



# **NATIONAL REFORM PROGRAMME**

## **2021**

**BUCHAREST**  
*JUNE 2021*

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## ABBREVIATION INDEX

<b>ABA</b>	Water Basin Administration
<b>ACOP</b>	Administrative Capacity Operational Programme 2014-2020
<b>ADR</b>	Authority for the Digitalization of Romania
<b>AFM</b>	Environment Fund Administration
<b>AmCham</b>	American Chamber of Commerce in Romania
<b>ANAF</b>	National Agency for Fiscal Administration
<b>ANANP</b>	National Agency for Natural Protected Areas
<b>ANAP</b>	National Agency for Public Procurement
<b>ANAR</b>	“Romanian Waters” National Administration
<b>ANC</b>	National Authority for Qualifications
<b>ANCOM</b>	National Authority for Management and Regulation in Communications
<b>ANCPI</b>	National Agency for Cadastre and Land Registration
<b>ANFP</b>	National Agency of Civil Servants
<b>ANI</b>	National Integrity Agency
<b>ANIF</b>	National Agency for Land Improvement
<b>ANMCS</b>	National Authority for Quality Management in Health
<b>ANOFM</b>	National Agency for Employment
<b>ANDPDCA</b>	National Authority for the Rights of Disabled Persons, Children and Adoptions
<b>ANPIS</b>	National Agency for Payments and Social Inspection
<b>ANPM</b>	National Agency for Environmental Protection
<b>ANR</b>	National Agency for Roma
<b>ANRE</b>	National Energy Regulatory Authority
<b>ANRSC</b>	National Regulatory Authority for Community Public Utilities Services
<b>ANS</b>	National Platform for Collection of Statistical Data for Higher Education
<b>ARACIP</b>	Romanian Agency for Quality Assurance in Pre-University Education
<b>ARBDD</b>	“Danube Delta” Biosphere Reserve Administration
<b>ARF</b>	Railway Reform Authority
<b>ASF</b>	Financial Supervisory Authority
<b>BNR</b>	National Bank of Romania
<b>BS</b>	State Budget
<b>CC</b>	Competition Council
<b>CEF</b>	Connecting Europe Facility
<b>CF</b>	Cohesion Fund
<b>CLLC</b>	Community Lifelong Learning Centres
<b>CNA</b>	National Audiovisual Council
<b>CNAIR</b>	National Company for Road Infrastructure Administration
<b>CNAS</b>	National Health Insurance House
<b>CNCISCAP</b>	National Committee for Coordinating the Implementation of the Strategy for Public Administration Consolidation 2014-2020
<b>CNSC</b>	National Council for Solving Complaints
<b>CNSP</b>	National Commission for Strategy and Prognosis
<b>COP</b>	Competitiveness Operational Programme 2014-2020
<b>CSM</b>	Superior Council of Magistracy
<b>CSRs</b>	Country Specific Recommendations
<b>CTE</b>	Thermoelectric plant
<b>DDD</b>	Department of Sustainable Development
<b>DGAF</b>	General Fiscal Anti-Fraud Directorate
<b>DSU</b>	Department for Emergency Situations
<b>EAFRD</b>	European Agricultural Fund for Rural Development
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>EC</b>	European Commission
<b>EIA</b>	Environmental Impact Assessment

EIB	European Investment Bank
EIF	European Investment Fund
EPO	European Patent Office
ERDF	European Regional Development Fund
ESA	European System of Accounts
ESF	European Social Fund
ESIF	European Structural and Investment Funds
ESR	Energy Strategy of Romania
ESRB	European Systemic Risk Board
EU	European Union
FDI	Institutional Development Fund for State Universities
FEAD	Fund for European Aid to the Most Deprived
FRMPs	Flood Risk Management Plans
GC	Green Certificates
GD	Government Decision
GDP	Gross Domestic Product
GEO	Government Emergency Ordinance
GHG	Greenhouse gas
GTMP	General Transport Master Plan of Romania
HCOP	Human Capital Operational Programme 2014-2020
HOP	Health Operational Programme 2021-2027
IBRD	International Bank for Reconstruction and Development
IGSU	General Inspectorate for Emergency Situations
INA	National Institute of Administration
INHGA	National Institute of Hydrology and Water Management
INS	National Institute of Statistics
ISJ	County School Inspectorate
ITI	Integrated Territorial Investment
ITS	Intelligent Transport Systems
LEA	Overhead power line
LIOP	Large Infrastructure Operational Programme 2014-2020
MA	Managing Authority
MADR	Ministry of Agriculture and Rural Development
MAI	Ministry of Internal Affairs
MC	Ministry of Culture
MCID	Ministry of Research, Innovation and Digitalization
MDLPA	Ministry of Development, Public Works and Administration
MEAT	Ministry of Economy, Entrepreneurship and Tourism
MEd	Ministry of Education
MEn	Ministry of Energy
MF	Ministry of Finance
MIPE	Ministry of Investments and European Projects
MJ	Ministry of Justice
MMAF	Ministry of Environment, Water and Forests
MMPS	Ministry of Labour and Social Protection
MS	Ministry of Health
MTI	Ministry of Transport and Infrastructure
NBFI	Non-Banking Financial Institutions
NECP	National Integrated Energy and Climate Plan
NGO	Non-Governmental Organization
NPRDI	National Plan for Research, Development and Innovation
NRDP	National Rural Development Programme 2014-2020
NRP	National Reform Programme
NRRP	National Recovery and Resilience Plan

NSDS	National Sustainable Development Strategy of Romania 2030
OECD	Organization for Economic Cooperation and Development
OER	Open Educational Resources
OJ	Official Journal of Romania
OM	Order of the minister
ONAC	National Office for Centralized Procurement
ONRC	National Trade Register Office
OP	Order of the President (Agency, Institute, etc.)
OPFMA	Operational Programme for Fisheries and Maritime Affairs 2014-2020
OSIM	State Office for Inventions and Trademarks
PA	Priority Axis
PASSA	Project Advisory Support Service Agreement
PCI	Project of Common Interest
PE	Public Enterprise
PES	Public Employment Service
PISA	Programme for International Student Assessment
PNDL	National Programme for Local Development
PNMRD	National Disaster Risk Management Plan
POAD	Aid to the Most Deprived Operational Programme 2014-2020
REI	Integrated Educational Register
RES	Renewable energy sources
RMU	Unique Matriculation Register
ROP	Regional Operational Programme 2014-2020
RRF	Recovery and Resilience Facility
SDG	Sustainable Development Goal
SDOP	Sustainable Development Operational Programme 2021-2027
SEA	Strategic Environmental Assessment
SEAP	Electronic System for Public Procurement
SER	Special Educational Requirements
SGDFIOP	Smart Growth, Digitization and Financial Instruments Operational Programme 2021-2027
SGG	Secretariat-General of the Government
SICAP	Environmental Information System for performing collaborative development of public procurement
SIIR	The Integrated Information System of Education in Romania
SIPOCA	Information system of ACOP
SMEs	Small and medium-sized enterprises
SMG	Natural gas metering station
SNT	National Transport System
SO	Specific Objective
SOP	Sectoral Operational P
SPV	Virtual Private Space
SRSP	Structural Reform Support Programme
TAD	Territorial and Administrative Division
TAOP	Technical Assistance Operational Programme 2014-2020
TEN-T	Trans-European Networks - Transport
UEFISCDI	Executive Unit for Financing Higher Education, Research, Development and Innovation
UN	United Nations Organization
USPTO	United States Patent and Trademarks Office
VAT	Value Added Tax
VET	Vocational Education and Training
UWWTD	Urban Waste Water Treatment Directive
WB	World Bank

# 1. INTRODUCTION

The National Reform Programme (NRP) provides the framework for substantiating the measures to address the challenges identified in the European Semester. The NRP submission by the EU Member States (MS) is required according to the *Regulation (EU) No 1175/2011 of the European Parliament and of the Council amending Council Regulation (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies*<sup>1</sup>.

The 2021 European Semester is an exceptional cycle, being adapted for the implementation of the Recovery and Resilience Facility (RRF). The intrinsic link between the European Semester and the RRF stems from the fact that, to access funds under the Facility, MS must draft National Recovery and Resilience Plans (NRRPs) that include reforms and investments contributing to the implementation of the 2019 and 2020 Country Specific Recommendations (CSRs), as well as to the green and digital transition.

The EC message, delivered through the *Annual Sustainable Growth Strategy 2021*, emphasized that the green and digital transition should be at the core of MS actions. For MS economies, there is an urgent need to address issues affecting social fairness in areas such as employment, skills, health and education. To achieve these objectives, the EC proposed to bring together all components of the European Semester, so that MS can focus on creating the right conditions for implementing reforms and investments that benefit the Single Market.

**Given the exceptional cycle of the current European Semester, 2021 NRP is a document complementary to Romanian NRRP.** Thus, the NRP structure is adapted to the six pillars of the scope of the Regulation establishing the Recovery and Resilience Facility:

- **Chapter 1** - Introduction;
- **Chapter 2** - Macroeconomic context and scenario;
- **Chapter 3** - Reform priorities, according to the pillars of RRF Regulation, to which the fiscal and budgetary policy and the financial and banking stability are added; priorities are correlated, equally, to 2019 and 2020 CSRs for Romania;
- **Chapter 4** - Institutional issues and stakeholder involvement.

Given the context, 2021 NRP proposes interventions that will promote the green transition and digital transformation, as well as boost the creation of quality jobs and sustainable and inclusive economic growth. In addition, measures are being promoted to facilitate the reduction of gaps related to health, education and social protection for vulnerable groups.

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<sup>1</sup> Article 2, paragraph (2), letter (d)  
**ROMANIA - 2021 NRP**

## 2. MACROECONOMIC CONTEXT AND SCENARIO

In 2020, against the background of the health crisis that affected the global and national economic activity, the Romanian economy fell by 3.9%, 2.7 pp below the average contraction of the euro area (-6.6%) and 2.2 pp below EU-27 average (-6.1%).

On the supply side, services were severely affected by the pandemic. Thus, as a result of the administrative measures adopted during the state of emergency or alert, the activity of certain services was either closed or carried out in compliance with certain restrictions. Overall, in the tertiary sector, the decrease of gross value added (GVA) in 2020 was 1.8% compared to 2019. The most affected sector was “entertainment, cultural and recreational activities; repairs of household products and other services”, with a 24.4% decrease of GVA, which generated a negative contribution of 0.8% to real GDP growth. Another category of services affected by the health crisis was in the “trade, transport and storage, hotels and restaurants” sector, whose GVA decreased by 5.2% in 2020 compared to 2019, contributing with 0.9% to GDP decrease. Together, these two categories of services had a negative contribution to real GDP growth of 1.7%, which was approx. 44% of the GDP reduction.

Industry was another area affected during the health crisis, with GVA falling by 9.1% due to very low external demand. Its contribution to real GDP growth was -1.9%.

In addition to the health crisis, in 2020, the Romanian economy was also impacted by unfavourable climatic conditions that led to a significant reduction in plant sector production. Thus, agriculture’s GVA decreased by 16.2% compared to the previous year, having a 0.7% negative contribution to the real GDP growth.

On the other hand, during the pandemic there were also sectors with positive developments. One of the sectors whose activity continued at a steady pace since the beginning of the year was construction, which recorded a 10% increase of GVA, resulting in a 0.6% increase in real GDP growth.

Areas with positive developments were also within services. Thus, the “information and communications” sector registered a 10.4% increase of GVA, supporting the real GDP growth by 0.6%. Another sector with GVA increase (0.8%) was “public administration” as a result of measures taken by the government during the crisis, but also due to activity increase in the health field.

On the demand side, investments made in 2020 in infrastructure and in the residential sector led to an increase in gross fixed capital formation by 6.8% compared to 2019 (with a contribution of 1.5 pp). The financial resources allocated in 2020 for the areas hit by the pandemic led to an increase in government consumption of 2.0% (and a contribution of 0.4%) being, alongside gross investment, a domestic demand component that contributed to mitigating the economic downturn. The restrictions imposed on the population reduced private consumption by 5.2% compared to 2019, contributing by 3.2 pp to real GDP decrease. A negative contribution to GDP in 2020 was also made by net exports (-1.6 pp), a consequence of the 9.7% reduction in exports of goods and services correlated with a lower contraction of imports of goods and services (5.1%).

According to AMIGO data, in 2020, the labour market declined slightly. The number of employees decreased by 1.2% compared to 2019, while the unemployment rate reached 5.0%, 1.1 pp above 2019 figure.

The employment rate of population aged 20-64 was 70.8% in 2020, with 0.8 pp above the national target of 70% set in the context of *Europe 2020 Strategy*.

In 2020, the annual inflation continued its downward trajectory shown since the first part of the year, reaching a minimum of 2.06% in December. The reduction of the inflation rate took place in a context of domestic demand contraction, the effects of which were partially mitigated by a depreciation of the national currency against the euro by an average of 1.9%.

The slowdown in the annual inflation rate in recent months has been driven by lower vegetable and fruit prices amid a rising supply, but also due to a base effect registered for some food products. The evolution was partially mitigated by the increases recorded in December for fuel and cigarettes. On average, inflation registered a moderate rate of 2.63% in 2020, with above-average increases in food prices (4.80%) and tariffs for services (3.10%), while prices for non-food goods increased by only 1.01%.

The current account deficit of the balance of payments continued to deepen in 2020 compared to the previous year, reaching a share in GDP of 5.2%.

The GDP growth forecast for 2021-2024 has taken into account: (i) the economic developments in 2020; (ii) an economic growth supported mainly by investment, alongside consumption, in an internal environment favoured by stability and predictability of macroeconomic policies and by effective government policies for mitigating Covid-19 crisis; (iii) an efficient absorption of EU funds on the two axes, namely the financial framework for 2014-2020 programming period and the Recovery and Resilience Facility; (iv) resuming economic activity in all sectors, provided that the vaccination strategy is complied with.

For 2021, in the context of extending the state of alert in the first months and of keeping some restrictions to limit the spread of the virus, the macroeconomic target is to recover from the economic downturn in 2020, creating the premises for a sustainable economic growth. The forecast for 2021 expects a **5% increase in GDP**.

On the supply side, for 2021, all activities are expected to have a positive contribution to GDP growth. Constructions will continue their favourable evolution in recent years, at a slower pace, determined by the base effect, the estimated increase for GVA in this sector being 6.1%. Regarding industry, strongly affected by the health crisis, a partial recovery is expected in 2021. For agriculture, the forecast is also prudent - a 14.8% increase in GVA, given the two consecutive years with reductions in the volume of activity. Regarding services, taking also into account the health crisis, an increase of 3.9% is expected for the sector as a whole, emphasis being put on recovering the losses registered in 2020 in the sectors hit by the pandemic (“entertainment, cultural and recreational activities; repairs of household goods and other services” and “trade, transport and storage, hotels and restaurants”). The “information and communications” sector will continue its positive development, but to a lesser extent because of the base effect. Overall, the services sector will support GDP growths by 2.4% in 2021.

On the demand side, the main driver of economic growth will be domestic demand, with a 5.8% advance. Gross fixed capital formation will increase by 7.0% in 2021 also due to the absorption of European funds. Private consumption will increase by 5.1%, in the context of an expected return to normality from the second half of 2021. Government consumption will register a 1.8% dynamic, given the fact that the mitigation of social and economic effects of the pandemic will continue throughout the year, i.e. vaccinating a high percentage of population by the end of 2021. Net exports will reduce its negative contribution to GDP growth (-1.1 percentage points), given that imports of goods and services will increase by 10.1%, and exports of goods and services will increase by 8.3%, in correlation with industrial production’s pace of return.

### Economic growth

- Annual percentage changes -

	2019	2020	2021	2022	2023	2024
Real GDP	4.1	-3.9	5.0	4.8	5.0	4.9
Nominal GDP	11.2	-0.2	8.3	7.9	8.1	7.8

*Real GDP components - expenditure method*



	2019	2020	2021	2022	2023	2024
Private consumption expenditures	4.1	-5.2	5.1	4.9	4.9	4.7
Government consumption expenditures	6.9	2.0	1.8	2.1	2.2	2.4
Gross Fixed Capital Formation	13.0	6.8	7.0	8.8	9.4	8.6
Exports of goods and services	4.6	-9.7	8.3	5.7	6.0	5.6
Imports of goods and services	6.8	-5.1	10.1	7.2	7.3	6.7
<i>Real GDP components - offer side</i>						
Industry	-0.6	-9.1	5.8	4.6	4.9	4.5
Agriculture, forestry and fish farming	-5.0	-16.2	14.8	6.7	3.0	2.7
Construction	7.0	10.0	6.1	8.8	9.5	8.4
Services	6.2	-1.8	3.9	4.2	4.6	4.7
<i>Real GDP components - expenditure method (percentage)</i>						
Final domestic demand	6.5	-1.3	5.2	5.6	5.8	5.5
Change in stocks	-1.2	-0.9	0.9	0.0	0.0	0.0
Net export	-1.2	-1.6	-1.1	-0.9	-0.8	-0.7
<i>Real GDP components - offer side (percentage)</i>						
Industry	-0.1	-1.9	1.1	0.9	1.0	0.9
Agriculture, forestry and fish farming	-0.2	-0.7	0.6	0.3	0.1	0.1
Construction	0.4	0.6	0.4	0.6	0.7	0.6
Services	3.6	-1.0	2.4	2.6	2.7	2.8

Source: INS and CNSP

For 2022 - 2024, the average annual growth rate of GDP is estimated at 4.9%. On the supply side, the most dynamic sector will be constructions, with an average annual GVA growth rate of 8.9%. In addition, for the tertiary sector, an average annual increase of 4.5% is estimated, the emphasis being put on developing modern services (IT, services for enterprises etc.). For the industrial sector, the average annual growth rate is estimated at 4.7%, mainly with the development of sectors with increased GVA.

Within domestic demand, gross fixed capital formation will be the main driver of economic growth with an average annual rate of 9.0%, as a result of the improved investment climate and of the impact of European funds from NRRP and Multiannual Financial Framework. Private consumption will have a balanced growth, corresponding to the evolution of real net incomes in the economy (average annual rate of 4.8%), while government consumption will increase, on average, by 2.2%. Net export will decrease its negative contribution to GDP growth, reaching -0.7 pp at the end of the forecast horizon (2024). Exports of goods and services will increase at an average annual rate of 5.8%, and imports of goods and services will increase, on average, by 7.0%.

The **current account deficit of the balance of payments** will reach 11.3 billion euro in 2021, having a 4.8% share in GDP, against the background of a surplus increase on services side and of a loss reduction in the primary income balance.

For 2022-2024, the negative current account balance is forecasted to reach an average annual value of 11 billion euro. Its share in GDP will improve, from 4.5% in 2022 to 3.9% in the last year

of the forecast horizon. Taking into account the resumption of activity in most economic sectors, the balance of payments is expected to recover from the pandemic losses of the tertiary sector and primary revenues, given that the capital account will have a high contribution.

### External trade and current account

- Billion Euro -

	2019	2020	2021	2022	2023	2024
FOB Export	69.0	62.2	66.9	71.3	76.5	82.0
- annually percentage change, %	1.9	-9.9	7.7	6.6	7.3	7.1
CIF Import	86.3	80.6	87.7	94.3	101.8	109.5
- annually percentage change, %	4.2	-6.6	8.9	7.5	8.0	7.5
Trade Balance FOB - CIF	-17.3	-18.4	-20.8	-22.9	-25.3	-27.5
Current account deficit	-10.9	-11.4	-11.3	-11.3	-11.3	-11.3
- % of GDP	-4.9	-5.2	-4.8	-4.5	-4.2	-3.9

Source: INS and CNSP

For 2021, inflation is expected to increase to 3.1%, as an annual average and to 3.2% at the end of the year, the forecast being influenced by the sharp increase in non-food goods in the first 3 months of the year, due to a substantial price increase of electricity once the market liberalised (1 January 2021). In addition, the unfavourable effects of oil quotations' recovery on international markets led to price increases for fuels.

In the medium term 2022-2024, in the absence of other pressures on consumer prices, inflation is expected to follow a downward trend, reaching 2.4% in 2024 at the end of the year and 2.5% as an annual average.

### Inflation

- % -

	2019	2020	2021	2022	2023	2024
- end of the year	4.04	2.06	3.2	2.8	2.5	2.4
- annual average	3.83	2.63	3.1	2.9	2.6	2.5

Source: INS and CNSP

In 2019, the employment rate of population aged 20-64 reached 70.9%, exceeding by 0.9 pp the target. In 2020, the restrictions imposed as a result of the health crisis, affected in a very small amount the employment rate of population aged 20-64, which decreased by only 0.1 pp, remaining above the 70% target set in the context of *Europe 2020 Strategy*.

Starting with 2021, the employment rate is expected to resume to its 2019 level, i.e. 70.9%, following to enter an upward trend, to approx. 72.4% by 2024.

## Labour force

- % -

	2019	2020	2021	2022	2023	2024
Employment rate (age group 20-64)	70.9	70.8	70.9	71.5	72.0	72.4
- men	80.3	80.3	80.6	81.3	82.2	82.7
- women	61.3	61.0	61.1	61.4	61.6	61.8
Unemployment rate (according to ILO) -%	3.9	5.0	4.8	4.0	3.5	3.2

*Source: INS and CNSP*

In addition, starting with 2021, the **number of unemployed** is expected to register a decreasing trend, so that the unemployment rate will fall to 3.2% in 2024, 1.8 pp lower than in 2020.

**In the medium term**, economic growth will return to its potential (estimated before COVID-19 pandemic), reaching almost 4% by 2024. Investments will be the main driver of potential economic growth, followed by total factor productivity. Regarding labour factor, despite a negative demographic trend, a slightly positive contribution is expected. The decline of the working age population will be offset by government measures targeting labour market, leading to a rising activity rate and a dropping natural unemployment rate (NAWRU).

## 3. REFORM PRIORITIES

### 3.1. Fiscal and budgetary policy and financial stability

#### Key directions:

- ✓ Budget balance and public debt
- ✓ Efficient management of public investment
- ✓ Increasing the efficiency of budgetary spending
- ✓ Improving tax collection
- ✓ Improving customs activity
- ✓ Financial and banking sector stability

#### *General consolidated budget balance and public debt*

Romania has been under the *Excessive Deficit Procedure*<sup>2</sup> (EDP) since 3 April 2020, when the Council of the EU adopted a *Recommendation with a view to bringing an end to the situation of an excessive government deficit*, according to which Romania should reach deficit targets of 3.6% of GDP in 2020, 3.4% in 2021 and 2.8% of GDP in 2022. On 15 September 2020, Romania sent a *Report on the actions undertaken to adjust the excessive budget deficit*.

In the light of the extraordinary macroeconomic and fiscal impact of the COVID-19 pandemic, EC decided to re-assess at a later date Romania's budgetary situation based on the 2020 outturn data, 2021 budget and the Commission's 2021 spring forecast.

*In 2020, the fiscal and budgetary policy was an important tool in the fight against the negative impact of the pandemic*, by supporting population and business environment. As a result, while the initial budget programming stipulated a budget deficit of 3.6% of GDP for 2020, in line with the EDP recommendation target, the economic developments in the context of COVID-19 crisis imposed *three budget corrections*, which *successively changed the budget deficit target for 2020, to 6.7%, 8.6% and 9.1% of GDP*.

The preliminary execution of the general consolidated budget for 2020 ended with a cash deficit of 101.92 billion lei (9.79% of GDP). 46.31 billion lei (4.45% of GDP) were maintained in the economic circuit through fiscal facilities, investments and exceptional expenditures for fighting the effects of COVID-19 pandemic.

*The budget deficit increase* in 2020 compared to 2019 is explained on the *revenue side* (i) by the unfavourable evolution of budget revenues during March - December caused by the crisis and by postponing fiscal obligations' payment during the crisis (18.12 billion lei), (ii) by the increase of VAT refunds (by 2.72 billion lei, compared to 2019), in order to support private sector liquidity, (iii) as well as by the bonuses granted for paying on due date the profit tax and income tax for micro-enterprises (0.9 billion lei).

On the *expenditure side*, investment expenditures increased by 9.5 billion lei compared to 2019, while exceptional expenditures generated by COVID-19 pandemic amounted to 15.07 billion lei.

In addition, in order to fight the negative economic effects of COVID-19 pandemic, the Government approved several support programmes for SMEs, large companies and SMEs with a turnover of over 20 million lei, by granting state guarantees; in 2020, the guarantees granted

<sup>2</sup> Taking into account the exceeding of the 3% ceiling established for the ESA budgetary deficit in 2019  
ROMANIA - 2021 NRP

amounted to 12.48 billion lei (1.2% of GDP).

The most important **macro-stabilization measures** adopted by the Government during 2020 and 2021<sup>3</sup> in order to stop the negative effects of the pandemic and support the population and business environment are:

*Supporting business environment by financing important programmes:*

- ✓ The programme *State aid for financing investment projects*;
- ✓ The programme *Transfers under state aid schemes representing excise duty refunds for diesel oil used as fuel*;
- ✓ The programme *SME INVEST ROMANIA* - in March 2021<sup>4</sup>, the state aid scheme and the timeframe for paying back the grant were extended until 30 June 2021, respectively 30 June 2022; the guarantee ceiling for 2021 is 15 billion lei. In addition, the Government approved the Sub-programme *AGRO SME INVEST* for supporting SMEs and small enterprises with medium market capitalization, in the field of agriculture, fisheries, aquaculture and food sector (the guarantee ceiling for 2021 is 1 billion lei).
- ✓ The programme *SME LEASING for equipment and machinery* - the Government proposed a 2 billion lei ceiling and extending the *de minimis* state aid scheme until 31 December 2021 and the payment of the grant until 31 October 2022;
- ✓ The programme *SME FACTOR*, for guaranteeing commercial credit and the associated state aid scheme<sup>5</sup> - the Government approved a 1 billion lei ceiling and a state aid scheme until 30 June 2021, the payment of the grant being possible until 30 April 2022.

*Financing social protection measures in the pandemic context, whose applicability has been extended until 30 June 2021:*

- ✓ During the temporary suspension of individual employment contract, employees are granted an indemnity of 75% of the basic salary corresponding to the job, but not more than 75% of the average gross salary used to substantiate the social insurance budget for 2020 (furlough scheme).
- ✓ Employers who employ, between 1 January and 1 September 2021, for an indefinite period, full time, persons aged >50 whose employment relationships have ceased for reasons not attributable, receive monthly, for 12 months, 50% of the employee's salary, but not more than 2,500 lei.
- ✓ Employers who employ, between 1 January and 1 September 2021, for an indefinite period, full time, persons aged 16-29 registered as unemployed receive monthly, for 12 months, 50% of the employee's salary, but not more than 2,500 lei.
- ✓ Until 30 June 2021, for employees who sign employment contracts for a fixed period of up to 3 months, a part of 41.5% of the salary for the days worked, but not more than 41.5% of the average gross salary (stipulated by Law No 6/2020) can be settled from the unemployment insurance budget;
- ✓ At the same time, for persons who carry out occasional unskilled activities (day labourers) in one of the areas affected by the interruption or restriction of activity in the pandemic context, 35% of a working day remuneration is granted from the public budget for a period of 3 months, as chosen by the beneficiary of works, but not later than 30 June 2021.

*Implementing measures to ease the fiscal burden:*

- ✓ No interest and late payment penalties were calculated for tax obligations due during March -

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<sup>3</sup> According the *Report on macroeconomic situation in 2021 and its forecast for 2022-2024*

<sup>4</sup> GEO No 16/ 2021

<sup>5</sup> GEO No 146/ 2020

- 25 December 2020;
- ✓ Performing fiscal inspections subsequently (until 31 January 2022, as extended by GEO No 19/2021) for requests of VAT refunds, submitted within the legal term;
- ✓ Granting fiscal facilities for taxpayers having outstanding debts on 31 March 2020, respectively cancelling due accessories, provided that the main tax obligations are paid; the request for cancelling the accessories can be submitted until 31 January 2022 (as extended by GEO 19/2021);
- ✓ Making the conditions for accessing tax obligations restructuring more flexible, by: including the outstanding tax obligations until 31 December 2020, extending the deadline for submitting notifications on the subject until 30 September 2021;
- ✓ Regulating a simplified procedure for granting payment rescheduling for a maximum of 12 months, for the main and ancillary tax obligations whose maturity is fulfilled after declaring the emergency state, until issuing the fiscal attestation certificate (the request can be submitted until 30 September 2021).

#### *Applying VAT exemption for tests and medication used in the fight against the pandemic:*

- ✓ Introducing a VAT exemption, with the right to deduct deliveries of medical devices for COVID-19 in vitro diagnosis and vaccines, as well as of the related vaccination and testing services, other than those exempted from VAT according to art. 292 of the Fiscal Code; this measure is applied until 31 December 2022;
- ✓ Introducing a VAT exemption for intra-community acquisitions of Remdesivir; the measure is applied until 31 December 2022.

***In the medium term, Romania targets a gradual fiscal consolidation through measures that will allow reaching the general government deficit target stipulated by European regulations by the end of 2024.*** The budget planning for 2021 and the forecast for 2022-2024 set ***ESA budgetary deficits of 8.23% of GDP in 2021***, 4.68% of GDP in 2023 and 2.90% of GDP in 2024.

In structural terms, the deviation registered in 2016 from the Medium Term Budgetary Objective of Romania (set to 1% of GDP) is envisaged to be maintained in the reference horizon. However the structural deficit is expected to start adjusting from 2021 (by 0.34 pp, compared to 2020), reaching 4.83% of GDP in 2023 (an adjustment of 2.59 pp, compared to 2021).

**For 2021, the main fiscal and budgetary policy measures, concern:**

- ✓ *Maintaining the gross basic salaries/ military pay/ monthly employment allowances* for staff paid from public funds, as well as allowances related to public dignity positions and functions assimilated to them, at the level granted in December 2020;
- ✓ *Maintaining bonuses, allowances, compensations* and other elements that are part of the gross monthly salary, at most, at the level granted in December 2020;
- ✓ *Maintaining food allowance at the level set for 2020;*
- ✓ *Not granting prizes and Holliday allowances;*
- ✓ *Compensating overtime for government staff with appropriate free time* (for police officers and military personnel, the previous years' regulations on granting salary for the activity carried out on public holidays are maintained);
- ✓ *Extending the use of holiday vouchers* issued in 2019 and 2020 by the end of 2021 and suspending the issuance of holiday vouchers for 2021 by public authorities and institutions;
- ✓ *Students aged <26, enrolled in full-time education, benefit from a 50% reduced fare on local public transport, domestic car transport, internal transport on all train and naval categories* (orphan students benefit from gratuity);
- ✓ *Suspending up to 9 months, at the debtor's request, the due instalments of loans* (consisting

in capital, interest, commissions), provided that the requests are submitted by 15 March 2021<sup>6</sup>;

✓ **Supporting business environment and liquidities of taxpayers**, by measures like:

- a) *tax exemption for some activities* of taxpayers falling under Law No 170/2016, for a period of 180 days, starting from 1 January 2021;
- b) *granting reductions for profit tax, income tax for micro-enterprises or activity-specific tax*, for situations where taxpayers register positive equity at the end of the fiscal year (2% reduction), respectively register increases of the fiscally adjusted equity, in the current year compared to 2020 or to the previous year (3% -10% reductions).

Concerning **government debt**, the budgetary rectification in November 2020<sup>7</sup> *increased its 2020 threshold to 47% of GDP*, due to contracting loans to ensure the pre-financing of the financing needs and to consolidate the foreign currency reserve of the State Treasury. As of 31 December 2020, the public debt, calculated according to EU methodology, was *47.3% of GDP*, a level below the 60% threshold set by the Maastricht Treaty.

For 2021, the public debt threshold calculated according to EU methodology is 52% of GDP<sup>8</sup>.

*Further details on the fiscal and budgetary policy can be found in the Convergence Programme.*

### **Efficient management of public investment**

MF monitors on a yearly basis the way in which the main credit release authorities reflect the **public investment projects' prioritization** results in their annual budgets, being empowered to apply sanctions in the event of non-compliance with the legislation.

In 2020, MF continued the prioritization process, by sending requests to the main credit release authorities to submit the significant public investment projects and relevant information. The *Memorandum on the prioritization results used in drafting the public budget for 2021* was approved on 19 August 2020, and it included **160 significant public investment projects** managed by nine main credit release authorities (compared to 158 projects in 2019 and 136 projects in 2018). The largest share in the portfolio belongs to MTI, which is managing 130 projects, followed by MMAP with 11 projects, MDLPA with seven projects, MS with six projects and MJ with two projects.

In 2021, MF will elaborate the memorandum on the approval of the prioritization results, following to be used in drafting the public budget for 2022.

Regarding the process of **rationalizing public investment portfolio**, *the pilot exercise started by MF and MT* continued in 2020. MTI portfolio of public investment projects was analysed in order to identify non-performing projects and to include them in the rationalization programme. 116 projects were excluded from the analysis, considering the following reasons: stage of execution over 90%, projects started in the reference year n and in the years n-1 and n-2 (2018, 2017, 2016), Slatina bypass project (which is included in Craiova-Pitesti Expressway).

MF drafted a *Presentation note on the pilot exercise results*, MTI following to analyse the transfer of non-performing projects from the public investment programme to the settlement facility and to identify settlement strategies. Considering the epidemiological situation, the completion of the pilot exercise is estimated for the end of 2021.

As regards the **National Programme for Local Development (PNDL)**, 5,070 investment objectives were completed by the end of April 2021, out of which 3,064 financed under PNDL I (2015-2022) and 2,006 under PNDL II (2017-2022). The value of the total amount settled for the development of these investment objectives was of 29.4 billion lei.

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<sup>6</sup> GEO No 227/2020

<sup>7</sup> GEO No 201/2020

<sup>8</sup> Law No 14/2021

Moreover, in 2021, commitment appropriations were provided in the MDLPA budget in order to supplement the amounts allocated from the state budget for the investment objectives included in the PNDL - Stage I.

Regarding **public-private partnership projects (PPP)**, in 2020, the Public Investment Management Unit (UMIP) within MF, together with experts from EIB, developed a *National Strategy for implementing priority projects under PPP regime*. The strategy provides for a set of criteria for selecting the projects to be implemented under PPP regime, proposes an institutional framework for approving various stages, from the project preparation phase, awarding contracts and monitoring them in the operational phase. The Strategy is expected to be approved by the end of this year.

Also, given the need to complement the existing legal framework with guidelines/ methodologies for preparing PPP projects, in 2020 UMIP developed, submitted and obtained approval for a *technical assistance project financed by the Structural Reform Support Programme*. The project involves consulting services for developing guidelines on standard contractual provisions, developing a set of tools/ methodologies for PPP related to *Value for Money* concept, developing a set of training materials and training sessions. The project will run for 18 months, starting with the second semester of 2021.

