



NATIONAL REFORM PROGRAMME

2019

BUCHAREST

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CONTENTS

ABBREVIATIONS	3
1. INTRODUCTION	5
2. MACROECONOMIC CONTEXT AND SCENARIO	6
3. POLICY RESPONSE TO ECONOMIC CHALLENGES	9
3.1. Fiscal and budgetary policy	9
3.2. Public administration	16
3.3. Business environment and competitiveness	27
4. NATIONAL EUROPE 2020 OBJECTIVES	46
4.1. Employment	46
4.2. Research, development and innovation (RDI)	52
4.3. Environment and climate change	58
4.5. Energy efficiency	65
4.6. Early school leaving	67
4.7. Tertiary education	73
4.8. Social inclusion and combating poverty	76
5. INSTITUTIONAL ISSUES AND STAKEHOLDER INVOLVEMENT	85
ANNEX I: NATIONAL EUROPE 2020 TARGETS	87

ABBREVIATIONS

ACOP	Administrative Capacity Operational Programme 2014-2020
AFM	Environment Fund Administration
ANAF	National Agency for Fiscal Administration
ANANP	National Agency for Natural Protected Areas
ANAP	National Agency for Public Procurement
ANAR	“Romanian Waters” National Administration
ANFP	National Agency of Civil Servants
ANIF	National Agency for Land Improvement
ANL	National Housing Agency
ANOFM	National Employment Agency
ANPD	National Authority for Disabled Persons
ANPM	National Agency for Environmental Protection
ANR	National Agency for Roma
ANRE	National Energy Regulatory Authority
ASF	Financial Supervisory Authority
ATU	Administrative Territorial Unit
BNR	National Bank of Romania
CC	Romanian Competition Council
CEB	Council of Europe Development Bank (CEB)
CEF	Connecting Europe Facility
CF	Cohesion Fund
CIAS	Council for the Implementation of the State Aid Policy
CNAIR	National Company for Road Infrastructure Administration
CNAS	National Health Insurance House
CNSP	National Commission for Strategy and Prognosis
COP	Competitiveness Operational Programme 2014-2020
CSRs	Country Specific Recommendations
DGAF	General Anti-Fraud Directorate
DGASPC	General Directorate for Social Assistance and Child Protection
DG PECU	General Directorate for European Programmes Human Capital
EAFRD	European Agricultural Fund for Rural Development
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EIB	European Investment Bank
EIF	European Investment Fund
ERDF	European Regional Development Fund
ESF	European Social Fund
ESIF	European Structural and Investment Funds
EUSDR	EU Strategy for the Danube Region
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
IECSOP	Increase of Economic Competitiveness Sectoral Operational Programme 2007-2013
IM	Labour Inspectorate
INA	National Institute of Administration
INS	National Institute of Statistics
ISE	Institute of Educational Sciences
ITI	Integrated Territorial Investment

ITS	Intelligent Transportation System
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
MAP	Ministry of Waters and Forests
MCI	Ministry of Research and Innovation
MCIN	Ministry of Culture and National Identity
MCSI	Ministry of Communications and Information Society
MDRAP	Ministry of Regional Development and Public Administration
MEc	Ministry of Economy
MEN	Ministry of National Education
ME_n	Ministry of Energy
MFE	Ministry of European Funds
MFP	Ministry of Public Finance
MJ	Ministry of Justice
MM	Ministry of Environment
MMACA	Ministry for Business Environment, Commerce and Entrepreneurship
MMJS	Ministry of Labour and Social Justice
MO	Ministerial Order
MS	Ministry of Health
MT	Ministry of Transport
MTS	Ministry of Youth and Sport
NGO	Non-governmental organization
NRDP	National Rural Development Programme 2014-2020
OECD	Organization for Economic Cooperation and Development
OJ	Official Journal of Romania
ONRC	National Trade Register Office
PES	Public Employment Service
SCAP	Security Content Automation Protocol
SEAP	Electronic System for Public Procurement
SGG	Secretariat-General of the Government
SICAP	Environmental Information System for performing collaborative development of public procurement
SIPOCA	Information system of ACOP
SMEIOP	SME Initiative Operational Programme 2014-2020
SMEs	Small and medium-sized enterprises
SO	Specific Objective
SRSP	Structural Reform Support Programme
SUMS	Sustainable Urban Mobility Plan
RES	Renewable energy sources
ROP	Regional Operational Programme 2014-2020
TA	Technical Assistance
TAOP	Technical Assistance Operational Programme 2014-2020
TEN-T	Trans-European Networks – Transport
UNICEF	United Nations Children's Fund
VAT	Value Added Tax
WB	World Bank
WHO	World Health Organization

1. INTRODUCTION

The *National Reform Programme* (NRP) is the framework platform for defining the development priorities guiding Romania's evolution in order to achieve *Europe 2020 Strategy* objectives but also for defining reforms that respond to certain challenges identified by the European Commission (EC). The document could also be a tool for guiding national investment priorities in the context of future programming of European Funds in the context of the Cohesion Policy.

The NRP 2019 has been drafted in accordance with EC guidelines¹, the priorities set in the *Annual Growth Survey 2019* (AGS)², the *Country-Specific Recommendations 2018* (CSRs)³, and the *Country Report Romania 2019*⁴ (which includes an annex containing the investment needs identified by the EC in the context of the programming of cohesion policy funds in the next Multiannual Financial Framework of the EU) being also taken into consideration.

The NRP 2019 aims at harnessing the growth potential by boosting competitiveness and productivity, strengthening social and territorial cohesion, creating new jobs - all intended to reduce the gaps in terms of economic development, as compared to other Member States (MS) of the European Union (EU). The ownership of the key structural reforms for the national economy and administration will allow efforts and national resources to focus towards modernizing the Romanian society and it is capable to support the economic and social convergence within the EU.

In order to relaunch the process of economic and social convergence at the European level and to achieve a more stable, inclusive, more productive and more resilient economy, in the most recent AGS, the EC recommends to MS to stimulate quality investments, increase productivity and ensure macro financial stability. The document also states that the European Semester 2019 will focus on assessing investment needs to guide the programming decisions of the European Cohesion Policy funds for the period 2021-2027.

Considering EC's assessment presented in the *Country Report Romania 2019*, response measures are expected from the Romanian authorities to the challenges regarding fiscal and budgetary policy, public investments, EU funds absorption, full use of the labour force potential, income inequalities, efficiency and accessibility of healthcare system, ensuring quality education, support for the business environment, digitisation, infrastructure improvement, but also the quality of environment or pursuing the reform of the public administration and the reform of the public procurement system.

In respect to the progress in achieving the national targets of *Europe 2020 strategy*, Romania has attained and overcome the target on reducing the number of people exposed to the risk of poverty or social exclusion and it has obtained good results regarding the employment rate, in the field of greenhouse gas emissions, energy from renewable sources and tertiary education. However, the objectives regarding investment in the field of research and development as well as early school leaving are at a distance from the assumed target.

Regarding the putting into practice of the CSRs, the EC assessed the progress in implementation from a multiannual perspective⁵. Thus, according to the EC analysis, Romania has made at least some progress for 59% of all CSRs starting with 2013.

Considering the context presented above, the NRP 2018 proposes new measures in accordance with the *Programme for Government 2018-2020*, while continuing some of the commitments of previous programmes, in coherence with the EC milestones of the European Semester, such as the AGS or the CSRs.

¹ Submitted through the SG' letter Ref. Ares(2018)5419738 - 22.10.2018

² COM(2018) 770 final, Brussels, 21.11.2018

³ The EU Council Recommendation of 13 July 2018 on the 2018 National Reform Programme of Romania and delivering a Council opinion on the 2018 Convergence Programme of Romania (2018/C 320/22)

2. MACROECONOMIC CONTEXT AND SCENARIO

In 2018, Romania recorded a **robust 4.1% growth of the gross domestic product in real terms**, one of the highest rates among EU member states. Given that economic growth in the euro area stood at 1.8%, Romania continued its rapid real convergence towards the level of development and welfare of this area.

Domestic demand grew by 5.7% in 2018, and within it, final consumption increased by 4.5%, while household consumption, amid a higher inflation and a more restrictive monetary policy, moderated the growth recorded in the last 2 years, increasing by 5.3%. Significantly, gross accumulation (gross investment plus inventory accumulation) accelerated its growth to 9.6% in 2018 (from 4.2% in 2017). Exports of goods and services increased in real terms by 5.4%, while imports of goods and services increased by 9.1%. Exports of services grew by 8.5% and imports of services by 14.4%, so that the surplus in foreign trade with services remained above 4% of GDP. These developments determined **net exports** to have a negative contribution to GDP growth of 1.7 percentage points (p.p.).

Labour market improved in 2018. The total number of employees (ILO) increased by 1.7% compared to 2017, while the unemployment rate was 4.2%, i.e. 0.7 p.p. below the 2017 level. **The employment rate of people aged 20-64** was 69.9%, standing at a distance of just 0.1 p.p. compared to the 70% national target set in the context of *Europe 2020 Strategy*.

In 2018, **consumer prices** rose on average by 4.63% compared to the previous year due to the rise in non-food goods prices (6.20%), while food prices increased by 3.75% and service tariffs by 2.53%. In December, annual inflation reached the minimum level of 3.27% in 2018, 0.16 p.p. less than in November.

The increase registered in 2018 was due both to surpassing the statistical effect associated with the fiscal relaxation measures from the beginning of 2017 (reduction of VAT rate, elimination of over-excise duty and non-tax charges), as well as to the increase of the international quotations on crude oil (+ 33.1% compared to 2017), but also in the energy group (+ 10.4% in 2018 compared to the previous year). The 1.84% nominal depreciation of the national currency also had an important contribution.

The **current account deficit of the balance of payments** widened significantly in 2018 compared to 2017, reaching 4.5% of GDP, taking into account the widening of the negative balance of goods.

Romania has one of the fastest growth rates of the **potential GDP** at European level, which in the medium term will be around 5% annually. These forecasts were made using the common European methodology agreed by all EU Member States. Looking ahead, a significant increase is also expected in the capital stock contribution to real GDP growth, from 0.6 percentage points in 2018 to 1.4 percentage points over the forecast horizon. The labour factor is expected to have a slightly positive contribution (0.5 p.p. on average), in a decline decisively determined by the constant decrease of the working age population. The main limiting factor of the growth potential of the Romanian economy is the demographic evolution, the working age population recording a level 4.7% lower in 2018 than in 2010. Nevertheless, the negative evolution of the working age population is compensated, in the medium term, by an upward trend of the activity rate. The contribution of total factor productivity to potential growth averages 3.5 p.p. annually.

The **GDP growth forecast for 2019-2022** took into account: (i) the positive impact of the measures included in the Government Programme on the business environment and the purchasing power of population, as well as the strengthening of the investment process; (ii) the European and global context highlighted in the EC's winter forecast; (iii) the economic and social achievements of 2018 and first months of 2019. As a result, Romania's economy is expected to continue to perform, with GDP increasing by an average of 5.3% annually, slightly above potential.

⁴ SWD(2019) 1022 final, Brussels, 27.2.2019

⁵ The EC assessment is done according to the following levels: 1. No progress, 2. Limited progress, 3. Some progress, 4. Substantial progress, 5. Full implementation

Domestic demand (consumption and investment) will continue to represent the main driver of economic growth in this period. Private consumption expenditures will increase, on average by 5.9% annually, given the improvements in the labour market.

Gross fixed capital formation will register an accelerated growth rate (7.4% annually) amid the improvement of investment climate through the envisaged measures and of financing conditions from both budgetary sources and structural and investment funds. Exports and imports of goods and services will have dynamics of about 7%, slightly higher in the case of imports, but overall, the contribution of net exports to economic growth will be on average - 0.5% per year.

On the domestic supply side, the GDP growth forecast is based on a recovery in the construction sector and strong dynamics in services and industry, especially in industries with high export potential.

Economic growth

- Annual percentage changes -

	2018	2019	2020	2021	2022
Real GDP	4.1	5.5	5.7	5.0	5.0
Nominal GDP	10.2	9.2	7.7	7.1	7.0
<i>Real GDP components</i>					
Private consumption expenditures	5.2	6.4	6.2	5.5	5.4
Government consumption expenditures	1.8	4.1	3.8	2.3	2.3
Gross Fixed Capital Formation	-3.2	6.9	7.9	7.4	7.5
Exports of goods and services	5.4	6.9	7.1	7.0	7.0
Imports of goods and services	9.1	7.8	7.9	7.8	7.8
<i>Contributions to GDP growth (percentage)</i>					
Final domestic demand	5.8	6.1	6.2	5.4	5.4
Change in stocks	2.9	0.0	0.0	0.0	0.0
Net export	-1.7	-0.6	-0.5	-0.5	-0.5

Source: INS and CNSP

The current account deficit of the balance of payments is expected to remain within sustainable limits, decreasing as a share of GDP from 4.5% in 2018 to 2.4% in 2022, as a result of improved services balance and of secondary incomes.

External trade and current account

- Billion Euro -

	2018	2019	2020	2021	2022
FOB Export	67.7	73.8	80.2	87.0	94.3
- annually percentage change, %	8.1	8.9	8.8	8.5	8.4
CIF Import	82.9	90.7	99.1	107.9	117.4
- annually percentage change, %	9.6	9.4	9.3	8.9	8.8
Trade Balance FOB - CIF	-15.1	-16.9	-18.9	-20.9	-23.0
Current account deficit	-9.2	-7.3	-6.9	-6.7	-6.6
- % of GDP	-4.5	-3.3	-2.9	-2.7	-2.4

Source: INS and CNSP

For 2019, **inflation** is expected to decrease both as an annual average until 3.4% as well as at the end of the year until 3.2%.

Between 2020 and 2022, in the absence of other shocks, inflation is expected to continue a downward trend, reaching 2.2% in 2022 at the end of the year and 2.4% as annual average.

Inflation

- % -

	2018	2019	2020	2021	2022
- end of the year	3.27	3.2	2.8	2.3	2.2
- annual average	4.63	3.4	2.6	2.5	2.4

Source: INS and CNSP

Against the backdrop of continuing economic growth, the **labour market** is expected to improve, creating the conditions for jobs' growth and for improving the employment rate for population aged 20-64, in order to achieve the objective assumed under the *Europe 2020 Strategy*.

Labour force

- % -

	2018	2019	2020	2021	2022
Employment rate (age group 20-64)	69.9	70.9	71.6	72.2	72.6
- men	78.9	80.1	81.4	82.3	82.8
- women	60.6	61.3	61.5	61.7	61.9
Unemployment rate (according to ILO) -%	4.2	4.1	4.0	3.9	3.8

Source: INS and CNSP

The **number of unemployed** people is also expected to continue to decrease, so that the unemployment rate will fall to 3.8% in 2022, lower than in 2018 by 0.4 p.p.

3. POLICY RESPONSE TO ECONOMIC CHALLENGES

3.1. Fiscal and budgetary policy

Key directions:

- ✓ **Improving the management of public investment**
- ✓ **Increasing the efficiency of budgetary spending**
- ✓ **Improving tax collection**

Although it recorded a slowdown, **the economic growth of Romania remained strong in 2018** (4.1%), while the budgetary deficit was kept under 3% of GDP and government debt recorded a level of 35.1% of GDP. At the same time, the unemployment rate reached new historical minimum rates, the employment rate was very close to *Europe 2020 Strategy*'s target and the investment rate was still among the largest in the EU.

MFP continued to *monitor the budget execution* in order to identify risks of deviation from the approved deficit targets⁶ (2.97% of GDP, taking also into account the budget rectifications in September and November 2018). Thus, **the budget execution for 2018 ended with a cash deficit of 27.3 billion lei, representing 2.88% of GDP** (below the annual target of 2.97% of GDP).

In 2018, several measures continued to be implemented *in order to increase the budgetary revenues*, such as: increasing excise duties for cigarettes⁷, increasing the dividends distributed by national companies from 50% to 90%, increasing the tax base in the case of payments due by legal entities for disabled persons not employed, the impact of the three above-mentioned measures amounting to +3.5 billion Lei. Thus, **the total budget revenues collected in 2018 reached a 43.3 billion Lei increase (i.e. 31.1% of GDP)** that is a 17.2% increase as compared to 2017.

For 2019, the general consolidated budget is built on a 5.5% economic growth, a +2.8% average annual inflation rate and a monthly average net earnings of 3,085 Lei. **The budget deficit for 2019** is estimated at **2.76% of GDP**, according to the Law on approving some indicators' ceilings for 2019 fiscal-budgetary framework. The general budget ended *the second month of 2019* with a deficit of 0.52% of GDP, with budgetary revenues accounting for 4.6% of GDP (i.e. 46.7 billion Lei), that is a 10.4% increase in nominal terms over the previous year.

The **gross government debt** level is estimated at **35.5% of GDP** for the end of 2019 and at below 40% of GDP in the medium term (2020-2022). This moderate growth perspective on medium-term (2019-2022) of the government debt and keeping it at a sustainable level is based on an estimated 5.3% average economic growth and on deficits under the 3% of GDP ceiling, calculated according to EU methodology.

Improving the management of public investment

During 2016-2018, the Government improved the **legislation on prioritizing significant public investment projects** that had been set up in 2013-2014. This reviewed legal frame will contribute to an *efficient management system of public investments* in Romania, that has as objectives completing the projects within the envisaged timeframe and funding, fitting the projects in the budgetary resources foreseen for each year and in the fiscal-budgetary strategy, reducing the implementation delays, strengthening Government's decision-making on public investment in connection with the annual budgeting process, strengthening the capacity of public entities to prepare, assess and implement public investment projects.

On a yearly basis, MFP monitors the compliance with Art. 45 of GEO No 88/2013 concerning the reflection of public investment projects' prioritization results (approved by the Government in the previous year) in the annual budgets of the main credit release authorities, responsible for their implementation and MFP is

⁶ According Law no 269/2017 for approving some indicators' ceilings for 2018 fiscal framework

⁷ GEO no 114/2018 has set up a *gradual growth calendar* for cigarettes' total excise level; from 1.01.2019, cigarettes' excise level was increased from 448.74 lei to 483.74 lei/1000 cigarettes

empowered to apply the sanctions provided by law in the event of non-compliance with these regulations.

In October 2018, the Government approved the results of prioritizing the significant public investment projects, which were to be used by the main credit release authorities in the drafting of public budget for 2019; ***the list of significant public investment projects prioritized for 2019 contains 136 projects***, managed by *10 main credit release authorities*. MFP is currently analysing the way the main credit release authorities have ensured the compliance with the legal provisions on reflecting the prioritization results in the annual budgets drafts.

Regarding the process of **rationalizing public investment portfolio**, *the pilot exercise started in 2017 by MFP in cooperation with MT* has encountered some delays because of the changes in the MFP-MT working group composition (the joint MFP-MT Order is being reviewed), as well as because of the large volume of data to be analysed by this working group. By the end of 2019, it is expected that the working group will have completed its activities and MFP management will approve the rationalizing criteria, following to be included in a normative act, which will be submitted to the Government for approval.

For streamlining the ***National Programme for Local Development*** (PNDL), the financing sources were correlated in order to avoid double funding; the harmonization of technical selection criteria for investment projects remains in the attention of the responsible ministry (MDRAP).

In September 2018, the cost standards for public funded investment objectives were repealed by GEO no 85/2018⁸, measures on updating the legal framework on investments following to be adopted in the first half of 2019.

All multiannual financing agreements concluded under the first stage of PNDL (2015-2019) have received addenda, which extended the validity period by the end of 2020 for over 4,000 investment objectives. The measure was taken in order to prevent situations of lack of funding until completion of investment objectives.

On 25 March 2019, PNDL II (2017-2020) included⁹ 7,198 investment objectives, for which 6,849 multiannual financing agreements were concluded. By the same date, 3,252 investment objectives under PNDL I (2013, 2014, 2015-2019), and 404 investment objectives under PNDL II were finalized.

Increasing the efficiency of budgetary spending

In October 2018, several meetings were held with the representatives of all ministries in order to identify **concrete measures to reduce spending for each ministry**, a centralization of these measures being presented to the Prime Minister on 15 October. During the meetings, *40 measures for increasing the efficiency of budgetary spending* were identified and classified in the following categories: reorganization/ decentralization, public expenditure management, public procurement, international bodies membership related costs and participation in conventions, utilities, car fleet, cutting paper-based documents, raising revenues and strengthening European funds absorption related activities.

This action has continued in 2019, with an **extensive process of analysing public administration expenditures of the main, secondary and tertiary credit release authorities**; this process started in March and is expected to be completed in July, so that the measures identified for reducing expenditures to be implemented at the first budget revision for 2019.

In order to **improve the management of public debt**, during 2017-2018 a technical assistance agreement was carried out by MFP and WB¹⁰, in order to *create the legal framework for the use of financial derivative instruments (FDI)* and execution of swap transactions in Romania. The project also ensured the training of MFP staff on all stages of FDI operations.

On the basis of the reports prepared by the WB, *GO No 14/2018 for amending and completing GEO No 64/2007 on public debt* was elaborated and adopted, reflecting the best international practices in the field of FDI, and creating a stable, predictable and coherent legislative framework for the use of FDI in the management of sovereign debt portfolio. The implementing norms of GEO No 64/2007 were also amended

⁸ GEO No 85/2018 on repealing some legal provisions in the field of publicly funded investments

⁹ Including after the reallocation of commitment credits resulted from savings

¹⁰ Completed on 30 June 2018

and are about to be approved.

Consequently, MFP is currently able to perform, on behalf of the Romanian state, derivative transactions in order to mitigate sovereign debt portfolio related risks and it can conclude ISDA (International Swaps and Derivatives Association) Master Agreements.

In order to **reduce the exposure to foreign exchange risk** but also to facilitate the development of the domestic market of government securities, according to the *Government Debt Management Strategy 2018-2020*¹¹, net funding will be made mainly in national currency, while taking into account the domestic market's absorption capacity and the demand for debt instruments denominated in Lei. In 2018, the financing needs were covered in proportion of 102%, out of which 66% by government securities issued on the domestic market. The surplus above the financing needs strengthened the foreign currency reserve at the disposal of the State Treasury and reduced the temporary financing.

In order to update/ improve Tax Code provisions, in 2018 several meetings were held with the business environment representatives concerned by the Tax Code provisions; the proposals identified as a result of these meetings were reviewed by MFP and a draft legal act amending the Tax Code was elaborated and submitted to MFP cabinet.

Improving tax collection

In order to improve tax collection by further developing the computerised system for payment and checking taxpayers' situation, improving fiscal administration's services and fighting tax evasion, **the Virtual Private Space (SPV) and PatrimVen services have continued to be developed.**

SPV is a complex IT system that facilitates communication with taxpayers and helps simplifying the procedures. The functionalities currently available in SPV are: submission of fiscal statements, receipt of documents (answers, fiscal and administrative documents), requests for information or documents, contact form, user profile, ANAF - RSS, specific tools, track record of 318 and 319 fiscal statements, mini One Stop Shop¹², reports on cash transactions/ external transfers, identification data of non-resident persons, inventory number generator, account statements.

On 25 March 2019, **the number of SPV registered users**, represented by one or more representation standings, **was 970,818** (of which 617,568 natural persons, and 353,250 legal persons and other entities). At the end of the implementation period, SPV is expected to be used by 500,000 legal persons and 1,000,000 natural persons.

In order to provide taxpayers with as much information and documents as possible, **new functionalities** of SPV were developed in 2018, such as: pop-up windows that provide brief information on issues of general interest; rolling texts for publishing news on various topics (meetings with taxpayers, calendar of tax obligations); the facility of sending new documents to taxpayers in order to stimulate tax compliance. For example, in December 2018, 103,681 taxpayers (enrolled in the tax records with payment obligations exceeding 500 Lei for natural persons and 5,000 Lei for legal entities) received a document with information on how they can benefit from rescheduling their tax payment obligations.

For 2019, new functionalities will be developed, such as the release of fiscal record or the possibility of receiving other documents issued by MFP or its subordinated structures. Moreover, ANAF proposed additional documents that can be used for the electronic registration of taxpayers in SPV.

PatrimVen is also an IT system dedicated to cutting red tape and simplifying procedures for taxpayers. The service consists in 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, etc. OMFP 2632/2016 stipulated that *all public institutions have access to PatrimVen* and it established the access procedure and the available services. Among the benefits of using PatrimVen are the short time in which the information is made available to users

¹¹ Approved by the Government in August 2018

¹² Special VAT scheme, operational from 1 January 2015, which allows non-EU or EU taxable persons but not resident in the consumer MS 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 MS 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.

and the simplified procedures for taxpayers to obtain the fiscal documents they need.

In February 2019, the number of municipalities registered in the system was 2,137; at the end of the implementation period, all public institutions are expected to use this service.

In this context and in order to continue the trend of modernizing the tax administration activity, in 2018 ANAF updated the *draft Strategy on taxpayers' migration to the digital environment*, as well as the draft plan for implementing the strategy.

At the beginning of 2018, ANAF started an action of *providing equipment and systems for securing EU's external border in the road, maritime and air customs offices*; this action will contribute to the fight against contraband and other cross-border crimes.

According to the Authorisation for Possession No FM 337/2018, the customs authority holds the radiation sources and radiological installations from the Nuclear Unit within the General Directorate of Customs (DGV-ANAF). The authorization grants DGV only ownerships rights to own such equipment without being able to use it. Therefore, the following actions have been achieved: resuming the negotiation procedure for *maintenance services* for 12 Roboscan 1M and 1MC mobile systems and for *disposal services* for 3 MIS mobile systems, aiming to conclude a framework-agreement; setting up of a working group which will prepare the *public tender documentation for maintenance and related services*: disposal, relocation, preservation, removal from preservation and returning to operation for the radiological facilities within the Nuclear Unit - DGV (247 pieces of equipment); drafting the procurement documentation for an *Advisory Study* for EU's external border customs security. The equipment, systems and facilities of the Nuclear Unit will be able to be used in approximately 6 months from signing the agreements on maintenance and related services.

The action of providing equipment and systems for the road, sea, railroad and air customs offices will continue in 2019, contributing to securing the external borders and the country's socio-economic stability.

In order to **monitor and control the activities in the field of e-commerce**, during 1 January 2018 – 28 February 2019, DGAF carried out audits at 97 taxpayers active in this business, applying 23 contraventional sanctions (fines and seizures amounting to 332,890 Lei); four notifications were submitted to criminal investigations bodies for a damage of 7,534,304 Lei. In 2019, DGAF will continue to carry out control actions in the area of e-commerce.

In order to **fight VAT fraud**, during 1 January 2018 – 28 February 2019, DGAF carried out control actions for 52,165 taxpayers, 363 notifications being submitted to the criminal investigation bodies for a loss amounting to 1,089.9 million Lei (the share of VAT in the estimated obligations was 43%). Also, DGAF applied fines and confiscations amounting to 238.5 million Lei.

In the field of **cross-border fraud**, in 2018 DGAF participated in *five multilateral controls*: two at its own initiative in the field of ink and equipment trade with Italy (completed), and in the field of fossil / diesel fuels (ongoing), one initiated by Italy's fiscal authorities in the field of telecommunication, one initiated by Croatia in the field of consumer goods (no fiscal implications for Romania) and one initiated by Denmark targeting the trade of new luxury cars (additional tax obligations amounting to 1,561,000 Lei were found).

The efforts to fight VAT fraud, including cross-border fraud, will continue in 2019. Also, ANAF is aiming to *increase voluntary compliance in the field of transfer pricing*.

To **improve risk analysis and taxpayers' selection for tax inspections**, Law No 30/2019¹³ set new principles concerning risk analysis within ANAF, thus creating the legal basis for *managing taxpayers according to their behaviour* (on risk categories: A, B, C). At the same time, *computer modules and software applications dedicated to risk analysis* are being developed or improved: the module Fiscal Risk File for natural persons (10 fiscal risk indicators selected, for which automatic calculation is being considered), the module Fiscal Risk File for legal persons has been improved (automatic calculation for the *profit margin* criterion), the FLAMINGO application dedicated to risk analysis for taxpayers who benefited from reimbursement of negative VAT balance (22 specific and immediate risk indicators were selected for which automatic

¹³ On approving GEO no 25/2018 concerning amending and completing some legal acts as well as on approving some fiscal-budgetary measures

calculation is being considered), COLIBRI - FRF module for natural persons.

Concerning *risk analysis in the field of transfer pricing*, the Directorate for Transfer Pricing and Tax Solutions analyses the risk reports submitted by the Regional Public Finance Directorates and General Directorate for Large Taxpayers and monitors this analyses' capitalization in fiscal audits. The main elements taken into account in the risk analysis are: overall profitability of the company compared to the level of the industry, value, type and share in turnover of transactions with affiliated entities, taxpayer' and group of entities' profile as well as information concerning risk elements.

The Directorate for Tax Audit Coordination within ANAF, together with the competent territorial tax inspection bodies, *permanently define specific risk criteria that are used in the risk analysis activity*. Thus, during April 2018 - February 2019, 7,927 tax audits with "Risk analysis" as selection criterion were completed, additional debts amounting to 3,793 million Lei were established.

In order to **stimulate the issuance of receipts**, ANAF continued its *unannounced controls* on the use of fiscal electronic cash registers in areas with high non-compliance risk. Thus, during 1 January 2018 - 28 February 2019, 12,267 taxpayers were sanctioned with 14,403 contraventional sanctions (fines and confiscations) amounting to 68.3 million Lei and with suspending activity measures enforced for 563 taxpayers. For 2019, ANAF shall continue the unannounced controls on the use of fiscal electronic cash registers and issuance of receipts.

The implementation of electronic cash registers connected to ANAF IT system is ongoing; during 1 June 2018 – 25 March 2019, MFP issued 91 authorisations for distribution, which allow economic operators to sell a certain model of electronic cash register; at national level, **326,345 electronic cash registers have been installed**. It is estimated that 800,000 cash registers need to be replaced.

In the first semester of 2018, ANAF started recording the information on electronic cash registers, by 25 March 2019, the state of play being as follows: 496,870 devices (produced, imported, purchased from EU MS) were declared by the distributors, 404,485 devices received NUI certificates and **326,345 electronic cash registers were installed**. As a result of the entry into force of the obligation stipulated in Art. III of GD No 804/2017 on sending the fiscal data generated by the electronic cash registers (1 August 2018) ANAF received 1,016,382 fiscal statements A4200.

In 2018, *several measures were adopted to allow economic operators* that failed to equip themselves with the new electronic cash registers in the timeframe stipulated by the law (due to delays in preparation of cash registers' prototypes), *to use the cash registers they owned or even to be able to buy old devices*. Thus, GEO No 44/2018¹⁴ granted *3-month grace periods* when sanctions were not applied for economic operators not equipped with new devices (by 1 September 2018 for large and medium-sized taxpayers and by 1 November 2018 for small taxpayers). Considering that some of the large and medium-sized taxpayers were unable to equip themselves with the new electronic cash registers *even after the grace period expired* (since the dedicated tax solutions were not available on market by the end of August 2018), at MFP's initiative, the contravention of not being equipped with the new cash registers in the stipulated timeframe was added among the provisions of the Prevention Law (GD no 33/2018¹⁵). Thus, in this period ANAF carried out only preventive actions in relation with this contravention, not sanctioning the economic operators at first offense and applying an equitable treatment to taxpayers.

In March 2019, most of the authorized distributors and accredited selling units held stocks of cash registers; MFP has issued distribution licences for all types of cash registers, including dedicated models for different economic activities (taxi, large retailers, foreign exchange and fuel trade).

In order to **accelerate the pace of implementing the new electronic cash registers**, the fiscal authorities will continue to carry out **systematic actions of guidance, prevention and control**.

Also, in 2018, MFP developed a *computer system for the management of the register of electronic cash*

¹⁴ on measures regarding the application of certain provisions and the extension of the deadline stipulated by GEO no 28/1999 regarding the obligation of economic operators to use fiscal electronic cash registers, as well as for the completion of GEO no 64/2007 on public debt

¹⁵ On establishing the contraventions falling under the Prevention Law no 270/2017 and the model of remediation plan

registers and tax receipts / Z-reports issued by them; at present, the tax receipts issued by cash registers are declared on a monthly basis by their users. Moreover, MFP provided for the taxpayers (producers/ distributors/ service units/ users) assistance programs needed for sending the specific information.

Considering the important changes adopted in the tax system in 2017, in 2018 ANAF started drafting *a study on the fiscal influence of social contributions' shift from employers to employees*, due to be completed by 1 June 2019.

Banking and financial stability

BNR has continued to monitor developments in the banking and financial sector and to actively participate in public and parliamentary debates regarding draft legislation on topics that fall under its competence areas. In this context, during 1 January 2018 – 15 March 2019, BNR issued **points of view, observations and proposals concerning several legal initiatives**¹⁶.

Regarding the recently introduced *tax on bank assets*, following consultations with the business environment, on 29 March 2019 the Government approved GEO No 19/2019 which amends, *inter alia*, the articles regarding the tax on bank assets included in GEO No 114/2018. The new act provides for a new mechanism on setting the tax on assets, exempted bank institutions and tax reducing facilities.

BNR's involvement in debates concerning the above-mentioned draft legislation as well as in the analysis of the draft legal acts elaborated by EU institutions and in the process of transposing European directives into national legislation has been taking place with the aim of *promoting solutions that do not affect financial stability and do not generate systemic risk*.

In order to implement at national level the necessary measures *to prevent or mitigate systemic risks*, the National Committee for Macroprudential Supervision (CNSM), established by Law No 12/2017 and consisting of BNR, ASF and Government representatives, issues recommendations and warnings addressed to BNR and ASF, as financial supervisory national authorities. In order to maintain the financial stability, CNSM can also issue recommendations addressed to the Government. Consequently, in 2018, CNSM issued recommendations on capital buffers¹⁷ as well other type of recommendations¹⁸ addressed to BNR, ASF or the Government.

