹⁴ a project designed for *strengthening the strategic planning capacity of the minister in renovating national building stock from the perspective of energy efficiency and seismic risks* (SIPOCA 606). Its specific objectives refer to both the building stock safety under seismic action and improving efficiency of the funding programmes for the intervention (consolidation) works on the existing buildings. The project financial allocation is 10.57 million lei and the implementation timeframe is 24

¹¹¹ The drafts GDs for adopting the methodology for identifying and evaluating landscapes, the methodology for identifying informal settlements and the methodology for calculating and applying the territorial development index; the draft GD on the approval of the procedure for assessing the territorial impact of territorial strategies, programmes and policies elaborated by the central public administration authorities; the draft GD for the approval of the SDTR Implementation Plan

¹¹² By the Order No. 2709/27.09.2019

¹¹³ In the case of this draft, the internal procedures within MDRAP was resumed taking into consideration the Decrees of the President of Romania No 5 of 3 January 2019, No 46 of 7 January 2019 and no 121 of 21 February 2019

¹¹⁴ In collaboration with the National Institute for Research and Development in Urban Planning and Sustainable Territorial Development URBAN-INCERC and with the support of WB

months. Under this project, the *National Seismic Risk Reduction Strategy* (SNRRS) will be elaborated and it will address all types of vulnerable buildings (public and private buildings, residential and non-residential buildings). In addition, the correlation between the measures included in SNRRS and those of *the National Long-Term Renovation Strategy*, the latter as another outcome of the same project, will be ensured. To implement SNRRS, an action plan will be developed, with specific short, medium and long-term objectives (i.e. 2030, 2040 and 2050) and corrective actions will be taken to deal with buildings seismic risk related problems. According to the implementation schedule, the current project phase consists in substantiating the strategy and planning consultations with relevant stakeholders.

Improving the e-government solutions

In view to increase the use of e-governance system, through the COP 2014-2020¹¹⁵, a financial support (216.8 million euros¹¹⁶) is provided for *strengthening and ensuring the interoperability of the electronic systems designed to e-Government services type 2.0* focused on life events of citizens and businesses (Measure 2.3.1). The implementation of the projects continues according to the contracts signed for that purpose (out of 13 signed contracts, three contracts were completed including the two phased projects).

- *Big Data* section - three projects were approved, from which the implementation of the project *SII ANALYTICS - The information system for integration and operational and analytical capitalization of Big Data* - was completed and the other two projects are under implementation: *Improving data processing and increasing the reporting performance of ONRC through Big Data architectures and technologies* (implementation stage: 44.92% - the contract on the main IT system is on progress); *Optimizing the interaction with the business environment and implementation of the advanced data analytics and exchange mechanisms through the implementation of the e-governance system and Big data solution by the Competition Council* (implementation stage: 37%);
- *the governmental cloud computing and social media communication in public institutions* section - the related project application for the *National Government Cloud Computing Platform* is expected to be submitted by 28 August 2020. The project will provide public institutions with the technological resources to deliver electronic public services, allowing the smooth implementation of interoperable, unitary, secure IT systems with low costs and reduced implementation times;
- *the e-Government services and interoperability* section - the implementation of three projects is ongoing. At MAI, two projects are under implementation: (a) the project *The electronic services hub (the electronic services delivery center)* launched on 11 July 2019, which aims to develop the e-government services focused on life events for citizens and businesses within its area of competence: obtaining an ID card; obtaining a passport; obtaining a driving license; vehicle registration; (b) the project *Integrated Information System for the issuance of Civil Status Documents - SIIASC* (implementation stage - 40 %); (c) the project implemented by MTIC *Technological interoperability system with EU Member States SITUE*, launched on 28 May 2018, aims to achieve the system of technological interoperability with the EU Member States. It will be based on the development of the eIDAS node for Romania and will interconnect with both the eIDAS nodes of the other Member States and the Romanian providers of identity and electronic services;

¹¹⁵ Priority axis 2 of the COP supports to intervening to whole system from national level in the field of information and communication technology to meet the needs of citizens and the business environment.

¹¹⁶ The ERFD and state budget.

- *the e-government and Open Data section* - five project applications were submitted from which *four projects* are being implemented: by MMPS (ANPD) - the project *National Disability Management System*; by MFA - two projects: *The Integrated Electronic Management System for Travel Documents (E-Pass)* and *The Integrated system of personalized alerting and permanent updating of risk indicators for travel destinations*; by MMPS (ANDPCA) - the project *National Electronic System for Adoption -SINA* and the last project is under contracting stage at the MTIC - the project *Centralized Software Platform for Digital Identification (PSCID)*.
- *the e-government and life events section* - the implementation of the project *Consolidated and interoperable integrated electronic system of NTRO (ONRC) designated to e-government services centered on life events* launched on 4 April 2019, is continuing (implementation stage: 39% - the procurement procedure for the main IT system implementation services is ongoing).

With a view to *simplify administrative procedures*, ADR ensures the maintenance and updating of the following IT systems:

- *The Electronic Public Procurement System - SEAP* (www.e-licitatie.ro) which provides the electronic platform for conducting public procurement procedures with all users - contracting authorities and economic operators. This system is also used by institutions with regulatory and control tasks in the field of public procurement (ANAP, ANI and CNSC);
- *The National Tax Payment Electronic System - SNEP* (www.ghiseul.ro) is the electronic solution that allows natural or legal taxpayers, legal entities or other entities without legal personality to check and pay quickly and securely the taxes to the general consolidated budget (within this system there are enrolled 403 public institutions that provide the online payment facility for citizens and over 550,000 active users);
- *The Information System for the Electronic Transport Documents Issuance* - (www.autorizatiiauto.ro) is the informatic system that contains a public section (which presents info on the system activity relevant aspects) and a section based on authentication (by logging-in) which provides access to certain functionalities for goods and passengers transport operators by means of two web applications: *TIR Permits/Authorizations* (ensures the flow for issuing permits for international goods transport) and *Passenger Licenses* (ensures the flow for one session designed to assign internal passengers transport routes and to gather information loaded in SIAE web application by the Romanian Road Authority);
- *The Electronic Point of Single Contact Platform (ePSC/PCUe)* (<https://edirect.e-guvernare.ro>) is the electronic platform for the integration of all e-government services provided for citizens and businesses consisting in two components: *the informational component* (1,523 procedures configured) with its informative role and *the operational component* (2,641 procedures configured) which allows the initiation and completion of an entire procedural flow (notices, certificates - e.g. urban, fiscal certificates) by electronic means. For the development and completion of the ePSC platform, the project *The e-Government Services - PCUe* is under consideration and in preparation (deadline for funding proposal development - Q4/2020). Thus, through the ePSC platform, the implementation of the principles provided in the EU Regulation 2018/1724 on the establishment of a single digital portal (gateway) will be ensured. In light of this EU Regulation, the ePSC will allow the integration with the IT system related to the PSCID project (under contracting stage), the development of both centralized software platform for digital identity and the *Interoperability Hub*, as well as the implementation of the *Once Only Principle (OOP)* that will ensure the interoperability between all IT systems of institutions that provide public electronic services. This platform will also contribute to the consolidation and

interconnection of existing IT systems of the public institutions and it will allow the development of standardized interfaces and the use of national registries.

- *The National Electronic System SEN (www.e-guvernare.ro)* is the portal which ensures the interface for electronic services provided by the information systems designed to simplify administrative procedures (as above-mentioned), including the *Virtual Private Space (SPV)* and which hosts *the National Register of Public Institutions in Romania*. This portal is accessed monthly by an impressive number of visitors/users (an average of 150,000 users, with a percentage of approximately 63% new ones).

Amid the [COVID-19 pandemic](#), ADR aims to provide citizens and public institutions **electronic solutions designed to support the efforts to prevent the spread of the virus, through the development of informational, communication and public services management platforms** which support citizens in making the right decisions, as well as limiting their exposure.

Thus, in order to ensure that citizens are informed from reliable sources, the online platform *COVID-19 Official News (stirioficiala.ro)* was launched on 16 March 2020, by both ADR and the non-governmental organization *Code for Romania*. Also, through this partnership, the following platforms¹¹⁷ will be operational: *Up-to-date Data (Date la Zi)* - anonymous cases data; *We Stay Home (Stam acasa)* -systematization and monitoring of people in self-isolation; *Diaspora Hub* - centralization and monitoring/ communication support for citizens abroad; *What Should I Do? (Ce ma fac?)* - questionnaires that can help the population understand the existing situation and *RO Help* - collecting coherently and safely donations in this context.

Moreover, on 2 April 2020, ADR in collaboration with Aurachain Solutions S.R.L. launched the **platform aici.gov.ro**, which offers the possibility for companies to electronically submit the required papers for granting technical unemployment. The consolidation of the public institutions capacity (gradually) to reply, in electronic format, in the shortest possible time, to the requests addressed by the citizens is envisaged.

Thus, in view of **using the electronic documents (documents in an electronic form) by the public authorities and institutions**, the GEO No 38/2020 was adopted and published on 7 April in OJ No 282). This normative act foresees that the public authorities and institutions are bound/ required to receive documents transmitted by natural or legal persons using authentication based on the electronic signature. The authorities and public institutions will also issue documents in electronic form which will bear a qualified electronic signature and will have the legal effect of authentic documents.

Setting the type of applicable electronic signature for the use by natural and legal persons of an online services provided by public authorities and institutions will be made by an administrative document which will be issued in accordance with Regulation 910/2014, not later than 15 days as of the entry into force of the GEO 38/2020.

To **streamline the use of e-government solutions**, the implementation of the project *Setting the framework for the development of e-Government tools (EGOV)* financed by the ESF (through ACOP) and due to be completed in the Q3/2020 continues. During April 2019 - 15 March 2020, a number of deliverables were submitted, through which: training on e-government for the representatives of public institutions delivering the public services, especially those related to the identified life events (10 training sessions at national level/one session at European level); the elaboration of a unitary legislative framework regulating the implementation and

¹¹⁷ To support the MS recommendations on specific social behaviour in preventing the COVID-19 spread

managing of the e-government services; setting up the unitary procedures in dealing with life events in question as well as the operational and information requirements deriving from these life events. The set of minimum standards of procedures on delivering e-government services and the *on the job* type assistance sessions for the employees were concluded.

The Steering Committee¹¹⁸ for e-government, which was established¹¹⁹ for ensuring an integrated coordination of the e-government interventions, held a meeting on 20 December 2019 to approve the national catalogue of IT solutions for e-government.

In terms of achieving a significant goal of this project - *the public policy proposal in the field of e-government*, some progress has been made. The first version of this proposal has been drafted and submitted for review to the institutions concerned of the life events¹²⁰. Several working group sessions with the participation of the main institutional stakeholders involved were also held. After its approval by the Steering Committee, the document will be subjected to public consultation.

To promote and support the delivering of public services by *streamlining related electronic operations*, the *National Interoperability Framework* has been established, by adopting GD 908/2017¹²¹. The draft *Law on the establishment of the National Reference Framework for achieving interoperability in the field of information and communication technology* is currently pending the Parliament approval.

Continuing the reform of the public procurement system

The continuation of the reform of the public procurement system and increasing its transparency and efficiency remain are top objectives on the agenda of the public authorities in charge with this domain. An important approach in this regard consists in the *evaluation of the public procurement system*, which is currently in the phase of performing specific reviews and studies to identify possible problems concerning the functioning of the public procurement system. With regard the development of the IT application to assist the legislative screening to be carried out by ANAP, several videoconferences took place with the representatives of the WB and ANAP to establish the concept note and request the necessary information. For a better monitoring and evaluation of the functioning of the public procurement system, the activities¹²² regarding the development of new key indicators¹²³ related to the national public procurement system were completed in the Q1/2020.

The implementation of the *National Strategy on Public Procurement*, approved by GD No 901/2015 continues through the project *Support in the implementation of the National Strategy on Public Procurement (SNAP) by strengthening the administrative capacity of ANAP and the contracting authorities*¹²⁴. Thus, measures will continue to be implemented to strengthen the administrative capacity of contracting authorities, with a focus on

¹¹⁸ Led by SGG, involving all institutions responsible for implementing, managing and functioning of the electronic public services focused on life events

¹¹⁹ *The Prime Minister' Decision No 169/2018 on the establishment of the Steering Committee for e-government*

¹²⁰ Comments and observations were provided by the Committee members and project team and working meetings with the main institutional actors have taken place.

¹²¹ For approving the *National Interoperability Framework*

¹²² Achieved through the project *Increasing the administrative capacity of ANAP and public institutions responsible for implementing the National Strategy on Public Procurement (SIPOCA 45)*

¹²³ ANAP will be able to calculate quantitative indicators which are specific to green procurement/ energy efficiency/ innovation/ sustainable procurement after implementing the provisions of *Commission Implementing Regulation (EU) 2019/1780 of 23 September 2019 establishing standard forms for the publication of notices in the field of public procurement and repealing Implementing Regulation (EU) 2015/1986 (eForms)*

¹²⁴ The project (SIPOCA 625) started in June 2019, has a timeframe of 36 months and a total value is 119,971,468.35 lei

professionalism and ethics issues. Such a measure consists of supporting 160 contracting authorities to streamline the public procurement process and uniformly apply the relevant rules and procedures. Also, the *Online interactive operational guide* containing standard award documentation, best practices and methodological guidance is fully operational since Q4/2019.

In 2019 it was decided that the *Plan on the professionalization in the public procurement domain* to be approved by amending No 901/2015 on the approval of the National Strategy on Public Procurement. In October 2019, the draft GD amending the GD No 901/2015 was submitted to INA and ANFP for an opinion, as these two institutions were designated in the Plan as responsible for the implementation of certain activities. The steps to promote the draft GD were put to a halt in the context in which, in November 2019, *GEO No 68/2019 on the establishment of measures at the level of the central public administration and for the amendment and completion of some normative acts* through which ANAP has been subordinated to SGG and INA was abolished having its attributions taken over by MLPDA.

It is expected that some of the measures provided for in the Plan will be implemented through the above-mentioned project (SIPOCA 625). It has started the sub-activity¹²⁵ on the development of competence frameworks for public positions of *public procurement advisor* and *public procurement system advisor* and the revision of the occupational standard for the occupation of *public procurement expert* and between September 2019 and February 2020 five meetings were held on this topic between the representatives of ANAP and those of the WB. Skills frameworks as well as the new occupational standard will include skills related to public procurement that promote sustainable development and innovation. In October 2019, three working sessions were held: two at the level of central and local administration on the elaboration of the competence framework for the general public executive position of *public procurement advisor* and one at ANAP on the elaboration of the competence framework for the specific public execution of *public procurement system advisor*. The WB representatives drafted two working papers of the competence frameworks, which will be soon subject to public consultation.

The sub-activity¹²⁶ on the development of *two training and professional development programmes in the field of public procurement* has also started. The WB representatives have developed two questionnaires on the assessment of training needs, which were uploaded for completion on the ANAP website and will process the data thus collected. It is envisaged to include the strategic public procurement in the training programmes curriculum, such as: ecological, social and innovation oriented public procurement subjects.

For the *establishment of at least two pilot units for centralized procurement at local level*¹²⁷, in July 2019 there were held the first working meeting with EIB representatives (setting out the next steps¹²⁸) and the preliminary meeting of the *Working Party on Public Procurement*¹²⁹, which aims to provide support in the implementation of this measure. Moreover, in 2019, the EIB's drafted the *Stakeholder Involvement Plan* and the draft *Study on the selection of 24 counties and 72 partner organizations to set up, at local level, centralized procurement units*. Based on this first selection, three counties and eight partner organizations will be selected to

¹²⁵ Sub-activity No 5.1 within the SIPOCA project 625

¹²⁶ Sub-activity No 5.3 within the SIPOCA 625 project

¹²⁷ Measure implemented through the SIPOCA 625 project

¹²⁸ Preparation of the procurement plan and elaboration of the specifications for the procurement of consulting services.

¹²⁹ Consisting of representatives from ANAP, MLPDA and the associative structures of the local administration - UNCJR, Association of Romanian Cities, Association of Romanian Communes, Association of Romanian Municipalities

establish centralized procurement units at the local level.

Regarding the *continuation/ consolidation of the ex-ante control reform* by providing support to ANAP staff, between September 2019 and February 2020 a series of meetings were held with EIB representatives to establish the ToR for co-opted experts and to organize a seminar for the staff which performs ex-ante control over works contracts.

Moreover, in order to streamline the ex-ante control, *GEO No 98/2017 on the ex ante control function of the process of awarding public procurement contracts/ framework agreements, sectoral framework contracts/ agreements and works concession and service concession contracts* was amended by *GEO No 23/2020 on amending and supplementing some normative acts with impact on the public procurement system*. The main amendments brought by GEO No 23/2020 are:

- elimination of voluntary ex-ante control;
- the control is performed by ANAP selectively and aims at checking the compliance with the applicable legal provisions in the field of public/ sectoral procurement/ concessions;
- performing of ex-ante control on a sample of up to 10% of the total public procurement procedures;
- ex-ante control shall focus on contracts that fall into the highest risk categories.

Also, because of the adoption of GEO No 23/2020, *new facilities for managing the national public procurement system shall be implemented through SEAP*, namely:

- digitization of ex ante control by electronic signature,
- facilitating the access in SEAP to the procurement procedure documents for the personnel performing the ex-ante control;
- CNSC and the courts will be able to access directly the procurement documents in SEAP, based on the electronic signature.

In order to increase the institutional capacity of ONAC, the actions for the operationalization of the institution had resulted in a 90.90% occupation of vacancies as well as the identification of financing sources in order to ensure the quality of the centralized procurement process. Moreover, ONAC concluded with ACOP MA the financing contract¹³⁰ for the project *Development and implementation of integrated electronic mechanisms for the development and monitoring of centralized procurement*, with a total budget of 49.99 million lei.

The aforementioned project aims to *increase the efficiency of centralized procurement and transparency*, including in the planning and monitoring stages of framework agreements, by implementing an integrated IT system, *streamlining the centralized procurement process* by standardizing the technical specifications of purchased products/ services, a *better ethics* by the development in partnership with CNSC of a practical guide to prevent potential bottlenecks, *strengthening ONAC's institutional capacity* by developing inter-institutional cooperation, assistance provided by EIB and WB experts and the share of know-how to be carried out under this project. At the same time, the project aims to *make savings in the health sector* by extending the mandate of ONAC to make centralized purchase of products in the medical field, a strong point in this regard being the partnership concluded with MAI-DSU. Moreover, the project will train 180 people from ONAC, CNSC and MAI-DSU in the following domains: *centralized public procurement, professional and personal skills and communication with the*

¹³⁰ No 449/14.11.2019 for the project SIPOCA 753

media.

In addition, **to cover the needs of emergency medical stock type products, including thermal scanners, to help manage COVID-19 infections**, including active surveillance, early detection, isolation and treatment of positive cases, monitoring of contacts and prevention of the continued spread of infection, the Government of Romania adopted *GEO No 11/2020 on emergency medical stocks, as well as some measures related to the establishment of quarantine*, approved by Law No 20/2020, by which ONAC was designated as an institution authorized to organize and carry out award procedures, as a matter of urgency, for the purpose of concluding framework agreements. So far, ONAC has concluded 22 framework agreements under GEO No 11/2020.

In March 2020, **the Government approved the Memorandum on the Approval of Romania's Participation in the Development of a European Medical Countermeasure Reserve for Intensive Care Medical Equipment and Personal Protective Equipment for Combating Serious Cross-Border Health Threats** by which necessary measures were established for the implementation of the Grant agreement - RescEU - COVID19-RO approved by the EC. According to its provisions, ONAC has entered into a framework agreement for the supply of medical ventilators. Also, the steps for initiating the second negotiation procedure without prior publication having as object the acquisition of FFP2/ N95 masks have been made.

Other actions to support the functioning of the administration

The proper functioning of the justice along with the fight against corruption stand at the core of the Romanian Government's attention, as part of the integrated effort of all EU Member States, the *preventive dimension* of the *National Anticorruption Strategy* (SNA) playing a key role. Adjusting the legislative framework specific to the justice sector, the quality of legislation or the legal education, etc. represent other specific objectives of the *Government Programme* in this area. In this context, the implementation of those measures impacting the **prevention-education-combat corruption** component has been continued to **reduce this phenomenon at all levels of the administration**.

Within the action concerning the *monitoring the implementation of the objectives of SNA2016-2020*, the central public institutions, the independent authorities and the anti-corruption bodies participate in the SNA platform meetings¹³¹ and the *peer review* mechanism and submit regular reports to the Technical Secretariat¹³². The 20 evaluation missions (22 August - 7 November 2019) examined the manner to put into practice the legal provisions on conflicts of interest during and after the exercise a function, the incompatibilities, the transparency and the access to information of public interest. The 2019 Report on the implementation of the SNA 2016-2020 is being prepared and it will be presented in the first session of the cooperation platforms this year. The *ex-post evaluation of the SNA impact* (the way of using resources, the efficiency of the interventions etc.) is envisaged and the conclusions of the external audit will be the basis for the elaboration and promotion of a new public policy document on the fight against corruption.

¹³¹ The first round: April 2019 (e.g. topics covered: the state of play of the SNA implementation in 2018, the approval of the questionnaires for the thematic evaluation missions etc.); the second round: December 2019 (e.g. agenda items: the approval of the assessment reports related to the peer review missions completed by the date of convening the platforms, steps towards Romania's accession to the OECD etc.)

¹³² Eight reports completed in 2019 (three of them were approved within the central public administration platform and the other five were approved by the platform of the independent authorities and the anti-corruption institutions)

At the same time, MJ is focusing on *strengthening the administrative capacity of the Technical Secretariat of SNA 2016-2020*, a measure that is put into practice through an ESF-funded project (ACOP) expected to be completed in September 2020. This project is designed to contribute at increasing transparency, ethics and integrity at the level of the public institutions, by focusing the efforts on preventing corruption, increasing the degree of anticorruption education and remedying some legislative gaps in the field.

Among the ongoing activities we mention: finalizing the comparative law study *Evaluating the legislation on the institution of whistleblowing and on the post-employment bans* (it was amended after a debate with the representatives of the 2016-2020 SNA platforms, specialists/experts, held in January 2020), conducting a criminological study and a sociological research on the corruption phenomenon in Romania. The methodology to achieve an institutional integrity *index* score for those vulnerable sectors found within SNA was completed in 2019. The *Annual Anticorruption Conference* was held in December 2019 (a second conference should be organized in the first semester of 2020, after ending the state of emergency).

The professional training to increase the anticorruption education level is also of interest (e.g. September 2019: a training session for the MJ employees and for those of the structures under subordination). However, in the context of the measures to prevent the spread of COVID-19, which impose a series of generally valid restrictions throughout the national territory and regulate as well the way of organizing the group meetings, 20 training sessions (e-learning modules) for the public administration staff will take place after the end of the state of emergency. In fact, **given the COVID-19 crisis, the measures instituted in the *justice field* during the state of emergency¹³³ mainly target** the suspension of the courts activity, as well as of the criminal investigation, the suspension of the prescription period and of the lapse terms in the civil cases, the suspension of the civil proceedings (except the situations stipulated by the Decree), the interruption of the terms in the criminal proceedings, the suspension of the criminal liability prescription term.

For a higher degree of transparency, ethics and integrity, *monitoring the drafting of the integrity plans of the public enterprises* also continues, 73 such plans being centralized during 2019 (the data will be reflected in the 2019 Report on implementing SNA). Furthermore, the project on strengthening the integrity within public enterprises continues (the tools developed were disseminated: two methodologies on the evaluation of the corruption risks, as well as the integrity incidents, the Code on the Corporate Governance, the Guide on the conflicts of interest, etc.).

From the perspective of the SNA objective to improve the activity of identifying, sanctioning and preventing the cases of incompatibilities, conflicts of interests and unjustified assets, the implementation of the action *further assessment of the assets and interests, the incompatibilities and conflicts of interests* it is envisaged along with ensuring an effective follow-up of the ANI cases that are pending before the courts or the disciplinary commissions.

In the light of strengthening the efforts to *cooperate with the OECD Working Group on Bribery*, in August 2019 Romania's voluntary financial contribution to OECD was paid in order to participate, through MJ, in a TA project on the compliance of the national legislation with the provisions of the OECD's *Convention on Combating Bribery of Foreign Public Officials in International Business Transactions*¹³⁴. Sending to OECD the Romania's answer to the questionnaire on this subject it is considered. An analytical report will be developed (by the

¹³³ The Decree of the President of Romania No 195/16 March 2020, Annex I, Chapter V

¹³⁴ GD No 394/2019 (it was approved within the Government meeting on 12 June 2019)

OECD Secretariat). The project continues during 2020.

It should be emphasized that the allocation of the non-reimbursable funds, available in the period 2014-2020, allowed the financing of a significant number of measures, through the following programmes: ACOP (approx. 100 million euros allocation), the Norwegian Financial Mechanism for 2014-2021 (approx. 53 million euros allocation). The measures aimed at the institutional consolidation of the judiciary, including the institutions under subordination, the integrity, the transparency and the computerization of the justice act, the improvement of its quality, the guarantee of the free access to justice. In fact, the proper functioning of the judiciary and guaranteeing the independence of the justice are a pre-condition for carrying out reforms at the level of all other sectors covered by NRP.

Among the *relevant projects implemented at MJ level* it is worth mentioning (by way of example) the following ones:

- Under the Norwegian Financial Mechanism for 2014-2021: *Justice Programme*¹³⁵ (52,941,176 euros, of which 85% represent a grant and 15%, the national co-financing) that is implemented through seven predefined projects (so far, six financing contracts were signed);
- Within ACOP, projects with MJ as coordinator, such as: *Strengthening the administrative capacity of the Technical Secretariat of the National Anticorruption Strategy 2016-2020 to support the implementation of the anticorruption measures-SNA* (November 2017 - September 2020); the *Functional review and the post-2020 development strategy of the judiciary* (the funding application is under evaluation at MAACOP; conclusion of the contract is estimated for April/May 2020 having the WB as contractor);
- Projects with MJ as a partner, such as: *Effective mechanisms for administrative control and prevention of corruption* (June 2018 - May 2020; the coordinator: SGG; the c expected envisaged: developing and implementing a study on the system of the administrative sanctions); *Transparency, accessibility and legal education by improving public communication at the level of the judiciary* (September 2018 - September 2020; the coordinator: CSM).

In terms of **putting into practice the SNA 2016-2020 by the local public administration**, the actions to *increase the implementation level of the measures to prevent corruption and the assessment indicators*, as well as *to raise awareness level on the corruption effects at the staff level from the local administration* continue, taking into consideration the importance thereof for enhancing transparency in institutions and strengthening integrity. In 2019, 75 TADs (cities and communes) received direct Technical Assistance (TA) in the field. Providing the indirect TA for 125 authorities of the local public administration (cities and municipalities) to implement the anticorruption measures is ongoing. The TA activity for the authorities of the local administration is carried out throughout the implementation period of the SNA 2016-2020.

At the same time, the focus is on *improving the knowledge and skills of the local authorities' staff with the purpose to prevent corruption*. Several activities to this end are set out in the project *Consolidation of the integrity systems - the best strategy for preventing corruption in the public administration*¹³⁶. In the light of the measures to prevent the spread of the COVID-19, eight training sessions on the integrity field, encompassing a target group of approx. 200 persons (the employees of the local administration, including the local elected officials and those of the institutions within/ under subordination/ under the authority of MLPDA), will take place after the cessation of the state of emergency.