### **Increasing the efficiency of budgetary spending**

In order to monitor the *measures for increasing the efficiency of budgetary spending*, a *Technical assistance project* started in September 2020 at the level of CAECP<sup>9</sup> (within MF), *in order to strengthen its administrative capacity by drafting a methodology for monitoring and assessing the financial impact of the measures established in the context of a spending review or of a programme*. TA is provided by EC - DG Reform, with the following activities set **for 2021**: preparing the general methodology for monitoring and assessing the impact of measures resulting from a spending review and/ or from the implementation of a programme; elaborating technical specifications for an IT application for monitoring and assessing the measures established in the context of a spending review or of a programme, detailing the policies that the Government intends to apply in a certain field.

In addition, in 2021, the authorities plan to start a pilot analysis for increasing the efficiency of budgetary spending, on a small financial field or activity.

At the same time, in the context of the loan agreement between Romania and IBRD *Results-based Programme in the Romanian health sector* (signed on 23 September 2019, updated on 31 July and 26 August 2020, ratified by Law No 1/2021), CAECP will perform a first *health spending review*.

### **Improving tax collection**

In 2020, ANAF collected 263.6 billion lei, which represents an achievement degree of 98.1% of the budgetary revenue collection programme and a 3% decrease (8.05 billion lei) compared to 2019, as a consequence of the COVID-19 pandemic.

Regarding the *evolution of the gross revenue collection*, considering the fact that, in 2020, VAT refunds increased by 2.72 billion lei compared to 2019, *the gross revenues collected (including dividends) in 2020 decreased by 2.1% compared to gross revenues collected in 2019* (275.69 billion lei in 2020, 281.53 billion lei in 2019). In order to analyse in comparable conditions the 2019 and 2020 results, it is necessary to exclude from the gross revenues the dividends and payments from the net profit of the autonomous administrations. Thus, comparing the gross revenues excluding dividends and payments from the net profit of the autonomous administrations in 2019 (275.55 billion lei) with those in 2020 (271.74 billion lei), the decrease is only of 1.4%.

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<sup>9</sup> Compartment for Public Spending Review and Efficiency  
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**Tax liabilities** (excluding self-compensation) declared in 2020 amounted to 280.56 billion lei, which represents a 3.1% increase (8.52 billion lei) compared to 2019. It should be noted their positive evolution in the first two months of 2020 (10% increase, from 42.4 billion lei to 46.6 billion lei), followed by a decrease by up to 87.1% in May 2020 compared to May 2019, as a result of the pandemic expansion.

In 2020, the revenues to GDP share was 25.3%, which is 3% below 2019 level, in the context of the special legislation designed to reduce tax burden and to support the economic environment during the health crisis, which included:

- ✓ Postponing the payment of tax liabilities; on 31 December 2021, ANAF registered a stock of 18.1 billion lei, representing tax liabilities declared and deferred during March -December 2020;
- ✓ Implementing a new VAT refund procedure, which increased VAT refunds. In 2020, 19,778 additional returns were settled, VAT refunds increasing by 2.72 billion lei compared to 2019;
- ✓ Granting bonuses in order to encourage the payment of current tax liabilities.

The first quarter of 2021 ended with good results, ANAF collecting 69.2 billion lei, which represents an achievement degree of 101.3% of ANAF's revenue collection programme for the first quarter, respectively a 14.3% increase (8.7 billion lei) compared to Q1 2020. Compared to the same period of 2019, which was a normal economic year, the revenues collected in Q1 2021 registered an increase of 11.2% (7 billion lei).

The share in GDP of the net revenues collected by ANAF in Q1 2021 was 6.2%, 0.4 pp over the share accomplished in the same period of the previous year, also in the context of a nominal GDP growth of 7,3% (from 1,040.8 billion lei in 2020 to 1,116.8 billion lei in 2021 - according to CNSP winter forecast).

In the first semester of 2020, ANAF carried out its activity according to the objectives of the *Action Plan for streamlining the collection of revenues to the Consolidated General Budget* (published in June 2019). Subsequently, as response to COVID-19 special situation, ANAF developed an **Operational Plan for Revenue Recovery**, identifying the measures needed for the recovery period and for an efficient budgetary collection, taking into account the sanitary protection of its own staff and taxpayers. The document is structured on three major chapters<sup>10</sup> and the main measures taken by ANAF are:

- ANAF made proposals for amending legislation and, together with MF, *drafted the legal acts for regulating fiscal measures concerning the collection of budgetary receivables* in order to ensure liquidity of business environment and to support jobs<sup>11</sup>. In order to support **compliance on tax liabilities payment**, a series of tax facilities were applied (not calculating interest and penalties for tax liabilities/ due instalments, bonuses for tax payment, rescheduling, etc.) during the health crisis. *More details can be found in the section concerning the macro-stabilization measures adopted by the Romanian Government.*
- In order to **increase tax compliance**, the following measures have been implemented:
  - Amending the single declaration for natural persons (OPANAF No 1107/2020, 14/2021);
  - Identifying affiliated persons, making an inventory of the transactions susceptible to be verified in the field of transfer pricing and notifying these taxpayers in order to correct

<sup>10</sup> Chapter I *Measures on saving revenues* - includes measures in the main areas of ANAF, like risk management, supporting voluntary compliance, the collecting activity and fiscal inspection; Chapter II *Ensuring services for taxpayers* - includes measures that aim improving the communication with taxpayers and their transition to the electronic environment; Chapter III *Measures on supporting business processes* - aims to continue the usual activities while ensuring the safety and health of staff and taxpayers

<sup>11</sup> GEO No 29/2020, No 33/2020, No 48/2020, No 69/2020, No 90/2020, No 99/2020, No 181/2020, No 226/2020, No 19/2021, Law No 114/2020

their tax returns; amending statement 394 (OPANAF No 3281/2020);

- Setting competencies for fiscal bodies to carry out *a documentary audit* by structures with attributions on fiscal inspection, anti-fraud control and personal fiscal situation inspection (OPANAF No 3632/2020). The structures with anti-fraud control attributions will also have the competence to issue debt titles, subject to subsequent inspection (stage preceding the desk-audit);
  - Approving the model and content of the forms and documents used in the documentary audit activity (OPANAF No 3666/2020);
  - Approving the *procedure for drawing up, endorsing and approving the fiscal inspection report* (OPANAF No 4077/2020). The Order also regulates the situations in which there are divergences between the fiscal bodies concerning the correct assessment of the fiscal situation and the way of solving it;
  - Extending the implementation of the simplified custom procedures, in order to be aligned with the European average of 65%;
  - Making a *new assessment on VAT gap*, based on a top-down calculation methodology, disaggregated by economic sectors of activity.
- Concerning the **prevention and fight against tax evasion**, during the state of emergency and alert, ANAF carried out the tasks resulted from military ordinances<sup>12</sup>, especially in the field of medical devices and sanitary materials for COVID-19 prevention and treatment and in the field of medication set to be delivered abroad.

In 2020, the **tax audit activity** included 24,792 fiscal audits and 10,702 unannounced control actions, performed on legal and natural persons taxpayers, with 4.2 billion lei being set as obligations.

Regarding the tax audits carried out at taxpayers who carried out transactions with affiliates, in which *transfer prices* were also verified, the value of the verified transactions was 32.7 billion lei, resulting a difference in the tax base of 1.99 billion lei. The additional difference in the tax base determined an additional profit tax of 158.2 million lei and a decrease of the fiscal loss by 981.1 million lei.

**The fiscal anti-fraud activity** carried out by DGAF in 2020 resulted in applying contravention sanctions of 1.5 billion lei and in submitting 183 notifications to the criminal investigation bodies (for damages amounting to 503.6 million lei).

Risk analyses were performed for economic agents that carried out *trade with sanitary materials* during the state of emergency. Consequently, DGAF performed audits on 256 taxpayers, for which fiscal implications amounting to 9.8 million lei were estimated and contravention sanctions amounting to 5.7 million lei were applied.

Regarding *e-commerce activity*, ANAF verified 562 taxpayers, estimating tax implications of 57.7 million lei and applying sanctions amounting to 1.1 million lei. In order to identify individuals or legal entities engaged in online commerce, the *Electronic Commerce Directorate*, established in June 2020 within DGAF, sent 191 requests for information to courier operators. *Operation Mercury*, the largest action in the field of untaxed e-commerce, will be expanded in 2021.

As for *control actions regarding objectives set by judicial/ police bodies*, 173 taxpayers were verified and 3.9 million lei worth contravention sanctions were applied, the tax implications assessed amounting to over 27 million lei.

The activity on *road transport monitoring* was carried out intermittently in 2020 (being suspended during the state of emergency) and was ensured by an average of 79 inspectors, who performed checks and records on 952,743 national transports and 300,295 transports in transit. The

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<sup>12</sup> Art. 9, Military Ordinance No 1/2020

information accumulated and the risk analyses performed were capitalized during the *anti-fraud controls that targeted intra-community transactions*, meaning that 572 taxpayers were verified, for which fiscal implications amounting to 63.4 million lei were quantified and contravention sanctions of 9.4 million lei were applied.

Regarding *cross-border fraud*, the tax anti-fraud structure was involved in two multilateral controls in 2020.

**The fiscal inspection for individuals with high assets/ tax risk** carried out in 2020 by the personal income control structures included 357 actions that verified the personal tax situation and partial tax inspection regarding income tax. ANAF issued 78 taxation decisions, finding additional revenues of 182.9 million lei, for which fiscal receivables of 43.8 million lei were established.

- **ANAF has been accelerating its digitalisation process** in order to improve collection through voluntary compliance, adopting the following measures:
  - *Connecting fiscal electronic cash registers (AMEF) to ANAF's IT system* (600,656 devices were operating at taxpayers on 1 April 2021). In March 2021, AMEF's connection procedure was approved (OPANAF 435/2021); starting with 31 March 2021, all categories of taxpayers can connect to ANAF's national computer system for tax data supervision and monitoring. The main deadlines for connection are 30 June 2021 for large taxpayers, 30 November 2021 for medium taxpayers and the date of AMEF's installation for economic operators purchasing AMEF after 1 December 2021. To support this activity, ANAF published on its site a *revised Guide on connecting AMEF to MF-ANAF computer system*.
  - *Implementing SAF-T IT<sup>13</sup> system* (the contract on SAF-T software development, integration and training services was signed on 31 December 2020; in Q1/ 2021, the stage on analysis and design of the system was carried out);
  - Granting access for legal entities to the platform *Ghiseul.ro*;
  - Introducing new documents based on which natural person taxpayers can electronically identify in SPV and *implementing an online visual identification for SPV registration*. As a result, the natural persons in SPV registered a 134.5% increase in 2020.
  - Creating the possibility for taxpayers to electronically send and receive the *double taxation avoidance specific documents and international tax agreements*, through SPV and e-government (NRZCER application);
  - *Extending the online scheduling service* for visits to the fiscal unit's headquarters, as well as for the online visual identification for SPV registration;
  - Implementing *One Stop Shop* (VAT package on e-commerce); starting with 1 April 2021, ANAF website offers the possibility of electronic registration in the OSS system;
  - *Interconnecting SPV and Ghiseul.ro for natural persons*; thus, SPV registered natural persons can now *pay directly their fiscal liabilities, with a bank card*;
  - Introduction of new documents/ reports within SPV (history of submitted declarations for natural persons, report on SPV representation rights and submission of declarations);
  - Creating the possibility, through SPV, to make payments on behalf of any other natural person, regarding the income tax and social contributions from the Single Declaration;
  - Ensuring remote assistance for taxpayers and *developing a Call-Centre* (electronic and telephone services);
  - Solving the requests submitted by taxpayers *remotely*, with 900 inspectors having remote

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<sup>13</sup> Standard Audit File for Taxation - electronic transfer of accounting and financial data from companies to tax administration

access to the necessary database for carrying out specific activities;

- Simplifying the payer's form and operating the electronic transfer of fiscal administrative documents issued by fiscal inspection bodies in the payer's record;
  - Implementing NOES<sup>14</sup> IT system and implementing an IT system for bank accounts' seizure and seizure lift (the seizures related part was done on 4 January 2021).
- Concerning *VAT reimbursement*, the extension of the new refund mechanism<sup>15</sup> resulted in a reduction of negative returns with refund option, settled with early control. The amounts requested for reimbursement categorised in high risk were 1.3 billion lei in 2020, compared to 1.5 billion lei in 2018 and 1.7 billion lei in 2019.
  - Regarding *VAT gap*, VAT revenues actually collected in 2019 increased by 11.8%, their growth rate being similar to the growth rate of theoretical revenues estimated based on the model used by EC (12%). This indicates an *improvement of collection*, both due to better administration and to increased tax compliance.
  - In order to **increase the quality of services for taxpayers**, ANAF has been further developing its IT services *Virtual Private Space* (SPV) and PatrimVen. Consequently, the use of electronic facilities available for taxpayers has been increasing, and the number of SPV enrolled users has been growing steadily. On 1 March 2021, there were 1,528,042 users, of which 949,899 natural persons and 578,143 legal or other entities. In 2021, SPV services will continue to be developed with the following functionalities:
    - Preparing notification forms and minutes on hearing taxpayers;
    - Adding a private pension agent's authorization as a reason for issuing a criminal record;
    - Sending deactivation decisions and notifications on non-submission/ correction of errors for recapitulative statements D390 VIES;
    - Improving the single contact form;
    - Sending requests regarding tax receivables compensation;
    - Filling in and submitting the *Declaration on trust contracts' registration*.

Regarding *PatrimVen Service*, the number of public institutions using this service has constantly increased. By 4 April 2020, 2,746 public institutions (approx. 24% of all public institutions) were enrolled.

In August 2020, ANAF launched an *on-line programming* application, as a pilot project at DGRFP Galati. The service, which is available within both SPV and ANAF's website, was later extended to all the public finance local administrations. Between 10 August 2020 and 28 February 2021, 22,837 taxpayers were scheduled online.

ANAF and MF have started to *expand and develop ANAF's Call Centre*, including the services offered and the Call Centre's capacity. The project will include a *single national number* (purchasing infrastructure, increasing the organizational structure's capacity), changing the interaction with taxpayers (possibly providing information subject to tax secrecy, providing digital assistance by chat/ chatbot/ virtual assistant), and new functionalities. From March 2021, Call-Centre structures can access remotely the Call-Centre application.

In order to *cut administrative burden for citizens and business environment*, on 9 September 2020, MF signed two financing projects (ACOP) to increase MF and subordinated institutions' administrative capacity for *obtaining extended electronic services on ANAF website, respectively*

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<sup>14</sup> Operational Seizure

<sup>15</sup> The VAT refund with subsequent control was initially stipulated by GEO No 48/2020 for the state of emergency period and was extended, by GEO No 99/2020, until 25 October 2020.

for obtaining documents from the institution's archive. The projects aim at *reducing the time needed for beneficiaries to obtain the required documents*. In 2021, the current IT system will be assessed in order to define the requirements in terms of IT infrastructure to develop ANAF's website and an electronic archiving solution. Both projects are carried out by MF, through the National Centre for Financial Information (CNIF).

In order to *inform taxpayers on tax facilities*, digitalisation changes and new services, in 2020, ANAF published on its website informative materials and organised training sessions (Services provided to taxpayers - SPV Registration and Online Programming).

- In 2020, ANAF's reorganization was completed; the process had as main objective implementing a new architectural design by allocating human resources in deficient sectors. In this context, the following targets were achieved:
  - Reducing ANAF's staffing plan by 2,000 positions, in order to make the existent resources more efficient;
  - Reducing the number of dignitary cabinets from 4 to 3 vice-presidents;
  - Reorganising the General Directorate for Fiscal Anti-Fraud in order to increase its contribution in collecting budget receivables;
  - Creating a risk management structure, that will significantly help stimulating taxpayer's voluntary compliance through programmes for the critical risks identified;
  - Setting a structure that will support ANAF management's decision-making process regarding the strategic priorities of the institution;
  - Setting an Information Management Unit, in order to speed up ANAF's digitalisation process and to set the priorities of the institution in this field.
- In the health crisis context, ANAF has adopted *special measures in order to protect taxpayers and staff*, organizing work at home by providing employees with mobile equipment (tablets, laptops) for remote communication and database access.

### Priorities for 2021

From January 2021, ANAF gradually resumed its normal tax administration activities, proposing a rapid return to the tax compliance degree registered at the end of 2019. The main actions set for 2021 are part of a broader medium-term vision, targeting the following areas:

1. **Simplifying tax administration procedures:** simplifying tax returns, further extending online filing of tax returns, ensuring the possibility for taxpayers to request the initial tax registration by electronic means;
2. **Accelerating the digitalisation process:** establishing multi-annual priorities for IT development, making available to taxpayers new electronic services/ functionalities for the existing electronic/ telephone services, etc.

Early 2021, ANAF had **18 significant projects** under implementation or following to be launched. Seven of them are in an advanced stage of implementation: SAF-T, Traffic Control (monitoring of intra-community transactions of goods), extension of electronic services on ANAF's website, NOES, One Stop Shop, extension of the computer system necessary for the exchange of tax information between EU MS, optimization of VIES\_RO<sup>16</sup> (the last three are

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<sup>16</sup> Exchange of information concerning intra-communitary deliveries.  
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expected to be included in NRRP). Eleven projects, such as SFERA<sup>17</sup> or APIC<sup>18</sup>, will be launched in 2021.

- 3. Integrated risk management**, according to ANAF's new design, a result of operationalizing the General Directorate of Risk Management. The implementation of the projects on tax compliance will speed up to better understand tax behaviour mechanisms and to develop targeted plans to stimulate tax compliance at different levels.

ANAF will implement *new tools*, such as e-commerce control (the Mercury operation will continue), desk-audit or E-invoice.

- 4. Information and awareness campaigns for citizens**, offering services through chat, implementing webinar services (through which virtual meetings with taxpayers will take place), etc.

### **Improving customs activity**

In 2020, the customs authority offered support for the organizations that imported medical materials and equipment used against SARS-COV 2 infection. During the state of emergency, the customs authority developed and approved an *Action Plan* for the customs structures, in order to ensure expedited customs formalities for medical devices, sanitary materials and medicines connected to COVID-19 prevention and treatment.

Regarding the **ex-post control and re-checking customs declarations** submitted and accepted in 2020, 76,303 actions were carried out and 2,248 frauds and irregularities were identified. Consequently, the customs authority drafted decisions to regularize the situation, with 112.6 million lei reported to be paid.

Following the **actions of the customs supervision and control teams**, 15 million lei worth fines were applied and goods amounting to 40.9 million lei were confiscated.

Regarding *preventing and fighting illicit traffic of tobacco products*, 21.8 million pieces of cigarettes were seized following specific controls. The annual average of illegal cigarette trade has been steadily declining in recent years, reaching 9.2% in 2020 (compared to 13.9% in 2019 and 16.3% in 2018).

Progress has been made on the **two projects with external financing to improve customs infrastructure and modernize customs offices**: (i) *Improving customs infrastructure for streamlining traffic flow at Siret border crossing customs point*<sup>19</sup> (10.9 million euro) - the financing sheet was drafted, the project team was established at DGRFP Iasi, the project is currently assessed for obtaining the financing; (ii) *Rehabilitation and modernization of border customs offices on Romania - Moldova border, namely Albita, Sculeni and Giurgiulesti customs offices*<sup>20</sup> (10 million euro) - the contract for execution of works for Giurgiulesti Customs Office was awarded, the procedure is ongoing for the execution of works at Albita and Sculeni Customs

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<sup>17</sup> The project aims to update tax administration IT systems and to ensure their interoperability with the IT systems of other state institutions that hold and can provide useful information for collecting taxes.

<sup>18</sup> Performance Administration through Information - the project involves implementing a Big Data platform that will manage large volume of data, analyse them, predictive modelling and implementing an integrated IT tool to ensure automatic risk analysis of taxpayers.

<sup>19</sup> The project consists in: construction/ modernizing the access infrastructure at the border crossing point, including in customs area; setting, extending and modernizing customs and road control infrastructure in the customs office, including related buildings; purchasing equipment for non-destructive customs control activities, including scanning equipment; purchasing tools and equipment related to the dynamic monitoring of the area and traffic management;

<sup>20</sup> The project involves: modernizing customs offices in Romania and improving the conditions for customs control according to international requirements; rehabilitating border crossing buildings and equipping them with the facilities required; modernizing and extending the road and control infrastructure of border crossing points in order to improve the border crossing capacity; organizing training on the use of new equipment.

Offices. The project will continue in 2021 with infrastructure works, acquisition of non-destructive control equipment and training of customs workers in the field of radiation protection and non-destructive control.

Regarding the *Convention on Mutual Assistance and Cooperation between Customs Administrations* (Naples II), the authorities drafted the national legal framework for its implementation. The inter-ministerial working party that drafted the GEO will resume its activity after the state of alert, following to review MF's amendments and to finalize a new draft GEO.

In addition, the authorities are implementing the **EU Strategy on Customs Risk Management**, which will transpose the Union Customs Code provisions (EU Regulation 952/2013). Phase I of the national system for imports' control will be implemented in 2021 (ICS2-RO, deadline 1 October 2021).

Regarding the **Excise Movement and Control system**<sup>21</sup>, the system is according to DG Taxud's requirements. In 2021, the authorities plan assigning a new contact for software development, in order to meet the new development requirements of DG Taxud, i.e. EMCS Phase 4.

### **Financial and banking sector stability**

In 2019 and 2020, BNR was involved in drafting legal acts in the field of financial and banking sector, by providing **points of view, observations and proposals**. The most important legal projects are the following:

- Draft law on exempting customers of savings-lending banks in the housing field from reimbursing state premiums and accessories;
- GEO No 127/2020 on amending and supplementing Law No 96/2000 on organizing and operating the Romanian Export-Import Bank Eximbank S.A. (the revised form);
- Draft law on supplementing and amending GEO No 99/2006 related to the transposal of the Directive on Capital Requirements (CRD V);
- Draft law for amending and supplementing Law No 312/2015 on the recovery and resolution of credit institutions and investment firms, as well as on amending and supplementing some normative acts in the financial field related to the transposition of the Directive on recovery and banking resolution framework (BRRD 2);
- GEO No 19/2019 on amending and supplementing some normative acts, which amend, among others, GEO No 114/2018 on establishing some measures in the public investment field and some fiscal-budgetary measures, amending and supplementing some normative acts and extending some deadlines (subsequently, GEO No 1/2020 repealed the provisions of GEO No 114/2018 regarding credit institutions);
- GEO No 37/2020 on granting facilities for loans granted by credit institutions and non-banking financial institutions to certain debtors, respectively GEO No 227/2020 on amending and supplementing GEO No 37/2020;
- Draft law on approving GEO No 37/2020, which established moratoriums for debtors affected by drought, in the agricultural year 2019-2020;
- Draft law on consolidating the national currency as the single payment currency on the Romanian territory;
- Legislative proposals on protecting consumers against excessive interest rates, against speculative assignments of debts, against abusive or unjustified enforcements, and against

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<sup>21</sup> EMCS (Excise Movement and Control System) - IT system, used by all EU Member States, to monitor intra-Community movements with excised goods under excise duty suspension, which helps to simplify procedures and eliminate bureaucracy

currency risk in credit agreements.

Moreover, in order to **mitigate the negative effects of COVID-19 crises** for Romanian population and companies, in 2020 and in the first part of 2021, BNR has adopted a package of measures in this regard, as follows:

- *Monetary policy measures*: reducing the monetary policy interest rate from 2.5% to 2%, 1.75%, 1.5% and 1.25% (last reduction was approved on 15 January 2021); providing liquidity to credit institutions; purchasing government securities denominated in lei to ensure the financing of real economy and public sector;
- *Measures to increase the legislative framework flexibility*, so that banks and non-banking financial institutions (NFI) are able to help natural persons and companies concerning outstanding loans;
- *Measures to strengthen financial institutions' resilience* and encourage lending to real economy: i) avoiding the distribution of dividends by banks and NFI and ii) allowing banks to operate temporarily under the global capital and liquidity requirement;
- *Measures on bank resolution*: postponing by 3 months, with the possibility of extension up to 6 months, the term for collecting the 2020 contributions to the bank resolution fund; postponing the deadlines for reporting information on planning the resolution;
- *Operational measures*: ensuring a proper functioning of national currency payment and settlement systems to normally carry out commercial and financial transactions; BNR will provide banks with uninterrupted cash flows for all operations, including ATM liquidity.

In 2021, BNR will continue to monitor developments in the financial and banking sector and to engage in debates concerning legal projects whose regulatory scope is in the areas of competence and responsibilities of the central bank. In this context, BNR will assess the impact of these legislative initiatives in the financial and banking sector and will present its views, observations and proposals, promoting solutions that do not affect financial stability and do not generate systemic risk.

In order to maintain financial stability by **preventing/ reducing systemic risks**, the National Committee for Macroprudential Supervision<sup>22</sup> (CNSM) issues recommendations and warnings addressed to BNR, ASF (as national financial supervisory authorities) or to the Government. In 2020, CNSM issued nine recommendations regarding: the countercyclical capital buffer (No R/1/2020, R/3/2020, R/7/2020, R/9/2020), amending the Strategy for implementing the International Standards of Financial Reporting by non-banking financial institutions, as a basis for accounting and for preparing individual financial statements (R/2/2020), how to implement European Systemic Risk Board's (ESRB) Recommendations 2020/8 and 7 (R/4/2020, R/5/2020), implementing the capital buffer for systemic institutions in 2021 (R/8/2020), decreasing vulnerabilities resulting from the increase of the trade balance deficit with agri-food products (R/6/2020). In Q1/2021, CNSM issued three recommendations on: the countercyclical capital buffer (R/1/2021), implementing Recommendation ESRB/2020/15 (R/2/2021) and complying with the provisions of the European Banking Authority's Guide on detailing and publishing the systemically important indicators (R/3/2021). At the same time, a working group was set up within CNSM in order to identify possible solutions to support *green finance*.

With regard the **insurance sector**, in 2020, ASF and EIOPA<sup>23</sup> agreed to carry out an **independent assessment for the insurance sector in Romania** through a **Balance Sheet Review (BSR)**. The consultant role is performed by ASF together with EIOPA experts. In 2020, ASF adopted the procedural framework, published on its website the list of eligible auditors for BSR and concluded agreements with auditors for 22 insurance companies. On 4 January 2021, the assessment of the participating companies by the assigned auditors began. Based on the review's results and on the

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<sup>22</sup> Established by Law No 12/2017 and composed of representatives of BNR, ASF and the Government

<sup>23</sup> The European Insurance and Occupational Pensions Authority



prudential indicators' calculation/ analysis, the participating companies will be classified and will be subject to differentiated remedial measures, depending on the size of the capital deficit resulting from the BSR exercise, without prejudice to adjustments made as a result of measures taken after the reference date.

Regarding the **capital market sector**, in 2021, ASF will carry out, from its own budget, ***stress tests on collective investment organisations and on alternative investment funds***, which are intended to highlight possible vulnerabilities for these entities, concerning the liquidity risk. The need for these stress tests stems from an increase of net assets of investment funds and of the complexity of their operations and investments, as well as from periods of extreme volatility in financial markets, determined recently by the impact of health crisis, characterized by significant withdrawals from the investment funds.

In order to draft a **National Strategy for Financial Education (SNEF)**, the Committee for Financial Education (established by a collaboration between BNR, ASF, MEd, MF and ARB) received specialized assistance from the Ministry of Finance of Netherlands. Within this funding, a questionnaire was applied concerning financial education in Romania, based on which SNEF will be drafted. The technical committee started drafting the first chapters of SNEF, a first draft following to be issued in public debate by the end of 2021. Moreover, the website *www.edu-fin.ro* was developed and became operational on 3 March 2021. Through this platform, a database will be created including all the entities promoting financial education projects, carried out in their own name at national level. The launch of the financial education platform *www.edu-fin.ro* is a stage of SNEF elaboration process.

In order to increase the financial and economic literacy, from 2020-2021 school year, the subject ***Economic and Financial Education*** is compulsory for the 8<sup>th</sup> grade students. MEd, BNR, ARB (through the Romanian Banking Institute) and ASF have accredited, for a 4 year-period, the only comprehensive course "*Economic and financial education for teachers* targeting the teaching staff from lower-secondary education that teach Social Education to 8<sup>th</sup> grade students.

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

#### [Fiscal and budgetary policy in NRRP:](#)

[Pillar III. Smart, sustainable and inclusive growth, Component 8. Tax reforms and pension system reform](#)

[Pillar II. Digital transformation, Component 7. Government cloud and digital public systems](#)

## 3.2. Green transition

### 3.2.1. Environment and climate change

#### Key directions:

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

#### *Reducing GHG emissions from the energy and transport sectors*

To reduce GHG emissions from the energy sector and to stimulate the production of energy from non-polluting sources, 15 projects were submitted to be funded from LIOP SO 6.4, on the new call for district heating integrated projects, amounting 75.72 million euro, of which 2 projects were contracted, amounting 9.68 million euro (18.24 MW installed capacity in high efficiency cogeneration).

At the same time, the national infrastructure for alternative fuels is being developed at an accelerated pace. Thus, *The Guidance of the Vehicle Recharging Infrastructure Development Programme for Plug-in Hybrid Electric and Electric Vehicles at the level of Highways, European Roads and National Roads financed by the Environment Fund* is being developed. Also, the files submitted by 19 municipalities were approved through 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*, financed by the *Environment Fund*, also from the amounts resulting from the auctioning of GHG emission allowances, for a total number of 142 recharging stations, with 302 related recharging points.

In order to reduce GHG emissions from the transport sector, from the amounts resulting from the auctioning of GHG certificates, the *Environmental Fund* finances: (i) *The Programme for Stimulating the Renewal of the National Car Fleet (RABLA Classic Programme)*, with an allocated budget of 405 million lei: 53,410 old, polluting vehicles were scrapped; (ii) *The Programme for Reducing Greenhouse Gas Emissions in Transport by Promoting Clean and Energy-Efficient Road Transport Vehicles (the RABLA PLUS Programme)*, with an allocated budget of 200 million lei: 2,070 new, pure electric vehicles and 552 hybrid (plug-in) vehicles were purchased; (iii) *The Programme for Improving Air Quality and Reducing Greenhouse Gas Emissions by Using Less Polluting Vehicles in Local Public Passenger Transport - electric buses and trolleybuses/ CNG buses*, with an allocated budget of 480 million lei and other 450 million lei from previous sessions (2018-2019): by December 2020, 16 new electric vehicles (in Brasov) and 130 new hybrid electric vehicles (in Bucharest) were introduced in the local public transport and the remaining ones will be purchased in the near future.

Efforts have also continued to develop an economically efficient, sustainable, safe and low-impact transport system. Further details can be found in chapter 3.4.2 *Transport*.

#### *Improving waste management, including hazardous waste*

**Improving waste management** is one of the most important issues in Romania. To this end, PA 3, SO 3.1 of LIOP finances projects for consolidation and extension of integrated waste management systems (initiated on SOP Environment), as well as new integrated/ individual projects for consolidation and extension of integrated waste management systems, with respect to the waste

hierarchy. The total budget of SO 3.1 (EU contribution + national contribution) amounts 374.31 million euro. Thus, in addition to the 44 non-compliant landfills that have been closed/rehabilitated, 20 projects for the development of integrated waste management systems are contracted so far through LIOP, amounting 286 million euro (the call for projects is open until 1 July 2022). The aim is to create an additional waste recycling capacity of 1,618,157 tonnes/ year by implementing the development projects for the integrated waste management systems, submitted on LIOP SO 3.1 (1,022,425 tonnes/ year achieved on 31 December 2020). It is expected to reach an additional waste recovery capacity (excluding recycling) of 310,000 tonnes/ year through the major project *Bucharest Energy Recovery of Municipal Waste on a High Efficiency Cogeneration Power Plant* (the project is under preparation, as well as other 9 projects from Ilfov, Brasov, Buzau, Sibiu, Bistrita Nasaud, Salaj, Bacau, Dambovita, Dolj). The most advanced project in this field is the *Integrated Waste Management System in Galati County*; this project is under implementation (the financing contract was signed on 18 June 2020 and sent to the EC). Through the Technical Assistance Services Agreement for Projects - PASSA 2020-2023, signed in December 2019, EIB experts will continue to provide MIPE (LIOP MA) support for the implementation of 11 county waste management plans to meet the favourable condition of the waste sector.

*The Programme of Waste Management, Including Hazardous Waste* is funded from the *Environment Fund* by economic operators that carry out waste recycling and treatment facilities. The programme will implicitly contribute to the economic development of the regions where investments are made and, indirectly, to job creation, while improving the quality of the environment, saving raw materials and energy, thus ensuring a balance between environmental protection, economic growth and equitable access to resources between generations. The minimum value of the requested financing is the lei equivalent of 200,000 euro. The programme has an allocated budget of 527 million lei commitment credits and 160 million lei payment credits.

The Environment Fund also finances the closure of 10 non-compliant municipal landfills, out of the 12 landfills included in Case C 301/2017 (under the conditions of Council Directive 1999/31/EC on the landfill of waste); currently, these landfills are under specific closure procedures.

Last but not least, the AFM will finance with approx. 100 million euro the closure of non-compliant hazardous and non-hazardous industrial waste landfills, also included in Case C 301/2017 (under the conditions of Council Directive 1999/31/EC on landfill of waste) and in the Memorandum on the Closure of All Non-Compliant Landfills on the Territory of Romania” approved by the government on 22 September 2020.

In addition, through *The Programme for Education and Public Awareness on Waste Management*, the AFM helps to raise public awareness of the selective collection of packaging waste, waste from electrical and electronic equipment, bulky waste, construction and demolition waste, the rights and obligations of natural persons in the waste management cycle, as well as on the existing collection capacities at local level. MMAP is closely following the achievement of the 2020 waste recycling target (50% of the total weight for paper/ cardboard, plastic and glass waste from municipal waste to be recycled in 2020).

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

**The development of environment infrastructure** requires major investments for extending water and wastewater networks, construction and rehabilitation/ upgrading of treatment plants, sewerage networks and wastewater treatment plants. Thus, by the end of December 2019, at national level, in agglomerations larger than 2,000 equivalent inhabitants (e.i.), 1,886 sewerage networks were inventoried, out of which 1,209 were functional and 677 were under different stages of execution. Regarding the wastewater treatment plants, in agglomerations larger than 2,000 equivalent inhabitants, there were in place 809 treatment plants, out of which 678 functional and another 131 new, treatment plants were completed, to which the population has not yet been connected. In agglomerations larger than 2,000 equivalent inhabitants, the degree of coverage with wastewater collection systems corresponds to a biological load of approx. 64.28% equivalent

inhabitants, and the degree of coverage with wastewater treatment plants corresponds to a biological load of approx. 60.87% equivalent inhabitants. The investments made between January and December 2019 for wastewater infrastructure amounted to approx. 223 million euro.