Regarding the *First Home Programme*, there are signs of moderation of lending through this programme for the coming period, in the context of approving a *strategy on gradual reduction of the guarantees granted*; thus, in order to increase the predictability of the loans granted through this programme, for 2019 and 2020, limited funds of 2 billion Lei were allocated, while for 2021 the funds will be reduced to 1.5 billion Lei. Also, for credits granted for buildings less than 5 years old or consolidated over the last 5 years, the state guarantee is kept at 50%, while for other credits the state guarantee is 40%.

Concerning the *non-performing loans sold by banks*, Law No 72/2018¹⁹ has *amended the tax regime for debt assignment*, limiting at 30% the net loss representing the difference between the assignment price and the value of the debt assigned (as compared to the previous provisions of GO No 25/2017 according to which the

¹⁶ Concerning, *inter alia*: establishing, organising and functioning of the Romanian Development Bank; amending and completing GO No 13/2011 on statutory and penalizing interest; amending GEO No 50/2010 on consumer credit contract; amending GEO No 109/2011 on corporate governance of public enterprises; approving GEO No 82/2018 for completing Law No 96/2000 on organising and functioning of the Romanian Export-Import Bank "EximBank" S.A.; amending Law No 77/2016 on debt discharge/ *datio in solutum* (aims to apply these provisions for credits granted through First Home Programme); draft law on approving GEO No 114/2018 on establishing several measures concerning public investment and several fiscal-budgetary measures, amending and completing some legal acts, extending some deadlines; the draft GEO amending GEO No 114/2018.

¹⁷ Recommendations No 3/2018, 5/2018 and 8/2018 on the countercyclical capital buffer in Romania, Recommendation no R/6/2018 on the capital buffer for other systemically important institutions in Romania, Recommendation No R/7/2018 on the systemic risk buffer in Romania

¹⁸ Recommendation No R/1/2018 on recalibrating the "First Home" programme addressed to the Government, Recommendation No R/2/2018 on implementing some measures related to firms' financial soundness addressed to the Government, Recommendation No R/4/2018 on implementing macroprudential instruments for achieving the intermediate objectives included in the Overall Macroprudential Strategy Framework of the National Committee for Macroprudential Oversight, addressed to BNR, ASF and to the Government

¹⁹ on approving GO No 25/2017 on amending and completing Law No 227/2015 regarding the Tax Code

expenses representing the value of the assigned debt were limited to 30%).

In 2019, BNR will continue to monitor the developments in the banking and financial sector and to actively participate in public and parliamentary debates regarding legislative projects on topics that fall under its competence and that might undermine judicial security and jeopardize financial stability. In this context, BNR will provide its technical expertise required for evaluating the impact of these legislative initiatives on the banking and financial sector. Furthermore, it will share its opinions, observations and proposals, while promoting solutions which will not affect financial stability and which will not generate systemic risk.

3.2. Public administration

Key directions:

- ✓ Continuing the decentralization process
- ✓ Prioritizing Government policies and strategic planning
- ✓ Strengthening the culture of transparency and participative governance
- ✓ Establishing an unitary legal framework for the central and local administration
- ✓ Improving the human resources management
- ✓ Professionalizing the public administration personnel
- ✓ Better regulation
- ✓ Territorial development
- ✓ Improving the housing conditions
- ✓ Increasing the absorption capacity of the European funds
- ✓ Improvement of e-government solutions
- ✓ Continuing the reform of the public procurement system
- ✓ Prevention-education-fighting against and reduction of corruption at all levels of the administration

Continuing the decentralization process is a priority of action for the Government in the period 2019-2020, the steps in this respect being circumscribed to the objectives of the *General Strategy for Decentralization*. Thus, in the coming years, the objectives set out in the action plan of the strategy will continue to be put into practice, with the elaboration of implementation monitoring reports at the end of Q2/2019 and Q4/2020.

In order to strengthen the capacity of public administration to provide diversified and quality public services to citizens, it is envisaged to complete and submit for approval, in Q2/2019, the draft *GD for amending and completing the implementing regulation of the framework Law on decentralization No 195/2006, approved by GD No 139/2008*. This draft normative act, currently under the decision-making transparency procedure, targets, *inter alia*:

- the methodology for drafting the quality and cost standards for decentralized public services by the central public administration authorities;
- the methodology for periodical monitoring by MDRAP of the administrative capacity of the administrative-territorial units;
- the system for monitoring and evaluating the quality standards and, as the case may be, the cost, in the provision of decentralized public services, as well as for the evaluation of the administrative capacity of the ATU, based on the IT platform *Local administration services for you*.

The memorandum titled *Continuing the decentralization process* is currently under inter-ministerial endorsement circuit, and will be completed and sent for approval by the end of June 2019. The document mainly aims at updating the timetable for the approval of the impact assessments by the ministries on the opportunity of the decentralization, for drafting sectoral decentralization laws, respectively finalizing the proposals for quality and cost standards for decentralized public services elaborated within the project *Strengthening the framework for increasing the quality of public services and supporting development at the local level*²⁰.

In 2018, all ministries involved in the decentralization process²¹ elaborated the up-to-date inventory of assets subject to transfer. Concerning the impact assessments on the decentralisation of competences, these assessments were finalized by three of the ministries involved in the process: MTS, Ministry of Tourism and MAP. The documents developed by MEN, MS, MCIN, MADR and MM are under analysis/endorsement, while the impact assessments developed by MTS, Ministry of Tourism and MAP were endorsed by MDRAP

²⁰ Code SIPOCA 9; co-financed through ESF, under ACOP, started in 2016; duration: 39 months; beneficiary: MDRAP

²¹ MADR, MCIN, Ministry of Tourism, MM, MAP, MS, MEN and MTS

and MFP and approved by the Government, through memorandum²². MTS and the Ministry of Tourism initiated draft sectoral decentralization laws for areas under their responsibility. MAP has not initiated such a project, taking into account that, according to the memorandum accompanying the impact assessment, water and forestry competences are not decentralized.

The elaboration of **proposals for standards for decentralized public services** – quality standards and, as the case may be, cost standards – is currently in the process of being finalized (estimated deadline: Q1/2019). Through the project *Strengthening the framework for increasing the quality of public services and supporting development at the local level*, in 2018 there were developed proposals for quality standards and, 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 ATU, and in 2017 for health and education. The promotion of proposals through GD initiated by the line ministries is foreseen for Q4/2019.

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 SGG's role in the policy coordination process. Thus, the authorities remain focused on the **strategic planning and prioritization of the Government policies**, 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. In this respect, the initiatives and projects (financed *inter alia* by European funds) for *implementing the Annual Working Plan of the Government (PALG), increasing transparency, ethics and integrity, and extending the strategic planning system* continue.

With regard to PALG, a tool that provides a strategic and predictable decision-making framework, its 2018 assessment report shows an approximately 30% improvement rate in terms of compliance with planning tasks undertaken by the institutions. At the beginning of this year, based on the contributions of the central bodies with regulatory role, the priorities for the first semester of 2019 on public policies and normative acts with significant impact were included in PALG 2019. On 5 March, a methodology and a guide on putting this tool into practice²³ were presented to the Government, together with the Plan, as a result of the project *Rendering a management system operational for the implementation of PALG*²⁴. As in previous years, this Plan represents the basis of the Legislative Programme for the current year. Updating PALG with the priorities for the second semester of 2019 is envisaged for July. Information on the state of play on its implementation will be periodically presented to the Government by SGG, as coordinator of the PALG development and monitoring.

Within the project *Extending the strategic planning system at the level of ministries*²⁵, all 13 Institutional Strategic Plans (PSIs) for the period 2018-2021 were updated. Drafting the report on their implementation is ongoing. The review and approval of the draft GD on the strategic planning methodology were postponed for Q4/2019, given the extension of the consultation process with the other ministries. It is estimated that the activities related to this project will have a positive impact on the consolidation of the monitoring component based on performance indicators, in order to improve the decision-making and increase the quality of public expenditure.

On the other hand, in February 2019, SGG completed the *Strategy Unit* project, funded through ACOP and carried out jointly with the WB. Setting up an unitary methodological framework for the elaboration of the sectoral/ inter-sectoral strategic documents, an inventory of the strategies in force, as well as an IT application to monitor the implementation of the strategic documents are among the results of this project. Starting with 2019, the focus will be on *strengthening the strategic management function at SGG level*; to this end, a new project, which is under evaluation at MA ACOP, has been proposed.

At the same time, the Government aims at achieving the objective of **strengthening the culture of**

²² For *youth and sport* and *tourism* in the meeting of 2 August 2018, and for *water and forestry* in the meeting of 9 November 2018.

²³ *NOTE on the Annual Working Plan of the Government - 2019; Memorandum on the approval of the Methodology and Guidelines for the Implementation of the Annual Working Plan of the Government at the level of the central public administration*

²⁴ SIPOCA Code 26 (project ended on 28 March 2019)

²⁵ Co-financed through ESF under ACOP (2016-2019 implementing period). The following ministries are covered: MAI, MADR, MDRAP, MEN, MEc, MMACA, MM, MAP, MFP, MCI, MMJS, MS and MT (including subordinated institutions thereof).

transparency and participative governance to ensure a wide access to information of public interest and to harmonize the consultation process in support of the decision-making transparency. In this context, since July 2018, SGG and MAI (as partner) have been implementing the project *Participative, Open and Transparent Governance - standardization, harmonization, improved dialogue*²⁶ (target group: central and local public authorities, civil society). Thus, among the activities carried out during Q3/2018 – Q1/2019, there are: a national diagnosis-assessment of transparency in the central and local executive, an inventory of the restrictive and uneven practices regarding the law on decisional transparency and the law regulating the free access to information of public interest, thematic working groups to identify and systematize the sensitive issues, a procedure to display *ex officio* the information of public interest in a standardized and open format, as well as to improve the public consultation process during the decisional transparency phase. The estimated deadline to accomplish this measure is Q4/2019.

Increasing the quality and transparency of the decision-making is also taken into account **from the perspective of the local public administration**. The open governance, objective deriving from the Romania's status as EU member state, provides citizens with greater access to information and encourages them to be involved in the decision-making process. Open data represents an important component of the *Open Governance Partnership*²⁷ (PGD), being made available to citizens by the public authorities and freely used. In this context, during 2018, within the measure *Increasing the involvement of ATUs in the process of implementing the PGD principles, as well as the involvement of the citizens in the decision-making by the local administration authorities*, the set of Recommendations on PGD at local level was disseminated and the Action Plan of 2019-2020 PGD for the local administration was developed (it was approved by the Government, through Memorandum, in November 2018). Moreover, in 2019, eight regional information sessions will be organized for the local administration authorities, NGOs, academia.

The Romanian authorities are also continuing their efforts to **establish a coherent, clear and unitary legal framework for the central and local public administration**. The development of the *Code of Administrative Procedure* is envisaged through the project *Systematizing legislation, monitoring and assessing tools in public administration* (expected deadline: Q4/2020). In 2018, the necessary funding for this project was contracted, the working group set up for drafting the Code was updated, and the public procurement of services to support the elaboration of this legal instrument is underway. At the same time, the drawing up of a first version of the comparative analysis on the doctrine and the experience in the field of administrative law and the administrative procedure in Romania and other European states, as well as the identification of the public policy/ public services areas for which the main administrative acts and contracts to be evaluated within this analysis are ongoing. This Code will contribute to the systematization of the disparate legal solutions in the legislation in force and to the regulation of the new legal situations resulting from the administrative practice.

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 also put into practice through the project *Systematizing legislation, monitoring and assessing tools in public administration*. The public procurement of the services required by the development of this methodology is underway.

The draft *Local Public Finance Code*²⁸, aiming at the systematization, concentration and streamlining of the legal norms specific to this domain, was finalized in February 2018 and is going to be submitted for approval of the Government until the end of 2019.

The *Law No 328/2018 for amending and completing the Law on local public transport services No 92/2017* was adopted and published in the Official Journal of Romania²⁹.

Improving human resources management remains in the attention of the national authorities 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

²⁶ SIPOCA Code 35. Project deliverables are available on the SGG website: <https://sgg.gov.ro/new/guvernare-transparenta-deschisiasi-participativa-standardizare-armonizare-dialog-imbunatatit-cod-sipoca-35/>

²⁷ Through this international agreement, the central Governments are committed to promote transparency, fight corruption, use the new technologies (<http://www.mdrap.ro/comunicare/-9443>)

²⁸ The *Preliminary Theses of the Local Public Finance Code* were approved through GD No 285/27 April 2017.

²⁹ Part I, No 1106/28.12.2018

position stability³⁰. Thus, ANFP continues the measures set out in 2018 NRP, focusing *inter alia* on *monitoring the compliance with the rules of conduct by civil servants and the enforcement of the disciplinary procedures*³¹, *assessing the training needs and requirements for the public authorities and institutions of the central and local administration*. During 2018, ANFP gathered 224 annual professional training plans for civil servants, covering areas such as: *management and communication, decisional transparency* (40% of the training options indicated by the civil servants), *European funds management* (12%), *policies and European affairs* (12%), *law and Community legislation* (11%), *ICT* (7%), etc. The 2018 report on the professional training of the civil servants was elaborated and published on ANFP website in Q4/2018.

The initiatives aiming at *establishing the primary normative framework for setting up and managing the National Electronic System for Public Administration Employment Records, re-evaluating the recruitment of the civil servants (by national contest), reviewing and supplementing the normative framework concerning the Ethics Counsellor, updating the legal provisions on marking off/setting the role of ANFP* are directly linked to the form of the primary regulatory framework included in the *Administrative Code* and its entry into force³². Implementation of such measures is generally relevant to the reform of the administration system, contributing to a stable, comprehensive and coherent institutional and regulatory framework of the human resources.

In order to implement predictable and sustainable public policies, meant to find solutions for a standardized management of different categories of human resources, as well as for restricting the discretionary approach of the decision-making, SGG implements the project *Developing an unitary management system of the human resources in public administration*³³. In Q4/2018, a second version of the functional analysis related to ANFP and to the regulations on the human resources policy was developed and largely agreed upon by the project partners. The next stages include: the consultation of the relevant institutions and universities, the presentation and the approval of the functional analysis at CNCISCAP³⁴ level. As regards the *National Council for Human Resources Development*, in February 2019, within a seminar³⁵ (organized by SGG) with the representatives of the Romanian public administration, the EC, civil society, OECD and WB experts, the successful factors on the functioning of similar structures, based on the international experience, were identified and the possible options to render it operational were discussed.

INA continues to put into practice the strategic directions of the Government to make the administration more efficient through **professionalizing the central and local public administration staff** by setting up a portfolio of professional training/ specialized training programmes for different positions within administration and other persons interested, high-ranking civil servants, ATUs secretaries, local elected officials, etc. The tasks regarding the annual approval of the professional/ specialized training offer, organizational regulations, specific topics are assigned to INA's *Coordination Council*, set up by Prime Minister's Decision³⁶, in April 2018.

In 2018, INA and the Territorial Centres organized 84 professional training programmes (with over 1,200 participants) that addressed a wide range of areas (i.e. *elaborating regulations, human resources, social services management, public procurement, institutional representation, strategic management, urbanism, ethics and integrity*, etc.). During January-February 2019, the annual questionnaire on training needs in the central and local administration was submitted to the public institutions. Thus, in February 2019, the grid with the professional training programmes for 2019 was approved³⁷ and, in this respect, an offer was developed.

³⁰http://www.dpfbfbl.mdrap.ro/documents/strategia_administratiei_publice/Strategia_pentru_consolidarea_administratiei_publice_2014-2020.pdf

³¹ In October 2018, the report on this subject related to semester I/2018 was developed and published on ANFP website.

³² In 2018, the draft *Law on the Administrative Code of Romania* was declared unconstitutional in its entirety. The Constitutional Court of Romania's (CCR) decision on the objection of unconstitutionality of this law was published in the OJ, Part I, No 190/11.03.2019.

³³ Implementation period: 2017-2019, a project co-funded by ESF under ACOP (technical assistance: WB); beneficiary: SGG; partners: ANFP and MMJS.

³⁴ National Committee for Coordinating the implementation of the Strategy on Strengthening Public Administration 2014-2020

³⁵ *Creating an efficient structure of inter-institutional coordination and counselling in human resources within the public administration of Romania*

³⁶ No 185/24 April, 2018, modified by the Prime Minister's Decision No 258/10 September, 2018

³⁷ The Coordination Council Decision No 6/18 February 2019

In 2018, INA also organized the *Specialized Training Programme to Holding a Civil Service Position Corresponding to the Category of High-ranking Civil Servants* (eight modules, with 100 participants); it will be held during 2019³⁸ too (the national admission contest: 11 March - 1 April).

Developing leadership programmes for the decision-makers (dignitaries and local elected officials) and for 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*. The first training *Leadership Academy Programme* (LAP), co-funded by the Council of Europe, started in June 2018; three training modules³⁹ were organized with the participation of 14 mayors of municipalities, towns and communes. In January 2019, the Council of Europe expressed its agreement regarding the inclusion of the LAP in INA's training offer.

In the field of **better regulation**, the steps already taken for the systematization and codification of legislation will be continued. Regarding the operationalization of quality of regulations control mechanism, the elaboration of an analysis capable to recommend clear options for configuring and operationalizing this mechanism is foreseen by Q2/2020. Moreover, it is envisaged that some training sessions on the preliminary impact assessment (including quantification) will be organized by the end of 2020. The two actions mentioned above are to be carried out within a project, for which an application for funding was submitted to MA ACOP.

The activities⁴⁰ of the project *Development of the capacity of the central public administration to carry out impact studies*⁴¹ were completed in Q4/2018⁴². The impact studies on *smart metering* (ANRE) and *emergency medicine residency* (MAI/DSU⁴³) were finalized in Q2/2018, and the events designed to raise awareness among decision-makers on the importance of RIA⁴⁴ took place at the end of October 2018.

With regard to the project *Zero Bureaucracy* aiming at the operationalization, through a single interface, of the digital public services of which it was found they have a high bureaucracy loading and the integration of these services with other similar tools (life events services, government cloud etc.), steps have been made to contract technical assistance.

The project *Systematizing legislation, monitoring and assessing tools in public administration*⁴⁵ was contracted on 16 April 2018; the mechanisms related to the *Integrated plan to simplify administrative procedures applicable to citizens* will be created through this project: the monitoring and impact assessment mechanisms. Steps⁴⁶ were made to initiate the procurement procedures necessary for the proper implementation of the project activities.

The implementation of the first mentioned mechanism, as well as the elaboration of the monitoring report, have as estimated deadline Q4/2019. Regarding the impact assessment mechanism, the methodology for data collecting and interpreting, tailored on the *plan* measures, is going to be developed by Q3/2020.

With regard to the **territorial development** and **housing conditions**, the draft law on the approval of the *Strategy of Territorial Development of Romania* (SDTR) is currently pending approval within the Chamber of Deputies (decisional Chamber of the Romanian Parliament). Initiating the approval process of the drafts GDs⁴⁷ 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 elaborate the *urban public policy* project, an application was submitted to MA ACOP in order to obtain

³⁸ Regulation approved by the Coordination Council Decision No 1/18.02.2019

³⁹ Sibiu, Timisoara, Bucharest; September - November 2018

⁴⁰ Elaborating impact studies, organizing training courses and training of trainers courses in this field, organizing events

⁴¹ Code SIPOCA 25

⁴² Including the evaluation report on project implementation

⁴³ Department for Emergency Situations

⁴⁴ *Regulatory Impact Analysis/Assessment*

⁴⁵ Code SIPOCA 59, co-financed through ESF, by ACOP; duration: April 2018 - October 2020; beneficiary: MDRAP

⁴⁶ The tender specifications were posted in SICAP on 1 February 2019, and the tender opening took place on 18 March 2019.

⁴⁷ 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

the necessary funding. The public policy for urban areas is a priority in order to achieve the development objectives of the New Urban Agenda assumed by Romania. Its role is not to replace local urban policies but to complement them, creating the framework for sustainable urban development. The urban policy covers the social, economic, infrastructure, environment and territorial governance areas. At the same time, the urban policy will include an analysis of the current situation, will apply the diagnosis and draw the strands of action, develop proposals and recommendations for the development of the regulatory, financing and policy framework at national and local level.

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, the internal procedures within MDRAP will be resumed in the case of the draft *Law on reviewing the National Spatial Plan, Section IV Localities network*, as well as in the case of the draft *National Housing Strategy*. The draft *Law on housing* will be initiated after the approval of the *National Housing Strategy* (estimated deadline: Q4/2019).

In order to **increase the absorption capacity of European structural and investment funds and to improve the management thereof**, measures are carried out to monitor the implementation of operational programmes funded by the 2014-2020 ESIF, to fulfil all ex-ante conditionalities, to insure transparency in the implementation of European programmes and projects, to support project beneficiaries, to render the ESIF information centre and its territorial network operational, as well as to support SMEs through the use of financial and territorial instruments.

In the context of monitoring the implementation of the 2014-2020 ESIF programmes, up to 15 March 2019, 270 calls for projects were launched, with a total budget of approximately 25 billion Euros for the calls launched, that is over 90% of the total allocation available for implementing the programmes that finance Cohesion Policy (COP, HROP, LIOP, ROP, ACOP and TAOP) and FEAD related OPs. Moreover, 5,998 projects with an allocation of about 21.2 billion Euro were contracted; the Romania's absorption rate is 28%, close to the EU average of 29%.

Regarding the fulfilment of the ex-ante conditionalities, out of the 36 conditionalities⁴⁸ Romania committed to in the *Partnership Agreement*, 34 have been fulfilled; for the one concerning the *public administration field*, a confirmation letter from the European officials regarding its fulfilment is expected. In the case of *waste sector* conditionality, in its meeting of 5 September 2018 the Government endorsed the Memorandum on *Measures to meet ex-ante conditionality 6.2 on the waste sector and avoidance of interim payments for the waste sector from the Large Infrastructure Operational Programme* and at the end of the year 2018 two meetings of the *National Committee for Waste* took place; the Regulation on functioning and operation of this body were elaborated and the *Action Plan of the National Waste Management Plan* was developed.

In order 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 27 March 2019, 273 Applicant Guidelines (both final and under public consultation) were published.

The support to the beneficiaries of projects funded from European funds has continued by training 686 people through a TAOP project, training sessions being focused on topics as follows: drafting funding applications, the new public procurement legislative package, and preventing irregularities and fraud. At the national level, within the eight training sessions dedicated to the current and potential LIOP beneficiaries, 425 people were trained on works contract management, environmental impact assessment, cost-benefit analysis and traffic study.

The Structural Instruments Communication Service activates within the Communication Directorate of the MFE and is in charge with the *National Information Centre for 2014-2020 ESIF* project. This centre will be completed by the information local centers that will be responsible for regional information and serve as *one-*

⁴⁸ Seven general and 29 thematic ex ante conditionalities

stop-shop for SMEs. The operational set-up of the national information centre for the ESIF and its territorial network is being analyzed at decision-making level.

In order to support SMEs using financial and territorial instruments, under SMEI OP/ROP Axis, agreements were concluded with eight financial intermediaries selected to implement this OP; by the end of October 2018, the financial intermediaries granted loans to 1,359 SMEs. In the case of the *Regional Fund of Funds* (Equity Fund), operational agreements were signed in December 2018 with two financial intermediaries (*Morphosis* and *Black Sea Fund*) selected to implement this financial instrument. Starting with 2019, the two financial intermediaries will start investing in SMEs, the ROP target being to provide support for 20 SMEs.

In order to increase the absorption capacity of European funds, measures to monitor the launch of calls for projects and accelerating the calls dedicated especially to social investments will continue (for the year 2019, the launch of 36 calls for projects amounting to 1.3 billion Euro is expected), but also investments for connectivity (as of 6 September 2018 the call for proposals regarding Action 2.3.1 *Consolidation of interoperability of information systems dedicated to e-Government services, type 2.0, centered on citizens and enterprises' life-events, development of government cloud computing and social media communication, Open Data and Big Data*, from COP was launched). In view to accelerate the implementation of operational programmes funded by the 2014-2020 ESIF and to ensure a complete transparency of the implementation of the European programmes and projects, measures will be taken to publish the guidelines for beneficiaries and to train them, to support SMEs through the use of financial and territorial instruments. In addition, until 30 June 2019, assistance will be provided to increase the administrative capacity of beneficiaries to prepare large investment projects by organizing training sessions on horizontal and specific topics for LIOP beneficiaries, through ASATIP's⁴⁹ agreement concluded with the EIB, throughout the allocated 870 days of training, and a budget of 190.000 Euro.

For **streamlining the use of e-government solutions**, it is envisaged to strengthen the institutional capacity of public authorities through the development of the e-Government tools for the citizens and business environment including a vision on the strands of action in the field of e-Government. In this respect, MCSI together with SGG implements the project *Setting the framework for the development of e-Government tools (EGOV)*⁵⁰ due to be completed in the second semester of 2020. The project financed by the ESF⁵¹, through ACOP aims at: (i) reducing the fragmentation and clustering public electronic services under the form of life events concept, according to the objectives set in the *Digital Agenda for Romania*; (ii) ensuring legislative, institutional, procedural and operational framework for the use of e-Government tools. In February 2018, the contract for procurement of consultancy services for the elaboration of studies, analysis, evaluations and for training on e-government was signed.

In order to fulfil the project objectives, by the end of February 2019, the following deliverables were submitted: Report on the analysis of normative acts; Analysis of the operational, procedural and informational framework (IT infrastructure) supporting electronic public services; study on clarification of the roles, duties and responsibilities of the public administration sector in charge with digital services designated to the life events from the perspective of possible overlapping of roles and duties between institutions; Study on the current situation in the e-government specific field targeting institutions, legislation, processes, working tools, procedures and which will be used as a basis for future activities for e-government services. The development needs from the legislative, operational, procedural, informational and human capacity perspectives were also established by reviewing the international best practice models with reference to the specific framework and procedures of the institutions responsible for the identified life events.

Increasing the transparency and efficiency of public procurement remained a priority objective of the Romanian authorities, and in 2018 several steps were taken in this direction (e.g. amending the legislative

⁴⁹ Technical assistance agreement for the projects implementation

⁵⁰ SIPOCA Code 20

⁵¹ The total allocated budget is about 19 mil. Lei

framework to improve and make more flexible the public procurement system or implementing new technical facilities of SEAP⁵²).

The measures *to strengthen the administrative capacity of contracting authorities, with a focus on professionalization* continued to be carried out over the past year. Thus, in Q4/2018 was finalized the third stage⁵³ of the *online interactive operational guide*, which includes standard tender documentations (works, goods, services), best practices, methodological guidance. The 4th stage of this guide is foreseen to be completed in Q3/2019, a quarter later than the set deadline, given the need to update the implementation of this stage sub-activities, following the legislative changes which occurred in the meantime. Therefore, the decision was taken to extend the TA Agreement with the WB by concluding an Addendum thereof so that the implementation period be correlated with the duration of the project *Enhancing the administrative capacity of ANAP and of the public institutions with responsibilities in the implementation of the National Strategy on Public Procurement* (Code SIPOCA 45).

The *Plan on the professionalization in the field of public procurement* was drafted by ANAP and was subject to prior consultation with the institutions and entities concerned. Subsequently, this document was sent for approval to MFP, amendments to *GEO No 13/2015 on the setting up, organization and functioning of the National Agency for Public Procurement* being required in order to be adopted by the Government. It is envisaged that the plan will be submitted to the Government for approval in Q3/2019.

Measures for the professionalization of the persons in charge with public procurement are going to be implemented until 2023, through a new project named *Support in the implementation of the National Strategy on Public Procurement (SNAP), through the strengthening of the administrative capacity of ANAP and of the contracting authorities*, which will be financed through MA ACOP. Overall, the project aims to increase transparency and accountability of the public procurement system, and the uniform application of the public procurement norms and procedures. The application for funding, submitted in December 2018, is under technical and financial evaluation.

In order to make more efficient the use of public funds and to disseminate the importance and benefits of the establishment of local UCA⁵⁴, it is envisaged⁵⁵ to set up, through the above-mentioned project, at least two pilot units for centralized procurement at local level. In order to achieve this objective, an action and communication plan will be developed to foster collaboration between the local stakeholders, and a study at county level will be carried out.

The legislative framework for the setting up⁵⁶ and the operationalization⁵⁷ of the National Office for Centralized Procurement (ONAC) was drafted and adopted in 2018. The first measures to create the administrative capacity of the office were taken, through: hiring of staff⁵⁸; relocation to new premises providing adequate operational conditions; ensuring the logistics required for operation; development of the office website and testing the functions with centralized procurement tasks. Another step towards in order to ensure effective operationalization of the ONAC was the submission for approval of the collaboration protocol with the Romanian Agency for Digital Agenda.

An important measure was also the elaboration and approval, through GD No 119/2019, of the *implementing regulation of the provisions of GEO No 46/2018 on the setting up, organization and functioning of the ONAC and for amending the Annex No 1 to GD No 502/2018*, which establishes the products and services that will be purchased in centralized manner by ONAC: *fuel for the vehicle fleet; A4 and A3 paper; office furniture; hardware; stationery and office supply; vehicles; interior lighting fixtures; cleaning products; mobile telephony services; office cleaning services; other standardized and high volume products and services*, according to priorities set through memorandum approved by the Government. The selection of these products

⁵² The improved platform of the Electronic System for Public Procurement (SEAP) became operational on 2 April 2018.

⁵³ The first stage of the guide was completed in December 2016, and the second one in October 2017.

⁵⁴ Centralized Procurement Body

⁵⁵ Following the reviewing made within the project *Enhancing the administrative capacity of ANAP and of the public institutions with responsibilities in the implementation of the National Strategy on Public Procurement* (Code SIPOCA 45)

⁵⁶ *GEO No 46/31.05.2018 for the establishment, organization and operation of the National Office for Centralized Procurement*

⁵⁷ *GD No 502/05.07.2018 on the organizational rules and regulations of the National Office for Centralized Procurement and for amending and completing some normative acts* (entered into force on 17 July 2018)

⁵⁸ Through transfers, job relocation and recruitment competitions

and services took into account the studies carried out by ANAP and EIB within the SIPOCA 45 project, as well as the purpose of setting up the ONAC, namely to serve the needs of all authorities/ institutions, especially those at the central level, by aggregating and standardizing needs for the products/ services required.

The ONAC's strategy is that the first products subject of centralized purchases are simple, easily standardisable products, namely *A4 and A3 paper* and *fuel*. To this end, working groups were set up at the level of the office in order to prepare the awarding documentation that will be the starting line of the first centralized acquisitions. The documentation will be finalized as soon as possible and will be the subject of public consultation.

In order to ensure the quality of the centralized public procurement process and to implement the methods for streamlining and efficient management of this process, ONAC elaborated a project fiche. Through this project, with the support of European non-reimbursable funds, the institution will gather the necessary experience, in particular as regards the novelty elements of the planning phase on collecting and aggregating needs from different public institutions and will develop electronic tools and databases to automatize the activity. For implementing the future project on the basis of a TA agreement, ONAC will benefit from the support of the EIB to ensure continuity and compatibility with the studies already developed and to implement their outcomes. The deadline proposed for setting up the first centralized procurement is April 2019.

Centralized procurement through ONAC will have as impact: *budget savings* and *efficient use of public funds*, mainly due to the decreasing number of award procedures and, implicitly, of the associated costs; *making economies of scale*⁵⁹ (setting up award procedures for large volumes will increase the attractiveness of the award procedures and lead to savings by reference to purchased volumes); *improving the administrative capacity and expertise* (accumulating expertise and specialized personnel within the office, which will contribute to increasing confidence in its activity and enhanced competition in the award procedures); *improving transparency* (as a result of an easier control by the competent authorities as compared to the monitoring of all contracting authorities).

In order to ensure a good monitoring and evaluation of the public procurement system functioning, it is envisaged to calculate the process indicators foreseen in the national strategy in the field. This measure is going to be carried out by the end of 2019 through the project *Enhancing the administrative capacity of ANAP and of the public institutions in charge with the implementation of the National Strategy on Public Procurement*, co-funded by ESF through ACOP. The financing agreement was concluded on 27 February 2017.

For the same purpose, in order to ensure a better monitoring of the public procurement system functioning and to strengthen the supervision activity of ANAP, by the end of 2019 a set of relevant indicators will be identified and defined in order to detect the main systemic dysfunctions of public procurement. In 2019, a training session is envisaged to be organized for the ANAP staff in charge with monitoring, supervision and statistics on the indicators aforementioned.

The measure on *continuing the reform of the ex-ante control* will be carried out through the project *Support in the implementation of the SNAP, through the strengthening of the administrative capacity of ANAP and of the contracting authorities*. Within this project, an analysis of the entire public procurement system following the implementation of the national strategy in the field will be developed, one of its objectives consisting in carrying out the impact assessment of the ex-ante control reform.

On March 2019, *GEO No 16/2019*⁶⁰ for amending Art. 5, Para (2) of *GEO No 98/2017 on the ex-ante control function of the award of public procurement contracts/ framework agreements, sectoral contracts/ framework agreements, and works and services concession contracts* was adopted. According to this normative act, ANAP will carry out the ex-ante procedures, at the request of the contracting authorities.

To strengthen the judicial reform and the **fight against corruption**, the national authorities continue to focus

⁵⁹ According to the *Feasibility Study on the main products and services recommended for centralized procurement* carried out by the BEI for ANAP, the savings indicator (BBG) by centralizing purchases of the Romanian ministries is, for example, up to 27% for *A4 and A3 paper*, up to 25% for *interior lighting fixtures*, up to 23% for *hardware*, and up to 34% for *furniture*.