The strategy of the *Campaign to raise awareness of the staff from the local public*

¹³⁵ Information about this Programme and the funded projects on the web page <http://norwaygrants.just.ro>

¹³⁶ SIPOCA 61, ESF co-financing

administration regarding the rights and obligations in the performance of their duties to prevent the acts of corruption was completed. The key-message of this Campaign is *I chose integrity!* Started in March 2020 (eight meetings), it will be held in the 41 county seat towns (after the end of the state of emergency). A mechanism to promote the integrity/ good practices in this area implemented at the level of the local administration was established and operationalized: the *Integrity Champions Network* (two editions of this competition - September 2019, March 2020, which promoted the reform tools of the public administration authorities related to preventing corruption).

From the point of view of the *thematic evaluation on the Strategy implementing at the local level*, 90 thematic missions were carried out between April-November 2019. The county councils, the county seat towns, the Bucharest City Hall, the sectors town halls were assessed and the specific reports were elaborated. Four meetings of the Cooperation platform of local public administration were organized in Bucharest (June 2019 - March 2020), which approved the evaluation reports for the 90 missions.

As for *monitoring the implementation of the SNA 2016-2020 at local level*, the 2018 Report (M3) was finalized in Q2/2019. Among its findings, it is worth mentioning: a major increase of the adherence degree to the SNA values 2016-2020 compared to the previous strategic cycle (from 16.17% to 49.88%), as well as the increase of the completion rate of the annual self-assessment report by 11.37% compared to 2017 (when the lowest reporting level was registered). Examples of good practice on the implementation of the innovative measures for promoting the integrity, for communication and transparency, anti-corruption education, active citizens involvement, e-government were also identified. The Monitoring Report for 2019 on the SNA 2016-2020 implementation at local level (M4) is under development phase.

The actions on consolidating the administrative capacity of ANAF can be found in the Chapter 3.1. *Fiscal-budgetary policy*.

The measures presented in this chapter can contribute to the fulfilment of SDG 11 and SDG 16.

4. NATIONAL EUROPE 2020 OBJECTIVES

This chapter includes new reform measures, the measures that continue to be implemented and the developments in achieving the national *Europe 2020* targets. In addition, some specific challenges identified by the EC in the *Country Report Romania 2020* are addressed. The short-term measures in relevant areas adopted in the context of COVID-19 pandemic are presented, as well.

4.1. Employment

In the year 2019, the employment rate for the age group 20-64 kept its upward trend compared to the previous year and reached 70.9%, 0.9 p.p. above the national Europe 2020 target, while the employment rate for young people (15-24 years) was 24.7%.

Key directions:

- ✓ Maintaining jobs in economic sectors facing difficulties as a consequence of the effects of COVID-19 pandemic
- ✓ Empowering certain segments of population to enter the labour market
- ✓ Empowering employers and employees to acquire new skills
- ✓ Implementing the *Youth guarantee*
- ✓ Increasing employment and diversifying local economies in rural areas
- ✓ Strengthening the Public Employment Service
- ✓ Fighting undeclared work
- ✓ Social dialogue
- ✓ Minimum wage

The developments of the COVID-19 crisis raise significant employment challenges that require significant efforts both in the short term, in order to maintain jobs in the affected economic sectors and in the long term, to adapt measures to the new labour market situation.

In order to contain the negative impact of the COVID-19 pandemic on the labour market, the Government adopted *GEO No 30/2020 amending some regulations and establishing some social protection measures against the epidemiological situation caused by the spread of SARS-CoV-2 coronavirus*, *GEO No 32/2020 amending GEO No 30/2020 that establishes some additional social protection measures* and *GEO No 53/2020 amending some regulations on social protection measures caused by the spread of SARS-CoV-2 coronavirus*.

The main measures adopted through the above-mentioned normative acts concern the following aspects:

- During the emergency state established and prolonged by presidential decrees, under the circumstances of reduction or total or partial interruption of economic activities, **the employees benefit by an indemnity of 75% of the basic salary equivalent to their job**, but not more than 75% of the average gross earnings. The provision refers to the individual employment contracts, which are temporary suspended by the employer's initiative and it is regulated in accordance with the *Labour Code*. The indemnity is subject to taxation and payment of compulsory social contributions and the amounts for this intervention are

funded through UIB and they would be paid from external grants.

- **Establishing social protection measures for people that have not concluded individual employment contracts and that have not benefited by the indemnity assimilated to the technical unemployment.** According to their own statement, other professionals¹³⁷, workers in the cooperation sector¹³⁸, natural persons getting an income entirely from copyright and related rights and barristers benefit by a monthly indemnity of 75% of the gross average salary paid through the State Budget.
- **Athletes who interrupt their activity during the emergency state benefit by an indemnity** paid through the State Budget and amounting 75% of the payment related to the sport activity performance, but not more than 75% of the average gross salary.
- **In case of the temporary closure of educational institutions, the workers/ parents benefit from days off for monitoring their children**¹³⁹. One of the parents is granted days off, if they have children under 12 years old or under 18 years old in the case of disabled children, after completing the available options provided by the law - personalised work schedule, shift work, homework and telework. The indemnity for each day off is paid by the employer's budget and it amounts 75% of the basic salary equivalent to a working day, but not more than 75% of the average gross salary. The indemnity is subject to taxation and payment of the compulsory social contributions.

Empowering certain segments of population to enter the labour market

Vulnerable groups facing challenges of their labour market integration/ maintenance (long-term unemployed/ unemployed, inactive people able to work, people over 45 years old, persons supporting single-parent families, older workers who have still 5 years until retirements, low qualified persons, disabled persons, Roma people and rural people who are employed in subsistence and semi-subsistence agriculture) benefit by measures funded under Unemployment Insurance Budget (UIB) and ESF. The finance covers a wide range of interventions, such as mobility bonuses and job subsidies, apprenticeships at the workplace and traineeships for higher education graduates, setting up social economy enterprises, insertion into the labour market of the disabled people and training programmes:

- In the year 2019, ANOFM implemented **measures boosting employment** that facilitate the labour market access of 275,830 persons, out of which 117,798 persons profiled as „difficult to be employed” and 52,406 persons „very difficult to be employed”. The employed persons by the gender structure were 123,240 women and 152,590 men and by the residence area, 146,473 persons were from the urban area and 129,357 persons from the rural area. Between January and December 2019, 6,163 contracts of apprenticeships at the workplace were concluded, out of which 3,433 for women and 2,730 for men.
- **The 2020 National Employment Programme** provides activation measures to be offered to certain vulnerable groups with a more difficult access to the labour market, so that 330 disabled people and 3,800 Roma people benefit by specific interventions.
- **The integration of jobseekers and inactive persons into the labour market**¹⁴⁰ - by March

¹³⁷ Law No 287/2009 on Civil Code, republished with subsequent amendments.

¹³⁸ Persons who concluded individual employment contracts according to Law No 1/2005 on organizing and functioning of the cooperation sector.

¹³⁹ Law No 19/2020 on granting days off to parents for monitoring their children in case of the temporary closure of educational institutions, with subsequent amendments.

¹⁴⁰ HCOP, PA 3 Jobs for all, IP 8i.

2020, 12,153 people received a support due to the delivery of tailored packages of measures.

- **Entrepreneurship development schemes** (ESF allocations and national contribution) delivered solutions to social and economic problems of local communities, by diversifying the options of the labour market activation for jobseekers. *Romania Start Up* scheme - 173 projects contracted, *Diaspora Start Up* scheme - 32 projects contracted, *Romania Start Up Nation* scheme - 3 projects contracted; by December 2019, the number of beneficiaries amounted 24,283 unemployed and inactive persons, 48,120 employees or self-employed persons and 2,203 enterprises supported¹⁴¹.
- **Social enterprises creation**¹⁴² - projects implementation supports the generation of new jobs for people belonging to vulnerable groups, the acquisition of new skills and the service provision for vulnerable groups that contribute to the development of local economies and to the promotion of new approaches of inclusion into the community.
- In May 2020, MMPS and ANOFM carry out an information campaign of the role of social enterprises on the labour market integration of persons belonging to vulnerable groups, as well as on employment measures that social enterprises and social insertion enterprises can benefit.
- During the last decades, the social and economic decline of the **carboniferous regions** is the consequence of the mono-industrial specificity of these areas and the successive restructuring of the mining industry in Romania. Changes of the regional occupation structure and the limited access to training and retraining programmes for redundant workers in this economic sector caused the high level of unemployment and the social risks associated with the high poverty degree. **A pilot call for proposals (with an allocation of 2 million euros, ESF and national contribution) finances an integrated package of measures - employment services, vocational training programmes, accompaniment services for „difficult and very difficult to be employed” persons** and subsidies for employers throughout the delivery of the training programmes. The measures aim at (re)integrating into the labour market the unemployed and inactive persons in the Jiu Valley. The target group consists of over 2,000 vulnerable persons and 1,560 redundant miners. The interventions have a component of children's participation in the early education system by financing crèches and after-school services for minors in care of beneficiaries in the target group.

The investment schemes for companies¹⁴³ funded by the State Budget facilitate the **establishment of new jobs**, so that 5,593 new jobs were created. The monitoring of the job preservation continues for 38 companies for which the financing agreements have been issued (State aid totalling the equivalent of 35.66 million euros and payments amounting the equivalent of 16.38 million euros).

A project, funded by ESF through OPAC, aims at **promoting employment by the temporary work agent** while ensuring the temporary employers' protection. In addition, the project will identify the requirements for amending the legislation due to changes occurred to the Romanian labour market¹⁴⁴. Solutions for rendering flexible the accreditation process of the

¹⁴¹ HCOP, PA 3 Jobs for all, IP 8iii

¹⁴² HCOP, PA 4 Social inclusion and fighting poverty, IP 9 v

¹⁴³ GD No 332/2014 on establishing a State aid scheme to support investments promoting regional development by creating jobs

¹⁴⁴ The project *Developing, boosting and rendering efficient the employment through temporary work agent and the vocational training services for a competitive and efficient labour market*

temporary work agents will be proposed to reduce the administrative burden on the business environment. Another objective of the project is to standardize the procedures and to introduce IT systems for authorising the providers of vocational training of adults. In order to improve the training quality and relevance for the labour market, a mechanism will be developed in order to collect and correlate the data necessary for designing the national registers of providers/ specialists/ graduates of the adult training programmes.

Empowering employers and employees to acquire new skills

The implementation of projects intended to **anticipate the qualification and skill requirements** and to provide training programmes adapted to the changing of the occupations structure and technological developments is ongoing. By March 2020, 35,132 persons benefited by programmes improving the human resource skills and 11,008 enterprises were financially supported (payments amounted 38,945,227.96 euros)¹⁴⁵.

The **job related training programmes, including the acquisition of digital skills** for employees in economic sectors with a competitive potential/ intelligent specialization sectors and the assessment and validation of skills acquired in non-formal/ informal context are supported through ESF and national contribution¹⁴⁶.

The **harmonization of the legislation on the national qualifications system** will support vocational training providers and beneficiaries and it will contribute to the quality increase of vocational training. A project, financed under ESF through OPAC, will review the regulations on the national qualifications system; develop the standardized assessment tool for qualifications; and render operational the national qualifications register¹⁴⁷.

The development of the study *2020 - 2025 Agenda for competences - ROMANIA*, financed by the 2018-2020 MMPS Sectoral Research-Development Plan, had the following outcomes:

- Assessing the need of skills in the Romanian economy by the 2020-2025 horizon for the priority economic sectors according to the National Strategy for Competitiveness;
- Developing mechanisms to address the skill shortages and surpluses;
- Defining measures to support the improvement of the quality and relevance of skill acquiring;
- Proposing an *Agenda for competencies - Romania on the 2025 horizon*.

The capitalization of the scientific outcomes will substantiate better the skill supply, in line with the forecast demand for the 2020 - 2025 period in the priority sectors identified by the National Strategy for Competitiveness.

Several **legislative amendments have been initiated to facilitate the access of the low educated and low qualified people to the labour market or to develop their career opportunities**. Therefore, the National Qualifications Framework was modified to introduce the Level 1 of qualifications for the low educated people and to approve the list of elementary occupations for which programmes of Level 1 of qualification were available. In the last year, occupational standards were developed for some of the qualifications of level 1 and they were included in the National Register of Professional Qualifications. In addition, the law on apprenticeship at workplace was amended to introduce the possibility of organizing 6-month

¹⁴⁵ HCOP, PA 3 Jobs for all, IP 8v

¹⁴⁶ HCOP, PA 3 Jobs for all, IP 10iii

¹⁴⁷ The project *Increasing the administrative capacity of ANC and MMPS through legislative systematization and simplification of qualifications*

apprenticeship programmes for Level 1 qualifications/

Implementing the Youth guarantee

In the year 2019, the NEETs rate (age group 15-24 years) increased to 14.7%, by 0.2 p.p. compared to the previous year and it stood by 4.6 p.p. above the EU average.

During 2019, ANOFM implemented **activation measures for young NEETs** that facilitate the employment of 31,485 persons. PES offered custom-tailored social accompaniment services, so that 194 young people at risk of social marginalization benefited by solidarity contracts.

The **mobilization of young NEETs towards the territorial employment agencies** enabled the identification of 112,264 young NEETs and the registration at PES database of 100,866 young NEETs. The employment experts, social assistants, school counsellors/mediators offered them appropriate solutions of social assistance, education, training and labour market placement¹⁴⁸.

By March 2020, 3,498 people benefited by support, out of which 1,062 Roma youth and 2,481 rural youth through the implementation of projects dedicated to young NEETs¹⁴⁹ (payments amounting 15,371,943.49 euros, ESF and national contribution). **Schemes of apprenticeship at the workplace, traineeships for higher education graduates and mobility schemes for young NEETs** (unemployed, disabled persons, young persons supporting single-parent families, long-term unemployed and education graduates) are subsidized. Training, evaluation and validation of skills acquired in non-formal/ informal contexts, tailored employment services, accompaniment and social and professional integration services dedicated to young NEETs profiled as “difficult and very difficult to be employed” facilitate the increase of the number of young NEETs participating in the labour market, as well.

Other key actions target the **young NEETs reinsertion into the education system through the *Second chance* programmes**, especially young NEETs belonging to the disadvantage groups. For more details, see chapter 4.6. *Early school leaving*.

Increasing employment and diversifying local economies in rural areas

Financing farmers’ vocational training and skill acquiring accompanies the investments oriented towards enhancing the competitiveness and restructuring/ modernizing the agricultural sector. Therefore, 101 contracts were concluded and the payments amounted 4.43 million Euros. By March 2020, 5,968 small farmers, 5,581 young farmers and 3,167 farmers implementing agri-environment-climate commitments under measure 10 - Agri-environment and climate participated in training sessions. Other five contracts were concluded for *knowledge transfer, innovation encouragement and access to information* with payments amounting 0.04 million euros.

Interventions funded under EAFRD lead to the **diversification of local economy and to the decrease of the seasonal job fluctuation**, so that 5,214 new jobs were created. Two dedicated measures continued to be implemented. *Setting up non-agricultural businesses in rural areas* supported 1,922 beneficiaries, out of which 71 in ITI Danube Delta territory, with 2,194 jobs created, out of which 30 in ITI Danube Delta territory. *Developing non-agricultural businesses by the existing enterprises/ farms* supported 1,213 beneficiaries, out of which 47 in ITI Danube Delta territory, with 3,020 jobs generated, out of which 57 in ITI Danube Delta territory.

¹⁴⁸ The project *INTESPO - Youth Registration at Public Employment Service*

¹⁴⁹ HCOP, PA 1 Youth Employment Initiative and PA 2 Improving the situation of NEETs young people, IP 8ii

In addition, to help the young generation stay local, **funds are allocated for *setting up young farmers***, 11,341 young farmers were supported, out of which 201 in ITI Danube Delta territory. Supporting the ***development of small farms*** contributes to the increase of income of population employed by these farms and to the market orientation of the small farmers. Therefore, 26,923 small farmers were subsidized, out of which 187 in ITI Danube Delta territory, with payments amounting 184.02 million Euros.

Strengthening the Public Employment Service

ANOFM project - *Post 2021 Strategy - STRATEG* - performs an analysis of the agency structure and of the quality of provided services, while establishing ANOFM needs for innovation and adaptation to labour market requirements, in accordance with the provisions of national, European and international programmatic documents. **The project addresses a real need and it aims at answering the existing PES problems by developing a post-2020 strategy, identifying and ensuring an adequate level of resources for active measures in order to increase quality and efficiency and to deliver customized services.** The outcome of the project - the 2021-2027 ANOFM strategy - will identify the current PES needs, will define the objectives for the mentioned period and will structure them into clear actions, terms and responsibilities, so that the proposed solutions will answer distinctly.

ANOFM objective is to reduce the implementation bureaucracy of the employment measures and to adapt PES to the labour market dynamics. To this end, two project proposals have been submitted to MFE (DG PECU), with a total value of almost 63 million euros (ESF and national contribution). One of the proposals - *Employer SPO Relation - eSPOR* - targets the employers and the other one - *Case management* - addresses the jobseekers. The first project will develop a single platform that include all services dedicated to the employers and will facilitate their interaction with the county employment agencies. The target group consists of PES beneficiaries (minimum 40,000 employers and 200,000 unemployed) and PES institutions. The second project will make an IT system for profiling, information and counselling and case management. The target group consists of 102,600 jobseekers, PES institutions and at least 826 PES experts.

Fighting undeclared work

In the year 2019, the IM conducted actions in activity areas presumably having an increased incidence of undeclared or under-declared work¹⁵⁰. The results consisted of 67,632 inspections, 8,551 persons were found to perform undeclared work and 3,871 sanctions and fines amounting 94,100,000 lei were decided.

IM delivered *information and awareness campaigns*, for instance 13,452 persons were informed through 231 mass-media releases and 62 radio interventions and TV appearances aiming at developing the prevention culture of the labour relations. Between 15 April - 31 May 2019, an information campaign on the compliance with the laws on apprenticeship at the workplace, traineeship for higher education graduates and internship was held.

Between 31 July - 4 August 2019, ITM Bucharest and ITM Ilfov conducted inspections in construction and service sectors jointly with Regional Fiscal Antifraud Directorate in Bucharest and Ilfov. Therefore, 29 people were found to perform undeclared work and 21 contravention

¹⁵⁰ Construction, car service, public catering and tourism, trade, clothing, freight and passenger transport, warehouses, sports and recreational bases, security and protection, other services and agriculture

finances amounting 676,000 lei were applied. Between 8 - 18 August 2019 other control actions conducted by ITM together with the Regional Fiscal Antifraud Directorates identified 100 persons who performed undeclared work and 68 contravention fines amounting 1,630,000 lei were applied.

During 7-11 October 2019, IM conducted a national campaign on observing the legislation on activities provided occasionally by the day labourers and on preventing and combating the exploitation of children/ young people through this type of work. Therefore, 1,010 beneficiaries and 11,068 day labourers were controlled and 211 sanctions amounting 283,500 lei were applied.

Within the activity of fiscal and anti-fraud inspection, carried out by ANAF, one of the risks of analysis consists of the identification of undeclared work, but also the finding of undeclared work situation. As a result of the joint risk analyses performed at IM request, control actions will be carried out to fight the undeclared work.

Social dialogue

The active participation in the decision-making process of NGOs and social partners is facilitated through the development of independent tools for monitoring and assessing public policies and development of *mechanisms/ tools to strengthen the social and civic dialogue and to interact with authorities and public administration institutions*, as well. Therefore, the elaboration of alternative proposals to the public policies initiated by the Government for social services will be facilitated¹⁵¹.

The **draft Law on social dialogue** was on the agenda of the plenary sitting of the Chamber of Deputies on 9 March 2020. The draft law got favourable reports from the Committee of Human Rights, Cults and National Minorities (28 November 2018) and the Committee of Equal Opportunities between Women and Men (26 March 2019). Its adoption depends on receiving the approval of the Legal, Discipline and Immunities Committee and the report of the Committee of Work and Social Protection of the Chamber of Deputies. The debates were resumed on 9 October 2019.

MMPS continued to provide **support to encourage consultations within the Social Dialogue Committees (SDC)**, so that 141 meetings were held and 425 regulations were debated. The share of trade union confederations participating in the sectoral SDCs was of 48% and the employers confederations of 23%. Several agreements were concluded: one agreement in the construction sector and a cross-border partnership in the European network for equitable posting, education and health agreements, as well as partnerships with stakeholders in the agriculture sector.

In the year 2009, four meetings of the National Tripartite Council for Social Dialogue (NTCSD) were held to render more efficient the tripartite consultations. The debated topics referred to the pension law (on 5 June 2019) and the identification of a proposal based on three calculation formulas proposed by the Government to increase the minimum gross wage guaranteed for payment, taking into account the objective economic data (on 28 October 2019, 26 November 2019 and 3 December 2020).

Given the [COVID-19 pandemic](#), according to the GEO No 1/1999 on the siege and emergency state, the provisions on the decision transparency and the social dialogue do not apply to the

¹⁵¹ The project *Initiatives in alternate public policies for social impact services* (amounting 998,290.77 Lei, ESF/POCA), implemented by the *Non-Governmental Professional Association of Social Assistance* in partnership with MMPS

draft regulations instituting measures applicable during the siege or emergency state or which are a consequence of instituting thereof.

On March 17, 2020, a NTCSD meeting on the economic and social protection measures needed to reduce the effects of the COVID-19 coronavirus epidemic took place. MMPS continued the consultations with the social partners leading to the adoption of GEO No 30/2020 amending some regulations and establishing some social protection measures for the purpose of the epidemiological situation caused by the spread of SARS-CoV-2 coronavirus and GEO No 32/2020 amending GEO No 30/2020. In addition, the discussions led to the adoption of modification of the Law No 19/2020 on granting days off to parents for monitoring their children in case of the temporary closure of educational establishments, with subsequent amendments.

Besides NTCSD, the Government facilitates the consultation process within the Advisory Council for Sustainable Development established in order to support the implementation of the National Strategy for Sustainable Development and within the Inter-ministerial Working Group on measures necessary to reduce the effects of SARS-CoV-2 and to establish the National Intervention Plan, as well.

Social partners were involved in monitoring and assessing the measures included in the national programmes and strategies. The following topics should be mentioned:

- The public policy project - *Development of SMEs sector and improvement of business environment in Romania towards digital economy, during 2021 - 2027 period;*
- Increasing the employers' subsidies to hire persons belonging to vulnerable groups, including apprentices or trainees;
- National interest programmes on protecting and promoting the rights of disabled persons: *Establishment of social services such as day centres, respite centres/crisis centres and sheltered housing for deinstitutionalizing disabled persons accommodated in old institutions and preventing the institutionalization of disabled persons from the community and Establishment of social services for ensuring the disabled youth transition from the special child protection system towards the disabled adult protection system;*
- *National programme supporting victims of domestic violence* and the methodology on organizing and rendering operational the integrated national network of sheltered houses for victims of domestic violence;
- Occupational pensions system;
- Extension of the *Pilot Programme to provide food support for preschool pupils and students in 100 state pre-university education units;*
- Amendments to the Fiscal Code and fiscal facilities;
- 2019-2021 National Strategy on Immigration;
- Strategy for railway infrastructure developing;
- 2019-2029 National Strategy on Ecotourism developing and Master plan on developing the balneal tourism;
- *Programme compensating the reference price of the drugs by 90% for retired persons;*
- *Multiannual investment programme financing the modernization, the rehabilitation, the technology and the extension or the establishment of centralized heating systems for localities*

Supporting the collective bargaining and the amicable settlement of the collective labour disputes had the following outcomes:

- 6,703 new collective labour contracts registered by units, during April 2019 - March 2020; 12,582 collective labour contracts validated, by March 2020;
- Two collective labour contracts registered by pre-university education and health sector;
- 17 collective labour contracts/ additional acts registered by groups of units in pre-university education, higher education, MAI, MTS, health units, cultural houses of trade unions, cultural directions, the system of mutual aid houses of employees, cadastral and real estate advertising offices, National Romanian Water Administration, operators in public water supply, sewerage and sanitation services, community services and public utilities - urban, suburban and metropolitan passenger transport, financial, banking and insurance activities in Romania;
- One agreement concluded by the employers' and trade unions' confederations in the banking sector for implementing the project of professional training of employees;
- Proposal to revise the sectors of activity in which the collective bargaining takes place will be subject to debate, after the adoption of the new legislation on social dialogue;
- Twenty-two collective labour disputes, out of which 13 closed and nine remained opened.

Minimum wage

The Government of Romania has elaborated the *Impact analysis on the minimum gross wage guaranteed for payment for the year 2020*¹⁵². This analysis proposed three scenarios for calculating the minimum gross wage guaranteed for payment, according to the inflation rate and the labour productivity. The Government consulted the social partners on the impact analysis regarding the minimum gross wage and the three scenarios regarding the application of a mechanism for setting it (NTCSD meetings on 26 November 2019 and 3 December 2019). Against the background of the Decree on the state of emergency, tripartite consultations on the evolution of the minimum wage started in Q1/2020 were postponed.

Measures presented in this chapter can contribute to the achievement of SDG 4, SDG 5 and SDG 8.

¹⁵² A working party consisting of the National Commission for Strategy and Prognosis (CNSP), MFP, MMPS and INS was established to draft the impact analysis.

4.2. Research, Development and Innovation (RDI)

Investments in research and innovation (R&D): national 2020 target - 2% of GDP (1% GDP-public sector and 1% GDP-private sector). In 2018, the total gross expenditure for R&D accounted for 0.51% of GDP (0.21% of GDP-public sector and 0.30% of GDP-private sector)¹⁵³, up by 0.01 pp on total expenditure as compared to 2017 (due to the increase with 0.01 pp of private sector expenditure while the public sector expenditure remained constant at the 2017 level)¹⁵⁴.

Key directions:

- ✓ Stimulating private investments in RDI
- ✓ Consolidating the European dimension of the national RDI policies and programmes
- ✓ Strengthening the capacity and performance of the RDI system
- ✓ Ensuring a high-quality scientific base

Stimulating private investments in RDI

Activities aimed at developing new technologies and products and commercialisation of research results, economic activities with potential for increasing innovation capacities, attracting and retaining RDI experts in enterprises, partnerships between private sector actors and research suppliers are supported in order to **stimulate private investment in RDI** and to strengthen the link between the research environment and the private one.

For **stimulating enterprises demand for innovation**¹⁵⁵, ERDF finances RDI projects implemented by innovative enterprises individually or in partnership with R&D institutes/universities. In 2019, 74 projects were implemented by innovative enterprises individually or in partnership with R&D institutes/ universities (52 projects developed by start-ups and spin-offs and 22 by newly created enterprises). By Q1/2020, payments worth 35.75 million euros were made and 61 projects have been finalised (40 developed by start-ups and 21 by newly created enterprises). Their implementation resulted in 18 patent applications submitted and 12 scientific co-publications (with private partners) published. By the end of Q1/2020, other 62 projects proposed by start-ups and spin-offs have passed the technical and financial evaluation stage and will enter the contracting phase. As regards the innovative technological projects undertaken by enterprises for product or process innovation (based on the research activity developed within the projects), 27 projects were selected for financing and are in the contracting stage.

ESF supports business creation, including innovative SMEs¹⁵⁶ through entrepreneurship development schemes. For additional details see chapter 4.1 *Employment*.