In order to strengthen the capacity of the beneficiaries from the water and wastewater sector in the strategic management process of the LIOP project portfolio, *The Agreement of Technical Assistance Services for the Consolidation of the Water and Wastewater Sector in Romania* was concluded by MFE/ MIPE with the EBRD. For investments in the field of wastewater, 105 projects with a total eligible value of 5,935.29 million euro were submitted on LIOP SO 3.2. Of these, 97 projects with a total value of 5,737.14 million euro were contracted (the call for projects is open until 31 December 2023). Through the selected infrastructure projects, 3,914,028 people will benefit from a better water supply (on 31 December 2020, the actual value achieved is 333,306 people) and 4,953,634 additional equivalent inhabitants will benefit from a better wastewater treatment (on 31 December 2020, the actual value achieved is 383,120 equivalent inhabitants).

Moreover, in order to strengthen the capacity of the authorities, the *Agreement for the Provision of Reimbursable Technical Assistance Services Regarding the Assistance Provided to Romania for Analysing and Addressing the Challenges in Meeting the Requirements of the Urban Wastewater Treatment Directive (UWWTD)* was signed. The results of the project will consist in: (i) drafting of an updated *UWWTD Implementation Plan* - the draft is under completion. Working meetings were held in the field and online with MMAP, MIPE, MDLPA, WB and interested factors (Romanian Water Association, ANRSC, Wastewater Service Operators, Local Authorities etc.), in order to draft this Plan. The list of agglomerations larger than 2,000 equivalent inhabitants and the measures and costs of compliance of MIPE with Wastewater Service Operators and Local Authorities involved in the implementation of projects financed by Cohesion Funds (LIOP 2014-2020 and SDOP 2021-2027) must be validated; (ii) development of a *National Strategy for Water Supply, Collection and Treatment of Urban Wastewater* - under implementation by WB experts; (iii) development and implementation of the data collection, processing and reporting system - the WB drafted a Task book; (iv) promoting a draft normative act (law) on the definition of obligations and responsibilities related to the collection and treatment of urban wastewater, as these arise from the UWWTD provisions. The project is financed by ACOP 2014-2020 and has a value of 15.8 million lei; the activities started in August 2019, with a completion deadline in March 2022.

**Works to improve flood protection systems** continue in a fast pace. Thus, in 2020, 31.721 km of dams, shore consolidations and riverbed recalibration were developed and 30 localities were protected from floods. The budgetary provisions for the improvement of flood protection systems in 2021 amount to 174 million lei.

ANIF-MADR intervened on 91 complex drainage systems for prevention and management of flood situations and carried out land improvement works, respectively drainage within 202 localities; the ANIF budget for these works amounts to 5.679 million euro.

In the context of the COVID-19 pandemic nationally imposed restrictions, the organization of flood simulation exercises, involving the responsible factors from the river basin level, was cancelled. Independently, each Water Basin Administration, with the involvement of the Rapid Intervention Centres, organized exercises that simulate the flood incurring, in order to train its own personnel, respectively to grow the intervention efficiency in emergency situations.

The following meetings/ round tables were organized in order to propose solutions on the problem of flood risk and to exchange information on the development of best practices for flood risk management: six online meetings of the national authorities that respond for flood risk management to draft the National Disaster Risk Management Plan (PNMRD); 5 meetings of the national authorities that respond for flood risk management to draft the NRRP; 41 meetings of Water Basin Administration (ABAs) and subordinate units representatives with the county authorities personnel; meetings with JASPERS and MFE/ MIPE to promote the LIOP funded projects, proposed by ANAR for 2014-2020 financial framework; meetings with Jaspers and MFE/ MIPE for PNMRD analysis; 5

meetings at IGSU headquarters with MMAP/ ANAR/ INHGA representatives to discuss about creation of an international database on registered damages; 3 online meetings with IGSU representatives to describe the draft methodology for assessing registered damages (the methodology was developed within a project with ACOP funding and with WB consulting).

In October 2019, within ACOP 2014-2020 funding, the financing contract was signed for the project *Strengthening the Capacity of the Central Public Authority in the field of Water Management* in order to implement the second and third stages of the Flood Directive - RO-FLOODS, Cycle II. The project runs for 36 months, between October 2019 and October 2022, with MMAP as project leader and ANAR as a partner. The total value of the project is 139.996 million lei, of which ANAR 6.95 million lei. The project is carried out with technical assistance from the WB. By December 2020, the methodology for the preparation of flood hazard and risk maps, the methodology for developing the catalogue of potential measures for the development of Flood Risk Management Plan, the methodology for cost-benefit analysis, as well as the multi-criteria analysis to arrange river basins/ sub-basins scenarios have been completed. Also, the set of available data from ANAR-ABA-INHGA (hydrological data, data on flood protection infrastructure, potential damages etc.) are being analysed, collected and transmitted to the consultant (WB), for the elaboration of flood hazard and risk maps. At the same time, the consultant implements a series of activities together with subcontractors, in order to prepare other types of necessary data for hazard and flood risk maps (Digital Terrain Models - DTM, profiles, Geographic Information System - GIS data for determining vulnerability and risk, etc.). The report about the technical and functional conditions and the safe operation of the flood defence infrastructure (dams and barrages) is to be finalized.

In addition, the RO-FLOODS project will essentially contribute to achieving the targets set and identified in the *Flood Risk Management Strategy*, under the project *Strengthening the Capacity of the Central Public Authority in the field of Water Management to Implement the National Flood Risk Management Strategy in Medium and Long Term*. This is the second project, for which the financing contract was signed, in February 2020, with 2014-2020 ACOP funding. The project is scheduled to run for 24 months, between February 2020 and February 2022, the project leader IS MMAP and ANAR participates as a partner. The total value of the project is 11.06 million lei, of which ANAR funds are 5.25 million lei. By December 2020, a first evaluation was carried out to identify the necessary data for the analysis of the implementing stage of the Action Plan for the Strategy Implementation. Furthermore, the specifications for hiring the consultant to develop the new *Flood Risk Management Strategy* are to be finalized.

In order to promote adaptation to climate change, risk prevention and management, the *Project for Promoting Climate Change Adaptation, Risk Prevention and Management - Increasing the Level of Training of Intervention Crews for Rapid and Effective Disaster Response* is funded by LIOP. By December 2020, 12 projects were submitted, with a total eligible value of 1,049.60 million euro, of which nine projects were contracted, with a total value of 952.86 million euro (the call for projects was open until 31 December 2020). The project fiche was elaborated for *ANAR Associated Training and Endowment with Machinery and Equipment for Measuring and Monitoring the Water Management Infrastructure as well as Improving the Capacity to Intervene and Preventive Actions to Ensure Existing Capacities*, in order to be promoted for LIOP funding. Also, the feasibility study for the *WATMAN II project - Information system for the integrated management of water - Stage II - alarm systems, integrated communications and Decision Support System* is being updated (Q2/2021 is the estimated completion time and the related funding application completion).

In addition, under PA 5 *Promoting Adaptation to Climate Change, Prevention and Risk Management*, six projects were submitted to reduce the effects and damages on the population, caused by natural phenomena, associated with the main risks stressed by climate change, mainly floods and coastal erosion (681.72 million euro total eligible value). Only five projects with a total value of 667.79 million euro were contracted (the call for projects was extended until 30 June

2022). Of these, the project *Reducing Coastal Erosion Phase II (2014 - 2020*<sup>24</sup> stands out, amounting 841 million euro, of which 709 million euro are eligible and 30.54 km of protected beach/ cliff will be achieved. The purpose of this project is to prevent coastal erosion, through specific actions to limit its negative effects on the coastal areas of the Romanian seaside. This will support the development of an appropriate environment for increasing the conservation value of marine habitats in the project areas, ensuring the conditions for maintaining and supporting the future development of marine species with high conservation value. Until March 2021, 23.7 million euro were spent; Lots 1-5 are in the implementation stage, and Lots 6-11 are under bid evaluation procedure.

In terms of **nature protection and biodiversity conservation**, Romania stands out through a variety of protected natural areas of national, European and global significance. Thus, out of a total of 1,574 protected natural areas, ANANP manages 1,211 of them, another 363 being managed by other entities (Romsilva National Forests Authority, County Councils etc.). No new Natura 2000 sites were designated in 2020. Currently, ANANP has two ongoing projects for the implementation of management plans (for three protected natural areas) and another three projects are under evaluation at LIOP MA (out of the 70 partnerships concluded by ANANP, in 2019 and 2020, in order to implement management plans). At the same time, ANANP submitted in 2020, 18 financing applications for the elaboration of management plans for approx. 120 protected natural areas that do not have a management plan.

In order to **strengthen the institutional capacity of ANANP**, presentations and other training materials for were developed. In 2020, as a result of the amendment of *Law No 220/2019*, the MMAP Order No 1447/2017 was replaced by MMAP Order No 1822/2020 for the approval of *the Methodology for assigning management for protected natural areas*. In this context, further legislative changes will be needed, but they will have to be made based on well-documented substantiation studies. In 2020, 67 people from ANANP attended training courses in the field of management of protected natural areas and monitoring the conservation status of species and habitats that are subject to the designation of protected natural areas (through projects financed from non-reimbursable external funds). 135 people were trained for the achievement and implementation of specific conservation objectives, in accordance with the action plan regarding the approval of the norms for the implementation of conservation objectives for protected natural areas with approved management plan and elaboration of the set of minimum conservation measures/ specific objectives, prior to approval of the management plan for protected natural areas. The training was funded from ANANP's own resources (approved by the Note of the Minister of Environment, Waters and Forests No 8207/ CA/ 19.03.2020).

ANANP institutional capacity is increased by recruiting adequate staff to complete the organization chart, equipping the institution with tools and equipment according to applicable European standards, fulfilling legal duties and digitizing the activity to increase the protection of habitats and species according to specific conservation objectives. At the same time, normative acts will be promoted and adopted, for removing syncope and functional barriers from his area of competence.

In 2020, for the **harmonization of forestry, agro-pastoral arrangements and urban plans with the management plans of protected natural areas**, ANANP approved 61 forest arrangements. These approvals required the compliance of the management plans of the protected natural areas and the correlation of the measures proposed by them or by the minimum conservation measures/ specific conservation objectives with the forest arrangements works. At the same time, ANANP approved 111 urban plans (general or regional), the proposed measures being correlated with the specific conservation measures/ objectives for protected natural areas placed near or overlapping with these urban plans. 3,173 localities (TADs) must carry out pastoral development projects, covering 3,514,824 ha. At the end of December 2020, only 2,190 TADs developed projects for pastoral arrangements, covering 2,405,022 ha, and another 446 pastoral arrangements, covering 947,130 ha

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<sup>24</sup> The project was approved by GD No 667/2016, LIOP financing contract No 223/2018 with ANAR as beneficiary.

are uncompleted, the degree of accomplishment at national level being of 65.43%.

With regard to **nature protection and biodiversity conservation**, on LIOP SO 4.1., 178 projects were submitted, with a total value of 479.71 million euro, of which 82 projects were contracted, with a total value of 172.19 million euro (the call for projects is open until 31 December 2021, for the development and implementation of protected area management plans/ action plans for species/ sets of conservation measures; and the call for projects is open until 30 June 2022, for action on the maintenance and restoration of degraded ecosystems and provided services). Through the selected projects, 152,511.07 ha of habitats will be supported in order to obtain a better conservation stage and 104 sets of measures/ management plans/ action plans are to be elaborated and approved.

In order to comply with general ex-ante conditionality regarding Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA), MMAP carried out the project “*Professional Training of the Personnel of Competent Authorities for Environmental Protection Regarding EIA and SEA for the period 2014-2020*” and the first training cycle was provided in the period 2014-2017.

For the second training cycle, in January 2021, the specialized direction from MMAP started the necessary actions for the organization of four webinar training sessions, between 3 - 11 March 2021, from its own sources (staff and technical resources).

The agenda of the training sessions included topics on: (i) *Law No 292/2018 on Environmental Impact Assessment for public and private projects*; (ii) *MMAP Circular No 4654/ 02.07.2020 on the adequate assessment, based on the specific conservation objectives*, amended by Addendum on 5 August 2020; (iii) The draft Minister Order for the approval of the Methodology on applying the environmental assessment for forest management. 611 persons were trained, out of which: 481 persons from ANPM, APM and ARBDD, 52 persons from ANANP (including territorial structures) and 78 persons from ANAR (including Water Basin Administrations, Water Management Systems and Hydro-technical Systems).

In June 2020, under *the InterReg Danube Regional Cooperation Programme*, the EC approved funding for the GoDanuBio project, with MEAT as partner member of the project consortium. The main objective of the project is to actively address demographic change by revitalizing rural areas, using participatory cooperation at several levels of government. The project aims to create a common platform that continues to operate after its completion (Danube Circular-Bio-economy Brain Trust Platform). The circular bio-economy will be used as a regeneration system that will focus on rural areas and will reduce disparities through renewed rural-urban cooperation. The project, amounting to 2,713,796.50 euro, must be implemented by the end of 2022.

After October 2020, the GoDanuBio Project website<sup>25</sup> is up and running. In February 2021, within Activity 1.1, the Regional Reports have been finalized. According to these reports, the projects are presented and analysed and the macro-regional documents reveal three reference themes for the GoDanuBio project: sustainable rural development, bio-economy/ circular economy and demographic changes<sup>26</sup>. The launching conference of the GoDanuBio project took place in Sofia, Bulgaria, on 20 - 21 May 2021.

**Afforestation works on degraded land have continued in order to mitigate the effects of climate change.** In 2020, 10 million lei were allocated for plantation, maintenance, care, completion works etc. Thus, in 2020, AFM financed afforestation/ completion/ reforestation works of degraded land, the value related to the works from this period reaching of 4.2 million lei. From the beginning of 2020, with a budget of 2.62 million lei, the Forest Guards carried out afforestation/ completion/ reforestation works on 38/ 70/ 2 ha of degraded lands (totalling 110 ha). During the same period,

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<sup>25</sup> All the data regarding the GoDanuBio Project - “Participative Ecosystems for fostering the revitalization of rural-urban cooperation through governing Danube Circular Bioeconomy” are available at: <http://www.interreg-danube.eu/approved-projects/godanubio>

<sup>26</sup> The 11 regional reports are available on the project website: <http://www.interreg-danube.eu/approved-projects/godanubio/outputs>

with a budget of 0.4 million lei, RNP-Romsilva carried out maintenance works on 92.88 ha of previously established plantations. Cumulated, until 31 March 2021, for the state and private forest fund, RNP Romsilva recorded afforestation/ completions/ restorations on 410/ 528/ 77 ha (totalling 1,015 ha).

To modernize the air quality monitoring, the *Programme for Development and Optimization of the National Air Quality Monitoring Network (RNMCA)* is underway in Romania. Within this programme, the following activities are carried out: the optimization activities for the RNMCA existing equipment and the development activities by emplacing new points of measuring RNMCA air quality and by relocating existing RNMCA equipment/ stations to other locations. Through this Programme financed by AFM, in 2020, within the development activity of RNMCA, six existing RNMCA monitoring stations of air quality were modernized by supplementing the number of sampling points for suspended particles/ volatile organic compounds and another air quality monitoring station has been put into operation. The RNMCA currently comprises 149 air quality-monitoring stations. From September 2020, the maintenance and supplies services for the stations are being carried out under the RNMCA optimization activity. In March 2021, another air quality monitoring station was put into operation, and the RNMCA currently includes 150 air quality-monitoring stations.

In addition, in October 2020, the financing contract was signed for the project *Improving the National Air Quality Assessment and Monitoring System* (LIOP 2014-2020, SO 4.2), with a total eligible value of 15.74 million euro; the project is under implementation.

### **Mitigating climate change effects on agriculture**

The NRDP 2014-2020<sup>27</sup> supports the **reduction of GHG and ammonia emissions from the agricultural sector**. Investments aimed at achieving an adequate level of farm endowment, modern facilities for the storage and use of manure and sewage sludge, biogas facilities, equipment used in agriculture to reduce the GHG and ammonia footprint, as well as technologies to supporting a low-carbon economy. By the end of the Q1/2021, 452 projects were contracted on this programme, the payments amounting 181.64 million euro.

EAFRD-funded investments to mitigate climate change envisaged **updating secondary irrigation infrastructure** (buildings for pumping stations and/ or connecting to utilities, including the modernization of collection basins and irrigation water storage). 463 contracts are financed, out of which 69 contracts were transferred from NRDP 2007-2013 to NRDP 2014-2020.

The development of land improvement activities has always been a priority in the policies adopted in this sector; the *National Programme for Rehabilitation of the Main Infrastructure in Romania* provides measures on mitigating climate change and reducing its effects, as well as measures to increase energy efficiency in irrigation and better water management; 479.496 million lei were allocated from the 2020 state budget, for the implementation of the programmes in this sector.

In 2020, the contracted area for providing water supply services for irrigation was 935,130 ha, following the extension of investments and maintenance and repair works on the land improvement infrastructure; irrigated area at the first watering was 510,886 ha and 2,650 km was the canal length of water for irrigation.

For the next period, the following measures are considered:

- Ensuring the contribution to the management of the vulnerability of agricultural production to climate change, including, but not limited to, thermal stress, drought, floods, seasonal

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<sup>27</sup> Under Priority 5 - *Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors*, Focus Area (FA) 5D *Reducing greenhouse gas and ammonia emissions from agriculture*, Sub-Measure 4.1 "Investment in Agricultural Holdings" falls under Measure 4 "Investment in Physical Assets" and contributes to the Focus Areas (FA) 2A *Improving the economic performance of all farms and facilitating farm restructuring and modernisation, notably with a view to increase market participation and orientation as well as agricultural diversification*" and FA 5D *Reducing greenhouse gas and ammonia emissions from agriculture*



changes and extreme weather events and increasing the prevention and management of climate risks;

- Financing investments aimed at adapting land improvement infrastructure to the new requirements for environmentally sustainable use, by integrating more energy-efficient equipment and reducing water losses, as well as by investing in infrastructure to combat hail and rising rainfall to meet the long-term challenges posed by climate change;
- Addressing the challenges resulting from the green transition, which aim at preventing and managing climate risks, so as to reduce the negative effect of the current and future climate on people, nature or activities carried out in the areas served by these infrastructures;
- Promoting sustainable agricultural practices and water management, in order to increase the sustainability and efficiency of land improvement infrastructure, and the transition to crops and water management practices in order to reduce the quantities of used water;
- Animal husbandry reform, which aims to increase the resilience of the pig and poultry sectors by **developing farms focused on energy efficiency, environmental protection, animal welfare and economic competitiveness**;
- Improving biodiversity, ecosystem services, habitat conservation, landscapes, increasing carbon sequestration capacity and strengthening the resilience of permanent grasslands, for approx. 2.1 million ha of permanent meadows.

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

**Environmental protection and climate change in NRRP:**

*Pillar I. Green Transition, Component 1. Water management system, Component 2. We afforest Romania and protect biodiversity, Component 3. Waste management, Component 4. Sustainable transport, Component 5. Renovation wave and Component 6. Energy*

*Pillar II. Digital Transformation, Component 7. Government cloud and digital public systems*

*Pillar III. Smart, Sustainable and Inclusive Growth, Component 9. Support for the private sector, research, development and innovation*

*Pillar IV. Social and Territorial Cohesion, Component 10. Local fund for green and digital transition*

### 3.2.2. Energy

#### Key directions:

- ✓ Promoting renewable energy sources (RES) through the Environment Fund and the implementation of the green certificates (GC)
- ✓ Boosting the energy production from less exploited renewable sources
- ✓ Promoting high efficiency cogeneration
- ✓ Modernizing the centralized heat supply systems
- ✓ Increasing the energy efficiency for residential and public buildings and for public lighting systems
- ✓ Increasing the interconnection capacity of the national electricity and gas transmission systems

The **2021-2030 Integrated National Energy and Climate Plan (NECP)** aims to address the five dimensions of the Energy Union. NECP integrates the objectives and directions established by the specific strategies in the field of energy, respectively of climate change, based on other relevant policy documents.

The identification of priorities leading to the achievement of the assumed objectives takes into account the available resources, the need to ensure a bearable transition for industry and consumers and the institutional capacity to implement.

The main elements taken into account in the strategic approach of NECP refer to: the holistic approach of energy - economy - environment and climate change, that is closely correlated with the economic reality of the EU Member States, in order to not affect the internal macroeconomic and social balance; restructuring the market framework in the context of transition-induced costs and the ability of EU Member States to bear those costs, in terms of accessibility and competitiveness; economic growth and income per household and decreasing energy poverty.

Measures to encourage the production of energy from renewable sources, improve energy efficiency, ensure energy security, integrate into the internal energy market, support vulnerable consumers, decarbonise the economy and stimulate research, innovation and competitiveness are also provided by NECP.

For the new **2020-2030 Romanian Energy Strategy (SER), with Perspectives for 2050<sup>28</sup>** (MEn being the lead institution), MMAP carried out the SEA procedure and the Environmental Permit No 53 from 4 November 2020 was issued. Subsequently, the draft GEO for the approval of SSR was initiated and transmitted by MEn on the institutional endorsement circuit. During the institutional endorsement process, a series of observations were received, which determined the resumption of the approval process.

Certain NECP measures/ actions are reformulated, in order to align them with existing ESR objectives and to correlate them with measures/ actions from the already approved programmes and strategies, as there were subjects of environmental assessment procedures. As a result of this approach, a consolidated version of NECP was notified to MMAP on 12 February 2021. The notified version of the plan was reviewed, and it was decided that NECP does not require an environmental assessment and can be subject to the adoption procedure without an environment approval.

<sup>28</sup> [http://www.mmediu.ro/app/webroot/uploads/files/Strategia%20Energetica%20a%20Romaniei\\_aug%202020.pdf](http://www.mmediu.ro/app/webroot/uploads/files/Strategia%20Energetica%20a%20Romaniei_aug%202020.pdf)  
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## **Promoting renewable energy sources (RES) through the Environment Fund and the implementation of the green certificates (GC)**

The promotion of RES through the Environment Fund has continued through: (i) the *Programme on Installation of Heating Systems using Renewable Energy, including the Replacement or Completion of Classical Heating Systems* (the so-called *Green House Programme*) - between January 2018 and December 2020, 6,281 such systems were installed; (ii) *The Programmes for the Installation of Photovoltaic Panels for Electricity Production to Cover the Required Consumption and to Deliver the Surplus to the National Grid, for the Bucharest - Ilfov Region*, 1,295 financing contracts were submitted, with a financing value of 32, 5 million lei from commitment credits; (iii) *The Programme for the Installation of Photovoltaic Systems for Isolated Households - Individual Beneficiaries* aims to increase energy efficiency, improve air quality and reduce greenhouse gas emissions by producing electricity from renewable sources for homes located at least 2 km away from the national power distribution grid and by reducing the use of conventional fuels. By the end of December 2020, within the programme, 54 contracts were concluded for 879 photovoltaic panel systems, with a financing value of 40 million lei from commitment credits.

To increase the share of energy from renewable sources, **the promotion of renewable energy sources (RES) has been continued through the implementation of the green certificates (GC)**. Until every year 1 March, the mandatory annual GC acquisition quota is established for the previous year, through ANRE Order, based on the final electricity consumption of the previous year, so that, in 2020 and 2021, the average impact on the final consumer to be a maximum of 13 euro/ MWh and of 14.5 euro/ MWh, starting with 2022.

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 by the end of Q1 the *Report on the Overcompensation Analysis of the Green Certificates Promotion System for RES*<sup>29</sup>, comprising the situation of the previous year, is published.

Moreover, under the provision of Art. 1 (16) of the *Law No 184/2018 for the approval of the GEO No 24/2017 on to the amendment and completion of the Law No 220/2008 establishing the promotion system for the production of energy from renewable sources and for the amendment of several normative acts*, ANRE undertook the responsibility of drafting the regulatory framework, in order to facilitate the sale of electricity produced by the power plants from renewable sources with an installed electrical power of up to 27 kW per demand facility belonging to prosumers and distributed through the power grid to those electric power producers with which they concluded supply contracts. Since 2020, the framework contracts have been modified by ANRE Order No 192/2020 and the installed power for which ANRE has the obligation to develop the regulatory framework have been increased (from 27 kW to 100 kW) and several ANRE Orders have been issued accordingly.

The use of RES is also promoted through the ROP. *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 for Seven Development Regions of Romania* will finance 11,344 contracts, with an eligible value of 109.59 million euro (of which 93.15 million euro from ERDF). Until 31 March 2021, MA ROP paid 2.16 million euro.

## **Boosting the energy production from less exploited renewable sources**

Investments to support the energy production from less exploited renewable resources (i.e. biomass, biogas, geothermal) are also made with funds from ESIF, through LIOP SO 6.1. To that end, the call for proposals launched on 17 May 2017 was extended until 31 December 2019. Thus, seven projects amounting to 38.46 million euro were submitted. The *Distribution* call for proposals was launched on 3 January 2018 and extended until 31 December 2020. Thus, four projects amounting to 12.19 million euro were submitted. The state aid schemes for SO 6.1. was promoted as a supporting measure for the energy sector (GD No 1037/2020 on the approval of the

<sup>29</sup> <https://www.anre.ro/ro/energie-electrica/legislatie/surse-regenerabile/rapoarte-garantii-certif-verzi>  
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*State aid scheme for supporting the production and distribution in centralized system of green thermal energy from less exploited renewable sources, respectively biomass, biogas, geothermal energy).*

### **Promoting high efficiency cogeneration**

To improve the energy efficiency through the implementation of the state aid supporting scheme to **promote high efficiency cogeneration**, between January and November 2020, 629 million lei were allocated as a bonus. 32 operators benefitted from this state aid scheme.

To support investments in installations and equipment that lead to energy savings in industrial enterprises, SNGN ROMGAZ SA is intending to make a power plant on a combined gas - steam cycle, in condensation, with a capacity of 400 MW and functioning on natural gas, at Mintia, Hunedoara County (the feasibility study is completed) and its investment made in CTE Iernut shall be completed by the end of Q2/2021 (the deadline was modified due to the COVID-19 pandemic impact over the investment).

### **Modernizing the centralized heat supply systems**

In order to continue the **modernization of the centralized heat supply systems**, *the Programme for District Heating* was approved by *GEO No 53/2019*, being implemented over the period 2019 - 2027 and for which 400 million lei were allocated from *the Environment Fund*, covering the whole period of implementation. Additional commitment appropriations of 170 million lei and budget appropriation of 40 million lei were approved for 2020, under State Budget Law No 15/2021. This multiannual programme mainly aims at ensuring the continuity of the modernization work of the heat supply systems, on the functional components, as follows: the heating production unit(s); the primary heating transmission network (hot water); thermal power station, or heating modules at building level, where it is economically justified, hot water supply and central heating networks. In addition, the creation of centralized heat supply systems for towns will start to be financed. The beneficiaries of this programme are the territorial- administrative divisions (TADs). In 2020, 37.79 million lei were settled by the beneficiary TADs, from the state budget allocated funds, through the MDLPA budget (for 13 projects, out of which 10 projects were finalised), and 9.58 million lei were transferred from the *Environment Fund* budget (for two projects). 35 multiannual funding contracts were signed for 12 beneficiary TADs.

### **Increasing the energy efficiency for residential and public buildings and for public lightening systems**

In order to ensure the public policy framework from the energy performance perspective for buildings, according to the requirements of the Directive 2010/31/EU of the European Parliament and of the Council on the energy performance of buildings, amended by the Directive (EU) 2018/844 of the European Parliament and of the Council of 30 May 2018, MLDPA with the WB support have elaborated *The National Long Term Renovation Strategy to Support the Renovation of the National Park of Residential and Non-Residential Buildings, both Public and Private and Transforming it Progressively into a High Energy Efficient and Decarbonized Real-Estate Park before 2050*. The strategy was approved by the GD No 1034/2020 (OJ No 1247/17.12.2020). The National Long Term Renovation Strategy aims to improve the energy performance of buildings from different sectors, by reducing the energy consumption, the carbon emissions and the extension of RES usage in buildings, increasing life quality for all users by improving the thermic comfort, the hygiene conditions, the safety and air quality; all of these are in accordance with the UE Renovation Wave Strategy principles. In order to achieve the ambitious targets proposed by the strategy, it is necessary to accelerate the renovation rate and carry out thorough renovation works, leading to the improvement of over 60% of the energy performance of buildings. The strategy aims at an integrated approach to the interventions on the building stock from the perspective of seismic consolidation and energy efficiency, fire hazard diminishing, indoor air quality improvement and the transition to smart buildings. The implementation process must ensure the correlation of measures established by the latter announced interventions with those

for reducing the risk related to seismic activity, in order to have an objectively ranking of funding the investments.

Under ROP 2014-2020, the package of measures aimed at **increasing energy efficiency in residential buildings, public building and public lighting systems** is under implementation, with allocations from ERDF funds and the State Budget, for the entire period, amounting to 927.18 million euro. By 31 March 2021, 1,523 projects were submitted, with a non-refundable value of 1.87 billion euro. 804 projects were contracted, with an eligible value of 1.21 billion euro, for which total expenses amounting to 265.49 million euro were paid.

Under the *Environment Fund*, the funds (revenues generated from the auctioning of the GHG emission certificates), were directed to: (i) the *Programme on the public street lightening (LED lights)*, aiming at the modernisation of the public lightening system through the replacement of light lamps with LED lightening of high energy efficiency with a financial allocation of 504 million lei, out of which 80.73 million lei were spent for completing 128 contracts, in 2020; (ii) the *Programme on the increasing energy efficiency of the single-family houses*, aiming at the rehabilitation of the single-family buildings through the insulation of walls, roofs, the replacement of window areas etc., with a financial allocation of 429 million lei; (iii) the *Programme on increasing energy efficiency for public buildings*, aiming at the rehabilitation of the public buildings through insulation of walls, roofs, the replacement of window areas etc., with a financial allocation of 384 million lei.

Under the *Multiannual National Programme on the increasing energy performance of the flat buildings*, carried out according to the GEO No 18/2009, with subsequent amendments and completions, 29 objectives were completed in 2020, totalling 945 housing units. Currently two multiannual financing programmes are underway, for which commitment credits amounting to 121.2 million lei are allocated, respectively the amount of 46.6 million lei for the programme running in the period 2019-2021 and the amount of 74.6 million lei for the programme running in the period 2020-2022. 15.5 million lei were paid from the State Budget in 2020, for the objectives being implemented within the two programmes. The 2021 State Budget Law allocated commitment credits amounting to 100 million lei and budgetary credits amounting to 16 million lei.

Under LIOP Specific Objectives promoting energy efficiency (SO 6.2, SO 6.4, SO 7.1 and SO 7.2), the following projects were implemented:

- *Promoting Systems for Measuring, Recording and Monitoring Energy Consumption on Industrial Platforms* (LIOP SO 6.2) - allocated budget of 11.75 million euro; 66 projects amounting 13.42 million euro were submitted, of which 15 projects amounting 2.86 million euro were contracted.
- *The Construction and Upgrading of High Efficiency Cogeneration Power Plants on Natural Gas and Biomass (maximum 8 MWe) at the Level of Enterprises Using Waste Gases from Industrial Processes* (LIOP SO 6.4) - allocated budget of 28.23 million euro; 15 projects were submitted, amounting 75.72 million euro, of which 2 projects amounting 9.87 million euro were contracted. The installed high efficiency cogeneration capacity is 18.34 MW and the reduction in greenhouse gas emissions is estimated at 11.113 tonnes CO<sub>2</sub>-equivalent.
- *The Modernization of Centralized Heat Transmission and Supply Systems in Cities* was launched (LIOP SO 7.1) - allocated budget of 151.30 million euro; 12 projects were submitted, amounting 167.25 million euro, of which six projects with a total value of 114.94 million euro were contracted.
- *The Rehabilitation of the Heating System of the Bucharest Municipality* (LIOP SO 7.2) - eligible total value of 271.55 million euro, of which EU funds of 230.82 million euro.

Furthermore, the Prime Minister's Decision No 255/2021 approved *The Coordination Committee for Monitoring the Implementation of The National Long Term Renovation Strategy*, led by the SGG representative and technically coordinated by MDLPA. The main objectives of the Committee

are, among others: drafting of action plan for implementing the National Long Term Renovation Strategy; monitoring of the roadmap indicators; respectively identifying the necessary resources for the implementation.

### ***Increasing the interconnection capacity of the national transportation, electrical energy and natural gas***

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

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

- LEA 400 kV double circuit (d.c.) Resita (Romania) - Pancevo (Serbia);
- LEA 400 kV Portile de Fier - Resita and the extension/construction of the new power station of 400 kV, at Resita;
- LEA 400 kV d.c. Resita - Timisoara - Sacalaz - Arad, including the construction of the 400 kV power stations, at Timisoara and Sacalaz and the extension of the 400 kV power station, at Arad;
- LEA 400 kV d.c. Cernavoda - Stalpu, with an in/out circuit, at Gura Ialomitei;
- LEA 400 kV d.c. Smardan - Gutinas (one equipped circuit).

Regarding the synchronous interconnection with the power system of the Republic of Moldova, the following projects are underway:

- The synchronous interconnection project of the electromagnetic power systems of Ukraine and the Republic of Moldova to the Continental Europe's System;
- LEA 400 kV Suceava (Romania) - Balti (Republic of Moldova) from The Development Plans of The Transport and System Operators from Romania and the Republic of Moldova and it's analysed in the context of the above mentioned synchronous interconnection;
- The interconnection programme through a Back-to-Back Station at Vulcanesti (Republic of Moldova) which will make possible to use LEA 400 kV Isaccea (Romania) Vulcanesti (Republic of Moldova) and will allow electricity exchanges with the Republic of Moldova before synchronous interconnection.

In order to complete the project of *Digitisation of the Romanian energy system, including the transmission and supply networks ("smart grids")*, ANRE monitors the implementation of these digital systems and publishes on its own website, by the end of the second quarter of the current year, the *Report on the Implementation of Intelligent Electricity Metering Systems for the previous year*<sup>30</sup>. Thus, the report for 2020 will be published by 30 June 2021.