⁶⁰ While published in OJ No 208 of 15 March 2019, *GEO No 16/2019* could be accessed also on the website of ANAP: http://anap.gov.ro/web/wp-content/uploads/2019/03/OUG-nr-16_2019.pdf

on the **prevention-education-combat** component to **reduce this phenomenon at all levels of the administration**. As part of the *monitoring the implementation of the objectives of the National Anticorruption Strategy (SNA) 2016-2020*, the central public institutions, the independent authorities and the anticorruption bodies participate in the SNA platform meetings⁶¹ and the peer review mechanism, and submit regular reports to the Technical Secretariat. In August 2018, the Government approved two standard methodologies on the evaluation of the corruption risks and the ex-post assessment of the integrity incidents⁶². During 2018, in order to disseminate the good practices resulting from the monitoring of this strategy, MJ organized for the employees of different ministries a series of sessions on the integrity and preventing corruption issues, transparency, incompatibilities, code of ethics, preventing conflicts of interest, etc. The *Report on the implementation of SNA 2016-2020 for 2018* will be presented in the first meeting of the SNA cooperation platforms, in April 2019.

The action *strengthening the administrative capacity of the Technical Secretariat of SNA 2016-2020* is implemented through a project that contributes 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. Activities such as anticorruption conferences (Q2/2019 and Q1/2020), thematic evaluation missions (Q1-3/2019), reviewing the legislation on the protection of the whistle-blowers and the migration of the public sector employees to the private sector (Q2/2019), as well as training sessions to increase the anticorruption education level (Q3,4/2019-Q1/2020), etc. are all envisaged. The project is currently in the public procurement phase for contracting the necessary services to carry out the activities.

For a higher degree of transparency, ethics and integrity, *monitoring the drafting of the integrity plans of the public enterprises* also continues. By 15 March 2019, the Technical Secretariat of SNA centralized 72 plans and 99 statements of adhesion to the strategy values, this information being enclosed in the *Annual Report on the Implementation of SNA 2016-2020*.

Moreover, the strategic objective of joining OECD (including the *Anti-Bribery Convention* and the *Working Group on Bribery*) remains in the attention of the Government. The activities stipulated in the *Roadmap for strengthening Romania's cooperation* with this group are meant to improve the legislative and institutional framework for combating corruption. At the beginning of the year 2019, the process of elaborating and approving the draft normative act on the voluntary contribution of Romania to OECD from the MJ's approved annual budget was resumed (which aim is to finance the participation, through MJ, in a technical assistance 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). The document was in the process of public consultation until 1 April 2019 (at the reporting time, it was under inter-institutional consultation procedure).

In terms of **putting into practice the SNA 2016-2020 by the local public administration**, MDRAP continues its efforts to *increase the implementation level of the measures to prevent corruption and the assessment indicators*, as well as of the *awareness degree of the corruption effects at the staff level from the local administration*. Thus, in 2018, 200 entities of the local public administration (cities and communes) were identified with the view to providing them with direct and indirect assistance in implementing measures to prevent corruption. In this context, during November 2018-February 2019, 75 mayoralities in cities and communes were visited, the assistance activity being underway. Moreover, the activity of indirect technical assistance for 125 institutions of the local public administration in order to implement anticorruption measures is ongoing. The *study* on the public perception on the effects of the anticorruption measures at the local administration level and the *sociological survey* on the perception of the civil servants within/under the

⁶¹ The first round: April 2018 (i.e. discussing the SNA priorities for 2018, voting the themes for the evaluation missions); second round: December 2018 (i.e. the state of play of the programmes under ACOP meant to fund SNA measures, discussing the SNA priorities for 2019).

⁶² GD No 599/02.08.2018, OJ No 751/30.08.2018 (the GD draft was submitted to public debate in April 2018).

subordination/under authority of MDRAP and from the local public administration related to the anticorruption measures will be completed in 2019.

To *improve the knowledge and skills of the local authorities staff with the purpose to prevent corruption*, training sessions of the personnel responsible for implementing SNA (over 400 participants), as well courses of *expert on preventing and combating corruption* for 100 beneficiaries) were held in 2018. Moreover, eight training sessions in the field of integrity (preventing and sanctioning corruption, conflict of interest, incompatibilities, etc.) will be organized for the local administration staff and those within/under subordination/under the authority of MDRAP; so far, the necessary participant handbook has been developed. At the same time, in 2019, a *raising awareness on corruption and education campaign* will be carried out for the local elected officials and the local public administration staff; thus, 41 meetings will be held in the county seat towns, where the representatives of all ATUs from the county concerned will be invited; the main rights and obligations of the employees in the performance of their duties will be presented, in order to prevent corruption.

Between April-November 2019, in order to monitor the implementation of the SNA 2016-2020 at local level, MDRAP, in cooperation with MJ, will carry out at least 80 thematic evaluation missions at the level of the local public administration (all county councils and county seat towns, as well as other ATUs, will be assessed).

3.3. Business environment and competitiveness

Key directions:

- ✓ Creating a favourable environment for public and private investments, including through the development of transport infrastructure
- ✓ Developing the sectors with growth potential
- ✓ Increasing the performances of public enterprises

3.3.1. Creating a favourable environment for public and private investments

Creating a favourable environment for public and private investment is a priority of the Romanian Government.

In order to **increase business accessibility to services provided by public authorities to support them throughout their lifecycle**, the *simplification/ optimization of procedures that support SMEs/ businesses throughout their lifecycle*⁶³ continues, as follows:

- **Simplifying the procedures for obtaining the building permit:** in order to improve the quality of the normative and methodological framework in this field⁶⁴, with impact on the business environment and citizens, one aims at optimizing 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 POCA funding and currently under implementation. The budget of the project is about 12 million Lei. The project will run between 2018 and 2020. The main result of the project will be the *Territorial Planning, Urbanism and Construction Code*, for which the public procurement procedure of expertise for its substantiation, elaboration and public consultation is ongoing. The above-mentioned Code will include all relevant normative acts for the domains indicated, in particular Law No 350/2001 on spatial planning and urbanism and Law No 50/1991 on the authorization of the execution of the construction works. As a result of the systematization of legislation, and the development of technical procedures, it is expected that the vulnerability to corruption shall decrease; at least 3 procedures in urban planning will be simplified in order to reduce the deadlines for obtaining the urban planning documents related permits by at least 30%, and the time needed to obtain the building permit by 25%.
- **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*, by implementing both the *National Programme for Cadastre and Land Book 2015-2023* (NPCLB) 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 NPCLB. This programme is implemented according to the GEO No 35/2016, which regulates the allocation of funds for local authorities by the ANCPI in order to ensure financing/ co-financing of the systematic registration process of real estates, initiated by ATUs. By 31 January 2019, the state of play of registration with SIICF was as follows: 11,677,723 real estate units (29.11%) out of the total 40 million estimated at national level; 60 ATUs in which all properties were recorded; 8,207,407 ha of land. At the same time, 534 people were employed and trained in this field according to another objective of the project aforementioned. 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 11⁶⁵ of ROP 2014 - 2020 complements the NPCLB objective by carrying out the systematic registration of the buildings from 660 territorial administrative units⁶⁶ in the rural area with a total area of 5,758,314 ha. On 26 September 2018, ANCPI concluded⁶⁷ the financing contract for this project (about 1.44 million Lei from the ERDF). On 18 July

⁶³ *Better Regulation Strategy 2014-2020*

⁶⁴ *Measure No 11 of the Integrated Plan to simplify administrative procedures applicable to citizens*

⁶⁵ *Geographical enlargement of the property registration system in cadastre and land register*

⁶⁶ According to the list approved by Order No 6962/1743/389/1522/2017

⁶⁷ With MDRAP, beside seven Intermediate Bodies organized at the level of the development regions of Romania

2018, the Parliament adopted the Law No 185 approving GEO No 31/2018 on the amendment and completion of the *Law on cadastre and real estate publicity No 7/1996*.

The online payment services⁶⁸ through which the individuals and businesses can obtain the land book excerpt for information purposes and GNSS (Global Navigation Satellite System) real-time positioning services are operational.

The implementation⁶⁹ of the activities foreseen in the *Action Plan for the development and updating of the national infrastructure for spatial information in Romania*⁷⁰ continues and allows the loading of geospatial information into the system.

- **Business insolvency:** during 2018, the number of the openings of insolvency proceedings registered with the insolvency proceedings bulletin decreased about 5% compared with the previous year⁷¹. At the same time, in 2018 the deregistration of 8,745 debtors (of which 8,694 debtors registered in the Trade Register), from the registers in which they were registered following the closing of the bankruptcy proceedings was ordered. For comparison purposes, in 2017 there were deregistered 9,598 debtors (of which 9,566 debtors registered under Trade Register) and thus a 9% decrease was recorded during 2018. During 2018, according to the Law No 151/2015 on the insolvency procedures concerning natural persons (consumers) (entered into force on 1 January 2018), acts of insolvency proceedings were published under the heading "*Debtors - natural persons with non-business obligations*" of the Insolvency Proceedings Bulletin for 11 natural persons.

- **Registration of enterprises:** to facilitate this process, *the ONRC portal online services*⁷² has become operational (since February 2012) and uses, at national level, an integrated IT system designed to generate benefits for both users (citizens and business environment) and public administration.

To improve the quality of the services provided, increase the access to justice, and to enhance the transparency, ethics and integrity at the judiciary level, on 6 August 2018, the project "*Strengthening the institutional capacity of the National Trade Register Office, of the legal publicity system*" funded by ACOP (financial allocation: about 31.8 million Lei) was launched. The project aims at streamlining 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. As regards the process of achieving the objective regarding the specialized training aiming to unify the jurisprudence, the evaluation stage of the vocational training tenders within the relevant procurement procedure was completed. In addition, the procurement procedure for IT systems/applications and other developed tools was launched with the purpose of increasing the transparency in the judicial system through information services, documentation, access to files and communication with the parties. In order to implement and certify within the entire institution a quality management system according to the ISO 9001 standard, the first stage in the quality management system planning was finalized, namely: the initial stage of the fulfilment of the requirements of the ISO 9001 quality standard; the mapping and list of processes and sub-processes developed within the institution.

In order to increase the access of Romanian companies to information on partner companies from EU Member States, the interconnection system related to the European *e-justice* portal is operational and the interconnection of the National Trade Register Office with the Trade Registers from the EU Member States will become operational⁷³ in Q2/2019.

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 focusing on the SMEs and start-ups, the aim is to make progress in industry and services digitalization, improving digital skills as well as to ensure cyber security.

⁶⁸ <https://epay.ancpi.ro/epay/Welcome.action>

⁶⁹ On 29 December 2017, the technical rules for the spatial data sets on public utilities

⁷⁰ Approved by GD No 38/2016

⁷¹ Between 1 July 2014 – 15 March 2019, according to BPI, 26,604 bankruptcy proceedings were solved (general procedure and simplified procedure).

⁷² The result of the *National Trade Register Office - ONRC on-line (e-government) project for the business community through a dedicated portal*

⁷³ As a result of a project implemented through the European programme *Connecting Europe Facility* totalling 547,000 Euro.

Thus, amid an increased use of e-governance system, through COP 2014-2020⁷⁴ support 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 business, the development of the governmental *cloud computing* and social media communication, and of *Open Data* and *Big Data* (Measure 2.3.1), all benefiting from an ERDF allocation of approx. 182.91 million Euro. Consequently, the objective of completing the implementation for two out of the three phased projects⁷⁵ from the period 2007-2013, which have entered in the sustainability phase, was met.

In order to implement new projects, several calls for proposals were launched as follows: on 27 December 2017 for *e-government and interoperability section* (ERDF allocation: 50.68 million Euro); on 6 February 2018 for *e-government and life events* (ERDF allocation: 25 million Euro); on 24 July 2018 for *governmental Cloud computing* and social networks in public institutions (ERDF allocation: 37.95 million Euro); on 5 September 2018 for *e-government section and Open data* (ERDF allocation: 23.95 million Euro). So far, three projects targeting 25 life events have been submitted, the related services are going to be optimized to the Level 4 of sophistication (a project contracted in June 2018 is under implementation; the second one was recently contracted i.e. in April 2019 and a third project application is under evaluation).

From the beginning of the Q1/2018, the project *Improving Data Processing Capacity and Enhancing ONRC Reporting Performance through Big Data Architectures and Technologies*, with an ERDF allocation of 5.56 million Euro, is under implementation. The project achievements indicators are referring to: the number of institutions using/ accessing the information; applications developed using Big Data techniques; number of users benefiting from streamlined electronic services. At the same time, the services related to the project “Enhanced and Interoperable ONRC Integrated Electronic System for Ensuring e-Government Services focused on life events” (ONRC v2.0) are under contracting stage. This project aims to develop some workflows through electronic services that will lead to an increased level of sophistication (Level 4 at least) of life events managed by the ONRC.

Thus, all calls for proposals related to Activity 2.3.1 were launched, so far seven project applications (including the two phased projects) totalling about 77 million Euro from ERDF have been submitted and approved.

As regards the *setting up of a national cybersecurity system* (SNSC), this field was regulated through the adoption of the Law No 362⁷⁶ concerning measures for a high common level of security of networks and information systems.

Thus, the aim is to *strengthen the administrative capacity of the MCSI and CERT-RO* (The Romanian National Computer Security Incident Response Team) which is an independent body responsible for providing expertise and research-development on cybersecurity infrastructure.

To this end, subsequent to the public consultation process, on 4 April 2019, the draft GD on CERT-RO reorganization is currently under inter-institutional endorsement.

As of 10 May 2018, the project *Integrated management system for a performing informational society* (SIMSIP) is under implementation. The eligible allocation for this project is around 8 million Lei and it is provided by 2014-2020 ACOP. The project aims to support the institutional reforms by implementing a unitary system of quality and performance management that include coordination and consultation’ procedures and mechanisms with relevant stakeholders interested in implementing, monitoring and evaluating the MCSI’ policies and strategies. Another project objective is to streamline the current legal framework regulating and with impact on the investments in extending the next generation networks (NGN). Procedures have been initiated in order to implement the project’ first specific objectives, as follows: the tenders for contracting the services of consultancy on the implementation of a unitary system of both quality management through the CAF (Common Framework for Self-Assessment of Public Institutions) and performance management of type

⁷⁴ Priority axis 2 of the COP supports systemic interventions at national level in the field of information and communication technology to meet the needs of citizens and the business environment.

⁷⁵ *Modernization of the methods for collecting, evaluating, analysing and reporting the data from the National Agricultural Register using the information technology, Phase II - Beneficiary: ANCP*; 2. *Collaborative Information System for Performing Public Procurement Environment SICAP, Phase II; Beneficiary: AADR.*

⁷⁶ The transposition into the national legislation of the Directive (EU) 2016/1148 concerning measures for a high common level of security of networks and information systems across the EU.

BSC (Balanced Scorecard) are under evaluation by the MCSI and CERT-RO and an assessment for developing an IT solution for this purpose is ongoing; b) The documentation on contracting of SIME consulting services is about to be completed and will be soon published in the SICAP; c) the documentation on contracting consultancy services for the implementation of ISO 9001: 2015 is ongoing.

The COP 2014 - 2020 provides support for the activities designed to *ensure the cybersecurity of the TIC systems and networks*⁷⁷, the allocation from ERDF reaching about 30 million Euro. The call for proposals for this programme was launched.

In order to *increase the consumers and retailers' confidence in e-commerce on the national market*, in Q1/2019 the MCSI completed the implementation of the project *Improving the required rules, procedures and mechanisms for MCSI to further develop the e-Commerce sector* (ECOM), funded from the 2014-2020 ESF and amounting to 4.33 million Lei. The main objectives of the project have been reached. The following activities were achieved: an exhaustive analysis of the current regulatory framework in the field of e-commerce and pointing out the needed measures for the adjustment (as a result of four workshops), and a study on the need to develop a regulatory framework for a smooth solving of specific abuses and disputes in e-commerce (interviews and meetings with representatives of relevant public institutions with responsibilities in the field (i.e. ANAF, ANPC, MMACA, MFP), of business environment and civil society. Furthermore, 80 persons were trained on e-commerce and at least 50 of them received certificates. On 11 December 2018, the final conference on this project took place.

A public policy proposal in the field of e-commerce and the 2020 Action plan for e-commerce have been drafted and are in the process of public consultation: By February 2019, the following documents were elaborated: a) an exhaustive analysis of the current regulatory framework in the field of national e-commerce; b) an impact analysis on the need to establish an authority for certifying reliable on-line retailers; c) a document describing two implementation mechanisms (regarding the coordination between MCSI and institutions involved in e-commerce, and regarding the cooperation between MCSI and stakeholders, respectively).

In order to *support the use of ITC in business development, in particular the e-commerce framework*, MCSI envisages implementing investment projects to develop online transactions tracking infrastructure and to ensure an optimal online trading environment. The budget allocated for these calls is 4 million Euro through COP. The preparation of the Applicant's guide and launching of the call for projects depends on the completion of the above-mentioned project *Improving the required rules, procedures and mechanisms for MCSI to further develop the e-Commerce sector*.

To *support the investments for the digitalization of SMEs*, a call for proposals for financing the SMEs with the aim to increase the degree of innovation of the Romanian ICT products was concluded. Thus, on 16 October 2018, the Applicant's Guide with the related annexes for the second call was published, that is a document containing guidelines for potential applicants. The registration of project applications has been made on-line from 30 January 2019 to 29 April 2019. The evaluation of the first project applications submitted to has started.

As regards the *setting up of the reference framework for expanding national cybersecurity system* (SNSC), as of Q1/2019, a project implementation started having as specific objectives: the improvement of the MCSI's capacity to intervene on the *broadband* market if dysfunctionalities occur by drafting a comprehensive analysis paper regarding the public intervention options; increasing the demand for and use of extra-large capacity networks by elaborating an Action Plan meant to support the deployment thereof. The activities foreseen for 2019 are as follows: signing of the financing agreement (No 316 on 18 February 2019); setting up the project team by order of the minister; initiating the public procurement procedure. The total value of the project is about 6 million Lei (of which about 5 million Lei is an ESF grant through the ACOP).

For **increasing 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*⁷⁸ on the competitive environment, by the 15th of March 2019, 30 normative acts were amended through which 52 ODCE recommendations were implemented (out of which 24 in the transport field,

⁷⁷ Measure 2.3.2 from COP

⁷⁸ Construction, agro & food processing and transport sectors

19 in the field of construction and public procurement, and nine in the field of agro & food processing). By the end of 2019, another 62 barriers will be removed by amending/supplementing other 29 normative acts.

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, the *Small and Medium Enterprises Support Programme - IMM Invest Romania* was approved by GEO No 110/2017, through covering by a state guarantee for 50% of the investment credits and/or of the credit lines for the financing of the working capital, respectively of up to 80% of the value of credits for development investment projects, recreational centres, investment projects in production activities, services and innovation. The maximum cumulative amount of the guaranteed financing that can be granted to a beneficiary for the fulfilment of the investments is 10 million Lei and for the working capital is 5 million Lei. The programme approval rules and regulation are under endorsement procedure at MFP level; they will be soon submitted for approval to the other competent ministries.

In order to **increase SMEs' access to loans and guarantees** from 2014-2020 ERDF allocations (totalling 250 million Euro), the *implementation of the uncapped guarantee instrument* carried out by SMEIOP has started. By 30 September 2018, 1,359 SMEs were funded out of the total 2,500. Also, in 2018, with allocations from state budget/attracted sources, the implementation of national programmes the *SME Guarantee Programme for 2013-2016* and the *Romanian-Swiss SME Programme 2014-2019 (PREIMM)* has continued. Thus, through the implementation of PREIMM, 527 SMEs have been supported, the total amount of guarantees granted being 9.21 million Lei, creating 1,100 and /maintaining other 5,700 jobs. On 32 December 2018, the value of credits granted through PREIMM amounted to 141,562,868 Lei.

Through the implementation of the **Start-Up Nation Romania programme**, 8,444 financing contracts were signed and 17,717 new jobs were created, out of which 14,365 for disadvantaged people. For the Start-up Nation 2018, 33,514 applicants participated.

As a result of the adoption of a legislative package on stimulating private capital investment, actions to support SMEs will continue, including by amending the *Law No 120/2015 on stimulating investors - "business angels"* and *Law No 102/2016 on Business Incubators*. In this respect, a study on the implementation of the monitoring mechanism for the application of Law No 120/2015 was carried out with POCA funding.

Through COP, the innovative businesses are supported, including through financial instruments. Thus, in September 2016, the Financing Agreement with the EIF was signed, and thus it was created a Fund of Funds in the form of venture capital (50 million Euro from the ERDF and 9.3 million Euro as national funding). For the venture capital instrument (accelerators and seed funds), at the end of 2017, the *Operational Agreement with the GapMinder Fund Manager* was signed (22 million Euro plus 8 million Euro private contributions). In July 2018, the operational agreement concluded with Early Game Ventures worth 18 million Euro (out of which 2.5 million Euro from private participation) was signed. For the risk-sharing credit facility, at the end of 2017, the Operational Agreement with ProCredit was signed for the full allocation of 15.15 million Euro (from the total portfolio of 30.3 million Euro, including the bank's contribution). For 15 SMEs, capital investments were made amounting to 3.5 million Euro.

Development of transport infrastructure

In the **transport sector**, the main objective of the Government is to provide infrastructure and services to support of economic and social activity in order to improve the quality of life. The efforts focus mainly on implementing the priorities established in the *General Transport Master Plan (GTMP)*⁷⁹. ESIF 2014 - 2020 financially supports the investments for infrastructure development along TEN-T and the modernization of the existing transport infrastructure, as well as the beneficiaries in the transport sector in preparing the 2014 - 2020 and post 2020 project portfolio.

For the **development of road infrastructure**⁸⁰, 65 project applications (with a total eligible value of 5,099.73

⁷⁹ GD No 666/2016 on the approval of the strategic document General Transport Master Plan of Romania

⁸⁰ LIOP, Priority Axis 1 – Improving mobility through the development of the TEN-T network and metro system: Specific Objective 1.1 – Increasing mobility through the development of road transport on TEN-T core network; Priority Axis 2 – Development of a multimodal, high-quality, sustainable and efficient transport system: Objective 2.1 – Increasing mobility on TEN-T network and

million Euro⁸¹) have been submitted within LIOP. By Q1/2019, payments worth 700.40 million Euro were registered for the 35 contracted projects (10 projects for technical assistance and 25 projects for construction works). The projects are under different stages of implementation: out of the 14 phased projects (four of them approved by EC), three projects were finalised⁸² and 11 are under implementation⁸³; the financing applications were submitted for four of the 11 new projects contracted for construction works (two applications approved by EC). In April 2019, EC had also approved the financing of the new major project *Integrated Infrastructure for the Orbital Zone of Bucharest*. The total value of the project is 1.57 billion Euro (out of which 1.06 billion Euro from European funds). The financing applications and support documentations are under preparation for other six major projects⁸⁴. By the end of 2019, 122 km of new highway and 373 km of modernised national road are estimated to be accepted and commissioned.

In order to *stimulate regional mobility*⁸⁵, ERDF 2014-2020 finances regional and local investment projects for the upgrading/ rehabilitation of the county road network located in the proximity of TEN-T. By Q1/2019, payments worth 106.06 million Euro were made for carrying out 108 contracted projects (eligible value of 1,753.05 million Euro). The implementation of these projects will lead to reconstruction/ modernisation of over 3,580 km of county roads connected to the TEN-T network.

The Government supports the *structural reform of the rail transport* in order to increase safety and security of users, as well as the share of rail transport as compared to road transport. In August 2018, the Authority for Railway Reform (ARF)⁸⁶ signed the contract for consultancy services to elaborate the study *Sustainability and efficiency of the railway network in Romania* and the financing agreement was signed at 16 January 2019⁸⁷. 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.

As regards the *procurement of rolling stock*, the consortium AECOM/ MCVienna has been selected by the EIB experts⁸⁸ to elaborate the feasibility study, the specifications and other addenda for the procurement. The feasibility study has been developed and will be approved after EIB experts provide the clarifications requested by JASPERS. Within this project, the report on market consultation was drawn up (based on which the estimated unitary value for the purchase of new electric frames for passenger public railway transport/RE-R, as well as a quotation for their maintenance were established). The intention to purchase 20 RE-Rs (in a first phase) was published in SICAP and the specifications for purchasing regional electric trains and maintenance and repair services was endorsed at ARF level. The budget allocated for the procurement of rolling stock is estimated at 252 million Euro (ERDF + state budget).

In order to improve the functioning of ARF, the organisational chart was modified so that by the beginning of Semester II/2019 more than 60% of the job positions to be occupied.

Specific Objective 2.2 – Increasing accessibility for regions with low connectivity to TEN-T road infrastructure

⁸¹ Values calculated at the InfoEur exchange rate for February 2019: 1 Euro=4.7551 Lei

⁸² Timisoara – Lugoj Motorway, Giurgiu Bridge, Ciheiului Overpass

⁸³ Four projects are almost finalised: Brasov Bypass, National Road 56, National Road 5 and section Bucharest - Adunatii Copaceni; 7 projects are in implementation with progressive completion horizon 2019 - 2023: Dumbrava – Deva Motorway lots 2, 3 and 4, National Road 76, National Road 6 lot 2, Carei, Sacuieni, Caracal and Targu Jiu Bypasses

⁸⁴ Transilvania Motorway sections Nadaselu – Suplacu de Barcau and Suplacu de Barcau – Bors, Bucharest North Ring and Sibiu – Pitesti Motorway, Craiova-Pitesti Express road and Braila Suspension Bridge. The total value of the major projects exceeds 3.5 billion Euro, meaning the contracting of 100% of the allocation and the over-contracting. In order to avoid the risk of decommitment of European funds, in the event of bottlenecks in project implementation, the possibility of over-contracting up to 200% was decided by GEO No 8/16 March 2018 amending GEO No 40/2015

⁸⁵ ROP, Investment Priority 6.1 – Enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multi-modal nodes

⁸⁶ 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). By Q3/2017, ARF took over the public service contracts for passenger rail transport from MT.

⁸⁷ The eligible value of the project is of about 4.75 million Lei (ERDF + state budget) and the implementation period is 18 months (1 September 2019 – 28 February 2020)

⁸⁸ To prepare the necessary documentation for the procurement of rolling stock, the award and monitoring of public service contracts, the implementation of the rail 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

For the *development of railway infrastructure*⁸⁹, the preparation and implementation of 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 Q1/2019, payments of 556.47 million Euro were registered for the implementation of the 10 projects contracted⁹⁰ for the modernization of the railway line between the border with Hungary and Constanta, with a total eligible value of 2,211.65 million Euro. In 2018, 11.9 km of modernised railway were received on Simeria-Coslariu section, and the implementation of the contract for the endowment with the ERTMS system has continued. Two projects for technical assistance (with a total eligible value of 2.5 million Euro) are under evaluation by IB for Transport and other 13 projects are in different stages of preparation⁹¹. Two contracts for construction works worth 1,335.64 million Euro⁹² to be financed from CEF, are under tender process, and two projects are under implementation and other two are under tender process for the purpose of technical assistance for the elaboration of feasibility studies (FS).

The implementation of projects for the *development of metro infrastructure*⁹³ continues in 2019. Six project with a total eligible value of 1,341.25 million Euro were submitted for financing from LIOP. By Q1/2019, payments worth 211.34 million Euro were registered for implementing the four contracted projects (totalling 387.6 million Euro). These projects are under different stages of implementation. Two projects were finalised and a project has reached a physical stage of construction works of 99.5%⁹⁴, resulting six stations and five inter-stations upgraded in terms of ventilation facilities, 1,329 access gates installed for 41 metro stations, 1.89 km of new metro line constructed, and two new metro stations, one connecting gallery, one inter-modal terminal and one depot commissioned. One project (Metro line M5 section Raul Doamnei – Eroilor, including Valea Ialomitei – Phase 2 with a total eligible value of 317.57 million Euro) is in progress (physical state of works: 98% resistance structure, 99% the foundation of the runway, 73% finishes) and is estimated to be finalised in Semester II/2019. Within this project, 10 metro stations, a depot and a connecting gallery will be built. Other four new investment projects in metro infrastructure⁹⁵ are in different stages of preparation.

ERDF 2014 – 2020 supports the development of a multimodal, high - quality, sustainable and efficient transport system. In order to *develop airport infrastructure*⁹⁶, 10 projects (with a total eligible value of 88.18 million Euro) were submitted. By Q1/2019, payments worth 4.41 million Euro were made for the four contracted projects (modernization of Craiova, Bacau, Tulcea and Timisoara airports). The project for the modernization of Craiova Airport was finalised and the acceptance of the construction works is estimated for the end of 2019. The projects for Cluj, Targu-Mures and Satu Mare airports are under preparation phase.

⁸⁹ LIOP, Priority Axis 1 – Improving mobility through the development of the TEN-T network and metro system: Specific Objective 1.2 – Increasing mobility on the TEN-T core railway network; Priority Axis 2 – Development of a multimodal, high-quality, sustainable and efficient transport system: Specific Objective 2.7 – Increasing sustainability and quality of rail transport

⁹⁰ Out of which, the new project *Rehabilitation of the railway section km 614 – Gurasada – Simeria* received EC's approval for financing from ESIF 2014 – 2020 in February 2018

⁹¹ Elaborating the feasibility studies for: the railway lines Bucharest North–Girava–Giurgiu North, the border with Bulgaria; modernization-electrification of Cluj–Oradea–Episcopia Bihorului, Caransebes–Timisoara–Arad railroad; modernization of Bucharest North– Bucharest Henri Coanda International Airport railroad. Developing the specifications for the feasibility studies for Ploiesti–Iasi–border and Pascani-Darmanesti – Vicsani railroads, for the projects Quick Wins, modernisation of railway level crossing, rehabilitation of bridges and tunnels stage two, modernization of 47 railway stations and implementing measures for the functioning of ERTMS on the railway section Predeal-Bucharest-Constanta, construction works at Fetesti and Ciulnita railway stations

⁹² Construction works for the railway sections Brasov-Apata, Cata-Sighisoara and Apata-Cata

⁹³ LIOP, Priority Axis 1 Improving mobility through the development of the TEN-T network and metro transport: Specific Objective 1.4 – Increasing the use of metro transport in Bucharest - Ilfov

⁹⁴ Modernization of ventilation facilities, as well as access control facilities on Metro lines 1, 2, 3 and the metro connecting section Petrache Poenaru - Timpuri Noi and Metro line 4 Connection 2 Section Bazilescu Square – Straulesti

⁹⁵ The projects Metro line 6 1Mai-Otopeni (M6) (EC has approved the financing application from non-reimbursable funds for the section 1 Mai-Tokio/ Baneasa Trade Center); the project to improve public passenger metro transport on Metro line 2 Berceni-Pipera (EC approved the financing application in April 2019); the project for the procurement of design and technical assistance services for Metro line 5 - section Eroilor-Universitate-Iancului Square (documentation in preparation for launching the procurement programme); the project to improve accessibility of metro stations in operation for people with visual impairments (documentation in preparation at the Consultant level for the procurement of construction works and elaboration of the financing application)

⁹⁶ LIOP, Priority Axis 2 Development of a multimodal, high quality, sustainable and efficient transport system: OS 2.3 – Increasing the sustainable use of airports

The *development of naval and intermodal transport*⁹⁷ targets the increase of inland waterway transport and the cargo volume passing through intermodal terminals and ports. ESIF 2014 – 2020 supports projects aiming at improving navigation conditions on Danube and inland waterways, modernizing and developing port infrastructure as well as inter and multimodal terminals. By Q1/2019, six projects were submitted and payments of 48.08 million Euro were made for the three contracted projects⁹⁸. Also, one project (for the elaboration of the feasibility study for the Romanian-Bulgarian joint sector of the Danube) is under implementation with funding from CEF, three projects (one for Sulina Canal, one for the modernization of the Port of Galati and one for the Port of Tulcea, respectively) are under evaluation for financing from LIOP and the project to build the artificial island within the Port of Constanta is under preparation phase.

In 2019, financing from ERDF 2014 – 2020 of projects aimed at *improving safety on all transport modes and reducing the environmental impact of transports*⁹⁹, including by installing the intelligent transport systems (ITS) continues. By the closing of the call for project applications, in December 2018, 11 applications worth 164.02 million Euro were submitted (a submission rate of 192%). During Q1/2019, five projects (total eligible value of 35.5 million Euro) with the aim of increasing safety in rail and road transport were contracted and their implementation will help reduce the number of accidents and casualties from traffic accidents. The level of payments authorised by MFE was 25.84 million Euro.

In terms of *improving the capacity to manage European funds and to prepare and implement transport infrastructure projects*, the implementation of two technical assistance projects¹⁰⁰ with EIB continues. By Q1/2019, 28 progress reports and 41 deliverables were elaborated, 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.

To *strengthen the administrative capacity of the main beneficiaries of LIOP*, procedures were developed (e.g. the internal control framework at CNAIR level), checklists on the preparation of projects and public procurement documentation were finalized and training sessions were organised to disseminate best practices on project implementation, on various topics (e.g. contract management, traffic study and cost-benefit analysis, etc.). Until the end of Q2/2019, 870 training days for LIOP beneficiaries were programmed.

EIB experts provide technical assistance for the evaluation/ contracting/ monitoring of about 280 projects and help monitor the implementation of the ex-ante conditionalities for the transport sector¹⁰¹.

In order to ensure the continuity of GTMP, the project for *increasing the capacity of MT to carry out strategic planning and manage the General Transport Master Plan*¹⁰² is under implementation during 2019. The main

⁹⁷ LIOP, Priority Axis 1 – Improving mobility through the development of the TEN-T network and metro system: Specific Objective 1.3 – Increasing the use of waterways and ports on the TEN-T core network and Priority Axis 2 – Development of a multimodal, high-quality, sustainable and efficient transport system: Specific Objective 2.4 – Increasing the cargo volume passing through intermodal terminals and ports

⁹⁸ Modernisation of port infrastructure by increasing the depths of canals and basins and the safety of navigation in Port of Constanta; modernisation of Berth 80 from the Port of Constanta; modernisation of locks (phase two)

⁹⁹ LIOP, Priority Axis 2 – Development of a multimodal, high quality, sustainable and efficient transport system: Specific Objective 2.5 – *Increasing the safety and security in all modes of transport and reducing the environmental impact of transport*

¹⁰⁰ TAOP, Priority Axis 1 – Strengthening the capacity of beneficiaries to prepare and implement projects financed by ESIF and disseminate information on these funds, Specific Objective 1.1 – Strengthening the capacity of beneficiaries to prepare and implement projects financed by ESIF, project *Provide technical assistance services from EIB expert for the management of LIOP at the level of transport and environment beneficiaries* (allocated budget ERDF + state budget: 6.681 million Euro) and Priority Axis 2 – Support for ESIF coordination, management and control, Specific Objective 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* (allocated budget ERDF + state budget: 9.319 million Euro). Projects under PASSA Agreement.