¹⁵³ According to the latest available data: provisional data published by INS in the *Communication No 294/15 November 2019 on R&D activity in 2018*.

¹⁵⁴ In absolute value, the total expenditure increased from 4317.1 million Lei in 2017 to 4769.3 million Lei in 2018: although as % of GDP, the share of public sector expenditure remained constant, in absolute value the government expenditure slightly increased, from 1396.9 million Lei in 2017 to 1460.8 million Lei in 2018; private sector expenditure increased from 2448.5 million Lei in 2017 to 2830.2 million Lei in 2018.

¹⁵⁵ COP, Action 1.2.1 - Stimulating enterprises demand for innovation through RDI projects (Applicant Guide, sections C - *Projects of innovative start-ups or spin-offs* and D - *Projects of newly created innovative enterprises*)

¹⁵⁶ HCOP, PA 3 - Jobs for all, IP 8 iii - Self-employment, entrepreneurship and business start-ups, including innovative micro-enterprises and small and medium-sized enterprises

The Programme *Business Development, Innovation and SMEs*¹⁵⁷ supports the **development of SMEs through innovation**, with focus on green innovation in industry, ICT and sustainable development of the marine and maritime sector. At the beginning of April 2020, 14 projects (totalling approx. 20 million euros, out of which the value of grants of about 8.3 million euros) aimed at increasing competitiveness and profitability of Romanian enterprises through the development and implementation of innovative technologies, products and services were contracted. The second call for proposals is open until 17 September 2020, with an allocation of approx. 18.5 million euros.

To strengthen the link between the private environment and the R&D one, both the state budget and ERDF supports **the creation of public-private partnership for R&D and knowledge transfer** as follows:

- With financing from ERDF¹⁵⁸, 54 projects (with a total eligible value of 541.3 million lei) had been contracted, out of which 51 projects are under implementation, one was cancelled and two projects were finalised. At the level of Q1/2020, within these projects, 222 subcontracts were signed with enterprises for knowledge transfer and development of R&D projects in partnership, the value of private investments attracted was of 5.55 million lei and payments worth 44.49 million euros were registered;
- By December 2019, 575 projects were financed under NPRDI III¹⁵⁹ (252 *experimental-demonstrative projects* - concept demonstration; 57 *projects for transfer to the economic operator*; 128 *Innovation vouchers* type projects; 126 *Bridge Grant* type projects - *knowledge transfer to the economic agent* and 12 projects for *cluster organisation and development - innovative cluster*). Within these projects, 342 contracts were signed with enterprises (the level of attracted private investments reached 29,367.75 million lei) and 320 scientific publications were published. In Q3/2019, two calls for projects were launched: 2,140 projects are under evaluation at the call for experimental-demonstrative projects (allocated budget of 60 million lei), the final results being estimated to be published in the Q2/2020 and at the call related to projects for transfer to the economic operator (allocated budget of 50 million lei), the contracting process for the 193 approved projects have started.

To increase innovation at SMEs level, ERDF financially supports the **promotion of technological transfer**¹⁶⁰. By 31 March 2020, six financing contracts (eligible value of 11.44 million euros) were signed and two projects for the development of scientific and technological parks were accepted in the pre-contracting stage. The Applicant Guide for launching a new call for proposals carried out by SMEs in partnership with an innovation and technology transfer entity was launched in public consultation in January 2020.

To develop the regional innovation ecosystem, the aim is to *increase the degree of innovation in companies*¹⁶¹. Until the end of March 2020, the call for proposals aiming to introduce research

¹⁵⁷ Programme managed by Innovation Norway (as fund operator) and financed from EEA and Norway Grants 2014 - 2021

¹⁵⁸ COP, Action 1.2.3 (Applicant Guide, section G) - *Knowledge Transfer Partnerships*

¹⁵⁹ NPRDI III, Programme 2 - Increase Romanian economic competitiveness through RDI, sub-programme 2.1. - Competitiveness through research, development and innovation, Actions: 2.1.1. Innovation vouchers, 2.1.2. Project for knowledge transfer to the economic agent - Bridge Grant, 2.1.3. Experimental - demonstrative projects (concept demonstration), 2.1.4. Project for transfer to economic operator, 2.1.5 Cluster organisation and development - Innovative cluster

¹⁶⁰ ROP, PA 1 - Promoting technology transfer: IP 1.1.A - Supporting innovation and technology transfer entities, IP 1.1.B - Supporting scientific and technological parks and IP 1.1.C - Investments for SMEs to for the application of research results in partnership with an ITT

¹⁶¹ ROP, PA 1 - Promoting technology transfer: IP 1.2 - Increasing innovation in companies by supporting multi-sectoral approaches resulting from the implementation of the "Lagging Regions Initiative" in Romania. The project *Target support to implement RIS3* had been implemented in two stages: in the first stage (October 2016 - June

results on the market was opened, in accordance with the priority areas identified in the Smart Specialization Strategies of the North-East and North-West development regions. Eligible for financing are the 34 projects identified within the project *Target support to implement RIS3* implemented in the context of *EC's Lagging Regions Initiative*. In March 2020, the Applicant Guide for Proof of Concept projects was published for consultation. This type of project involves the development of specific activities of an innovative nature carried out by SMEs with the main purpose of demonstrating the functionality and verifying a certain concept of product, service or process that can be developed and put on the market.

Supporting R&D in the field of agriculture and rural development aims to enable the adaptation of new technologies to the production conditions in Romania and the finding of viable solutions for the conservation and sustainable exploitation of agricultural resources. Through the *Sectoral Plan for R&D in the field of agriculture and rural development for the period 2019-2022 - ADER 2022*¹⁶², 134 projects for applied research and innovation in the agriculture field will be supported, their results contributing to lower production costs by increasing productivity and product quality. By the end of 2019, 111 RDI projects were contracted and their execution phases were handed over, monitored and disbursed until 15 January 2020.

Promoting fiscal facilities for R&D aims to stimulate private investments in RDI. To this end, the additional tax deduction of 50% (totalling 150%) for R&D expenditure of enterprises in establishing the taxable profit¹⁶³ and the exemption from income tax for all persons included in a RDI project team¹⁶⁴ are applied.

To **facilitate the access of innovative SMEs to financing**¹⁶⁵, the *venture capital fund instrument* (through two financial intermediaries - GapMinder and Early Game) and the *subsidized interest loan instrument* (financial intermediary ProCredit Bank) are implemented. Until Q1/2020, 39 SMEs benefited from investments or loans to support innovative activities in the smart specialization fields, the level of payments made through COP being of 59.30 million euros.

Further details on measures to diversify funding sources for SMEs (e.g. *increasing SMEs' access to loans and guarantees*¹⁶⁶, improving the legislative framework for stimulating private equity investment - business angels, business incubators) can be found in sub-chapter 3.2. *Business environment and competitiveness*.

2018), the North-East and North-West development regions were supported; in the second stage (June 2018 - June 2019), the support has been extended to all eight development regions in Romania

¹⁶² ADER 2022 is implemented over a period of 36 months with financing from the state budget (total budget - 133 million Lei)

¹⁶³ The Common Order of MFP No 1056/2016 and MEN No 4435/2016 on the approval of Rules regarding the deductions for R&D expenses in establishing taxable profit

¹⁶⁴ According to Law No 136/2017 approving the GEO No 32/2016 supplementing the Law No 227/2015 on the Fiscal Code and the regulation of some financial and fiscal measures and to the Common Order of MFP and MCI No 2326-2855/2017 on employment in applied R&D and/ or technological development

¹⁶⁵ COP, PA 1, Action 1.2.2: Crediting instruments and venture capital measures in favour of innovative SMEs and research organizations responding to market demands. Implementing the *State aid and the Minimis scheme in form of venture capital investments* (according to the Order of MFE No 194/2018) managed by EIF (as Fund of Funds). Allocated budget: 40 million euros for venture capital investments; 15.15 million euros for subsidized lending and 4.15 million euros for management costs. Total financing including private resources: 63 million euros for venture capital investments and 30.3 million euros for subsidized lending

¹⁶⁶ ROP, AP 15 - SME Initiative, IP 1.1 - Support the capacity of SMEs to grow in regional, national and international markets and to engage in innovation processes

Consolidating the European dimension of the national RDI policies and programmes

Promoting pan-European R&D infrastructure projects and stimulating the participation in European and international programmes contributes to the opening of the R&D system and to a better integration into the European Research Area.

Romanian participation in European and international RDI programmes will continue to be **supported** from both European funds and the state budget. At the beginning of March 2020, payments of 2.44 million euros were made from ERDF for the nine projects contracted to create synergies with the RDI actions of Horizon 2020 and other international RDI programmes¹⁶⁷. In addition, the participation of Romanian companies, in partnership with research organizations, in European and international research programmes that facilitate researchers' mobility, circulation of ideas and knowledge, as well as access to transnational collaboration networks is supported through NPRDI III¹⁶⁸.

Within the **strategic project Extreme Light Infrastructure-Nuclear Physics (ELI-NP)**, the construction works of the buildings and of the additional access road from the Bucharest ring road have been completed. The technical parameters for the high-power laser system (HPLS) have been met: the two arms operate at 10 PW (the highest power in the world) and further tests and adjustments are made. In October 2019, a new contract was signed for the construction of the gamma beam system that is estimated to be functional at the beginning of 2023. The process of acquisition, installation, calibration and testing of equipment that is part of the experimental laboratories continues in 2020.

In addition, steps are being taken to *create the Magurele Science Park (MSP)* and to transform the city of Magurele into a *smart city* based on public policies substantiated on the scientific research results. To this end, the project for an investment loan aimed at developing the first phase of MSP consisting in the construction of some technology and innovation transfer centres is under EIB appraisal¹⁶⁹.

Promoting the pan-European project Advanced Lead Fast Reactor European Demonstrator (ALFRED) will continue in 2020. The infrastructure project that aims at developing the technologies for the 4th generation nuclear reactors was included in the *National Roadmap for Research Infrastructures in Romania 2017-2027*. In February 2019, the State aid scheme¹⁷⁰ for the support of ALFRED from NPRDI III was approved and starting September 2019, the project *Preparatory activities for the development of the research infrastructure ALFRED in Romania (PRO Alfred)*¹⁷¹ is implemented. The specific objectives of PRO Alfred aim, among others, to substantiate the infrastructure project and to ensure its maturity (feasibility study, establishing operational requirements for experimental facilities, economic, social, technical and scientific impact assessment at local, regional and national level, etc.).

By Q1/2020, among the activities carried out within the PRO Alfred project are the followings: elaboration of the conceptual schemes for the experimental facilities that are an integrated part of the ALFRED infrastructure (HELENA2, ELF, MELTIN'POT and HANDS ON), as well as of the coordination and training centre (HUB); preparing the licensing process for the ALFRED

¹⁶⁷ COP, PA 1, Action 1.1.3 - Creating synergies with RDI actions of Horizon 2020 and other international RDI programmes

¹⁶⁸ NPRDI III, Programme 3 - European and international cooperation, sub-programmes 3.1 - Bilateral/Multilateral, 3.2 - Horizon 2020, 3.5 - Other European and international initiatives and programmes and 3.6 - Support

¹⁶⁹ <https://www.eib.org/en/projects/pipelines/all/20180760>

¹⁷⁰ MCI Order No 121/01 February 2019 on the approval of the State aid scheme for Sub-programme 5.5 Research, development and innovation programme for 4th generation nuclear reactors - ALFRED

¹⁷¹ The support-project, worth 12 million Lei, will be implemented through NPRDI III (Programme 5: Research in areas of strategic interest, Sub-programme 5.5 Research, development and innovation programme for 4th generation nuclear reactors - ALFRED). Implementation period: September 2019 - November 2020.

demonstrator; identifying key issues in ensuring the viability of the infrastructure; to ensure the necessary human resources, the national education programme was evaluated, the needs were quantified and the necessary competencies for research and infrastructure operation were identified; the computing infrastructure necessary for the design activities associated to the ALFRED infrastructure was extended through the acquisition of hardware and software.

Representative for Romania's contribution to EUSDR in the RDI field is the pan-European infrastructure project **International Centre of Advanced Studies for Rivers-Deltas-Seas DANUBIUS-RI**¹⁷². In 2019, projects were implemented to support the development of the major project, namely: the Danubius - PP (Preparatory Phase) project¹⁷³ was carried out in order to ensure the legal, financial and technical maturity for the development of the infrastructure; within the project *Strategy and actions for preparing the national participation in the DANUBIUS-RI project (DANS)*¹⁷⁴, analyses and studies on defining and development of the Romanian components of the infrastructure (Murighiol International Hub, Danube Delta Supersite, Danubius Data Centre) were elaborated and actions have been taken for the operationalisation of DANUBIUS Programme under NPRDI III. Between February and March 2020, the public debate on the Applicant Guide for a support project (with COP funding) took place. Through the support project, the necessary documentation for the major infrastructure construction project will be completed.

The DANUBIUS-RI project represents one of Romania's major investment priorities for the next multiannual financing period. The total investment for the construction of the infrastructure is estimated at approx. 90 million euros and the project follows to be financed from ESIF. The purpose of DANUBIUS-RI is to provide innovative scientific solutions for the sustainable development of the Danube - Danube Delta - Black Sea system, as a good practice for major river-delta-sea systems worldwide, contributing significantly to the achievement of SDG 14.

Strengthening the capacity and performance of the RDI system

The main actions taken to **strengthen the capacity and performance of the RDI system** refer to strengthening administrative and institutional capacity and improving the governance of the national/ regional smart specialization strategy in order to ensure a strategic framework favourable for investment in research and innovation (CSR 4).

The project for the *development of the administrative capacity of MEC to implement certain actions provided in the National Strategy for RDI 2014-2020 (NSRDI 2020)*¹⁷⁵ contributed to consolidating the capacity to identify emerging technological trends at global level and to facilitate the analyses of regional innovation ecosystems. Among the outputs of the project are the followings: *the National Roadmap for Research Infrastructures in Romania*

¹⁷² In 2016, DANUBIUS-RI was included in the Roadmap of the European Strategy Forum on Research Infrastructures (ESFRI).

¹⁷³ Project financed under Horizon 2020: implementation period - December 2016 - November 2019, project value - approx. 4 million euros (project ID 739562)

¹⁷⁴ Project financed through NPRDI III: implementation period - 14 months from the award of the contract (May 2018 - June 2019)

¹⁷⁵ Project SIPOCA 27, carried out by MEC in partnership with UEFISCDI and the National R&D Institute for Labour and Social Protection: implementation period August 2016 - July 2019, total value - 21.56 million Lei (18.1 million Lei - ESF and 3.4 million Lei - stat budget)

2017-2027¹⁷⁶ was established; the electronic integrated research platform¹⁷⁷ was developed; a guide for applying the rules related to the deductions for R&D expenditure when calculating the fiscal result was elaborated; a mechanism for entrepreneurial discovery were established through a network of observers created at the level of the eight development regions of Romania that monitors the dynamics of regional innovation ecosystems.

In 2020, to focus investment-related economic policy on innovation, considering regional disparities, actions continue for **improving the governance of the national/ regional smart specialization strategy**. To this end, the project *Increasing the capacity of the RDI system to respond to global challenges and enhancing anticipatory capacity to develop evidence-based public policies*¹⁷⁸ is under implementation. The main objectives of the project are the followings: the elaboration and correlation of the National Strategic Framework for RDI 2021-2027 (NSRDI) and the national strategic framework for smart specialisation (NSSS); improving public policies and increasing the quality of regulations in the field of innovative entrepreneurship; the implementation of a quality management system at the level of MEC and the development of competences in implementing the strategic framework (NSRDI and NSSS). In Q4/2019, the analysis document of the factors hindering the dissemination of innovation, including digitization has been finalized. Activities continues for the development of the integrated research platform¹⁷⁹ and elaboration of NSSS (which has as input the Regional Smart Specialization Strategies/ RIS3), including of the monitoring, evaluation and reporting framework and the entrepreneurial discovery process. Until Q1/2020, seven of the eight development-regions finalised RIS3 (the strategy for the region Bucharest-Ilfov being under elaboration) and MLPDA submitted to MFE a first draft methodology for the regional entrepreneurial discovery process.

Also, the implementation of the project for **strengthening the institutional capacity of the MEC by optimizing the decision-making processes in the RDI field**¹⁸⁰ continues. The project aims inter alia to: develop a public policy focused on applied research and capitalisation on research results in correlation with the needs of the economic environment; systematize and simplify RDI legislation; implement a framework that facilitates the development and implementation of simplified procedures for companies with RDI activities; develop the skills for the personnel of MEC. Thus, the project aims to reduce regulatory barriers that hinder the links between academia/ research and the private sector.

Ensuring a high-quality scientific base

Measures to **ensure a high quality scientific base** and encourage private investments in R&D, contributing to the creation of scientific and technology competence centres in the smart specialization fields and the enhanced collaboration between the academic environment and

¹⁷⁶ Approved by MCI Order No 624/2017 on the approval of the Final Report on Research Infrastructures in Romania (the National Roadmap for Research Infrastructures in Romania 2017 - 2027). The report, which includes the national roadmap, was drafted by the Romanian Committee for Research Infrastructures.

¹⁷⁷ BrainMap Platform that can be accessed at: <https://www.brainmap.ro/> includes five registers with information specific to the RDI field (the Researchers Register, the Register of Outcomes, the Register of Potential Contractors - entrepreneurs with innovation activities, Evaluators Register and the Research Infrastructure Register)

¹⁷⁸ Project SIPOCA 592 *Increasing the capacity of the RDI system to respond to global challenges. Enhancing anticipatory capacity to develop evidence-based public policies*, implemented by MEC in partnership with UEFISCDI: implementation period May 2019 - May 2022, total value - 26.04 million Lei (ESF and state budget)

¹⁷⁹ Develop the platforms Romanian repository of open access and Accelerate Romania and continue to develop [Brainmap](#) and [ERRIS](#) platforms.

¹⁸⁰ Project SIPOCA 393 carried out by MEC in partnership with the University "Dunarea de Jos", the Academy of Economic Studies and the National R&D Institute for Mechatronics and Measurement Technique: implementation period February 2019 - February 2021, eligible value - 7.9 million lei

the private one will continue to be financed from the state budget through NPRDI III and the European funds through ERDF.

To facilitate the access of potential investors to well-trained human resources and opportunities for collaboration, **the development of human resources for research¹⁸¹ and attracting high skilled researchers from abroad¹⁸²** will continue:

- Projects aimed at developing new generations of researchers and research schools competitive at European level are supported under NPRDI III. In 2019, funds in a total amount of approx. 31 million lei were allocated for the financing of 4,234 projects (25 research grants, 547 mobility projects for researchers, including from the diaspora, awards for the publication of 3,467 ISI articles and 195 patents registered at the State Office for Inventions and Trademarks/OSIM, European Patent Office/EPO or the United States Patent and Trademark Office/USPTO).

In Q1/2020, 535 projects for post-doctoral research and 898 projects to stimulate young independent research teams were under evaluation. In addition, a call for proposals for the award of scholarships to reintegrate in a research institution in Romania researchers who have benefited from research internships abroad is envisaged to be launch.

- With ERDF funding, a research project in the field of storage of energy from renewable sources based on hydrogen has been completed and the implementation of 50 projects led by researchers from abroad continues; until the beginning of March 2020, payments amounting to 60.97 million euros were registered.

To strengthen the link between academia and the private environment, ESF provides **support for doctoral students (PhDs) and post-doctoral researchers¹⁸³** in order to develop entrepreneurial skills in the fields with growth potential and smart specialization, by granting scholarships (*Entrepreneur PhD Scholarship* and *Entrepreneurial Post-Doctoral Researcher*). Further details can be found in sub-chapter 4.7 *Tertiary education*.

In 2020, the funding of projects for **the development of large R&D infrastructures¹⁸⁴** continues. At the level of Q1/2020, 10 projects for the creation or upgrading of R&D centres and labs (one public infrastructure and nine private infrastructure) were finalised and other 20 infrastructure projects and three projects for innovative clusters were in implemented. Payments amounting to 26.95 million euros were registered. The finalised projects resulted in six modernised R&D labs and nine newly created labs, 18 jobs maintained, 29 new jobs created (out of which 25 jobs for researchers) and 74.75 million lei private investments attracted. Within the 2019 call for proposals dedicated to research infrastructures included in the *National Roadmap for Research Infrastructures in Romania 2017-2027*, 25 projects were submitted by public R&D institutions/ universities. The call for proposals for innovative clusters (with an allocation from ERDF of 1,181.85 million lei) was launched in January 2020 (closing term - April 2020) in order to finance investments for the development of the R&D capacity of the cluster, for stepping up cluster's innovative activities (for example by introducing new products - goods or services and processes on the market) and for increasing the economic competitiveness of the cluster.

¹⁸¹ NPRDI III, Programme 1 - Develop the national R&D system: Sub-programme 1.1. - *Human resources*

¹⁸² COP, Action 1.1.4 (Applicant Guide, section E) - *Attract high skilled researchers from abroad*

¹⁸³ HCOP, PA 6 - Education and skills, SO 6.13 - Support for doctoral student and post-doctoral researchers

¹⁸⁴ COP, Action 1.1.1 -Large R&D infrastructures (Applicant Guide, sections: A - Investments for R&D departments in enterprises; B - Innovative clusters and F - Investment projects for public R&D institutions/ universities)

ERDF supports the **development of networks of R&D centres**¹⁸⁵ to increase the involvement and connection of Romanian researchers at national and international level, as follows:

- In order to *ensure the access of researchers to scientific research literature*, the implementation of the project *Anelis Plus 2020*¹⁸⁶ continues. Four bibliometric databases, four electronic archives and 22 platforms with full-text specialized magazines were purchased and the access to the national electronic repository for scientific publications¹⁸⁷ was ensured for 88 beneficiaries from the RDI system, the number of accesses of the information resources reaching more than 9 million;
- The project for the development of RoEduNet network was contracted and is under implementation, by the beginning of March 2020, payments worth 3.27 million euros being made;
- For modernizing CLOUD type and big data infrastructures, 23 projects were submitted (20 for less developed regions and three for more developed regions).

In the context of the **global challenges and threats caused by the COVID-19 infection**, on 3 April 2020, MEC (through UEFISCDI) launched the “top-down” (restricted tender) competition for seven research topics supported by the MS¹⁸⁸. Thus, 25 million lei were allocated through PNCDI III¹⁸⁹ for the identification and assignment of the execution of RDI “Solutions” type projects aimed to support the efficient interventions in limiting the spread of the COVID-19 pandemic on the Romanian territory.

With funding from COP, MFE envisages to open a call for proposals aimed to develop new or significantly improved products/ technologies/ processes/ services for production and marketing, to strengthen the response to the COVID-19 pandemic. Both short-term projects (3 months) that can immediately help the fight against COVID-19 and medium-term projects (12 months) to strengthen the supply of new equipment/ technologies/ services on the market especially in the situation of a possible recurrence of the virus will be funded.

The measures presented in this chapter can contribute to the fulfilment of SDG 2, SDG 3, SDG 9, SDG 13 and SDG 14.

¹⁸⁵ COP, Action 1.1.2 - Developing networks of R&D centres, nationally coordinated and linked with European and international profile networks and ensuring access to European and international scientific publications and databases

¹⁸⁶ Total value of 249 million Lei, out of which 186.7 million lei eligible value. Implementation period: 60 months (18 July 2017 - 17 July 2022)

¹⁸⁷ <https://dspace.anelisplus.ro/xmlui/>

¹⁸⁸ According to art. 11, para. (3), point a2, of the Annex to GD 583/2015 on the approval of PNCDI III, the “Solutions” type project is defined as the project that offers solutions in the form of an innovative good (product/ service/ manufacturing process), in response to a need identified in the public sector (public procurement for innovation). The solution is given by the leader of the consortium (public research organization) to a problem raised by the public administration. The theme is defined based on dialogue at the level of the public entities that made the order. Projects are segmented into phases (exploration, development, functional testing, feasibility and acceptability). In order to solve the technical and technological problems derived from the needs identified by some public authorities (based on agreements, collaboration protocols, inter-institutional working parties, etc.), lists of priority project proposed by these public authorities are established. Because these projects are framed in the priority areas of NSRDI 2014-2020, the consultation of the advisory bodies of MEC is no longer necessary.

¹⁸⁹ NPRDI III, Programme 2 - Increase Romanian economic competitiveness through RDI, sub-programme 2.1. - Competitiveness through research, development and innovation, Action: Solutions

4.3. Environment and climate change

According to the latest available data¹⁹⁰ from the *National Greenhouse Gas Inventory Report* (NGHGIR), in 2018, related to the base year 1990, **GHG emissions index (excluding LULUCF¹⁹¹) is 47.05** (these emissions decreased from **248.07** million tonnes CO₂ equivalent, in 1990, to **117.00** million tonnes CO₂ equivalent, in 2018) and **GHG emissions index (including LULUCF) is 40.27** (these emissions decreased from **229.79** million tonnes CO₂ equivalent, in 1990, to **92.55** million tonnes CO₂ equivalent, in 2018).

In 2018, related to the base year 2005, **GHG emissions index from ESD¹⁹² sectors is 101.50¹⁹³** (these emissions decreased from **75.4** million tonnes CO₂ equivalent, in 2005, to **74.27** million tonnes CO₂ equivalent, in 2018).

Historical and forecasted values associated to GHG emissions show that Romania will respect the emissions target under Effort Sharing Decision (ESD) No 406/2009/EC on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020.

Key directions:

- ✓ Building a low-carbon economy
- ✓ Reducing GHG emissions from the energy and transport sectors
- ✓ Mitigating climate change effects
- ✓ Improving the management of waste, including hazardous waste
- ✓ Supporting sustainable development and improving the quality of environment, nature protection and biodiversity conservation

Building a low-carbon economy

In the context of the Environmental permit No 35/22.12.2015, for the operationalization of the *National Strategy on Climate Change and Low Carbon Economic Growth (CRESC)* and the *National Action Plan 2016-2020 on Climate Change (PNASC)*, on 31 December 2019, a new quarterly reporting was carried out to record the progress made by the institutions responsible for the preparation of the studies foreseen in the PNASC 2016-2020.

Two training cycles are running within the project “*Professional training of the personnel of competent authorities for environmental protection regarding EIA and SEA for the period 2014-2020*”, in order to train the staff involved in the effective application of EU environmental legislation on Strategic Environmental Assessment (SEA) and Environmental Impact Assessment (EIA): Cycle I - during from 2014 to 2020 (ended) and Cycle II - during from 2020 to 2023. The estimated value of the project is 0.96 million euros and the financial resources needed for financing from TAOP/ state budget will be identified.

Reducing GHG emissions from the energy and transport sectors

To reduce GHG emissions in the energy sector and to stimulate the production of energy from

¹⁹⁰ Data supplied by ANPM, according to the latest version of the National Greenhouse Gas Inventory Report (NGHGIR), drafted by Romania in March 2020, for the period 1989-2018.

¹⁹¹ LULUCF - Land Use, Land-Use Change and Forestry.

¹⁹² ESD - Effort Sharing Decision No 406/2009/EC.

¹⁹³ Romania's 2020 target related to the base year 2005 is that GHG emissions index in ESD sectors will not exceed 119, i.e. ESD emissions shall not exceed 88.3 million tonnes of CO₂ equivalent.

non-polluting sources, a new call for integrated projects of district heating funded from SO 6.4 of LIOP was launched. Six project applications were submitted, amounting to 27.08 million euros, of which two projects were contracted, amounting to 9.87 million euros (the installed capacity for high-efficiency cogeneration amounts to 17.14 MW, for which 1.73 million euros were paid) and the certified expenditure made amounted to 2.91 million euros. To increase the savings in the consumption of primary energy, used for high efficiency cogeneration, four projects with a total value of 17.21 million euros are under evaluation.