With regard the **natural gas sector**, Transgaz draws up annually the 10 year *Development Plan of the National Gas Transmission System (PDSNT)*, while the last edition (PDSNT 2021-2030) details the measures for funding the major projects, estimated at 3.55 billion euro (out of which 698 million euro for the FID and A non-FID projects). From the proposed projects we mention the

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<sup>30</sup> <https://www.anre.ro/ro/energie-electrica/informatii-de-interes-public/info-sisteme-de-masurare-inteligenta>  
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following:

- ***The Development on the Romanian territory of the National Gas Transmission System on the Corridor Bulgaria - Romania - Hungary - Austria (BRUA)*** - that project contains the *Projects of Common Interest (PCIs)* included in the fourth list of projects approved by EC under Delegated Regulation (EU) 2020/389; total value of investments was estimated at 1,077.4 million euro and has three phases of implementation: (i) **Phase 1 (completed in Q4/2020)** - the aim was to ensure the technical possibilities of bidirectional flow, respectively a transport capacity of 1.75 billion cubic meters/ year on the Romania - Hungary relationship and of 1.5 billion cubic meters/ year on the Romania - Bulgaria relationship; (ii) **Phase 2** (estimated completion deadline in Q4/2023) - the aim is to ensure a natural gas transmission capacity of 4.4 billion cubic meters / year to Hungary, respectively of 1.5 billion cubic meters / year to Bulgaria; (iii) **Phase 3** (estimated completion deadline in 2026) - which aims to build an additional route through the centre of Romania and a new interconnection with Hungary, depending on the increase in offshore production on the Black Sea.
- ***The Development of the Southern Transit Corridor on the territory of Romania for taking over the natural gas from the Black Sea*** involves the construction of a telescopic pipeline on two sections, estimated to be completed by 2022 and with a total value of the investment of 371.6 million euro. The project is included in the fourth list approved by the EC, under Delegated Regulation (EU) 2020/389. The project would facilitate the processing of the natural gas from The Black Sea in the **National Transport System (SNT)**, in order to transport the natural gas in Romania and on European Markets.
- **Interconnection of the natural gas National Transmission System (NTS) with the Transit 1 natural gas international transport pipeline and the Isaccea reverse flow**, project was accomplished in two phases and was completed in 2020 (phase 1 was finished in 2018) and had a total investment value of 77.7 million euro (of which phase 1: 8.8 million euro and phase 2: 68.9 million euro). The project provided the technical possibilities for bidirectional flow on the Transit Pipeline 1, at the Isaccea interconnection point.
- **Developments brought to the National Transmission System (SNT) in the Northeast part of Romania to improve the natural gas supply of the region and to ensure the transmission capacity towards the Republic of Moldova (PI Ungheni)**, project that is expected to be completed by 2021 and has a total investment value of 174.25 million euro. The project will ensure a transport capacity between 1.5 billion cubic meters/ year and 2.2 billion cubic meters/ year at the interconnection point between the natural gas transmission systems of Romania and the Republic of Moldova.
- For the **takeover of natural gas from the Black Sea Coast**, Transgaz proposed the project ***New developments of SNT in order to takeover the gas from the Black Sea coast (Vadu - Transit 1)***, respectively the accomplishment of a transport pipeline of approx. 25 km in length and DN 500 diameter, from the Black Sea Coast to the existing International Transit Pipeline Transit 1. The estimated value of the investment is 9.14 million euro, and the estimated completion date is 2021. The project will provide an additional takeover point of natural gas from the offshore operating perimeters of the Black Sea.
- **Romania's interconnection project with Serbia** involves the construction of a new natural gas transport pipeline that will ensure the connection between the “BRUA” natural gas transport pipeline and the Mokrin Technology Node in Serbia and has an estimated total investment value of 56.21 million euro, and the estimated completion deadline is Q4/2023. The project will allow for an interconnection pipeline with Serbia, in order to diversify sources of supply and increase the degree of energy security in the region.
- **The Modernization of the natural gas metering station (SMG) Issacea 1 and SMG Negru Voda 1 Project** will create the possibility of a bidirectional gas flow to Ukraine on the

Transit 1 Pipeline. The estimated value of the investment is 26.7 million euro, and 2021 is the estimated completion deadline (in 2020 the modernization of SMG Isaccea 1 was completed). The project will upgrade the gas measuring stations at the interconnection points to increase the degree of energy security in the region.

- **Romania - Ukraine interconnection project, on the Gheraesti - Siret direction** has an estimated total value of investment of 150 million euro, and the estimated completion deadline is Q4/2026. The project will establish an interconnection with Ukraine, in addition to the project on developments of the national transport system in the Northeast of Romania, in order to improve the natural gas supply of the area.
- The project regarding the **Development/ Modernization of the Natural Gas Transport Infrastructure in the North-West area of Romania** entails the achievement/modernization of some objectives related to the National Transport System, in order to create new natural gas transport capacities or to increase the existing capacities. The total estimated value of the investment is 405 million euro, and the estimated completion date is 2023 for Phase 1, 2025 for Phase 2 and 2026 for Phase 3.
- **The Project of Increasing the Natural Gas Transport Capacity of the Romania-Bulgaria Interconnection on the Giurgiu-Ruse Direction** - the estimated total value of the investment is 51.8 million euro and the estimated completion deadline is 2027.
- In order to achieve the bidirectional flow on the Transit 2 pipeline, **The SMG Isaccea 2 and SMG Negru Voda 2 Modernization Project** will ensure the bidirectional flow at the Ukraine and Bulgaria border on the Transit 2 pipeline. The estimated value of the investment is 26.65 million euro, and the estimated completion deadline is 2024. The project will create the possibility of bidirectional flow on the Transit 2 pipeline, part of the Trans-Balkan corridor.
- **The Project for Modernize the Isaccea 3 and Negru Voda 3 Natural Gas Metering Station (SMG) in order to achieve Bidirectional Flow on the Transit 3 Pipeline** will ensure bidirectional flow at the Ukraine and Bulgaria border, on the Transit 3 pipeline. The estimated value of the investment is 26.65 million euro, and the estimated completion deadline is 2028. The project will create the possibility of bidirectional flow on the Transit 3 pipeline, part of the Trans-Balkan corridor.

With funding from LIOP (PA 8, SO 8.2), a new call for projects was launched for *Increasing the Degree of interconnection of the National Gas Transmission System with other Neighbouring States* (launched on 17 August 2020 and extended until 31 December 2020). Projects selected for funding will contribute to reaching the 2023 target (336 km) of the indicator “the length of smart gas transport and distribution networks”. The allocated budget for the call for projects is 117.64 million euro, with an over-contracting limit of 235.29 million euro. 243 financing applications amounting 2.56 billion euro were submitted within this call for projects.

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

#### [The Energy Sector in NRPP:](#)

*Pillar I. Green Transition, Component 6. Renovation Wave and Component 6. Energy*

*Pillar III. Smart, sustainable and inclusive growth, Component 9. Support for the private sector, research, development and innovation*



### 3.3. Digital transformation

#### Key directions:

- ✓ Digital transformation of public administration
- ✓ Cyber security
- ✓ Digital infrastructure
- ✓ Digitalisation of SMEs

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

Measures regarding the digitalisation of services in domains such as education, health, tax administration or justice are addressed in the corresponding chapters.

#### *Digital transformation of public administration*

To achieve the ambitious objectives of the Romanian Government in the field of digital transformation of the Romanian society and to coordinate the implementation of strategies and public policies in digital transformation and information society, the Authority for the Digitalisation of Romania (ADR)<sup>31</sup> is an institution under subordination of MCID, according to the GD No 371/2021.

In order to support the relevant institutions, in particular ADR, in outlining the required directions in the field of digital transformation, two advisory bodies are operational: one at institutional level i.e. the *Technical-Economic Committee for the Information Society (CTESI)*, established in accordance with the GD No 941/2013, and the *National Council for Digital Transformation (CNDT)* set up according to GD No 89/2020 with the aim to make use of the private and academic know-how; CNDT was launched in October 2020 in an *online* event. Throughout 2020, CTESI activity proves an increasing growing in the digitalisation of the public administration, both at central and local level. Thus, CTESI held 40 ordinary meetings and four extraordinary meetings issuing 205 opinions on the projects financed through European or national funds encompassing IT&C solutions for the central and local administration with a total value of roughly 1 billion euro.

For speeding up the digital transformation of Romanian public administration (by ensuring the interoperability of IT systems operating in this sector), on 8 March 2021, the ADR entered a five year agreement with the NGO *Code4Romania* which will provide to ADR with free of charge open-source digital solutions.

The above-mentioned agreement also foresees the prolonging of the IT ecosystem management containing the six online platforms: *COVID-19 Official News (stirioficiale.ro)*, *Up-to-date Data (datelazi.ro)*, *What Should I Do? (cetrebuiasafac.ro)*, *diasporahub.ro*, *Medical Journal (jurnalmedical.ro)* and *rohelf.ro* developed by both parties in 2020 to facilitate access of the Romanian citizens to information verified from official sources, as well as to validated means of mutual aid which are essential during the COVID-19 pandemic.

To register online the documents submitted by citizens to those public institutions and bodies that lack an online registry, and to (gradually) build the capacity of all public institutions to reply,

<sup>31</sup> Established by GD No 89/2020  
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in electronic format and in due time, to citizens' petitions signed with an electronic or holographic signature, ADR maintains the operability of platform [aici.gov.ro](http://aici.gov.ro) launched on 2 April 2020 in partnership with the company Aurchain Solutions SRL. The applicants have the possibility to access 19 public services provided by public institutions such as the National Employment Agency, the National Agency for Payments and Social Inspection or the Ministry of Finance. By 15 March 2021, over 800,000 applications were submitted this way.

To this end, at ADR's initiative, the **legal framework on using the electronic documents by the public authorities and institutions was set up**<sup>32</sup>.

ONRC was the first institution which set up<sup>33</sup> the type of electronic signature applicable by natural or legal persons for the use of own service available online. Moreover, with a view to *simplify and digitalise the procedures to incorporate a company*, the approval of the draft *Law on the Trade Register* designed inclusively to transpose the Directive (EU) 2019/1151<sup>34</sup> is expected to be completed in Q2/2021. Romania has made use of the deferral option provided by the Directive and notified the EC with regard to the postponement of its transposition by maximum one year.

At the same time, for the purposes of **regulating the general framework for using the electronic signature applied to the documents elaborated and undertaken in construction, architecture and urbanism**, which are submitted to the public authorities and institutions responsible for issuing opinions, agreements, approvals, licenses and authorizations, **the GEO No 140/2020 on setting some measures for using the electronic documents in construction, architecture and urbanism** was adopted. The normative act provides for the use of qualified electronic signature as equivalent of the holographic signature, in addition to the seal or professional stamp, as well as for the way of customizing the digital certificate according to the profession/ qualification of the legal holder, issuer of the qualification, etc. Implementing regulation of the norm aforementioned was approved<sup>35</sup>.

**Digitalisation in construction, architecture and urbanism** represents an important step in the reform and simplification process. In order to support this process, the project *Streamlining 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 - SIPOCA 50, mentioned in the Chapter.3.4 Business environment* there are foreseen some instruments such as: obtaining the urbanism certificates, required opinions and agreements, as well as the building permits using via a one-stop shop system; procedure for facilitating the electronic exchange of information between the advisory institutions on the urbanism documentations i.e. ministries or deconcentrated institutions, economic operators managing the urban networks and authorities issuing urbanism certificates and the building permits; development of a framework cooperation protocol for the operationalization of the online one-stop shop between local public administration authorities and endorsing bodies; guidelines on the management and implementation of spatial and urban planning documentation, including in GIS system.

Introduction of electronic registers for technical specialists and of *BIM (Building Information Modelling)* systems, as well as the approval of the *Code of spatial planning, urbanism and constructions* are foreseen as a major project through which the legislation on the above domains as well as the specific legal provisions concerning related fields ( i.e. environment, energy, transports, cadastral survey, property, protected urban areas and historical monuments, natural and industrial risk management, etc.) will be correlated, streamlined, improved and merged into

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<sup>32</sup> GEO No 38/2020 regarding the use of the electronic documents by the public authorities and institutions

<sup>33</sup> By ONRC Director General' Decision No 161/2020 was regulated that the services provided by this institution and those subordinated, by electronic means, through the *ONRC Online Services Portal* and *by e-mail*, may be accessed by interested persons (natural and legal persons) with a qualified electronic signature.

<sup>34</sup> Amending Directive (EU) 2017/1132 as regards the use of digital instruments and processes in the context of company law

<sup>35</sup> Common Order of MDLPA and ADR No 4.134/3.875/2020

a unitary structure under as a single normative act.

As of 3 December 2020, the project *Strategic framework for the adoption and use of innovative technologies in public administration 2021-2027 - solutions for streamlining the activity* (SIPOCA 704) is under implementation. The general objective of the project (17.42 million lei) consists in carrying out a national analysis corroborated with the international strategies aiming to use the innovative technologies to streamline institutional activity in relation to citizens, which is a natural approach in the context of the need to define the financing priorities for Romania in the 2021 - 2027 timeframe.

The implementation of the project *Digital Transformation Process of the Romanian public administration* will start. To that end, in December 2020, the financing agreement was obtained through the TA Instrument. The general objective of the project is finding the key elements and strands of actions needed for implementing the digital transformation in the public administration while its specific objectives target the elaboration of a digital competences framework for public administration (at central and local level), the implementation of a monitoring tool for the digital transformation, and the use of new technologies, especially the artificial intelligence, in the digital transformation of the public administration. The implementation period is foreseen for 18 months.

To streamline the use of e-Government solutions, the implementation of the project *Setting the framework for the development of e-Government tools (EGOV)* (SIPOCA 20) ended; through this project *the public policy proposal in the field of e-Government* was elaborated and approved in July 2020 by *E-Government Steering Committee*<sup>36</sup> with the aim to increase the capacity of the Romanian institutions and public authorities to develop and implement e-Government solutions concerning 36 life events. This proposal is under inter-ministerial endorsement as of 30 March 2021; subsequently, it is due to be officially approved by PM Decision in Q2/2021.

Beginning with November 2020, ADR started<sup>37</sup> the elaboration of the *Catalogue of Public Services* delivered by the Romanian state, which will be a sound basis to make the step to the next level of digital transformation and interoperability of public administration, and to find customized digital solutions for optimizing administrative processes and to interconnect such solutions. To this end, ADR requested from the central institutions represented in the *e-Government Steering Committee* to fill an online form and, by 15 April 2021, at least 364 responses describing the type of services and their degree of digital sophistication were collected.

For the provisioning of a unique electronic identity for every citizen who makes use of electronic e-Government services, the implementation of the project *Digital Identity Centralized Software Platform*, contracted in September 2020, is undergoing. This project aims to ensure the **access gate and the first secure point of e-Government services**. There will be also developed more efficient and secured electronic authentication tools and ways to access and use public e-services and to manage, in an unitary and centralized way, the citizens' electronic identity, their credentials and provisioning of electronic identities in the target systems providing electronic services. The project is under the evaluation phase for the acquisition of the IT system.

The *development and completion* of the **PCUe Electronic Single Contact Point** platform continues (the platform is available at: <https://edirect.e-guvernare.ro>), by carrying out the negotiation procedure without prior publication of the contract notice for the awarding of the framework agreement type contract *Provision of the support services, technical assistance and software maintenance for PCUe*, financed from the ADR budget. Currently, a number of 4,817 administrative procedures are available within the PCUe platform, and throughout 2020 1,182 new procedures and a 23 % increase in the number of total users (i.e. 51,164) being recorded. At the same time, during 2020, 64,421 applications/requests for services/ benefits from public

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<sup>36</sup> Established by PM Decision No 169/2018

<sup>37</sup> Currently, there is no inventory at the level of the Romanian Government regarding the public services made available to citizens and companies

institutions providing such services were made through this platform.

With regard the draft Law on the implementation of the **National Reference Framework for achieving interoperability** in the ICT field, which will regulate, inter alia, the data exchange between the institutions and public authorities to provide electronic public services, the legislative process will be resumed, and its adoption is envisaged for early 2022.

The transposition of the **Directive (EU) 2019/1024 on open data and re-use of public sector information** has started and the related draft Law was published for public consultation held until 15 February 2021. Its adoption is envisaged for Q4/2021.

In order to **increase the use of e-Government systems**, all calls for proposals were launched under the COP 2014-2020 (Priority Axis 2)<sup>38</sup> to *strengthen and secure the interoperability of the electronic systems designed to type 2.0 e-Government services* (Measure 2.3.1) with a financial value of 216.8 million euro<sup>39</sup>. Out of them, 17 submitted project applications were approved, of which 14 were contracted, one project application proposed by the MMPS is under contracting phase while two project applications were proposed by the CNA and OSIM. Out of the 14 contracted projects, four projects were implemented and 10 projects are in various stages of implementation, as follows:

- *Big Data* section - out of five selected projects, two projects<sup>40</sup> were approved, two project applications are proposed to receive financing (i.e. CAN' and OSIM' projects) and one project is under implementation i.e. *Streamlining the interaction with the business environment and implementation of advanced data analytics and exchange mechanisms through the implementation of an e-Government and Big data analysis system by the Competition Council* (implementation progress: 57%);
- *the e-Government services and interoperability* section - the implementation of following projects is ongoing: (1) *Electronic services hub in the Ministry of Interior Affairs* (implementation progress: 17,91%); (2) *Technological interoperability system with the EU Member States - SITUE* which will be based on the development of the eIDAS node for Romania and will interconnect with both the eIDAS nodes of the other Member States and the Romanian providers of identity and electronic services (implementation progress: 34,96%); (3) *Integrated Information System for the issuance of Civil Status Documents - SIIEASC* (implementation progress: 51,79 %);
- *the e-Government and Open Data* section - out of six selected project applications, the project Services Hub MMPS - *SII MMPS* is under contracting stage and five projects are under implementation stage: one project by MMPS (ANPDCA) - *National Management System of Disability (SNMD)* (implementation progress: 22,79%); two projects by MAE: *Integrated Electronic Management System for Travel Documents (E-Pass)* (implementation progress: 8%) and *Integrated system of personalized alerting and permanent updating of risk indicators for travel destinations* (implementation progress: 12,5 %); another project by MMPS (ANDPCA) - *National Electronic System for Adoption - SINA* (implementation progress: 15,48%); one project by ADR - *Centralized Software Platform for Digital Identification (PSCID)* (inception phase implementation);
- *the e-Government and life events* section - the implementation of the project *ONRC consolidated and interoperable integrated electronic system designated to e-Government services focused on life events* continues (implementation progress: 44.5%)

With a view to **increase the access of citizens to public services and streamline administrative procedures**, ADR ensures the maintenance and updating of the following IT

<sup>38</sup> Priority Axis 2 of the COP supports to intervening to whole system from national level in the field of information and communication technology to meet the needs of citizens and the business environment

<sup>39</sup> The ERFD and state budget

<sup>40</sup> The project SII ANALYTICS - *Information system for integration and operational and analytical capitalization of large volumes of data* and the project *Improving the data processing capacity increasing the reporting performance of ONRC through Big Data architectures and technologies* - operational as of 29 January 2021

systems:

- **Electronic Public Procurement System - SEAP** ([www.e-licitatie.ro](http://www.e-licitatie.ro)) which provides the electronic platform for conducting public procurement procedures. The SEAP platform has 194,501 registered entities, of which 21,188 contracting authorities and 173,313 bidders. From the launch of the platform on 2 April 2018 until 15 April 2021, public/ sectoral procurements and service/ works concessions totalling over 417 billion lei were awarded through the SEAP platform, of which 73,699 award procedures totalling over 378 billion lei and over 7.2 million direct purchases totalling over 39 billion lei. As of December 2020, a new technical functionality was added to the SEAP platform, through which changes can be made on the process of conducting public procurement contracts by their beneficiaries, which also ensures transparency of the process.
- **National Tax Payment Electronic System - SNEP** ([www.ghiseul.ro](http://www.ghiseul.ro)) is the electronic solution that allows online payment of the taxes for the services provided by the public central and local authorities. An updated legal base has been adopted to secure the functioning of the platform. More than 750 public institutions are registered on this platform, while the number of active users has exceeded 1 million, and more than 3.5 million transactions were concluded. An increased number and type of institutions to be registered on the platform is envisaged, through information campaigns and the registration procedure.  
The *interconnection of the SNEP with the Virtual Private Space (SPV)/ANAF, DRPCIV*, as well as with the ADR own management system for the payment of digital certificates needed for accessing *SIAE* is complete.  
Several *interconnections with public institutions and legal entities* are underway, in order to diversify the types of payments made through this platform: payment for legal entities through the SPV; payment for public utilities or payment of various types of tariffs.
- **The Electronic Award System in Transport** - ([www.autorizatiiauto.ro](http://www.autorizatiiauto.ro)) is the electronic solution which provides access to certain functionalities for goods and passengers transport operators. By April 2021, over 1,710,093 permits were issued to transport operators.

## Cyber security

As regards the **setting up of a national cybersecurity system (SNSC)**, the main regulatory acts for the transposition of the NIS Directive on security of network and information systems, and for the application of the Law No 362/2018 on ensuring a high common level of security of network and information systems were concluded. Concerning the reorganization of the National Computer Emergency Response Team of Romania, (CERT-RO), following the approval of the GD No 584/2019 on the amendment and completion of GD No 494/2011, the three pillars defined by the Law No 362/2018 aforementioned have become operational. Considering the approval of internal rules and regulation of CERT-RO, the draft documents for the inclusion of the new occupations specific to the field of cyber security in the Classification of Occupations in Romania (COR) were elaborated.

At the same time, to **strengthening the administrative capacity of the ADR and CERT-RO** and implement a unitary quality performance management system and a coordination and consultation system with stakeholders, as well to systemize the legislation with incidence and impact on the investment on expanding the access networks to NGN, the implementation of the project *Integrated management system for a performing informational society (SIMSIP) - SIPOCA 391* with a value of approx. 8 million lei is ongoing.

In order to increase the **operational capacity of the CERT-RO**, the project *Early warning and real-time information system - RO-SAT*<sup>41</sup> is under implementation and it aims to enhance the security level of the national cyberspace (encompassing public institutions, private companies,

<sup>41</sup> Related to the Action 2.3.2 from COP 2014-2020.

individual users), as well as to increase the cybersecurity response capacity of CERT-RO. Following the adoption, on 31 July 2020, of the GD on the approval of the Substantiation Note on the need and opportunity to make the expenses related to the project, the procurement procedures started and they are in various stages of implementation (implementation progress: 14.66%).

In order to ensure the cyber security of ICT systems and computer networks (Action 2.3.2 of POC), the project *Strengthening the capabilities for prevention, identification, analysis and response to cyber incidents by the Protection and Guard Service "POC\_CYBER\_2021"* is to be contracted, and two projects aiming to increase the operational capacity of the Romanian Intelligence Service (SRI) are under implementation, namely: *Upgrading and developing the national protection system of the current IT&C critical infrastructure for the national security against cyber-attacks* (implementation progress: 36,84%) and *The system for the protection of terminals operated by SRI against threats derived from cyberspace* (financing contract was signed on 22 December 2020).

## **Digital infrastructure**

With regard the transposition of the *Directive (EU) 2018/1972 establishing the European Electronic Communications Code*, the draft **Law on amending and supplementing normative acts in the field of electronic communications and on establishing measures to facilitate the development of electronic communications networks** was prepared by ANCOM in cooperation with the competent ministry. This normative act provides additional legislative solutions to facilitate the development of electronic communication networks.

With reference to the elaboration of the **legislative and regulatory framework in the field of broadband electronic communications infrastructures and networks**, starting with Q1/2019, the project *Establishing the reference framework in the field of broadband network development in Romania* is under implementation; its general objective aims at the development of a public policy in the field of broadband communication. The project is in the acquisition phase, the purchase of services being envisaged after handling appeals.

**The availability of broadband services** has been extended to approx. 700 rural localities through the implementation of the project *Development of a national broadband infrastructure in disadvantaged areas, using structural funds - RoNET* which is to be completed. The project, financed by ERDF, through COP, has included seven lots (targeting an average of one hundred localities each). At the date of reporting, Lot 1 and Lot 5 were completed, the Lot 2 and Lot 6 are to be completed and the remaining lots are due to be completed by the end Q2/2021.

In order to **streamline and speed-up the underground installation of electronic communications networks**, on 18 January 2021, ANCOM published *the Applicant's Guide for the approval of the conditions of access to the underground pipeline for the installation of communications networks* in order to support public administration authorities, especially at local level, in the effective application of Law No 159/2016<sup>42</sup>. Moreover, for the application of the same Law, ANCOM has established the maximum tariffs for the access to the physical infrastructure and is to establish the indicative tariffs for access to the infrastructure of the network operators.

At the same time, the focus placed on the need to **streamline the authorization procedures for construction works**, and this need is met by the draft law on the transposition of the *European Electronic Communications Code*, which aims to facilitate the development of electronic communications networks. Moreover, a reform initiative to coordinate and streamline the

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<sup>42</sup> On the regime of the physical infrastructure of electronic communications networks and on the establishment of measures to reduce the cost of installing electronic communications networks.

procedures to streamline issuance of building permits is to be accomplished<sup>43</sup>.

With regard the **transposition of the Connectivity Toolbox**, adopted by the EC on 25 March 2021, the related roadmap is under development phase following to be transmitted to the EC.

In Q3/2021, the National Authority for Management and Regulation in Communications (ANCOM) envisages the application of the selection procedure for granting the rights to use the frequencies in the following frequency bands: 700 MHz, 800 MHz, 1500 MHz, 2600 MHz and 3400 - 3800 MHz, following the adoption of the legislative framework necessary for the conduct of the 5G auction, including the law on the transposition of the *European Electronic Communications Code*, which precedes the setting of conditions on granting the rights of use and the rules for carrying out the selection procedure. The 5G auction will provide the necessary long-term spectrum resources for the rapid development of 5G networks in Romania.

### ***Digitalisation of SMEs***

In order to **support investments for the digitalisation of SMEs**, through COP 2014-2020, the *National Programme for the Digitalisation of micro, small and medium sized enterprises* totalling 150 million euro was approved<sup>44</sup>.

Three calls for proposals related to the COP Action.2.2.1.<sup>45</sup> were opened with the aim of **supporting investments for the digitalisation of SMEs**. Following the first call, 104 projects benefiting from a non-refundable financing of 53.11 million euro were implemented. After the closure of the second call for projects, out of the 81 contracts signed (five of them being implemented), 76 financing contracts were concluded from which one project was implemented and 75 are under implementation. Within the third call for projects, concluded on 2 November 2020, 124 project applications were submitted totalling 243.2 million euro. By 31 March 2021, the outcomes of project applications' evaluation is as follows: 100 projects were accepted based on the technical and financial compliance of which 16 are proposed for financing.

The measures presented in this chapter can contribute to the fulfilment of **SDG 1, SDG 8, SDG 9, SDG 11 and SDG 16**.

### **Digital Transformation in NRRP**

***Pillar II. Digital transformation, Component 7 Government cloud and digital public systems***

***Pillar III. Smart, sustainable and inclusive growth, Component 8. Tax reforms and pension system reform and Component 9. Support for the private sector, research, development and innovation***

***Pillar V. Health and economic, social and institutional resilience, Component 12. Health and Component 14. Public sector reform, increasing the efficiency of justice and strengthening the capacity of social partners***

***Pillar VI. Policies for the new generation, Component 15. Educated Romania***

<sup>43</sup> GD No 298/2021 for the approval of the preliminary theses of the Code of territorial planning, urbanism and constructions

<sup>44</sup> GD No 677/2020 on the approval of the National Program for the digitization of micro, small and medium enterprises, financed within the Competitiveness Operational Programme 2014-2020

<sup>45</sup> Supporting the added value generated by the ICT sector and innovation in the field through the development of clusters.

## 3.4. Business environment and competitiveness

### 3.4.1. Creating a more favourable environment for public and private investments

#### Key directions:

- ✓ Developing the sectors with growth potential
- ✓ Supporting SMEs
- ✓ Supporting cultural and creative industries
- ✓ Increasing the performances of public enterprises
- ✓ Granting state aid to support investments
- ✓ Other measures to improve the business environment

#### *Developing the sectors with growth potential*

For the development of more competitive products and services markets, investment projects focused on the **development of the 10 competitive economic sectors**<sup>46</sup> are funded by state budget and ESIF 2014-2020.

In order to *increase the competitiveness of SMEs* in competitive sectors mentioned in the *National Competitiveness Strategy (NCS)* and the Regional development plans, through ROP, P.I. 2.1 A, in the total budget of 1,056.5 million lei the **investment projects of micro-enterprises in the urban area**, are financed. Thus, by 31 March 2021, 2,536 financing contracts were signed, with an eligible value of 466.4 million euro, for which payments amounting to 268.3 million euro have been made.

In order to *support SMEs for the creation and expansion of advanced production capacities and services development*, through ROP - P.I. 2.2 A, on 28 August 2020, a new call for proposals was launched for granting state aid and *de minimis* aid for the development of SMEs in urban areas or medium-sized enterprises in rural areas, the amount of funding granted being between 1.5 and 6 million euro. The submission deadline was 30 November 2020. There were submitted 1,408 projects that are being under evolution.

To *support investments in the development of business incubators*, a call for proposals was launched on 4 December 2017. The total budget allocated through ROP, P.I. 2.1 B is of 529.4 million lei. Thus, by 31 March 2021, 32 financing contracts with an eligible value of 93.7 million euro were signed, for which payments amounting to 6.9 million euro have been made.

As regards the multi-annual *National Programme of micro-industrialization and the Programme for the development of marketing activities for market products and services*, their implementation has been temporarily suspended<sup>47</sup> in the context of the COVID-19 pandemic, a number of measures being taken to address critical liquidity needs and to support enterprises facing financial difficulties caused or exacerbated in this context (GEO No 42/2020 and GEO No 130/2020).

As of 5 October 2020, the project *Quality and Performance Management within the Ministry of Economy for reducing the administrative burden and developing innovative SMEs* (SIPOCA 716), with a scheduled period of implementation of 36 months and a budget of 16.6 million lei has been

<sup>46</sup> 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; ITC; beverage and food processing; health and pharmaceuticals; energy and environmental management; bio-economy.

<sup>47</sup> Although by 6 March 2020, the draft procedures on the implementation of the 2020 Edition of the two programmes had been submitted to public debate, after the discussion thereof held the meeting of the *Advisory Committee for Small and Medium Enterprises Development* (CCDIMM) held on 25 February 2020.



under implementation. Among the project targeted results, we mention: the application of the integrated electronic document management system at the ministry level; the elaboration of a public policy for defining and supporting innovative SMEs; development of the integrated portal (digital platform) specific to the attributions of the ministry with the aim of facilitating/improving the information, education and interconnection of the Romanian entrepreneurs; training of ministry staff. In order to complete the project implementation team, the necessary documentation was prepared to hire the staff responsible for developing public policies and collecting data on management policy. In Q1/2021, the analysis on the identification of MEAT' needs in terms of implementation of the quality and performing management was initiated. The public procurement procedures related to the project are ongoing.

*The Industrial Policy Document of Romania*<sup>48</sup>, elaborated through the project *Development of the institutional capacity of the Ministry of Economy*<sup>49</sup> and approved within the Inter-ministerial Committee for Competitiveness, sets out measures to improve the competitiveness of manufacturing sectors for growth and employment, in line with the *Government Programme* and the *National Competitiveness Strategy*. According to the *Industrial Policy Document*, priority is given to **the development of innovative enterprises, clusters and the application of the state rules accordingly, so that industry can capitalize the best available techniques**, but which involve allocating appropriate financial resources to their implementation.

At the same time, the above-mentioned project aims to strengthen the institutional capacity of MEAT by developing the ability to substantiate, implement, monitor and evaluate public policies. Thus, among the objectives of the project stands out the drafting of the Economic Atlas of Romania/AEC (with the related hardware and software infrastructure), which will become a necessary working tool in the process of monitoring the implementation of private and public investments, national and European programmes and assessing their impact in sectoral and territorial areas. The information comprised in the AEC will be accessible to both MEAT decision makers, and relevant actors in the field of economic policies in Romania, in order to be used in the process of substantiating public policies.

The public procurement procedure regarding the elaboration and implementation of AEC was finalized in March 2021. The (estimated) AEC value is over 50%<sup>50</sup> of the total value of the project.

The completion of the SNC 2021-2027 and the beginning of its implementation, the elaboration of monitoring methodologies of the SNC 2015-2020 and 2021-2027, and the extension of the accessibility of the data supplied by AEC to the external environment are envisaged for 2021.

Moreover, the project *Increasing the administrative capacity of the Ministry of Economy to monitor, evaluate and coordinate public policies in the field of economic competitiveness*<sup>51</sup> aims to strengthen the capacity of the ministry to implement and evaluate the public strategies/policies under its coordination. Thus, the objectives of the project are referring to: making available to MEAT the necessary tools for the elaboration, implementation and monitoring of the SNC 2021-2027; extending the scope of application of the AEC to the area of users from outside MEAT; developing the competencies of the ministry's employees in the field of public policies. In the period August - October 2020, by organizing and conducting the course on *Public policies in the field of stimulating economic competitiveness*, 100 staff employed by MEAT and the bodies which are subordinated, coordinated or under the authority of MEAT improved their skills.

Under this project, a section<sup>52</sup> of the SNC on finding and proposing a set of actions in order to ensure the management of the industrial transition will be elaborated.

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<sup>48</sup> Document available online on MEAT website at: <http://www.economie.gov.ro/proiectul-dezvoltarea-capacitatii-institutionale-a-ministerului-economiei-cod-sipoca-7>

<sup>49</sup> Code SIPOCA 7

<sup>50</sup> 5,308,284.17 lei (VAT included)

<sup>51</sup> SIPOCA 605 - duration of the implementation: 30 months from 4 March 2019

<sup>52</sup> Through the elaboration of this section, the project will contribute to the fulfilment of the enabling condition within the policy objective 1 - *Smarter Europe* (Cohesion Policy 2021-2027)

In the field of microelectronics, **Romania is a signatory to the *Joint Declaration of the European Initiative for processors and semiconductors***, endorsed by 18 Member States on 7 December 2020.

In this context, MEAT called for stakeholders to express their interest in the *European initiative in the field of microelectronics*, wishing to ensure their widest possible representation in the actions envisaged.

The Romanian industry has shown a strong interest in the IPCEI initiative on this topic, answering to the MEAT requirement of sending project proposals on the important issues found. The proposals received highlight the need of implementing the following **objectives**:

- Building the Centre for the production of integrated circuits;
- Elaborating software products in the field *Electronic Design Automation (EDA)*;
- Creating a network of *Logistic Support Centres (CDSLs)*, with the potential of becoming a very good environment for promoting the field of electronics, communications and information technology, including the pre-university area, which will contribute to the development of skills in these fields and to the generation of labour force tailored to the requirements of the business environment;
- Developing integrated circuit encapsulation technologies that will allow assembly both by the classic SMT technology and by the SAFE technology.

With regard to the **circular economy**, the Romanian Government aims to develop the sector dedicated to it and create new jobs in the field, to reduce the carbon footprint of the economy, to increase the degree of capitalization of raw materials and related costs. In this context, MEAT elaborated the following proposals of measures for **ensuring Romania's transition from a linear to a circular economy**.

### **1. New waste recycling technologies, as well as research, development and testing of new products**

- Investments in strengthening the circular economy, including by preventing waste generation and reducing waste, as well as the efficient use of resources, reuse, repair and recycle;
- Investments in the establishment of new enterprises and in research, innovation and promotion of the transfer of advanced technologies;
- Investments in digitalisation;
- Specialized training and retraining of workers, active inclusion of jobseekers.