¹⁰¹ In December 2017 (through the address of compliance No ref. Ares (2017)6181507-18/12/2017), EC notified Romania on the fulfilment of the six transport-related conditionalities, namely: the adoption of GTMP, signing the public services contract between METROREX and MT, signing the performance contracts with the rail and road infrastructure managers, setting up and functioning of the Authority for Railway Reform, increasing the administrative capacity of CNAIR and CFR (with EIB technical assistance), ensuring the continuity of GTMP and establishing standard contracts for infrastructure works (accomplished – GD No 1/2018).

¹⁰² Project SIPOCA 15, implementation period December 2016 – December 2019, financed from ACOP, Investment Priority 1 – Strategy on Strengthening Public Administration 2014-2020

objectives of the project are to increase MT's medium and long-term capacity to use, update and interrogate the National Transport Model, and to improve the procedural framework for project evaluation and cost-benefit analysis in the transport sector.

As regards *monitoring the execution of the performance contracts of CNAIR and CFR SA*, the level of compliance with the performance indicators is assessed annually. CNAIR reports biannually to MT on the level of compliance with the performance indicators as set out in the performance contract¹⁰³. The model for the 2018-2022 activity and performance contract of CFR (approved by MT Order No 1314/2017) will be updated after the approval of the *Strategy for Railway Infrastructure Development 2019-2023* and of the multiannual plan for financing the railway infrastructure.

The *Strategy for the Railway Infrastructure Development 2019 – 2023* was drafted in accordance with Directive 2012/34/EU in order to meet future mobility needs and presents a comprehensive approach of the railway infrastructure maintenance, upgrade and modernisation needs based on a sustainable funding. The strategic document is consistent with GTMP and CFR management plan, 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 thereof. Following the public consultation process carried out between July and September 2018, the draft strategy was updated and the draft GD on the approval of the strategy is estimated to be submitted to the inter-ministerial endorsement circuit in Q2/2019, after its approval by MT.

Improving the legislative framework aims to accelerate the implementation of infrastructure projects. The *implementation of the framework model for contractual agreements*¹⁰⁴ for public or sectoral procurement contracts for design and execution or exclusively execution works related to investment objectives financed from public funds provides a unitary regulatory framework that respond to the major challenges faced when implementing infrastructure projects (major delays in awarding of contracts, claims, disputes, litigation, etc.). *Applying a set of norms to streamline the working procedures of CNAIR for the award of public procurement contracts*¹⁰⁵ aims to shorten the duration of the public procurement procedures to 2-4 months and to accelerate the project implementation and the absorption of European funds allocated for road infrastructure. As regards the *reception of construction works*¹⁰⁶, the possibility of receiving construction works and opening traffic on completed road sections that can be used separately has been regulated in order to accelerate the commissioning of the investment objectives including by lots/ sections/ sectors/ parts of the building permit before completing all construction works provided in the contract. The Regulation on the reception of constructions in the field of road and rail infrastructure of national interest¹⁰⁷ was approved. It regulates aspects related to the reception of construction works depending on the complexity of the transport infrastructure projects, the importance of the construction objective, source of funding and implementation thereof, obligation and responsibility of the parties involved.

The *National Strategy for Implementing the Intelligent Transport Systems (ITS)* has been reviewed in line with the comments received from the advisory ministries and the draft GD on the approval of the strategy is to be submitted on the endorsement circuit. The document aims to provide a national strategic framework for the efficient and coordinated implementation of ITS on the road network in parallel with the road sector development programme provided in GTMP.

¹⁰³ Addendum to the Concession Contract No MM 487/04 February 2004 concluded between MT and CNAIR

¹⁰⁴ GD No 1/2018 on the approval of the general and specific conditions for certain categories of public procurement contracts related to publicly funded investment objectives. Elaborating standard contracts for infrastructure works was one of the ex-ante conditionalities fulfilled with technical assistance from EIB

¹⁰⁵ Common Order of MT and ANAP No 1218/836 for the approval of Norms on streamlining the procedures for the award of public procurement contracts implemented by the National Company for Road Infrastructure Administration, published in the Official Journal of Romania No 731/23 August 2018

¹⁰⁶ GEO No 84/2018 on supplementing some legislative acts in the construction field aimed at removing bottlenecks in project implementation and accelerating the commissioning of investment objectives, including on lots/ sections/ sectors/ parts of the building permit before completing all works provided in the contract

¹⁰⁷ GD No 845/24 October 2018 for the approval of the Regulation on the reception of constructions in the field of road and rail infrastructure of national interest

3.3.2. 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 sectors**¹⁰⁸ are funded by state budget and ESIF 2014-2020.

In order to increase the competitiveness of SMEs in competitive sectors pointed out 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. At the same time, *approximately 848 SMEs will be supported for the creation and extension of advanced production capacities and services development*¹⁰⁹, corresponding to a grand of 516.49 million euro.

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), taking into account 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:

- *Supporting investments in the processing/marketing of agricultural products*¹¹⁰ (including the GBER scheme). Since the beginning of the NRDP, contracts were signed for 362 beneficiaries, out of which 83 came from the contracts transited from NRDP 2007-2013 in NRDP 2014-2020. Payments of 84.88 million Euro were made, out of which 16.99 million Euro for transited projects;
- *Supporting the processing/ marketing investments of the fruit sector products*¹¹¹ (including the GBER scheme), for which contracts were signed for 15 beneficiaries and payments were made in the amount of 1,16 million Euro;
- *Operationalization of the credit fund in agriculture*, aiming at increasing the access to financing for farmers to make investments that contribute to the diversification of economies in rural areas. So far, EIF has selected five banks to act as financial brokers;
- *Investments in agricultural holdings*¹¹²: 1,693 were supported, of which 137 holdings from contracts transferred from NRDP 2007-2013, with payments amounting to 414.25 million Euro;
- *Investments in the fruit holdings*¹¹³ supported 393 holdings and payments amounting to 36.20 million Euro.

In order to stimulate *the consolidation of agricultural lands* to increase productivity and competitiveness in this sector, three contracts amounting to 0.002 million Euro, related to *the Small farmers' scheme* of NRDP 2014-2020, were concluded.

In order to *increase the competitiveness of the 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", 362 beneficiaries were supported and payments amounting to 84.88 mil. Euro were made. Also, under sub-measure 4.2a "Investments in the processing/ marketing of fruit sector products", 15 beneficiaries were supported and payments of 1.16 million Euro were made.

¹⁰⁸ 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.

¹⁰⁹ Investment Priority 2.2, ROP.

¹¹⁰ Sub-measure 4.2: Support for investment in the processing / marketing and / or development of agricultural products

¹¹¹ MS. 4.2a: support for investment in the processing/ marketing of fruit and vegetable products

¹¹² NRDP 2014-20120 Sub-measure 4.1 - Investment in agricultural holdings

¹¹³ NDP 2014-20120 Sub-measure 4.1a - Investments in fruit holdings

On 28 November 2017, MADR and EIF concluded a Financing Agreement that provides for the implementation of a *risk-sharing loan facility at portfolio level* funded by the NRDP 2014-2020. So far, the EIF has selected five banks to implement this grant agreement.

In addition to the investments made under the EAFRD 2014-2020, the Government will step in for the development¹¹⁴ 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. By the end of 2020, this programme aims to rehabilitate in three stages¹¹⁵ the main capacities of 86 viable irrigation facilities belonging to the public domain of the state, with a total area of approximately 1.8 million ha. Under the first stage of the programme, 32 irrigation facilities are under implementation procedures, 45 facilities are under construction and for 30 irrigation facilities the construction works will start in 2019.

*The development and diversification of short supply chains*¹¹⁶ for the marketing of agro-food products¹¹⁷ continue. In this respect, 49 beneficiaries were supported, with payments amounting to 0.48 million Euro. Since the beginning of the NRDP 2014-2020, under sub-measure 16.4a, 19 beneficiaries were supported and payments of 0.2 million Euro were made.

To support the setting up and functioning of Operational Groups (GOs) for the development of pilot projects and new products¹¹⁸, 190 calls for expressions of interest related to Stage I (117 sub-measure 16.1 and 73 s.16.1a) were submitted.

In order to support the sustainable development of tourism, through ROP 2014-2020, 33 projects were contracted, with an eligible value of 104.58 million Euro. The payments to the beneficiaries amounted to 4.97 million Euro.

In order to support the cultural and creative industries, another important sector of the national economy provided by the NCS, a new version of the *Sectoral Strategy for Culture and Cultural Heritage 2016-2022* is under elaboration stage, its full implementation being foreseen for 2023.

To optimize and streamline the administrative, legislative and decisional performance in the central administration and its deconcentrated services in the field of cultural heritage, on 12 July 2018, the implementation of the project *Historical monuments – the strategic planning and improved public policies* (financial allocation from ACOP: 2.99 mil. Lei) started. This project aims to streamline and progressively diminish the existing volume of legal acts in force on the cultural heritage through the elaboration of the *Code of Cultural Heritage*¹¹⁹ as well as to create the strategic and operational framework for adopting evidence-based policies in the field of immovable heritage. Some ongoing activities include the inventory and the analysis of the legislation on cultural heritage, to this end the required human resources being recruited and professional debates on drafting of the *Cultural Heritage Code* being organised. Another progress consists in the completion of the inventory pilot process of the historical monuments, the methodology for inventorying the historical monuments and the inventory plan for each of the selected areas being under elaboration stage. The procurement procedure of services for software development aimed at collecting and centralizing the evidences of the immovable heritage was launched. All information and promoting campaign/ activities

¹¹⁴ Sub-measure 6.5 Small farmers

¹¹⁵ The first stage aims at the rehabilitation of 40 viable irrigation facilities for which the Land Improvement Organizations (OIF) have been established, and which accessed sub-measure 125a1, a1 - Irrigation and other land improvement works under NRDP 2007 - 2013; the second stage aims at rehabilitating objectives from 37 viable irrigation facilities on which OIFs are set up to be able to rehabilitate the secondary irrigation infrastructure under sub-measure 4.3 of the NRDP 2014-2020; the third stage will include the rehabilitation of targets from nine viable irrigation facilities that are not yet set up by OIFs.

¹¹⁶ A supply chain that does not include more than one intermediary between the manufacturer and the consumer.

¹¹⁷ 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

¹¹⁸ 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.*

¹¹⁹ On 29 November 2016, the Government approved the GD No 905/2016 on the approval of the preliminary theses of the project for *Cultural Heritage Code*.

regarding the project planned so far have carried out and, in addition, a dedicated website has been designed <https://www.umpcultura.ro/monumenteistorice> .

Funding from 2014-2020 ERDF and 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 and so far contracts concerning 667 heritage objectives were signed.

Between 21 January – 30 April 2019, the call for projects for financial support related to this sub-measure with application exclusively within the territory of the ITI Danube Delta was open. The financial allocation is about 5 million Euro.

With regard to the *preservation of the cultural, scientific and educational heritage*, on 13 July 2018 the implementation of the project *The E-Culture: the Digital Library of Romania* (total financial allocation: 9.17 mil. Euro from ERDF) started. The main purpose of the project is the digitalization of the cultural heritage using the modern, updated IT technologies, which aim is to preserve, promote and leave the national cultural heritage to the next generations. The project has two main components: development of the *culturalia.ro* platform and digitalization of the movable heritage. The main activities carried out in this project consist of the selection of the management and implementing teams of the project; reviewing the technical documentation needed for launching the procurement procedures while permits from the Technical and Economic Committee were obtained; the acquisition of the equipment needed for the management team; hiring specialized personnel to carry out the digitalization and classification; finalizing procurement documentation concerning the acquisition of equipment needed for digitalization, platform related equipment as well as the acquisition of the platform development services.

As a complementary project, the project *e-Heritage (a corresponding project to e-Culture)* will be developed with the aim to develop a comprehensive and updated database of all historical monuments across Romania using modern ICT tools as well as to set up e-Government procedures related to the interaction between the monuments' owners and public institutions.

For the **better management of the mineral resources**, *the reorganization of and rendering the mining industry more efficient* is envisaged for an efficient use of mineral resources, reduction of the sector's impact on the environment and an increased productivity.

At EU level, the mining sector faces two major challenges: a major dependence on imports and security of supply of raw materials. As such, priorities focus on mitigating the risks associated with the availability of raw materials and the evolution of global prices thereof by ensuring a sustainable supply of raw materials from global markets and within the EU, but also by improving resource efficiency and supplying of "secondary raw materials" through recycling, including through recent initiatives such as the circular economy.

Responsible, sustainable and participatory management of non-energy mineral resources aims at increasing non-energy mineral resource production exports, taking into account sustainability principles and achieving an economic restructuring of former mining communities, while improving stakeholder participation in mining decision-making.

In Q3/2018, MEc submitted the draft *Mining Strategy* to the Government for approval; the draft strategy is currently under the environmental impact assessment. The draft *Law on Amendment of the Mining Law No 85/2003* is finalized and launched for public debate. Moreover, MEc regulated the royalties system for mining concessions by including them into the specific laws, namely the new draft Law on Mining, the draft Law on Hydro-mineral Resources and the Law on Oil.

In order to ***create the critical mass of active SMEs*** and their engagement in local/regional economies, including in rural areas, *the development of support services to stimulate entrepreneurship and creativity among SMEs* is supported. To increase the managerial performance of farmers, micro-enterprises and small enterprises in rural areas, as well as to apply competitive production practices to the associative forms of farmers and producer groups, the implementation of investments in the *development of agricultural counselling services* is about to start with help of EAFRD 2014-2020 funding. Thus, nine contracts were concluded to provide counselling services to farmers working in small farms, young farmers and agricultural producers in order to set up and develop the associative forms in the agricultural sector.

In order to *support the investments in the development of business incubators*, a call for projects was launched on 4 December 2017 with a total budget allocated through ROP of 529.4 million Lei, estimating the support for the setting up and development of 140 SMEs. To date four contracts worth 6.05 million Euro have been signed and seven contracts are under evaluation.

Regarding the *development of entrepreneurial skills and the internationalization of SMEs*, the implementation of the *Romania HUB Programme* has continued; under this programme in Q3/2019, a Cooperative Consultative Council attended by 30 beneficiaries was organized. As of July 2017, the *SME Internationalization Programme* has become operational (Law No 83/2017 on the approval of GEO No 8/2017 on the launching within MMACA of the *Programme for Supporting the Internationalization of Romanian Economic Operators* financed by the state budget for the period 2017-2020, and GD No 503/2017 on the approval of the methodological implementing regulation of GEO No 8/2017). Regarding the *Export Promotion Programme* (PPE) managed by MMACA, 94 fairs and exhibitions were organised to support the SMEs (in 2018 and 2019), with the participation of 550 SMEs. Two promotional centers were set up within the project *Integrated Export Services for Romanian SMEs*, and by 31 March 2019, 90 companies participated in international promotion events.

To ensure integrated export services for Romanian SMEs, in order to implement the *Programme for supporting the internationalization of Romanian economic operators*, in 2018, the participation of Romanian trade companies at 81 fairs and exhibitions abroad was supported.

To support SMEs for the *creation and expansion of advanced production capacities and development of services*, funds are allocated for the development of approx. 100 SMEs incorporated for more than one year to improve advanced product and service development capabilities in order to increase the competitiveness of regional and national economy and increase market share thereof. Thus, 828 projects were accepted for funding on the grant component, with an eligible value of 767.98 million Euro. The payments made amounted to 93.48 million Euro. For the venture capital financial instrument (total eligible amount of 58.82 million Euro), two fund managers were selected with whom the contracts were signed in December 2018. The payments made amounted to 29.41 million Euro. The contribution received for the Regional Fund was allocated entirely for the financial instrument and operational costs. The two funds are going to make investments in the next period.

In order to support the investments of SMEs for micro-industrialization, 164 financing agreements were signed under the *Multiannual National Programme of Micro-Industrialization*, thus being created 876 jobs. Under the *Programme for the development of activities for marketing of products and services*, 187 financing contracts were signed and 374 jobs were created. Both programmes are under the certification and disbursement stage.

As regards *the award of grants for the implementation of proposed micro-enterprises*, in order to strengthen their market share and to increase the competitiveness of regional and national economy in the competitive areas pointed out in the *National Competitiveness Strategy* and in *the regional development plans*, 1,794 projects were approved, with a total value of 326.74 million Euro. Payments made amounted to 136.54 million Euro.

As regards *the granting of state aid to stimulate investments with a major impact on the economy*, 30 grant agreements were issued so far, for which a state aid totaling 378.21 million Euro was approved. So far, the payments made amounted to 90.03 million Euro. Between 1 April 2018 and 15 March 2019, a continuous call for projects was opened for applications. 19 grant agreements were concluded, for which state aid of 203.49 million Euro was approved and a grant agreement was revoked during the aforementioned period. Between 1 January 2018 and 20 February 2019, the payments made for this call amounted to 46.67 million Euro.

Concerning the *granting of state aid for sustainable economic development*, so far the payments made amounted to 343.78 million Euro. A total of 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 of which 31 are under investment sustainability monitoring phase, while the remaining eight enterprises have completed the follow-up phase on maintaining the investment. Between 1 January 2018 and 31 December 2018, the payments made amounted to 14.21 million Euro.

In order to *grant state aid to stimulate economic growth by supporting investment*, four financing agreements were approved for which a total state aid of 103.11 million Euro was allocated. Out of the four enterprises that received state aid, one enterprise is under the investment sustainability monitoring stage, while three enterprises completed this stage. During 1 April 2018 - 15 March 2019, one enterprise was in the monitoring stage of maintaining the investment.

Regarding the *state aid for regional development by stimulating investments*, three grant agreements have been released so far, one of which was revoked, with total payments amounting to 70.94 million Euro. The two enterprises for which financing agreements were concluded are under the monitoring stage of the maintenance of the investment. Between 1 January 2018 and 31 December 2018, the payments made amounted to 41.02 million Euro.

As regards the *granting of state aid to support investments promoting regional development through the use of new technologies and job creation*, the payments made amounted to 93.01 million Euro. The 14 enterprises for which funding agreements were issued are in the the stage of monitoring the investment and/or the jobs created after disbursement. Between 1 January 2018 and 20 February 2019, the payments made amounted to the equivalent of 43.86 mil. Euro.

Particular attention will be paid to the transport and energy sectors in order to increase business competitiveness and attractiveness for foreign investors.

In the **energy sector**, *Romania's Energy Strategy 2019-2030* was developed with perspectives for 2050¹²⁰, and in March 2019, the *Environmental Report*¹²¹ and the *Appropriate Assessment Study*¹²² for this Strategy were published. The main reasons that led to the need to update the draft energy strategy are as follows: the correlation with the governance programme; the updating of the economic data and, last but not least, the correlation with the evolution of the "Clean Energy Package". The "Clean Energy Package is under debate at the EU Council and EU Parliament, and will set the EU-wide regulatory framework with the perspective of 2020-2030, and 2050 respectively.

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) on the third list approved by the EC by Delegated Regulation (EU) No 540/2018 are underway. Thus, network reinforcements are planned in the region, which will allow the for decongestion, both on the East - West direction, on the border with Hungary and Serbia, as well as on the North - South transit route, through the reinforcement of the Portile de Fier - Resita - Timisoara - Arad (switching from 220 kV to 400 kV) corridor.

In order to **increase the exchange capacity through the western and south-western interface of Romania**, the following projects of common interest (PIC) are foreseen within the *Mid Continental East Corridor* project:

- (i) 3.22.1. LEA (air power line) 400 kV d.c. Resita (Romania) - Pancevo (Serbia) – out of 206 masts, a number of 196 masts were built on the foundation and 201 foundations were built;
- (ii) 3.22.2. LEA 400 kV Portile de Fier - Resita and the extension of 220/110 kV Resita station by construction of a new 400 kV power station (deadline: 2022);
- (iii) 3.22.3. & 3.22.4. switching to 400 kV of the 220 kV LEA d.c. Resita - Timisoara - Sacalaz - Arad, including the construction of the 400 kV Timisoara and Sacalaz power stations (deadline: 2027).

In order to **increase the exchange capacity between Romania and Bulgaria**, network reinforcements are planned in the region to strengthen the electric power transmission corridor along the Black Sea coast (Romania-Bulgaria) and between the coast and the rest of Europe. Within the project 3.8 "*Black Sea Corridor*", the following projects of common interest (on Romanian territory) are foreseen:

- (i) 3.8.4. LEA 400 kV d.c. Cernavoda - Stalpu, with an entry/exit circuit in Gura Ialomitei (deadline for completion: 2022)

¹²⁰ http://energie.gov.ro/wp-content/uploads/2018/11/Strategia_Energetica_FINAL_02_nov_2018.docx

¹²¹ http://energie.gov.ro/wp-content/uploads/2019/03/Raport-de-mediu_SER-2019-2030-2050_rev03.pdf

¹²² http://energie.gov.ro/wp-content/uploads/2019/03/Studiu-de-evaluarea-adekvata_SER-2019-2030-2050_rev03.pdf

(ii) 3.8.5. LEA 400 kV d.c. Smardan - Gutinas (deadline for completion: 2024).

In order to **increase the interconnection capacity between Romania and the Republic of Moldova and Ukraine**, the following projects of common interest are foreseen:

- (i) The synchronous interconnection project of the power systems of Ukraine and Republic of Moldova to the system of Continental Europe; in 2017 agreements were signed for the implementation of the set measures, so that service agreements for carrying out additional studies according to the set of measures are under preparation stage;
- (ii) 400 kV LV Suceava-Balti (the deadline for completion depends on Moldelectrica's company decision);
- (iii) LEA 400 kV Isaccea (RO) - Vulcanesti (RM) and interconnection via BtB station to Vulcanesti (deadline for completion: 2024).

In the area of **natural gas cross-border interconnections**, work on projects carried out with the states in the region (Republic of Moldova, Ukraine, Serbia, Bulgaria, Hungary and Austria) continues. Thus, for **Romania's interconnection project with Serbia**, a new interconnection pipeline will be built on the direction of Arad - Mokrin, i.e. about 97 km long, out of which about 85 km on the territory of Romania and 12 km on the territory of Serbia. Moreover, the construction of a gas metering station (located in Romania) is also under consideration. The estimated total investment value is 53.76 million Euro and the estimated deadline for completion is Q4/2020. For this project, the pre-feasibility and the feasibility studies, the technical project and the tender dossiers have already been finalized.

Romania's **interconnection project with Ukraine, in the direction of Gheraesti - Siret**, envisages the construction of a natural gas pipeline (130 km) and related facilities, on the Gheraesti-Siret direction; the construction of a cross-border gas station, as well as the amplification of the Onesti and Gheraesti compressor stations. The total estimated value of the investment is 125.0 million Euro, and the estimated deadline for completion is Q4/2025. For this project, the pre-feasibility study was completed, and the feasibility study and project design will follow..

For the implementation of the project **Development on the territory of Romania of the National Gas Transmission System on the Corridor Bulgaria - Romania - Hungary - Austria (BRUA)**, the following stages are implemented:

- (i) **Phase I: 478.6 million Euro** consisting in the construction of a new 479 km long pipeline, between Podisor and Recas and three compressor stations i.e. Podisor, Bibesti and Jupa, each station being equipped with two compressors. At the completion of the project, the capacity will be 1.75 billion m³/year at the border with Hungary and 1.5 billion m³/year at the border with Bulgaria. The estimated deadline for completion is Q4/2019. By the end of Q1/2019 the following progress was made: the pre-feasibility and feasibility study, the technical project and the specifications were completed; the environmental agreement and construction permits for the pipeline and the compressor stations were obtained; the financing agreements for Phase I (line wire and compressor stations) and for purchase of compressor packs, insulating joints, taps and tubular and curved material were all signed; the exhaustive decision for Phase I was obtained; and land sites were handed over to builders; the commencement order for works on both linear and compressor stations was released; the project has entered the execution phase and the construction works are being carried out on all 3 batches of the linear wire as well as on the three gas compressor stations.
- (ii) **Phase II: 68.8 million Euro** consists in the construction of a 50 km long pipeline between Recas and the gas metering station Horia, the amplification of the three compressor stations (i.e. Podisor, Bibesti and Jupa) by fitting an additional compressor and the amplification of the Horia gas station. At the end of the project, a capacity of 4.4 billion m³/year at the border with Hungary and 1.5 billion m³/year at the border with Bulgaria will be achieved. The estimated deadline is Q4/2022. By the end of Q1/2019 the following progress was made: the pre-feasibility and feasibility study, the technical project and the technical documentation for building permits were finalized; the environmental agreement was obtained; network users who have booked capacity under the 'open season' procedure waived their capacity reserved until 14 December 2018, so the procedure will continue with the third period of applications for reserving the capacity, in accordance with *the RO-HU Engaging Open Season Procedure Manual*.

(iii) **Phase III:** consists of the amplification of BRUA bidirectional gas transportation corridor, in order to increase the natural gas transport capacity to Hungary by 4.4 billion m³/year. This phase will rehabilitate/replace the existing pipelines belonging to the NTS or will be installed in parallel with existing pipelines, and will develop four or five new compressor stations with a total installed capacity of approx. 66 - 82.5MW. By the end of Q1/2019 the following progress was made: the pre-feasibility study was finalized and the feasibility study would start when additional data and information from the Black Sea perimeter concessionaires will be available.

The development of the Southern Transit Corridor on the territory of Romania for taking over the natural gas from the Black Sea coast involves the construction of a telescopic pipeline for transporting natural gas from Tuzla to Podisor, with a length of 308,4 km and a DN 1,200 and 1,000, to connect the natural gas resources available at the Black Sea shore with the Bulgaria - Romania - Hungary - Austria corridor, thus ensuring the transport of natural gas to Bulgaria and Hungary via existing interconnections Giurgiu - Ruse (with Bulgaria) and Nadlac - Szeged (with Hungary), respectively. This pipeline will also be interconnected with the current T1 international natural gas pipeline. The transport capacity is 8.14 million m³/year according to the "open season" procedure published on the TRANSGAZ website. By the end of Q1/2019 the following progress was made: the pre-feasibility and feasibility study, the Environmental Impact Assessment and Technical Documentation, the technical project and the specifications were completed; the environmental agreement, the building permit, the exhaustive decision were obtained. The authorization procedure under Reg. EU 347/2013 and the procurement procedure for execution are ongoing. The capacity reservation procedure at the PM Tuzla entry point was unsuccessful.

The interconnection of the national transport system (NTS) of natural gas with the T1 natural gas transport pipeline and the Isaccea reverse flow involves the realization of two phases: (i) **Phase I** (completed) - interconnection works between the NTS and the international transport pipeline T1, in the area of the Isaccea measuring station, as well as the repair of the DN 800 mm Cosmesti - Onesti pipeline (66.0 km); (b) **Phase II** aims to modernize and amplify the compressor station Silistea and the Onesti compressor station, as well as to operate modifications within Silistra, T Sendreni and Onsti technical nodes. By the end of Q1/2019 the following progress was made: for the Phase II of the project, the pre-feasibility and feasibility study were finalized; the design and execution specifications, the concept of public participation and public consultations on the project were also completed; the procedure for obtaining the environmental, procurement and technical project is ongoing. The total estimated value of the investment is 99.23 million Euro, out of which 8.83 million Euro are allotted for Phase I and 90.4 million Euro are allotted for Phase II. For Phase I the expected deadline is the end of 2018 while for Phase II it is the end of 2020.

At the end of the project *Development of the National Transport System (SNT) in the northeastern part of Romania to improve the natural gas supply of the area and to ensure the transport capacity to the Republic of Moldova (PI Ungheni)*, the necessary pressure and transport capacity of 1.5 billion m³/year will be ensured. This measure involves the construction of a new transport pipeline (DN700, Pn 55 bar, direction Onesti - Gheraesti - 104 km and Gheraesti - Letcani - 61 km), and construction/extension of two gas compressor stations (Onesti and Gheraesti, each with a installed capacity of 9.14 MW, which will be achieved by two compressors of 4.57 MW). The total value of the investment is 174.25 million Euro and the estimated completion deadline is Q4/2020. By the end of Q1/2019 the following progress was made: the pre-feasibility and feasibility studies, the technical design for the natural gas pipeline, the technical projects for the two compressing stations as well as the electrical installations, the cathode protection, the automation and the pipe securing were completed; the environmental agreement, the construction permit for the pipeline and the compressor stations were also obtained. The LIOP financing agreement was signed and the procurement procedures are ongoing.

To **retrieve the natural gas from the Black Sea shore**, new developments of the NTS were initiated. Thus, TRANSGAZ has submitted the project for a 25 km length pipeline and a DN 500 diameter, from the Black Sea coast to the existing T1 international transport pipeline. The transport capacity is 1.1 billion m³/year - according to the "open season" process published on the TRANSGAZ website. By the end of Q1/2019 the following progress was made: the pre-feasibility and feasibility study, the procedures for obtaining the environmental agreement and the building permit and the technical project were finalized. The Exhaustive

Decision No 3/12.12.2018 was obtained and the process of incremental capacity for PM Vadu point was completed with the allocation of capacity and the conclusion of the natural gas transport agreement. The procurement procedure for the execution of the works has started.

In accordance with the Memorandum of Understanding, part of the CESEC initiative, the operators of the Balkan Corridor Gas Transmission Systems have initiated common approaches to ensure a bi-directional gas flow (using the Transit 1 pipeline capacity) from Greece to Ukraine. To this end, TRANSGAZ is considering investing in the modernization of the relevant Gaseous Metering Station (SMG). Thus, TRANSGAZ has in its 10-year development plan the implementation of the ***SMG Issacea Modernization Project 1 and SMG Negru Voda 1*** (code 7.8) which will open the possibility of a gas flow to Ukraine via the Transit Pipeline 1. By the end of Q1/2019 in the case of gas metering station Isaccea 1, the following progress was made: the feasibility study and the technical project were finalized, and the procurement procedure for the execution works started. For gas metering station Negru Voda 1 both the feasibility study and the technical project are under preparation.

As a temporary measure for the protection of the residential consumers, during 01.03.2019-28.02.2022, GEO No 114/2018 established regulated tariffs for electric power. The natural gas price for household customers was capped (to 68 Lei/Mwh), and the date until which regulated prices are set for residential gas customers has been extended until 30 June 2022.

3.3.3. Increasing the performances of public enterprises (PEs)

In applying the provisions of Art. 58, Par. 1 of GEO No 109/2011 on corporate governance of public enterprises (PEs), as subsequently amended and supplemented, the MEc, as a tutelary public authority, through DPAPS, prepares an annual report on PEs portfolio, which is published on the institution's website by the end of June. The report highlights the trend of financial and non-financial performance of PEs, the level of implementation of economic and social policies, as well as the evolution of the state's shareholding in PEs.

Regarding the improvement of the performances at PEs that have already implemented the professional management (MEc - six PEs), this is also apparent from the management report of each operator, which also includes an own evaluation of managers' activity.

In 2018, MEn, in its capacity of tutelary public authority, implemented the provisions of GEO No 109/2011 on corporate governance of public enterprises to the following state-owned companies: OIL Terminal SA Constanta; SNGN ROMGAZ SA Medias; Conpet SA Ploiesti; UT Midia SA; SN Nuclearelectrica SA; Electrocentrale Grup SA; SPEEH Hidroelectrica SA; the Energy Participation Management Company ("SAPE") S.A. *The Report on the evolution and performance of the activity of autonomous companies and companies for 2017*, was posted on the MEn website¹²³.

In the case of the company Oltenia Energy Complex SA, the supervisory board was selected in 2016, through a procedure developed in accordance with the provisions of GEO No 109/2011.

At the same time, MFP through its competent bodies, constantly pursues the implementation of corporate governance according to the legislation in force, including through control actions. In case of failure to comply with the legal provisions, sanctions for contravention are applied according to the legal provisions in force.

In order to ***strengthen the financial discipline at the level of the public enterprises (PEs)***, MFP monitors the application of *Order of Ministry of Finance No 666/2015 on the application of Accounting Standards in accordance with International Financial Reporting Standards (IFRS) by some state-owned entities* to the 17 PEs stipulated in the Order. The state of preparation of a set of annual financial statements (AFSs) according to IFRS is as follows:

- for the financial year 2016, 15 economic operators elaborated the AFS, out of which 14 economic operators have published AFS on their own website, while two economic operators are in the process of elaborating their AFS;

¹²³ The 2017 report is available at: <http://energie.gov.ro/wp-content/uploads/2018/06/Raport-2017.pdf>

- for the financial year 2017, 14 economic operators elaborated the AFS and published on their own website, while three economic operators are in the process of elaborating their AFS.

Regarding *the selection of the professional management of PEs in accordance with the principles of corporate governance*, the professional management was implemented for six PEs subordinated to MEC.

The activities undertaken for the *selection of professional management at PEs from the transport sector*¹²⁴ continues. By Q1/2019, the procedure for the recruitment and selection of members in the Boards of Directors (BDs) was finalised and the mandate contracts with the appointed managers were concluded for five PEs¹²⁵. For other seven PEs¹²⁶, the procedure for recruiting and selection of candidates to be nominated for appointment as members in BDs is under various stages of progress.