At the same time, the accelerated development of the **alternative fuels infrastructure** in Romania is being pursued. *The Vehicle Recharging Infrastructure Development Programme for Plug-in Hybrid Electric and Electric Vehicles at the level of Highways, European Roads and National Roads* financed by the *Environment Fund*, aims to promote the use of electric vehicles, in order to reduce the effects of air pollution on the environment and public health. The proposed allocation of the programme is 92 million lei. The main source of funding consists of the amounts resulting from the auctioning of GHG emission allowances. *The State Aid Scheme* was approved by the EC (DG Competition) and will be published in the Official Journal of Romania.

Moreover, the *Programme for the reduction of greenhouse gas emissions in transport by promoting the infrastructure for energy-efficient road transport vehicles: recharging stations for the electric vehicles in the county seat municipalities* was approved through Minister Order No 760/17.07.2018. The programme is also funded from the amounts resulting from the auctioning of GHG emission allowances, The financing guide for this programme was also approved by Minister Order No 760/17.07.2018 and during the period 18 October 2018 - 30 October 2020, the call for proposals is open for project applications to be submitted. By the end of March 2020, application files submitted by 19 municipalities were approved for a total number of 142 recharging stations, with 302 related recharging points. Contracts have already been signed with 10 municipalities for the financing of 130 related fast recharging points. In addition, 11 application files were submitted under this programme, for 87 recharging stations with 184 related recharging points, AFM being in the process of assessing their eligibility.

Another programme targeting the development of recharging infrastructure for electric vehicles intends to grant financial support to the local public authorities for the installation of recharging stations in localities, for which a budget of 96 million lei is allocated from the amounts resulting from the auction of GHG allowances. The financing guide is to be developed for the launch of the call for proposals during 2020.

To **reduce GHG emissions from the transport sector**, the ESIF supports the development of an economically efficient, sustainable, secure and having a low environmental impact transport system. Further details can be found in chapter 3.2 *Business Environment - Development of Transport Infrastructure* section.

The *Programme for Stimulating the Renewal of the National Car Fleet (RABLA Programme)* has an allocated budget of 405 million lei and 8,482 individuals were registered by the validated producers. *The Programme for Reducing Greenhouse Gas Emissions in Transport by Promoting Clean and Energy-Efficient Road Transport Vehicles (the RABLA PLUS Programme)* has an allocated budget of 140 million lei, with 208 individuals registered by the validated producers and 27 electric vehicles purchased.

To **reduce the impact of civil aviation on the environment**, TAROM continues to apply fuel efficiency measures: monitoring and optimizing consumption (EU-ETS/CORSIA fuel consumption monitoring and reporting system is in the contract negotiation phase); bringing low-fuel consumption aircraft in the fleet (by Q1/2020, four ATR72-600 aircraft were brought into the fleet through operational leasing); the establishment of an organizational structure dedicated to

reducing the operational consumption of aviation fuel; reducing the use of paper documents on board of aircraft by using the "Electronic Flight Folder" system that allows the replacement of the flight file with electronic documentation. Moreover, the implementation of measures to reduce direct and indirect CO₂ emissions at the Henri Coanda Bucharest International Airport and Bucharest Baneasa - Aurel Vlaicu Airport continues, in order to maintain level III and respectively level I ACA¹⁹⁴ accreditations, valid until November 2020.

The ERDF supports *the development of sustainable urban mobility*¹⁹⁵ by financing projects aimed at reducing dependency on the use of cars by developing an attractive and efficient public transport system and by stimulating cycling, walking, or using non-polluting cars. By the end of 2019, payments amounted approx. 533.7 million lei (ERDF and national contribution) were made for 175 contracted projects (total eligible amount of about 1,358.5 million lei) contracted for the purpose of purchasing public means of transport (rolling stock - trams, trolleybuses and electric buses) which can be equipped with software and equipment related to integrated passenger ticketing systems (e-tickets or e-ticketing), traffic management systems and other intelligent transport systems (ITSs).

Financing the acquisition of public transport means (trams/ trolleybuses/ electric buses) is conditioned by the elaboration of *Sustainable Urban Mobility Plans (SUMP)*¹⁹⁶ which is the instrument of strategic territorial planning through which the spatial development of localities and peri-urban/ metropolitan area is correlated with the mobility and transport needs of persons and goods. The update of the SUMP is carried out under the coordination of the Inter-institutional working group for the optimization of the SUMP in Romania (GO - SUMP)¹⁹⁷. By 2022, the SUMP are estimated to be updated at the level of 18 large municipalities, most of the SUMP following to be updated by local public authorities in the period 2022-2023.

The *Programme for Improving Air Quality and Reducing Greenhouse Gas Emissions by Using Less Polluting Vehicles in Local Public Passenger Transport* aims to improve air quality and reduce greenhouse gas emissions by using electric buses, hybrid electric buses, CNG buses and trolleybuses in local public passenger transport. The programme started in 2018, with a total budget of 460 million lei. The eligible beneficiaries within the programme were the Administrative Territorial Units - County Residence Municipalities, including Bucharest Municipality. The programme was designed as a measure of the Romanian Government to deal with the problems of air quality, resulting from road traffic, the main cause for both high levels of nitrogen oxides and particles (PM 10 and PM 2.5), in relation to which Romania is liable to be penalized by CJEU. In 2020, two financing contracts are in progress, concluded with Bucharest Municipality and Brasov Municipality and amounting 449.6 million lei. The main source of funding consists in the amounts resulting from the auction of GHG allowances.

¹⁹⁴ *The Standard for Air Carbon Accreditation (ACA)*, according to *The Airport Carbon Accreditation Programme*, was launched in June 2009 by the International Airports Council. The Programme aims to assess the performances of airports in the management and reduction of carbon emissions resulting from the airport activities, as well as to apply a European Airports Standard with four accreditation levels: I - *mapping* (CO₂ emissions evaluation or airport's CO₂ footprint establishment), II - *reduction* (apply measures to reduce emissions), III - *optimization* (optimize the airport activities) and IV - *neutrality* (implementing of emission capping measures by introducing the offset possibilities).

¹⁹⁵ ROP, PA 3 - Supporting the transition to a low carbon economy, IP 3.2 - Reducing carbon emissions in urban areas based on Sustainable Urban Mobility Plans and PA 4 - Supporting sustainable urban development, IP 4.1. - Reducing carbon emissions in county-based municipalities through investments based on sustainable urban mobility plans.

¹⁹⁶ SUMP are developed in accordance with the provisions of Order No 233/2016 for the approval of the Methodological Norms for the application of Law No 350/2001 on spatial planning and urbanism and on the elaboration and updating of urban planning documents.

¹⁹⁷ Group organized by MLPDA together with the "Asociatia Orase in Miscare" (Cities on the Move Association) and functional since 2018.

In addition, AFM allocated through the 2020 budget, an additional amount of 480 million lei, also from the amounts resulting from the auction of GHG allowances, for the launch of a new programme for financing less polluting vehicles in local public passenger transport - electric buses and trolleybuses/ CNG, trams and trolleybuses.

To modernize the air quality monitoring, the *Programme for Development and Optimization of the National Air Quality Monitoring Network (RNMCA)* is underway in Romania; through this programme the air quality data will be reported in real time. For the fulfilment of this Programme, in 2019, the subsequent Service Contract No 11/2019 concluded based on the Framework Agreement No 999/2015 (with a budget of 5.53 million lei) is being implemented.

Mitigating climate change effects

To mitigate the effects of climate change, afforestation works on degraded land have continued, aiming to protect certain territories against harmful climatic factors. The budget allocated both in 2019 and in 2020 for works for the establishment of plantations, maintenance, care, completion etc., was 10 million lei/ year. Thus, the area planted between March and October 2019 is 42 ha, the value of planting and maintenance works in this period reaching 5.5 million lei. Through the Environmental Fund, a total 8,613.62 ha have been planted since the beginning of the Afforestation Programme. From the beginning of 2019 and by spending 11.7 million lei, the Forest Guards carried out afforestation/ tree addition/ reforestation on 17/107/41 ha of degraded land (total: 165 ha). At the same time, the previously established plantations (2,394.87 ha) were maintained by RNP-Romsilva with a budget of 0.5 million lei.

Improving the management of waste, including hazardous waste

Improving waste management is one of the most important issues in Romania. To that end, the use of equipment containing ozone depleting substances and fluorinated greenhouse gases is discouraged. Thus, in 2018, the *National Programme for Replacing Waste Electrical and Electronic Equipment (RABLA ELECTROCASNICE Programme)* was launched to replace the old appliances (washing machines, dishwashers, air conditioners, refrigerators/ freezers, TV sets) with appliances in the upper energy class (energy class A++ and above). In 2018 and 2019 calls, 109,257 vouchers were granted, with a total value of 40 million lei, for the purchase of: washing machines - 25,830 vouchers; air conditioners - 8,300 vouchers; refrigerators/ freezers - 18,276 vouchers; dishwashers - 4,507 vouchers; TV sets - 52,344 vouchers.

PA 3, SO 3.1 of LIOP finance the phased projects for consolidation and extension of integrated waste management systems (initiated on SOP Environment) and new integrated/ individual projects for consolidation and extension of the integrated waste management systems, with respect to the waste hierarchy. The total budget of SO 3.1 (EU contribution + national contribution) amounts 374.31 million euros. Thus, through LIOP, 18 phased development projects of integrated waste management systems, amounting 202.73 million euros, have been submitted, of which 15 projects are being implemented and three projects have been completed. Also, six projects are being prepared, with a total value of 563 million euros. The aim is to create an additional waste recycling capacity of 1,308,262 tons/year, by implementing the 18 phased projects for the development of integrated waste management systems submitted on SO 3.1 of LIOP (the expenses amounting to 138.93 million euros were certified), in addition to the 44 non-compliant landfills that have been closed/ rehabilitated. The additional waste recovery capacity (excluding recycling) was 88,025 tons/year compared to the target value of 340,000 t/year. It is expected to reach 310,000 tons/year waste recovery capacity through the major project *Bucharest Energy Recovery of Municipal Waste on a High Efficiency Cogeneration Power*

Plant.

The Environmental Fund finances economic operators that carry out waste recycling and treatment facilities through *The Programme of Waste Management, Including Hazardous Waste*. The programme will implicitly contribute to the economic development of the regions where investments are made and, indirectly, to job creation, while improving the quality of the environment, saving raw materials and energy, thus ensuring a balance between environmental protection, economic growth and equitable access to resources between generations. The minimum value of the requested financing is the lei equivalent of 200,000 euros, at the BNR exchange rate from the date of application for financing. The programme has an allocated budget of 527 million lei. Under this Programme, *the Regional State Aid for Investment Scheme with the aim of reducing the negative effects of waste on the environment and reducing the consumption of primary resources* has been approved and the financing guide for this programme is to be developed.

The Environment Fund also finances the closure of 12 non-compliant municipal landfills, included in Case C 301/2017 (under Council Directive 1999/31/EC on the landfill of waste), pending before the CJEU. Now, the files submitted by eight municipalities are approved and the specific closure procedures will start.

Last but not least, the AFM will finance with approx. 100 million euros the closure of non-compliant hazardous and non-hazardous industrial waste landfills, also included in Case C 301/2017 (under the conditions of Council Directive 1999/31/EC on the landfill of waste) and whose owners/ managers are bankrupt economic operators.

In addition, through *The Programme for Education and Public Awareness on Waste Management*, the AFM helps to raise public awareness on the selective collection of packaging waste, waste from electrical and electronic equipment (WEEE), bulky waste, construction and demolition waste, the rights and obligations of natural persons in the waste management cycle, as well as the existing collection capacities at local level. MMAP is closely following the achievement of the 2020 waste recycling target (50% of the total weight for paper/ cardboard, plastic and glass waste from municipal waste to be recycled in 2020). Thus, through the Minister Order No 1196/2018, the *Financing Guide of the Programme for Education and Public Awareness on Waste Management* was approved, the project call for proposal being open from 7 December 2018 to 31 July 2019. Advisory Committee meeting approved funding dossier submitted by MMAP, the approved amount being of 10 million lei. In December 2018, two other Minister Orders were approved for establishing *the procedure of registration of economic operators who take over the packaging waste from the population* (Minister Order No 1271/2018) and *the procedure for licensing, annual approval and withdrawal of the operating right of organizations that implement the manufacturer's extended liability obligations* (Minister Order No 1362/2018).

Supporting sustainable development and improving the quality of environment, nature protection and biodiversity conservation

The development of environment infrastructure requires major investments for extending water and wastewater networks, the construction and rehabilitation/ upgrading of treatment plants, sewerage networks and wastewater treatment plants. By the end of December 2018, at national level, in agglomerations larger than 2,000 equivalent inhabitants (e.i.), 1,103 sewer networks were inventoried, out of which 826 were functional and 277 under different stages of execution. With regard to sewage treatment plants, in agglomerations larger than 2,000 e.i., there were in place 764 treatment plants, out of which 658 were functional and another 106 new treatment plants were completed, to which the population had not yet been connected or being in technological trials/ decommissioned. In agglomerations larger than 2,000 e.i., the degree of

coverage with wastewater collection systems corresponds to a biological load of approx. 63.1% of equivalent inhabitants and the degree of coverage with sewage treatment plants corresponds to a biological load of approx. 58.4% of equivalent inhabitants. The investments made between January 2007 and 2018 for the wastewater infrastructure amounted to approx. 6,062.2 million euros, out of which 55% for the rehabilitation and extension of sewerage networks and 45% for the rehabilitation and construction of new wastewater treatment plants.

In order to strengthen the capacity of the beneficiaries from the water and wastewater sector in the strategic management process of the LIOP project portfolio, *The Agreement of Technical Assistance Services for the Consolidation of the Water and Wastewater Sector in Romania* was concluded by MFE with the EBRD. For investments in the field of wastewater, 91 projects with a total eligible value of 4,157.57 million euros were submitted on SO 3.2 of the LIOP. Of these, 86 projects of a total value of 3,964.00 million euros were contracted. Of the 86 contracted projects, six projects have already been completed (two TA projects and four phased infrastructure projects). Moreover, 25 projects amounting 5,390.33 million euros are under preparation phase. Of the 86 contracted projects, in which expenditures amounting to 370.85 million euros were certified, 41 projects are supporting the preparation of the financing application and awarding documents, 29 are phased infrastructure projects and 16 are new water and wastewater infrastructure projects. Through the 45 selected infrastructure projects, 2,861,945 people will benefit from a better water supply and 4,449,031 additional people will benefit from a better wastewater treatment.

Also, in order to strengthen the capacity of the authorities, the *Agreement for the Provision of Reimbursable Technical Assistance Services Regarding the Assistance Provided to Romania for Analysing and Addressing the Challenges in Meeting the Requirements of the Urban Wastewater Treatment Directive (UWWTD)* was signed. The results of the project will consist in: (i) drafting of an updated *UWWTD Implementation Plan*; (ii) development of a *National Strategy for Water Supply, Collection and Treatment of Urban Wastewater*; (iii) development and implementation of the data collection, processing and reporting system; (iv) promotion of a draft normative act (law) on defining the obligations and responsibilities related to the collection and treatment of urban wastewater, as these result from the UWWTD provisions. The project is financed by ACOP 2014-2020 and has a value of 15.8 million lei and its completion deadline is August 2021. The above *Plan* and *Strategy* also represent favourable conditions under *Updated Planning for the Necessary Investments in the Water and the Wastewater Sector*, provided by the proposal of an *EC Common Provisions Regulation* for setting some of the post-2020 EU Funds.

Works to improve the flood protection systems continue in a fast pace and, by 31 December 2019, 65.86 km of dams, shore consolidations and riverbed recalibration were developed. ANIF-MADR intervened on 103 complex drainage systems for prevention and management of flood situations and carried out land improvement works, respectively drainage within 229 localities. During 2019, 3,246 localities under 1,243 TADs were affected by the floods, at least once. The total estimated value of damages at national level is about 1.6 billion lei.

Complementary to the above-mentioned works, between 3 June and 5 July 2019, simulation exercises have been scheduled to take place at the level of each Water Basin Administration (WBA). The extreme hydro-meteorological events registered at national level in that period allowed the exercises to take place in only four WBAs: Crisuri, Dobrogea-Litoral, Prut-Barlad and Buzau-Ialomita. For the other seven WBAs, the simulation exercises were suspended/ cancelled, because the events took place in real time. 47 localities from Constanta, Tulcea, Bihor, Prahova, Dambovita, Botosani and Vaslui Counties were involved in the simulation exercises.

Throughout July 2019, all the actors responsible for flood protection at county level (water

management systems), WBA, ANAR and MAP participated to a meeting, organized for debating/clarify the provisions of the new *Flood Risk Management Regulation*, approved by the joint MAP/MAI Order No 459/78/2019. Between January and March 2019, with the participation of specialists from MAP, ANAR, INHGA and WBA, round tables were held to prepare the necessary data to report to the EC about stage 1 of the Cycle II on implementation of the *Flood Directive 2007/60/EC*. In the Q2 and Q3/2019, the analysis of the special hydro-meteorological events, registered in the period 2011-2016 continued and on 30 August 2019, the reporting to the EC was confirmed.

In October 2019, under the ACOP 2014-2020, the financing contract was signed for the project *Strengthening the Capacity of the Central Public Authority in the field of Water, in order to Implement the 2nd and 3rd stages of Cycle II of the Flood Directive - RO- Floods*. The project runs for 36 months, between October 2019 and October 2022, having MMAP as project leader and ANAR as partner. The total value of the project is 139.996 million lei, of which ANAR funds are 6.95 million lei. The project is carried out with TA provided by the WB.

Moreover, the RO-FLOODS project will contribute significantly to achieving the targets set and identified in the *Flood Risk Management Strategy*, under the project *Strengthening the Capacity of the Central Public Authority in the field of Water Management to Implement the National Flood Risk Management Strategy (SNMRI) in Medium and Long Term*. This is the second project, for which the financing contract was signed, in February 2020, with ACOP 2014-2020 funding. The project is scheduled to run for 24 months, between February 2020 -and February 2022, the project leader is MMAP and ANAR participates as partner. The total value of the project is 11.06 million lei, of which ANAR funds are 5.25 million lei.

In order to promote adaptation to climate change, risk prevention and management, the LIOP is preparing *The Project for Promoting Climate Change Adaptation, Risk Prevention and Management - Increasing the Level of Training of Intervention Crews for Rapid and Effective Disaster Response*, amounting of 681 million euros. Also, 18 projects are implemented under PA 5 "Promoting Adaptation to Climate Change, Prevention and Risk Management", amounting to 1,360 million euros and benefiting already of certified expenditures amounting to 117.09 million euros. Among these projects, a contract of 841 million euros was signed for the project *Reducing Coastal Erosion Phase II (2014 - 2020)*¹⁹⁸. The aim of this project is to prevent coastal erosion through specific actions to limit its negative effects on the coastal areas of Romania seaside. This will support the development of an environment appropriate for increasing the conservation value of marine habitats in the project areas, ensuring the conditions for maintaining and supporting the future development of marine species with high conservation value.

Regarding nature protection and biodiversity conservation, Romania is characterized by a variety of protected natural areas of national, European and world significance. Thus, out of a total of 1,574 protected natural areas, ANANP manages 1,227. In order to strengthen the institutional capacity of ANANP, *Law No 220/2019 on amending and supplementing some normative acts in the field of environmental protection* was approved and seven guides developed within the project *Elaboration of the Guidelines for Improving the Administrative Capacity of the Environmental Protection Authorities, in order to Develop the Unitary Procedure of Environmental Impact Assessment (EGEIA)*, SIPOCA 19 code, are under approval procedure.

By late April 2020, out of a total of 3,179 localities (ATUs) that must carry out pastoral development projects, 2,130 TADs developed projects for pastoral arrangements, covering an area of 2,399,027.55 ha and another 474 projects are being elaborated, covering an area of 990,664.61 ha, the degree of accomplishment at national level being 65.43%.

¹⁹⁸ The project was approved by GD No 667/2016 and the beneficiary is ANAR.

With regard to **nature protection and biodiversity conservation**, on SO 4.1 of LIOP, 141 projects were submitted, with a total value of 325.71 million euros, of which 76 projects were contracted, with a total value of 151.78 million euros and with certificates expenses of 35.47 million euros. Also, nine projects with a total value of 16.84 million euros are under evaluation. The implementation of SO 4.1 is affected by the elimination of custody as a form of management for the protected areas (GEO No 75/2018), which led to a deadlock both in the process of evaluating funding applications and in the process of implementing contracts and in launching new calls. For the indicator “*area of supported habitats in order to obtain a better preservation stage*” the target value is 60,000 ha and through the selected projects, the value of this indicator will reach 41,416 ha. For the indicator “*sets of measures/ management plans/ approved action plans*” the target value is 70 plans and through the selected projects, the value of this indicator will be 84 plans. For the indicator “*surface of degraded and reconstructed ecosystems*” the target value is 2,000 ha and the value expected to be reached in 2020 is 1,000 ha.

The NRDP 2014-2020¹⁹⁹ supports **the reduction of GHG and ammonia emissions from the agricultural sector**. Investments aimed at achieving an adequate level of farm endowment, modern facilities for the storage and use of manure and sewage sludge, biogas facilities, equipment used in agriculture to reduce the GHG and ammonia footprint, as well as technologies that contribute to support a low-carbon economy. By the end of Q1/2020, 423 projects were contracted on this programme, amounting to 378.85 million euros and the payments amounted 112.45 million euros.

The measures presented in this chapter can contribute to the fulfilment of SDG 1, SDG 2, SDG 3, SDG 6, SDG 7, SDG 9, SDG 11, SDG 12, SDG 13, SDG 14 and SDG 15.

¹⁹⁹ Under Priority 5 “*Promoting Resource Efficiency and Supporting the Transition to a Low-Carbon and Climate-Resilient Economy in the Agricultural, Food and Forestry Sectors*”, the Intervention Area (IA) 5D “*Reducing Greenhouse Gas and Ammonia Emissions from Agriculture*”. Sub-measure 4.1 “*Investment in Agricultural Holdings*” descends under measure 4 “*Investment in Physical Assets*” and contributes to the intervention areas IA 2A “*Improving the Economic Performance of all Farms and Facilitating the Restructuring and Modernization of Farms, in Particular to Increase Market Participation and Orientation and Agricultural Diversification*” and IA 5D “*Reducing Greenhouse Gas and Ammonia Emissions from Agriculture*”.

4.4. Renewable energy sources

In 2018, according to EUROSTAT, the share of energy from the renewable sources represented 23,87% of the gross final consumption. The value of this indicator overpassed the European target (20%), but it dropped under the national target (24%), for the year 2020.

Key directions:

- ✓ Promoting renewable energy sources (RES) through the Environment Fund and the implementation of the green certificates (GC)
- ✓ Boosting the energy production from less exploited renewable sources

Promoting renewable energy sources (RES) through the Environment Fund and the implementation of the green certificates (GC)

Romania's *Energy Strategy 2019-2030, with a projection up to 2050*²⁰⁰, was drafted and posted (in August 2019) on the Energy Ministry's website, for comments and proposals, together with the *Environment Report*²⁰¹ and the *Appropriate Assessment Study*²⁰². The open public debates on the aforementioned documents took place in October 2019. Currently, the Sectoral Environmental Assessment Study (SEA) of the Strategy is ongoing, in order to obtain the environmental approval.

To increase the share of energy from renewable sources, **the promotion of renewable energy sources (RES) has been continued through the implementation of the green certificates (GC) support scheme.** In 2019, according to Law no 184/2018, ANRE has established a mandatory quota for the acquisition of the GC so that the impact on the average final consumer be of 12.5 euros/MWh. The mandatory quota for the acquisition of the GC for the year 2019, was at the value of 0.433548 GC/MWh. Since the promotion support scheme through the GC for the new E-RSE producers was closed as of 1 January 2017, by 31 December 2019, the installed power plants benefiting from this promotion scheme was 4,779.6 MW, that is a decrease of 5.4 MW in comparison with the year 2018, representing the electrical power capacities for which the accredited period expired, as well as the electrical power capacities for which the accreditation was withdrawn, upon request of the economic operators holding these capacities.

An annual assessment of specific indicators (fixed operating and maintenance costs, variable operating costs, installed capacity utilization factor, internal rate of return) is performed and at the end of Q1 the *Report on the Overcompensation Analysis of the Green Certificates Promotion System for RES*²⁰³, comprising the situation of the previous year, is published. The level of achievement of the national target related to the quota of the power energy produced from renewable sources represented in the final consumption of electricity, is published at the end of Q2, under the *Monitoring Report on the Functioning of the market for Green Certificates*, comprising the situation of the previous year.

Moreover, under the provision of Art. 1 (16) of the *Law no 184/2018 for the approval of the GEO No 24/2017 relative to the amendment and completion of the Law No 220/2008 establishing the promotion system for the production of energy from renewable sources and for the amendment of several normative acts*, ANRE undertook the responsibility of drafting

²⁰⁰ http://energie.gov.ro/wp-content/uploads/2019/03/Strategia_Energetica_FINAL_02_nov_2018.docx

²⁰¹ http://energie.gov.ro/wp-content/uploads/2019/08/20190729_Raport-de-mediu_SER-2019-2030-2050_ROL_rev05_2.pdf

²⁰² http://energie.gov.ro/wp-content/uploads/2019/08/20190729_Studiu-de-evaluarea-adecevata_SER-2019-2030-2050_rev05-2_DC.pdf

²⁰³ <https://www.anre.ro/ro/energie-electrica/legislatie/surse-regenerabile/rapoarte-garantii-certif-verzi>

the regulatory framework, in order to facilitate the sale of electricity produced by the power plants from renewable sources with an installed electrical power of up to 27 kW per demand facility belonging to prosumers and distributed through the power grid to those electric power producers with which they concluded supply contracts. To that end, in late 2018, ANRE approved a package of regulations relative to the above-mentioned issue, comprising: ANRE's Order No 226/2018 *for the approval of electricity sale produced by the power plants from renewable sources with an electrical power of up to 27kW belonging to prosumers*; ANRE's Order No 227/2018 *for the approval of the framework Contract of sale and purchase of the electric power produced by the prosumers holding power plants for the production of electric power from renewable sources with an installed power of up to 27 kW per demand facility and for the amendments of some regulations from the electric power sector*; ANRE's Order No 228/2018 *for the approval of the Technical Norm „Technical conditions for the connection to the power grids of public interest for the prosumers with active power output from the grid”*; ANRE's Order no 149/2019 for the amendment and completion of ANRE's Orders No 226/2018 and No 227/2018. A guide to prosumers selling electricity at regulated prices was published on ANRE's website²⁰⁴.