### **2. Atypical waste collection and repair centres**

- Establishing static collection centres for the population, of atypical waste, which is not suitable for daily collection: furniture, electrical equipment, construction and demolition waste, other bulky waste;
- Establishing aerobic composting platforms for vegetable waste from households, parks and gardens;
- Developing the capacity to prepare for reuse the construction and demolition waste;
- Stimulating consumer demand for the recovered materials, prepared for reuse;
- Establishing repair centres - workshops and sections for electronic repairs, furniture, textiles, means of transport (bicycles, scooters, etc.)

### **3. Revaluation of secondary raw material and green procurement by creating a national digital platform** so that, through this national system of linking industrial producers, the waste of one industry becomes the raw material for another industry. Inclusion in the economic circuit of all available resources in the economy and closing the material loop - *Nothing is lost, everything*

is transformed.

#### 4. Instrumentation of the GHG emissions calculation and of the National Strategy for Circular Economy

Setting up a national instrument for calculating GHG emissions, adapted to the economic and environmental realities of Romania, according to the European norms in force and to international best practices is foreseen. It is also intended to link this instrument to local emission compensation projects (afforestation of degraded land and/or at risk of desertification, planting forest protection curtains, greening of the river basins and polluted lands) and with the achieving of the *National Strategy for Circular Economy* and the corresponding *National Plan for Implementation*.

#### Supporting SMEs

Supporting SMEs and supporting investments, affected by the COVID-19 pandemic constitute priorities of the Government, aiming at diversifying sources of funding for the implementation of investment projects.

I. To strengthen the market position of SMEs, GEO No 130/2020 regarding measures for financial support from non-reimbursable external funds, from the COP 2014-2020, in the context of the crisis caused by COVID-19, as well as other measures in the field of European funds regulating the financing of affected enterprises, were adopted. Thus, COP has been modified by creating the Priority Axis 3, which was approved by the EC at 3 September 2020. The state aid scheme related to this Axis - *Support for SMEs in order to overcome the economic crisis generated by the COVID-19 pandemic* is managed by MEAT<sup>53</sup>. The *Order for the modification of this State Aid Scheme* was published in the OJ No 1314 of 30 December 2020, and it establishes that the total allocated budget is 1.48 billion euro of which 1.26 billion euro from ERDF and 219.4 million euro from the state budget, divided into three measures, as follows: a) *Measure 1- Microgrant* with a fixed amount as unitary cost: the equivalent in lei of the amount of 100 million euro; b) *Measure 2- Grants for working capital* as unitary cost: the equivalent in lei of the amount of 907.03 million euro; c) *Measure 3 - Grants for investments in productive activities*: the equivalent in lei of the amount of 478.2 million euro. As of 9 April 2021, out of the total 29,250 applications for *Measure 1 - Microgrant*, 18,432 applications were admitted and 17,362 contracts were signed, with a financing value of 168.04 million lei. In addition, for the *Measure 2 - Grants for working capital*, out of the total 22,226 applications, 16,726 applications were admitted, 5,318 contracts were signed, with a financing value of 1.75 billion lei. With regard *Measure 3 - Grants for investments*, 27,736 applications totalling 15.88 billion lei were registered.

II. In order to *encourage and stimulate the development of SMEs*, on 10 March 2021 the Romanian Government decided to continue the SME INVEST ROMANIA, SME FACTOR programmes and to launch the AGRO IMM INVEST sub-programme, carried out through the *National SME Guarantee and Credit Fund (FNGC IMM)*, as the implementing body for these programmes. On 7 April 2021, the Implementing regulations for the application of the programmes SME Factor (GD No 423<sup>54</sup>), IMM Invest (GD No 422<sup>55</sup>) and IMM Leasing (GD No 421<sup>56</sup>) were approved.

<sup>53</sup> According to the Common Order MFE/MEEMA No 1,060/2,857/2020 approved on 8 September 2020 regarding the approval of the scheme related to Priority Axis 3 of the COP.

<sup>54</sup> Approving the norms for the application of GEO No 146/2020 on the approval of the SME FACTOR Programme - Product to guarantee commercial credit and the associated State Aid Scheme.

<sup>55</sup> For the amendment and completion of the Implementing Regulations for the application of GEO No 110/2017 regarding the Programme for supporting small and medium enterprises and small enterprises with medium market capitalization - SME INVEST ROMANIA, approved by GD No 282/2020.

<sup>56</sup> On amending and supplementing GD No 766/2020 for the approval of the Implementing regulations for the application of GEO No 118/2020 on the approval of the Support Programme for Small and Medium Enterprises "SME Leasing of Equipment and Machinery", as well as the minimis aid scheme related to the "Support Programme for Small and Medium Enterprises "SME Leasing of Equipment and Machinery".

Thus, in this year's edition, improved versions of *SME Invest* and *SME Factor* were launched, which are estimated to support another 60,000 entrepreneurs adding to those over 25,600 supported in 2020, only through the *SME Invest Programme*.

1. In order to support *SMEs' access to financial capital*, the ***Small and Medium Enterprises Support Programme - SME INVEST ROMANIA continues***, amended in 2020 (by GEO No 42/2020) in order to extend the categories of beneficiaries, change the eligibility criteria for the liquidity capacity of applicant enterprises and the inclusion of wine and beer producers in the category of eligible areas.

Thus, through this programme, state guarantees will be granted this year (for loans, investments and working capital) worth 14 billion lei and the related state aid scheme has been extended until 30 June 2021.

As of 15 March 2021, 1,884 SMEs were supported, the value of the guarantees granted (working capital and investments) was 9,722.24 million lei, the value of the supported investment projects was 1,558.31 million lei and the value of loans (working capital plus investments) was 11,546.09 million lei.

2. In order to support *SMEs in the field of agriculture, fisheries, aquaculture and the food sector*, the ***new AGRO IMM INVEST Sub-programme*** has been launched, with a guarantee ceiling in 2021 of 1 billion lei. The additional facility related to the SME INVEST consists of a grant component of 10% of the financing amount and a grace period granted for the contracted loan up to 24 months. Similar to other programmes, the entrepreneurs can access AGRO IMM INVEST until 30 June 2021.

3. In order to ensure *access to the supplier credit*, the ***SME leasing programme for equipment and machinery*** was launched in Q4/2020. Through the programme, state guarantees of 60% or 80% are granted for leasing type financing. The programme supports SMEs access to financing for the purchase of new or second-hand movable property and provides the necessary financial flows through specific *sell-and-lease-back* operations.

4. ***The SME - Factor programme*** aims to support the trade loan by the state, through this programme, the state guarantees are granted up to maximum 50% of the value of the *financing on regression basis*. For 2021, the guarantee ceiling is 1 billion lei. Interest and a series of commissions are subsidized by the state based on a state aid scheme valid until 30 June 2021, with payments being scheduled until 31 April 2022.

III. To increase *SMEs' access to loans and guarantees*, the *implementation of the uncapped guarantee instrument* developed under *Priority Axis 15 of the ROP 2014-2020 The SME Initiative by offering a guarantee rate*, with allocations from ERDF 2014-2020 (amounting to 250 million euro) has continued. By the end of the implementation period, approx. 6,250 SMEs will be supported by facilitating their access to credit and offering an average guarantee rate on the portfolio of 60%. By 31 October 2019, nine financial intermediaries were selected and by 30 September 2020, 2,646 SMEs were financed. The maximum portfolio that can be provided is 1.38 billion euro, of which by 30 September 2020, a total of 718.1 million euro were committed.

During 2021, MEAT intends to promote **two new legislative actions to improve the business environment**, namely: the draft *GD on the approval of the Government Strategy for developing SME sector and development of the Romanian business environment towards a Digital and data economy during 2021 - 2027* and the draft *GD amending the GD No 33/2018 on the establishment of the contraventions in pursuant to the Prevention Law No 270/2017* with the aim of updating the list of contraventions.

### **Supporting large companies and SMEs with a turnover exceeding 20 million lei**

On 4 June 2020, the Government approved the **Memorandum on The inclusion of the Set of State aid and de minimis aid scheme measures in the form of loans, credit guarantees, interest subsidies and guarantee premiums in the context of the COVID-19 pandemic for large companies**

*and small and medium enterprises with a turnover over 20 million lei, as well as the increase of financing, guarantee and in market conditions, respectively insurance in non-market conditions managed in the name and account of the state by EximBank in economic, budgetary and financial policies of the Romanian State.*

To this end, the legal framework was created for the Export-Import Bank of Romania EximBank to be able to direct the budgetary allocations for the new financial instruments to support the activity of large companies<sup>57</sup>.

Thus, *the support measures for large companies and small and medium enterprises with a turnover over 20 million lei*, carried out through EximBank, aim at:

- a) **Granting guarantees**, in the name and on behalf of the state, for companies affected by the COVID-19 pandemic, covering the necessary guarantee in a proportion of maximum 90%, for new loans or already granted by commercial banks.
- b) **Granting financing with a state aid component**, in the name and on behalf of the state, for companies affected by the COVID-19 pandemic.

For the two measures aforementioned, on 1 July 2020 the framework scheme was approved by the EC, and its implementing rules were published in the OJ of 7 October 2020. The development of this scheme was also extended by 6 months (until 30 June 2021), according to the decision of the EC, C(2020) 8917 final.

For the implementation of this scheme, 3 billion lei<sup>58</sup> have already been allocated.

By 31 March 2021, guarantees amounting to 1,870 million lei and subsidized interest financing amounting to 84 million lei were granted.

- c) **Granting products with a *de minimis* component**, respectively the compensation of interest on ongoing loans, the subsidization of interest on new loans and guarantee ceilings with *de minimis* component for working capital loans granted by commercial banks.

The *de minimis* schemes are being completed at the level of EximBank, which will initiate the procedure provided by law, in order to obtain the CC's approval.

Law No 15/2021 regarding the state budget for 2021 allocated another 1 billion allocated for the implementation of these measures.

### **Supporting cultural and creative industries**

The elaboration of the *Sectoral Strategy for Culture and Cultural Heritage for 2021-2027* is envisaged as result of the project *The Strategic and coherent vision for the cultural sector*, with an implementation period of 28 months that started on 1 January 2021.

A first deliverable of the project *Historical monuments - the strategic planning and improved public policies*, whose implementation started in July 2018, the *Code of Cultural Heritage* was finalized and submitted on the internal endorsement circuit of MC and will be put on public consultation procedure in the forthcoming period. The *Strategy for preservation of the historical monuments* is under elaboration phase.

Regarding *the preservation of the cultural, scientific and educational heritage*, the implementation of project *E-Culture: the Digital Library of Romania* (total financial allocation: 53 mil. lei, from which 43.6 mil. lei from ERDF<sup>59</sup>) which started in from July 2018 continues (estimated technical progress: 49% in 8 April 2021). One component of this project i.e. the

<sup>57</sup> GEO No 127/2020 for the amendment and completion of Law No 96/2000 regarding the organization and functioning of the Export-Import Bank of Romania EximBank - S.A.

<sup>58</sup> GEO No 135/2020 on the rectification of the state budget for 2020, the amendment of some normative acts and the establishment of some budgetary measures.

<sup>59</sup> Period of implementation: 13 July 2018 -12 July 2022 (48 months)

*Culturalia.ro* platform is being developed. This platform will provide access to over 550,000<sup>60</sup> cultural resources from 31 public institutions of culture, research and media from Romania participating in the project. As regards the *digitalisation of the cultural heritage*, so far 511,909 mobile cultural heritage items out of the 560,000 foreseen in the project have been digitalized.

Considering the Decision (EU) 2020/2229 for the European Capitals of Culture aiming at amending its timetable amid the COVID-19 pandemic, including by the postponement of European Capital of Culture title holding by Timisoara to 2023, steps have been made to update national legislation regulating the financial and organizational framework for the implementation of the national cultural programme "*Timisoara - European Capital of Culture in 2021*". A call for tender for bilateral initiatives related to the aforementioned programme was opened under the EEA and Norwegian grants, and a new deadline for project applications was set on 20 December 2021. At the same time, the budget for bilateral initiatives - a financing line managed by the National Contact Point within MIPE - was supplemented to 2 mil. euro (100% grants).

The process of developing projects designed to *streamline and digitalize the cultural sector* continues. The project *e-Heritage* complementing the project *e-Culture: the Digital Library of Romania* will be implemented with the aim to achieve a comprehensive and updated database of all historical monuments across Romania using modern ICT tools as well as to set up e-Government procedures for the interaction between the monuments' owners and the public institutions concerned. For this purpose, the project has been included in the *Smart Growth and Digitalisation Operational Programme 2021-2027* (SGDOP) and is under preparation stage (the project fiche was elaborated).

Moreover, various projects are being prepared and have been included in SGDOP 2021-2027, such as: *E-audience - Integrated statistical data collection system for cultural institutions*, which aims to establish the national framework for collecting statistical data in the cultural and creative sector for the purpose of providing interoperability, openness and re-use of public data; *Edu-Culture - Integrated System of Cultural Resources for Education* which aims to develop innovation laboratories for the use of digital technologies in order to promote heritage and culture, especially among the younger generations; *E-cadastre - Cadastre of historical monuments in Romania 2.0 Tracing the preservation areas of the historical monuments and the development of specialized cadastre of historical monuments*<sup>61</sup>.

To *increase the access to culture, promote cultural diversity and strengthen intercultural dialogue*, the RO-CULTURE Programme is ongoing and it aims to strengthen economic and social development through cultural cooperation, cultural entrepreneurship and the management of cultural heritage. So far, four calls for proposals were launched: one call for *innovative exhibitions of restored movable cultural property* (nine contracts signed); one call for the *restoration and revitalization of historical monuments* (eight contracts signed); two calls for proposals for *the consolidation of the cultural entrepreneurship and expanding of audience and public* (13 contracts signed following the first call) while the third call for application is scheduled to take place in 2021. The project budget was supplemented with 4 mil. euro.

In order to *revive the cultural sector* severely affected by the COVID-19 pandemic, a *state aid scheme* was developed to support 700 NGOs and LLCs, and a *minimis aid* was designed to support 5,000 NGOs and LLCs active in this domain. The approval thereof by the government is to be considered.

Provisioning of compensatory allowances to support employers and employees, but also independent artists who face financial losses during the alert period national level instated at

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<sup>60</sup> So far 200,000 such resources are to be uploaded in the *European Digital Library* contributing to developing of the *platform Europeana.eu* and increasing the visibility of Romania

<sup>61</sup> <https://cadastru.biz/sistemul-informatiional-al-monumentelor-istorice>  
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national level, also continues according to the provisions of GEO No 92/2020<sup>62</sup>.

Restoration, preservation and capitalization of the cultural heritage objectives are being achieved by investments funded from 2014-2020 ERDF through ROP, with a total financial earmark of 369.31 million euro (of which 312.58 million euro from ERDF). 406 project applications were submitted with a non-refundable value of 919,4 million euro, from which 214 projects with an eligible value of 509.83 million euro are under implementation phase and payments of 216.43 million euro have been made.

In order to *support implementation of online cultural projects amid COVID-19 pandemic*, the *ACCES Online 2020 Programme* started on 27 March 2020 aiming at supporting independent artist and cultural professionals who cannot engage in public cultural activities throughout the pandemic period. The targeted cultural fields are the following: theatre, music, dance, visual arts and intangible cultural heritage. The budget of this programme is roughly 1 million lei, with an allocation of roughly 50,000 lei per project. Following the evaluation of the 600 submitted project applications, 270 were declared eligible, and 20 financing contracts were signed with a total value of 984,490 lei<sup>63</sup>.

### ***Increasing the performances of public enterprises (PEs)***

The MF, through its competent bodies, constantly pursues **the implementation of corporate governance**, according to the relevant legal provisions, including through inspections where, in case of non-compliance with legal provisions, civil sanctions are applied according to the legal provisions in force. The 2019 Annual Report on the activity of PEs was prepared and is pending approval. From the perspective of applying *the normative framework regarding the selection of the administrators/ directors*, during 2019, from the total of 146 central PEs compelled to apply the provisions of *GEO No 109/2011 on corporate governance*, 85 enterprises are in various stages of the selection process, namely launched, resumed and completed.

During 2020, the control structure within MF - Directorate General for Economic and Financial Inspection (DGIEF) carried out 33 inspections with the objective of checking the compliance with the provisions of *GEO No 109/2011 on corporate governance of public enterprises*, reporting 39 contraventions and applying 39 sanctions, out of which 38 fines amounting to 123,000 lei and one warning.

Throughout the same period, the territorial structures of the economic and financial inspection under ANAF, methodologically coordinated by DGIEF, carried out 124 inspections with the same objective, reported 78 contraventions and applied 78 sanctions, out of which 45 fines amounting to 158,000 lei and 33 warnings, and ordered the reimbursement by the members of the Board of Directors of the amount of 367,052 lei representing unlawful remuneration.

Carrying out control actions having as objective the compliance with the provisions of the GEO No 109/2011 is a continuous and constant preoccupation of the Directorate General for Economic and Financial Inspection, therefore such controls take place throughout 2021.

According to Law No 173/2020 on some measures for the protection of the national interests in the economic activity, amended by GEO No 166/2020, the alienation of state-owned shares in national companies, credit institutions, and in any other companies in which the state has the quality of shareholder is forbidden regardless of the ownership share held, and any such actions in progress are suspended for a period of two years. At the same time, the Law allows for the acquisition of participations by the state, with the observance of the provisions on state aid, competition and competitiveness. In the Government's meeting of 3 February 2021, the draft Law amending the *Law No 173/2020 on some measures for the protection of the national interests in*

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<sup>62</sup> Establishing active support measures for employees and employers in the context of the epidemiological situation caused by the spread of SARS-CoV-2 coronavirus, as well as the amendment of several normative acts

<sup>63</sup> <http://www.cultura.ro/rezultate-finale-programul-acces-online-2020>

*the economic activity* was approved and submitted for adoption in parliamentary procedure on 11 February 2021; the draft law proposes to repeal the provisions of art. 1-3 of the abovementioned law. In this context, after the approval by the Parliament, the analysis on the opportunity and necessity of promoting the draft *Law on the administration and capitalization of state participations* will be resumed.

To **simplify the legislation in the field of mineral resources and state-owned companies**, a project financed by the ESF (SIPOCA 388) is under implementation until July 2021, having as objectives the streamlining and systematization of the active fund of legislation on mineral resources and state-owned companies in line with the *Better Regulation Strategy 2014-2020* and the development of evidence-based public policies. In that regard, the aim is to adopt and publish in the OJ *two normative acts*, namely *one for each field of intervention (non-energy mineral resources and state owned companies)*, as well as the *elaboration of public policies* in the two fields of reference of the project. At the same time, the project aims at *improving knowledge and skills of the staff from the central public authorities and institutions*.

During July - August 2020, after holding the course *Monitoring and evaluation of public policies. Sustainable Development. Performance in the central public administration. Horizontal topics* course, 60 MEAT staff improved their level of knowledge and skills.

With regard the improvement of performances of PEs through the implementation of the professional management, during 2020, MEAT started selection procedures and implemented some stages of the Selection Plan at the level of the economic operators under its authority. Moreover in 2020, MEAT completed selection procedures for two companies from its portfolio, designating administrators in line with the provisions of *GEO No 109/2011 on corporate governance of public enterprises, approved with amendments and completions* by Law No 111/2016. In addition, the key financial and non-financial performance indicators included in the Annex of the mandate contracts were negotiated, thus being completed the performance measurement tools established in order to determine the efficiency of the PEs activity and the increase of their profitability.

Although the implementation of the principles of corporate governance is not smooth, MEAT, as tutelary public authority, is constantly involved and has an active role in the application of the provisions of GEO No 109/2011. Thus, in order to improve performances, increase transparency, mitigate risks that business could generate, as well as to ensure a better predictability of the investments made, MEAT initiated the selection procedures, taking important steps in the implementation of the Selection Plans for the companies in which it is the majority shareholder.

### ***Granting state aid to support investments***

Concerning *the state aid granted to stimulate investments with a major impact in the economy* (according to GD No 807/2014), during 2015-2020, 84 grant agreements were issued, of which three were revoked. For the remaining 81 grant agreements, a state aid of 654.09 million euro was approved, the payments made so far amounting to 274.78 million euro. Between 1 January 2021 and 31 March 2021, no grant agreement was issued, the payments made during this period amounting to 6.49 million euro.

As for *financing investments that contribute to job creation and reducing regional disparities* (according to GD No 332/2014), during 2015-2020, 61 grant agreements were issued, of which 24 were revoked. For the 37 agreements maintained, a state aid of 34.13 million euro was approved, the total payments made so far amounting to 24.01 million euro. Between 1 January 2021 and 31 March 2021, no financing agreement was issued, and payments made during this period amounted to 0.86 million euro.

Regarding the *state aid granted for sustainable economic development* (according to GD No 1680/2008), the payments made so far have amounted to 338.44 million euro. 60 grant agreements were issued, of which 22 were revoked; all 38 companies for which grant agreements



were issued have completed their investments (13 companies are currently in the monitoring phase of maintaining the investment).

As for the **state aid granted for regional development by stimulating investment**<sup>64</sup>, three grant agreements have been issued so far (one of which has been revoked), with total payments amounting to 70.94 million euro. The two companies for which grant agreements were issued are in the monitoring phase of maintaining their investment.

Regarding **the state aid granted to support investments that promote regional development by using new technologies and creating jobs**<sup>65</sup>, the payments made amounted to 99.33 million euro. The 14 companies for which grant agreements were issued have completed the implementation phase of the investment projects and are in the monitoring phase of the investment and/or of the jobs created.

Amid the economic crisis generated by the pandemic, in order to support the state aid beneficiaries, MF **amended the legal acts establishing state aid schemes under its administration**, in order to make the *mechanisms for paying state aid and monitoring the financed investments more flexible*.

Considering the fact that business environment is a strategic element of the economic growth and job creation, benefiting from public policies that aim, among others, at increasing access to finance, **in 2021, MF will continue to support business environment through state aid measures**. Thus, MF is encouraging an active participation of enterprises in reducing economic gap between regions, both by stimulating investments in high-tech fixed assets for manufacturing high value-added products, as well as by creating jobs.

Moreover, in order to foster technological upgrading, digitalisation and automation of production processes, as well as to ensure environmental protection standards, MF is planning to initiate new state aid measures that will facilitate the purchase of high-tech equipment and support the creation of highly skilled jobs.

### **Other measures to improve the business environment**

In order to **increase the competitiveness of enterprises**, based on OECD recommendations resulted from the completion of the project *The impact assessment of the regulations in force in three key sectors of the Romanian economy*<sup>66</sup> on the competitive environment, approx. one third of the OECD recommendations have been implemented (in whole or in part). The CC continues the dialogue with the institutions concerned by the OECD recommendations. Thus, the CC resumed the consultations with MEAT to unblock the *Debureaucratization Committee* and to include some of the recommendations into a memorandum envisaged to be submitted to the Government in Q2/2021.

As regards the **comprehensive redesign of the licencing system in Romania** aiming to streamline the licencing system and strengthen the institutional capacity of the authorities in charge with authorizing and harmonizing it in line with international best practices, a related TA project is due to be completed (Q2/2021) by the CC in partnership with OECD. This project is financed (715,000 euro) through the Structural Reform Support Programme (SRSP). The trade licencing and approval system was assessed based on the analysis of 114 opinions and licences as well as on interviewing the users and the involved authorities. In addition, a technical report has been drawn up which contains a series of proposals for improving the licencing system, including an integrated industrial license, the creation of a *one-stop-shop* that will provide all information relevant to the business environment, including those related to obtaining opinions, premises and licenses from some public institutions. Starting a law aimed at cutting red tape affecting the business

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<sup>64</sup> GD No 753/2008 on the establishment of a state aid scheme on regional development by stimulating investment

<sup>65</sup> GD No 797/2012 on the establishment of a state aid scheme to support investment that promote regional development through the use of new technologies and job creation

<sup>66</sup> Construction, agro & food processing and freight transport sectors

environment, especially the industrial sector, is envisaged.

Taking into account the need for improving the competition environment in Romania, the regulatory framework and the whole electricity market structure or some segments of the gas market, the project<sup>67</sup> *Consolidating the internal market of the European Union by action on the energy and gas markets. Competition, intervention in the regulations field and the market mechanisms* was approved for funding. The project implementation will start in Q2/2021 and it will be financed with 600,000 euro through the Structural Reform Support Programme (SRSP). So far, the following deliverables were achieved: correlation of the project' objectives with the objectives of the similar project implemented by MEn, in partnership with EBRD; reorientation/ adapting the project activities in the current context; analysis of relevant European legislation and finding those aspects leading to discrepancies in transposition (e.g. the online information platform in the field of electricity, etc.). The project aims to develop a technical tool for analysing the degree of liberalization and competition in the energy sector to support the processes of liberalization and interconnection of gas and electricity markets.

To increase accessibility of enterprises to services provided by public authorities to support SMSs throughout their lifecycle, the *simplification/ optimization of procedures supporting SMEs/ enterprises throughout their lifecycle*<sup>68</sup> continues, as follows:

a) **Streamlining the procedures for obtaining the building permit:** in order to improve the quality of the normative and methodological framework in this field<sup>69</sup>, with impact on the business environment and citizens, one aims at streamlining the process and informational flows through the implementation of the project *Streamlining 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 (SIPOCA 50)* totalling 11,8 million euro. The substantiation stage of the *Territorial Planning, Urbanism and Construction Code* was concluded resulting the first version of the Code that will be completed by the related Code Elaboration Committee. Subsequently, the procedure of public consultation will be launched and the Code will be subsequently submitted to the inter-institutional circuit by the end of 2021.

GD No 298/2021 for the approval of the preliminary theses of the Code of territorial planning, urbanism and constructions was adopted. The Code represents one of the key projects of MDLPA. Through the Code, the regulations in the mentioned fields as well as the specific provisions in the related fields (environment, energy, transport, cadastre, property, protected built areas and historical monuments, natural and industrial risk management, etc.) will be correlated, simplified, improved and reunified in a unitary structure under a single normative act.

Moreover, GEO No 140/2020 on setting some measures for using the electronic documents in construction, architecture and urbanism, as well as the technical norms for application by the Common Order of MDLPA and ADR No 4.134/ 3.875/ 2020 were adopted. This normative act regulates the digitalisation of the verification/ endorsement/ authorization flows (information on normative acts is presented in section 3.3 Digital transformation).

b) **Improving cadastral activity** - ANCPPI works towards increasing the quality of its services and completing the systematic registration with the *Integrated System of Cadastre and Land Book (SICCF)*, by implementing both the *National Programme for Cadastre and Land Book 2015-2023 (PNCCF)* and the major project *Improving the coverage and inclusion level of the registration system of real estates from Romania's rural areas* which was set up to respond to the PNCCF.

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<sup>67</sup> Submitted by CC in partnership with OPCOM (Operator of the Romanian electricity and natural gas market) and ANRE. Subsequently, into the project analysis stage, it was recommended that MEn plays a central role in the implementation of the project, and CC should manage a dedicated section within the project.

<sup>68</sup> Better Regulation Strategy 2014-2020

<sup>69</sup> Measure No 11 of the Integrated Plan on the simplification of administrative procedures applicable to citizens

This programme is implemented according to the GEO No 35/2016 regulating the allocation of funds for local authorities by the ANCPPI to ensure financing/ co-financing of the systematic registration process of real estates, initiated by TADs. By 31 March 2021, the state of play of registration with SICCF was as follows: 15,464,389 real estate units (38.66 %) out of the total 40 million estimated at national level; 10,268,347 ha of land were registered; 105 TADs (of which 104 TADs within which all properties were registered and one TAD partially completed); 14,092 finalized cadastral sectors. At the same time, 604 people were employed and trained in this field of competence according to another objective of the project.

The tender preparation for awarding the services contracts of systematic registration with the *Integrated System of Cadastre and Land Book* is ongoing. Out of the 660 rural TADs included in the major project, Framework agreements and Service contracts were concluded for 130 TADs, of which 11 TADs are completed (10 TADs in full and one TAD partially); 107 TADs comprised in Stage III - 246 TADs are assigned; 114 TADs comprised in Stage IV - 261 TADs are under evaluation procedure and 309 TADs were subject of a market consultation by 26 March 2021, and the related procurement procedures are to be started.

The online payment services<sup>70</sup> through which the individuals and businesses can obtain the land book excerpt for information purposes, as well as the GNSS (Global Navigation Satellite System) real-time positioning services are still operational.

- c) **Business insolvency:** during 1 January - 31 December 2020, the number of the openings of insolvency proceedings decreased by roughly 25.52 % as against the previous year. Between 1 July 2014 - 31 March 2021, according to the Insolvency Proceedings Bulletin (BPI), 39,058 bankruptcy proceeding were solved (general and simplified procedures). To *facilitate the obtaining of real-time information on entities in insolvency proceedings by means of a single point, the interconnection of the ONRC and the Insolvency Registers* from other seven EU Member States was accomplished (a functionality provided by the *European e-Justice Portal*).
- d) **Registration of enterprises:** The following items are kept operational: the ONRC online services portal; the online platform designed for the ONRC interconnection with the Trade Registers for EU member states (BRIS); *Register of Real Beneficiaries*, for legal entities subject to the obligation to register in the trade register. Starting with 5 November 2020, the Law No 223/2020 *on the simplification and debureaucratization of the transfer of shares and the payment of the share capital* amending the companies Law No 31/1990, entered into force. By Ministerial Order No 6974/C/2020 (entered into force on 27 December 2020), the *Implementing regulations on maintaining trade registers, carrying out registrations and releasing information* were amended and completed, being subsequently approved by the MO No 2594/C/2008.

To *enhance 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*, the project "*Strengthening the institutional capacity of the National Trade Register Office, of the trade register system and of the legal advertising system*" (SIPOCA 456) has been implemented, being concluded at the end of 2020. The main results of the project consist in: the development of an integrated and consolidated system of the legal publicity of documents integrated and consolidated by means of the computing tool of the electronic bulletin of the trade register, the certification of a quality management system according to ISO 9001 for the entire institution, as well as professional training for 1084 participants in relevant fields.

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<sup>70</sup> <https://epay.ancpi.ro/epay/Welcome.action>  
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The measures presented in this chapter can contribute to the fulfilment of SDG 1, SDG 8, SDG 9, SDG 11, SDG 12 and SDG 13.

**Measures to improve the business environment in NRRP:**

***Pillar I. Green transition, Component 4. Sustainable transport and Component 6. Energy***

***Pillar II. Digital transformation, Component 7. Government cloud and digital public systems***

***Pillar III. Smart, sustainable and inclusive growth, Component 8. Tax reforms and pension system reform and Component 9. Support for the private sector, research, development and innovation***

***Pillar IV. Social and territorial cohesion, Component 11. Tourism and culture***

***Pillar V. Health and economic, social and institutional resilience, Component 14. Public sector reform, increasing the efficiency of justice and strengthening the capacity of social partners***

### 3.4.2. Transport

#### Key directions:

- ✓ Improving the administrative capacity, the strategic and legislative framework, as well as streamlining the activity of public enterprises in the transport sector
- ✓ Sustainable transport for the green transition - rail and metro transport and urban mobility
- ✓ Modern and safe transport for connectivity and accessibility - road, air, naval and intermodal transport

The development of transport infrastructure is a priority of the government, the main objective being to ensure connectivity and accessibility to the main transport corridors. Investments are oriented on developing a modern, safe and sustainable infrastructure, the efforts focussing mainly on improving the preparation and accelerating the implementation of transport infrastructure investment projects for putting into practice the priorities established in the *General Transport Master Plan of Romania (GTMP)*<sup>71</sup>.

GTMP represents the strategic planning tool for 2016-2030 major interventions, significant for the national transport objectives. The objectives of the GTMP are applied based on the Implementation Strategy, which establishes the prioritization of projects<sup>72</sup>, the schedule, period of implementation and financing source for the projects.

#### *Improving the administrative capacity and the strategic and legislative framework*

The global planning of transports at the appropriate level<sup>73</sup> aims to orient investments on the development of an efficient and sustainable infrastructure. To this end, the *Investment Plan for the Development of Transport Infrastructure 2020-2030* is under elaboration (with EIB-PASSA support). The document represents an update of the strategy for implementing the GTMP and includes a prioritization of investments that reflects the needs of connectivity and mobility, reducing congestions and ensuring traffic flow.

For improving the capacity to manage European funds and to prepare and implement transport infrastructure projects, the Agreement PASSA 2020-2023<sup>74</sup> is ongoing. Through this agreement, EIB experts supports MIPE, MTI and the beneficiaries of LIOP to implement the operational programme. By the end of Q1/2021, EIB-PASSA experts provided technical assistance for the evaluation/ contracting/ monitoring of 21 projects and for the elaboration of 103 deliverables related to the transport sector (out of which 11 for CNAIR) and 11 monthly progress reports and two half-yearly progress reports.

Improving the legislative framework aims to accelerate the implementation of infrastructure projects and to ensure a safe, green and digitalized transport. The main normative acts approved in 2020, with an impact on the implementation of infrastructure projects financed by European funds are the following: GEO No 101/2020, which creates the necessary framework for the implementation of infrastructure projects by TADs and Intercommunity Development Associations (IDAs) on their own or in partnership with CNAIR (by the end of 2020, 9 partnerships were signed for the implementation of nine projects with TADs); *Guide on some measures for implementing*

<sup>71</sup> Approved by GD No 666/2016

<sup>72</sup> The ranking of the projects was made based on the internal rate of return of the project, the belonging to the TEN-T Core/Comprehensive network and the impact on Nature 2000 sites. The final score resulted for each project established the ranking of the investment objectives that were subsequently included in the implementation strategy for allocating funding sources.

<sup>73</sup> According to the Memorandum with the theme: National assessment of the fulfilment of the enable condition "Global planning of transports at the appropriate level", approved in the Government meeting on 14 May 2019.

<sup>74</sup> The Agreement PASSA amounting to 20 million euro is financed through TAOP.

road infrastructure projects, elaborated for applying GEO No 101/2020; GEO No 88/2020, which provides the granting of financial support through TAOP 2014-2020 and LIOP for the preparation of project portfolio (elaboration of technical and economic documentation) in strategic areas considered a priority for the 2021-2027 programming period.