In order to increase the economic performances of some *PEs from energy, transportation and defence industries*, actions for the continuation of the restructuring/ reorganization and increasing efficiency are foreseen, as follows:

- *in the field of energy*: the third reviewing of the restructuring plan for the company *Complexul Energetic Oltenia SA*, corresponding to the year 2018, is under reviewing for approval by MEN; the revised restructuring plan of the *Compania Nationala a Uraniului S.A. (National Uranium Company)* has been developed and is being reviewed by MEN directorates;
- *in the transport field*, the efforts are focused on increasing the efficiency of TAROM: a contract was signed with Boeing for the purchase and lease of aircrafts¹²⁷ in order to renew the fleet; an on-line system was implemented on the company's website providing an externalised call-centre and access to the Client Management System (CMS), *My account* system and the first mobile application "TAROM app" in the history of the company were developed and launched. Between April 2018 and March 2019, the number of boarded passengers reached 2,983,720 persons and 11 new routes were opened. Starting the 2019 summer season, measures will continue to be applied in order to streamline the company's operation and financial resources by eliminating loss-generating and resource-intensive consuming operations with intermediate stopovers in different domestic points;
- *in the field of defence industry*: the company CN ROMARM and its subsidiaries are to submit the restructuring programmes to DPAPS (MEC) in order to obtain the General Shareholders meeting' approval.

In order to *efficiently manage and capitalize on state-owned shares*, the draft law on the administration and capitalization of state-owned shares was sent to the co-initiating and advising institutions along with the publication thereof for public debate. Following the approval circuit, EC recommendations were received, as well as other comments and suggestions for improvement from MDRAP, MT, MFP and MJ. After integration thereof, the draft law was resent on the approval circuit. Following approval by the government, the draft law will be submitted to the Romanian Parliament. It aims at setting a coherent and unitary regulation for all institutions involved in managing, restructuring, reorganizing and selling equity concerning the economic operators placed under their authority with a view to streamline these processes. It also includes aspects of strengthening the position of the state as a shareholder in some companies.

With regard to the **Sovereign Development and Investment Fund (FSDI)**, on 15 November 2018 the Government of Romania approved *GEO No 100 on regulating some measures regarding the general*

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

¹²⁵ Autonomous Company "Romanian Civil Aeronautics Authority", Autonomous Company "Romanian Automobile Register", National Company "Sea Port Administration Constanta", Bucharest Metro Transport Company "METROREX" S.A., National Company for Air Transport "TAROM" S.A.

¹²⁶ National Company of Railways "CFR" S.A., National Company for Passenger Railway Transport "CFR Calatori" S.A., National Company "Bucharest Airports" S.A., National Company "Administration of Navigable Canals" S.A. Constanta, Autonomous Reggie "Galati River Administration of Lower Danube", National Company "Administration of Maritime Danube Ports" S.A. Galati, National Company of Road Infrastructure Management "CNAIR" S.A.

¹²⁷ Purchase of five 737MAX-8 Boeing aircrafts and lease of four 737-800NG Boeing aircrafts, as well as know-how assistance for the Technical Directorate of TAROM. The aircrafts are to be delivered until 2023. The contract is part of a broader collaboration between TAROM and Boeing. By Q1/2019, advanced payments for aircraft purchase of 32.6 million Lei were made and other 89 million Lei were paid for aircraft rent and maintenance reserves for the period April 2018 – March 2019

framework applicable to sovereign development and investment funds. At present, the draft law on the approval of GEO No 100/2018 is on the agenda of Chamber of Deputies.

On 28 December 2018, a first draft GD on the organization and functioning of the Sovereign Development and Investment Fund S.A. was published on the MFP website, for public debate. On 8 March 2019, it was republished for public consultation.

FSDI aims both to develop and finance from own funds and attracted funds, cost-effective and sustainable investment projects in various economic sectors, through direct participation/shareholding or other investment funds or investment companies as proxies, either as sole shareholder or together with other institutional or private investors, including through involvement in public-private partnerships and the management of own financial assets in order to obtain profit.

4. NATIONAL EUROPE 2020 OBJECTIVES

This chapter includes new reform measures, the measures that are continued as well as developments regarding reaching the national *Europe 2020* objectives. In addition, there are also addressed some specific challenges identified by the EC in *Country Report Romania 2019*.

4.1. Employment

In the year 2018, the **employment rate age group 20-64** kept its upward trend compared to the previous year, and it stood very closely to the national Europe 2020 target to **69.9%**, by 0.1 percentage points below the assumed level, while the employment rate for young people (15-24 years) was of 24.7%.

Key directions:

- ✓ **Modernizing the labour market institutions**
- ✓ **Adapting workers and enterprises to labour market changes**
- ✓ **Improving employment opportunities of unemployed and inactive people, including young NEETs**
- ✓ **Equal access to lifelong learning for all age groups**
- ✓ **Increasing the employment quality in rural areas**

A call for proposals, with a budget of 55 million Euro, aims at **modernizing the labour market institutions** (PES). ANOFM drafted a project fiche in order to develop ANOFM strategy for the 2021-2027 period¹²⁸. The project objectives are to strengthen the administrative capacity of PES, to ensure the adequate resources for implementing active measures and for increasing the quality and efficiency in delivering custom-tailored services. The project fiche - *Post 2021 ANOFM Strategy - STRATEG* - was submitted to MFE, being endorsed by DG PECU, and introduced in MySmis.

In order to **reduce the deficit of the specialized labour force** in certain sectors of activity, the Romanian Government and the Employers' Federation of Building Companies concluded an agreement whose implementation will be delivered over the next decade. One of the objectives was to limit the abusive use of the day work in construction sector and to avoid the social consequences caused by the lack of social security benefits for workers. Thus, the minimum gross salary is set by sectors of activity but additional measures to tackle the work without a legal employment contract have been put in place. During 1 January - 31 December 2019, for the construction sector, the minimum gross salary is set at 3,000 Lei/month. From 1 January 2019 to 31 December 2028, tax facilities are introduced for employees in this sector of activity, such as exemption from payment of social security contributions in case of difficult and special working conditions and from payment of the tax on gross salary income if it ranges between 3,000 - 30,000 Lei/month. In addition, the social insurance contribution for pensions decreases by 3.75 percentage points¹²⁹.

According to the European Pillar of Social Rights, the working relationships that lead to precarious working conditions and excessive use of atypical contracts represent a permanent challenge due to lack of the social protection. The recent amendment of the Law No 52/2011 on activities provided occasionally by the day labourers aimed at ensuring a **better social security for workers**¹³⁰. Thus, the remuneration of the day labourers was eliminated from the category of incomes exempted from the payment of the social security contribution. At the same time, the possibility for the day labourer to opt for the payment of the social health insurance contribution and the beneficiary's obligation to provide the necessary expenses for the medical care of the day labourer in the event of an accident at work or occupational disease were newly introduced. The fields of activity using the day work are restricted to specific sectors - agriculture, animal husbandry, hunting, forestry, fishing, HoReCa, exhibition organization, and show support activities. The day work should be performed for not more than 180 days in a calendar year, and the day labourer should be employed on a fixed-term employment contract if the activity requires a longer period. In addition, Labour Inspection (IM) will establish the Electronic registry of day labourers' recording, by 31 December 2019.

¹²⁸ OPHC, PA 3 Jobs for all, SO 3.10

¹²⁹ EGO No 114/2018 on establishing measures on public investments and some fiscal and budgetary measures, amending and completing some pieces of legislation and postponing some deadlines

¹³⁰ EGO No 26/2019 on amending some pieces of legislation

Measures to **mobilize some segments of population out of the labour market** and to increase its employment potential are provided. In 2018, the *Employment programme* geared to the labour market 282,921 people, out of which 109,477 were “difficult to be employed” and 64,591 were “very difficult to be employed”. In the first two months of 2019, measures boosting employment implemented by ANOFM facilitated the access to the labour market of 41,538 persons, out of which 17,706 “difficult to be employed” and 7,947 “very difficult to be employed”. New interventions aiming at fostering the domestic labour mobility will continue to be implemented or will be launched, as follows:

- *PRO ACCES ALTERNATIV RMPD - Fostering mobility and job subsidies for unemployed and inactive persons* (amounting 265.359 million Euro), implemented in less developed regions¹³¹, has as target group 110,540 persons registered with PES (unemployed/long-term unemployed, inactive persons able to work, persons over 54 years old, low-qualified persons, Roma people and persons living in rural area who are employed in subsistence/semi-subsistence farming);
- *PRO ACCES ALTERNATIV BUCURESTI - ILFOV - Fostering mobility and job subsidies for unemployed and inactive persons* (amounting 6.4 million Euro) - granting mobility incentives to 1,152 unemployed and inactive people and job subsidizing for 1,329 beneficiaries (people over 45 years old, persons supporting single-parent families, long-term unemployed, older workers who have only five years until their retirement)
- Schemes of apprenticeship at work and traineeships for higher education graduates for at least 3,842 unemployed (1,921 unemployed and inactive persons, out of which 579 long-term unemployed and/or disabled persons and/or people with primary or lower secondary education, and/or high school graduates or people with post-secondary education; 1,152 persons living in rural area, especially those employed in subsistence/semi-subsistence farming; 768 Roma citizens) - *UNIT 4 RMPD - Apprenticeship and traineeships for non-NEETs unemployed in less developed regions* (amounting 46.56 million Euro). Another project *UNIT 5 RMD and RMPD - Apprenticeship and traineeship for non-NEETs unemployed in more and less developed regions* (amounting over 76.233 million Euro) will boost employment opportunities for 9,617 unemployed and inactive people (apprenticeship at work for 9,303 people and traineeships for 314 unemployed who are higher education graduates)¹³². In the year 2018, over 3,360 people have benefited by programmes of apprenticeship at work under the *Employment programme*. Finally, the amendments to the Law No 279/2005 on apprenticeship at work give the employers the possibility to organize apprenticeship programmes for persons who have not graduated the lower secondary education (qualification Level 1), and allows them to attract into the labour market persons categorized as “difficult to be employed” and to reduce the labour deficit;
- Subsidizing the start-up of social enterprises in less developed regions¹³³ - *de minimis* State aid scheme will support the creation of 1,500 new jobs for people from vulnerable groups by acquiring new skills and professional counselling, generating the development of local economies and promoting new forms of community inclusion (by two contracted projects amounting 5,391,513.56 Euro). For instance, the project *Impact Start-Up* whose goal is to set up minimum 21 social enterprises in the West, North-West and North-East regions, out of which 12 social enterprises in rural areas, will provide information to at least 300 people and the training programmes to minimum 105 entrepreneurs;
- Funding investments aiming at **hiring disabled people**¹³⁴, so that these persons would benefit by equal opportunities in order to increase their potential for integrating into the labour market and in the community (call for proposals *Fostering mobility and job subsidies for unemployed and inactive persons, disabled persons* is delivered during 22 April - 24 June 2019). As a result of providing activation measures funded through the *2018 Employment programme*, 402 disabled people entered the labour market (other measures for disabled people are detailed at chapter 4.8. *Social inclusion and combating poverty*, issues regarding disabled persons are horizontally approached to NRP);
- **Boosting employment among social benefit recipients** - participation of persons able to work who are

¹³¹ Centre, North-East, North-West, South-Muntenia, South-Est, South-West Oltenia and West

¹³² OPHC, PA 3 Jobs for all, IP 8i

¹³³ OPHC, PA 4 Social inclusion and fighting poverty, IP 9v

¹³⁴ OPHC PA 3 Jobs for all, IP 8i

members of families benefiting from social aid in employment measures and training programmes provided by the employment agencies, and in performing activities or works of local interest or carrying out seasonal activities (for details see chapter 4.8. *Social inclusion and combating poverty*);

- Unemployed, inactive people able to work, people from vulnerable groups, Roma people and persons living in rural area who are employed in subsistence/semi-subsistence farming are offered **integrated measures of training, labour matching and job placement**¹³⁵ - 53 contracted projects (two projects concluded for Bucharest-Ilfov region amounting 2.38 million Euro and 49 contracts concluded for less developed regions totalling 48.43 million Euro; the conclusion of contracts amounting over 1.235 million Euro is in progress for other two projects dedicated to ITI Danube Delta territory);
- The implementation of seed capital investments schemes is ongoing - *Romania Start Up Plus* and *Diaspora Start Up* - supporting entrepreneurial initiatives, economic development of local communities, social innovation and creation of new jobs, including for vulnerable groups¹³⁶. The programme *Start Up Nation Romania* supported the creation of 17,717 jobs, out of which 14,365 for disadvantaged persons (unemployed, young graduates of the education system).

The implementation of projects aiming at increasing the enterprise competitiveness is in progress - seven concluded contracts amounting 434,005.94 Euro (call for proposals OPHC/295/3/8). Other two projects amounting 282,201.63 Euro aim at **anticipating the qualification and skill needs** and at providing workplace based training programmes delivered in the context of changing the structure of occupations (call for proposals OPHC/426/3/8). In addition, 99 projects under implementation (totalling 64,908,867.71 Euro) aim at increasing the human resources competitiveness¹³⁷. According to the data stated by the beneficiaries, 893 micro-enterprises and small and medium-sized enterprises are supported to adapt workers, enterprises, and entrepreneurs to the labour market changes. In addition, workplace based **training programmes for employees** working in competitive economic sectors/smart specialization activities, and evaluation and validation of skills acquired in non-formal/informal contexts benefit from funds allocated under ESF and national contribution¹³⁸.

The implementation of the State aid scheme (financed by the State Budget) funding investments in companies in order to create jobs and reduce regional disparities is ongoing¹³⁹. The beneficiary enterprises assumed the creation of 6,411 jobs, out of which 2,035 for disadvantaged workers, and 5,428 new jobs were created as a result of the implementation of these investments. By March 2019, 43 financial agreements were issued (with the total equivalent value of 82.43 million Euro), and the payments amounted the equivalent of 5.5 million Euro.

In 2018, the **activation measures for young NEETs**, funded under UIB, led to the employment of 27,373 persons, while other 4,239 young NEETs entered the labour market in the first two months of 2019. PES provided services of tailored social accompaniment, information, career counselling, and labour matching for 230 young persons at risk of social marginalization, and other 1,280 graduates benefited from insertion bonuses. The mobilization of young NEETs towards territorial employment agencies facilitated the identification of 46,648 young NEETs and the registration with PES database of 42,659 young NEETs. The employment experts, social assistants, school counsellors/mediators offered them appropriate solutions of social assistance, education, training and labour market placement (*INTESPO - Youth Registration at Public Employment Service*).

The implementation of **youth guarantee** continues to be supported through projects dedicated to young NEETs¹⁴⁰, schemes of apprenticeship at the work, traineeships for higher education graduates and mobility and training schemes are going to be subsidised. The goal of the project *UNIT 2 RMD - Apprenticeship and traineeship for young NEETs in more developed region* is going to improve qualifications and employment opportunities for 115 young NEETs registered at PES in Bucharest-Ilfov region. A second project *UNIT 2*

¹³⁵ OPHC, PA 3 Jobs for all, IP 8i

¹³⁶ OPHC, PA 3 Jobs for all, IP 8iii

¹³⁷ OPHC, PA 3 Jobs for all, IP 8v

¹³⁸ OPHC, PA 3 Jobs for all, IP 10iii

¹³⁹ GD No 332/2014 on establishing a State aid scheme to support investments promoting regional development by creating jobs

¹⁴⁰ OPHC, PA 1 Youth Employment Initiative and PA 2 Improving the situation of NEETs young people, IP 8ii

RMPD - Apprenticeship and traineeship for young NEETs in less developed regions aims at training and employing 812 young unemployed NEETs through apprenticeship at work, and by traineeships 88 young unemployed NEETs who are higher education graduates in North-East, North-West, West and South-West Oltenia regions.

Moreover, 1,200 young unemployed NEETs in Centre, South-East and South-Muntenia regions are given opportunities of labour market integration through mobility schemes (*ACTIMOB 1 - Activation and mobility of young NEETs*). Another project (*ACTIMOB 2 RMPD Alternate, Activation and Mobility young NEETs*) whose implementation started in September 2018 finances active employment measures for 17,449 young NEETs (long-term unemployed, disabled persons, young people supporting single-parent families, young graduates NEETs) in North-East, North-West, West, and South-West Oltenia regions.

Training, evaluation, and validation of skills acquired in non-formal/informal contexts, specialized employment services, accompaniment, and social and professional integration activities dedicated to young NEETs who are “difficult and very difficult to be employed” are funded under ESF. Six projects amounting 3,775,157.30 Euro were contracted for YEI eligible regions, a contract totalling 834,402.96 Euro was concluded for Bucharest-Ilfov region and two contracts amounting 1,314,898.71 Euro were concluded for other less developed regions.

Measures funded under EAFRD addressing the needs of strengthening the competitiveness of market-oriented businesses that provide new social and economic opportunities and **better access to labour market for the rural population** continued to be implemented as follows:

- Farmers’ vocational training and skills acquiring - 49 concluded contracts, payments amounting 0.91 million Euro. The measure accompanies the investments oriented towards enhancing the competitiveness and restructuring/ modernizing the agricultural sector, so that 180 participants (small farms), 146 young farmers and 1,592 farmers implementing agro-environment and climate commitments participated in training sessions by March 2019;
- Knowledge transfer, innovation encouragement and access to information - the submission of projects for sessions launched in 2018 is in progress, namely *Information actions for farmers* and *Information actions for farmers regarding minimal measures of biosecurity, sanitation and veterinary norms for pigs breeding (African swine fever)*;
- Setting up non-agricultural businesses in rural areas - 1,919 beneficiaries, out of which 67 in ITI Danube Delta territory; 2,193 jobs are created through the project implementation, out of which 25 in ITI Danube Delta territory (payments amounting 82.85 million Euro, out of which 3.16 million euro for ITI Danube Delta territory);
- Developing non-agricultural businesses by the existing enterprises/ farms - 1,212 beneficiaries, out of which 298 contracts transferred through the transition procedure to 2014-2020 NRDP and 35 contracts for ITI Danube Delta territory; 3,009 jobs are generated through the project implementation, out of which 41 in ITI Danube Delta territory (payments amounting 61.76 million Euro, out of which 11.69 million Euro for projects transferred through the transition procedure and 0.16 million Euro for projects in ITI Danube Delta territory);
- Setting-up young farmers - 11,232 young farmers were incentivised for the farmers’ generation renewal, out of which 1,130 contracts were transferred through the transition procedure to 2014-2020 NRDP and 201 young farmers are located in ITI Danube Delta territory (payments totalling 354.94 million Euro, out of which 13.30 million Euro for projects transferred through the transition procedure and 6.25 million Euro for projects in ITI Danube Delta territory);
- Given the low economic capacity and the orientation mainly towards self-consumption of small farms, their development continued to be financed in order to strengthen and to market orient the small farms having the potential to become viable agricultural businesses. However, 23,847 small farms were supported, out of which 16,153 contracts were transferred through the transition procedure to 2014-2020 NRDP in order to be concluded, and 75 small farms in ITI Danube Delta territory. Total payments amounted 126.22 million Euro, out of which 35.17 million Euro for projects transferred through the transition procedure and 0.84 million Euro for projects implemented in ITI Danube Delta territory.

Strengthening the business environment in rural areas, creating decent jobs, and providing employment opportunities for the young labour force help the reduction of poverty and the decrease of young people migration. The programme *Support to employ young people in agriculture, aquaculture, and food industry* finances by the State Budget (30,000 Lei in 2019) companies that employ minimum two persons aged under 40 years old for 12 months¹⁴¹. The subsidy ranges from 500 to 1,000 Lei depending on the level of qualification of the hired persons, these persons benefiting also by tax exemptions from the gross salary income.

Fair distribution of tax burden

Measures implemented to **reduce the tax burden for the low-income earners and to decrease the labour market distortions** include, *inter alia*, the increase of: gross monthly salary as per the personal deduction is granted; level of personal deductions (a fixed amount) granted to persons who earn a salary incomes and assimilated to salaries up to 1,950 Lei; personal deductions granted regressively to individuals who earn salary incomes and assimilated to salaries up to 3,600 Lei, inclusively.

To a **fair distribution of the tax burden**, Romania uses the deduction system in both fixed amount and regressively (the amount of personal deduction decreases as the salary income increases). The measure has been implemented by *GEO No 79/2017 on amending and completing the Law No 227/2015 on Fiscal Code*.

Fighting undeclared work

In the year 2018, IM conducted inspections in activity areas presumably having an increased incidence of the undeclared or under-declared work¹⁴² consisting of 60,395 inspections so as 14,274 persons were identified to perform undeclared work (out of which 8,316 without concluding a legal employment contract). Moreover, 4,726 sanctions were decided against employers and the fines applied for the undeclared work amounted 107,270,000 Lei.

In addition, in the year 2018, IM delivered countrywide information and awareness campaigns aiming at developing the prevention culture in the labour relations. However, 17,405 awareness campaigns were delivered to employers and employees on the benefits of the declared work and the disadvantages of the undeclared work, including by mailing 7,125 information letters.

Besides the awareness actions aiming at preventing the undeclared work and the inspections on identifying and tackling the undeclared work in areas presumably having an increased incidence thereof, IM will check out the compliance with the provisions of the Law No 52/2011 on activities provided occasionally by the day labourers, in the year 2019.

Social dialogue

An analysis achieved by MMJS on amendments made by social partners and the Parliament on the law of social dialogue correlated to the revision of the collective bargaining sectors is ongoing. MMJS representatives participated in the debates at the Labour, Family, and Social Protection Committee of the Senate (October-November 2018). In addition, MMJS performs an assessment in order to identify the weaknesses of the sectoral committees' performance and the measures needed to support them.

On 20 November 2017, in order to **involve the social partners in implementing the priority sectoral policies**, the Romanian Government concluded an agreement with the trade union CNSLR Fratia in order to implement measures envisaged by the Programme for Government. Moreover, on 29 November 2018, two agreements were concluded, the first one with the Representative Trade Unions in Education on a set of measures to support the education system and the employees, and the second one with the Employers' Federation of Building Companies.

In 2018, the efficiency of the tripartite consultations at the ministries' level on specific issues in their sector of activity and the effective measure implementation were pursued by organizing 201 social dialogue committees in which 386 pieces of legislation were debated. In order to render more efficient the consultations in tripartite structures at prefect's level, 373 social dialogue committees were organized in which local and/or national

¹⁴¹ Law No 336/2018 approving the *Programme for supporting the employment of young people in agriculture, aquaculture, and food industry*

¹⁴² Constructions, trade, catering and tourism, guarding, furniture manufacturing and marketing, waste collection, gravel extraction, agriculture, freight and passenger transport, other services

issues were debated.

Some ministries set up tripartite/specialized technical subcommittees on certain sectoral themes in order to support and advise the activity of the social dialogue commission¹⁴³. For instance, five specialized sub-committees on rail, airspace, road, naval and other activities of MT, six specific sub-committees on the sectors of activity managed by MADR, two sub-committees within MM, a sub-committee on public order within MAI, and Fiscal College - consultation structure with business and investment environment of MFP were set up.

On 20 September 2018, the Tripartite National Council for Social Dialogue was held; the discussions of the Government with representatives of trade unions and employers' confederations were focused on the draft law on the public pension system.

In 2019, MMJS will continue to provide technical assistance to encourage consultations within the social dialogue committees (monthly meeting) in order to involve better the social partners in assessing and identifying the collaboration needs in implementing priority sectoral policies and measures, with impact on labour.

¹⁴³ According to provisions of Art. 120, Para 2 of Law No 62/2011 on social dialogue

4.2. Research, development and innovation (RDI)

Investments in research and development (R&D): national 2020 target - 2% of GDP (1% GDP – public sector and 1% GDP – private sector); **latest rate (2017)** – 0.50% of GDP¹⁴⁴ (0.21% GDP – public sector and 0.29% GDP – private sector), **up by 0.02 p.p. on total expenditure as compared with 2016** (due to the increase with 0.02 p.p. of the private sector expenditure, while the level of the public sector expenditure reported to GDP remained constant)¹⁴⁵.

Key directions:

- ✓ **Strengthen the capacity and performance of the RDI system**
- ✓ **Ensuring a high quality scientific base**
- ✓ **Stimulate private investments in RDI**
- ✓ **Consolidate the European dimension of the RDI policies and programmes**

Improving the performance at the level of national R&D institutes (NRDI), the administrative capacity of MCI, as well as the actions to increase the visibility of the scientific activities aim at **strengthening the capacity and performance of the RDI system**.

Improving the institutional performance of NRDI aims to reduce the fragmentation of the national R&D system by correlating and coordinating the activities and resources of the public research organisations. The proposals received by MCI from the consulted parties are under analysis in order to elaborate the draft GD amending the *Framework regulation on the organisation and functioning of NRDI*¹⁴⁶.

In 2019, *the institutional development plans of NRDI* will continue to be supported. Under NPRDI III¹⁴⁷, 37 projects for financing excellence in RDI are under implementation with a budget of 87.548 million Lei allocated for 2019. Under the Core Programme, 47 projects (totalling about 3 billion Lei) will be financed in the period 2019 – 2022, the allocation approved for the first stage in 2019 being of 139 million Lei. In 2018, about 406 million Lei were allocated through the Core Programme in order to support the development plans of NRDI.

In 2019, the implementation of the project for *development of the administrative capacity of MCI to implement certain actions provided in the National Strategy for RDI 2014-2020 (NSRDI 2020)*¹⁴⁸ continues. *The National Roadmap for Research Infrastructures in Romania 2017-2027*¹⁴⁹ was finalized, and the electronic integrated research platform¹⁵⁰ was developed and it includes five registers with information specific to the RDI field, namely: the Researchers Register, the Register of Outcomes, the Register of Potential Contractors (entrepreneurs with innovation activities), the Evaluators Register and the Research Infrastructure Register. Activities to develop the mechanisms for monitoring the strategy and for entrepreneurial discovery¹⁵¹ also continues. A network of observers was set up to monitor the dynamics of regional innovation ecosystems

¹⁴⁴ Provisional data published by INS in the *Communication No 299/16 November 2018 on the R&D activity in 2017*

¹⁴⁵ In absolute value, the total expenditure increased from 3675.1 million Lei in 2016 to 4317.1 million Lei in 2017: although as % of GDP, the share of public sector expenditure remained constant, in absolute value the government expenditure slightly increased from 1,222.4 million Lei in 2016 to 1,396.9 million Lei in 2017; public sector expenditure increased from 2,028.4 million Lei in 2016 to 2,448.5 million Lei in 2017

¹⁴⁶ Draft GD amending and supplementing GD No 637/2003 on the approval of the Framework regulation on the organisation and functioning of the national research and development institutes is under inter-ministerial endorsement phase

¹⁴⁷ National Plan for RDI 2015-2020 (NPRDI III), Programme 1 – Develop the national R&D system: Sub-programme 1.2 – *Institutional Performance*

¹⁴⁸ Project SIPOCA 27, carried out by MCI 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)

¹⁴⁹ 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*.

¹⁵⁰ BrainMap Platform that can be accessed at the address: <https://www.brainmap.ro/>

¹⁵¹ <https://uefiscdi.ro/dezvoltarea-capacitatii-administrative-a-mci-de-implementare-a-unor-actiuni-stabilite-in-strategia-nationala-de-cdi-2014-2020>

and entrepreneurial discovery workshops are organised in each of the eight development regions of Romania with the objective of identifying, in a participative and iterative manner, key areas of competitiveness at regional level.

The project to ***strengthen the institutional capacity of MCI by optimizing the decision-making processes in RDI field***¹⁵² started in February 2019. 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 of MCI personnel.

In order to ***increase the visibility of scientific activities***, the organization and participation to events promoting the Romanian research is envisaged, including by supporting the participation of Romanian inventors to national and international exhibitions. In this context, the record obtained in 2018 at Geneva International Exhibition should be noted (36 inventions presented at the stand of Romania won as many medals and 31 special prizes), as well as the participation of 12 R&D units at MCI's stand at the Black Sea Defence & Aerospace exhibition organised with the support of the Romanian Government.

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. *The Sectoral Plan for R&D in the field of agriculture and rural development for the period 2015 – 2018: Agriculture and Rural Development – ADER 2020* financially supported 91 R&D projects for identifying solutions tailored to specific regional agro-eco-climatic conditions that correspond to the current state of rural development in Romania. In order to continue the support of R&D in agriculture, the *Sectoral Plan for R&D in the field of agriculture and rural development for the period 2019-2022* was elaborated. The plan is estimated to be approved by minister order (endorsed by MADR, MCI and ASAS) in Q2/2019 and will be implemented over a four-year period with funding from the state budget (estimated value of 130 million Lei).

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 the private one will continue to be financed from the state budget through NPRDI III and European funds through ERDF 2014 – 2020.

In order to facilitate the access of potential investors to well-trained human resources and opportunities for collaboration, ***the development of human resources for research***¹⁵³ and ***attracting high skilled researchers from abroad***¹⁵⁴ will continue:

- Projects aimed at developing new generations of researchers and research schools competitive at European level (mobility projects for experienced researchers and young researchers from abroad; scholarships and research grants; awarding research results for published articles and patents registered to the State Office for Inventions and Trademarks/OSIM, European Patent Office/EPO or the United States Patent and Trademark Office/USPTO) are supported under NPRDI III. In 2018, 1,027 researchers involved in mobility programs/ projects (out of which 489 are young researchers – aged under 35 years old and 713 doctors/ PhD/ post-PhD) were financially supported, 140 applications (totalling about 0.66 million Lei) for the awarding of research results were financed and awards were granted for the publication of 4,464 ISI articles, 140 patents registered to OSIM, EPO or USPTO and seven international prizes gained at individual level.
- With funding from ERDF 2014 – 2020, 51 projects conducted by researchers from abroad are under implementation, the level of payments approved being of 204.8 million Lei and the value of private investments attracted of about 0.6 million Lei.

Amendments brought to GD No 403/2017 aim at better implementing the Programme "Grant for Young

¹⁵² Project SIPOCA 393 carried out by MCI in partnership with the University "Dunarea de Jos", Academy of Economic Studies and the National Research and Development Institute for Mechatronics and Measurement Technique: implementation period February 2019 - February 2021, eligible value – 7.9 million Lei

¹⁵³ NPRDI III, Programme 1 – Develop the national R&D system: Sub-programme 1.1. – *Human resources*

¹⁵⁴ COP, Action 1.1.4 (Applicant Guide, section E) – *Attract high skilled researchers from abroad*

Researchers KING CAROL I". The programme aims not only at rewarding young people with outstanding results at national and international Olympiads, but mainly at retaining them in the country: the young beneficiaries of the facilities offered by the programme have the obligation to work for at least four years in technological development activities in a state or private owned RDI unit from Romania.

To strengthen the link between academia and the private environment, ESF 2014-2020 provides *support for doctoral students (PhDs) and post-doctoral researchers*¹⁵⁵ in order to develop entrepreneurial skills. Projects aimed at strengthening partnerships between universities and employers with research and innovation activity are financed for the development of new doctoral and post-doctoral programmes with direct applications in the economy in the fields with growth potential and smart specialization. The financial support is granted through scholarships – *Entrepreneur PhD Scholarship* and *Entrepreneurial Post-Doctoral Researcher* and for internal and transnational mobility. Within the call for projects launched in 2018 (total allocated budget of 84.7 million Lei), 18 projects (with a non-reimbursable financial assistance value of 25.02 million Euro) have been approved.

In 2019, the funding of projects for *the development of large R&D infrastructures*¹⁵⁶ will continue. Out of the 43 projects for the creation or upgrading of public and private R&D centres and labs under implementation in Q1/2019, five projects were finalised (one for public infrastructure and four for private infrastructures). The main results refers to the modernization of one R&D labs, the creation of nine new labs, maintaining 18 jobs and creating 29 new jobs (out of which 25 for researchers). The expenditures made in 2018 were 228 million Lei and the value of the private investments attracted was 74.75 million Lei. Within the call for projects for public R&D infrastructures of national or regional interest included in the *National Roadmap for Research Infrastructures in Romania 2017-2027* (call closed in February 2019), 25 projects were submitted.

In Q2/2019, a new call for projects for innovative clusters is expected to be launch (with an estimated budget of 26.95 million Euro) in order to finance investments in RDI activities that contribute to the development of the R&D capacity of the cluster, to stepping up cluster's innovative activities (for example by introducing new products – goods or services and processes on the market) and to increasing the economic competitiveness of the cluster.

ERDF 2014-2020 finances the *development of networks of R&D centres*¹⁵⁷ in order 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*¹⁵⁸ continues. By Q1/2019, 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 publications¹⁵⁹ was ensured for 88 beneficiaries, the number of accesses of the information resources reaching more than 9 million. The expenditure approved from ERDF amounts to 30.26 million Lei;
- At the beginning of Q2/2019, the project proposal for the development of RoEduNet network was under contracting procedure;
- For modernizing CLOUD type and big data infrastructures, from the 23 projects submitted, 19 projects have passed to the technical and economic evaluation stage.

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

¹⁵⁵ HCOP, Priority Axis 6 – Education and skills, Specific Objective 6.13 – Support for doctoral student and post-doctoral researchers

¹⁵⁶ 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)

¹⁵⁷ 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

¹⁵⁸ Total value 249 million Lei, out of which 186.7 million Lei eligible value. Implementation period: 60 months (18 July 2017 – 17 July 2022)

¹⁵⁹ <https://dspace.anelisplus.ro/xmlui/>

private one.

For *stimulating enterprises demand for innovation*¹⁶⁰, ERDF 2014 – 2020 finances RDI projects carried out by innovative enterprises individually or in partnership with R&D institutes/ universities. In 2018, 74 projects were contracted, out of which 52 developed by start-ups or spin-offs and 22 by newly created enterprises and the level of expenditure approved was of 128.02 million Lei. By the end of Q1/2019, 40 projects have been finalised (19 developed by start-ups and 21 by newly created enterprises) and their implementation resulted in 18 patent applications submitted, 12 co-publications (with private partners) published and 5.2 million Lei private investments attracted. Within the call for innovative technology projects undertaken by enterprises for product or process innovation (based on the research activity developed within the projects), from the 170 projects submitted, 134 projects were admitted for technical and economic evaluation.