The Promotion of RES through the Environment Fund, has continued through: (i) the *Programme on Installation of Heating Systems using Renewable Energy, including the Replacement or Completion of Classical Heating Systems* (the so-called *Green House programme*). Between January 2018 and October 2019, 6,243 such systems were installed, amounting to 37.72 million lei; (ii) *The Programmes for the Installation of Photovoltaic Panels for Electricity Production to Cover the Required Consumption and to Deliver the Surplus to the National Grid* (approved by Minister Order No 1287/2018) for seven development regions, for which seven financing contracts were concluded, with an eligible value of 108.26 million euros (out of which 92.02 million of euros from ERDF funds) and payments made totalling 0.027 million euros. With installers, 206 contracts of participation were concluded for the development regions funded through ROP. For Bucharest - Ilfov region, which is not eligible for funding through ROP 2014-2020, a total 36 contracts of participation, funded through the Environment Fund, were concluded; (iii) *The Programme Photovoltaic Panels - Individual Beneficiaries* is implemented through AFM and supported by ROP (with an eligible value of about 110 million euros from ERDF and the national contribution). Thus, it is estimated the financing of about 30,000 households in view of the installation of photovoltaic systems. The programme supports individuals to buy and install systems based on energy renewable sources, non-polluting, with an installed power of at least 3 kW/h, to increase energy efficiency and to reduce greenhouse gas emissions. The financing is granted and non-refundable, amounting to 20,000 lei per installation/ household, representing 90% of the value of the eligible expenditures and the expected number of beneficiaries shall be up to 30,000 for the equivalent of an installed electric power of about 90,000 kW/h; (iv) *The Programme Photovoltaic Systems for isolated households - individual beneficiaries* aims at increasing energy efficiency, improving the air quality and reducing the greenhouse gas emissions though the production of electric power from renewable sources of the households located at least 2 km away from the national power distribution grid and through the reduction in the use of the conventional hydrocarbon fuels. in the framework of this programme, 114 local authorities submitted projects for 1,943 isolated households and seven contracts were concluded, by the end of the Q1/2020. The financial allocations to this programme amounted to 230 million lei.

²⁰⁴ <https://www.anre.ro/ro/energie-electrica/legislatie/prosumatori>

Boosting the energy production from less exploited renewable sources

Investments to support the energy production from less exploited renewable resources (i.e. biomass, biogas, geothermal) are also made with funds from ESIF, through LIOP SO 6.1. To that end, the call for proposals launched on 17 May 2017 was extended until 31 December 2019. Thus 45 projects amounting to 229.20 million euros were submitted, out of which no project has been contracted so far. As a consequence of the insufficient progress in the implementation of the priorities, LIOP MA shall propose the amendment of the programme through the completion of SO 6.1 (*Production*), with a provision for the inclusion of the capacities of electricity production from geothermal energy within the applicability area of funding. The call for proposals for the *Distribution* was launched on 3 January 2018 and prolonged until 31 December 2020. Thus, 10 projects amounting to 32.32 million euros were submitted, out of which 4 projects amounting to 12.47 million euros were contracted. For the indicator „*additional production capacity of energy from renewable sources*”, the target value was 60 MW and the value of this indicator will be 58.53 MW, based on the selected projects. For the indicator „*greenhouse gas reduction - the estimated annual greenhouse gas reduction*”, the target value was 48,000 tonnes CO₂-equivalent and the value of this indicator is expected to reach 8,341 tonnes CO₂-equivalent, based on the selected projects. Thus, for SO 6.1 (*Distribution*), four projects are being implemented, with certified expenditures amounting to 0.98 million euros.

The measures presented in this chapter can contribute to the fulfilment of SDG 6, SDG 7, SDG 9, SDG 11, SDG 12 and SDG 15.

4.5. Energy efficiency

In 2018, according to EUROSTAT, the final energy consumption was 23,53 Mtoe²⁰⁵. Historical and forecasted values associated with the final energy consumption in Romania are maintained below the committed limit (30,3 Mtoe), for the year 2020

Key directions:

- ✓ Promoting high efficiency cogeneration
- ✓ Modernizing the centralized heat supply systems of communities
- ✓ Increasing the energy efficiency for residential and public buildings and for public lighting systems
- ✓ Increasing the interconnection capacity of the national electricity transmission system

Promoting high efficiency cogeneration

To improve the energy efficiency, through the **implementation of the state aid supporting scheme to promote high efficiency cogeneration**, 722 million lei were allocated, as a bonus, for 2019. This sum is the total amount of all monthly bonuses received by the producers who applied for the state aid scheme of bonuses, without the non-allocated/ undue bonuses determined following the annual qualification realized in Q1/2020 and without the overcompensation/ regularisation of the overcompensation ex-ante set in Q1/2020. In January 2020, the amount of 129 million lei was allocated as bonuses and 25 operators benefited from this state aid scheme.

To support investments in installations and equipment that lead to energy savings in industrial enterprises, SNGN ROMGAZ SA intended to make a power plant on a combined gas cycle, in condensation, with a capacity of 400 MW and the functioning on natural gas, at Mintia, Hunedoara County (the feasibility study is completed) and its investment made in CTE Iernut shall be completed by 31 December 2020.

Modernizing the centralized heat supply systems

In order to continue the **modernization of the centralized heat supply systems**, *the Programme District Heating* was approved by GEO no 53/2019, being implemented over the period 2019 - 2027 and for which 400 million lei were allocated from the Environment Fund, covering the whole period of implementation. Additional commitment appropriations of 270 million lei and budget appropriation of 70 million lei were approved for the year 2020, under State Budget Law no 5/2020. This multiannual programme mainly aims at ensuring the continuity of the modernization work of the heat supply systems, on the functional components, as follows: the heating production unit(s); the primary heating transmission network (hot water); thermal power station, or heating modules at building level, where it is economically justified, hot water supply and central heating networks. Also, the creation of centralized heat supply systems for towns will start to be financed. The beneficiaries of this programme are the administrative-territorial units. In 2019, the investment objective „*The Rehabilitation of the heat transmission and supply source and network in the Municipality of Vatra Dornei*” was funded with 15.32 million lei.

²⁰⁵ Mtoe - million tonnes of oil equivalent.

Increasing the energy efficiency for residential and public buildings and for public lighting systems

Under ROP 2014-2020, the package of measures aimed at increasing energy efficiency in residential buildings, public building and public lighting systems is under implementation, with allocations from ERDF funds and the State budget, for the entire period, amounting to 1,110 million euros. So far, calls for projects were launched for the following operations relative to this package of measures: (i) *A Operation - Residential Buildings* (contracted 295 projects for an eligible value of 490.58 million euros); (ii) *B Operation- Public Buildings* (contracted 377 projects for an eligible value of 456.91 million euros); (iii) *C Operation - Public Lighting* (contracted 42 projects for an eligible value of 120.61 million euros).

Under the *Environment Fund*, the funds (revenues generated from the auctioning of the greenhouse gas emission certificates GES), were directed to: (i) the *Programme on the public street lightening (LED lights)*, aiming at the modernisation of the public lightening system through the replacement of light lamps with LED lightening of high energy efficiency with a financial allocation of 384 million lei. (ii) the *Programme on the increasing energy efficiency of the single-family houses*, aiming at the rehabilitation of the single-family houses through the insulation of walls, the replacement of glass spaces, etc. with a financial allocation of 429 million lei. (iii) the *Programme on increasing energy efficiency for public buildings*, aiming at the rehabilitation of the single-family buildings through insulation of walls, roofs, the replacement of window areas etc., with a financial allocation of 384 million lei.

Under the *Multiannual National Programme on the increasing energy performance of the apartment buildings over the period 2019-2021*, 542 apartments were rehabilitated and payments of about 7.283 million lei made in 2019. Under MO No 2088/04.07.2019, with subsequent amendments and completions, on the approval of the *Multiannual National Programme on increasing energy performance of the apartment buildings over the period 2019-2021*, for the intervention works of 16,184 apartments included in the programme, budgetary credits amounting to 30 million lei and commitment appropriations amounting to 55 million lei were allocated in 2019.

Under LIOP Specific Objectives promoting energy efficiency (SO 6.2, SO 6.4 and SO 7.1), the following progress was made:

- on 20 March 2018, the uncompetitive call for proposals on *Promoting Systems for Measuring, Recording and Monitoring Energy Consumption on Industrial Platforms* (SO 6.2, with an allocated budget of 11.75 million euros) was re-launched and the deadline was extended until 31 December 2020. By the end of Q1/2020, 13 enterprises were supported and 37 project proposals amounting to 7.96 million euros were submitted, out of which only 13 projects totalling 2.53 million euros were approved and contracted (certified expenditures amounting to 1.97 million euros). Other eight projects amounting to 2.22 million euros are under preparation phase;
- on 16 March 2017, the call for proposals on *the construction and upgrading of high efficiency cogeneration power plants on natural gas and biomass (maximum 8 MWe)* was launched at the level of enterprises using waste gases from industrial processes (SO 6.4, with an allocated budget of 63.52 million euros), was extended until 31 July 2020. By the end of Q1/2020, one enterprise was supported and out of the six projects proposals amounting to 27.08 million euros which were submitted, only two projects amounting 9.87 million euros were approved and contracted (certified expenditures amounting to 2.91 million euros. The installed high efficiency cogeneration capacity is 17.14 MW and the reduction in greenhouse gas emissions is estimated at 8,341 tonnes CO₂-equivalent.

- on 9 June 2016, the call for proposals on the *modernization of centralized heat transmission and supply systems in cities* was launched (SO 7.1, with an allocated budget of 151.30 million euros) and extended until 31 December 2020. By the end Q1/ 2020, out of seven projects proposals amounting to 124.42 million euros which were submitted, only six projects amounting to 117.26 million euros were approved and contracted, while the length of the heat repaired/ extended network was of 212.90 km. Other four projects amounting to 221,63 million euros, are under preparation, including Bucharest Municipality heating system project (funded through SO 7.2).

MLPDA is implementing the project *Consolidating the strategic planning capacity of the MLDPDA on renovation of the national built environment from the perspective of energy efficiency and seismic risk* (cod SIPOCA 606) in order to ensure the strategic framework on energy efficiency for building and the fulfilment on time of the prerequisite for the elaboration of the long-term national strategy of renovation, to support the renovation of the national, residential and non-residential national park, public and privately-owned buildings, into a high energy efficiency and decarbonised real-estate park until 2050. The project, funded through ACOP 2014-2020, is implemented with the support of the World Bank, based on the non-refundable consultancy service agreement and in partnership with INCD URBAN INCERC. For implementation, a series of measures and actions are foreseen in the field of energy efficiency and seismic risk. One of the main outcomes is the preparation of the *National Strategy for Long-Term Renovation* (SRTL), under the provisions of Directive 844/2018 (Art. 2).

To that end, the GD's draft for the approval of the Strategy was submitted to public consultation, but the Strategy could not be either promoted until 10 March 2020 or submitted to the EC (MLDPA informed the EC through the letter no 39394/2020 that the draft *National Strategy for Long-Term Renovation* was completed but not officially approved because of the internal political context, including the GD's draft on the approval of the Strategy, which was submitted in the annex of the above-mentioned letter). On 30 March 2020, the EC sent a follow-up letter to the Romanian side, reiterating the request to Romania for official notification of the *National Strategy for Long-Term Renovation*, after the approval of this documents at national level. After the completion of the internal approval procedures by MLPDA, the draft GD shall be submitted to the inter-ministerial approval.

Increasing the interconnection capacity of the national electricity transmission system

With regard to the cross-border integration of energy networks, in order to increase the *interconnection capacity of the national electricity transmission system*, a series of *projects of common interest* (PICs) included in the fourth list approved by the EC, under Delegated Regulation (EU) no 2020/389, are in progress. Thus, network reinforcements are planned in the region, which will allow decongesting, both on the East - West direction, on the border with Hungary and Serbia and on the North - South transit direction, through reinforcement of the Portile de Fier - Resita - Timisoara - Arad (switching from 220 kV to 400 kV) corridor.

To achieve the committed level of interconnectivity (15.4%, by 2030), the Development Plan of Electricity Transmission Network (RET) has included a series of investment projects, out of which the projects of common interest are the following:

- LEA 400 kV double circuit (d.c.) Resita (Romania) - Pancevo (Serbia);
- LEA 400 kV Portile de Fier - Resita and the extension/construction of the new power station of 400 kV, at Resita;

- LEA 400 kV d.c. Resita - Timisoara - Sacalaz - Arad, including the construction of the power stations of 400 kV, at Timisoara and Sacalaz and the extension of the power station of 400 kV, at Arad;
- LEA 400 kV d.c. Cernavoda - Stalpu, with an in/out circuit, at Gura Ialomitei; LEA 400 kV d.c. Smardan - Gutinas;

In the Development Plan of RET, the following projects of investment are foreseen:

- the asynchronous interconnection project of the power systems of Ukraine and the Republic of Moldova to the Continental Europe's system;
- LEA 400 kV Suceava-Balti;
- LEA 400 kV Isaccea (Romania) - Vulcanesti (Rep. of Moldova) and interconnection through Vulcanesti power station.

In order to complete the project *Digitisation of the Romanian energy system, including the transmission and supply networks (smart grids)*, ANRE approved, in 2019, the *Implementation Calendar of smart measurement systems (SMS) of electrical energy at national level, for the period 2019 - 2028*. Thus, the installation of the smart measurement systems is free of charge for final consumers and the supply operators shall recover the costs through the supply charges.

With regard the **natural gas** sector, TRANSGAZ draws up annually the 10 year *Development Plan of the National Gas Transmission System*, while the last edition (2019-2028) details the measures for funding the major projects (estimated at 1.25 billion euros, out of which 65% is estimated to be covered through other sources). Among the proposed projects, there are the following:

- the ***Development on the Romanian territory of the National Gas Transmission System on the Corridor Bulgaria - Romania - Hungary - Austria (BRUA)*** has three phases of implementation (phase I and phase II, are projects of common interest included in the fourth list of projects approved by the EC, under Delegated Regulation (EU) 2020/389), to be completed by 2025 and with a total value of investments estimated at 1,077.4 million euros.
- **The Development of the Southern Transit Corridor on the territory of Romania for taking over the natural gas from the Black Sea** involves the construction of a telescopic pipeline on two sections, estimated to be completed by 2021 and with a total value of the investment of 360.4 million euros. The project is included in the 4th list approved by the EC, under Delegated Regulation (EU) 2020/389.
- the **Interconnection of the National Transmission System (NTS) of natural gas with the T1 natural gas pipeline and the Isaccea reverse flow** involves the realization of two phases, estimated to be completed by 2020 and a total value of the investment of 77.7 million euros.
- the ***Development of the National Transmission System (SNT) in the North-East part of Romania to improve the natural gas supply of the region and to ensure the transmission capacity towards the Republic of Moldova (PI Ungheni)***, is expected to be completed by 2021 and has a total investment value of 174.25 million euros.
- For the **natural gas off-take from the Black Sea**, TRANSGAZ submitted the project proposal for the construction of 25 km length transmission DN 500 pipeline, from the Black Sea Coast to the existing T1 international transmission pipeline. The estimated total value of the investment is 9.14 million euros and its completion is expected by 2021.
- **Romania's interconnection project with Serbia** (through the capture of the natural gas from the upcoming BRUA pipeline) has an estimated total value of 53.76 million euros and its

completion is expected by Q4/2020.

- the **SMG Issacea Modernization Project 1 and SMG Negru Voda 1** (code 7.8) shall create a gas flow towards Ukraine on the Transit Pipeline 1. The estimated investment value is 26.7 million euros and its completion is expected for 2021.
- Romania's **interconnection project with Ukraine, on the Gheraesti - Siret direction** has an estimated investment value of 125.0 million euros and its completion is expected by Q4/2025.

The measures presented in this chapter can contribute to the fulfilment of SDG 7, SDG 11, SDG 12 and SDG 13.

4.6. Early school leaving

Early school leaving rate: national headline target Europe 2020 - 11.3%; past years evolution is favourable - 18.1% (2017), 16.4% (2018) and 15.3% (2019)

Key directions:

- ✓ Increasing quality of school education and skills level of students and teachers
- ✓ Expanding early education services
- ✓ Modernizing school curriculum
- ✓ Strengthening technical and vocational education and training
- ✓ Implementing the *National Early School Leaving Strategy*
- ✓ Consolidating an inclusive approach in education
- ✓ Improving educational infrastructure

In the context the evolutions determined by COVID-19, on 10 March 2020, as a result of Decision No 6 of the National Committee for Special Emergency Situations, it was decided to suspend, at national level, the courses in the entire pre-university education system in Romania, from 11 March 2020 until 22 March 2020; this measure has been subsequently extended amid the declaration of state of emergency.

During March-April 2020, MEC conducted an active dialogue with the general school inspectors and communicated to the public information and clarifications related to:

- *postponement of simulations* for the 8th grade graduation exams, the national Baccalaureate exam, as well as the various practical tests or competitions;
- *enrolment children in the preparatory class is made online, with extended/ postponed deadlines;*
- *compulsory communication on permanent basis between teachers, parents and pupils/ students;*
- *providing information on the development and timely submission of several scenarios regarding the school year scenarios*, in line with decisions taken by EU Member States and which are debated with all educational stakeholders (information disseminated repeatedly to combat fake news);
- *availability of several free online tools for performing distant/at home learning*, including the Digital platform educed.ro (digital.educed.ro), as well as partnership concluded with the public broadcaster TVR for providing lessons in the TELESCOALATV programmes, especially for students in the senior school years and those who do not have or have limited access to the Internet;
- *tailored - online or by phone - counselling solutions*, to manage more easily this period related challenges, by launching the first free of charge psychological counselling hotline on COVID-19 for teachers, parents and students, called "AMBASSADOR for the COMMUNITY";
- *"Education Response" initiative* - a way for technology to reach teachers and students/pupils in disadvantaged communities through the NaradiX digital platform, where workspaces are available for teachers to familiarize themselves with software applications, platforms and free educational programmes as well as digital on-line classes provided by business people, personalities from the entertainment industry, teachers and trainers;

- *allocation of 25 million lei for the financing of research projects on limiting the spread and combating the COVID-19 epidemic, through UEFISCDI, in collaboration with the MS (see additional detail in sub-chapter 4.2 Research, development, innovation);*
- *MEC partnership concluded with the University of Agronomic Sciences and Veterinary Medicine of Bucharest (USAMV), through the USAMV Foundation, under the campaign #ImiPASA #ScoaladeACASA, through which tablets with paid Internet subscription for 24 months were donated to high school students located in disadvantaged communities, in order to ensure an efficient online training of students for the national Bacalaureate exam and, subsequently, for the preparation of admission in Romanian universities;*
- *publishing a first set of training and educational resources for students who will sit in the national exams/8th grade graduation exams, whose solutions and explanations will also be presented in TELESCOALA TV programmes;*
- *launching, in partnership with SPEAKINGS, the first integrated public speaking programme for pupils and students in Romania;*
- *launching the first psychological counselling hotline on COVID-19 for teachers, students and parents, under the partnership between MEC and the Proacta EDU Association, with the support of the Digi Romania Group.*

MEC established together with the MS and in accordance with the recommendations of the National Committee for Special Emergency Situations, **the measures on the continuation of the school year in safe conditions for students/pupils, teachers, school staff and parents.**

Increasing quality of school education and skills level of students and teachers

Regarding the **increase of the quality of pre-university education** the draft *GD on the approval of the provisional operating authorization standards, accreditation standards, reference standards and performance indicators for the evaluation and quality assurance in pre-university education* is on the MEC endorsement circuit. The content of the draft *GD on the approval of the Institutional Evaluation Methodology for the authorization, accreditation and periodic evaluation of the education providers* was also updated. 233 state pre-university educational establishments were evaluated. The service contract for carrying out the activities of periodic external evaluation of 176 state pre-university educational establishments is to be approved.

In order to increase the **level of skills of students and teachers**, MEN has relaunched the project *Promoting and supporting excellence in education through the development of competences in information technology*, financed through a non-reimbursable grant by the Government of Japan. The project aims at ensuring the optimal conditions for training and development of top performers students enrolled in the 9th to the 13th Grades - Math-IT section, by endowing and operationalizing 60 IT training centres. The project implementation period has been extended until the end of 2020²⁰⁶ and the total budget allocated is 8.78 million lei²⁰⁷.

At the same time, in order to improve the quality of education, under the CRED project the following outputs were achieved: 17 training programmes were developed and accredited (one

²⁰⁶ Considering that more than 4 years have passed since the project fiche was written and approved - October 2015 - during which time the technology has evolved significantly, a revision of the project fiche was necessary to be in line with the current educational and technological context. As such, the project fiche was amended and updated and submitted to the Embassy of Japan for validation.

²⁰⁷ One should consider that an open tender of 8.4 million lei for the purchase of IT equipment requires a running period that will exceed the deadline initially set in the project i.e. June 2020.

training programme at national level and 16 programmes at the level of eight Teaching-Staff Resource Centers -CCDs); one policy document in the field of curriculum was developed and which capitalizes on the conclusions of the thematic public debates organized under the CRED project; one methodology for the development of school-based was completed and which capitalizes on the conclusions of the thematic public debates organized under the CRED project and the thematic research developed within the CRED project; one curriculum adaptation strategy was developed at the class/ school level (tested in three counties with 180 teachers); one research on key competences has been carried out at the end of the 4thGrade (deadline: Q3/2020) and various activities have been organized to develop school curricula for integrated optional subjects.

Expanding early education services (for children aged 0-6)

MEC continues to implement actions to ensure the legal clarification of the organization and operation of early education services as integrated service with the aim to become universal services. The **Methodology on the Organization and Operation of Nurseries and other Early-Pre-School Education and Care Services** and **Accreditation standards for ante-pre-school education** are being developed and will be completed within the non-competitive project *Inclusive and Quality Early Education*. The *Regulation on the organization and functioning of preschool education* was drafted and is to be submitted to public debate. The three documents shall be approved by the end of this year.

Early Childhood Education Curriculum (children aged 0-6) was developed and approved by MO No 4694/ 02.08.2019. This curriculum contains provisions and recommendations from strategic documents promoted at European level on key competences for lifelong learning and proposes a unitary and systemic approach to early education, adjusting the fragmented approach to early education in place so far. Curricular design and systemic approach encompass ante-pre-school and pre-school education and ensures an appropriate balance between learning and harmonious personality development.

In August 2019, the implementation of the non-competitive project *Inclusive and Quality Early Education* (4 million euros) started, in which the Order on the establishment of the *National Support Committee for Early Education* (CNSET) and the Regulation on the organization and functioning of the latter were developed. Between November 2019 and February 2020, four regional meetings were held to collect the information needed to develop the early education policy framework document (for children aged 0 to 6). Under the same project, CNSET shall complete the elaboration of the *National Strategy for Early Education*.

A total of 42 project applications were submitted and are being evaluated under the call for proposals *Development of pre-school education services* (164 million euros), which will support actions to increase participation rates in pre-school education of children aged between 0 and 2, by setting up pre-school groups.

MEC has developed and is to approve the **Framework Plan - Early Intervention for children with deaf-blindness/ multiple sensory processing disorders**.

Modernizing school curriculum

Efforts to **modernize the school curriculum** for lower secondary (gymnasium), upper secondary (high school), vocational education and training are carried forward. To that end, in accordance with the Order of the Minister of Education and Research (OMEC) No 3261/ 14.02.2020, the

composition of the Commission for the elaboration and the Commission for the validation of the **framework-curricula for primary, lower-secondary, upper-secondary and vocational education** was approved, three working parties were set up by educational levels and the activity of elaboration of Framework curriculum for high school education has started.

Moreover, **some qualifications registered in the National Register of Professional Qualifications** were updated (based on the Common order No 3177/660/2019 of MEN and MMJS).²⁰⁸ At the same time, a process of consultation of the social partners and economic operators on the review and development of qualifications in technical and vocational education and training (TVET) was carried out. The fiche of the non-competitive project *Systemic Development of Vocational and Technical Education and Training in accordance with the socio-economic development needs at national, regional and local level* (63 million euros) is being developed. The project supports the implementation of the specific actions for implementation of the *Vocational Education and Training Strategy in Romania* for the period 2015-2020 and will be implemented by the National Center for the Development of Vocational and Technical Education (CNDIPT) in partnership with MEC and the National Institute for Scientific Research in the Field of Labour and Social Protection (INCSMPS). The beneficiaries of the project shall be students from disadvantaged communities, especially from rural areas, Roma students, teachers and staff working in workplace learning supporting enterprises.

The project *Relevant curriculum, Open education for all* (CRED) forms teachers in **primary and lower-secondary education** (a pool of 55,000 teachers), because of the approval and progressive annual implementation of new school curricula. To date, within CRED project, the following outputs were achieved: 400 trainers were already trained (Level I) and another 232 trainers are currently being trained; 10,808 teachers in primary and lower secondary education were trained and certified; 11,296 teachers in primary and lower secondary education benefited from support activities; 7,287 teachers in primary and lower secondary education are currently being trained.²⁰⁹ Within CRED, working versions for 16 methodological guidelines for primary and secondary education are still being developed in order to implement the new curricula.

Strengthening technical and vocational education and training

Focus is placed on strengthening the workplace learning component, targeting some of the measures of the *Master Plan for the period 2015-2020*, to implement apprenticeship programmes in the initial vocational training system. In this context, some measures (Chapters 1,2, 4.2.2 and 4.2.3) of the Master Plan have already been implemented, while for other measures legislative changes are needed, including amendments to National Education Law. To that end, law amendments are currently being drafted.

The draft **Strategy for Initial Vocational Training in Dual System for the development of dual education in Romania** (implementation timeframe: Q4/2019 -Q4/2023) was developed and uploaded on the website www.anfpisdr.gov.ro, in January 2020, for public consultation purposes. However, the restructuring of the responsible body - the National Authority for Initial Vocational Training in Dual System in Romania (ANFPISDR), by taking over its structures by MEC requires a rethinking, at the ministry level, of this dual education strategy.²¹⁰

²⁰⁸ There were developed/updated specific curricula related documents for the following qualifications: luthier, advertising designer, car electrician.

²⁰⁹ Insofar 78,600 training hours have been completed and 6,315 grants were paid to project beneficiaries.

²¹⁰ ANFPISDR concluded a series of agreements with the Chamber of Commerce and Industry of Romania and other chambers of commerce, but MEC is to consider the opportunity to continue these partnerships under its auspices.

The project application *Key to the future is forged by you!* financed by the EEA and Norwegian Grants is under evaluation. The project aims to reduce the risk of social exclusion amongst students enrolled in lower and upper secondary education, promote and support the integration of students in dual education, support the local communities in the long run by informing, training and providing consultancy to a number of 470 teachers, educational and social specialists and parents.

Competitive call for proposals **Internships for students in the agri-food sector, industry and services**, funded by HCOP with a total allocation of 47.88 million euros, aims to support workplace learning programmes for students enrolled in lower secondary, upper secondary and post-high school²¹¹. Through this initiative, 13,763 students received support for the school-to-work transition and 7,542 students/ apprentices received support for participation in education and training programmes.

Call for proposals *Traineeships for students* (enrolled in higher education), which benefit from a total financial allocation of 30 million euros (of which 25.5 million euros are a contribution from European funds), finances measures to increase the number of university and non-university tertiary education graduates who find a job as a result of access to learning activities at a potential workplace/ in research and/or innovation. The call was closed on 30 September 2019 and 155 project proposals were submitted for less developed regions and 12 projects for the ITI Danube Delta region. These applications are being currently evaluated.

The call for proposals *Traineeships for students* aims to increase the participation of non-university secondary and tertiary education students and apprentices at workplace learning programmes. The call was closed on 12 September 2019 and the 208 project proposals which were submitted for funding are being currently evaluated.