In the next period, a series of measures are considered (some of them being reforms proposed under NRRP), which address the following aspects:

- Elaboration of the legislative package on fiscal policy regarding the taxation of heavy polluting vehicles and implementation of a new system for taxing heavy traffic, according to the “polluter pays” principle.
- Update and development of the strategic and legislative framework on road safety. With EIB support, CNAIR carried out a mapping of risk areas located on the national road transport network, accompanied by specific interventions. The main interventions to eliminate risks are included in the 2020-2030 Investment Plan. The National Road Safety Strategy for the period 2021-2030 is under elaboration and aims to implement the EU provisions of the framework document “Vision Zero”, namely reducing the number of deaths in road accidents to almost zero by 2050. As interim target, Romania assumes the goal of reducing the number of casualties (injured and dead) with 50% by 2030.
- Approval of the strategic and procedural framework for developing the railway infrastructure and railway traffic management, in accordance with the *Strategy for the development of railway infrastructure 2021-2021*<sup>75</sup>. The strategic framework provides for actions to modernize the exploitation (operation) of railway infrastructure, including by implementing a new business model, characterized by an increased level of decision-making, based on IT tools for automatic train traffic planning and intelligent assistance techniques for decisions to restore train traffic in the event of disruption.
- Development and adoption of the strategic and legislative framework on Intelligent Traffic System (ITS) and the related action plan. For the operationalization in a coordinated manner of the intelligent traffic management systems, correlated with the investment priorities and the available resources, the elaboration of the National ITS Strategy is envisaged. The strategic document will provide a coherent and assumed medium- and long-term basis for the development and coordination of national action plans at both central and local levels.

In order to **streamline the activity of public enterprises (PEs) in the transport sector and to apply the corporate governance**, the *selection of professional management* continues. In 2020, the procedure for selecting candidates for the vacant or temporarily occupied positions of administrators at 10 PEs operating under the authority of MTI has started: the initial components of the selection plan were elaborated and published for four autonomous public entities<sup>76</sup>; the procedures for starting the selection of candidates for the positions of administrators at four PEs have been launched, as well as for the selection of the independent expert specialized in recruitment and selection for the positions of administrators for other two PEs in the portfolio of MTI.

In addition, the efforts for *restructuring/ streamlining TAROM's activity* continues (deadline 02/2024). To this end, the *Company's Restructuring Programme*<sup>77</sup> was elaborated and it includes measures for streamlining the activity such as fleet renewal, costs optimization and organizational efficiency. For the reduction with approx. 800 of the number of positions, the plan on voluntary

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<sup>75</sup> Approved by GD No 985/2020.

<sup>76</sup> According to MTI Order No 1947/29.10.2020: Autonomous public entity “Romanian Administration of Air Traffic Services - ROMATSA”; Autonomous public entity “Romanian Civil Aeronautical Authority”; Autonomous public entity “Galati Lower Danube River Administration”; Autonomous public entity “Bega Waterway Administration” Timis.

<sup>77</sup> The restructuring plan was pre-notified to EC in August 2020, and in November 2020, the government approved the Memorandum on *Granting individual restructuring state aid to the Trading Company “Romanian National Air Transport Company - TAROM”, in order to restore the company's long-term viability.*

departures was developed (by the end of 2020 about 200 applications for voluntary termination of employment relationship were submitted) and services were contracted to implement this comprehensive process with a deadline estimated for September 2021.

### ***Sustainable transport for the green transition***

For the **development of railway infrastructure**, 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.

Through LIOP<sup>78</sup>, 15 projects were contracted (with a total eligible value of 2,170.78 million euro) and three financing applications for large projects were submitted for analysis and approval to EC, all of them being approved. The length of the renovated/ modernized railway lines, respectively equipped with the ERTMS system, included in the large infrastructure projects submitted to the EC for approval is 314.47 km. By the end of 2020, 137.917 km of railway lines were rebuilt/ upgraded (136.397 km with financing from CF and 1.52 km financed from ERDF) and one railway station was modernized.

Under CEF, two contracts were signed for works on railway line section Brasov - Sighisoara (sub-sections Apata - Cata and Brasov - Apata/Cata - Sighisoara)<sup>79</sup>, three contracts were signed for the feasibility and design studies related to the railway line sections Bucharest - Craiova, Coslariu - Cluj Napoca and Apahida - Suceava, one contract was signed for the feasibility study for modernizing the railway lines and installations in the Bucharest Railway Complex and one contract of design and execution was signed for modernizing the railway line North Bucharest - Bucharest Henri Coanda International Airport.

To streamline investment in rail transport infrastructure, the Government supports the **structural reform of rail transport**.

Based on the results of the study *Sustainability and efficiency of the railway network in Romania*, ARF<sup>80</sup> initiated reform measures aimed at improving the rail transport services on an economically sustainable railway network. In February 2021, two drafts GD and one draft Decision of the President of ARF were elaborated in order to scrap or pass some railway lines in the administration of the County Councils/ Inter-community Development Associations for the change of destination, as well as to invest in the redevelopment of some railway sections.

As regards the *public service contracts* (PSC), ARF published the announcements regarding the direct award of the PSC for a 4 years period (2019-2023, respectively 2022-2026) and PSC were signed with the six passenger rail transport operators for the period 2020 - 31 December 2021. For a better management of PSC, the financing contract from ESIF of the project for the procurement of the service “Implementation of the National Transport Model for passenger transport by rail and definition of the public service obligation for passenger rail transport” was signed and the stage of administrative and eligibility assessment was completed for the large project consisting in the acquisition of the service “Integrated system, database and provision of information on the ticketing service of the passenger rail transport operators”.

The large project for the *procurement of rolling stock* is divided into several lots, depending on the types of rolling stock required. The draft GD on the investment project “Purchase of new rolling stock, RE-R regional electric frames and RE-IR interregional electric frames” was elaborated by ARF in December 2020 and is on the approval circuit. The tenders for Lot 1

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<sup>78</sup> LIOP, PA 1 Improving mobility through the development of the TEN-T network and metro system: SO 1.2 - Increasing mobility on the TEN-T core railway network; PA 2 Development of a multimodal, high-quality, sustainable and efficient transport system: SO 2.7 - Increasing sustainability and quality of rail transport.

<sup>79</sup> Given the delays in implementing these two projects, the phasing of the projects was agreed with EC.

<sup>80</sup> ARF is operational starting 2017 (based on GEO no 62/2016 on the establishment of ARF and GD No 98/2017 on the organisation and operation of ARF).

(purchase of 40 RE-R regional electric frames and of the maintenance services for a 15 years period) and Lot 2 (purchase of 20 RE-IR interregional electric frames and of the maintenance services) are ongoing.

The **development of metro infrastructure** contributes to increasing green urban mobility. By the end of Q1/2021, 7 projects were contracted (with a total eligible value of 998.67 million euro) under LIOP<sup>81</sup>, and EC approved the four financing applications for large projects. The total length of the new/ improved metro lines financed under LIOP was of 8.76 km. As regards the purchase of rolling stock, a procurement contract was signed for 13 metro trains (with the possibility of subsequent purchase of other 17 trains) and the documentation for the purchase of 50 trains is in preparation.

For the **development of sustainable urban mobility**<sup>82</sup>, both in small and medium-sized cities, as well as in county seat municipalities, 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 are financed. Until 31 March 2021, 301 projects (with an eligible value of 2.81 billion euro) were contracted for the purchase of public means of transport (rolling stock - trams, trolleybuses and electric buses) which can be equipped with software and equipment related to integrated passenger ticketing systems (e-tickets or e-ticketing) and intelligent management transport systems (ITS). Until 31 March 2021, the total value of payments to beneficiaries was of 353.15 million euro.

Other measures to stimulate sustainable transport, financed by the Environment Fund, can be found in sub-chapter 3.2.1 *Environment and climate change*.

### ***Modern and safe transport for connectivity and accessibility***

To ensure a modern, efficient and safe road transport network, investments will focus both on the development of road infrastructure and on increasing the quality of infrastructure (through an extensive programme of current and regular maintenance) and on improving road safety.

The **development of road infrastructure** will be achieved in a balanced and sustainable manner, with the aim of increasing mobility and accessibility to local economic development poles. The investments will also target the introduction of green and digital technologies, such as: the application of ITS, the development of information systems for users and of transport systems interoperability, installation of electric recharging stations, etc.

Under LIOP<sup>83</sup>, 69 projects (out of which 36 for construction works) were contracted and 48 financing applications were submitted for approval (out of which 27 for design and execution works). Out of the 11 financing application for large projects submitted for analysis and approval to EC, 10 were approved. The total length of the new roads built on the Core and Comprehensive TEN-T network is of 255.568 km (72.658 km built with financing from CF and 182.91 km with funding from ERDF), out of which 58.80 km of motorway were finalised in 2020.

Within CEF, two financing agreements were for signed for the projects *Europarking Secure Parking* and *Creating a network of connected safe and secure parking areas in Hungary and Romania (SecureNetwork)*. The projects contribute both to the optimization and increase of road safety along the Rhine-Danube and Orient/ East-Mediterranean corridors of the TEN-T network, and to the improvement of social and safety conditions for drivers, by ensuring safe parking areas

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<sup>81</sup> LIOP, PA 1 Improving mobility through the development of the TEN-T network and metro transport: SO 1.4 - Increasing the use of metro transport in Bucharest - Ilfov

<sup>82</sup> ROP, PA 3 Supporting the transition to a low carbon economy, IP 3.2 - Reducing carbon emissions in urban areas based on Sustainable Urban Mobility Plans and PA 4 - Supporting sustainable urban development, IP 4.1. - Reducing carbon emissions in county-based municipalities through investments based on sustainable urban mobility plans

<sup>83</sup> LIOP, PA 1 Improving mobility through the development of the TEN-T network and metro system: SO 1.1 - Increasing mobility through the development of road transport on TEN-T core network; PA 2 - Development of a multimodal, high-quality, sustainable and efficient transport system: SO 2.1 - Increasing mobility on TEN-T network and SO 2.2 - Increasing accessibility for regions with low connectivity to TEN-T road infrastructure



equipped with IT system for providing static and dynamic information on truck parking.

To **stimulate regional mobility**<sup>84</sup>, regional and local investment projects are financed for the upgrading/ rehabilitation of the county road network located in the proximity of TEN-T. Until 31 March 2021, out of the 190 submitted projects, 129 investment projects (with an eligible value of 2.08 billion euro) were contracted for the reconstruction/ modernisation of 4.250 km of county roads. On 31 March 2021, the payments made to beneficiaries amounted to 478.46 million euro.

The **development of naval and intermodal transport** targets the capitalization of the huge potential offered by the Danube, by river transport, as well as the development of commercial ports on Danube and the transformation of the Constanta port into a regional leader. For financing under LIOP<sup>85</sup>, 14 projects (with a total eligible value of 278.63 million euro) were contracted and EC approved one large projects. Works are ongoing for modernizing 9 ports (Constanta, Tulcea, Braila, Galati, Medgidia, Ovidiu, Giurgiu, Calafat and Isaccea - non TEN-T), projects for the non TEN-T ports Corabia and Luminita are in an advanced stage of preparation, 36 km of shore defences on Sulina Channel and two intermodal terminals will be developed. Until 30 December 2020, 3 locks were rehabilitated.

Within CEF, two contracts for feasibility studies were signed (one for the construction of a trimodal terminal in Drobeta-Turnu Severin port and other related to the project *EALING - European flagship Action for cold ironing in ports* aiming to accelerated the transition to electrification in seaports), and two projects (*Fast Danube - Improving the navigation conditions on the Romanian - Bulgarian common sector of the Danube* and *Protect - Upgrade of infrastructure and environmental protection in Constanta Port*) will be finalised by the end of 2022.

In the short and medium term, further **development of airport infrastructure** is envisaged, in particular to counteract the negative effects on air transport caused by the COVID-19 pandemic. Under LIOP<sup>86</sup>, 16 projects (with a total eligible value of 136.89 million euro) were contracted and two airports were modernized. Romania participates in the project *SESAR Deployment Programme implementation 2019 - IOP Foundation*, for which the financing agreement from CEF was signed and which relates to the interoperability of aircrafts.

As regards the major investment project for developing the airport infrastructure at Bucharest Henri Coanda International Airport/ AIHCB (under implementation with financing from own sources of National Company Bucharest Airports and state budget), the expropriation procedures are ongoing and a draft law amending the *Programme for the strategic development of the airport infrastructure at AIHCB* is on the approval circuit.

For **improving safety on all transport modes and reducing the environmental impact of transports**<sup>87</sup>, 9 projects (with a total eligible value of 72.69 million euro) were contracted which are estimated to eliminate 95 road black spots and to signal 150 railway level crossings. By the end of 2020, 34 railway-sectioning points have been equipped for increased safety and four ice-class multifunctional tugboats are under construction (two for the coastal maritime navigation area and two for the inland waterways). The tugboats will be delivered during 2021.

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<sup>84</sup> ROP, Investment Priority 6.1 - Enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multi-modal nodes

<sup>85</sup> LIOP, PA 1 Improving mobility through the development of the TEN-T network and metro system: SO 1.3 - Increasing the use of waterways and ports on the TEN-T core network and PA 2 - Development of a multimodal, high-quality, sustainable and efficient transport system: SO 2.4 - Increasing the cargo volume passing through intermodal terminals and ports

<sup>86</sup> LIOP, PA 2 Development of a multimodal, high quality, sustainable and efficient transport system: SO 2.3 - Increasing the sustainable use of airports

<sup>87</sup> LIOP, PA 2 Development of a multimodal, high quality, sustainable and efficient transport system: SO 2.5 - Increasing the safety and security in all modes of transport and reducing the environmental impact of transport

The measures presented in this chapter can contribute to the fulfilment of SDG 9 and SDG 11.

*The transport sector in NRRP:*

*Pillar I. Green transition, Component 4. Sustainable transport and Component 6. Energy*

*Pillar IV. Social and territorial cohesion, Component 10. Local fund for green and digital transition*

### 3.4.3. Research, Development and Innovation (RDI)

#### Key directions:

- ✓ Improving administrative capacity and legislative framework related to the national research and innovation system
- ✓ Ensuring a high-quality scientific base for research
- ✓ Stimulating public-private cooperation

In 2019, the R&D intensity was of 0.48% of GDP (0.20% of GDP - public sector and 0.28% of GDP private sector)<sup>88</sup>, down by 0.03 pp compared to 2018. Although as % of GDP, the R&D expenditure decreased, in absolute value the total expenditure increased from 4,769.3 million lei in 2018 to 5,065.3 million lei in 2019 (the government expenditure increased from 1,460.8 million lei in 2018 to 1,610.2 million lei in 2019; the private sector expenditure registered a slight increase from 2,830.2 million lei in 2018 to 2,927.7 million lei in 2019). For the next programming period, an increase of the budget allocated to research, from 1.40 billion lei in 2021 to 1.75 billion lei in 2022 and 2.20 billion lei in 2023, was subjected to discussion.

#### *Improving administrative capacity and legislative framework related to the national research and innovation system*

In order to improve administrative capacity of the national RDI system, the **reorganization of MCID**<sup>89</sup> is considered, in synergy with the measures proposed in NRRP, as follows: a) introduction in the organizational chart of structures related to digitalisation (Digital Transition Management Unit, Directorate-General for RDI Policies and Strategies and Digitalisation); b) establishment of the Reform Implementation Unit for the reforms resulting from the “Policy Support Facility”<sup>90</sup> (PSF) mechanism; c) establishment of the Directorate for Smart Specialization, Innovation and Technological Transfer; d) establishment of the Directorate for Institutional Management, focused on measures aimed at increasing the institutional performance of the National Research & Development Institutes (NRDIs) - modifying the mechanisms for evaluation and financing, monitoring and capitalizing on the results of NRDIs.

The aim of the PSF is to carry out an evaluation of national RDI policies, governance and institutional architecture and to identify measures to ensure an upward trend for the RDI field. To carry out the PSF and implement the recommendations resulting from EC evaluation, a working group (“PSF Task Force”) was set up within MCID, the first data analysis meetings took place, the governance mechanism of the PSF and the role of the advisory bodies of MCID in this process were defined, and a committee will be formed, at the level of Secretary of State, to oversee the development of the PSF process.

The projects for **strengthening the institutional capacity of MCID by optimizing the decision-making processes in the RDI field**<sup>91</sup> contributed both to improving administrative capacity and to strengthening public-private cooperation. The main results obtained are the following: a public policy document for the area of competence of MCID; a simplified and systematized normative act on the evidence of the results of R&D activities financed from public funds<sup>92</sup>; a procedure for

<sup>88</sup> According to the latest available data: provisional data published by INS in the *Communication No 304/ 16 November 2020 on R&D activity in 2019*

<sup>89</sup> According to HG No 371/2021 on the organisation and functioning of MCID

<sup>90</sup> According to the Memorandum approved in the government meeting of 14 May 2020

<sup>91</sup> Project SIPOCA 393 carried out by MCID in partnership with the University “Dunarea de Jos”, the Academy of Economic Studies and the National R&D Institute for Mechatronics and Measurement Technique: implementation period February 2019 - February 2021, eligible value - 7.9 million lei, <https://sipoca393.research.gov.ro/prezentare-proiect/>

<sup>92</sup> MEC Order No 6199/2020 modifying MECI Order No 3845/2009 on the approval of the model for the Registry of the results of R&D activities and of the Methodology for register the results of R&D activities

determining the value of the results of the R&D activity in order to capitalize them<sup>93</sup> and one regarding the recognition of the results of the R&D activity in the accounting records of NRDI<sup>94</sup>.

For **improving the governance of the national/ regional smart specialization strategy**<sup>95</sup>, the implementation of the project *Increasing the capacity of the RDI system to respond to global challenges and enhancing anticipatory capacity to develop evidence-based public policies*<sup>96</sup> continues. Among other things, the project aims to develop an integrated platform for monitoring and evaluation of the *National Strategy for Research, Innovation and Smart Specialization (NSRISS) 2021-2027* and to interconnect it with the existing platform dedicated to institutional funding. By the end of Q1/2021, the following results were registered: a) the analysis document of the factors hindering the dissemination of innovation was elaborated and it is in the process of updating with digitalisation information; b) the timetable for the update of the “National Roadmap for Research Infrastructures” has been delayed; c) the functioning mechanism of the Steering Committee for Smart Specialization is being reviewed; d) contracts were signed with expert teams for the elaboration and update of NSRISS and NPRDI IV.

Within the project SIPOCA 605 carried out by MEAT, the *Action Plan to Ensure the Management of the Industrial Transition* and the *Analysis Report for the Industrial Transition - Industry 4.0* were elaborated and regional workshops are organized to develop a mature document on industrial transition.

In addition, the regional smart specialization strategies (RIS3) and the implementing regulations for organizing “focus” groups on entrepreneurial discovery at regional level were approved by MDLP.

Following the results of the project *Strengthening the institutional capacity of MCID by optimizing the decision-making processes in the RDI field* (SIPOCA 393<sup>97</sup>), analysing the possibility to propose granting of fiscal facilities is envisaged, related to changes in the scope of the measure established by art. 22<sup>1</sup> of *Law No 227/2015 on the Fiscal Code* for the income tax exemption of taxpayers which pay income tax, who carry out exclusively RDI activities, as well as related activities.

### **Ensuring a high-quality scientific base for research**

In order to ensure continuity in the financing of the national R&D system, including the Romanian participation to the new EU Framework Programme for research - Horizon Europe, the measures financed from ERDF (COP and ROP) and the state budget (the implementation period of the NPRDI II was extended until 31 December 2021) continue until the finalization of the strategic documents for the programming period 2021-2027.

New measures for public research will be defined based on the results of the project SIPOCA 592, with reference to the National Strategic Framework for Research, Development and Innovation 2021-2027 (including synergies with NSRISS), as well as the **elaboration of the functional framework for open science**. In accordance with the targets and recommendations of EC on the transition from “Open Access” (OA) to “Open Science” (OS), the following actions are envisaged: a) elaboration of thematic guides for OA, OS, “Open Research Data”, “citizen science”; b) elaboration of the methodology regarding the OA deposits; c) consultation with key entities on the strategic recommendation related to OS; d) collaboration with “Open Science Knowledge Hub”. MCID has initiated a draft legislation on “Open Data” transposing Directive (EU) 2019/1024 on open data and the re-use of public sector information.

To facilitate the access of potential investors to well-trained human resources and opportunities

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<sup>93</sup> MEC Order No 4242/2020

<sup>94</sup> MEC Order No 4243/2020

<sup>95</sup> Enable condition for the RDI field in the context of the multiannual financial framework 2021-2027

<sup>96</sup> Project SIPOCA 592 carried out by MCID in partnership with UEFISCDI: implementation period May 2019 - August 2022, total value - 26.04 million lei (ESF and state budget)

<sup>97</sup> Idem 91

for collaboration, the development of human resources for research<sup>98</sup> and attracting high skilled researchers from abroad<sup>99</sup> are aimed. In 2020, funds in a total amount of approx. 119 million lei were allocated through NPRDI III for the financing of 214 projects for stimulating young independent research teams and 23 mobility projects for researchers, as well as for granting awards for the publication of 5,048 ISI articles and 197 patents registered to OSIM, EPO or USPTO. With financing from ERDF, 23 projects led by researchers from abroad were finalised (from 57 contracted projects) and payments amounting to 364.13 million euro were registered. Under NRRP, attracting and maintaining human resources for R&D is envisaged through the *Marie Sklodowska-Curie* actions (MSCA) and grants for approx. 70 researchers.

In 2021, the funding of projects for the **development of large R&D infrastructure**. Through COP<sup>100</sup>, until 31 March 2021, 18 projects for the creation or upgrading of R&D centres and labs (4 public infrastructures and 14 private infrastructures) were finalised and other nine projects for public R&D infrastructures were contracted. Within the call for proposals for innovative clusters, three projects out of the 20 submitted projects were admitted following the administrative and eligibility verification process.

In order to capitalize on the opportunities of integration in the pan-European research infrastructures, the **implementation/ promotion of the following projects** continues:

- The **strategic project Extreme Light Infrastructure-Nuclear Physics (ELI-NP)**. The construction works of the buildings and of the additional access road from the Bucharest ring road have been completed. The technical parameters for the high-power laser system (HPLS) have been met (the two arms operate at 10 PW and further tests and adjustments are made) and the process of purchasing, installation, calibration and testing of equipment for the experimental labs continues. According to the procurement contract for equipment and assembly, the gamma beam system is estimated to be operational at the beginning of 2023. In March 2021, the level of payments was 498.07 million lei.
- The **pan-European project Advanced Lead Fast Reactor European Demonstrator (ALFRED)**: the support project PRO Alfred was implemented during 2020<sup>101</sup>. The results consist in preparing Romania's contribution to the construction of the European project ALFRED by: elaborating technical documentation (including elements necessary for the demonstrator's authorization, technical and economic evaluations needed to support ALFRED as a major project and feasibility study for the experimental installations HELENA2 and ELF); defining strategic elements for scientific management; efforts to ensure human resources (educational programme adapted to respond in a timely manner to the formation of skills necessary for the implementation and operation of infrastructure) and the promotion of infrastructure.
- The pan-European infrastructure project **International Centre of Advanced Studies for Rivers-Deltas-Seas DANUBIUS-RI**<sup>102</sup>, representative for Romania's contribution to EUSDR in the RDI field: in December 2020, the support project (worth 5 million euro) was contracted under the COP. The aim of the support project is to complete the necessary documentation for the development of the financing application for the large project (studies specific to large infrastructure investment projects, in accordance with national and European legislation;

<sup>98</sup> NPRDI III, Programme 1 - Develop the national R&D system: Sub-programme 1.1. - *Human resources*

<sup>99</sup> COP, Action 1.1.4 (Applicant Guide, section E) - *Attract high skilled researchers from abroad*

<sup>100</sup> 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)

<sup>101</sup> The support-project was implemented during September 2019 and November 2020 and received funding of 11.67 million lei through NPRDI III (Programme 5: Research in areas of strategic interest, Sub-programme 5.5 Research, development and innovation programme for 4<sup>th</sup> generation nuclear reactors - ALFRED). The project was implemented in partnership between research institutes in the nuclear field (Institute of Nuclear Research, Institute of Physics and Nuclear Engineering Horia Hulubei) and economics (Institute of Economic Forecasting), as well as technical universities with specializations in nuclear technologies (University of Pitesti and Polytechnic University of Bucharest), under the coordination of the Autonomous Authority for Nuclear Energy Technologies (RATEN).

<sup>102</sup> In 2016, DANUBIUS-RI was included in the Roadmap of the European Strategy Forum on Research Infrastructures (ESFRI).

execution details for the Romanian components of DANUBIUS-RI, namely the “hub” located at Murighiol and the “supersite” Danube Delta; technical documentation for obtaining construction permits; support activities during the evaluation of the funding application by EC).

To increase the involvement and connection of Romanian researchers at national and international level, the **development of networks of R&D centres** (financed from ERDF)<sup>103</sup> is envisaged. For modernising CLOUD type infrastructures 11 projects were contracted and payments worth 6.19 million lei were made. The project for the development of the RoEduNet network is in implementation, 32 new connections being registered and payments worth 27.37 million euro being made until March 2021. The implementation of the project *Anelis Plus 2020*<sup>104</sup> continued and access was provided for 15 scientific co-publications.

**Supporting Romanian participation in European RDI programmes and partnerships** aims to open up the R&D system and better integrate it into the European Research Area (ERA), including by participating in the future EU Framework Programme - Horizon Europe. On 31 March 2021, payments of 38 million lei were made from ERDF for 33 projects contracted in order to create synergies with the RDI actions of Horizon 2020 Programme and other international RDI programmes<sup>105</sup>. Through NPRDI III<sup>106</sup>, 18.58 million lei were allocated in 2020 to support the participation in the European research programmes *Eureka*, *Eurostars* and *Active and Assisted Living/AAL* and to finance 65 projects that facilitate the circulation of ideas and knowledge, as well as access to transnational collaboration networks. The measures proposed through NRRP aim at supporting the participation of Romanian research organizations in “multi-country” programmes.

### **Stimulating public-private cooperation**

For the programming period 2021-2027, the increase of the budget allocated to RDI, as well as of the efficiency of the financing instruments has as main purpose the stimulation of the public-private cooperation and the capitalization of the research results through commercialization.

Relevant results for **public-private cooperation** were obtained through the SIPOCA 393 project, namely the document of technological audit norms, the guide on intellectual property and the training of 40 people on issues related to regulations aimed at reducing the administrative burden on the business environment with RDI activity.

For **stimulating enterprises demand for innovation**<sup>107</sup>, by the end of Q1/2021, 133 projects implemented by innovative enterprises individually or in partnership with R&D institutes/universities (84 projects developed by start-ups and spin-offs, 22 by newly created enterprises and 27 innovative technological projects) were in implementation. At the end of March 2021, 70 projects worth 167.2 million lei were finalised (48 projects developed by start-ups and spin-offs, and 22 by newly created enterprises) and payments worth 172.54 million lei were made.

The main purpose of **creating public-private partnerships for R&D and knowledge transfer** is to strengthen the link between the private and R&D environment. With financing from ERDF<sup>108</sup>, two partnership projects for knowledge transfer were finalised, 51 projects continues to be

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<sup>103</sup> 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  
<sup>104</sup> Total value of 249 million lei, out of which 186.7 million lei eligible value. Implementation period: 60 months (18 July 2017 - 17 July 2022).

<sup>105</sup> COP, PA 1, Action 1.1.3 - Creating synergies with RDI actions of Horizon 2020 and other international RDI programmes

<sup>106</sup> 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

<sup>107</sup> 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*)

<sup>108</sup> COP, Action 1.2.3 (Applicant Guide, section G) - *Knowledge Transfer Partnerships*

implemented and payments worth 315.18 million lei were registered. Through NPRDI III<sup>109</sup>, approx. 265 million lei were allocated in 2020 for financing 378 projects out of which 313 experimental-demonstrative projects and 65 projects for transfer to the economic operator.

As regards **public procurement for innovation**, through NPRDI III<sup>110</sup>, 25 million lei were allocated to finance 16 projects (of which nine projects for applied research) designed to support effective interventions in limiting the spread of the COVID-19 pandemic in Romania. In December 2020, during the online event - SOL-2020 Matchmaking Day, which brought together representatives from public institutions, scientific community and business environment, the innovative solutions identified in 10 projects were presented, in response to the problems reported by public authorities (MAI, MAPN, MS, STS, etc.) in the context of the challenges caused by the pandemic.

For the development of the regional innovation ecosystem by **promoting technology transfer**<sup>111</sup> and **increasing the degree of innovation in companies**<sup>112</sup>, eight calls for proposals were launched (two calls are still open). By the end of March 2021, from the 287 submitted projects (non-refundable value of 177.2 million euro), 10 projects were contracted and other 14 were in the pre-contracting phase. Two of the calls launched (the one for the North-East/North-West regions and the one for the South-East region) benefited from EC support (through the Joint Research Centre/ JRC), being dedicated to projects of high complexity, pre-identified within the EC's Lagging Regions Initiative, in line with the priority areas set out in the Regional Smart Specialization Strategies (RIS3). In 2021, two more calls (in preparation with the support of the WB) aimed at implementing pilot schemes for testing/ creating/ developing the innovation market in Romania are envisaged to be launch.

To **facilitate the access of innovative SMEs to financing**<sup>113</sup>, the *venture capital fund instrument* (through two financial intermediaries - GapMinder and Early Game) and the *subsidized interest loan instrument* (financial intermediary ProCredit Bank) are implemented. To support innovative activities in the smart specialization fields, 65 SMEs benefited from investments or loans, the level of payments made through COP being of 59.30 million euro.

The **support of R&D in the field of agriculture and rural development** is achieved through the *Sectoral Plan for research and development in the field of agriculture and rural development, for the period 2019-2022* - "Agriculture and Rural Development - ADER 2022". Through ADER 2022, 111 projects for applied research and innovation specific to the agricultural field are being implemented, for which, 31.81 million lei were paid in 2020, and the amount planned to be paid in 2021 is 38 million lei.

In order to improve the socio-economic development potential of the rural environment and, in particular, in the agri-food sector, the general objective is to increase the competitiveness of agri-food research at national level, by fulfilling two specific objectives: (1) improving R&D activity by ensuring the financing of projects included in ADER 2022 and promoting a smart, resilient and sustainable agricultural sector (including by disseminating the results of research obtained within the projects, on the MADR website); (2) the revalorisation of scientific research

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<sup>109</sup> 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

<sup>110</sup> NPRDI III, Programme 2 - Increase Romanian economic competitiveness through RDI, sub-programme 2.1. - Competitiveness through research, development and innovation, Action: Solutions

<sup>111</sup> ROP, PA 1 - Promoting technology transfer: PI 1.1.A - Supporting innovation and technology transfer entities, IP 1.1.B - Supporting scientific and technological parks and IP 1.1.C - Investments for SMEs to for the application of research results in partnership with an ITT

<sup>112</sup> ROP, PA 1 - Promoting technology transfer: IP 1.2 - Increasing innovation in companies by supporting multi-sectoral approaches resulting from the implementation of the "Lagging Regions Initiative" in Romania.

<sup>113</sup> COP, PA 1, Action 1.2.2: Crediting instruments and venture capital measures in favour of innovative SMEs and research organizations responding to market demands. Implementing the *State aid and the Minimis scheme in form of venture capital investments* ((according to the MFE (MIPE) Order No 194/2018) managed by EIF (as Fund of Funds)).

in the agricultural field in order to increase research performance.

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

*RDI field in NRRP:*

*Pillar III. Smart, sustainable and inclusive growth, Component 9. Support for the private sector, research, development and innovation*



### 3.5. Labour market, social inclusion, and combating poverty

#### Key directions:

- ✓ Increasing the inclusive and equal access to quality and sustainable employment for the entire population able to work, focusing on disadvantaged groups
- ✓ Improving the legislative employment framework correlated to the dynamics and needs of the labour market, in terms of flexibility and security
- ✓ Mitigating the impact of the economic and medical crisis on employment through recovery and resilience measures in the labour market
- ✓ Adults' participation in continuous training
- ✓ Strengthening the capacity of social partners
- ✓ Strengthening the national social assistance system in order to ensure the access to efficient and quality social services for all categories of vulnerable people
- ✓ Continuing the reform of social assistance benefits based on the means testing
- ✓ Pension adequacy
- ✓ Extending the social protection measures
- ✓ Improving the access to essential services, regulating the social protection measures for the vulnerable energy consumer
- ✓ Employment, social inclusion and local development in rural areas

#### *Increasing the inclusive and equal access to quality and sustainable employment for the entire population able to work, focusing on disadvantaged groups*

According to the *2021-2027 National Employment Strategy*<sup>114</sup>, Romania aims to reach an employment rate (20-64 years) of 75%, by the end of 2027.

The implementation of integrated interventions will help to increase the employment level, with a focus on activation measures dedicated to the inactive people able to work, the unemployed, especially the long-term unemployed, young people, including NEETs, and on ensuring rapid and quality transitions to employment for young graduates. Developing human resources, enhancing entrepreneurship culture and initiative, and creating new employment opportunities and jobs are envisaged, as well.

**Increasing the employment quality, providing skills and qualifications** to encourage the workforce adaptability and **promoting the social dialogue** will facilitate the fight against social exclusion, stimulate convergence, improve the resilience of the labour market, and reduce territorial disparities.

At the same time, implementing measures such as the *Reinforced Youth Guarantee*, delivered in accordance with national, regional, and local circumstances, and paying more attention to the gender perspective and to the diversity of young people targeted by these schemes aim at improving the employment of young NEETs.

Strengthening the potential of the **social economy to facilitate the employment of the disadvantaged people** by implementing measures to support the process of their social and professional integration through social enterprises is another priority.

<sup>114</sup> GD No 558/2021 on approving the 2021-2027 National Employment Strategy and the 2021-2027 Action Plan implementing the 2021-2027 National Employment Strategy  
ROMANIA - 2021 NRP

A more resilient and inclusive labour market needs both investments for the economic development, and for the social compensation and activation measures. Starting with the case management principle, new integrated services and tools will be designed for people from vulnerable groups profiled as “difficult and very difficult to employ”<sup>115</sup>.

Given the declining labour force, **reducing the gender gaps in the labour market** is another priority, so that measures to enable children’s participation in pre-school and school education will be implemented to increase women’s participation in the labour market.

A recent adopted measure aimed at **stimulating the return to work of parents on parental leave**<sup>116</sup>. Parents on parental leave will receive an insertion incentive increased to 1,500 lei if they return to work before the child reaches the age of six months, or one year in the case of a disabled child. The amount is paid until the child reaches the age of two years, respectively three years in the case of a disabled child. The payment of the insertion incentive of 650 lei granted to persons earning a taxable income continues after the child reaches the age of 6 months (one year in the case of a disabled child), until the child reaches the age of two years (three years in the case of a disabled child). In addition, the insertion incentive is paid to persons earning a taxable income after the child reaches the age of two years (three years in the case of a disabled child), until the child reaches the age of three years (four years in the case of a disabled child).

The reconversion of areas affected by the transition to a climate-neutral economy will be accompanied by measures that create employment opportunities. The implementation of (re) qualification measures, worker mobility, and active inclusion will enhance the employment opportunities of people at risk of exclusion from the labour market.