The Programme *Business Development, Innovation and SMEs*¹⁶¹ supports the *development of SMEs through innovation*, with focus on green innovation in industry, ICT and sustainable development of the marine and maritime sector. Under the 2018 call for projects, the amount of approx. 21 million Euro has been earmarked to finance projects aimed at increasing the competitiveness and profitability of Romanian enterprises through the development and implementation of innovative technologies, products and services. In Q1/2019, the applications submitted were under evaluation, the contracts' implementation being scheduled to start in March 2019.

To strengthen the link between the private environment and the R&D one, both the state budget and ERDF 2014-2020 supports *the creation of public-private partnership for R&D and knowledge transfer* as follows:

- With financing from ERDF 2014-2020¹⁶², 54 projects (totalling 541.3 million Lei) are under implementation. Within these projects, 222 subcontracts were signed with enterprises for knowledge transfer and development of R&D projects in partnership. In Q1/2019, expenses of 115.44 million Lei were approved and the value of private investments attracted was 5.55 million Lei;
- Under NPRDI III¹⁶³, 89.89 million Lei was spent for financing 575 projects as follows: 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.

To increase innovation at SMEs level, ERDF 2014-2020 financially supports the *promotion of technology transfer*¹⁶⁴. In Q1/2019, 20 projects *carried out by SMEs in partnership with an innovation and technology transfer entity* (ITT) in order to apply a research result in the areas of smart specialisation were under the pre-contracting stage and the calls for projects for the *establishment, modernization and development of ITT*, as well as for the *development of the scientific and technological parks* were opened (closing date: 20 April 2019).

EC's *Lagging Regions Initiative* was launched in order to actively support regions with significant development gaps. In Romania, the Initiative is implemented through the project *Target support to implement RIS3*¹⁶⁵, carried out in two stages: in the first stage (October 2016 – June 2018), the North-East and North-

¹⁶⁰ 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*)

¹⁶¹ Programme launched by Innovation Norway (as fund operator) and financed from EEA and Norway Grants 2014 – 2021

¹⁶² COP, Action 1.2.3 (Applicant Guide, section G) – Knowledge Transfer Partnerships

¹⁶³ 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

¹⁶⁴ ROP, Priority Axis 1 – Promoting technology transfer: Priority Intervention (PI) 1.1.A – Supporting innovation and technology transfer entities, PI 1.1.B – Supporting scientific and technological parks and PI 1.1.C – Investments for SMEs to for the application of research results in partnership with an ITT and PI 1.1 Specific Objective 1.2 - Increasing innovation in companies by supporting multi-sectoral approaches resulting from the implementation of the "Lagging Regions Initiative"

¹⁶⁵ ROP, Priority Axis 1 – Promoting technology transfer: PI 1.2 - Increasing innovation in companies by supporting multi-sectoral approaches resulting from the implementation of the "Lagging Regions Initiative" in Romania

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. The Applicant guide related to the specific objective for supporting the portfolio of projects for regional specialization strategies, to increasing the degree of innovation in companies in order to develop the regional innovation ecosystem is under review and the call for projects is to be launched after the approval of the State aid scheme.

In 2019, the implementation of the project *Made in Danube*¹⁶⁶ continues. The project aims to support the development of transnational networks for technology transfer by developing partnerships for innovation in the Danube Region in three sectors of bioeconomy (agriculture, forestry and biofuels). By the end of Q2/2019, MCI (as partner in the project), will draw up a report on the impact of the project at the level of public authorities from the Danube Region. The report will include policy recommendations for the development of a long-term transitional collaboration in the Danube Region, in the field of bioeconomy.

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 profit¹⁶⁷ is applied. Moreover, the exemption from income tax¹⁶⁸ has been extended for all persons of a RDI project team and the State aid scheme for the application of the corporate tax exemption in the first 10 years of activity for the taxpayers performing exclusively RDI activity¹⁶⁹ is under elaboration.

Supporting access to financing in form of venture capital for innovative enterprises¹⁷⁰ will also contribute to stimulating private investments in RDI. In 2018, the implementation of the *State aid scheme in the form of venture capital*, managed by EIF, resulted in investments of 3.5 million Euro in 15 SMEs for supporting innovation activities in the smart specialization fields. By applying the *minis aid scheme in the form of credits to SMEs*, loans amounting to 3 million Euro were granted for eight innovative SMEs.

ERDF 2014 - 2020¹⁷¹ supports the **increase of SMEs' capacity to engage in innovation processes**. In 2018, uncapped guarantees of 250 million Euro were granted for the loans of 1,359 SMEs. Additional details can be found in the sub-chapter 3.3.1 *Creating a favourable environment for public and private investments* above.

Consolidating the European dimension of the national RDI policies and programmes, by 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.

In 2019, the **implementation of the pan-European project Extreme Light Infrastructure – Nuclear Physics** - ELI-NP continues. The construction of the building, including the expansion of the gamma building have been completed, the construction works for the additional access road from the Bucharest ring road are in progress, 43 specialists from abroad were hired and the expenditure approved amounted to 417.8 million Lei in Q1/2019. On 7 March 2019, the high-power laser system (HPLS), while put to the final tests, reached the proposed power of 10PW, the highest in the world. Built with financial resources from ERDF and national funds, ELI-NP marks a significant scientific development in the field of high-power lasers.

As regards the gamma beam system, the documentation for a new procurement procedure is under elaboration. It is estimated that the new supply contract can be completed in the current financial cycle (until 2023), in line with the project budget.

The pan-European infrastructure project **International Centre of Advanced Studies for Rivers-Deltas-Seas**

¹⁶⁶ The project is financed under the Danube Transnational Programme 2014 – 2020, Priority Axis 1 *Innovation and social responsibility in the Danube Region*

¹⁶⁷ 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

¹⁶⁸ 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

¹⁶⁹ Under Art. 22¹ of the Fiscal Code

¹⁷⁰ COP, Priority Axis 1, Action 1.2.2: Crediting instruments and venture capital measures in favour of innovative SMEs and research organizations responding to market demands.

¹⁷¹ ROP, Priority Axis 15 – SMEs Initiative Operation Programme, PI 1.1 – Supporting SMEs' capacity to grow on regional, national and international markets and to engage in innovation processes

DANUBIUS-RI is representative for Romania's contribution to EUSDR in the RDI field. The project Danubius – PP (Preparatory Phase)¹⁷² is under implementation until November 2019 and it aims to provide legal, financial and technical maturity for the infrastructure development. The project *Strategy and actions for preparing the national participation in the DANUBIUS-RI project (DANS)*¹⁷³ is implemented under NPRDI III. Within this project, analyses and studies related to the Romanian components of the infrastructure (Murighiol International Hub, Danube Delta Supersite, Danubius Data Centre), as well as the financing application from ERDF 2014-2020 will be developed. By Q1/2019, a series of actions were carried out for the operationalisation of the DANUBIUS Programme under NPRDI III and the substantiation of the documentation for the applications for financing the components of the project from European funds.

Promoting the pan-European project *Advanced Lead Fast Reactor European Demonstrator (ALFRED)* will continue in 2019. The 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 scheme¹⁷⁴ for the support of ALFRED from NPRDI III was approved.

Romanian participation in European and international RDI programmes will continue to be supported from both European funds and the state budget. For financing from ERDF 2014 - 2020¹⁷⁵, under the call for projects aimed to create synergies with the RDI actions of Horizon 2020, two projects (totalling 14.29 million Euro) have been contracted, the expenditure approved by Q1/2019 reaching 4.5 million Lei.

NPRDI III¹⁷⁶ financially supports Romanian companies to participate, in partnership with research organisations, in international research programmes that facilitates researchers' mobility, the circulation of ideas and knowledge, as well as the access to transnational collaboration networks. In 2018, 38 EUREKA projects (15 traditional type projects, 10 cluster type projects and 10 Eurostars projects) were implemented.

¹⁷² Project financed under Horizon 2020: implementation period - December 2016 – November 2019, project value – approx. 4 million Euro (project ID 739562)

¹⁷³ Project financed under NPRDI III: implementation period – 14 months from the award of the contract, project value – 25.6 million Lei. Expenses made in 2018: 22.8 million Lei. Estimated budget for 2019: 2.4 million Lei

¹⁷⁴ 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

¹⁷⁵ COP, Priority axis 1, Action 1.1.3 - Creating synergies with RDI actions of Horizon 2020 and other international RDI programmes

¹⁷⁶ 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

4.3. Environment and climate change

According to the latest available data¹⁷⁷ from the *National Greenhouse Gas Inventory Report* (NGHGIR), in 2017, related to the base year 1990, **GHG emissions index (excluding LULUCF¹⁷⁸) is 45.86** (these emissions decreased from **248.07** million tonnes CO₂ equivalent, in 1990, to **113.75** million tonnes CO₂ equivalent, in 2017) and **GHG emissions index (including LULUCF) is 40.15** (these emissions decreased from **228.45** million tonnes CO₂ equivalent, in 1990, to **91.72** million tonnes CO₂ equivalent, in 2017).

In 2017, related to the base year 2005, **GHG emissions index from ESD¹⁷⁹ sectors is 97.69¹⁸⁰** (these emissions increased from **71.34** million tonnes CO₂ equivalent, in 2005, to **72.99** million tonnes CO₂ equivalent, in 2017)

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**
- ✓ **supporting sustainable development and improving the quality of environment**
- ✓ **improving the management of waste, including hazardous waste**
- ✓ **nature protection and biodiversity conservation**

Romania gives special importance to policies aimed at **building a low greenhouse gas (GHG) economy**, with an emphasis on policies that **reduce GHG emissions in the energy and transport sectors** due to their major impact on GHG emissions at national level. Thus, measures **to reduce GHG emissions in the energy sector** and to stimulate the production of energy from non-polluting sources have been intensified, by launching a new call for integrated projects of district heating from SO 6.4 of LIOP, on which three projects were submitted, amounting to 11.89 million Euro, of which two were contracted, amounting to 9.85 million Euro (the call for projects will close on 1 July 2019).

At the same time, the accelerated development of the **alternative fuels infrastructure** in Romania is being pursued. *The Multiannual Programme for the Construction of an Infrastructure for Recharging Stations for Electric Vehicles*, financed by the Environment Fund, concluded eight contracts for the purchase and installation of 15 recharge stations for electric and electric plug-in hybrid vehicles. Installation of recharging stations will be made in public car parks, car parks from sports centres, show halls, hotel units, shopping centres, fuel stations, airports, train stations, and also in car parks /service spaces with direct access to motorways, European roads and national roads - high power recharge stations (greater than 22 kw). ATUs and economic operators are beneficiaries; 38,000 Lei commitment credits were allocated in 2018 for electric vehicles and recharging stations. So far, 12 recharge points have been put into operation, of which five were completed in 2018 and seven in 2019. The territorial coverage with recharge stations is approx. 5%, 3,500 people being possible beneficiaries of these recharging points. Also, *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 financing guide for this programme was also approved by Minister Order No 760/17.07.2018, and during the

¹⁷⁷ Data supplied by MM, according to the latest version of the National Greenhouse Gas Inventory Report (NGHGIR), drafted by Romania in March 2019, for the period 1989-2017.

¹⁷⁸ LULUCF - Land Use, Land-Use Change and Forestry

¹⁷⁹ GHG emissions from sectors covered by Effort Sharing Decision (ESD) No 406/2009/EC

¹⁸⁰ 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

period 18 October 2018 - 31 May 2019, the call is open for project applications to be submitted. Last but not least, a state aid scheme was promoted to develop, through economic operators, a recharging infrastructure on the highways, national and European roads, focusing on the TEN-T network; so far the necessary steps have been taken to elaborate this state aid scheme, by collaborating with CC, MT, CNAIR, ONRC. Following the teleconferences and correspondence with the EC representatives, the scheme's provisions were informally agreed, and the AFM will formally notify the scheme.

In order 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, by financing projects *to increase safety and improve environmental conditions for all transport modes* as well as those *for increasing the sustainable use of airports*. Further details can be found in chapter 3.3 *Business Environment - Development of Transport Infrastructure* above.

In addition, *to reduce the impact of civil aviation on the environment*, TAROM continues to apply fuel efficiency measures: monitoring and optimizing consumption (initiating the procurement procedure for an integrated fuel consumption monitoring programme); bringing low-fuel consumption aircraft in the fleet and developing a fleet renewal programme. In order to maintain accreditation according to the Standard for *Air Carbon Accreditation (ACA)*¹⁸¹, the implementation of measures to reduce direct and indirect CO₂ emissions at Henri Coanda Bucharest International Airport and Bucharest Baneasa - Aurel Vlaicu Airport continues.

In 2018, *The Programme for stimulating the renewal of the national car fleet (RABLA Programme)* continued by funding the purchase of a total number of 39,284 vehicles with thermal and hybrid propulsion system, out of which 1,001 hybrid vehicles, and with an allocated budget of 331 million Lei. Through the *Programme for reducing greenhouse gas emissions in transport by promoting clean and energy-efficient road transport vehicles (the RABLA PLUS Programme)*, in 2018, 685 new pure electric and electric hybrid (plug-in) cars were purchased, of which 572 pure electric and 113 electric hybrid (plug-in).

AFM also carries out the *RO-LA type Transport Programme*, which encourages the switching of freight from road to rail. By launching this programme, Romania aligns itself with a small group of EU countries applying the RO-LA system, such as Austria, Italy, Switzerland, France, Slovenia, Germany and Hungary. The *RO-LA Programme* targets railway transport operators acting on the Romanian territory. The 20 million Lei allocated in 2018 to finance this programme covers 60% of the value without VAT of the invoice issued by the railway transport company to the road transport company for the activities financed under the Programme. AFM and the National Railway Company "CFR MARFA SA" signed a contract for non-refundable financing amounting to 14 million Lei.

The ERDF 2014-2020 supports *the development of sustainable urban mobility*¹⁸² 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. In Q1 and Q2/2019, two calls for projects have been open (allocated budget - 1.74 billion Euro) in order to procure public means of transport (rolling stock - trams, trolley buses and electric buses) that can be provisioned with software and equipment for integrated ticketing systems (e-tickets or e-ticketing), traffic management systems and other ITSs.

In order to identify projects eligible for funding, Urban Mobility Plans (SUMS) have been developed at the level of the local public authorities. For the eight most important municipalities (including Bucharest), SUMSs were developed with the support of the EBRD and certified by Jaspers experts. In order to speed up the preparation of the funding applications and the public procurement documentation, GEO No 47/2018 was approved and establishes the institutional framework for achieving partnerships between MDRAP and ATU, so that MDRAP, as a partner leader, carries out the acquisitions on behalf of ATU. In the first quarter of 2019, the tender

¹⁸¹ *The Airport Carbon Accreditation Programme*, launched in June 2009 by the International Airports Council, 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).

¹⁸² ROP 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 AP 4 - Supporting sustainable urban development, PI 4.1. - Reducing carbon emissions in county-based municipalities through investments based on sustainable urban mobility plans

procedures for the purchase of more than 80 trams, more than 65 trolley buses and about 400 electric buses (including the charging stations) were launched or are to be launched with an eligible value of over 400 million Euro.

Moreover, the National Group for SUMS Optimization in Romania was created. The Group is a proactive, inter-sectorial, interdisciplinary and collaborative platform, with a consultative role and comprising representatives from the central, regional and local public administration, representatives of public transport companies, relevant NGOs, etc. This structure aims to turn SUMS into effective working tools by proposing measures to optimize the strategic, legislative and funding framework and facilitating communication between different levels of government and sectors. The platform also facilitates the exchange of experience and the qualitative assessment of SUMS related activities.

To mitigate the effects of climate change, in 2018, afforestation works on degraded land continued, aiming to protect certain territories against harmful climatic factors. Thus, the area planted between April 2018 and March 2019 is 162.41 ha, the value of planting and maintenance works in this period reaching 1.69 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 2018 and by spending 2.18 million Lei, the Forest Guards carried out afforestation/ tree addition/ reforestation on 44/ 233/ 32 ha of degraded land (total: 309 ha) and maintained the previously established plantations. Between April 2018 and March 2019, the previously established plantations (2,394.87 ha) were maintained by RNP-Romsilva with a budget of 0.41 million Lei.

The 2014-2020 ROP finances investments aimed at the conversion and/ or reuse of unused and abandoned land and its conversion into recreational and leisure areas for the population. The total budget allocated is 233.30 million Euro, of which the ERDF contribution is 197.60 million Euro.

In order **to support sustainable development and to improve the environmental quality**, the use of equipment containing ozone depleting substances and fluorinated greenhouse gases is discouraged in Romania. Thus, in 2018, the *National Programme for Replacing Waste Electrical and Electronic Equipment (A Plus Programme)* was launched to replace the old appliances (washing machines, refrigerators/ freezers, air conditioners) with appliances in the upper energy class (energy class A ++ and over). Between December 2018 and March 2019, 12,908 vouchers were used, thus 12,908 pieces of used electrical and electronic equipment from the categories of those covered by the financing programme were handed over to the collector.

Improving waste management, including hazardous waste, is one of the most important issues in Romania. To this end, with LIOP funding, the following types of projects are developed: the integrated phased projects of consolidation and extension of the integrated waste management systems (initiated on SOP Environment); new projects through which integrated waste management systems are settled or which have as objective the fulfilment of energy recovery plants with high efficiency cogeneration. Thus, on SO 3.1 of LIOP, 18 phased development projects of integrated waste management systems, amounting 203.67 million Euro, have been submitted, the implementation of which will lead to an additional recycling capacity of 966,732 tons/year. The closure date of SO 3.1 call is 21 December 2021.

In order to implement *The Programme of Waste Management, Including Hazardous Waste*, the AFM, with the support of the CC, elaborated the following documents: (i) The Financing Guide for the Non-compliant municipal landfill closure programme (the final form was submitted to MM after the draft guide was posted in public consultation on the ministry's website between 19 December 2018 and 29 December 2018); (ii) Memorandum for the municipal landfill closure (approved by the Government on 3 May 2018); (iii) Memorandum for the industrial landfills closure (a solution is still being sought in the working group for the determination of the responsibilities of landfill owners and the ways in which the respective sites will be taken over by the State); (iv) State aid scheme for the financing of waste facilities at economic operators (on 20 February 2019, the AFM Advisory Committee approved it and the CIAS was consulted upon); (v) the Memorandum : “The Regional State aid scheme for investment, aimed at reducing the negative environmental impacts of waste and reducing the consumption of primary resources”, the economic and budgetary policies of Romania funded by non-reimbursable Environment Fund (approved by the Government of Romania on 28 December 2018).

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. MM 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 Minister Order No 1196/2018, *The Financing Guide of The Programme for Education and Public Awareness on Waste Management* was approved, the project submission session being held from 7 December 2018 to 31 May 2019. In December 2018, two other Minister Orders were adopted 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).

Further efforts are also being made to identify and enclose in the national legislation new economic instruments that could be implemented in order to achieve the 2020 waste recycling target. One can mention the four new economic instruments introduced by the GEO 74/2018: (i) the circular economy contribution - 30 Lei/ ton of municipal waste and of construction and demolition waste; (ii) the return guarantee system for 0.1-3 liters reusable packages - 0.5 Lei/piece; (iii) "pay as you throw" system and the differentiated tariff for the population; (iv) Extended Producer Responsibility (EPR).

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. At national level, by the end of December 2017, 1,732 sewer networks were inventoried, out of which 1,052 were functional and 680 under different stages of execution. With regard to sewage treatment plants, in December 2017, there were 1,055 treatment plants, out of which 782 were functional and another 273 new treatment plants were completed, to which the population had not yet been connected or being in technological trials/ decommissioned. The degree of coverage with wastewater collection systems corresponds to a biological load of approx. 66.33% of equivalent inhabitants, and the degree of coverage with sewage treatment plants corresponds to a biological load of approx. 63.73% of equivalent inhabitants. The investments made between 2007 and 2017 for the wastewater infrastructure amount to approx. 5,708 million Euro, out of which 53.7% for the rehabilitation and extension of sewerage networks and 46.3% for the rehabilitation and construction of new wastewater treatment plants.

On SO 3.2 from LIOP, 80 projects were submitted for a total amount of 2,712.20 million Euro (77 projects were contracted for a total amount of 2,528.37 million Euro).

Works to improve flood protection systems continue in a fast pace. Between 1 April 2018 and 31 December 2018, the following facilities were developed: shore consolidation on 98.11 km; dams on 40.87 km; 114.45 km riverbed recalibration. In 2018, through the state budget, from CEB external funds and own sources of ANAR 96 investment objectives are funded, of which 29 are works to remove the effects of the June-July floods, promoted under emergency regime. Land improvement works, namely drainage have been carried out by ANIF-MADR (responsible for maintaining and ensuring the operation of complex drainage systems for prevention and management of flood situations) and 1.75 million Lei were spent to this end, while 1.51 million Lei were spent for combatting soil erosion.

Complementary, in 2018, 11 simulation exercises on flood defences involving 110 localities were carried out. 26 workshops were held at regional and local level, for professional training on water management and flood risk management, to propose flood risk solutions and to exchange information on developing best practice for flood risk management. These workshops can be classified as follows: (i) one seminar on the Vocational Training Programme on Water Management and Flood Risk Management; (ii) 20 roundtables to discuss aspects related to the updating of APSFR (Areas of Potential Significant Flood Risk), the drafting of hazard and flood risk maps, the updating of Flood Risk Management Plans; (iii) five roundtables on the completion of dams inventory operations REDIG (National Register of Dams in Romania).

During the Q1/2019, 13 workshops were organized that can be grouped as follows: (i) eight roundtables for the analysis and preparation of the necessary data for the implementation of Cycle II of the *2007/60/EC Directive on the assessment and management of flood risks*, in order to meet the deadlines set by the EC, namely: March 2019, for reporting areas with significant flood risk potential; March 2020, for reporting flood risk and hazard maps; and March 2022, for reporting flood risk management plans; (ii) two round tables for the completion of

the technical rules necessary for the start of the dams survey procedure, required by the Law No 259/2010 on the safety of dams, with subsequent modifications and completions, (iii) three round tables for the completion of the methodology for the registration of minor riverbeds. To date, the priority needs for the flood defence stocks have been assessed, following to be purchased with state budget funds after the ANAR budget approval. After the budget approval, the basin simulation exercises will be scheduled for Q2 and Q3/2019, according to the annual programme of the Ministerial Emergency Situations Committee (CMSU) within MAP.

With regard to **nature protection and biodiversity conservation**, Romania is characterized by a variety of protected natural areas of national, European and world significance (4,032,124.87 ha of total protected areas and Natura 2000 sites, benefiting from nature conservation measures). In order to strengthen the institutional capacity of ANANP, important legislative changes have been approved over the last two years, regarding the management of protected natural areas, such as: (i) by Minister Order No 1447/2017, *the Methodology of assigning in administration and custody the protected natural areas* was amended; (ii) by GEO No 75/2018, the areas from the national network are managed by ANANP through territorial structures from the county level and through specially established structures (taking over the management of the areas from the custodians); (iii) by GEO No 13/2018, ANANP and its territorial structures ensure the management of the unallocated protected natural areas; (iv) by GD No 867/2018, the organizational chart and functional structure of ANANP was amended, in order to establish territorial structures with area management tasks at the county level.

In the first semester of 2019, ANANP will put into operation the territorial structures by selecting specialized personnel and establishing the premises dedicated to activity thereof. At the same time, the drafting of guidelines for the training of own staff and managers is envisaged.

In terms of increasing the institutional capacity, ANANP participates in drafting and submitting of two projects to be funded through ACOP 2014-2020, Priority Axis 1 - Effective public administration and judiciary system, OS 1.1. – Developing and introducing common systems and standards in public administration that optimize decision making processes oriented towards citizens and business environment, in accordance with SCAP, Project Call POCA/399/1/1 (IP12/2018) - Support for actions to strengthen capacity of central public authorities and institutions, as follows:

- one project as project leader - "*A.N.A.N.P. - a strategic pillar in the development of local communities and the business environment by strengthening the administrative capacity in protected natural areas in Romania*", amounting to 22 million Lei, with a duration of 36 months, in partnership with the National Institute of Economic Research "COSTIN C. KIRITESCU"/ Romanian Academy (as Partner 1), with the aim of streamlining the management of protected natural areas and to support sustainable development, based on biodiversity values, for the benefit of citizens and the business environment. The project objectives are as follows: i) to improve access to information on protected natural areas - by developing a system for collecting, standardizing and managing information and a mechanism for promoting the sustainable use of the economic potential; ii) streamlining the administrative processes of ANANP (implementation of an integrated platform); and iii) optimal use of the tools and mechanisms developed within the project by training the target group (including ANANP staff).
- one project (as partner) - "*Strengthening institutional capacity for improving climate change policies and for mitigating the effects of climate change*", amounting to 20 million Lei, with a duration of 30 months, which beneficiary is MM, with the aim of amending the Strategy on Climate Change, developing the regulatory framework for action to adapt the key economic sectors (energy, transport, agriculture and rural development, water resources, biodiversity) to the effects of climate change between 2021 and 2030, the operationalization of the National Mitigation Platform and the National Climate Monitoring Centre, training of staff from the responsible authorities.

Regarding the further implementation of the protected areas management projects, funded from the 2014-2020 European funds, ANANP has developed a *Private Partner Selection Procedure* (available at www.ananp.gov.ro), 16 protected natural areas being prioritized by ANANP for the preparation of 2014-2020 LIOP applications for projects, aiming at implementing active preservation measures from the *Management Plans of the Protected Natural Areas*.

The ANANP and Forestry Directorate from MAP have to set up a working group aiming at harmonizing forestry and agro-pastoral districts and urban planning with the management plans of protected natural areas and planning

to correctly identify the overlapping of forest districts over protected natural areas. Thus, at national level, ANANP identified 606 Natura 2000 sites; MAP indicated 918 approved forestry districts, which took over the management plans measures; and MADR communicated 1,750 pastoral development projects, of the 3,808 nationally needed (55%). At the same time, for the protection and restoration of biodiversity, 139 projects were submitted on OS 4.1 of LIOP, amounting to 317.74 million Euro, of which 60 projects were contracted, amounting to 98.88 million Euro.

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 2018, a new quarterly report was carried out, to record the progress made by the institutions responsible for the preparation of the studies foreseen in the PNASC 2016-2020.

In order to comply with the general ex-ante conditionality relating to EIA¹⁸³ and SEA¹⁸⁴, as set out in Annex XI of EU Regulation No 1303/2013 and in the Partnership Agreement for the period 2014-2020, the second stage of the project “*Professional training of the personnel of competent authorities for environmental protection regarding EIA and SEA for the period 2014-2020*” will be carried out in 2020.

On 15 March 2019, 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, was finalized and the general ex-ante conditionality G6 of the Partnership Agreement between the EC and Romania was fulfilled. The main actions of the project concerned the drafting of seven methodological guidelines (two general and five specific guidelines) for the coherent and unitary putting into practice of the environmental impact assessment procedure and the organization of five dissemination sessions of guidelines and five training sessions of environmental authorities on methodological guidelines. 406 persons participated on the dissemination sessions of guidelines (with one day duration). The trainees are staff from central or local public authorities, with attributions and responsibilities in to the field of environmental protection, consulted within the Technical Analysis Commission and other persons that draw up reports on the environmental impact assessment as well as representatives of investment directorates within the county councils and municipalities. The training sessions were held in Constanta, Bucharest, Timisoara and Poiana Brasov. The five training sessions of the staff of the environmental protection authorities on the methodological guidelines were held in Tulcea, Bucharest, Oradea and Poiana Brasov and had a four days duration/training session, resulted in 144 trained beneficiaries.

¹⁸³ EIA – Environmental Impact Assessment

¹⁸⁴ SEA - Strategic Environmental Assessment

4.4. Renewable energy sources

In 2017, according to Eurostat, the share of energy from renewable sources in the gross final consumption was 24.5%. For the years 2014-2017, the values of this indicator overpass both the European target (20%) and the national target (24%) established for 2020.

Key directions:

- ✓ **promoting renewable energy sources (RES) through the Environment Fund and by implementing green certificates (GC) support scheme**
- ✓ **boosting energy production from less exploited renewable sources**

To increase the share of energy from renewable sources, **the promotion of renewable energy sources (RES) continues by implementing green certificates (GC) support scheme**. 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 these indicators represent the basis for the overcompensation analysis of the green certificate promotion system from RES. In this respect, on 29 March 2019¹⁸⁵, *The 2018 Report on the Overcompensation Analysis of the Green Certificates Promotion System for RES* was drafted and published on the ANRE website. The date of 31 December 2016 was the deadline for the access to the green certificates support scheme, authorized by the EC Decision. Consequently, on January 2017, the green certificates support scheme for RES energy was closed. 778 producers were certified during the period of application of the promotion system for renewable electricity (E-RES) production. By the end of 2018, 772 E-RES producers were certified (out of which 66 for wind energy, 102 for hydraulic energy in power plants with installed power up to 10 MW, 576 for solar energy and 28 for biomass, including waste gas fermentation and sludge fermentation gas from sewage treatment plants). By the end of 2018, the installed power in plants benefiting from this promotion system was 4,785 MW (of which: wind energy – 2,961 MW, solar energy – 1,359 MW, hydraulic energy - 341 MW, biomass - 124 MW), 2 MW less than in 2017, related to the electrical power capacities for which the accreditation period has expired. At the same date, the share of E-RES in Romania's gross final electricity consumption was 43.6%. For 2018, through the entry into force of Law No 184/2018, ANRE took into account the number of GC issued for the electricity produced from renewable energy sources in 2018 and the final consumption of electricity for 2018, so that, in 2018, the final consumer average impact is no more than 11.7 Euro/MWh and the mandatory quota for the acquisition of the GC for 2018 was: 0.343 GC/MWh (for January - July 2018) and 0.433 GC/MWh (for August-December 2018).

In order **to modernize and develop new capacities for producing electric and thermal energy**, the valorisation of biomass, hydro-energetic resources (in units with installed power of less than or equal to 10 MW), solar, wind and biofuels was supported by completing investments on 53 projects as follows: 26 solar, 11 hydro, nine wind, three biomass, three mixed and one geothermal. 52 RES projects out of 53 were monitored post-implementation, noticing the production of 192.09 MWe electric power input and 33.08 MWh thermal power input.

The promotion of RES through the Environment Fund has continued through 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 April 2018 and March 2019, 5,567 systems were installed, amounting 33.46 million Lei. In addition, through Minister Order No 1287/14.12.2018 the Guideline for *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* has been approved. The installers registration session was opened from 25 January to 29 March 2019.

Measures **to support the production of energy from less exploited renewable resources** (i.e. biomass, biogas, geothermal) will be financed by ESIF through LIOP SO 6.1. To this end, the call for projects for the *Production Sector* was launched on 17 May 2017 and extended until 1 July 2019, and 13 projects amounting EUR 70.83 million were submitted and one project amounting to 16.66 million Euro was contracted. The call for projects for the *Distribution* sector was launched on 3 January 2018 and also extended until 1 July 2019,

¹⁸⁵ <http://www.anre.ro/ro/legislatie/surse-regenerabile/rapoarte-garantii-certif-verzi>

six projects amounting to 21.01 million Euro being submitted and one project amounting to 2.69 million Euro was contracted.

4.5. Energy efficiency

In 2017, according to National Institute of Statistics, the final energy consumption was 23.3 Mtoe¹⁸⁶. Historical and forecasted values associated with final energy consumption in our country remain below the assumed limit for 2020 (30.3 Mtoe).

Key directions:

- ✓ **promoting high efficiency cogeneration**
- ✓ **modernizing the centralized district heating systems of communities**
- ✓ **increasing the energy efficiency for the residential and public buildings and for public lighting systems**

In order to improve the energy efficiency, the **state aid supporting scheme to promote high efficiency cogeneration** (operational since April 2011) has continued to provide financial support to electricity and heat producers that own or operate high-efficiency cogeneration plants achieving fuel savings of at least 10% compared to separate energy production. Between January and August 2018, 32 operators benefited from this support scheme and the amount granted in this period as a bonus reached 377 million Lei.

To **support investments in installations and equipment that lead to energy savings in industrial enterprises**, 43 financing contracts have been signed within IEC SOP. Of these, 36 projects have been finalized and only 35 projects are monitored post-implementation (24 projects have exited the sustainability surveillance period, the remaining 11 projects will be phased out by the end of 2020). The value of the reductions assumed in the financing contracts was: (i) 21.07 MW for the indicator "*the reduction of the electrical power absorbed from the system*" (indicator applicable to only 15 of the 35 completed projects, the rest being largely found in the next two indicators); (ii) 94.851 MWh/year for the indicator "*the reduction of the quantity of natural gas absorbed from the network*"; (iii) 95,718 MWh/year for the indicator "*the reduction of steam and/ or hot water, exclusively for industrial purposes*".

In order to **rehabilitate centralized heat supply systems**, efforts have been made in Romania to implement the *Heat and Comfort Programme*. Through the State Budget Law for 2018, the amount of 62.947 million Lei was allocated to 23 investment objectives from 16 beneficiary territorial units. By setting up the investment objectives, in the 2008-2017 period, fuel savings of 29,853 toe/year were achieved.

The package of measures aimed at **increasing energy efficiency in residential buildings, public buildings and public lighting systems** is implemented under ROP 2014-2020. The allocation from ERDF and state budget for the entire period reaches 1,110 million Euro, out of which payments to beneficiaries amounted to 62.82 million Euro. So far, calls for proposals were launched for the following operations related to this package of measures: (i) A Operation - Residential Buildings (168 projects with an eligible value of 355.24 million Euro were contracted); (ii) B Operation - public buildings (274 projects with an eligible value of 355.24 million Euro were contracted); (iii) C Operation - public lighting (7 projects with an eligible value of 26.87 million Euro were contracted).

In 2018, the implementation of the *National Programme on Increasing Energy Performance in Housing Blocks* led to the completion of 419 apartments, the state budget disbursements in 2018 amounting to 5.53 million Lei. For this programme, in 2019, budget credits amounting to 20 million Lei and commitment credits amounting to 55 million Lei were allocated, according to the provisions of State Budget Law No 50/2019.