Implementing the *National Early School Leaving Strategy*

The Action Plan for 2020 on the implementation of the strategy is being developed from the perspective of correlating the specific actions with the specific responsibilities of stakeholders, in accordance with the new organizational structure of the MEC

The ACOP funded project *Monitoring and evaluating (M&E) the strategies ex-ante conditionalities for the education sector and improving the decision making through performance monitoring at central and local level* is completed. Under this project the following outputs were achieved: one methodology for monitoring and evaluation of the actions/ interventions established in the four ex-ante conditionality strategies in education; two reports on monitoring and evaluating the implementation of interventions related to the four sectoral strategies; one analysis on the roles of departments and institutions directly subordinated to the MEC; four SABER studies on public policy evaluation in the fields of labour force development in Romania, teaching staff, development of early education and information systems; training of MEC and school inspectorate staff.

In order to complete and adopt a set of procedures for identifying and monitoring children outside the education system, the project *Developing an Action Plan and a Methodology for Data Collection to Prevent School Leaving in Romania* was implemented with the objective of developing a multi-annual action plan for data collection in order to prevent early school leaving and a methodology for data collection and use²¹². In this regard, the above-mentioned action plan and methodology for data collection and use, including the list of key performance

²¹¹ Within this call for proposals, 101 projects were approved for funding, of which 88 projects are being implemented and 13 were revoked.

²¹² The EC contracted the WB to develop and deliver these outputs to the MEC.

indicators, were developed. A project fiche was developed for the 3rd phase of the project i.e. *Development of an integrated system of prevention, intervention and compensation to increase school attendance*, which was submitted in October 2019 and approved. The general objective of the latter is to implement the early warning system (to be put in place in educational establishments) to prevent early school leaving and the related intervention and compensation mechanism by adding the necessary data categories on the SIIR platform. Training sessions for school staff operating with data from the prevention and the compensation system shall be held.

In order to reduce and **prevent school dropout and to promote equal access to quality pre-school, primary and secondary education**, the projects submitted following two competitive calls for projects financed by the ESF (HCOP) are under implementation, as follows:

- *School for all* finances integrated social and educational measures and simultaneously targets the family, the school and the local community. The call was open to all schools (for children, pupils/students, young people and adults in *Second Chance* type programmes), but the ones located in disadvantaged areas were given priority in evaluation. Under this call, 127 projects were selected to benefit from a total non-repayable grant of 164.82 million euros²¹³ by which: 15,048 children benefit from support for participation in educational programmes, of which 1,578 are children aged 0-2; 44,270 pupils and students benefit from support for participation in educational programmes, of which 25,733 pupils in primary education (6-10 years), respectively 20,896 students in lower-secondary education (11-14 years); 3,828 young people / adults benefit from support for participation in educational programmes (return to the formal education and training system) and 8,633 teachers/ staff members benefit from training programmes/ exchanges of good practices;
- *Motivated teachers in disadvantaged schools* is a call targeting the most disadvantaged schools having enrolled many children at risk of dropping out and being unable to attract or keep qualified teachers. This call also targets the schools organized in atypical teaching contexts: in hospitals, remote geographic areas and other forms regulated by law. Under this call, 27 project applications were admitted for funding and are currently being implemented, with a total value of approx. 26.45 million euros, through which 20,193 teachers/ support staff benefit from training programmes/ exchanges of good practices, of which 8,633 teachers/ support staff have improved their skills/ were certified.

Regarding the ***Second Chance* programme**, in the framework of the evaluation of the sectorial strategies in the field of education (timeframe 2015-2018), the report ***Evaluation of the implementation of the “Second Chance” programme in Romania*** was elaborated. To continue the *Second Chance* type initiatives, in the case of the competitive call *Second Chance Education Measures*, 47 project proposals were submitted and are currently being evaluated. The competitive call for *Second Chance Education Measures for NEETs*, open from 30 October 2019 to 31 January 2020, will fund measures to support NEETs who have not completed compulsory education to re-enter the education and training system. In the 2019-2020 school year, the total number of students enrolled in *Second Chance* type programmes in primary, secondary, high school and vocational education is 13,372²¹⁴.

Consolidating an inclusive approach in education

For the application of compensation / correction measures for disadvantaged groups, the

²¹³ 129 project applications were submitted and accepted in the amount of 772.185 million lei and two projects were revoked.

²¹⁴ Source: INS.

project *Development and implementation of integrated community services for combating poverty and social exclusion* is being implemented. The overall objective of the project is to increase social inclusion and combat poverty by developing and piloting integrated community services in 139 rural and small urban communities facing above average and severe marginalization. The project aims to strengthen the capacity of local governments to initiate, coordinate and implement measures to prevent and combat marginalization and social exclusion, strengthening the public network of community social services by improving the level of skills of specialists working in integrated community teams. To date, four applications were submitted under the project and two selection procedures for contracting external experts are ongoing.

Through the "Pilot programme to stimulate the participation in education of children with parents working abroad" (financial allocation: 30 million lei) are to be supported approx. 3,000 Romanian children whose parents travelled to work abroad. The programme will be implemented in the regions most affected by this phenomenon (North East, South East, South Muntenia, South West Oltenia, West, Center and North West) and the measures are addressed to pre-schoolers, primary school pupils (6-10 years), lower secondary students (11-14 years) and upper secondary students (14-16 years), but also to parents or guardians/ tutors of children living in Romania. The programme supports the following activities: integrated service packages for pupils and students, which will include educational and psycho-social support services; activities to stimulate children participation in education and counselling activities, including recreational and social activities (providing food, school supplies, educational materials); parental education and social counselling services for the guardians/ tutors of the children living in Romania, i.e. for the parent living in Romania in whose care the children are placed (if only one parent is abroad) or for the persons who foster those children whose the only one parent or both parents are abroad. Eligible applicants for the project are public and private schools in the national school network, providers of guidance or counselling services, social partners in pre-university education, religious institutions and associations, government institutions with responsibilities in the field of social inclusion, but also NGOs. It is expected that in 2021 all children who have parents who travelled abroad for work would benefit from this programme. The call for project applications is open from 25 February to 25 May 2020.

The ***Methodology for monitoring school segregation*** was adopted through OMEC No 5633/2019. The methodology regulates the monitoring of school segregation, in accordance with the National Education Law No 1/2011, with subsequent amendments and completions and with OMEN No 6134/2016 on the prohibition of school segregation in all pre-university educational establishments.

Regarding the **consolidation of the social package in education** targeting the groups of pupils and students facing particular risks, MEC continues to conduct annual social programmes to support students from disadvantaged areas, namely: *School supplies*²¹⁵, *Money for high-*

²¹⁵ Granting school supplies for pupils enrolled in public primary and lower-secondary education - daily-classes, who are supported by families whose average net income per family member is of maximum 50% of national minimum gross salary per family member. In the timeframe 2019-2020, the budget allocated to this programme is 5.09 million lei and the estimated amount for the period 2020-2021 is 4.78 million lei. The estimated number of beneficiaries of the programme is 233,417.

*school*²¹⁶, *Euro 200*²¹⁷, VET (professional) scholarships²¹⁸, Reimbursement of transportation costs.

In order to supplement the amount allocated annually to the national school supplies programme, the **state budget supports the project *Supplies for pre-schoolers and students - equal opportunities for education***, funded by FEAD OP, with a budget of 27 million euros until 2023. Currently, MEC is drafting a new application for funding, through which will apply for supplies packages for pre-schoolers and students from disadvantaged areas.

With regard the **implementation of the pilot-program *Hot meal for students*** in 2020, the Government issued GEO 9/04.02.2020 on the approval of the Pilot Programme for providing food support for pre-schoolers and students from 150 state pre-university educational establishments (estimated budget : 81.98 million lei).

The *Romanian School Programme* continues, which provides for the **free of charge provision of fresh fruits and vegetables, milk, dairy and bakery products**. For the 2020-2021 school year, the financial allocation will be 18.5 million euros covered from European funds.

To **stimulate upper secondary education graduates to continue their studies in tertiary education** (higher education or other forms of post-secondary education), the implementation of the high school grant scheme under the Romanian Secondary Education Project - ROSE continues. The ROSE project is financed by a loan from IBRD, being implemented in the period 2017-2021 in three rounds, through which funding is granted to high-performance high schools. Currently, 728 projects are being implemented for the high schools included in the first and second round.²¹⁹ Also, the evaluation of 163 projects submitted by the high schools distributed in the third round is to be finalized.²²⁰ At the same time, 59 grants are being implemented within the *Summer programmes* Grant Scheme for universities.²²¹ Under the third round of the *Summer Programmes* Grant Scheme for Universities, 48 projects were submitted, with an estimated budget of over 21 million lei, the evaluation of which being completed in April 2020. It should be noted that the commitment appropriations allocated to the Externally Funded Project Management Unit (UMPFE) for 2020 do not allow the signing of grant agreements for all high school and university grant schemes (i.e. for project applications already evaluated, under evaluation or to be submitted). Also, the budget appropriations allocated to ROSE are insufficient to cover the advance payment (first financing instalment) for the grants to be

²¹⁶ Monthly scholarship (allowances) for students from social and economic disadvantaged families to continue their studies after completing lower-secondary education. For the “Money for high” school project, in March 2020 there were submitted the applications for reimbursement for scholarships for the school year 2018 - 2019 in the amount of 42.041 million lei, allocated to a number of 22,130 beneficiary students.

²¹⁷ Financial aid granted to stimulate purchase of personal computers by students from social and economic disadvantaged areas. In 2019, the programme had 4,080 beneficiaries and an allocated budget of 10.66 million lei. For 2020, the draft GD amending the Methodological Norms for the application of Law No 269/2004 on granting financial aid in order to stimulate the purchase of computers, approved by GD No 1294/2004, was sent on 04.03.2020 to the competent ministries for endorsement.

²¹⁸ For the school year 2020-2021, the number of students benefiting from VET scholarships is 233,417, according to estimates submitted by the county school inspectorates. Through the retrospective-alternative project “VET Scholarship”, the amount of 275.010 million lei was retrieved and transferred to the state budget, for the school years 2015-2016, 2016-2017, 2017-2018, for a total number of 117,412 beneficiaries. Currently, data are computed for VET scholarships amounts for the VET beneficiaries enrolled in the 2018-2019 school year.

²¹⁹ A smooth implementation of the signed grants is conditioned by the allocation of additional budget appropriations for 2020, amounting to approximately 107 million lei.

²²⁰ In order to conclude these grant agreements, commitment appropriations amounting to approximately 80 million lei are required, as well as budgetary appropriations amounting to approximately 7.8 million lei for the granting of the first financing instalment, after concluding the grant agreements.

²²¹ The allocation of additional budgetary appropriations for 2020, amounting to over 6 million lei, is a prerequisite for the smooth implementation of the grants agreements already concluded.

agreed for both high schools and universities.

Improving educational infrastructure

Regarding the **educational infrastructure**, through the *Early Education Reform Project (PRET)*, which benefits from a budget of 84.98 million euros and which aims to build kindergartens and equip them with furniture, between April 2019 and March 2020 there were completed 19 kindergartens (works worth 15.6 million euros), out of a total of 215 completed kindergartens. The *School Infrastructure Rehabilitation Project (PRIS)* ended in August 2019 after completing works for 1,329 schools and 16 student dormitories.

Following the approval of GD No 363/2019, the **works to improve the educational and sanitary conditions in 857 state pre-university educational establishments continue**, by endowing them with modern toilets and utilities. Thus, at the end of 2019, out of the 857 educational establishments concerned, in the case of 430 units, the arrangement and improvement works were completed, in case 181 schools works are currently being executed, for 135 school establishments the local authorities completed the documentation in order to conclude the construction works agreement, 20 educational establishments were decommissioned or shall be decommissioned by the end of 2019-2020 school year, for 61 educational establishments the documentation procedures were not started and in the case of 30 educational establishments the toilets were arranged with funds from the local budget or have been included in other funding programmes.²²²

The draft *National Strategy on Educational Infrastructure* was re-submitted on the internal approval circuit of the MEC, following the comments received from the other advisory ministries. The strategy provides for a geospatial monitoring of the current situation of the school infrastructure and the number of enrolled students based on real-time data reported by schools in SIIR, through a geospatial tool that takes into account four criteria (demography, geography, economy and transport).

Through the *WI-FI Campus project (38 million euros)*, schools in Romania will benefit from **WIFI internet connection**. This project is in an advanced phase of implementation (technical implementation stage: 35%²²³) and the acquisition of related IT equipment was completed²²⁴. Through the project *Digital platform with open educational resources EDULIB - Virtual Library (42 million euros)* there will be developed/ selected and included open educational resources (OER) that will support teachers and students in education (technical implementation stage: 15%²²⁵). This project is in the preparatory phase for purchasing related IT equipment.²²⁶

The **non-competitive project SIMS - Information system for school management in pre-university education (48 million euros)** aims to develop and implement a centralized national platform and methodologies for collecting, managing and analysing information on school attainment and daily school activity in pre-university education. The project will also include the EVON module designed for the on-line evaluation of candidates' papers in national exams and is in the process of finalizing the specifications and obtaining the approvals by the Technical & Economic councils (CTEs) concerned.

For the development of the administrative capacity of the MEC and its subordinate

²²² Budgets allocated to the programme for improving the sanitary conditions in schools: 2019 - 65.525 million lei; 2020 - 31.4 million lei.

²²³ Source: MFE

²²⁴ Payments of 21.76 million euros were made by 6 March 2020 (source: MFE)

²²⁵ Source: MFE

²²⁶ Payments of 0.99 million euros were made by 6 March 2020 (source: MFE)

institutions and bodies, the MEC aims is to improve the performance of the public administration bodies in the education sector by implementing the following projects:

- *New perspectives in education (NPE)*, a project that aims to optimize and increase the quality of services provided by public administration in education, by creating a predictable and stable regulatory framework and by developing a public policy based on strategic guidelines in pre-university and university education on the 2030 horizon;
- *Quality management system for the Ministry of National Education and subordinated structures (CAF)*, that aims to achieve a quality management system for MEC and its subordinated structures. Under this project, an analysis of good practices at European level on quality management systems and tools in education was completed, with a focus on the CAF project implementation;
- *Development of institutional regulations on ethics, integrity and anti-corruption in the education system*, a project aimed at increasing the institutional capacity of the MEC to apply ethical, integrity and anti-corruption rules, mechanisms and procedures in its managerial and administrative activity, in accordance with the *Strategy for Public Administration Consolidation*.

The measures presented in this chapter can contribute to the fulfilment of SDG 4 and SDG 8.

4.7. Tertiary education

Share of population aged 30-34 with tertiary education attainment: national headline target Europe 2020 - 26.7%; past years evolution is oscillating - 26.3% (2017), 24.6% (2018) and 25.8% (2019)

Key directions:

- ✓ Increasing the quality of higher education and matching with the labour market needs
- ✓ Supporting students from rural areas, disadvantaged groups and non-traditional students to participate in tertiary education
- ✓ Promoting entrepreneurial education
- ✓ Creating and developing an open and accessible lifelong learning framework
- ✓ Developing institutional capacity and increasing internationalization of higher education
- ✓ Developing and integration of education and research IT system

To ensure an open, quality, competitive, higher education marked tailored to labour market expectations, the implementation of the *National Strategy for Tertiary Education 2015-2020* continues. In this sense, the 2018 Monitoring Report for the implementation of the Strategy was elaborated and currently the implementation of the Action Plan for 2019 is ongoing.

Increasing the quality of higher education and matching with the labour market needs

In order to increase the quality of higher education and ensure its matching with the labour market needs, through the ACOP project *Improving public policies in higher education and increasing the quality of regulations by updating quality standards - QAFIN*, the *Evaluation methodology for the classification of universities and academic ranking of study programmes* was finalized and the related draft GD on the approval of this methodology is currently on the internal endorsement circuit of MEC.

Under the call for *Support for doctoral students and postdoctoral researchers*, 18 projects totalling 25.16 million euros were contracted, to finance learning programmes with applied training and transversal and entrepreneurial skills learning component in the support of research and innovation, especially in economic sectors with competitive potential (deadline: Q4/2021).

Through the Institutional Development Fund (FDI) 2019 for public universities, 36 institutional projects were funded for the implementation of specific measures to improve the quality of teaching, including compliance with professional ethics and deontology (Financing domain D5). At the same time, a significant share of projects (approx. 35%) funded through Financing domain D1 (access, equity and matching the academic educational offer) aim at matching the academic educational offer with labour market requirements. The integration - within the methodologies of institutional financing of universities - of the additional financing subcomponent has continued, with the role of fostering the excellence of academic institutions and study programmes, with direct effects on increasing the competitiveness of Romanian universities. The financing domains for FDI 2019 have been maintained in FDI 2020 too.

So far, 38,747 pre-university students, 41,797 university students and 17,455 university graduates have been provided with consultancy services through the Career Counselling and

Guidance Centers (CCOC) set up within the universities.

Supporting students from rural areas, disadvantaged groups and non-traditional students to participate in tertiary education

MEC continues to implement its social programmes for university students: special places for graduates from rural areas²²⁷, scholarships²²⁸, subsidies for board and lodging, partial reimbursement of transportation cost. For the academic year 2018-2019, distinct places in universities were allocated to high school graduates located in rural areas (2,000 places), for the Romania's priority development areas (5,000 places for BA, 4,500 for MA, 300 for PhD studies), as well as and for the initial training of future teaching staff.

Through the Institutional Development Fund (FDI) 2019, for the fourth consecutive year the financing orientation was maintained for projects that aimed, at institutional level, to increase social equity in order to stimulate social inclusion and increase access to higher education. This constant is consistent with the action of supporting students through integrated measures of guidance, support and facilitating access to tertiary education. To that end, in 2019, 43 public universities were funded through institutional project applications submitted to be supported under the equity and social access financing domain.²²⁹

At the same time, in 2019 the funding allocation methodology for FDI 2020 was launched in public consultation and at the beginning of 2020 the OMEC on its approval was published. The FDI 2020 call for proposals was launched and it also includes the access and equity domain, for which 46 universities submitted institutional project applications.

Through additional funding, universities have been stimulated to take steps to ensure increased access to higher education for people from socio-economically disadvantaged backgrounds. The methodology for allocating additional funding, implemented in 2019, also includes a set of quality indicators on regional orientation and social equity, aiming at stimulating universities to carry out actions to support students from disadvantaged groups. The FDI funding methodology for 2020 also retains the funding orientations from the previous year, including the one on quality indicators on regional orientation and social equity.

Under the ROSE project, 201 grants are being implemented under the ROSE Non-competitive Grant scheme for universities (60 in 1st Round and 141 in 2nd Round) and 38 grants in the Learning centers Grant scheme (13 in 1st Round, 12 in 2nd Round and 13 in 3rd Round)²³⁰. In the 3rd Round of University grants, launched in 2019, the Non-competitive Grant scheme turns into Competitive grants for student support, with the same eligible objectives and activities. *Student support* Grant scheme has as application deadline the month of April 2020. We note that, in this case, the commitment appropriations allocated to UMPFE for 2020 do not allow the conclusion of grant agreements for the project applications to be submitted. Also, the budgetary appropriations allocated to ROSE are insufficient for making the advance payment (first instalment) for the grants agreements to be concluded.

Under the call *Measures to streamline the academic offer in higher education to support employability*, which aims to develop and pilot the provision of complementary courses with

²²⁷ The draft GD was submitted on the external approval circuit and proposes the allocation of 2000 places in.

²²⁸ A total of 35,293 students benefited from social scholarships in the academic year 2017 - 2018.

²²⁹ The projects focused on: (i) increasing the higher education institution's capacity to include students at risk of academic drop out and increasing access to higher education; (ii) providing support to students, especially to those from disadvantaged areas, to reduce academic dropout rates; (iii) improving counselling and career guidance services.

²³⁰ An uninterrupted smooth implementation of the grants already concluded is conditioned by the allocation of additional budgetary appropriations, amounting to approximately 40 million lei.

applied training component targeting students in the BA studies cycle, 11 projects were contracted²³¹ (deadline: Q4/2021).

Promoting entrepreneurial education

Through FDI 2019, 32 institutional projects were completed for the implementation of specific measures to support the activity of Student Entrepreneurial Businesses (SEBs)²³² within universities. In 2020, 36 project applications for the 4-SEBs domain were accepted for funding through FDI.

To assess the innovative entrepreneurial potential of higher education institutions, six Romanian universities participated in the *HEInnovate* exercise, an EC and OECD joint initiative.²³³

Regarding the *Register of Entrepreneurial Mentors* in universities, so far, 8,055 partnerships have been concluded involving public universities and 1,172 partnerships targeting private universities, resulting in a total number of 9,227 partnerships.

By the joint Order MEC - MMJS No 3894/15.04.2019 - No 823/10.05.2019, the specific instructions regarding the accreditation and periodic evaluation of the Lifelong Learning Community Centers (LLCCs) were approved, thus setting up the legal basis for the establishment of LLCCs.²³⁴

The *National Register of Professional Qualifications* (component of the National Register of Qualifications - NRQ) was approved at the end of 2018, by GD No 917/2018 but the draft Law approving GEO No 96/2016 (required for NRQ approval) has not yet been adopted by the Romanian Parliament.

As part of the *Entrepreneurial Student Scholarship* call, 18 projects²³⁵ financed by HCOP were contracted and are under implementation.

Creating and developing an open and accessible lifelong learning framework

The *Lifelong Learning Strategy* continues to be implemented and the Strategy's 2020 Action Plan is being developed. The following quantitative progress was made within the strategy: out of the 54 actions initially foreseen, 24 actions were fully implemented²³⁶, 12 actions are ongoing (with an implementation rate of at least 50%) and 18 actions did not start. The 2019 Action Plan is currently being implemented.

²³¹ The total value of the concluded projects is 61.968 million lei.

²³² The Student Entrepreneurial Businesses (SEBs) were established based on OMEN No 3262/2017 and are a mechanism for supporting, developing and fostering the entrepreneurial spirit in the academic environment, especially among higher education students and graduates of, to increase the competitiveness of Romanian universities.

²³³ The conference *Supporting Entrepreneurship and Innovation in and through Higher Education* took place between 20 and 21 June 2019, in Bucharest, during which there were officially presented the Country Assessment Report of Romania developed during this exercise, as well as the main outcomes and recommendations of the participating countries.

²³⁴ In accordance with GD 598/2017 on the approval of the Methodology for accreditation, periodic evaluation, organization and operation of lifelong learning community centers (LLCCs), the establishment of CCLL is the responsibility of the local territorial and administrative division (TAD). In accordance with the above-mentioned joint order, the TAD reports to the MEC and the MMPS, at the end of each year, the status of the establishment of the LLCC.

²³⁵ The total value of the contracted projects is 134,356 million lei.

²³⁶ Some measures have made significant progress, exceeding the initial target, e.g.: mobility within the Erasmus+ programme, partnerships between VET educational establishments and employers and the number of adults trained and certified in pre-university educational establishments.

Developing institutional capacity and increasing internationalization of higher education

230 projects financed from the Institutional Development Fund for public universities for 2019 (FDI 2019) were completed by 46 universities to apply institutional measures for six national strategic directions²³⁷. The funding methodology for 2019 continued the application, for all additional funding, of quality indicators aimed at evaluating the teaching process, the human resources (in terms of quality, impact of scientific activity/ artistic creation and the performance of scientific activity/ artistic creation) and the measures on the internationalization of higher education and services for students.

Efforts to support the promotion of Romanian higher education have continued, by participating in the most notorious fairs and exhibitions dedicated to professionals in the field.²³⁸

Moreover, the present efforts to support the promotion of the educational offer of universities among international students continue, by developing version 2.0 of the *Study in Romania* website²³⁹ and specific promotional materials (brochures, flyers, promotional videos, immersive journalism products), by promoting scholarship opportunities (in collaboration with the MFA) and by providing detailed information to all those interested in studying in Romania. At the same time, the updating of the academic study offer of the Romanian universities, promoted on the *Study in Romania* platform, has continued by synchronizing with the specific nomenclatures from the unique matriculation register (RMU).

Developing and integration of education and research IT system

The measures implemented for the participation of all universities and the registration of all higher education students in the RMU system are as follows: (i) for public universities, the stipulation in the institutional contract of the obligation to report the required data in the IT systems (both on the ANS²⁴⁰ and the RMU platforms, when reporting primary data on students); (ii) for all universities, students must be registered in the RMU (respectively ANS) as prerequisite for the release of their academic diplomas.

It was approved the OMEN 4736/2019 amending and supplementing the Regulation on the organization, functioning and operationalization of the Single Academic Register of Romanian Universities, approved by OMEN No 3,714/2018, in order to allow MEC to track the academic path of students and trainees in higher education institutions in Romania and the Romanian Academy in order to substantiate, conceive and implement public policies in the field of education and, implicitly, to match the educational offer with labour market requirements and for checking the authenticity of academic documents, school documents and school background to apply the MEC visa through the National Center for Recognition and Equivalence of Diplomas (CNRED). At the same time, a special account was created to access the data query in the RMU for CNRED representatives in order to verify the accuracy of data registered in the RMU for students/ graduates should the latter request it.

In order to update the interoperability / interconnection services of Integrated Education Register (REI) with the IT system of pre-university education, facilitation measures have been established for the direct and periodic retrieval of data on Baccalaureate graduates, through

²³⁷ Equity & Access; Internationalization; Gardens & Resorts; SEBs - Student Entrepreneurial Businesses; Quality and Research Support.

²³⁸ Between 26-31 May 2019, 24 Romanian universities participated for the first time under the umbrella *Study in Romania* at the 2019 NAFSA Conference and Expo, in Washington DC and between 24-27 September 2019, 31 universities were present at EAIE Conference and Exhibition, in Helsinki.

²³⁹ <https://www.studyinromania.gov.ro/fp/index.php?>

²⁴⁰ Online platform for unitary collection of relevant statistical data for higher education.

the “Note Bac” application.

Proposals were made for the completion / amendment of GD No 42/2017 for the approval of the *Enforcement Regulation on granting of internal railway and metro transport facilities for pupils and students* and possibilities of operationalizing the interoperability with RMU were found in order to facilitate the online purchase of transport tickets for students. The REI system has web services ready to confirm schooling and an interoperability protocol is to be concluded for each transport operator should the latter request it.

The integration of the doctoral thesis module in REI was completed to evaluate the PhD theses and validate the doctoral degree, including the setting up of facilities for the publication of doctoral theses.

The measures presented in this chapter can contribute to the fulfilment of SDG 4 and SDG 8.

4.8. Social inclusion and combating poverty

In 2018, the number of people at risk of poverty or social exclusion recorded a significant decrease by 2,755 thousand persons, from 9,115 thousand persons to 6,360 thousand persons, compared to the year 2008.