An initiative planned through NRRP aims at reducing the undeclared work, so that informal work vouchers for domestic workers will be established, and an awareness campaign to increase its impact will be conducted.

### ***Improving the legislative employment framework correlated to the dynamics and needs of the labour market, in terms of flexibility and security***

Accordingly, the proposals to amend the existing legislative framework aims at increasing the labour market participation by:

- Increasing the access to employment measures for the young NEETs;
- Facilitating the access of certain disadvantaged categories in the labour market to vocational training programmes;
- Optimizing the system for granting the unemployment benefits;
- Facilitating the access of higher education graduates to the internship schedule;
- Social and professional integration of the disadvantaged people, by job subsidizing for people employed by the social insertion enterprises and providing financial support to social insertion enterprises for employing disadvantaged people into the conventional labour market.

### ***Mitigating the impact of the economic and medical crisis on employment through recovery and resilience measures in the labour market***

In 2020, against the background of the economic challenges, the employment rate (20-64 years) reached 70.8%, decreasing by only 0.1 pp compared to the previous year. Women continue to be poorly represented in the labour market, with an employment rate (20-64 years) of 61%. The employment rate of young people (15-24 years) was 24.6%. The unemployment rate remained within moderate limits of 5%. However, an upward trend was noted for the low-qualified workers (ISCED 0-2), the indicator reaching 8.1%<sup>117</sup>.

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<sup>115</sup> The project *Case management - Process of labour market inclusion*

<sup>116</sup> GEO No 26/2021 on amending and completing GEO No 111/2021 on the leave and monthly child-raising allowance

<sup>117</sup> Eurostat

In 2020, subsidies were used to mitigate the impact of the crisis on employees. During April - December 2020, in the absence of these support measures, the unemployment rate would have been, on average, by 1.5 pp higher than the value actually reported by INS.

In order to **reduce the risk of job loss in the economic sectors facing difficulties**, the payment of technical lay off<sup>118</sup> was provided to maximum 1,197,770 employees during the temporary suspension of the individual employment contract. The European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE) subsidized a part of the amount. More than 1,000,000 technically unemployed in the economic sectors with the activity directly affected by the measures taken to fight the spread of SARS-CoV-2 were incentivized through the project *#SPER - Support for employers and employees* (implemented during 1 June 2020 - 31 March 2021).

An **income replacement was provided to other categories of economically active persons** (self-employed, individual and family businesses, lawyers and practitioners of liberal professions, persons earning an income from copyrights and related rights, and athletes having the activity contract suspended), 103,988 persons benefiting by the indemnity in 2020.

Given the temporary reduction of the activity caused by the state of emergency or alert, a financial support<sup>119</sup> was granted to 39,775 employees whose working time was reduced by more than 50% of the daily, weekly, or monthly schedule. The establishment of this mechanism helped to avoid the layoffs.

In addition, 13,505 employees with individual fixed-term employment contracts of maximum three months were incentivised by providing them with an amount of 41.5% of the salary for the working days. Moreover, 34,240 employees were supported to purchase packages of technological goods and services necessary to carry out the telework.

The State budget financed monthly an indemnity amounting 41.5% of the average gross earnings to persons whose activity was reduced due to the pandemic. However, 24,868 people - professionals as regulated by Article 3, para. (2) of the *Law No 287/2009 on the Civil Code* and persons who have concluded individual labour agreements as regulated by the *Law No 1/2005 on organizing and functioning the cooperatives* - benefited by this measure.

In 2020, 8,908 persons performing daily activities in sectors affected by the interruption or restriction of the activity due to the pandemic benefited, for three months, by amounts equivalent to 35% of the remuneration due to the working day (maximum 781 lei), according to the choice of the beneficiary of works. The payments were mobilised through the State budget.

The **employment of people who lost their jobs was stimulated**, so that 754,510 persons benefited by a subsidy of 41.5% of the gross basic salary of employees who had their individual employment contract suspended for at least 15 days during the state of emergency or alert.

Older workers (over 50 years old) and young people aged 16 - 29 whose employment contracts ceased during the state of emergency or alert were granted a monthly subsidy for 12 months (50% of the salary), so that 1,467 people over 50 years old and 6,850 young people aged 16 - 29 were assisted. In addition, the project *PROACCES 3 - Stimulating mobility and subsidizing jobs for the unemployed* will facilitate the employment of 14,500 people (unemployed over 45 years old or single unemployed breadwinners), out of which 3,000 people over 50 years old whose employment relationships ceased during the state of emergency or alert. The project is going to be implemented during 11 December 2020 - 10 December 2022.

The measures financed through ESF that aim at **integrating the jobseekers or the inactive persons**

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<sup>118</sup> Indemnity amounting 75% of the basic salary corresponding to the job position, but not more than 75% of the average gross salary used to substantiate the State social insurance budget for 2020

<sup>119</sup> Indemnity amounting 75% of the difference between the gross basic salary provided by the individual employment contract and that corresponding to the hours worked because of the reduction of the work schedule. The allowance added to the salary rights calculated for the actual time worked.

into the labour market supported 34,245 people<sup>120</sup>, and the schemes for the entrepreneurship and self-employment development assisted 75,791 people and supported 2,416 micro-enterprises and SMEs.

In 2020, the rate of young NEETs (15 - 29 years) was 16.6%, but for the young women the level was higher - 22.1%. The young NEETs benefited by tailored measures, so that 39,303 people were given mobility incentives, apprenticeship and training programmes and jobs subsidies. Through INTESPO project - *Youth Registration at Public Employment Service*, 168,622 young NEETs were identified, and 153,490 young NEETs were registered. Other measures for young NEETs are found in chapter 3.8. *Education and skills* below.

In 2020, to support the employment measures, several amendments were adopted to the 2014-2020 Human Capital Operational Programme:

- The age group of young NEETs extended to 16 - 29 years, so that the target group eligible for the employment measures includes a larger group of the population;
- Following the negotiations with COM, the target of the result indicators related to the young NEETs benefiting by the employment measures delivered through HC OP projects was reduced, thus increasing the attractiveness of calls for proposals dedicated to the young NEETs;
- ESF funding through HC OP included specific actions to combat the effects of the pandemic on the labour market - *Support for people who are technically laid off caused by the declaration of epidemics (for instance COVID - 19), including subsidies and Support for employees in enterprises whose activity is indirectly affected caused by the declaration of epidemics (for instance COVID-19), including subsidies.*

In order to mitigate the impact of the economic and medical crisis on the labour market, the implementation of measures supporting the incomes of employees and other professional categories who are not employers and jobs maintaining in economic sectors facing difficulties will continue. Their application is extended until June, respectively September 2021. In addition, in order to facilitate the return to work, the opportunity to implement new support measures for employees and employers will be analysed.

### **Adults participation in continuous training**

In 2019, the participation rate of employed people in education and training was 1.3%, the lowest in EU 27, and the percentage of people who had basic or above basic digital skills was 31%, with 15 pp below the EU 27 average<sup>121</sup>.

Job related training programmes including the acquisition of digital skills were offered to 947 employees, and 139 SMEs were supported. The interventions dedicated to the adaptation of activities to the dynamics of economic sectors with competitive potential facilitated the delivery of training programmes for 36,633 people (managers / entrepreneurs / experts in the human resource departments), and 9,449 SMEs were financed.

To adapt the initial and continuous training offer to the labour market requirements, integrated mechanisms to anticipate the needs for skills and competencies, to evaluate and monitor public policies on active measures and vocational training, and to monitor the labour market insertion of the graduates of the education and training programmes will be developed. Other project outcome will consist in the development of an IT application for synchronizing, interconnecting, testing, updating, and monitoring the created mechanisms<sup>122</sup>.

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<sup>120</sup> Long term unemployed, inactive people, older worker, disabled persons, low-skilled workers, Roma people, rural people who are employed in subsistence and semi-subsistence agriculture

<sup>121</sup> Eurostat

<sup>122</sup> Project ReCONNECT - *Adapting to Change - Integrated Mechanism to Anticipate, Monitor, Assess the Labour Market and Education*

### ***Strengthening the capacity of social partners***

The assessments performed through the European Semester indicated the need to strengthen the capacity of the social partners. Consequently, interventions will be envisaged under NRRP to strengthen the administrative capacity (improving partnerships and pacts for reforms, improving skills) and digitalisation of the social partners.

### ***Strengthening the national social assistance system to ensure the access of all categories of vulnerable people to efficient and quality social services***

According to the draft of the *2021-2027 National Strategy on Social Inclusion and Poverty Combating*, Romania aims to **reduce the number of people at risk of poverty or social exclusion by at least 7% by 2027, compared to 2020**. The strategy is developed on a multi-sectoral approach, and it provides the overall intervention framework for achieving the social cohesion and combating the complex challenges caused by poverty and social exclusion. The aim is at achieving the following four strategic objectives:

- Decent living - better access to social assistance in community and adequate salaries, pensions, and social benefits, boosting the development of local communities, public-private partnerships and increasing the access and the social and economic participation of vulnerable people;
- Social investments to prevent the perpetuation of the intergenerational poverty, investments in education and employment measures;
- Modernization of the social protection system through investments and reforms in the health system, housing policies and development of the integrated social service system;
- Improvement of the administrative capacity in order to coordinate these measures at national level and their synchronisation with the principles of the *European Pillar of Social Rights* through strategic planning and social innovation, provision of coordination and monitoring mechanisms, digitalisation and integration of information systems.

Strengthening the public policies and social inclusion programmes will use a new national set of social inclusion indicators and will streamline the national mechanism of social inclusion promotion.

The elaboration/ revision of the cost and quality standards, and the revision of the Nomenclature of social services will facilitate the improvement of the social services offered to different categories of beneficiaries.

Another key action will consist of amending the legislative framework by:

- Amending the *Social Assistance Law No 292/2011* in order to establish the financing system of the community-based assistance services, staff costs for social workers in public social assistance services and to strengthen the role of the public social assistance service, as a single point of contact of social inclusion;
- Drafting and approving a draft *Law on social assistance for elderly* in order to introduce the case management for the long-term care and to regulate the provision of a social assistance benefit for the personal care of the dependent elder people.

To meet the goal of “leaving no one behind”, several complementary sectoral strategies are being developed so that all citizens including those belonging to vulnerable groups may benefit by real chance to capitalize the opportunities and to be prepared to face the challenges.

**Homeless people** are one of the vulnerable groups for which specific policies will be designed. The project *Every person counts! Assessing the needs of homeless people and the impact of current social services on their life quality* will design the *2021-2027 National Strategy on Social Inclusion of Homeless People*, the Action Plan and a proposal of a public policy. The strategic documents

will be substantiated by the field-collected data, which will be subject to a quantitative and qualitative analysis report accompanied by recommendations on the services delivered to this vulnerable group. The data will be integrated in an IT platform that allow the geo-spatial representation of the location of the homeless people (complemented by data on their needs), and of the social services dedicated to them.

The elaboration of the *2021-2027 National Strategy for the Protection and Promotion of Children's Rights* (SNPPDC) and of the related Operational Plan has started. The approval of the documents is expected in 2021. SNPPDC will reflect the principle of **tackling the child poverty through an integrated approach, aiming at strengthening the sectoral policies** (education, health, combating violence and discrimination, social protection, child participation), as well as processes managed by the national and local public authorities, including the programming of EU funds for the child welfare. As a strategy dedicated to children's rights, SNPPDC will be correlated with the *2021-2027 National Strategy on Social Inclusion and Poverty Combating* that address the overall framework for poverty combating.

As regards the vulnerable group of **disabled people**, the implementation of projects financed through the European funds is ongoing. Thus, ANDPDCA completed the draft of the *2021-2027 National Strategy on the Rights of Disabled People*<sup>123</sup> and the related implementation plan. The elaboration of the mechanism for monitoring the strategy implementation has also started. The key actions are focused on accessibility and mobility; effective protection of the rights of the disabled persons; employment; social protection, including empowerment and rehabilitation; independent life and community integration, including access to public services; education; health and political and public participation.

As regards the **deinstitutionalization and the institutionalization prevention of the disabled adults**, the project *Disabled People - the transition from residential to community services* (Code SIPOCA / SMIS2014+: 618/127529) facilitated the data collection on the complex diagnosis of the conditions in public residential institutions of social assistance dedicated to these people. A public policy and working tools for the development of the alternate support for an independent life and community integration are to be designed.

The disabled persons face difficulties related to their labour market integration. In 2018, the employment rate (20 - 64 years) of people with moderate activity limitations was 52.9%, and in the case of people with severe limitations was 12.7%<sup>124</sup>. In order to **increase the access of the disabled people to employment**, funds were allocated for the acquisition of assistive technologies by these people through the project *Facilitating the labour market insertion of disabled people* (MySMIS2014 + code: 130164). During 1 August - 30 November 2020, 75 vouchers to purchase these technologies were issued. By January 2021, 636 people were included in the target group, out of which 352 people were employed. The procedure for paying the subsidy granted to employers for the reasonable adjustment of the employment place for disabled persons has also been developed.

Another project *Modernizing the assessment system of disability in Romania* (Code SIPOCA / SMIS2014 +: 719/129751) facilitated the collection of data on the current national system for assessing and classifying the disability degree.

In 2020, the implementation of the **National Interest Programmes of protecting and promoting the rights of disabled persons** went on. The programmes are financed by the State budget. During January - February 2021, projects submitted under the seventh selection session of the programme *Establishment of social services such as day centres, respite centres/ crisis centres and sheltered housing for deinstitutionalizing disabled persons accommodated in old institutions and preventing the institutionalization of disabled persons from the community* were evaluated, so that seven projects submitted by DGASPCs were selected. The projects aim at setting up seven respite

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<sup>123</sup> The project *Strengthening the mechanism for coordinating the implementation of the UN Convention on the Rights of Disabled Persons*, Code SIPOCA/ SMIS2014+: 619/127534

<sup>124</sup> *Statistics on Persons with Disabilities* (2018), EU-SILC 2018, Eurostat

centres, and the grant financing agreements will be concluded in the next period.

The implementation of the projects, financed under ERDF through ROP, aiming at deinstitutionalizing children and establishing social services such as day centres and sheltered housing for disabled people is ongoing:

- For vulnerable group *disabled people* - 22 project applications were submitted, out of which 18 contracted projects (with an eligible value of 12.68 million Euro, out of which 10.78 million Euro ERDF), the payments amounting to 3.69 million euro;
- For vulnerable group *children* - 68 project applications were submitted, out of which 35 projects were contracted (with an eligible value of 30.74 million Euro, out of which 22.61 million Euro ERDF), the payments amounting to 1.42 million euro.

ANR completed the elaboration of the *National Strategy for Roma Inclusion for the 2021-2027 period*, an enable condition for the 2021-2027 period. The novelty of the strategy consists of the engaging the responsibility of local authorities in solving the problems of vulnerable communities with Roma citizens. An emphasis is put on the implementation of the current inclusion measures or the ones to be further developed, which are financed mainly by the State budget. A special attention will be paid to investments in the housing infrastructure, which support the local authorities to develop the vulnerable communities with Roma citizens who do not enjoy a decent life and proper living conditions. According to the *Council Recommendation on Roma equality, inclusion, and participation*, the strategy includes measures to capitalize the contribution of Roma citizens to the Romanian cultural heritage, while intensifying measures to combat anti-Roma attitudes and actively promoting the principles of equality and non-discrimination by the central and local public administration and by private service providers. The strategy has undergone an extensive consultation process at national, regional, and local level, and it is expected to be approved in Q2/2021.

Investments (ESF) for **developing the community-based services** have strengthened the public network of community social assistance<sup>125</sup>. However, 171 people in the social assistance sector benefited by programmes of good practice exchange, and 277 community services were supported (out of which 51 with a social assistance expert are supported for licensing their social services). By April 2021, the funds allocated for the integrated delivery of social, medical and educational services<sup>126</sup> facilitated the recruitment of 337 specialists for the community teams of integrated intervention (out of which 48 social workers, 126 specialists in the medical sector, 87 school counsellors and 76 school mediators). The experts work within integrated community services in 115 rural and small-urban communities with above average and severe marginalization.

Interventions (ESF) dedicated to **poverty reduction and social and economic integration of people from marginalized communities, including those with a Roma population**, supported 2,070 people from vulnerable groups to receive integrated services. Moreover, 374 services were rendered operational and 96 marginalized communities with Roma ethnics were assisted. People at risk of poverty or social exclusion from marginalized communities were supported, out of which 28,157 people from rural areas and 17,247 Roma ethnics.

The support proposed by NRRP aims at providing adequate solutions for families with dependent children who live in poverty, so that they are kept by the family. NRRP addresses also the reform of the protection system of disabled adults, and the issue of poor quality of the social infrastructure for vulnerable groups - children and disabled people.

### ***Continuing the reform of social assistance benefits based on means testing***

To continue the reform of social assistance benefits based on means testing, the elaboration of the piece of legislation for amending the *Law No 416/2001 on the guaranteed minimum income*,

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<sup>125</sup> The project *Developing the social assistance system to fight poverty and social exclusion*

<sup>126</sup> The project *Creating and Implementing Integrated Community Services to Combat Poverty and Social Exclusion*

with subsequent amendments and completions is ongoing. The amendments aim at stimulating the proactive labour market behaviour of beneficiaries of the social assistance. To facilitate the transition to employment for the working age population, the provision of the social assistance will extend by six months, if at least one person in the family is employed for a period of 12 months. At the same time, the draft law will propose to increase the amount of the social assistance benefit granted to elder people.

In order to increase the coverage and the adequacy of the social benefits and to correlate them to the labour market activation measures, NRRP aims at supporting the reform and investments dedicated to the implementation of the minimum inclusion income.

### ***Pension adequacy***

Given the challenges of the public pension system, the reform proposed by NRRP aims at developing the legislation that correct the distortions and the inequities among different categories of beneficiaries, ensure the sustainability and predictability of the system, and comply with the contributory principle by the beneficiaries of the pension rights.

### ***Extending the social protection measures***

**Means testing programmes were implemented** - guaranteed minimum income, family support allowance, and house heating aid. Due to the increase of the social allowance for the elderly, the housing heating aid mechanism has been modified by increasing the maximum income threshold up to which the housing heating aid is granted, to 800 lei from 750 lei, so that the elder people benefit by the social protection during the cold season November 2020 - March 2021.

In the economic sectors where the activity could not be entirely resumed, **social protection measures were afforded to people with dependent children**. On average, these measures were available monthly for 180,678 beneficiaries, out of which 180,250 people benefited by the payment of the parental leave and the child-raising allowance, in 2020. Moreover, 428 persons benefited by the payment of the parental leave and the habitation allowance, and 88,523 persons benefited by the insertion incentive, meaning the extension of the rights of the parental leave and the child-raising allowance.

For the **social protection of children**, the state allowance increased. Starting with August 2020, the state allowance is 185 lei for children aged 2-18 years old, and young people who reached the age of 18 years and attended the high school or the vocational education classes and, respectively, 369 lei for children aged 0-2 years or up to 18 years for a disabled child. Starting with 1 January 2021, the state allowance increased to 214 lei for children aged 2-18 and young people who reached the age of 18 years and attended the high school or the vocational education classes, and 427 lei for children aged 0-2 years or up to 18 years for a disabled child. In 2020, the average number of beneficiaries amounted monthly 3,590,874 children, out of which 3,195,981 children aged 2-18 years, and 394,893 children aged 0-2 years and disabled children aged 0-18 years.

According to the provisions of the draft *Law on approving GEO No 123/2020 on amending the Article 3 of the Law No 61/1993 on the state allowance for children*, the Romanian Parliament made the following amendments: starting with January 2022, the allowance indexation by the average annual inflation rate; starting with July 2022, the amount of 300 lei granted to children aged 2-18 years and young people who reached the age of 18 years and attended the high school or the vocational education system, and 600 lei granted to children aged 0-2 years or up to 18 years for a disabled child.

The **participation in the preschool education of children from disadvantaged families is stimulated**<sup>127</sup>, so that the programme was modified starting with 1 January 2021. Educational

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<sup>127</sup> Law No 49/2020 on amending and completing the Law No 248/2015 on stimulating the participation in preschool education of children from disadvantaged families



incentives are granted to children enrolled in the preschool education system and who are from families who have established the right to a family support allowance approved by the *Law No 277/2010 on the allowance for family support, republished, with subsequent amendments and completions*. The educational incentive is granted regardless the family was paid this right or it was suspended. The educational incentive, issued as a social voucher, amounts 100 lei per month for each child enrolled in kindergarten from the family entitled to the family support allowance. The financing source is the State budget through amounts deductible from the value added tax and allocated to the local budgets for this purpose.

The provision of assistance for the disadvantaged people was financed under FEAD, through 2014-2020 Aid to the Most Deprived Operational Programme. Food packages were delivered to 1,185,921 beneficiaries, 1,186,384 people received packages of hygiene products, and 277,815 people benefited by social vouchers on electronic support for hot meals.

Given the medical crisis generated by the pandemic, a new category of beneficiaries was necessary to be introduced, namely **people living in informal settlements**. For this purpose, GEO No 84/2020 on establishing the necessary measures to implement the 2014-2020 Aid to the Most Deprived Operational Programme was endorsed. The legislation established the categories of the most deprived people receiving food aid and/or basic material assistance (hygiene products) and who have the quality of final recipients. Food support and basic material assistance were complemented by the provision of supplementary measures, which consisted of education on ensuring personal and housing hygiene, access to medical services, guidance towards social services and for professional insertion, support for job searching, culinary recommendations, advice on nutritional balance, and access to legal counselling services, etc.

Given the epidemiological context, corroborated with the need to comply with the recommendations of physical distance, the possibility of using electronic social vouchers for purchasing hot meals was introduced, so that the *National Support Scheme for elder people and homeless* was approved<sup>128</sup>. One of the most vulnerable categories is **persons who have the income equal to the social allowance for retired people aged 75 years or over**. For these people, on the one hand, home-support services were needed, and on the other hand, to reduce the risk of extreme poverty, ensuring the minimum living conditions by providing a hot meal was necessary. Another category of beneficiaries, extremely vulnerable to the spread of SARS-CoV-2 virus, who benefited by this measure is the **homeless people**.

To **mitigate the risk of abandonment of new-borns from disadvantaged families and increase their life quality**, mother - new-borns couples who are in situations of vulnerability and who are at high social risk will receive kits for new-borns (12 million Euro from FEAD and national contribution). Health education measures, first aid for new-borns, hygiene measures, access to medical and social services will accompany the intervention.

In 2019, although declining, Romania had one of the highest rates of risk of poverty or social exclusion in EU 27 - 31.2%. The indicator shows regional disparities, the highest values being recorded in the regions North East - 47.1%, South East - 40.1%, South West Oltenia - 38.9% and South Muntenia - 36.5%, compared to the other regions Central - 24.4%, West - 21.9%, North West - 19.3% and Bucharest Ilfov - 14%<sup>129</sup>. The low coverage and adequacy of social assistance benefits remains a challenge for the effectiveness of current poverty reduction policies. Through the project *Support for developing an indexation mechanism and piloting a new payment method of social assistance benefits in Romania*<sup>130</sup> MMPS performed an analysis of methods that ensure an adequate protection level. The two main components of the project aimed at: (i) Defining a new

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<sup>128</sup> GEO No 115/2020 on some measures to support the most deprived categories of people who benefit by hot meals based on social vouchers issued on electronic support granted from external non-reimbursable funds, as well as some measures for their distribution

<sup>129</sup> Eurostat

<sup>130</sup> The project financed by the EC through DG REFORM and implemented with the support of Ernst & Young SRL, during August 2019 - February 2021.

mechanism for indexing social assistance benefits and (ii) Finding a new method to pay the social assistance benefits by assessing the possibility of introducing the prepaid card. Under the first component, EU best practices on methods/ mechanisms for indexing social assistance benefits were analysed and identified. The finding of new methods for indexing the social assistance benefits in Romania aimed at improving the poorest people targeting, by ensuring the appropriate level of social assistance benefits. The adoption of the mechanism needs to assess and substantiate the cost-effectiveness, budgetary predictability, and adequacy of social assistance benefits.

### *Improving the access to essential services*

Although the energy poverty has decreased substantially in recent years, 9.3% of Romania's population could not keep their homes adequately heated, compared to the EU 27 average of 6.9%, in 2019<sup>131</sup>. In March 2021, the Romanian Government approved the draft **Law on establishing social protection measures for the vulnerable energy consumer**. The draft law is subject to the parliamentary debate. Social protection measures will be financial and non-financial, and they will be financed by the State budget, local budgets or European funds. The planned implementation of the law is for September 2022. The estimates point out that over 400,000 people benefit by the energy supplement and heating aid.

The financial measures will consist of aid for:

- Home heating - establishing the maximum income limit up to which a person or a family is able to benefit by the heating aid of 810 lei per person of the family, respectively of 1,445 lei for a single person; establishing the amount of aid by percentage compensation applied to a reference value differentiated by the heating system (percentage compensation is 100% for the beneficiaries with the lowest incomes and at least 10% for those whose incomes are at the maximum threshold); establishing the reference value to which the percentage compensation applies for the four heating systems of the house (thermal energy supplied in a centralized system, natural gas, electricity and solid or liquid fuels); the payment of the aids for the wooden heating of the house for the beneficiaries of the guaranteed minimum income will be made from the State budget through MMPS budget, no longer being in the direct charge of the local public administration authority;
- Providing a part of the energy consumption of the household throughout the year;
- Purchasing, for the house, the energy-efficient equipment necessary to lighten; cooling, heating and hot water supply; replacing technically and morally obsolete household appliances with energy-efficient appliances; using means of communication that involve energy consumption;
- Purchasing products and services to increase the energy performance of buildings, or to connect to energy sources.

The non-financial measures consist of facilities of access to and connection to energy sources necessary to ensure the minimum energy needs, including the prohibition on disconnection certain vulnerable consumers, as well as the transparent and accessible guidance and information of the population on energy sources, costs, and access procedures<sup>132</sup>.

One of the essential aspects of the life quality of the population is housing, the resources will be channelled towards the development of **housing infrastructure** to protect vulnerable groups (for instance social housing for deinstitutionalized disabled people, deinstitutionalized children, and/or young post-institutionalized people, or emergency housing).

In 2018, the population served by the public water supply system was 13,515,626 people (69.4% of

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<sup>131</sup> Eurostat

<sup>132</sup> According to the Law on electricity and natural gas No 123/2012, with subsequent amendments and completions and GEO No 33/2007 on the organization and functioning of the National Energy Regulatory Authority, approved with amendments and completions by Law No 160/2012, with subsequent amendments and completions

the resident population), out of which 10,342,627 people in urban areas (98.7% of the urban population) and 3,172,999 people in rural areas (35.3% of the rural population). Only 892,524 people living in rural areas benefited by sewerage services, which represents 9.9% of the rural population, compared to 9,400,517 inhabitants in urban areas who had houses connected to sewerage systems, i.e., 89.7% of the urban population<sup>133</sup>. Improving the population's access to essential services was supported by investments financed through PNDL - Stage II (2017-2022) - for the construction of **water supply and sewerage networks**, so that 3,225 km of water supply network and 2,275 km of sewerage network were built.

Other investments include energy efficiency of centralized supply, transport, and distribution systems, and the introduction of smart systems in the energy sector, photovoltaic systems for remote households, water supply, and wastewater treatment infrastructure, sewerage, which will lead to an **improved access of population to essential services** (for details see chapter 3.2. *Green transition*).

### ***Employment, social inclusion, and local development in rural areas***

In 2019, the employment rate (20-64 years) in rural areas was 69.9%, while the number of people at risk of poverty or social exclusion decreased from 6,186 thousand people in 2010 to 3,783 thousand people in 2019<sup>134</sup>. Regarding the labour force distribution by activities of the national economy, 21.2% of the employed persons worked in agricultural branches in 2019. Self-employed and unpaid family workers accounted for 23.1% of the employed population and 87.4% of them lived in rural areas<sup>135</sup>.

Investments (EAFRD) that facilitate the **diversification of the local economy in rural area** lead to the creation of 5,117 new jobs through measures aiming at establishing non-agricultural businesses in rural areas and developing non-agricultural businesses by the existing enterprises/ farms. The funds allocated for setting up young farmers supported 11,756 young farmers, and those for developing small farms financed 28,478 small farms.

Financial support (EAFRD) aiming at **building, modernizing and expanding all types of basic infrastructure** facilitates the construction/ modernization of 320 kindergartens/ nurseries and upper secondary agricultural education units; construction/ extension/ modernization of 4,771 km of water/ wastewater networks; modernization/ construction of 3,458 km of communal roads.

EAFRD financed investments dedicated to cultural heritage objectives in rural area. However, 677 projects dedicated to both the restoration, conservation and equipment of buildings/ monuments of B class heritage, B class monastic buildings, cultural centres, and the construction, extension and/or modernization of the access roads to the B class monastic buildings were contracted.

The cross-sectoral approach, proposed by NRRP, will contribute to a sustainable and inclusive growth. The reforms and investments target integrated interventions to increase the quality of life of rural people and investments in local infrastructure that support the green transition in rural areas. The capacity to develop the local (eco) tourism infrastructures and the cultural heritage will be promoted.

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<sup>133</sup> INS

<sup>134</sup> Eurostat

<sup>135</sup> Labour force in Romania, employment and unemployment 2019, INS

The measures presented in this chapter can contribute to the fulfilment of SDG 1, SDG 2, SDG 4, SDG 5, SDG 6, SDG 7, SDG 8, SDG 10 and SDG 11.

**Labour market, social inclusion, and combating poverty in NRRP:**

***Pillar I. Green transition, Component 1. Water management system and Component 5. Renovation Wave Fund***

***Pillar II. Digital transformation, Component 7. Governmental cloud and digital public systems***

***Pillar III. Smart, sustainable and inclusive growth, Component 8. Tax reforms and pension system reform***

***Pillar IV. Social and territorial cohesion, Component 10. Local fund for green and digital transition and Component 11. Tourism and culture***

***Pillar V. Health and economic, social and institutional resilience, Component 12. Health, Component 13. Social reforms and Component 14. Public sector reform, increasing the efficiency of justice and strengthening the capacity of social partners***

***Pillar VI. Policies for the new generation, Component 15. Educated Romania***

### 3.6. Health

#### Key directions:

- ✓ Resilience of the health system, including containing the effects of the COVID-19 pandemic on the health system
- ✓ Increasing the access of people, including of vulnerable persons, to quality medical services
- ✓ Development of institutional capacity in the provision of safe medical services for patients
- ✓ Improving the efficiency and financial sustainability of the health system
- ✓ Modernizing the health infrastructure and healthcare network at regional level
- ✓ Reducing the morbidity and mortality from communicable and non-communicable diseases
- ✓ Digitalisation of the health system
- ✓ Improving the quality and efficiency of public services in the Romanian healthcare system by promoting integrity and accountability in resources management

Since the beginning of 2020, actions to combat the effects of the COVID-19 pandemic on the health system have been taken. The implementation of reform measures, focusing in particular on increasing the access of people to quality medical services, the financial sustainability of the health system, upgrading of health and healthcare infrastructures at regional level, as well as the reduction of morbidity and mortality through communicable and non-communicable diseases has continued. The stated measures, including those aiming at ensuring the resilience of the health system respond to CSRs requirements addressed to Romania in the health field.

In order to contain the effects caused by the COVID-19 pandemic on the health system, the surveillance methodology of COVID-19 was designed, and normative acts, protocols, measures of prevention and control of the diseases in different sectors of activity were proposed, and the COVID-19 outbreaks in medical units, residential centres, educational units, production units, community were monitored. The risks assessments performed by the Public Health Directorates (PHDs) in different TADs were reviewed in order to instate/ extend/ lift the quarantine.

In 2020, the Romanian Government mandated two public institutions, namely MAI-Department for Emergency Situations (DSU), which has the operational coordination role in the management of epidemic risk types, as well as ONAC (centralized public procurement body) to carry out the award procedures for the conclusion of framework-agreements to meet the needs in terms of emergency medical supplies stocks in order to strengthen the resilience of the health system for the protection of the population in emergency situations.

Given the objectives set at the MAI-DSU level, linked to the key EU policy areas presented in the *Recovery and Resilience Facility*, DSU aims to strengthen and develop the main role of authority responsible for managing of the emergency situations through the following actions:

- Developing the institutional capacity simultaneously with the harmonization and improvement of the legislative framework with impact in the field of emergency situations;
- Monitoring, operational control and inspection of the activity of the structures under MS' coordination or operational coordination;
- Integration of the prevention, readiness and response actions in emergency situations and disasters by developing/ harmonizing strategies, concepts and action plans developed by

- DSU, with impact on all stakeholders, by types of risk;
- Implementation of quality management in the MS' subordinated/ coordination and operational coordination structures in compliance with the international standards and requirements in the field;
- Developing the process of professional training and continuing education of specialists working in the emergency situations field;
- Improving the public communication in the health field.

From the funds of the project on the health sector reform titled *Improving the quality and efficiency of the health system* there were purchased equipment and reagents necessary to manage infections with the new virus for the purposes of early detection, isolation and treatment of cases, and monitoring contacts and preventing the spread of infection in Romania. Thus, 165 medical units from 45 county hospitals were provided with equipment for Anaesthesia and Intensive Care (ATI) departments, and 35 medical units from 10 county hospitals with useful SARS-CoV-2 infection diagnostic equipment. Also, collection and transport kits, ribonucleic acid (RNA) extraction kits, SARS-CoV-2 detection kits were distributed to 157 medical facilities from 46 county hospitals.

By the end of 2020, more than **160 public and private testing centres were operational**, and by 31 March 2021, their number increased to 193. After mid-May 2021, more than **900 vaccination centres were operational and over 4 million people had already been vaccinated against COVID-19**.

Starting with 2020, the MIPE (the former Ministry of European Funds) has launched dedicated calls for proposals aimed at **strengthening the capacity of the public medical system to manage the emergency situation caused by the COVID-19 crisis**, thus contributing to the combined efforts of public institutions/ authorities and, especially, to sustained efforts of public health care facilities involved in combating the pandemic. Thus, projects for the purchase of medical equipment, but also for the protection for the medical staff serving such equipment, as well as for the medical staff involved in treating the coronavirus infected patients were funded. **By the decision No 1865/11 May 2020 of the 2014-2020 LIOP Monitoring Committee, the modification of this programme was approved in the sense of including a new Priority Axis (PA), namely PA 9 Protecting the health of the population amid the pandemic caused by the COVID-19 virus, SO 9.1. Increasing the capacity to manage the COVID-19 health crisis.**

Considering that containing both the spread of the virus and its extremely serious effects on the Romanian population can be achieved only by ensuring the availability of medical equipment and devices<sup>136</sup>, doubled by providing the necessary specialized protective equipment for medical staff and by carrying out isolated transport of the affected persons, it is required the appropriate endowment of the public health units where cases of SARS-CoV-2 virus infection are treated in order to obtain a timely and efficient response of the public medical system to the COVID-19 crisis through ensuring an adequate care and treatment capacity.