In order to update the *Methodology for Calculating the Energy Performance of a Building* and draft the *Best Practice Guide to Achieve Cost-Optimal Levels of Minimum Energy Performance Requirements for Different Building Categories*, two service contracts i.e. No 116/28 March 2017 and 115/28 March 2017 were signed

¹⁸⁶ Mtoe – million tonnes of oil equivalent

between MDRAP and the Technical University of Civil Engineering of Bucharest, with a maximum period of 12 months for the execution of works from the date of signing the contract, less the approval periods in the specialized technical committees of MDRAP. The drafting of the papers is carried out in three phases¹⁸⁷, so far Phase I of the Methodology was approved and will be followed by the analysis and approval of Phase II of the Methodology and Phase I of the Guidelines within the *Specialized Technical Committee of MDRAP - Energy Performance of Buildings*.

In order to promote energy efficiency, the following progress has been made for fulfilling some LIOP Specific Objectives (SO 6.2, SO 6.4 and SO 7.1), as follows:

- On 20 March 2018, the uncompetitive call for projects on *Promoting Systems for Measuring, Recording and Monitoring Energy Consumption on Industrial Platforms* (SO 6.2, with an allocated budget of 12.50 million Euro) was re-launched and will be closed on 1 July 2019. By the end of the Q1/2019, 27 projects amounting to 5.37 million Euro were submitted, out of which only 15 projects totalling 2.69 million Euro have been approved and contracted;
- On 17 May 2017, the call for proposals on *the construction and upgrading of high efficiency cogeneration power plants on natural gas and biomass (maximum 8 eMW)* was launched at the level of enterprises using waste gases from industrial processes (SO 6.4, with an allocated budget of 67.58 million Euro), the closing date of the call being extended until 1 July 2019. Until the end of the Q1/2019, three projects amounting to 11.89 million Euro were submitted, of which two projects amounting 9.85 million Euro, have been contracted;
- On 9 June 2016, the call for proposals on the *modernization of centralized heat transfer and distribution systems in certain cities* was launched¹⁸⁸ (SO 7.1, with an allocated budget of 105.77 million Euro), and will close on 31 December 2019. Until the end the Q1/ 2019, five projects were submitted, amounting to 70.50 million Euro, of which four projects amounting to 63.33 million Euro were contracted and one project is currently under evaluation.

¹⁸⁷ Phase 1 – 1st drafting, including public inquiry and synthesis of observations; Phase 2 – 2nd drafting. Notification to the EC; Phase 3 - Final drafting.

¹⁸⁸ The call targets seven pre-identified cities through LIOP (i.e. Oradea, Timisoara, Râmnicu Vâlcea, Focsani, Iasi, Bacau and Botosani) and a phased project (Bacau).

4.6. Early school leaving

Early school leaving rate: national headline target Europe 2020 – 11.3%; latest rates – 18.5% (2016), 18.1% (2017), and 16.4% (2018)

Key directions:

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

With regard to **early education services** (for children aged 0-6), MEN 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* was reviewed¹⁸⁹ in line with the new legislative provisions approved in 2018¹⁹⁰, a second consultation on the wording of the methodology is to be made in Q2/2019, and its approval will follow in the Q4/2019.

The *Early Childhood Education Curriculum* (children aged 0-6) was completed and was the subject of a pilot-program applied in the 2nd semester of the school year 2017-2018. Testing of the program continues in the school year 2018-2019. The promotion and approval of this curriculum will be achieved through the Order of the Minister of National Education (OMEN) by the end of the Q4/2019.

The non-competitive project *Inclusive and quality early education*, funded by European funds (total budget: 4 mil. Euro, of which 15.57 mil. Lei allocated to MEN and its partners), was approved and is under contracting stage, following to be implemented in the period 2019-2021. The project, the direct beneficiaries of which will be the teaching staff, will set up the institutional framework for the development of the ante-pre-school education and will develop training programs for the paediatric nurses.

The competitive call for projects the *Development of Ante-Pre-school Education Services* will continue the activities of the above-mentioned non-competitive project and will aim at increasing the participation rates of children aged 0 to 2 years in the ante-pre-school education by setting up groups of children enrolled in nurseries. It is estimated that a number of approx. 14,000 ante-pre-school children will be supported by approx. 270 projects that can be submitted under this call funded by HROP (total allocation: € 164 million, of which ESF allocation: € 138.47 million).

A working group was established by MEN with the participation of representatives of other ministries and target organizations in order to amend and complete the draft National Strategy on Early Education,

Regarding the implementation of the provisions of *Law No 248/2015 on stimulating the participation in pre-school education of children from disadvantaged families*, vouchers in amount of 50 Lei are granted monthly to approx. 40,000 beneficiaries whose attendance in kindergarten classes exceeds 50%. MEN together with

¹⁸⁹ The methodology targets, specifically, the accreditation of early education services, the calculation of contribution for food served in nurseries, the employment of teaching and non-teaching staff by the local public authorities, the way of promoting the specific curriculum for ante-pre-school education, etc.

¹⁹⁰ *GO No 9/2018 on the amendment and completion of some normative acts in the field of education and Law 201/2018 on the amendment and completion of certain normative acts in the field of education*, which stipulates that “the State provides the basic funding for all the ante-pre-school and pre-school pupils and for all students enrolled in public, private and confessional accredited compulsory mainstreaming education. The state also provides basic funding for public, private and confessional accredited VET and high-school education, as well as for public post-secondary education. Funding is based on and within the standard cost per student/pupil, according to the methodology developed by MEN.”

School Inspectorates and pre-school education establishments support and continuously monitor the application of the legal provisions stipulated in the Law No 248/2015.

Efforts are being made to **modernize the school curriculum for secondary, high school, vocational and technical education**. In this respect, the *Framework plan for theoretical high school education* were reviewed based on the feedback received following the debates organised by the Institute of Educational Sciences (ISE)¹⁹¹. Framework plans for special pre-school, primary and lower secondary education, which will apply from the school year 2019-2020, were also approved.

Through the project *Relevant Curriculum, Open Education for All* (CRED), primary and lower secondary (gymnasium) school teachers (i.e. 55,000 teachers) will be trained as a result of the gradual approval and annual implementation of new school curricula. Updating the compulsory national curriculum for primary and lower secondary education, planned for Q4/2019 will be carried out within CRED project, after reviewing the proposals received from the teachers participating in the project training courses.

MFE will launch in Q3/2019, the final form of the Applicant's Guide for 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*¹⁹², in order to implement measures aimed at improving the relevance and increasing quality of TVET, in line with development needs at national, regional and local level. A series of measures will be funded under the *Vocational Education and Training Strategy of Romania for the period 2016 - 2020*, aiming at the following specific objectives: increasing participation in initial vocational training programmes, especially for students/apprentices from disadvantaged communities with focus on the rural area and Roma minority; increasing the participation in the dual education programmes of students and apprentices enrolled in secondary and tertiary non-university education, with focus on the economic sectors with competitive potential identified according to the Romania's National Strategy for Competitiveness and intelligent specialization fields according to National Strategy on Research, Development and Innovation; improving the skills of teaching staff, trainers, professional skills assessors, and of the companies' staff in charge with training in the workplace; increasing the number of offers provided by VET tailored to the needs and development trends of the labour market.

Curriculum plan and curricula for the technical path, the curriculum for curricular theory and practical training in the curricular area Technologies for the 11th and 12th Grades of TVET high-schools, the 11th Grade of VET schools, and 720 hours of practical training stages after graduating the 10th Grade as well as for the post-secondary education "Nurse responsible for General Care" specialisation, and the for Level 4 Professional Training Standard "Transport Technician", reviewed in 2018, are already being implemented in this school year. Curriculum plan and curricula for post-secondary education are to be updated during the 2019 - 2020 school year and implemented from the school year 2021 - 2022.

In order to increase the **quality of secondary education**, the draft GDs on the *Provisional operation authorization and accreditation standards* and the *Institutional evaluation methodology for the authorization, accreditation and periodic evaluation of the education providers* are under the endorsement circuit of MEN and are to be approved in Q3/2019. The new standards streamline the internal and external evaluation of the quality of education by reorienting the activity of improving the quality of education to its core aspects, the use of data and documents already available to the educational establishment, as well as the computerization of the internal and external evaluation activity. In the year 2018, 280 educational establishments underwent external evaluation (of which 238 based on the evaluation agreement concluded with MEN and 42 on request). The draft evaluation agreement between MEN and RAQAPE for the year 2019 is to be approved in Q2/2019.

In order to increase the **level of skills of students and teachers**, MEN implements 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

¹⁹¹ The ISE report provides a systematic analysis of the results of the public consultation process on the proposals for a framework-curriculum for high school, the theoretical path, launched for public debate by MEN and ISE in the period 29 December 2017 - 1 March 2018; the Romanian version can be accessed at www.ise.ro

¹⁹² This call has merged the calls for proposals *Increasing the relevance of initial vocational training by anticipating training needs for the labour market and developing the workplace based learning component* and *Training VET entrepreneurship skills*.

Grades, in Math-IT section, by endowing and operationalizing 60 IT training centres. The project implementation period was extended until 2020¹⁹³, and the total budget allocated is 8.78 million Lei. Within this project, the list of 60 high schools - Centres of Excellence in Information Technology was completed, 47 Centres of excellence being selected in Phase I, and the remaining 13 in Phase II of the project.

In November 2017, MEN started the implementation of the non-competitive project CRED, based on a financing agreement totalling 196.5 million Lei, concluded between MFE and MEN. The duration of the project implementation is four years. To date, this project has carried out: the analysis of the training needs of teachers in Romania; selection of trainers of trainers; accreditation of the training program for trainers; selection of over 800 project experts (of which 200 were validated); first training activities (training of trainers – primary education pilot group¹⁹⁴). In 2019, the following activities will be carried out in this project: accreditation of the training programmes for primary and lower-secondary education (Q2 and Q3); drafting of the educational policy document *Guidelines for the design and updating of the national curriculum* (Q3); promoting a new methodology for the development of the school based curriculum, focused on skills development (Q4); creating a national school curriculum for optional subjects, including *Second chance* type curriculum (Q4); training of trainers for primary and lower-secondary education (Q2 and Q3); teacher training - starting the first groups of trained teachers teaching in primary education (Q3).

The non-competitive project *IT System for School Management in Pre-university Education* aims at developing and implementing 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 on-line assessment of students' papers in national exams. The project will end in 2021, and its total budget is 50 million Euro.

Through the *WI-FI Campus* project, at least 4,500 schools will benefit from a WIFI connection to the Internet, and through the *National Education Platform PNE - BV (Virtual Library)* project, open educational resources (OERs) will be developed and selected to support teachers and students in education. Both projects are interconnected and implemented simultaneously in the period Q1/2019 – Q4/2021. The digitalization of the education system will be achieved through the national project "Romania Moderna, Romania Digitala" (*Modern Romania, Digital Romania*), benefiting from a non-reimbursable external financing from the ERDF (total funding of 2 billion Lei) through which there will be provided tablets for each desk in lower-secondary education, laptops/tablets for teachers and smart boards in classrooms; this equipment is to be purchased between Q2/2019 and Q4/2021.

A draft report on the implementation of the 2018 Action Plan of the *Vocational Education and Training Strategy of Romania for the period 2016 – 2020* was elaborated, and the development of the 2019 Action Plan of the strategy is in progress.

Part of the Master Plan for the *implementation of dual/apprenticeship programs in the initial VET in Romania for the period 2015-2020* will be implemented through the project *Systemic Development of TVET in accordance with the socio-economic development needs at national, regional and local levels*.

For 2019, the newly established *National Authority for Dual Vocational Training in Romania* (ANFPISDR), planned the following actions: conclusion of a partnership agreement with the National Centre for Development of Vocational and Technical Education (CNDIPT); conclusion of a partnership agreement with the National Qualification Authority (ANC) and the Chamber of Commerce and Industry of Romania (CCIR) for the achievement and implementation of Level 3 qualification level - Mechatronics; promotion of dual VET system offer for the 2019-2020 school year; development of an EEA grants (Norwegian Funds) funded project, which aims to improve the transition from the 8th Grade to high school/vocational school, and to reduce the school absenteeism in dual VET students (project application' target group: 900 students enrolled in the 2019-2020 school year); drafting some legislative proposals to extend the dual VET to 3.5 years of study; elaboration of proposals to complement the Law 34/1992 on sponsorship, so as to ensure an efficient use and the possibility of extending the material base associated with dual VET educational establishments; elaboration of the draft *Strategy for the development of dual VET education in Romania for the period 2019-2023*; development of

¹⁹³ The project fiche was amended and updated and has been submitted to the Japan Embassy in Romanian for validation.

¹⁹⁴ Between 1 and 15 March 2019, the first training course (a 60 hours module) for primary education trainers took place (with the participation of 18 trainers from Bucharest and Ilfov County).

study on the dual VET education impact on the national economy, from the perspective of training and assuring qualified human resources through dual VET education system.

In the framework of the call for projects for *Students traineeships*, which supports workplace based learning programs for students enrolled in lower-secondary (gymnasium), high-school and post-high school education, including foremen schools, 87 financing agreements were signed, totalling € 37.4 million. They include an estimated 14,299 non-tertiary students and 6,678 pre-university students who will benefit from support for participation in VET education and training programmes to ensure the transition from school to active life.

The Minister of Education's Order No 4798/2017 approved the *Practice Training Agreement for dual VET Students* was approved. The role of this agreement is to ensure the initial quality professional education of students in order to increase the employability of graduates, according to the level of training and qualification obtained previously. For the school year 2018-2019, a number of 5,437 places in the 9th Grade, dual VET education were included in the schooling plan as a result of the requests of the economic operators. Thus, 164 classes of 9th Grade Dual VET students were set up encompassing 4,244 students, with 527 economic operators and 120 educational establishments involved. For the school year 2019-2020, the draft schooling plan proposes for the 9th Grade a number of **46,516 places for VET, of which 7,918 places for dual VET education**, with the participation of 166 TVET educational establishments with dual VET education classes.

Regarding the *National Early School Leaving Strategy*, the drafting of the Report on the implementation of the 2018 Action Plan, and the 2018 Action Plan of the strategy are on going.

The ACOP funded project *Monitoring and evaluating (M&E) the strategies representing ex-ante conditionalities for the education sector and improving the decision process through performance monitoring at central and local level* aims to improve the capacity of MEN to coordinate the implementation, monitoring and evaluation of the measures included in the sectoral strategies. The implementation deadline for the project was initially April 2019, but this term was extended by six months, i.e. until October 2019. Under this project; the *Report on monitoring and evaluation of ex-ante conditionality strategies for systemic improvement of mechanisms, procedures, indicators and type of interventions* was elaborated with WB technical assistance (May 2018); the *Monitoring and Evaluation Methodology and the tools needed for the monitoring and evaluation of the interventions related to the four strategies*¹⁹⁵ in education was reviewed (September 2018); collection of data related to the *Second Report on Monitoring, Evaluation and Implementation of sectoral VET Strategies* (February 2019) was completed; the *Evaluation Study of Public Early Education Policies in Romania* was developed.

In 2019, in order to complete and adopt a set of procedures for the identification and monitoring of children outside the education system, under the project *Developing an Action Plan and a Methodology for Data Collection to Prevent School Leaving in Romania* a methodology will be elaborated that MEN will benefit from for collecting and using ESL risk data. For the development of this methodology, in late 2018, EC contracted WB. The launch of the project took place on 12 February 2019.

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

- (i) *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, but the ones located in disadvantaged areas were given priority in evaluation. Under this call, 129 projects were selected so far (other two are under the contracting phase) to benefit from a total non-repayable grant of 166 mil. Euro (of a total allocation of 173.2 mil. euro). The projects include cross-curricular training activities for students included in the target groups¹⁹⁶;

¹⁹⁵ Strategies on early school leaving, tertiary education, technical vocational education and training, and lifelong learning.

¹⁹⁶ Number of pupils and students supported: 74 ante-pre-school pupils, 1,076 pre-school pupils, 2,876 pupils enrolled in primary education, 1,594 students enrolled in lower-secondary education, 26 students enrolled in upper-secondary education and 306 young people/adults benefiting from support for participation in education programs (re-enrolment in the formal education and training system).

- (ii) *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, detention facilities, remote geographic areas, virtual schools and other forms regulated by law. Under this call, 27 contracts were signed and they will receive a total non-reimbursable financing of 26.6 million Euro. (of which 24.2 mil. euro from ESF). Measures to be funded by in these projects include lifelong learning, exchange of best practices and motivation of teachers active in schools from disadvantaged areas, the target group consisting of 1,162 teaching and supporting staff in education.

Regarding the elaboration of *Methodology for the monitoring of school segregation*, the draft methodology was finalized by the *National Committee for Desegregation and Educational Inclusion (CNDIE)*¹⁹⁷. After the national debate on the draft methodology, the approval of methodology is expected by the end of May 2019.

With regard to the *Second Chance* programme, it is foreseen the development of some projects through non-competitive calls. Thus, the Call for proposal guidelines for the *Second Chance* type projects was published in July 2018, and the call was launched. The total financial allocation for this call is 163,454 million euro (of which 138,013 million euro as EU funds), and is dedicated to activities focused on re-enrolling in education and training those young people and adults¹⁹⁸ who did not complete their compulsory education¹⁹⁹, as well as activities conceived to provide specialized professional training for the pre-university teaching staff who will provide expertise in the framework of the development and delivery of *Second Chance* integrated programmes.

The call for projects *Second Chance Education for NEETs* is open for applications from January 2018 and aims at completing compulsory education exclusively for NEETs, aged 16 to 24 registered with the Public Employment Service (SPO), who dropped out education prematurely, with focus on NEETs from rural areas and Roma minority, previously profiled by the SPO (i.e. ANOFM through its subordinated legal entities within the eligible region). NEETs will benefit from *Second Chance*²⁰⁰ programmes by reintegration thereof into system to complete/finalise their studies, including by participating in initial VET programmes.

Regarding the **consolidation of the social package** in education targeting the groups of pupils and students facing particular risks, MEN continues to conduct annual social programmes to support students from disadvantaged areas, namely: *School supplies*²⁰¹, *Money for high-school*²⁰², *Euro 200*²⁰³, scholarships, Reimbursement of transportation costs²⁰⁴.

Through two retrospective-alternative projects i.e. *Money for high school* and *VET scholarship* the amounts corresponding to the social scholarships awarded to students were reimbursed, the total amount reaching 149 million Euro. So far, a total of 172,408 students enrolled in upper secondary education (aged 14-16) have been beneficiaries of these types of projects.

¹⁹⁷ Establishment of CNDIE and its organization and operating rules and regulation were approved by OMEN no 3141/2019.

¹⁹⁸ The measures target young people and adults who have not completed their compulsory education, namely the following target groups: early school leavers aged 6-16 but whose age did not exceed by ≥ 4 years the age corresponding to the grade they should have but did not graduate; early school leavers aged 12-16 who have left school early and whose age did exceed by ≥ 4 years the age corresponding to the grade they should have but did not graduate; young people aged 16-24 who have a job but have not completed compulsory education; adults aged 25-64 who have not completed compulsory education.

¹⁹⁹ Educational measures for unemployed NEETs, aged 16-24, registered with the PES that opt for re-enrolment in the education system are enclosed in the Priority Axis – PA 6, Investment Priority - IP 8.ii, Specific Objective - SO 6.1.

²⁰⁰ In the *Second chance* type programmes it is also possible to provide VET training programmes, according to the provisions of the Minister of Education, Research, Youth and Sports' Order no 5248/2011.

²⁰¹ 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. For 2018, the budget allocated to this programme was 8.58 million Lei, for an estimated number of beneficiaries of 337,001.

²⁰² Monthly scholarship (allowances) for students from social and economic disadvantaged families in order to continue their studies after completing lower-secondary education. In 2018 the project's number of beneficiaries was 33,057.

²⁰³ Financial aid granted in order to stimulate purchase of personal computers by students from social and economic disadvantaged areas. In 2018, the project's number of beneficiaries was. 2,771.

²⁰⁴ Reimbursement of transportation costs for students. Law No 71/2018 amended art. 84 par. (1) of the Law No 1/2011 on the reduced transportation tariff for the students enrolled in pre-university education, for the public local transport, surface, naval and underground transport, as well as for the domestic, rail and water transport, throughout the calendar year.

In order to supplement the amount allocated annually from the national budget for school supplies, MDRAPFE and MEN signed the financing contract for the project *School supplies for pre-schoolers and students - equal chances for education* financed by ACOP, with a budget of 27 million Lei until 2023. Through a retrospective-alternative financing agreement, 17,314 million Lei (the equivalent of the school supplies value for the years 2015-2018) was recovered from the EU funds, and the number of beneficiary students supported in 2018 was 360,150. Currently, school supplies allotted for 2019 are being distributed to the target group.

Regarding the implementation of the pilot programme "Hot meal for Students", in the 2017-2018 school year the number of beneficiaries was 13,543.

With regard the VET scholarships, the general criteria for granting scholarships to students from state pre-university education were amended.

Under the budgetary chapter "Social Assistance" (of the State Budget Law for 2019), 790 million Lei were allocated, which together with the education support programme "Merg la scoala" (*I attend school*) for pupils and students enrolled in public primary, lower-secondary, high school, and VET education, finances the costs required to cover the school supplies, textbooks, students transportation, "Euro 200" programme costs, participation in national exams, contests, competitions, etc. The programme "Merg la scoala" (*I attend school*) will to be approved by GD.

In order to *stimulate the graduates of higher secondary education to continue their studies in tertiary education* (higher education or other forms of post-secondary education), the implementation of the grant scheme for high schools in the *Romanian Secondary Education Project - ROSE* continues. The project is funded by a loan from the IBRD, being implemented over the period 2017-2021 in three rounds, which provides funding for underperforming high-schools. In the first round, 257 projects totalling 25.85 million Euro were implemented, including 30,600 participating students²⁰⁵ in remedial and training activities. In the high-schools included in the first round, the school dropout rate among the students enrolled in the final years decreased to 3%, and the graduation rate of the 12th Grade rose to 94.6% and the success rate at the Baccalaureate exam was 58.55%. Currently, under the 2nd Round of the programme, 512 projects are under implementation, totalling 52.09 million Euro. Through the ROSE project, the Teaching-Staff Resources Centres were equipped according to their own declared needs, with materials and equipment totalling roughly 2.1 million Euro and a series of guidelines were developed²⁰⁶. Moreover, more than 8,200 students participated in the activities organized by the summer bridge programme.

Regarding the **educational infrastructure**, the draft *National Strategy for Educational Infrastructure for the period 2019-2023* was completed and it is currently under the internal endorsement circuit of MEN. Its approval is expected by the end of Q2/2019.

Through the *Early Education Reform Project* (PRET), totalling 80.75 million Euro, which aims at building and equipping kindergartens, 17 kindergartens were built between April 2018 and March 2019. At the same time, four schools were renovated, extended and endowed under the *School Infrastructure Rehabilitation Project* (PRIS). Between April 2019 and the late 2020, 35 kindergartens will be built through PRET and two other schools will be renovated through PRIS.

Under PNDL, the achievement of investment objectives in public pre-university education establishments remains a priority. In the two stages of the PNDL (PNDL I and II), in 2018, 3,354 pre-university educational establishments were included, of which the renovation works were completed for 290 schools. By the end of March 2019, in the two stages of PNDL (2015-2018 and 2017-2020, respectively) 1,105 schools, kindergartens or nurseries were included, of which 464 investment objectives were completed (under PNDL I), and 2,251 schools, kindergartens or nurseries were included, out of which 58 investment objectives were completed (under PNDL II). There will be improved accommodation conditions in 1,489 schools that operate without running water and sewage. The budget allocated for this programme is 65 million Lei.

²⁰⁵ Students enrolled in public high schools who were underperformers in the Baccalaureate exam, those at risk of school dropout, including Roma students.

²⁰⁶ *Guidelines on professional career guidance and counselling; Guidelines on inclusive education; the following guidelines are under development phase: Guidelines on the development of socio-emotional skills; Guidelines on Personal Development and Coaching and the Guidelines on Remedial and Tutoring Activities.*

4.7. Tertiary education

Share of population aged 30-34 with tertiary education attainment: national headline target Europe 2020 - 26.7%; latest rates - 25.6% (in 2015 and 2016), and 26.3% (2017) and 24.6 (2018)

Key directions:

- ✓ **Implementing the *National tertiary education strategy 2015-2020***
- ✓ **Supporting students from rural areas, disadvantaged groups and non-traditional students to participate in tertiary education**
- ✓ **Developing and integration of education and research IT system**
- ✓ **Developing institutional capacity and increasing internationalization of higher education**
- ✓ **Increasing the quality of higher education and matching with the labour market needs**
- ✓ **Promoting entrepreneurial education**
- ✓ **Creating and developing an open and accessible lifelong learning framework**

In order to ensure an open, qualitative, competitive higher education adapted to labour market needs, the *National tertiary education strategy 2015-2020* implementation is ongoing, the drafting of both 2018 Action plan progress report the 2019 Action Plan of the strategy are ongoing. In 2019, the strategy aims, *inter alia*, to develop institutional strategies to attract under-represented groups to tertiary education, to provide financial incentives to attract and retain people from underrepresented groups in tertiary education, and to encourage higher education institutions to adopt a gender balance approach in terms of the number of students enrolled in each field of academic study.

In order to **support students from rural areas, disadvantaged groups and non-traditional students to participate in tertiary education**, the implementation of social programmes for students continues: granting of scholarships²⁰⁷, special places for Roma²⁰⁸ and students from rural high-schools²⁰⁹ at entrance exams in public universities, subsidies for board and lodging, partial reimbursement of transportation costs.

In the competitive call for projects financed by HROP *Integrated Measures to Increase Participation of Students from Vulnerable Categories to Entrepreneurial Programmes*, 22 projects (out of 32 submitted) were selected, totalling 38.145 million Euro that are under contracting stage. The projects aim to increase access and equity through granting financial support to vulnerable students.

Through competitive call for projects financed by HROP *Measures to optimize the offer for higher education studies in supporting employability*, 11 projects totalling 61.968 million Lei (of which the ESF contribution is 11.81 million) were contracted. The projects aim at developing and piloting the provision of complementary training courses with an applied component targeting the students enrolled in the first cycle of academic studies (Bachelor).

Under the ROSE project, the non-competitive grant scheme is aimed at supporting public universities eligible to develop and implement programmes to improve students' academic performance, mentoring, career guidance and counselling, guidance and support services, coaching, the development of socio-emotional skills, workshops in specific areas as well as awareness raising campaigns targeting students facing high risk of academic dropout or other similar activities. 60 grants (totalling 2.154 million Euro) were awarded to 8,000 beneficiary students who were at risk of academic dropout and participated in remedial and counselling activities. Other 11 new grant agreements were also concluded within the framework of the grant scheme dedicated to the Learning Centres universities.

Regarding the **development and integration of the information system in education and research**, the Integrated Education Register (REI) is operational, and currently, in the RMU system, component of the REI

²⁰⁷ In the academic year 2016-2017, 28,829 students from 48 public higher education institutions benefited from social scholarships.

²⁰⁸ In the academic year 2018-2019, 1,032 Roma students enrolled in state universities were provided with special places financed from the state budget (for all years and cycles of study, bachelor, master and doctorate), out of which 456 in the first year.

²⁰⁹ In the academic year 2018-2019, 1,326 students enrolled in the first BA year who are high school graduates from rural areas benefited from special places. The draft GD on schooling figures, currently under endorsement circuit, provides the same number of distinct places (2,000) dedicated to high school graduates residing in rural areas as the previous year.

platform, data is uploaded for students enrolled in the academic year 2018-2019. Regarding the interoperability of REI-INS, a data exchange was carried out to check their consistency and run analysis thereof. With regard to interoperability between REI-MT (railway operators), universities upload to the RMU transport ID related data concerning the undergraduate (BA), master and doctoral students, the preparatory year and ERASMUS students. The interoperability between SIIIR and REI has continued, the data of the high school graduates from the 2017-2018 and 2016-2017 school years being taken over by universities in order to complete and check data on pre-university studies of students for the academic year 2018-2019. According to the Regulation for organization, operation and operationalization of RMU, approved by OMEN No 3714/2018, retrieving data (of high school graduates) on regular basis from the SIIIR and the establishment and approval by MEN of the Scientific Council for coordination of RMU are planned.

To **develop institutional capacity and increase the degree of internationalization of higher education** and to increase its visibility and attract foreign students to study in Romania, under the call for projects funded by the Institutional Development Fund for State Universities (FDI 2018), 239 applications were submitted (44 for the internationalization of higher education in Romania), of which 181 applications were accepted and received financing (36 targeting for the internationalization of higher education in Romania), totalling 45.3 million Euro. The FDI Allocation Methodology for 2019 was approved, and the FDI 2019 call for projects - including the internationalization component - will be launched soon.

In order to increase the **quality of higher education and matching with the labour market needs**, the ACOP project *Development of MEN capacity to monitor and forecast the evolution of higher education in relation to the labour market* (total value: 5,715 million Lei, of which 0,299 million Lei represents MEN's contribution), a series of studies on the mechanism of monitoring the graduates' insertion on the labour market, analysis of the quality and relevance of study programmes offered by universities, the impact of the interventions developed for higher education on the offer of universities and employers, the quality and efficiency of universities were completed, and a *Communication and Participation Mechanism in the Decision-making* and a *Regulation for the organization and operation of the Centre for the Professional Management of the University Management* were carried out. More than 550 academics and 50 people from MEN were trained as part of this project's target group.

In another ACOP funded project titled *Improving public policies in higher education and enhancing the quality of regulations by updating quality standards* (QAFIN), totalling 16.073 mil. Lei, implemented by MEN in partnership with RAQAHE, there will be developed a methodology and guidelines on the external evaluation of the quality in higher education in Romania, a methodology for the evaluation of universities for the purpose of institutional classification and the hierarchy of academic study programs, a report on the classification of universities and academic study programmes, and a study on data and good practices at European level on quality assurance and classification in higher education, as well as a Procedures Manual on the role and powers of MENs and its subordinated entities (RAQAHE).

One of the most important measures regarding the matching of the university academic curricula with the requirements of the labour market is the **promotion of entrepreneurial education**. In this respect, based on the provisions on the organization and operating of Student Entrepreneurial Businesses (SEBs) in Romania, all Romanian accredited higher education institutions have the obligation to set up SEBs. Thus, 54 state universities and 34 private universities have established SEBs. In 2018, 35 applications were submitted in this call - *Supporting the activities of the university entrepreneurship companies*, out of which 28 projects were funded. In line with the 2019 Methodology for the allocation of FDI, public universities can benefit from funding to support the SEBs business activities in 2019.

Six Romanian universities participates in the *HEInnovate* exercise, a joint initiative of EC and OECD and coordinated in Romania by MEN. This exercise involves assessing the innovative entrepreneurial potential of higher education institutions, starting from their self-assessment in relation to the guide developed by the OECD and the EC. The related country report is part of the *HEInnovate* programme, and it is a guidance framework, to help policymakers and higher-education institutions leaders to build on the entrepreneurial and innovative potential of higher education establishments. The country report launching conference is expected to include conclusions and recommendations on entrepreneurship and innovation, and will take place on 20-21 June 2019 in Bucharest.

Regarding the Register of University Mentors in Entrepreneurship (RMAU), data on RMAU is currently being collected from universities.²¹⁰

In order to **create and develop an open and accessible lifelong learning framework**, the implementation of *Lifelong Learning Strategy* is ongoing. The following quantitative progress has been achieved as part of the strategy: out of the 54 actions initially foreseen, 24 actions have been fully implemented²¹¹, 12 actions are in progress (an implementation rate of at least 50%), and 18 actions have not been started. Currently, the drafting of Monitoring Report for the 2018 Action Plan and the 2019 Action Plan of the strategy are under preparation.

The joint order of the MEN and MMJS on the approval of the *Specific Instructions on the Regular Accreditation and Evaluation of the Community Centres for Lifelong Learning* was elaborated and released for public consultation and further analysis of the working group. Currently, this draft order it is on the approval/endorsement circuit of MEN and it is expected to be approved by the end Q3/2019.

The *National Register of Professional Qualifications* (component of the National Qualifications Register–NQR) was approved at the end of 2018, through GD No 917/2018. However, the Law approving GEO No 96/2016 (required for NQR approval) was rejected by the Constitutional Court of Romania.

²¹⁰ So far, the following data has been centralized: number of partnerships agreements concluded between public universities - 8,055; number of partnerships agreements concluded between private universities - 1,172; total number of partnerships agreements concluded - 9.227. The reports cover the years 2017 and 2018, when 58 higher education institutions (out of which 43 are public and 15 are private) submitted data.

²¹¹ Some significant progress, even above the initial target, was recorded in some actions e.g.: Erasmus+ mobility figures, number of partnerships concluded between VET establishments and employers, and the number of adults trained and certified by pre-university education establishments.

4.8. Social inclusion and combating poverty

In the year 2017, the number of people at risk of poverty or social exclusion recorded a significant decrease by **2,074 thousands persons**, from 9,115 thousands persons to 7,040 thousands persons, compared to the year 2008.

Key directions:

- ✓ **Improving life quality and social and economic integration of population in marginalized communities in urban areas**
- ✓ **Increasing the life quality for population living in rural areas**
- ✓ **Increasing the quality and the coverage of social services**
- ✓ **Reducing poverty of the most deprived persons**
- ✓ **Reform of the national health care system**

The instruments of **community led local development (CLLD)** finances the local action groups (LAGs) in urban areas:

- Drafting the local development strategies (LDSs) in cities with a population over 20,000 inhabitants²¹² - 33 contracted projects for less developed regions and three contracted projects for Bucharest-Ilfov region (amounting 1.581 million Euro);
- Selecting LDSs in urban marginalized communities²¹³ - 37 LDSs selected to be financed (35 projects for less developed regions and two selected projects for Bucharest-Ilfov region);
- Supporting LAGs activities in order to implement local development strategies in cities with a population over 20,000 inhabitants (phase III of CLLD mechanism) - one contracted project (over 0.193 million Euro) for Bucharest-Ilfov region, and 32 contracted projects (amounting 10.82 million Euro) for less developed regions. Moreover, other four projects (amounting more than 1.3 million Euro) were selected to be financed (one for Bucharest-Ilfov region and three for less developed regions). The National Guidelines for LAGs for CLLD implementation were drafted, ROP Monitoring Committee approved the modification of criteria related to PA 9, and the Application Guide will be subject to approval.