Key directions:

- ✓ Social and economic development of local communities
- ✓ Reducing the number of people at risk of severe material deprivation
- ✓ Developing the public social assistance system
- ✓ Measures for the vulnerable group - children
- ✓ Measures for the vulnerable group - old people
- ✓ Measures for the vulnerable group - disabled persons
- ✓ Fighting gender violence
- ✓ Completing the reform of the minimum inclusion income
- ✓ The reform of the national health care system

Measures to mitigate the social impact of the effects of the COVID-19 epidemic²⁴¹

Measures were adopted during the state of emergency to ensure the social protection and to guarantee the payment of social benefits to the beneficiaries and to meet all their needs:

- *the insertion incentive granted to parents returning to work before the end of the parental leave and the support allowance for raising children with disabilities continues to be provided, for a period of 90 days.* The payment of these rights does not end in case of: parent's employment contract has been suspended or ended by restructuring/restraining the employer's activity; during the parents' days off in case of the temporary closure of educational establishments, according to the Law No 19/2020 on granting days off to parents for monitoring their children; the technical unemployment of parents, according to the Law No 53/2003 - Labour Code, republished, with subsequent amendments; the parent benefits of medical leave for temporary work incapacity caused by common illnesses or accidents outside work, for preventing illnesses and recovering the work capacity, exclusively for situations resulting from accidents at work or occupational diseases and care for the sick child. After the 90-day period, if the parent obtains an income subject to taxation, then the rights will continue applying the legal provisions.
- *the beneficiaries of the child raising allowance will be given the allowance in case the child reaches the age of 2 years, respectively 3 years in the case of the disabled child, or who will reach the age provided by law during this period. As an exception to the current regulations, these persons may subsequently request the insertion incentive from the date of submission of the application, if they achieve a taxable income, until the child reaches*

²⁴¹ GEO No 30/2020 amending some pieces of legislation and establishing some social protection measures for the purpose of the epidemiological situation caused by the spread of SARS-CoV-2 coronavirus and GEO No 32/2020 amending GEO No 30/2020 amending some pieces of legislation and establishing some social protection measures for the purpose of the epidemiological situation caused by the spread of SARS-CoV-2 coronavirus

the age of 3 years, respectively 4 years, in case of the disabled child.

- *the benefits of social assistance conditioned by the attendance of classes by children or young people, or the kindergarten in case of preschool children are given without interruption during the temporary closure of the educational institutions.*
- *the conduct of the social inquiry on providing the minimum guaranteed income (MGI) and the family support allowance is suspended. After the end of the state of emergency, if the inspection finds that the beneficiary does not meet the conditions for granting the right, the right ceases.*
- *the obligation of performing actions and works of local interest by the beneficiaries of MGI ceases, the beneficiaries of MGI do not have to prove that they are searching for a job, that they have not refused a job, the participation in training and qualification courses, or performing seasonal activities. In addition, the obligation of beneficiaries of works to transmit to the mayor, in writing, the situation with the persons able to work from families receiving social assistance who have carried out seasonal activities and the number of hours performed ceases.*
- *the activity of social public or private services such as residential care and assistance centres for older people, residential centres for disabled children and adults and for other vulnerable categories is forbidden to be cessed or interrupted. GD No 867/2015 approving the Nomenclature of social services and the framework regulations for organizing and functioning the social services²⁴².*

Provisions were approved for the administrative simplification of the relationship with the beneficiaries of the social assistance rights, so that the applications for the social assistance benefits would be submitted in letter format or via e-mail.

The decision to grant/ reject/ terminate/ interrupt a social assistance right will be notified to the beneficiary by a hard copy letter format or via e-mail by the issuing territorial agency. Only in exceptional cases, provided by the law, the territorial agencies and/ or the local public administration authorities may request the physical presence at the institution's premises of persons who submitted the documents via e-mail.

Other measures aimed at reducing the social impact of the effects of COVID-19 aim at²⁴³:

- *distributing hygiene products and food packages (financed through FEAD) for 70,000 people placed in quarantine, isolation and self-isolation, as well as the elderly institutionalized in care and assistance centres and children institutionalized in residential placement centres;*
- *payment (ESF through HCOP) of the salary for minimum 1,000 community social workers/ nurses who are involved in supporting elderly people self-isolated at home during the SARS-CoV-2 coronavirus epidemic, the target group served by them being 100,000 elderly people, over 65 years old. The initiative will afford protective materials for the personnel involved in providing support services and for their beneficiaries, as well as disinfection and hygiene materials for housing, transport means, goods and equipment. Tools will be developed to support the traffic limitation measures - call centre service.*
- *the local public administration authorities have the duty to identify and keep the records of persons over 65 years old without caregivers or other form of assistance and to ensure*

²⁴² Military Ordinance No 8/ 10.04.2020 on measures preventing the spread of COVID-19

²⁴³ GEO No 43/2020 on approving support measures funded under European funds during the emergency state, in the situation of the spread of COVID-19 coronavirus

their support²⁴⁴, as well as of the homeless persons in order to ensure their shelter and care²⁴⁵.

- other measures *refer to associations, foundations, cults with legal personality that manage social assistance units whose activity has closed because of measures to combat the spread of SARS-CoV-2 coronavirus*. These would still benefit by the subsidy granted through the State Budget provided that they perform activities to support the local public administration authorities in implementing social measures for home-isolate persons, information and counselling measures delivered to these persons²⁴⁶.
- in addition, *other civic and private initiatives aimed at using online platforms and call centre services that bring together people in difficulty - people with disabilities and the elderly - and volunteers who can help them*. This support consists of placing orders, delivering packages with food and medicines, information about organizations that can help them to purchase products, etc.

ANDPDCA has undertaken several measures in the context of the COVID-19 epidemic, as follows:

- elaboration and transmission to all subordinate structures (DGASPCs) of the Methodological Provision on the first measures of information, prevention and flexibility of the work programme in public social services, as well as on the modification of working procedures with community beneficiaries. Alternate communication means (post, e-mail, telephone, fax) for carrying out the administrative activities are to be used;
- development of COVID-19 Info Section on the andpdca.gov.ro website for posting the official information, prevention materials and dedicated measures;
- development of the Online Communication Group for a real-time communication flow;
- development of a mechanism for a real-time reporting of the situation related to the COVID-19 crisis, from the perspective of beneficiaries and employees;
- development and transmission of a Guideline on the measures necessary to prevent and manage the situation generated by the COVID-19 epidemic in the public social services in DGASPCs. Other measures concerned the organization of services to be used if cases of infection with COVID - 19 are registered among beneficiaries in the special protection system for children and disabled adults, as well. The Guideline will be translated in English and disseminated with UNICEF support to other equivalent UN organisations in the region;
- collecting questions from community beneficiaries, disabled adults and parents of children/ disabled children and developing a QUESTIONS and ANSWERS section for the issues reported on the ANDPDCA website.

Social and economic development of local communities

CLLD mechanism supports the implementation of local development strategies (LDS) through integrated interventions in cities with more than 20,000 inhabitants. Investments aiming at improving access/ maintenance on the labour market, developing entrepreneurship, providing social services, participating in education, housing, providing legal assistance,

²⁴⁴ Military Ordinance No 2/ 21.03.2020 on measures preventing the spread of COVID-19

²⁴⁵ Military Ordinance No 3/ 24.03.2020 on measures preventing the spread of COVID-19

²⁴⁶ Annex 1 of the Decree of the President of Romania No 195/2020

combating discrimination and segregation are funded through ESF and national contribution²⁴⁷. Moreover, according to the priorities identified at local level by the 37 LDSs selected to be financed²⁴⁸, funds (ERDF and national contribution) are allocated for the economic and social regeneration of disadvantaged communities in the urban area. To this end, in November 2019, a call for proposals was launched in order to support investments in the housing, health, social services and education infrastructure, amenities of the degraded urban area of the disadvantaged communities and investments in social economy enterprises, as well²⁴⁹.

Allocations under ERDF and the State Budget (through ROP) are dedicated to **physical, social and economic revitalization of deprived communities in urban area**. By March 2020, in order to improve the social/ education/ cultural and recreational activities, the public urban areas and the infrastructure of basic small-scale utilities:

- marginalized communities in county seat municipalities²⁵⁰ - contracted 23 projects, with an eligible value of 29.99 million euros and payments amounting 0.52 million euros;
- marginalized communities in small and medium-sized cities (under 100,000 inhabitants excepting the county seat municipalities) in seven development regions, including ITI Danube Delta territory and EUSDR area²⁵¹ - contracted 51 projects, with an eligible value of 162.68 million euros and payments amounting 3.12 million euros.

Interventions aiming at **reducing poverty and social and economic integration of people in marginalized communities**²⁵², including Roma communities are financed under ESF and national contribution. The investments target education and training, access to labour market and maintaining employment, entrepreneurship developing, providing social and medical services and improvement of the housing conditions. By March 2020, 646 people belonging to vulnerable groups benefited by integrated services.

ESF and the national contribution finance the marginalized communities in rural area and/or in cities with a population up to 20,000 inhabitants for which territory LDSs (approved under 2014-2020 NRDP/ Measure 19 LEADER) were developed. The allocations are dedicated to the implementation of interventions related to employment, delivery of social and medical services, education, legal assistance, fighting discrimination or segregation and housing²⁵³.

Implementing actions under LDSs in rural area, including investments of public interest for the community, such as projects for developing local economies, non-residential social services infrastructure, which is poor in the rural area, will generate the increase of life quality for rural population. Roughly, 3,208 new jobs are estimated to be created through the measure 19.2 - *Support for implementing actions under the local development strategy*.

Investments are delivered to **improve the connectivity between the disadvantaged rural communities and the more developed urban centres**, offering a better access to community services of public utilities, new employment opportunities and reducing social exclusion for rural population. The ongoing projects will allow an improved access of the rural population to

²⁴⁷ HCOP, PA 5 Community led local development, IP 9vi

²⁴⁸ <http://www.fonduri-ue.ro/presa/noutati-am-oi/details/6/393/rezultatul-final-al-procesului-de-evaluare-%C8%99i-selec%C8%9Bie-a-strategiilor-de-dezvoltare-local%C4%83-destinate-comunit%C4%83%C8%9Bilor-marginalizate-urbane>

²⁴⁹ ROP, PA 9 Supporting economic and social regeneration of disadvantaged communities in urban area, IP 9.1 (calls for proposals POR/2019/9/9.1/1/7 REGIUNI, POR/2019/9/9.1/1/BI and POR/2019/9/9.1/1/Intreprinderi)

²⁵⁰ ROP, PA 4 Supporting the sustainable urban development, IP 4.3. S

²⁵¹ ROP, PA 13 Supporting the regeneration of small and medium-sized cities, IP 9b.

²⁵² HCOP, PA 4 Social inclusion and combating poverty, IP 9ii

²⁵³ HCOP, PA 5 Community led local development, IP 9vi, call for proposals *Implementation of local development strategies in marginalized communities in rural areas and/ or in cities with a population up to 20,000 inhabitants*

basic services and infrastructure so that 2,704,478 inhabitants will benefit by these investments, in accordance with the contract indicators. EAFRD funds earmarked to setting up, improving and developing all type of basic infrastructure will support the building of:

- 322 kindergartens/ nurseries, upper secondary educational units - agriculture speciality and after schools built/ restored, out of which nine education units in ITI Danube Delta territory;
- 4,771 km of water supply/ sewerage pipelines (new networks/ development/ renovation), out of which 132 km in ITI Danube Delta territory;
- 3,454 km of local roads modernized/ new built, out of which 153 km in ITI Danube Delta territory.

The **National Contact Point for Roma (NCPR) implements the project - *National Platform of Good Practices for Roma***²⁵⁴ - aiming at improving the mechanisms of SNIR coordination and implementation and at substantiating the future public policies in this area. Another NCPR project - *Continuing to strengthen the capacity of the National Contact Point for Roma - Stage 2*²⁵⁵ - performs the analysis of the investment priorities and needs related to the *2021-2027 National Strategy on the Roma People Inclusion and the future 2021-2027 programming period*.

The project - *Development of a functional monitoring and evaluation system at county level for the implementation of the strategy for the Inclusion of Roma Minority Romanian Citizens 2014-2020*²⁵⁶, implemented by National Agency for Roma, aims at supporting national authorities to develop an integrated approach that allow the coherence between the pursued objectives and the available resources. The following documents will be further drafted:

- The evaluation report for monitoring and assessing the framework currently used to monitor the implementation of Local and County Action Plans for implementing the strategy;
- The preliminary methodology for standardizing the elaboration of county monitoring reports;
- The first national monitoring report and the final monitoring and evaluation methodology.

ANL continued to implement the pilot programme *Social housing for Roma communities ensuring a better access of Roma people to decent housing and improving their life quality* (access to public utilities such as water, electricity, sewerage and heating systems). Therefore, 189 housing units were built and the works at 50 housing units were under various stages of construction. The payments made between 1 January - 6 April 2020 amounted to 357,998.55 lei. For another 28 housing units, the public procurement procedure is underway for the works remained to be performed.

In order to document the phenomenon of informal settlements and their urban regulation, a *MLPDA Order on amending the Order No 233/2016 on approving the Methodological Norms for applying the Law No 350/2001 on spatial planning and urbanism and on drafting and updating the urban planning documents* was drafted. The draft Order is currently subject to the internal approval procedure and it has gone through the public consultation stage. The draft Order includes provisions on:

- The establishment of mechanisms for periodic collection of statistical information and data underpinning the analysis of needs and problems associated with living in informal settlements, as well as monitoring the evolution of the population in informal settlements;

²⁵⁴ Funded by the EC - DG Justice and Consumers (grant JUST/2015/RDIS/AG/NRP2/8727)

²⁵⁵ 2014-2020 HCOP, Code MySMIS 130368

²⁵⁶ Financed under the 2019 Structural Reform Support Programme, financial allocation of 300,000 euros

- The establishment by the urban planning documents of rules for occupying the lands and interventions leading to the increase of the life quality and to the reduction of risks to which the population living in informal settlements and in TADs having such settlements are exposed.

The issue of Romanian citizens belonging to the Roma minority has a horizontal approach in NRP. Other interventions are found in subchapters 4.1 Employment, 4.6 Early school leaving and 4.7 Tertiary education.

Reducing the number of people at risk of severe material deprivation

The implementation of *minimum guaranteed income programme (MGI), family support allowance and housing heating aid* (financed by the State Budget) continued to increase the life quality of some categories of disadvantaged people. In January 2020, 170,109 people benefited by MGI and 161,035 low-income families with children received the family support allowance. Moreover, during the 2019 - 2020 cold season, 205,661 families/ persons were granted aids for the home heating, as follows: 171,293 aid beneficiaries of house heating with wood, coal, or petroleum fuels; 14,662 aid beneficiaries of heating housing in the centralized system; 18,646 aid beneficiaries of home heating with natural gas; 1,060 aid beneficiaries of house heating with electricity.

Reducing poverty among people at risk of severe material deprivation is funded under FEAD to **provide basic food packages and assistance facilitating the social inclusion of disadvantaged people** (payments amounting 84,224,989). During the 2014 - 2018 period, 6,347,777 people benefited by support, out of which 2,879,267 women, 1,277,604 children aged under 15 years old and 1,555,962 persons aged over 65 years old²⁵⁷.

Moreover, 4.7 million packages comprising personal hygiene products, cleaning and home care products will be delivered to people at risk of poverty and social exclusion through a project amounting 141.2 million euros. The project was launched in the year 2020.

Another call for proposals worth over 28.767 million euros (FEAD and national contribution) will target **people who are temporarily in critical life situations, including the homeless**. In order to diversify the support given to these persons, hot meals will be provided by social canteens.

Complementary to other national initiatives intended to reduce poverty, pupils and students enrolled in the pre-school, primary and secondary education system and who come from the most disadvantaged families receive packs of supplies and schoolbags. Therefore, 153,240 students receive schoolbags and 28,153 pre-school pupils receive **packs of supplies**.

Mother - new-borns couples who are vulnerable and who are at high social risk²⁵⁸ will benefit by kits for new-borns (12 million euros through FEAD and national contribution). The intervention will help mitigate the risk of abandonment of new-borns from disadvantaged families. It is accompanied by other measures such as health education, first aid for new-borns, hygiene, access to medical and social services, etc.

Developing the public social assistance system

By March 2020, 854 specialized structures within/ subordinated to the local public administration authorities and executive authorities of TADs organized in villages, cities,

²⁵⁷ Progress report on implementing the 2018 FEAD

²⁵⁸ Mothers who have the right to a minimum guaranteed income and a family support allowance

municipalities and districts of Bucharest were accredited as social service providers (accounting for 26.69% of TADs). By 10 March 2020, 2,377 social services provided by 497 public social service providers were licensed, out of which 1,469 municipal services, 82 city services and 26 village services.

During 2018-2020 period, the State Budget (89,216.4 thousands lei) finances the **establishment of social/ community-based assistance service and the salary of 1,000 social workers in 1,000 TADs/ villages** where the public social assistance/ community-based assistance services have not been established or accredited²⁵⁹. Other funds from ESF and the State Budget aim at strengthening the public network of community-based social assistance²⁶⁰. The establishment/ development of public social assistance services in TADs in marginalized communities is supported (job creation/ employment of at least 350 social assistance experts/ social workers). However, 171 workers employed in the social assistance sector benefited by exchange of good practices, in the year 2019.

Integrating health, social and education services in 139 disadvantaged communities (132 communities in rural area and seven in urban area)²⁶¹ with above average and severe marginalization is funded with over 113.076 million lei (ESF and the State Budget)²⁶². By March 2002, 84 persons employed in the social assistance sector benefited by exchange of good practices, 94 community-based services were supported, out of which 31 social services and 94 health services. In addition, 26 social assistance tools have been drafted and their validation is in progress.

ESF and the national co-financing support the **development of the set of tools ensuring a better coordination and collaboration between public authorities with responsibilities in the field of social services** (MMPS as central public authority and DGASPC and SPAS as local public administration authorities)²⁶³. The purpose is to increase the administrative capacity of SPAS, so that 139 TADs in marginalized communities are supported to draft the project fiches for accessing ERDF/ ROP funding in order to build/ renovate/ equip the integrated community-based centres.

Developing a **system for monitoring and regularly assessing the stage of children transition from the institutional to community-based care** and the guide of good practices will support the local public administration²⁶⁴. Sets of interventions will be provided to different categories of children identified as being at risk of separation from the family and good practices on preventing the child separation from the family.

ESF and the national contribution fund the increase of efficiency and effectiveness of **public policies targeting homeless people**²⁶⁵. MMPS will develop a methodology for identifying the

²⁵⁹ GD No 427/2018 on approving the national interest programme *Domestic community services for elder dependent people* and the national interest programme *Increase the capacity of public social assistance services in some territorial - administrative units*

²⁶⁰ The project *Developing the social assistance system to fight poverty and social exclusion*

²⁶¹ Project *Creating and Implementing Integrated Community Services to Combat Poverty and Social Exclusion*

²⁶² Agreed by MMJS, MS and MEN and selected based on a set of criteria applied to marginalized communities with above average and severe marginalization, according to the Atlas of Marginalized Rural Areas and the Local Human Development Index in Romania

²⁶³ The project *Increasing MMJS capacity to coordinate methodologically SPAS to accomplish the legal duties and obligations in the field of social services and to increase the quality of services delivered to citizens*

²⁶⁴ The project *PROGRES in ensuring the transition from institutional care to community-based care*, code SIPOCA 577/SMIS 127380

²⁶⁵ In Romania, the legal definition of a homeless person is provided by the Law on social assistance No 292/2011 with subsequent amendments, namely *homeless people represent a social category consisting of single persons or families who, for single or cumulative reasons, of social, medical, economic, financial, legal or because of situations of force majeure, live in the street, live temporarily with friends or acquaintances, are unable of*

homeless people, will map their geo-spatial representation/ analysis of their street location and will diagnose these people needs. A project is implemented in order to design, among other things, the quantitative and qualitative analysis of the data and the problems that these people are dealing with and to provide recommendations on services delivered to this vulnerable group. Training programmes will be delivered to MMPS and ANPIS/ AJPIS experts on public policies and interventions targeting homeless persons²⁶⁶.

The code of good practice of the social assistant²⁶⁷, drafted for the first time in Romania, provides the definition of the professional standards regarding the practice of the social assistant and his/her responsibilities according to competences. The code is applicable to all fields - child protection, education and health - and it includes the professional standards, the stages of the professional performance, the interventions according to the professional competences, the methods and techniques used and the necessary vocational training.

Measures for the vulnerable group - children

The adoption is among the life events that Romania assumed to bring them to the fourth level of sophistication, through the *National Strategy on the Digital Agenda for Romania 2020*. Such an approach stands for the project - *National Information System for Adoption SINA²⁶⁸* - implemented by ANDPDCA in partnership with MMPS and MTIC²⁶⁹. SINA (amounting 45,970 million lei) will *reduce the red tape the field of the child protection* by uploading the data to ANDPDCA system directly from local SPAS and DGASPC, will create the interoperability with other authorities (MAI, MJ) and will allow the creation of the electronic file of the child.

Strengthening the **foster care network**, training the foster parents and specialized workers employed in social assistance units for children and youth support the acceleration of the deinstitutionalisation process of children and young people without parental care. By the end of February 2020, the project *TEAM-UP: Progress in the quality of alternative childcare²⁷⁰* facilitated the selection, recruitment and employment of 989 foster parents providing care to 1,531 children, out of which 148 disabled children.

The deinstitutionalization of children relies also on providing the **integrated services that facilitate the transition from institutionalized care to the community-based services**. The State Budget supports the development of social services such as day centres (19 day centres) and 52 sheltered houses in order to develop alternate support services for an independent life and integration into the community of 300 disabled young people accommodated in the child protection system. A programme implemented during the 2018-2021 period is funded with 34,778 thousand lei²⁷¹. Supplementary, ERDF and the national contribution finance the social

sustaining a rental housing or are at risk of eviction or are in institutions or penitentiaries where they will, within 2 months, to be discharged or released and they have no domicile or residence and the Law No 151/2019 on spatial planning and urban planning established the definition for informal settlements and the attributions regarding the identification and limitation of informal settlements

²⁶⁶ The project *Every person counts! Assessing the needs of homeless people and the impact of existing social services on their life quality*

²⁶⁷ National College of Social Assistants, Decision No 2/2019 on adopting the Code of good practice of the social assistant

²⁶⁸ GD No 700/2019 on approving the Substantiation Note on the necessity and opportunity of expenses made to implement the investment project *National Information System for Adoption SINA*

²⁶⁹ A project financed under ERDF through ROP, PA 2, action 2.3.1

²⁷⁰ 2014-2020 HCOP, PA 4 Social inclusion and fighting poverty, IP 9iv

²⁷¹ GD No 317/2019 on amending GD No 798/2016 on approving the national programme on protecting and promoting the rights of disabled persons *Establishment of social services such as day centres, respite centres/crisis centres and sheltered housing for deinstitutionalizing disabled persons accommodated in old institutions and preventing the institutionalization of disabled persons from the community* and on amending the Annex of GD No

service infrastructure such as day centres and family houses for the *vulnerable group of children*, 16 projects worth 14.03 million euros were contracted by March 2020.

Reducing the number of children accommodated in placement centres was a priority objective. By the beginning of the year 2016, the number of children accommodated in such centres was of 7,055 and it decreased to 4,427 children, by the end of December 2019. At the same time, the number of placement centres accommodating over 50 children decreased from 52 on 1 January 2016, down to 20 on 31 December 2019. Out of the 4,979 children accommodated in these centres, around 1,800 children are benefiting by projects financed under ERDF through ROP and those submitted to HCOP.

ESF and the national contribution finance the social community-based services, assistance programmes in order to integrate socially and economically young persons (aged under 18 years old or 26 years old if they attend training/ education programmes) accommodated in residential units and the identification and monitoring of children at risk of family separation²⁷².

Children/ young people accommodated in residential institutions face inequalities and social marginalization. This situation calls forth the solutions to assist the post-institutionalized young people. A call for proposals with an allocation of 23 million euros (ESF and national contribution) is to be launched in order to implement a **programme of integrated services dedicated to young people who are preparing for leaving the institutionalized protection system**²⁷³ and/or post-institutionalized young people in the last 4 years²⁷⁴. Measures to enter the labour market or support for (re)integrating these young persons into the education system and providing them funds for housing and payment of utilities²⁷⁵ will be funded.

Children whose parents work abroad would be at risk of social exclusion with an impact on their subsequent evolution and psychological and emotional development. In order to meet the complex needs (social, emotional and educational) of these children, integrated services are required for toddlers and pupils in primary and secondary school, as well as parental education and counselling for their legal representatives (parents/ caregivers). A **Pilot programme to stimulate the participation in education of children with parents working abroad**²⁷⁶ (worth 30 million euros) will finance both measures to prevent the early school leaving and the psychological and social services.

The marginalization of disabled children leads to their social exclusion and their reduced access to the education system or to community-based services. The information campaign - *We grow stronger when we grow up together* (delivered by ANDPDCA, MEC and UNICEF) aims at developing a more inclusive society. The campaign is addressed both to **families with disabled children (aged 0-6 years old)** and to all parents and professionals working with children, including the disabled children.

193/2018 on approving the national programme on protecting and promoting the rights of disabled people *Establishment of social services for ensuring the disabled youth transition from the special child protection system towards the disabled adult protection system*

²⁷² HCOP, PA 4 Social inclusion and fighting poverty, IP 9iv, call for proposals *Community-based social services and social and professional services for children and young people*

²⁷³ Minimum age of 16 years old at the time of the entry into intervention

²⁷⁴ Maximum age of 25 years old at the time of the entry into intervention

²⁷⁵ HCOP, PA 4 Social inclusion and fighting poverty, IP 9 iv, call for proposals *First room - Innovative tools for social and professional integration of young people leaving the special protection system*

²⁷⁶ HCOP, PA 6 Education and skills, IP 10i, call for proposals *Pilot programme to stimulate the participation in education of children with parents working abroad*

Measures for the vulnerable group - old people

To prevent the effects of the social exclusion on elder people at risk of poverty or in other vulnerable condition, a programme is funded with 25,184.32 thousand lei through the State Budget. The **programme implemented during the 2018-2020 period provides home care services and the case management implementation for old dependent people** who are alone or whose family cannot afford their care²⁷⁷. Complementary, ERDF and the State Budget fund the building of the social service infrastructure without a residential component²⁷⁸. By March 2020, 70 projects were contracted, with an eligible value of 41.75 million euros.

Other investments, financed through ESF and the national contribution, are intended to **establish the social services without a residential component** (day centres, home care centres and/or units, social canteens, mobile food services, social ambulance) and to develop the human resources²⁷⁹.

Measures for the vulnerable group - disabled persons

To improve the quality of social services for disabled adults, as well as the living standard of these people, the following legal modifications were made in the year 2019²⁸⁰:

- Reviewing the quality standards for residential social services;
- Distinct regulation of activities - independent living skills (maintaining/ developing cognitive skills, daily skills, communication, mobility, health self-care, self-management, interaction); assistance in decision making that involve appropriate training actions, counselling, information and direct support in order to choose between two or more alternatives, the beneficiary being constantly at the centre of the process, in a formal and reliable environment;
- Adding the situations of exploitation and violence to the standard of *Protection against abuse and neglect* and developing the standard of *Protection against torture and cruel, inhuman, or degrading treatment*;
- *Evaluation* standard stipulates the regular assessment of beneficiaries of residential centres, including the protection measure by which the residential service is recommended;
- Regulating assistance and support services (a set of activities performed in order to meet the specific individual needs of disabled adults and family members or their representatives, in order to overcome the difficulties and prevent the institutionalization), including those of *assistance and support for decision making*;
- Developing quality standards of respite and crisis centres;
- Developing the standard for applying the *case management* method in order to coordinate and integrate all activities for the disabled person, to organize and manage the specific social assistance measures, in accordance with the objectives set by the individual

²⁷⁷ GD No 427/2018 on approving the national programme *Domestic community services for old dependent people* and the national programme *Increase the capacity of public social assistance services in some territorial - administrative units*

²⁷⁸ ROP, PA 8 Developing health and social infrastructure, IP 8.1

²⁷⁹ HCOP PA 4 Social inclusion and fighting poverty, IP 9 ii, Call for proposals *Community grandparents - Social and medical services for elder persons*

²⁸⁰ Order of the labour and social justice minister No 82/2019 on approving the specific minimum quality standards mandatory to the social services for disabled adults

intervention plans²⁸¹.

ANDPDCA will complete the **set of medical-psycho-social criteria necessary to classify the disabled people in accordance with the disability grading**. This becomes the basic stage for the individualized interventions and the service development and for the more efficient usage of the financial resources in the protection system, as well. A project (financed under ESF through OPAC) will systematize the legislation and will render operational the institutional framework of the disability assessment system, simultaneously with the improvement of the expertise and competencies of the specialists in the central public administration and in the local assessment services²⁸².

Another project - *People with Disabilities - the transition from residential to community services*²⁸³ - funds the development of a **public policy proposal dedicated to supporting the independent living, integration into the community and preventing the (re)institutionalization of these people**, as well as the monitoring and control tools for applying the social service standards.

The *National Disability Management System - SNMD*²⁸⁴ aims at **creating a platform for storing information on disabled adults and children**. The information system of the case management will allow the creation and management of files of disabled adults and children, the monitoring of the residential and non-residential social protection centres and the rapid access to information registered by DGASPC. SNMD will integrate with existing systems ran by other institutions (CNPP, Treasury, Romanian Post Office, banking system, town halls). However, 41 county DGASPCs, six DGASPCs of Bucharest districts and ANDPDCA implement the project.

The project - *Strengthening the mechanism for coordinating the implementation of the UN Convention on the Rights of Disabled Persons*²⁸⁵ will provide the **general framework for ensuring the exercise of rights by the disabled persons**. The project outcome will deliver the *2021-2027 National Strategy on the Rights of the Disabled Persons* and the monitoring mechanism of its implementation.

One of the initiatives aiming at increasing the **employment opportunities of the disabled people** is the implementation of a project worth over 111.978 million lei²⁸⁶. Information and counselling services are provided to 7,000 disabled people aged 18-65 years old, who benefit by opportunities to increase their potential for integrating into the labour market and into the community. The funds are also allocated for purchasing the assistive equipment by 700 disabled people, for subsidising 200 employers to adapt the workspaces, as well as for jobs subsidising for 200 newly employed disabled people.

Both the State Budget and the European funds support **the development of the infrastructure of the community-based social services** in order to improve the skills and the capacity of the disabled people to participate actively to the labour market and to the social life. The programmes implemented during the 2018 - 2021 period mobilize important financial resources (109.3 million lei from State Budget) for the transition of 1,000 disabled people from residential institutions to family-type infrastructures (141 sheltered housing) and for the establishment of

²⁸¹ Order of the labour and social justice minister No 1218/2019 on approving the specific minimum quality standards mandatory on applying the case management method for protecting the disabled adults

²⁸² The project *Modernizing the assessment system of disability in Romania*

²⁸³ Code SIPOCA/SMIS2014+: 618/127529

²⁸⁴ OP C, PA 2 Information and communication technology for a competitive digital economy, action 2.3.1

²⁸⁵ Code SIPOCA/SMIS2014+: 619/127534 (implementation period 25 January 2019 - 25 June 2021)

²⁸⁶ The project *Facilitating the labour market insertion of disabled people*

social services such as day centres (88 day centres) and eight respite centres/ crisis centres²⁸⁷. However, 50 projects have been submitted to establish 129 sheltered houses, 45-day centres and five respite centres, so that the disabled people accommodated in old residential centres would benefit by the new family-type infrastructure. To the same end, resources are allocated through ERDF and the State Budget for the infrastructure of social services such as day centres and sheltered houses for the *vulnerable group of disabled people*²⁸⁸. By March 2020, 18 projects with an eligible value of 12.98 million euros were contracted. In addition, funds from ESF and the national co-financing facilitate the deinstitutionalisation of disabled adults and their transition to the community-based social services²⁸⁹.

By 31 December 2019, 143 sheltered houses that accommodate 1029 disabled adults were rendered operational in Romania. In addition, 300 residential centres (training for independent living, enabling and rehabilitation, care and assistance) for 16,533 disabled adults and 60 non-residential centres for 1,906 disabled adults were established²⁹⁰.

Fighting gender violence

Providing **integrated services for victims of the domestic violence**, education, prevention and fighting the domestic violence, increasing the social responsibility and promoting the voluntary initiatives are financed through ESF and the national contribution (projects worth over 1.577 million euros). The *National Programme Supporting Victims of Domestic Violence (VENUS - Together for a safety life!)* finances with more than 10.999 million euros (ESF and national contribution) the establishment and operationalization of a national network of minimum 42 sheltered houses, the development of 42 support groups, the establishment of 42 vocational counselling services and actions preventing and fighting the domestic violence;

The project *Support for implementing the Istanbul Convention in Romania*²⁹¹ (worth 2.5 million euros) aims at establishing a network of eight regional assistance centres for the aggressors' counselling and 10 regional crisis centres affording care and counselling services for victims of the sexual violence, as well as at regulating measures to prevent the recurrence of the domestic violence.

Complete the reform of the minimum inclusion income

The project *HUB DE SERVICII MMJS (SII MMJS)* worth 133,137 thousand lei is going to be implemented by MMPS in collaboration with MTIC and ANPIS. The project aims at developing the IT system and the interoperability and interconnection platform among MMPS and the subordinate/ under its authority/ in coordination institutions (ANDPDCA, ANPIS, ANOFM, CNPP and IM) and other institutions at central and local level. The project will facilitate the correlation and the integrated management of the data processing and management systems

²⁸⁷ GD No 317/2019 on amending the Annex of GD No 798/2016 on approving the national programme on protecting and promoting the rights of disabled persons *Establishment of social services such as day centres, respite centres/crisis centres and sheltered housing for deinstitutionalizing disabled persons accommodated in old institutions and preventing the institutionalization of disabled persons from the community* and on amending the Annex of GD No 193/2018 on approving the national programme on protecting and promoting the rights of disabled people *Establishment of social services for ensuring the disabled youth transition from the special child protection system towards the disabled adult protection system*

²⁸⁸ ROP, PA 8 Developing health and social infrastructure, IP 8.1

²⁸⁹ HCOP, PA 4 Social inclusion and fighting poverty, IP 9 iv

²⁹⁰ National Authority for Rights of Disabled People, Children and Adoption, Statistical Data

²⁹¹ 2014 - 2021 Norwegian financial mechanism, RO20 Financing Programme - Domestic violence and gender-based violence

for the two components of the social assistance (social services and benefits), as well as the interoperability of data on beneficiaries of social services and social assistance benefits and for recipients of other measures of social protection (pensions, unemployment). The project application was uploaded to MySmis electronic platform. The feasibility study is subject to the approval procedure, so that the project can be submitted in accordance with the eligibility conditions.

The implementation of the project *Support for developing an indexation mechanism and piloting a new payment method for social assistance benefits in Romania* carries on in the year 2020. According to the Country Reports Romania 2019 and 2020, the establishment of an *indexation mechanism to define the revision of social assistance benefits in a predictable manner* will improve the social assistance system and increase the efficiency of all programmes. The Report on the national context and practices of other Member States of the European Union on indexation mechanisms of social assistance benefits was finalized. The report provided an overview of the current mechanism of indexing the social assistance benefits in Romania and in other Members States. For example, on 6 March 2020, a workshop was held, in which the indexation mechanisms in five MSs (Finland, Lithuania, Poland, Spain and Hungary) were presented.

The reform of the national health care system

Amid the COVID-19 pandemic on the Romanian territory, on 3 April 2020, the Plan of measures for the preparation of hospitals in the context of the COVID-19 Coronavirus epidemic, the List of hospitals which provides healthcare to patients tested positive for SARS-CoV-2 virus in Phase I and Phase II and the List of support hospitals for patients tested positive or suspected for SARS-CoV-2 virus were approved by the Order of the Minister of Health No 555.

Furthermore, in this period, **MEF is supporting with EU funding the efforts of public institutions/ authorities involved in fighting the pandemic**, through acquisition of protection equipment for the medical personnel operating this equipment, as well as for the medical personnel involved in treating the infected patients.

The EU funding settlement mechanism for the procured medical equipment as well as for the medical protection equipment will take place during April-December 2020. The maximum eligible value of a project will be 45 million euros and the maximum total value of the available funding is 300 million euros.

Measures are under implementation aiming at increasing the access of people (including of vulnerable persons) to quality medical services, improving the efficiency and the financial sustainability of the health system, modernizing the health infrastructure and healthcare network at regional level, reducing the morbidity and mortality caused by communicable and non-communicable diseases, while another measure pursued by MS aims at monitoring the implementation of the *National Health Strategy 2014-2020*.

Moreover, in order to achieve the specific objective *Increasing of integrity, reducing vulnerabilities and risks of corruption in the public health system* enclosed in the *National Anti-corruption Strategy 2016-2020*, a series of measures are under implementation. The above-mentioned measures, as well as the actions on increasing granted outpatient care respond to CSRs requirements addressed to Romania in the health field.

To increase the access of vulnerable people to health services, the implementation of 15

health/ screening programmes on various topics²⁹² has continued. 544,596 retired people with a monthly revenue of <990 lei, respectively 1,139 lei/month starting from 1 September 2019, benefited from medicines in outpatient, during Q3/2018-Q4/2019. The healthcare network organized at the level of the local communities was set up/ modernized, on 1 March 2020, 52 community health centres being operational and having 1,696 community nurses and 459 health mediators for Roma communities as employees. The implementing regulations of the normative act regulating the community healthcare were approved by the GD No 324/2019 and, for the first time, one provision allows for the private providers to provide the community healthcare services, the aforementioned decision establishing the conditions for providing such services. Moreover, the project *Creating and implementing of integrated community services in order to combat poverty and social exclusion* is under implementation in the framework of a partnership concluded between the MMPS, MS and MEC in 139 rural and small urban communities facing above average or severe marginalization.

In the social health insurance system, for the physicians working in the primary healthcare and the specialized ambulatory (for the clinical specialties from the rural and the urban area), an allowance is granted depending on the conditions in which the activity is carried out²⁹³.

The measures taken since 2018 to expand the number of outpatient services²⁹⁴ have continued and other measures are planned regarding the development of the related infrastructure to **favour the access of people to quality healthcare.**

In the specialized ambulatory, the basic health services package includes 116 diagnostic and therapeutic procedures, medical and surgical (34 basic surgical treatments and 13 complex surgical treatments), orthopaedic and psychiatric, with varying degrees of complexity.

The list of clinical specialties has been extended with those specialties for which the contract for the provision of medical services in the specialized clinical ambulatory (such as in the fields of medical genetics, anaesthesia and intensive care) can be concluded. The possibility of concluding the contracts for the provision of medical services in the specialized clinical ambulatory has been regulated for physicians with certification/ competences in the palliative care. As a result, at the end of 2018 there was an approx. 3.6% decrease in services performed over the contract value in the hospital care (continuous hospitalization), compared to the previous year.

The day hospitalization services package was expanded for diseases that previously were predominantly treated within the continuous hospitalization²⁹⁵. The project of the *National Strategy for quality assurance in the health system* was developed and the Law on vaccination of people was submitted to the Chamber of Deputies.

²⁹² In the fields as vaccination, the prevention, supervision and control of HIV/AIDS infection or tuberculosis, the women and children health.

²⁹³ The number of points per capita due to the physician from the primary healthcare, respectively the number of points on medical services due to the physician from the specialized ambulatory for clinical specialties is recalculated, the increase being up to 100%, based on the criteria approved by the Order of the Minister of Health and the CNAS` s president, depending on the conditions in which the activity takes place, except for the medical offices/working points of the primary healthcare medical offices in rural and urban areas, for cities with less than 10,000 inhabitants in the *Danube Delta Biosphere Reserve* area, for which a percentage increase of 200% is applied. The amount adjusted with the professional degree is increased by 50% when establishing the contract value for the physicians in dental care from rural areas.

²⁹⁴ In 2018, the outpatient care services granted were extended by including in the basic health services package of 11 additional medical services for case diagnosis that can be granted in ambulatory (previously being provided predominantly by day hospitalization). Since with the second semester of 2019 a medical service for case diagnosis was added.

²⁹⁵ On 31 October 2019, the hospital health services package includes 360 medical services that can be offered in the day hospitalization. In the basic package are provided 139 types of cases solved through the surgical procedure.

The National Health Strategy 2014-2020 will be updated and an application on the development of the new strategy for the future programming period will be submitted for funding through the ACOP. In addition, an evaluation report on the implementation of the current strategy is being finalized, which includes information on the equitable access to quality and cost-effective health services, especially for vulnerable groups. This report will also be useful for identifying the additional measures needed to achieve the targets set out in the strategy.

Over 200 people were trained on the health programmes and services aimed at prevention, early detection (screening), early diagnosis and treatment for the main pathologies, within a project financed from the HCOP for the continuous improvement of the knowledge and skills of the primary healthcare providers, including in the field of quality management of health services and the patient safety.

In order to improve the efficiency and financial sustainability of the health system, the funds allocated to the primary healthcare as part of outpatient care increased annually in the period 2014-2019 (in 2018 they were higher by ~17% than in the previous year, in 2019 reaching about 28%, compared to 2018). Thus, in 2019, the share of expenditures on the primary healthcare in total expenditures on medical services, medicines and medical devices was 9.1%. According to MFP, in 2019, FNUASS²⁹⁶ and MS expenditures increased by approximately 46% compared to 2017.

During 2019, updates to the list of reimbursable medicines²⁹⁷ were made and 19 new international common denominations (ICDs) for medicines were included in reimbursement, unconditionally and another two new ICD in reimbursement, conditionally, based on the cost-volume/ cost-volume-result contracts.

In view of modernizing the health infrastructure and healthcare network at regional level, MS is preparing the construction (through the ROP) of three emergency regional hospitals for which the feasibility studies have been developed. For another five emergency regional hospitals (Timisoara, Targu-Mures, Braila - Galati, Brasov and Constanta) the development in public-private partnership will be under scrutiny. The major project applications for the Iasi and Cluj emergency regional hospitals were submitted to the EC, the major project application for the Iasi hospital was approved by the EC.

15 county hospitals have benefited from funds for rehabilitation/ modernization, 83 county hospitals and another 98 health units²⁹⁸ have benefited from funds for equipping. 78 Emergency Units and 47 ambulatory care units have been equipped/are being equipped with medical equipment. To equip with medical equipment/ equipment and means of transport for the providers of medical services, 218 health units benefited from funds from the MS budget. In the case of measures under the MLPDA' responsibility, 132 projects were contracted for rehabilitation/expanding/equipping the ambulatory care units and 26 projects for rehabilitation/ expanding/ equipping of the Emergency Units. Seven projects were contracted for the purchase of ambulances.

To reduce the morbidity and mortality from communicable and non-communicable diseases, the *National Health Promotion Programme* is under implementation and 23 campaigns were set up to inform/ Instruct people, especially from vulnerable and disadvantaged groups, at national and local level, on various topics. Legislative changes with an impact on reducing the morbidity and mortality are being considered and a series of

²⁹⁶ Single National Social Health Insurance Fund

²⁹⁷ Approved by the GD No 720/2008 with subsequent amendments and completions

²⁹⁸ From the funds of the WM project (IBRD 8362RO)

normative acts will be drawn up regarding the establishment of the reporting and data collection methodology for the surveillance of communicable diseases, the online reporting method in the *Single Vaccinations Registry* and the conditions for the organization and operation of the community vaccination centers. With regard the training of staff in order to ensure the capacity to monitor of communicable diseases and manage of the national and international alerts at central and local level, the number of vacancies for deficient specialties such as the infectious diseases, epidemiology and hygiene has been increased.

In order to **carry on with the digitization of the health system**, the continuously open call for proposals was launched (on 1 October 2018) to consolidate the integrated informatic system in the field of e-health (including the telemedicine) and project applications are expected from by MS and CNAS.

The two projects applications are (1) *Health Informatics System for managing of the electronic forms for medical leave certificates, referral tickets, medical letters, for the home care recommendations as well as of the recommendations on the electronically issued medical devices, technologies and assistive devices* and the (2) *Health Informatics Systems for connecting to the Electronic Health Record (EHR)²⁹⁹ of the medical services providers for clinical specialties and for the clinical specialty of physical and rehabilitation medicine and the paraclinical specialties, as well as of the providers of medical and palliative care at home, the medical services of dentistry, the medical devices, assistive technology and devices and for the emergency consultations at home and the unassisted medical transport activities.*

In addition, the project *Integrated Management System in the Social Health Insurance System³⁰⁰*, funded by the ACOP, will be implemented within CNAS and has as objective to create an integrated management system that will support a continuous performance decision-making process and a strategic evidence-based planning to achieve institutional goals.

In the case of 26,750 contracts for medical services, medicines and medical devices, the *Single Integrated Information System of the Social Health Insurance* is used by 677 hospitals, 9,950 primary healthcare providers, 3,233 providers of specialized clinical outpatient medical services, 91 ambulance services, 564 medical services providers in ambulatory for the clinical specialty of physical and rehabilitation medicine and 18 providers of recovery medical services in sanitary units with beds (sanatoriums and prevention units), 1,343 providers of paraclinical outpatient medical services.

Steps to improve the quality and efficiency of public services in the Romanian healthcare system by promoting integrity and accountability within the management of resources have continued to be taken. In this respect, under the specific objective **Increasing of integrity, reducing vulnerabilities and risks of corruption in the public health system** from the *National Anti-corruption Strategy 2016-2020*, a series of measures are under implementation, such as: data collection from patients on the medical services received in public hospitals through the *Mechanism of Feedback from Patients* (there is a decrease of the number of complaints received as a result of the increase of income for the medical staff), carrying out the public procurements in the health system (through SICAP) for information transparency, operating the

²⁹⁹ The EHR indicators have the following values: providers of medical services that submitted the medical documents in the EHR - 11,701, providers that offer both family medicine services and hospital outpatient services - 36, providers that offer only the family medicine services: 10,587, providers offering only hospital services - 393, other providers, individual medical offices - 685.

³⁰⁰ At the same time, the project aims to increase the interoperability of information and IT systems used by the CNAS and data standardization, offering the possibility of processing large volumes of data, presenting information structured in addition to the present analyses, performed only on the project areas in order to supporting the CNAS in streamlining internal activities, as well as strengthening the institutional capacity to communicate quickly and efficiently with the institutions that supply the public health system with data.

healthcare anti-corruption hotline, CNAS reporting to ANFP`s information platform on the compliance with the *Code of ethics* by the civil servants and performing common controls (MS/CNAS) at hospital units³⁰¹. By the Orders of the Minister of Health, between April 2019 and March 2020, the staff of the control structure organized at the CNAS participated, as a co-opted member, in six control actions performed by the MS at the level of hospital medical service providers.

Implementation of measures in the health field will continue by increasing the access of people, including of vulnerable groups, to quality medical services, improving the efficiency and financial sustainability of the health system, while another measure pursued by MS aims at monitoring the implementation of the *National Health Strategy 2014-2020*. To ensure the digitalization of the IT health system, MTIC/CNAS/MS continues to consolidate the integrated IT system in the field of e-health, including telemedicine. Moreover, improved quality and efficiency of public services within the Romanian health system is also envisaged by promoting public integrity and in terms of resource management accountability. Measures for improving the access of people, including of vulnerable groups, to health services will continue by corroborating the approaches envisaged at the level of several institutions: in that regard, measures are proposed to be financed by ROP and HCOP for modernizing the health infrastructure and healthcare network at regional level, but also to improve of the medical staff knowledge or to increase the number of people benefiting from the health programmes. MS will also continue to increase the number of the granted outpatient medical services and is considering several legislative changes with an impact on reducing the morbidity and mortality rate caused by communicable and non-communicable diseases.

Measures presented in this chapter can contribute to the fulfilment of SDG 1, SDG 3, SDG 5, SDG 10, SDG 11 and SDG 16.

³⁰¹ By the Orders of the Minister of Health, the staff of the control structure organized at the CNAS participated, as a co-opted member, in seven control actions performed by the MS at the level of hospital medical service providers, between April 2018 and March 2019.

5. INSTITUTIONAL ISSUES AND STAKEHOLDER INVOLVEMENT

Elaboration of 2020 NRP

The 2020 NRP was prepared under the coordination of the Ministry of Foreign Affairs³⁰², based on contributions provided by the institutions responsible for implementing the objectives of the *Europe 2020 Strategy*, i.e. in the areas covered by the milestones of the Semester.

The 2020 edition, structured in line with the EC' guidelines addressed to EU Member States in October 2019, as well as in April 2020, includes data on the state of implementation of actions undertaken under 2019 NRP, the response measures to 2019 CSRs, as well as proposals for new actions, defined taking into account the priorities set at EU level and those established by the *Governance Programme* or other national strategic documents of sectoral nature, including measures in the context of the pandemic caused by the new coronavirus.

The 2020 NRP also provides the framework for responding to the main challenges identified by the EC in the *2020 Country Report on Romania*³⁰³, in areas such as *public finance and taxation, the labour market, education and social policies, productivity and investment (research and innovation, transport infrastructure, energy, etc.), competitiveness, reforms and investments (business environment, administration, including e-Government components, public procurements), or environmental sustainability*.

In fact, the 2020 NRP aims to ensure the continuity of reforms from the previous period, with the addition of commitments and new measures, which correspond to the current priorities. In addition, this year's NRP edition includes references to priority investment projects (in the process of being implemented and/or expected to be implemented), especially those with an impact on the fulfilment of the SDGs. The ability of public authorities to pursue economic, social and fiscal-budgetary policies to achieve the SDGs is a key success factor³⁰⁴.

In view of the *context of the COVID-19 pandemic*, the NRP 2020 also includes information on the measures promoted in the short term to meet the challenges of Romania's management of the pandemic, with the indication that a number of other target measures are still being evaluated at the time of the presentation of this document, as well as the evaluation of economic recovery measures, depending on the objectives and instruments formulated at European level.

Stakeholders consultation

In order to provide an overview of the European Semester and its subsumed processes, but also to ensure transparency in the implementation of the *Europe 2020 Strategy* objectives in Romania, relevant information on these topics, together with the annual NRP editions as approved by the Executive, are available on the MFA website.

In both 2019 and 2020, the MFA continued its practice of collaboration with the Romanian Parliament, providing and presenting in various committees information on the defining documents of the Semester (e.g. the EC' *Communication on Country Specific*

³⁰² According to GD no 16/2017 on the organisation and functioning of the MFA, with subsequent amendments and additions, Art. 2, pct. 36

³⁰³ Brussels 26.2.2020, SWD(2020) 522 final

³⁰⁴ Brussels 17.12.2019, COM (2019) 650 final

Recommendations, Annual Strategy for 2020 on Sustainable Growth, the EC' Communication on Country Reports). The MFA also responded to the requests of the Chamber of Deputies and the Senate on European issues, thereby strengthening the dialogue with the representatives of these institutions.

Also, in the second half of April 2020, the NRP's draft was submitted for consultation to relevant stakeholders at national level.

Monitoring the implementation of the 2020 NRP

The commitments provided for in the NRP shall be implemented through a dedicated *Action plan*, drawn up under the coordination of the MFA, involving the institutions represented, at technical level, in the *Working Party for the European Semester*. The Plan details the measures defined in the NRP and sets out responsibilities, deadlines, implementation indicators, budgets, constituting a tool for coordinated monitoring of their implementation. The Plan also shall include measures relating to the implementation of the CSRs.

The approval of this instrument by the government, based on a memorandum, usually takes place between July and August, after the formal endorsement of the CSRs by ECOFIN.

The monitoring of the NRP implementation further involves two components: one internal, provided by each institution responsible for carrying out measures in its area of competence and another component, at Government level, through the MFA, which is the national coordinating institution for the follow-up of all implementation measures.

Progress made in the implementation of the NRP and the CSRs respectively, shall be reflected in regular reports by the national coordinator, with the support of the institutions involved and submitted to the Executive, for information.

In the current context, generated by the COVID-19 pandemic, the process of drawing up the Action plan will also take into account the evolution of the dialogue with the EC on the issues included in the CSRs, as well as the comprehensive post-COVID-19 assessment and how to reflect them in the exercise of the European Semester 2020/2021.

ANNEX I: NATIONAL EUROPE 2020 TARGETS

Europe 2020 Objectives	National 2020 target	INDICATORS EVOLUTION										
		Initial value/year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1. Employment rate for population aged 20-64*	70%	-	64.8%	63.8%	64.8%	64.7%	65.7%	66%	66.3%	68.8%	69.9%	70.9%
2. Gross expenditure on R&D (of GDP)**	2% (1% public sources + 1% private sources)	0.46% (0.27% public + 0.19% private) /2009	0.45% (0.28% public + 0.17% private)	0.49% (0.31% public + 0.18% private)	0.48% (0.29% public + 0.19% private)	0.39% (0.27% public + 0.12% private)	0.38% (0.22% public + 0.16% private)	0.49% (0.27% public + 0.22% private)	0.48% (0.21% public + 0.27% private)	0.50% (0.21% public + 0.29% private)	0.51% (0.21% public + 0.30% private)	n.a.
3. Climate change and energy (20/20/20)												
<i>Index of greenhouse gas emissions (excluding LULUCF)***</i>	80	100/1990	49.99	51.94	50.58	46.74	46.78	46.84	45.98	47.01	47.05	n.a.
<i>Index of greenhouse gas emissions in non-ETS sectors***</i>	119	98.1/2005	110.68	108.04	107.02	103.55	103.81	101.11	103.02	100.05	101.50	n.a.
<i>Share of energy from RES in the gross final energy consumption (%)*</i>	24	17.6/2005	22.83	21.19	22.82	23.89	24.84	24.78	25.03	24.47	23.87	n.a.
<i>Final energy consumption (Mtoe)*</i>	30.3	24.7/2005	22.52	22.70	22.76	21.80	21.69	21.85	22.24	23.21	23.53	n.a.
<i>Primary energy consumption (Mtoe)*</i>	43****	33.9/2005	32.97	33.55	33.26	30.41	30.05	30.73	30.62	32.37	32.48	n.a.
4. Education												
<i>Early school leaving*</i>	11.3%	15.9%/2008	19.3%	18.1%	17.8%	17.3%	18.1%	19.1%	18.5%	18.1%	16.4%	15.3%
<i>Share of population aged 30-34 years with tertiary education level*</i>	26.7%	16%/2008	18.3%	20.3%	21.7%	22.9%	25%	25.6%	25.6%	26.3%	24.6%	25.8%
5. Promoting social inclusion, in particular by reducing poverty - reducing with at least 20 million the number of people at risk of poverty or social exclusion*	Reducing with 580 thousand the no of people at risk of poverty or social inclusion as compared to 2008	0/2008	- 689 thousand people	- 849 thousand people	- 441 thousand people	- 723 thousand people	- 1,071 thousand people	- 1,680 thousand people	- 1,420 thousand people	- 2,074 thousand people	- 2,755 thousand people	n.a.

* Source: Eurostat

** Source: National Institute for Statistics

*** Source: Data provided by ANPM, according to the last version of the National Greenhouse Gas Inventory Report (INEGES), drafted by Romania in March 2020, for the period 1989-2017.

**** Data estimated according to the first *National Action Plan on Energy Efficiency* (PNAEE 1)

n.a. - not available