ERDF and the State Budget (through ROP) finance investments facilitating the **physical, social, and economic revitalization of deprived communities in urban area**. By March 2019, in order to improve the social/ education/ cultural and recreational activities, the public urban spaces and the infrastructure of basic small-scale utilities for:

- Marginalized communities in county seat municipalities²¹⁴ - three projects were contracted (with the eligible value of 1.77 million Euro);
- 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 area²¹⁵ - 13 projects were contracted (with the eligible value of 41.22 million Euro).

The 239 LAGs running across Romanian territory (the covered population is of 9,793,458 inhabitants, 86% of the total LEADER eligible population) provide territorial animation activities, promotion of local development strategies and information of local communities on financing opportunities; 1,717 persons have been employed by LAGs. In order to support the preparatory technical assistance for LAGs' co-operation projects, 13 contracts were concluded amounting roughly 0.050 million Euro.

In addition, 4,424 contracts (with a value of over 258.77 million Euro) were concluded in order to implement

²¹² OPHC, PA 5 Community led local development, IP 9vi

²¹³ OPHC, PA 5 Community led local development and ROP, PA 9 Supporting the economic and social regeneration of deprived communities in urban area

²¹⁴ ROP, PA 4 Supporting the sustainable urban development, IP 4.3.

²¹⁵ ROP, PA 13 Supporting the regeneration of small and medium-sized cities, IP 9b. Supporting the physical, economic, and social revitalization of deprived communities in urban and rural regions

actions in line with LDSs, including community public interest projects such as projects dedicated to local economy development, infrastructure of non-residential social service which is poor in the rural area and actions dedicated to ethnic minorities, etc. During 9 January 2018 - 31 May 2019, in order to implement LDSs in marginalized communities in rural area and/or in cities with a population up to 20,000 inhabitants, a call for proposals (ESF and national contribution) targets the communities for which territory LDSs were drafted and approved under 2014-2020 NRDP/Measure 19 LEADER.

Creating, improving, and developing all type of basic infrastructure are funded under EAFRD, the estimates pointing out that 2,681,489 inhabitants would benefit by these investments in accordance with the indicators recorded in the contracts signed by March 2019. The payments amounted 573.19 million Euro, including for projects transferred through the transition procedure and those implemented in ITI Danube Delta territory. Investments aiming at improving the connectivity between disadvantaged rural communities and more developed urban centres are implemented, offering new employment opportunities and reducing social exclusion for the rural population. For the 2014-2020 programing period, according to the indicators recorded in the financial applications the estimations are as follows:

- 320 kindergartens/nurseries, upper secondary educational establishments – agriculture profile, and after schools built/ restored out of which six education units in ITI Danube Delta territory;
- 4,741 km of water supply/ sewerage pipelines (new networks/ development/ renovation), out of which 102 km in ITI Danube Delta territory;
- 3,444 km of local roads modernized/new built, out of which 143 km in ITI Danube Delta territory;

One of the Government priorities is to **reduce poverty, and integrate socially and economically people in marginalized communities**²¹⁶, including those with Roma citizens. By March 2019, 123 projects were contracted for less developed regions (75 contracts totalling over 311.491 million Euro for communities with Roma people and 48 contracts totalling over 190.226 million Euro for marginalized communities), other four projects with a value of 11.470 million Euro targeted marginalized communities in ITI Danube Delta territory. Investments in education and training, facilitating people access to labour market and maintaining employment, entrepreneurship developing, providing social, medical, and housing services are ongoing.

The National Contact Point for Roma/MFE will monitor the implementation of integrated measures dedicated to communities with a significant share of Romanian citizens belonging to Roma minority and will assess the effects of these interventions on those communities. This monitoring will be performed through a technical assistance project funded under ESF through OPHC, with contracting deadline in Q3/2019.

According to the *2015-2020 Strategy of the Romanian Government on the Inclusion of the Romanian Citizens belonging to Roma Minority*, the pilot programme *Social housing for Roma communities* continued to be implemented for **ensuring better access of Roma people to a decent housing** and improving their life quality (access to public utilities such as water, electricity, sewerage, and heating systems). ANL together with ANR and local public authorities drafted the list of the investment objectives proposed to be financed in the year 2019. The list took into account that the construction and assembly works are in progress for 84 housing units (payments amounting to 131,616.15 Lei). In case of other 21 housing units, the procedures to launch the investments are under different stages of development, but they have already started since 2017.

The issue of Romanian citizens belonging to Roma minority has a horizontal approach in NRP, and other interventions are found in subchapters 4.1. *Employment*, 4.6. *Early school leaving* and 4.7. *Tertiary education*.

The State Budget finances by 89,216.4 thousands Lei (during 2018-2020) the public social assistance services in ATU/villages where the public services of social assistance/community assistance services were not established or accredited²¹⁷. The support of 1,000 ATU is envisaged in order to **establish the public services of social assistance**, and the salary provision for 1,000 social workers. The programme shall run for two years after the conclusion of financing agreements conclusion, but no later than 30 November 2020. In addition, funds over 19.899 million Euro (ESF and State Budget) are dedicated to **strengthening the public network**

²¹⁶ OP HC, PA 4 Social inclusion and combating poverty, IP 9ii

²¹⁷ 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*

of community-based social assistance (*Developing the social assistance system to fight poverty and social exclusion*). MMJS will support the establishment/ development of public social assistance services in ATU in marginalized communities (job creating/ employing at least 350 social assistance experts/ social workers). Measures will be provided to prevent the situations and mitigate the risks of marginalization and social exclusion, 350 social assistance experts/ social workers will be monitored, training programmes and exchange of experience and good practices for minimum 39,000 experts in the social assistance sector will be delivered²¹⁸.

More than 113.076 million Lei are allocated to **integrate health, social, and education services** in 139 disadvantaged communities in 40 counties (132 communities in rural area and seven in urban area) through the project *Creating and implementing integrated community-based services in order to fight poverty and social exclusion*. The project implementation started on 15 September 2018 and it would be concluded in 2022. An integrated service package for persons facing situations of vulnerability will be drafted, 40 county teams will become operational, and at least 332 persons (139 social assistance experts, 141 community nurses and 52 counsellors/ school mediators) will improve their vocational skills. The activities to prepare interventions in local communities are in progress, as follows:

- Getting the formal commitments from local public administration authorities to involve themselves in the project, including ensuring the sustainability of the services thus established;
- Preparing the recruitment of professionals who will work in the project, trainers of members of integrated community teams and experts (social assistance expert/ social worker, community nurses, counsellor/ school mediator) who will work in 139 communities;
- Drafting the package of procedures, methodologies and toolkits for an integrated delivery of community services.

The draft law amending the Law No 272/2004 on protecting and promoting child rights is under the inter-ministerial approval procedure. The main objectives of the draft law aim at:

- Protecting children whose parents are working abroad by introducing the possibility to appoint a person who ensures the child's rearing and caring, besides relatives up to the fourth degree, the persons who are also part of the social network of the child;
- Defining types of services that fall into the category of residential services - family houses, apartments, emergency reception centres and maternal centres;
- Introducing the obligation for local authorities and private providers of social services to reorganize these services, closing down the placement centres or, where appropriate, reorganizing residential services by 31 December 2020, at the latest;
- Providing support by DGASPC to young people who leave the special protection system (in the last six months of placement in the system) in order to search for a job and find an accommodation; providing children monitoring by Public Services of Social Assistance over a two-year period afterwards; increasing the allowance granted on leaving the system i.e. from the amount of a minimum gross salary to the value of three minimum gross salaries.

The Government amended the Law No 273/2004 on adoption procedure. The regulations facilitate the limitation of the period during which the child is placed in the special protection system, the speed up of the procedure for acquiring and maintaining the status of adoptable child, and rendering more flexible the adopters' assessment and the post-adoption monitoring phase. The financial incentives will support the families' decision to adopt children aged between 3 and 6 years old, who are classified as being mild or moderate disabled, or who are part of a group of siblings who could be adopted together. In March 2019, the piece of legislation was under parliamentary procedure in the Chamber of Deputies.

Starting from the month following the entry into force of the 2019 State Budget Law, namely 1 April 2019, in order to **ensure a better social protection of children**, the state allowance increases up to:

- 300 Lei for children up to 2 years old or up to 3 years old for the disabled child;

²¹⁸ OPHC, PA 4 Social inclusion and combating poverty, IP 9iv

- 150 Lei for children aged between 2 and 18 years old and for young adults who are over 18 years old and are attending high school or vocational education system until graduation;
- 300 Lei for disabled children aged between 3 and 18 years old²¹⁹.

Children placed in specialized public and private protection services benefit, like all other children in Romania, by the governmental programme - *gROWth – The individual savings account Junior Centenar*²²⁰. As of 2019, the programme regulates the opening of the savings account in the form of a deposit, which maturity is at the date when the legal holder reaches 18 years old. MMJS Budget feeds the minimum annual deposit of 1,200 Lei for children placed in the special protection system. State bonuses - amounting to 600 Lei - are added to this amount and granted yearly from the State Budget.

According to the *2014-2020 National Strategy for Child Protection and Right Promotion*, one of the Government commitments consists of increasing the coverage and the quality of services offered to children. **Strengthening the foster care network** (recruitment and remuneration), vocational training of foster care workers and staff employed in social assistance units for children and youth, and introducing toolkits needed to deliver community-based services will support the acceleration of the deinstitutionalisation process of children and young people without parental care, and prevent the institutionalization of children at risk of separation from the family. By the end of the year 2023, the foster care network will be extended by around 4,000 persons and 15,000 foster care workers will benefit by vocational training (*TEAM-UP: Progress in the quality of alternative child care*, with a budget of 568,985,570 Euro)²²¹.

Another pillar of the Government policy of **children deinstitutionalization** is built up on providing integrated services that facilitate the transition from the institutionalized care towards the community-based care. Through ERDF and the State Budget, the social service infrastructure without a residential component (day centres and family houses) for the *group of vulnerable children* is financed. By March 2019, four contracts with an eligible value of 3.75 million Euro were contracted. Supplementary, in order to develop alternate services to support an independent living and the community integration of minimum 400 young disabled people from the social protection system of child, the State Budget funds the development of social services such as day care centres and sheltered housing, and 61,412 thousand Lei were allocated through a programme delivered between 2018-2020²²². Integrated community-based care 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 separation are subsidised under ESF and national contribution²²³.

During 2018, active employment programmes funded by UIB supported the **job retention of older workers** (27,750 persons aged over 55 years old), thus addressing one of the objectives of the *2014-2020 National Strategy for Active Ageing Promotion*.

In order to prevent the social exclusion effects on **elder people at risk of poverty or in other vulnerable condition**, funds for building social services infrastructure without a residential component were allocated under ERDF and the State Budget²²⁴. By March 2019, 45 projects were contracted with an eligible value of 25.56 million Euro. Complementary, a programme delivered during 2018 – 2020 and funded by the State Budget by 25,184.32 thousand Lei provides **home care services** and the case management implementation for **old dependent people** who are alone or whose family are not able to provide their care²²⁵. Other investments funded under ESF and national co-finance are meant to support social services without a residential component (day centres, home care centres and/or units, social canteens, mobile food services,

²¹⁹ GEO No 9/2019 on amending the Law No 61/1993 on state allowance for children and on amending Art. 58 para (1) of the Law No 448/2006 on protecting and promoting the rights of disabled persons

²²⁰ GEO No 104/2018 on implementing the governmental programme *gROWth - The individual savings account Junior Centenar*

²²¹ OPHC, PA 4 Social inclusion and combating poverty, IP 9iv

²²² GD No 193/2018 on approving the national interest programme on protecting and promoting the disabled people rights *Establishment of social services for ensuring the disabled youth transition from the special child protection system towards the disabled adult protection system*

²²³ HCOP, PA 4 Social inclusion and fighting poverty, IP 9iv

²²⁴ ROP, PA 8 Developing health and social infrastructure IP 8.1.

²²⁵ GD No 427/2018 on approving the national interest programme *Domestic community services for elder dependent people and the national interest program Increase the capacity of public social assistance services in some territorial - administrative units*

social ambulance), and to develop the human resources. However, 53 projects totalling 29.53 million Euro were accepted in the phase of assessing the administrative and economic compliance within the call for proposals *Community grandparents - Social and medical services for elder persons*.

Another Government key action is to ensure the social protection and security for the elder people. As of 1 September 2019, the social guaranteed indemnity for retired persons increases by 10% i.e. from 640 to 704 Lei, and the pension point value increases by 15% i.e. from 1,100 to 1,265 Lei.

Romania committed through the *2016-2020 National Strategy a Society without Barriers for Disabled People* to mobilize financial resources in order to **deinstitutionalize the adult disabled persons**. Beginning with 1 January 2019, the finance from the State Budget of the residential centres with a capacity exceeding 50 people is reduced each year by 25%, and starting from 1 January 2022, their financing will be ensured exclusively by the local authorities' budget²²⁶. Consequently, a programme delivered during the 2018 - 2020, financed by the State Budget (51,200 thousand Lei), and conceived to deinstitutionalize 244 disabled people accommodated in old institutions, supports the establishment of social services such as day centres, respite care / crisis centres, and sheltered housing²²⁷. For the same purpose, resources for the social service infrastructure without a residential component (day centres and sheltered housing) are allocated under ERDF and the State Budget. By March 2019, 12 projects were contracted with an eligible value of 9.23 million Euro under a call for proposals for *vulnerable group of disabled people*. Complementary, resources from ESF and national co-financing support the development of social community-based services in order to reduce the number of disabled people accommodated in old institutions and to prevent their institutionalization. Two calls for proposals *Deinstitutionalization of adult disabled persons - transition to social community-based services* dedicated to Bucharest-Ilfov region and to less developed regions, including ITI Danube Delta territory (amounting 64,944,845 Euro) are in progress.

In addition, the project - *National Management System on Disability – SNDM*²²⁸, financed through ERDF and the national contribution, aims at developing a national platform meant to collect, storage and distribute information regarding disabled children and adults. The project (amounting 45,043 thousands Lei) implemented by ANPD in partnership with MCSI and MMJS will make more flexible the interaction between public authorities and the disabled people and more efficient the activity of public institutions.

Delivering integrated social services for victims of domestic violence, interventions of education, prevention and combating domestic violence, increasing social responsibility and promoting volunteering initiatives are funded by ESF and the national contribution (four projects were accepted for funding totalling more than 1.577 million Euro). The *National Programme Supporting Victims of Domestic Violence (VENUS – Together for a safety life!)* allocates more than 10.999 million Euro (through ESF and national contribution) for 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; actions preventing and fighting the domestic violence.

Ensuring the food supply and facilitating access to education are critical to **reduce poverty among people at risk of severe material deprivation**. During 2014-2017, the provision of basic food packages, and assistance facilitating the social inclusion of disadvantaged people were supplied with a financial support of FEAD. According to the 2017 Annual Implementation Report, 1,277,604 children aged under 15 years old, 1,555,962 persons aged over 65 years old, and 1,101,702 disabled persons benefited from a kind of support. Complementary to other national initiatives to reduce poverty, a call for proposal dedicated to providing food supplies and hygiene products is ongoing. For 2018-2019 school year, more than 360,000 pupils and students enrolled in the pre-school, primary, and secondary education system are benefiting from school supplies.

Complete the minimum inclusion income reform

The development of the national social assistance system is underway. The project - *Developing and rendering*

²²⁶ GEO No 69/2018 on amending the Law No 448/2006 on protecting and promoting the rights of disabled persons

²²⁷ GD No 192/2018 amending the GD No 798/2016 on approving the national interest programme on protecting and promoting the rights of disabled persons *Establishment of social services 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*

²²⁸ OPC, PA 2 Information and Communication Technology for a competitive digital economy, Action 2.3.1.

inter-operational all social assistance databases and creating the e-social welfare system implemented by MMJS with the support of MCSI is a part of both the provisions of Digital Agenda of Romania and 2018-2020 Programme for Government. The project will meet the requirements of the Law No 196/2016 on minimum inclusion income on application recording, data processing, eligibility checking, and establishing the right to the minimum inclusion income. The project implementation is in the initial phase, its completion being envisaged for the 2020-2021 timeframe.

Starting with the second semester of the year 2019, MMJS will implement a project financed by the EC and selected through the Structural Reform Support Programme (SRSP) - *Support for developing an indexation mechanism and piloting the new paying system of social assistance benefits in Romania* (project No 19RO10). The project implementation will continue in 2019 with its two components, as follows:

- Developing an indexation mechanism for social assistance benefits conceived to improve the targeting of the poorest people by ensuring an adequate level of benefits in order to achieve the objective of poverty reduction according to the *Europe 2020 Strategy*. Under this component, methods/mechanisms for indexing the social benefits will be analysed and identified, taking into account EU best practices. Thus, the improvement of the social assistance system and the increase of the efficiency of all related programmes will continue by **setting up an indexation mechanism that will lead to the review of social assistance benefits in a predictable manner**, as recommended by the Country Report Romania 2019;
- Piloting the new paying system of social assistance benefits intends to continue the activity carried out through the project - *Identifying new payment system of social assistance benefits* implemented under the coordination of the EC and financed by SRSP (as of 19 March 2018). This component will test the payment method of social assistance benefits, validate the proposed solution of prepaid card for the transfer of social assistance benefits, quantify the administrative cost reduction, and assess the administrative capacity to launch the proposed nationwide solution.

Given the need to create at local level all the prerequisites to implement the minimum inclusion income programme, the entry into force of the Law No 196/2016 on minimum inclusion income postpones to 1 April 2021²²⁹. The provisions of the Law No 416/2001 on minimum guaranteed income, as subsequently amended, and supplemented, will be still applicable for a period of minimum two years.

The adoption of the Law No 192/2018 on amending the Law No 416/2001 on minimum guaranteed income aimed at **boosting employment among social assistance recipients**. The participation of persons able to work - who are members of families benefiting from social aid - in employment measures and vocational training programmes provided by the employment agencies, in performing activities or works of local interest, or carrying out seasonal activities is encouraged. The incomes obtained for seasonal works are not taken into account when determining the entitlement to the social assistance right so that they can be cumulated. The refusal to work or to participate in the employment and training services provided by the territorial employment agencies entails the cessation of the right to social assistance benefits. The impact of measures that stimulate an active behaviour on labour market will be quantified in the year 2019. This law entered into force on 22 October 2018.

The programme on social protection measures in the cold season was amended, namely the heating subsidies, so that the level of income (750 Lei/family member) up to which the social benefit is allowed has increased²³⁰. The measure facilitates the reduction of the energy poverty risk of beneficiary families (elder people, disabled persons, families with children), 129,104 families, and single persons being included in the programme in December 2018.

Reform of the health care system

In health field, measures are under implementation aiming at increasing the access of people (including of the vulnerable persons) to quality medical services, improving the efficiency and the financial sustainability of health system, modernizing the health infrastructure and healthcare network at regional level, reducing the

²²⁹ GEO No 96/2018 on postponing some deadlines, as well as on the modification and completion of some pieces of legislation

²³⁰ GEO No 114/2018 on establishing measures on public investments and fiscal and some budgetary measures, amending and completing some pieces of legislation and postponing some deadlines

morbidity and mortality caused by communicable and non-communicable diseases and informatization of the health system. 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 Anticorruption 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.

In order to **increase the access of vulnerable people to health services**, the implementation of 15 health/screening programmes on various topics²³¹ has continued. The health needs assessment questionnaire for vulnerable groups was distributed in 30 counties (within the MS' *National Immunization Programme*). 3,845,659 retired people with income from pensions and social allowances and with a monthly revenue of <990 Lei, whether or not they obtain other earnings²³², benefited from medicines in outpatient, 52 community health centres were set up/modernized, and 1,556 community nurses and 470 health mediators have been employed. The enforcement guidelines of the normative act regulating the community healthcare are under inter-ministerial endorsement procedure. 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 MMJS, MS and MEN in 139 rural and small urban communities facing above average or severe marginalization.

To **increase the access of people to quality healthcare services**, the outpatient care services granted were extended by including in the basic health insurance package²³³ 11 additional medical services for case diagnosis that can be granted in outpatient (previously being provided predominantly by day hospitalization). The day hospitalization services package was expanded for diseases for which continuous care had been previously provided by within hospitals. The project of the *National Strategy for quality assurance in health system* was developed and the Law on vaccination of people was submitted to the Chamber of Deputies. The *National Health Strategy 2014-2020* will be updated²³⁴ and an application on the development of the new strategy for the future programming period will be submitted for funding through the POCA. In addition, an implementing report for the current strategy for the 2017 - 2018 period is under preparation.

To **improve the efficiency and financial sustainability of the health system**, in 2018, for primary healthcare as part of the outpatient care, there were allocated higher funds by roughly 17%, the share of expenditures on primary health care in the total expenditure on medical services, medicines and medical devices reaching 8.3%. By the Order of CNAS's President No 1343/2018, a working group was set up to participate in the analysis of the conditions for granting and reimbursing of the work done by family physicians at the primary health care level within the social health insurance system.

During 2018, updates to the list of reimbursable medicines²³⁵ were made and 37 new international common denominations (ICDs) for medicines were included in reimbursement, unconditionally and another eight 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 ROP) of three emergency regional hospitals; the ROP and the Government financed 300 million Euro out of the 1.2 billion Euro estimated for the construction and endowment of these hospitals. The plots of land from Iasi, Craiova and Cluj where the three emergency regional hospitals will be built were handed over to MS management and, in July 2018, the *Department for Regional Hospitals* was set up within MS. By a Memorandum approved by the Government on 5 December 2018, the MS proposed the implementation of the investment projects to build these hospitals in two stages. The first step (financed by the 2014-2020 ROP) for drafting the technical projects, the preparation and launching of the tenders for building of hospitals, the preparation of local reorganization plans, and the second step (financed by the 2021-

²³¹ In the fields as vaccination, the prevention, supervision and control of HIV/AIDS infection or tuberculosis, surveillance and limitation of microbial resistance and the healthcare-associated infections, monitoring the use of antibiotics, the transplantation of organs, tissues and cells of human origin, the women and children health.

²³² The regulation has been in force since Q3/2018.

²³³ Regulated by the GD No 140/2018 and its methodological implementing regulation approved by the MS/CNAS Order No 397/836/2018.

²³⁴ The new strategy is expected to be among the enabling conditions for the future programming period.

²³⁵ Approved by the GD No 720/2008 with subsequent amendments and completions.

2027 ROP) to the execution of construction works for hospitals. MS has made steps for setting the plots of land necessary for the construction of another five emergency regional hospitals (in Timisoara, Targu-Mures, Braila – Galati, Brasov and Constanta) which will be developed by public-private partnerships.

During 2018, the MS developed and submitted as partnership leader a 58 alternative projects financed from the ROP, of which 55 projects were contracted (of which 15 MS projects for settlement the investments financed by the WB and 40 projects at county level) with a total value of over 768 million Lei, the total amount of disbursements reaching over 673 million lei by March 2019. The projects aimed to settle the equipment purchasing and the construction costs during the period 2014-2018, but also to continue to support the planned investments in the emergency and ambulatory medical infrastructure for the period 2018-2019. 29 ambulatory units benefited from funding under the ROP retrospective projects call.

According to MDRAP, 30 projects for rehabilitation/ expanding/ equipping of the ambulatory care units with an eligible value of 96.56 million Euro were contracted, and the call for projects for community socio-medical integrated centres will be launched after the publication of the implementing regulation of the *Law on community healthcare*. 27 projects for rehabilitation/ expanding/ equipping the emergency units with a non-reimbursable value of 129.14 million Euro were contracted. Seven projects for purchase of ambulances with an eligible value of 117.53 million Euro were contracted and 420 ambulances have been delivered.

The actions to improve the health infrastructure refer to enhanced access at first-line therapy services and at emergency services for people facing difficulties, living in poor and remote areas, the emergency services being granted to all persons, whether covered or not by health insurance system.

To **reduce the morbidity and mortality from communicable and non-communicable diseases**, the *National Health Promotion Programme* is under implementation and 24 campaigns were organized to inform/ educate people, especially from vulnerable and disadvantaged groups, at national and local level, on various topics. Campaigns *door to door* to inform the communities with low vaccination coverage and vulnerable people²³⁶ were organized by the MS in collaboration with UNICEF, WHO, INSP²³⁷ and the county public health directorates. During 2018, complementary to the efforts made to develop the prevention, early detection, diagnosis and treatment programmes, the financing contract for the *Medical treatment services for people infected with HIV/AIDS* project was implemented; this project is financed by the HCOP, with a total value over 1,058 million Lei, out of which over 846 million Lei have been disbursed to date.

In order to **carry on with the digitalization of the health system**, on 1 October 2018, MCSI was launched the continuous call for projects to consolidate the integrated IT system in the field of e-health (including the telemedicine) and the submission of projects by MS and CNAS is expected. According to CNAS, 647 hospitals, 9,673 primary care units, 3,045 outpatient clinicals, 79 ambulances, over 500 recovery units (in outpatient and sanatorium) used the *Single Integrated Information System of Social Health Insurances* (SIUI). In addition, IT systems for connecting to the *Electronic Health Record* of some service providers (including outpatient system), as well as management of medical leave or medical ticketing, etc. are functional.

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 Anticorruption Strategy 2016-2020*, a series of measures are under implementation, such as: identifying and managing the risks of corruption in the medical units, monitoring the incompatibilities and conflicts of interest within the public health system (with a methodology approved in this respect), improving the activity of the *Ethics Councils*, developing a single action anti-fraud and anti-corruption plan for health system, etc. Another measures that have continued in 2018 are: collecting data from patients on the medical services received in public hospitals through the *Mechanism of Feedback from Patients* (there has been noticed a decrease of the number of complaints received from as a result of the increase of salary income of medical staff); carrying out in a transparent manner the public procurements in the health system (through SICAP), operating the healthcare anti-corruption hotline, reporting by CNAS to ANFP's IT platform on the compliance with the *Code of ethics* by the civil servants; performing

²³⁶ At Strehaia, Mehedinti county and Cotofenesti, Bacau county

²³⁷ National Institute of Public Health

common controls (MS/CNAS) at hospital units²³⁸. In order to ensure the consistency of the information on the job offers needs in the administration and services of the health system, ANMCS²³⁹, as a structure coordinated by the Prime Minister and subordinated to SGG, is registered with the *gov.ro* portal. The jobs that will be subject of the competition by ANMCS are announced on this portal. In the framework of developing the guidelines for high cost pathologies in order to increase the efficiency of expenditures by decreasing the variability of practice, the *Patient Blood Management Guide during the perioperative period* was approved by the MS Order No 1251/2018 and the *Guide on the patient safety in anaesthesia - intensive therapy* was approved by the MS Order No 398/2019.

Implementing the measures in the health field will continue by increasing the access of people, including of the 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*. In order to ensure the digitalization of the IT health system, MCSI/CNAS/MS continues to consolidate the integrated IT system in the field of e-health, including the telemedicine. Moreover, improving the 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. For the current year, improving the access of people, including of vulnerable groups, to health services will continue by joining 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. The MS will also continue to increase the number of the granted outpatient medical services and has in view several legislative changes with an impact on reducing the morbidity and mortality rate caused by communicable and non-communicable diseases are considered.

²³⁸ Between April 2018 and March 2019, the staff within the control structure organized at CNAS level participated, as co-opted members, at seven control actions carried out by the MS at the level of the providers of hospital medical services; these control actions were carried out following the Order of Minister of Health.

²³⁹ National Authority for Quality Management in Health

5. INSTITUTIONAL ISSUES AND STAKEHOLDER INVOLVEMENT

Developing 2019 NRP

The 2019 NRP was developed under the coordination of the Minister Delegate for European Affairs²⁴⁰ based on the contributions provided by the institutions with responsibilities in implementing the objectives of *Europe 2020 Strategy* and in sectors covered by the key-documents of the European Semester (i.e. AGS or CSRs).

The new programme, structured according to EC guidelines, contains elements relating to the state of play of the actions undertaken by 2018 NRP, including the state of play of the response measures to 2018 CSRs. It also comprises proposals for new actions defined in line with the priorities established at EU level, as well as with those from the *Programme for Government* and other national strategic documents of cross-sectoral nature.

At the same time, the 2019 NRP provides the framework to respond to the main challenges raised in the EC *Country Report Romania 2019* in areas such as *fiscal-budgetary policy, labour market, education and social policies, business environment or public administration*.

The 2019 NRP basically aims to ensure the continuity of reforms from previous stages and puts forward new measures which would meet the current priorities stipulated in the *Programme for Government 2018-2020*.

Stakeholder consultation

To provide an overview of the European Semester and its specific processes, as well as to ensure the transparency regarding the implementation of the *Europe 2020 Strategy* objectives in Romania, the relevant information on these topics, including the annual NRPs (as the Executive has approved them), are available on MAE website.

During 2018, MAE submitted to and presented before the commissions of the Parliament of Romania a series of briefings on the key-documents of the European Semester (i.e. AGS, Alert Mechanism Report, Country Report, etc.). MAE also responded to the queries of the Chamber of Deputies and the Senate on the European issues, thus enhancing the good cooperation with the representatives of these institutions.

At the same time, in order to have a structured dialogue framework, allowing a broad debate on the European Semester issues and generating a common understanding of the NRP commitments, in 2018 several consultation steps of relevant stakeholders were carried out in different configurations: high-level meetings (11 June and 24 September), debate on *2018 European Semester: Country Specific Recommendations and National Response Measures* (10 July), thematic Working Groups at expert level (3-4 July). It is worth mentioning that the European Semester theme has been addressed within these initiatives including in terms of taking over the Presidency of the EU Council by Romania.

The events gathered a wide range of the stakeholders - trade unions, employers, NGOs, business environment, academia, think-tanks, and representatives of the central public administration.

The debate on the *Country Report Romania 2019* with the representatives of the stakeholders and of the main institutions in the central public administration, in the context of a conference organized by the EC Representation in Romania on 22 March 2019, was a good opportunity to collect some useful ideas for drafting 2019 NRP.

At the beginning of April 2019, on the occasion of a conference with European participation²⁴¹, organized by the Ministry of Foreign Affairs in partnership with the European Institute of Romania, under the Romanian Presidency of the EU Council, the social partners were also invited to debate current topics related to the European Semester. The event included three working sessions (*Fostering quality investment by strengthening the link with the next EU Multiannual Financial Framework, the Social dimension and What's next for the European Semester*) and it provided the framework for an exchange of views and a perspective outlook,

²⁴⁰ According to GD No 16/2017 on the organization and functioning of MAE, Art. 2, (44)

²⁴¹ *The coordination of economic policies at EU level, a renewed role for the European Semester*, Bucharest, 4 April 2019

highlighting some of the elements which will define the process in the new institutional and budgetary cycle of the EU.

Moreover, to ensure a stronger ownership, the draft 2019 NRP was submitted, for consultation purposes, to the relevant stakeholders at national level, in the first half of April 2019.

Monitoring 2019 NRP

An action plan drawn up under MAE coordination, involving the institutions represented in the *Working Group for European Semester*, ensures the implementation of the commitments stipulated within the NRP. This plan goes in depth with the measures undertaken by NRP and sets up the responsibilities, deadlines, output indicators and budgets required, as a coordinated monitoring tool of their achievement. It also includes the measures relating to CSRs' implementation.

The approval of this tool by the Government (on a Memorandum basis) usually takes place between July – August, after the formal endorsement of the CSRs by ECOFIN.

The monitoring process on NRP implementation has two components: an *internal* one, provided by each institution in charge with achieving the measures in its field of competence and another component at the *Government level*, which is provided by MAE, as national coordinator for the *Europe 2020 Strategy* and the European Semester.

The progress made in the NRP and CSRs implementation is reflected in regular reports that are developed by the national coordinator, with the support of the institutions in charge, and presented to the Executive for information purposes.

ANNEX I: NATIONAL EUROPE 2020 TARGETS

<i>Europe 2020 Objectives</i>	National 2020 target	INDICATORS EVOLUTION									
		Initial value/year	2010	2011	2012	2013	2014	2015	2016	2017	2018
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%
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)	n.a.
3. Climate change and energy (20/20/20)											
<i>Index of greenhouse gas emissions (excluding LULUCF) ***</i>	80	100/1990	49.52	51.82	50.60	46.71	46.76	47.10	45.61	45.86	n.a.
<i>Index of greenhouse gas emissions in non-ETS sectors ***</i>	119	98.1/2005	95.56	92.92	91.78	98.08	98.06	96.71	98.12	97.69	n.a.
<i>Share of energy from RES in the gross final energy consumption (%)*</i>	24	17.6/2005	23.4	21.4	22.8	23.9	24.8	24.8	25.0	24.5**	n.a.
<i>Final energy consumption (Mtoe)*</i>	30.3	24.7	22.6	22.8	22.8	21.8	21.7	21.9	22.3	23.3**	n.a.
<i>Primary energy consumption (Mtoe)*</i>	43****	33.9/2005	34.3	34.8	33.6	31.0	30.6	31.3	31.3	n.a.	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%
<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%
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	n.a.

* Source: Eurostat

** Source: National Institute for Statistics

*** Source: Data provided by MM, according to the last version of the National Greenhouse Gas Inventory Report (INEGES), drafted by Romania in March 2019, for the period 1989-2017.

**** Data estimated according to the first *National Action Plan on Energy Efficiency* (PNAEE 1)

n.a. – not available