Thus, in order to promote the necessary investment in order to strengthen the capacity to respond to the public health crisis triggered by the spread of SARS-CoV-2 virus, **the SO 9.1 particularly supports the endowment of public health care facilities with equipment** (including for specialized transport, decontamination and support triage), and medical equipment, devices and protection, **the setting up of mobile medical capabilities/ mobile medical structures for diagnosis and treatment to combat the spread of COVID-19/ modular hospitals ROL 1, 2 and 3/ containers with medical logistics, and endowment of residential social centres for vulnerable categories** (elderly/ disabled people/ children, etc.) subordinated to local and county TADs with **personnel protection equipment**. Expenditure for the crisis response support operations amid the COVID-19 epidemic is eligible as from 1 February 2020. To this end, three calls for projects have been launched under the LIOP to strengthen the capacity to manage COVID-

<sup>136</sup> In particular ventilators, beds and additional intensive care infrastructure  
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19 crisis, with a total eligible value of 419.48 million euro. By 31 March 2021, 1,135 applications with a total eligible value of 1,640.41 million euro were submitted, of which for 138 projects financing contracts with an eligible value of 474.01 million euro were signed.

**Increasing the accessibility and resilience of the health system by implementing the related reform**, an objective included in the *Government Programme for 2020-2024*, is one of the national priorities which will be supported by investments financed from the NRRP, but also from the **new operational programme dedicated to health sector**. The two types of financial instruments will include measures that respond to the findings of the latest *Country Reports* addressed to Romania and aim mainly at developing a public health policy leading to an **increased access to prevention, early diagnosis and treatment services, reform of the public hospital healthcare in order to increase the safety and quality of the medical act, the reform of the management of public health insurance funds and health investment funds, investments for the construction of regional hospitals and for new hospital infrastructures with major territorial impact**.

In order to **ensure human resources in the health field**, by the GD No 254/2020 for the completion of the GD No 144/2010 on the organization and functioning of the MS, the staffing plan from PHDs and the County Ambulance Services was supplemented with 2,000 positions as of 1 April 2020 for a maximum period of six months. In the Government meeting of 8 October 2020, the extensions of the period for the additional staffing was approved. In addition, other measures have been taken in order to ensure with health staff, such as:

- Establishing the legal framework that allowed the secondment of resident doctors during the state of emergency and state of alert in the specialties that provide support for combating SARS-COV 2 (AICUs, emergency medicine, infectious diseases, epidemiology, hygiene, pneumology) thus increasing the capacity of the health system mainly in COVID support units and PHDs;
- Organization of exams for obtaining the title of specialist physician/ primary care physician for physicians, dentists, pharmacists and organization of exams for specialist/ senior specialist for biologists/ biochemists while securing maximum hygienic-sanitary safety, thus increasing the number of so needed specialists employed in the health system during the pandemic;
- Starting the safe organisation of the residency exam session in November 2020 for positions/vacancies in the specialties needed in the current pandemic context in order to increase the responsiveness of the health system for a possible aggravation of the epidemiological situation.

Moreover, in order to support the medical staff, the salary increases were granted to medical staff. Thus, in 2020, from the FNUASS budget, the necessary amounts were provided to pay the salary increases of the medical and non-medical staff, such increases amounting to 75% for the medical staff employed by the public health care facilities.

Regarding the **National Health Strategy for 2014-2020**, it has been completed the evaluation of the implementation of the strategic document which contains information on equitable access to quality and cost-effective health services, especially for vulnerable groups. **A series of steps were initiated by MS to elaborate a new strategy in the field, related to the 2021-2027 programming period**, for which the Master Plans for medical services for the NE and NW regions were approved (by the Minister Orders No 746/2020 and No 1686/2020). Moreover, the updating of the medical services Master Plan for the SW region is ongoing and it will be completed in Q3/2021. The planning outlines the main reorganization and optimization strands of medical services at regional level<sup>137</sup>, contributing to increasing the quality of the services provided and of the patient safety, but also at adapting the conditions of providing medical care to the state of

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<sup>137</sup> Expanding the competencies of family physicians for the care of children and the chronically ill, screening for various pathologies, developing the integrated community healthcare teams, building, and operationalization of regional hospitals and developing the regional network of integrated hospital care, reorienting the inpatient services to outpatient services, day hospitalization, recovery, palliation, long-term care, etc.

play of the SARS-CoV2 pandemic. Health Service Master Plans, which have been debated by key stakeholders (i.e. local authorities, health insurance companies, hospitals, other health care providers, as well as by the general public) before approval thereof, allow for a substantiated support for the financing of the infrastructure projects, services and training from EU funds and the state budget.

In the period 2019-2020, to **increase the access of individuals, including of vulnerable people, to quality medical services**, the implementation of public health/ screening programmes covering various topics continued; the data thus analysed after being collected from the evaluation questionnaires on health needs (completed in 30 counties) resulted in the report *Assessment of health needs and behaviours in the vulnerable population* prepared in 2020. In October 2020, the project *Strengthening the national network of primary health care providers for improving the health of the population, children and adults (including vulnerable population)*, with an implementation period of 36 months and financed by the financial mechanism of the European Economic Area 2014-2021, was launched. During Q3/2018 and Q4/2020, 611,979 retirees benefited from access to medicines, with an income up to 990 lei/month, respectively pensioners with income up to 1,139 lei/month starting with 1 September 2019, and retirees with income up to 1,299 lei/month starting with 1 September 2020. The network of organized health care centres was developed/ modernized in local communities, 45 community health centres being operational in which 1,857 community nurses and 459 health mediators for Roma communities are employed. In addition, the project *Setting up and implementation of integrated community services to combat poverty and social exclusion* are implemented in a partnership between MMPS, MS, and MEd in 139 rural and small urban communities with above-average and severe marginalization rates.

Regarding the *National Strategy for Quality Assurance in the Health System*, it is envisaged that it will be published in the decisional transparency procedure in Q2/2021 and will be finalized in Q3/2021. In addition to the measures taken since 2018 to increase the number of services provided in outpatient and day hospitalization, there were extended both the package of medical services provided in outpatient care with a medical service for diagnostic purposes-case, as well as the basic package of medical services in hospital care by their supplementing with 13 standardized medical services provided in day hospitalization, according to the proposals made by specialized commissions of the MS. Currently, 14 new outpatient medical services can be provided in the day hospital care too. The ANMCS standards for the categories of outpatient health services<sup>138</sup> have been published, the second edition of the hospital standards being accredited by ISQua<sup>139</sup> until March 2023.

In 2020, for the continuous development of the knowledge and skills of primary care providers, the ANMCS organized quality management courses and set up the mechanisms to enrol the primary healthcare staff in this type of courses. To improve the framework of regulation regarding school medicine, the current legislation was completed by the *Order No 1456/2020 for the approval of the Hygiene Norms in the facilities for the protection, education, training, rest, and recreation of children and young people*. In addition, until September 2022, the MS implements the project *Development and introduction of systems and standards in the MS that streamline the decision-making processes regarding the vaccination activity in Romania-ROVAC*, financed within the 2014-2020 OPAC.

To **increase the institutional capacity for the safe provisioning of quality medical services for patients**, MS, together with MMPS, ANMCS, CNAS and Casa Speranței Hospice Foundation implement the PAL-PLAN project *Increasing the institutional capacity for the coordinated national development of the palliative care and the home care*, carried out between 2 March

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<sup>138</sup> Primary health care, specialized outpatient, paraclinical-medical analysis laboratory, paraclinical-radiology, and medical imaging, physical medicine and rehabilitation in outpatient, outpatient palliative care, home medical care, pre-hospital emergency, dentistry, and personalized medical devices according to a prescription

<sup>139</sup> The International Society for Quality in Health Care.



2020 - 2 March 2023 (733 SIPOCA code/129439 MySMIS code). Two of the project results consist in a national programme for the gradual development of the palliative care in the health care facilities with beds, at home and in outpatient, based on practices from countries with similar health care systems and a national programme for the gradual development of the home care. In addition, until September 2022, the MS implements the project *Development and introduction of systems and standards in the MS that optimize the decision-making on the vaccination activity in Romania-ROVAC*, financed under the 2014-2020 OPAC. The general objective of the project (with a total value of 21.9 million lei, of which reimbursable expenses of 18.4 million lei) is to strengthen the capacity of the public health system in implementing the national vaccination programmes.

Starting with 2020, the National Institute of Public Health together with five other partners implement the project *Everything for your heart - Screening programme for identifying patients with cardiovascular risk factors*, co-financed from the ESF through 2014-2020 HCOP. The aim of the project is to promote social inclusion, combating poverty and any form of discrimination by increasing access to accessible, sustainable, and high-quality services, including healthcare and social services of general interest, by organizing health programmes and targeted services, and screening to find the patients at cardiovascular risk.

To improve the efficiency and financial sustainability of the health system, the share of commitment appropriations for primary health care services<sup>140</sup> as part of outpatient care was 9.04% in 2020, and it has reached the level of 9.6% in 2021. The *Order of the Minister of Health No 1353/30 July 2020* was published and throughout 2020 four updates of the list of medicines<sup>141</sup> were made, which included the reimbursement for 70 new international common medicine names related to various diseases. The project *Improving the quality and performance of hospital services through cost assessment and standardization* (724 SIPOCA code, 129170 MySMIS2014 code) is ongoing, both the proposal to establish the minimum data set and comparative analysis and the selection of pilot hospitals being accomplished. In addition, through the intention to extend the mandate of the ONAC for the centralized procurement of medical products, the Romanian Government aims to make savings in the health sector.

In view of **modernizing the health and healthcare infrastructure at regional level**, the MS is in the process of building three regional emergency hospitals (REHs) for which feasibility studies have been developed. The projects are planned to be carried out in two phases, with funding from the 2014-2020 ROP, respectively from the 2021-2027 Health OP (HOP). The financing contracts with the MDLPA were signed during 2019-2020. The major project applications for the three REHs in Iasi, Cluj, and Craiova were approved by the EC in 2020. The three projects have a non-reimbursable value of approx. 141 million euro and an eligible value of approx. 439 million euro<sup>142</sup>. The total estimated value is approx. 1.6 billion euro. Procurement procedures for the elaboration of technical projects, technical verification, audit and information, and publicity services for the three REHs have been initiated and are ongoing. In 2023, the acquisitions for the construction works will be made, and in the period 2024-2027 the construction works of the hospitals will be carried out, the procurement procedures will be accomplished, the contracts will be signed and the medical equipment, the IT system, as well as furniture will be purchased and installed.

In parallel with the above activities, the EIB-PASSA Technical Assistance agreement financed by a TAOP project, is in progress and it aims to increase the capacity of the project management capacity of MS throughout the design, construction, and operationalization of the three REHs, and for the introduction of the health reform measures to ensure the sustainability of new hospitals<sup>143</sup>.

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<sup>140</sup> Including the permanent centres and monitoring services of the patient health

<sup>141</sup> Approved by the GD No 720/2008, with subsequent amendments and supplements

<sup>142</sup> The projects benefit from consultancy through two international agreements, the SRSS (Structural Reform Support Service) and the PASSA.

<sup>143</sup> These measures concern the organization, financing, management of hospitals, organization of hospital networks at regional level, training programs for medical and administrative staff, etc.

Given the shortcomings encountered so far in the management of these major infrastructure projects, the MS has opted, with the support of the EIB-PASSA, to establish the *National Agency for Infrastructure Development in Health* as an institution with legal personality, subordinated to the MS that will streamline the planning and management of the projects of the three REHs aforementioned, as well as other future major health infrastructure projects.

The REHs projects in Iasi, Cluj, Craiova were included in the Axis 1 of the new HOP, and MS also requesting the provisioning of appropriate funding.

In order to ensure the national contribution (of approximately 50% of the total value of the investment), in October 2020 the Romanian Government approved a *Memorandum of Understanding on contracting a 250 million euro loan from the EIB to support the investment objective of Iasi REH*. At present, the Government and the Presidency have approved the Financing Agreement. The official signing of the Loan Agreement with the EIB will follow as soon as possible.

In 2020, the rehabilitation/ modernization and endowment of medical facilities and medical service providers continued, in addition to acquisitions made in the context of the COVID-19 pandemic mentioned above, medical units in four counties and Bucharest being commissioned or equipped (with the MRN/ AICU/ EAU equipment or for the treatment of severe burns). By the end of 2020, eight county hospitals benefited from financial support from MS for rehabilitation/ modernization, and 79 medical care facilities in 36 county hospitals received support for endowment purposes.

In the case of the MDLPA' measures to increasing access to outpatient medical services, by 31 March 2021, 177 projects were submitted (under the 2014-2020 ROP) regarding the infrastructure for outpatient clinics, with a non-reimbursable value of 367.25 million euro (141 contracted projects with an eligible value of 317.25 million euro), and 32 projects on integrated community centres infrastructure, with a non-reimbursable value of 5.94 million euro (10 pre-contracted projects with a non-reimbursable value of 946,726 euro). In order to rehabilitate the Tulcea County Hospital, in the context of the ITI Danube Delta mechanism, the financing contract No 6041/15.09.2020, with a total value of 220.27 million lei (of which 152.87 million lei from the ERDF) was concluded. The implementation period of the project is 66 months (01.07.2018-31.12.2023).

In order to promote health to **reduce the morbidity and mortality through communicable and non-communicable diseases**, within the *National Programme for evaluation and promotion of health and the education for health*, in 2020, 13 national information/ education campaigns with 511 interventions were organized for over 1,000,000 beneficiaries in collaboration with 3,600 partners. Under the programme, 357 interventions were carried out for specific local health priorities, in collaboration with over 3,000 partners, for over 700,000 beneficiaries. Moreover, in order to increase the access of vulnerable people to health services, communication and vaccination campaigns were carried out in 2019 and 2020, and activities were monitored to identify those communities facing health risk with Hepatitis A and to organize the vaccinations in order to prevent the occurrence of Hepatitis A outbreaks or to contain its spreading (43 communities exposed to risk have been reported). In order to optimize patients' access to quality medical services, the medical staff was trained in the period 2019-2020, in view to detect and treat patients with the chronic liver diseases caused by hepatitis viruses.

Within the *National Programme for Health Assessment and Promotion and Health Education*, in 2020, 13 national information / education campaigns were organized with 511 interventions in collaboration with 3600 partners, for over 1,000,000 beneficiaries. The programme also included 357 IEC Interventions for local specific health priorities, in collaboration with more than 3,000 partners for more than 700,000 beneficiaries to promote health to reduce morbidity and mortality from communicable and non-communicable diseases.

The **digitalisation of the health system** has continued so that 671 hospitals and 91 pre-hospital

units were using for reporting the *Integrated Single Information System (SIUI)* or the IT systems compatible with SIUI on 31 December 2020. For the development of effective communication mechanisms between the main health actors steps have been taken to prepare a draft GEO for the setting up of a single database at the national level by unifying existing databases in health field and standardizing data and their reporting mechanism, and developing standards for the telemedicine. In addition, two projects were submitted by the MS, under the 2014-2020 COP, in order to strengthen the integrated information system in the field of e-health (including the telemedicine); for one project i.e. *Information System for the Health Records - RegInterMed* the implementation started in January 2021, while the second one i.e. *Computer System Project for Clinical Records of AICUs departments* is in the contracting phase.

The projects *Computer System for Modern Management of Access to Medical Services, Documents, Recommendations and Technologies - SIGMA SMART* and *Computer Systems for the connection to the Electronic Health Record (DES) of providers of paraclinical, clinical, physical medicine and rehabilitation services, medical care at home, palliative care at home, dentistry, medical devices, assistive technologies and devices and emergency consultations at home and unassisted medical transport activities - eDES* are to be submitted by the CNAS in partnership with the ADR and the STS under the 2014-2020 COP. CNAS implements the project *Integrated Management System in the Social Health Insurance System* financed by the 2014-2020 ACOP; its objective is to create an integrated management system that supports a continuous efficient decision-making and the evidence-based strategic planning to achieve institutional goals.

**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 been taken. Thus, under the specific objective *Increasing integrity, reducing vulnerabilities and risks of corruption in the public health system of the National Anticorruption Strategy (SNA) for 2016-2020* measures are implemented on the activity of Ethics Councils, establishing the common mechanism for monitoring and control of the providers in the social & health insurance systems, updating and monitoring the implementation of existing diagnostic and treatment guidelines, and development of guidelines for high-cost pathologies to streamline spending by reducing practice variability. ANMCS developed together with the MS, a draft order for the introduction of the performance indicator for the entire hospital management, a project that includes specific indicators stimulating the intervention capacity and professionalism of the *Ethics Councils* staff.

In 2020, staff from the CNAS control/inspection structures and county Health Insurance Houses, participated in two inspections carried out together with the representatives of the MS at the hospital medical service providers; the inspections were ordered by the Order of the Minister of Health. Through the abovementioned project *Integrated Management System in the Social and Health insurance systems* (729 SIPOCA code), with an implementation period of 36 months, an integrated management system will be provided to CCNAS, which benefits refers to the improvement of inspections on the activities carried out by service providers under contractual relations with health insurance cases. The solution to be implemented through this project will ensure the interoperability of the proposed system with other existing and future systems by the *Health Insurance Informatics Platform (PIAS)* by using common standards in the field. The implementation of the project will ensure the thorough substantiation of the CNAS management decisions, based on understanding the needs, mitigating risks, and increasing the efficiency of public spending, which will all improve the inspections<sup>144</sup>.

The implementation of the measures in the health field will continue by **increasing the access of individuals, including vulnerable people, to quality medical services, developing the institutional capacity to provide such services, in safe conditions for patients, including by training of the medical staff, improving efficiency and financial sustainability of the health system**, another measure considered by the MS being the **elaboration of a new national strategy**

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<sup>144</sup> By extracting, analysing and archiving large volumes of sampled data, existing in the four computer systems that make up the PIAS and generating customized reports in order to perform analyses of different types or statistics.

in the field, related to the programming period 2021-2027. The modernization of the health and healthcare infrastructure at the regional level, the increase of the number of types of outpatient medical services, the digitalisation of the health system, and other measures aiming at reducing morbidity and mortality through communicable and non-communicable diseases will be pursued.

Measures presented in this chapter can contribute to the fulfilment of SDG 1, SDG 3, SDG 5, SDG 10 and SDG 11.

**Health sector in NRRP:**

*Pillar V. Health and economic, social and institutional resilience, Component 12. Health*

*Pillar II. Digital transformation, Component 7. Government cloud and digital public systems*

### 3.7. Strengthening administrative capacity and other governmental measures

#### Key directions:

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

Ensuring a competent administration, with quality public services, in particular by professionalization and stability, simplification of procedures, predictability and coordination of the governing acts is part of the **Government's medium-term vision**. The reforms in this area aim to promote the principles of integrity and fairness, and to change the administrative culture<sup>145</sup>.

#### *Implementing the Sustainable Development Goals*

The Department for Sustainable Development (DDD)<sup>146</sup> is being subordinated to the Prime Minister since 2017, within the government apparatus, with the main role of coordinating the implementation of the **UN 2030 Agenda for Sustainable Development** and the **National Sustainable Development Strategy of Romania's 2030 (NSDS)**. In 2018, the DDD revised the NSDS<sup>147</sup>, in line with the 17 Sustainable Development Goals (SDGs) adopted by the UN's 2030 Agenda for Sustainable Development.

In addition, **GD No 272/2019** established the *Interdepartmental Committee for Sustainable Development*; the Department consists of members of the Government being chaired by the **Prime Minister**. The Committee monitors the process of implementing, monitoring, evaluating and reviewing for this strategy and ensures coherence in the process of drafting and promoting normative acts regarding sustainable development, by public authorities and institutions with responsibilities in implementing the 2030 Agenda at national, regional and local level. **The Department had also the initiative to establish the Sustainable Development Hubs in central authorities/ ministries.**

To follow the implementation of NSDS, DDD is the beneficiary of the project financed from the ESF, "*Sustainable Romania - Development of the strategic and institutional framework for*

<sup>145</sup> Government's Programme 2020-2024

<sup>146</sup> By GD No 313/2017 on the establishment, organization and functioning of the Department for Sustainable Development

<sup>147</sup> Approved by GD No 877/2018

***the implementation of NSDS 2030***<sup>148</sup>. Within the project, DDD coordinates various NSDS implementation activities such as inventory of existing policies, gap analysis related to each target for 2030 or **drafting the Action Plan for NSDS implementation, through close consultation of civil society, academic world and the private sector**. In 2021, the set of national indicators for sustainable development 2030, which correspond to the 17 SDGs transposed at national level through NSDS, will be finalized through collaboration with the National Institute of Statistics.

Within this Project, DDD also started the support actions for drafting *the Romanian Sustainability Code*<sup>149</sup>, in order to increase the transparency degree, by creating the mechanisms for non-financial reporting by enterprises that fall under the provisions of *MFP Order No 1938/ 2016 on amending and supplementing accounting regulations*, partially transposing the provisions of *Directive 2014/95/EU amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups* referring to environmental, social and personnel issues and on human rights, the fight against corruption and bribery. This standardized framework will allow benchmarking, bench-learning, to ensure transparency and accountability both for the entities that are obliged to prepare those reports and for other entities that wish to prepare the reports voluntarily. In addition, SGG (through DDD) is designing the occupational standard of *sustainable development expert*, and is creating the possibility for higher education institutions to conduct postgraduate courses related to this new occupation. Through this type of professional training, public administration staff will be able to improve themselves and to ensure coherence in the governmental act and strategic planning, for sustainable development at the level of central and local administration in Romania. Within the ESF Project “*Sustainable Romania*”, starting with the academic year 2021-2022, SGG will provide the training for the “sustainable development expert” occupation, for 150 people from public institutions at central level, including from the Regional Development Agencies.

### ***Increasing the absorption capacity of the European funds***

Throughout 2020, but also during Q1/2021, in order to **increase the absorption capacity of European Structural and Investment Funds (ESIF) and improve the management thereof as well as to maximise the impact of EU funding provided to Romania**, measures have been implemented to monitor the implementation of the operational programmes funded by the 2014-2020 ESIF, to open/ speed-up the calls primarily targeting the health sector (including to strengthen the capacity to manage the health crisis caused by the COVID-19 pandemic), education sector, social investments, digital competencies, increasing economic competitiveness and measures to combat the negative effects of the crisis generated by COVID-19. Other strands of action refer to ensuring transparency in the implementation of the European program and projects, application of simplification measures, as well as supporting project beneficiaries and the SMEs through financial and territorial instruments. In addition, some measures are under implementation to prepare for access to European funds from the Multiannual Financial Framework 2021-2027, particularly those under the Cohesion Policy.

In the context of ***monitoring the implementation of the 2014-2020 ESIF programmes***, by 26 March 2021, 390 calls for proposals were opened with a total budget of over 28 billion euro, representing approximately 104% of total allocation available for implementation of the OP financed under the Cohesion Policy (LIOP, COP, OPTA, HCOP, ROP and ACOP). In addition, 10,307 projects were contracted with a total value of approximately 39.4 billion euro, the contracting rate being 143% of EU allocation, and the rate of the amounts received by Romania for those programmes (pre-financing and reimbursements) is about 44%.

For the signed contracts, the Managing Authorities (MAs) made total payments of 10.9 billion euro, out of which 9.4 billion euro are the EU contribution (42% of the EU allocation), as follows: LIOP (4.3 billion euro), COP (709 million euro), OPTA (198 million euro), HCOP (2.4 billion euro),

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<sup>148</sup> SIPOCA project 613; implementation period: 36 months, starting from August 2019

<sup>149</sup> It is accomplished within the SIPOCA 613 project

ROP (3.1 billion euro) and ACOP (207 million euro).

By 26 March 2021, for the OP from the Cohesion Policy, an amount of 9.1 billion euro have been requested to the COM, representing 40.5% of the EU allocation, namely: LIOP (3.8 billion euro), COP (484 million euro), OPTA (209 million euro), HCOP (1.97 billion euro), ROP (2.48 billion euro) and ACOP (203 million euro).

Currently, the total amounts received from the COM, and representing pre-financing and reimbursements for the programmes funded from the ESIF (LIOP, COP, ROP, ACOP, OPTA, HCOP, RDNP and FMAOP) are of roughly 16.6 billion euro, representing 54% of the EU allocation for those programmes.

Regarding the legal and procedural framework, the *GEO No 101/2020 on some measures for implementing projects financed from European funds with a view of avoiding the decommitment risk for 2014-2020 programming period* was adopted, ensuring the improvement of the implementation framework of the infrastructure projects funded from European funds, in view of avoiding the decommitment for LIOP and ROP. Also, the *Guidelines regarding certain measures for implementation of road infrastructure projects* was published on the MIPE website, being elaborated to facilitate the application of the GEO No 101/2020 and GEO No 88/2020 regarding the establishment of some measures, as well as granting the financial support for the preparation of project pipeline in the strategic fields considered priority for 2021-2027 programming period, intended for financing through 2014-2020 OPTA and 2014-2020 LIOP.

In order to **ensure full transparency in the implementation of European programmes and projects**, on the websites of institutions involved in the management of European funds, relevant information concerning the Applicant Guides, approved and those under public consultation is published. By 26 March 2021, 401 applicant guides (final and under public consultations) were published.

Also, a new section was developed (available at: <https://www.fonduri-ue.ro/statistici> ) aiming at timely informing the wide public on the absorption stage of EU funds, having as data sources both the EC website, and the databases of the national electronic system SMIS2014+/MySMIS2014 under the project *Support for development/optimising of some specific modules of the integrated electronic system SMIS2014+/MySMIS2014 - SMIS code 126444*, funded by OPTA.

Throughout 2020, **six main measures have been taken to streamline the implementation process of European funded projects**. The *GEO No 65/2020 on some measures for digitisation of the ESIF coordination and management system for 2014-2020 programming period* was adopted requesting all MAs for the ESIF funded OP to use digital tools in their interaction with the applicants and funds' beneficiaries, thus contributing to eliminate bureaucracy and increase in transparency. By the GD No 485/2020, the provisions of article 17 of the Implementing Regulation for applying of the provisions regarding the award of public procurement contract/framework agreement (from the Law No 98/2016 on public procurement) were amended, removing the supplementary obligations compared to the provisions of the European directives, which had resulted in long lasting procurement procedures for small amounts. By adopting the *GEO No 114/2020 on amending and supplementing some normative acts with impact in the field of public procurement*, it was facilitated the creation and operationalization, at the level of courts, of specialized panels in the field of public procurement. In addition, legal provisions were established regarding the use by all MAs of programmes funded from ERDF and CF of all MySMIS functionalities in their relationship with the European fund applicants and beneficiaries, the removal of request for redundant documents at project submission stage for financing from ESIF and the increased use of sampling based on risk analysis during the verification of the reimbursement requests. Also, MIPE envisages to implement the interoperability between the electronic system SMIS/ MySMIS with tertiary applications (ONRC, SICAP, ANAF, MAI, CSM etc.)

The support for the users of the electronic system will continue, by provision of training for at least 4,500 persons, both from European funds managing structures and the beneficiaries. The

training sessions will approach themes such as optimal use of electronic system/modules/its function, through the project *Knowledge transfer, training and support for users in view of facilitating the services provided in using SMIS 2014+ and MySMIS2014 applications*, SMIS code 133103.

The support for project beneficiaries financed from European funds continued by training of 2,562 persons within the projects financed from the 2014-2020 OPTA. The training sessions approached topics such as the elaboration of request for funding/ progress reports/ reimbursement requests, conflict of interests and incompatibilities, preventing irregularities and frauds, public procurement, enforcement of state aid legislation, project management, access to European funds, financial management, resources management, risk management, IT services and security management.

**The digital platform for communication and consultation between the MIPE and EU funds beneficiaries** is functional (available at: [mfe.gov.ro/comp](http://mfe.gov.ro/comp)). A portal will be developed to ensure the information/ communication and consultation of relevant/complementary information between the structures responsible with the management of European funded programmes and their beneficiaries, within the project *Development of the institutional capacity of the Ministry of European Funds through an integrated quality management*, SMIS code 129934.

*The support for SMEs using financial and territorial instruments* has continued with approximately 14,500 enterprises being supported by the HCOP and 65 by the COP. By 30 September 2020, 2,646 SMEs were granted financing under the *SME Initiative* (Uncapped Portfolio Guarantee Financial Instrument). In the case of the risk capital financed from the 2014-2020 ROP - P.I. 2.2, the two selected intermediaries *Morphosis Capital* and *Black Sea* realized four investments totalling 18 million euro.

In addition, 17 projects were submitted for funding from the 2014-2020 OPTA in order to prepare the project pipeline for the 2021-2027 programming period, amounting to 66.36 million euro. These aim at developing technical and economic documentation for approx. 230 investment projects in the fields of urban mobility, urban regeneration, leisure centres/ tourist bases (school camps), infrastructure and public tourism services (including heritage objectives with tourist potential) and county interest road infrastructure (including detours and/or connecting roads) and in the smart specialization field.

**Measures to prepare the access to the European funds from the Multiannual Financial Framework 2021-2027, in particular those for cohesion policy** were taken with the support of the 2020-2023 PASSA Agreement, providing support to the MIPE and relevant institutions for the fulfilment of the enabling conditions for the 2021-2027 programming period. For example, PASSA supports the MTI in developing an investment plan that includes the main priorities from the projects identified in the GTMP. In addition, through PASSA, support is granted to MIPE (LIOP MA) in order to elaborate 11 county waste management plans for the fulfilling of the enabling condition in the waste sector.

In order to ensure an effective crisis response to the COVID-19, **the Government of Romania, through MIPE, supported with EU funding the efforts of Romanian institutions/authorities involved in combating the pandemic**, both for procuring medical equipment/ protection for medical personnel involved in the treatment of patients infected with COVID-19, as well as in the development of new or significantly improved products/ technologies/ processes/ services to strengthen the response to the COVID-19 crisis, for the purpose of production and commercialisation<sup>150</sup>. In addition, in order to strengthen the capacity to manage the health crisis, the OPTA funding has strengthened the capacity of MA LIOP in the evaluation process of projects submitted under the new priority axis of the LIOP dedicated to this objective - PA 9 *Protecting*

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<sup>150</sup> Details of the funded projects can be found in chapters 3.4. Business environment and competitiveness, 3.6. Health and 3.8. Education and skills.



*the health of the population in the context of pandemic COVID-19 virus, OS 9.1 Increasing the capacity to manage the sanitary crisis COVID-19, by hiring experts outside the organizational chart.*

In addition to the measures provided in the *National Recovery and Resilience Plan*, the opening/ speeding up of calls for proposals dedicated especially to the health sector (including for strengthening the capacity to manage the health crisis caused by the COVID-19 pandemic), as well as the social investments, education, digitalisation will be closely monitored in order to increase the absorption capacity of European funds, as well as to stimulate economic competitiveness and combat the negative effects of the crisis generated by the COVID-19.

Following the approval of the Regulation (EU) 2020/2221 amending the *Regulation (EU) No 1303/2013 on additional resources and implementing measures in order to provide assistance to help mitigate the effects of the crisis in the context of the COVID-19 pandemic and its social consequences and to prepare for a green, digital and resilient economic recovery (REACT-EU)*, modifications of the operational programmes, which will benefit by additional funding, will be proposed to the EC in order to be approved.

Depending on the impact of the COVID-19 pandemic, the initiation of normative acts for the application of measures for a better implementation of the OP financed from the 2014-2020 ESIF will be also considered. At the same time, measures related to monitoring of the implementation of the OP, the publication of guidelines for and training of beneficiaries, the support for SMEs using financial and territorial instruments, as well as ensuring full transparency of the implementation of European programmes and projects will continue.

In addition, some measures will be taken to make the most of the European funds from the Multiannual Financial Framework 2021-2027, in particular those for cohesion policy, such as harmonization and unitary approach of all implementation procedures in the relationship between MAs and beneficiaries; digitalisation of all implementation processes, including in the relationship with the beneficiaries; ensuring the use of simplified cost options.

### ***Continuing the decentralization process***

Resuming and consolidating the process of **decentralization** of competences to the local public administration are among the objectives of the Government. Substantiated on a real analysis and an extensive process of consultation between the relevant public authorities, the decentralization process will unfold in parallel with the improvement the administrative capacity at local level. Thus, the decentralization process will involve, as major stages, *the analysis of the competences of the central public administration that can be transferred to the local administration and its capacity to manage the new competences, as well as the correlation of the transfer of competences with the one of budgetary resources*, so as to ensure sufficient resources for the provision of public services, the support of local economic development and the increase of the local financial autonomy.

Throughout 2020, the efforts towards decentralization continued and the developments in the implementation of the general strategy in the field will be highlighted in a half-yearly monitoring report, expected for the end of Q2/2021. At the same time, in Q3/2021, it is intended to promote the draft *GD for the organization and functioning of the Inter-ministerial Technical Committee for Decentralization and of the working groups for the decentralization of competences* on the inter-ministerial endorsement circuit. After the entry into force of this normative act, the GDs drafts for the approval of the quality standards for the decentralized public services for community services of public utilities.

In its capacity of coordinator of the process, MDLPA will take the necessary steps to achieve the objective of developing, by the ministries involved, the cost and quality standards for the decentralized public services. In this context, it is worth mentioning that the pandemic and the recent institutional changes have imposed a delay of one year of the deadlines for completing the measures specific to decentralization, circumscribed to the objectives set out by the *General*

## Strategy for Decentralization.

In order to support the substantiation and implementation of the decentralization policy, the MDLPA aims to **regularly monitor the administrative capacity of the TADs, as well as the way of exercising the decentralized competences at their level**, including through the IT platform *Local administration services for you*<sup>151</sup>.

### Strategic planning and prioritizing Government policies

The governance mechanisms and the decision-making process, as specific objectives of the *Public Administration* field, mainly aim at encouraging the strategic planning component, defining the real governmental or sectoral priorities, developing the budgetary planning component in the strategic planning process, reconsidering/redesigning and resizing the public system, etc.

In this context, the action of **elaborating, monitoring and evaluating the Annual Working Plan of the Government** (PALG), as a planning tool for the regulatory activity at the central public administration level continues. To facilitate the elaborating and monitoring exercise, the institutions use an electronic application, where they insert the proposals of normative acts, as fact sheets with relevant information for the substantiation of the regulatory process.

The **2021 edition of PALG** and the 2020 Assessment Report were presented at the Government's meeting on 17 March 2021. According to this Report, 34% of PALG 2020 has been met. In 2021, the Government intends to approve 295 draft normative acts, of which 123 are considered priority<sup>152</sup>. Information on the state of play on PALG implementation will be periodically presented to the Government by SGG, as coordinator of the entire process.

The activities aimed at **strengthening the strategic management functions at SGG level** also continue. Within the project related to this component (SIPOCA 622<sup>153</sup>), the inventory of the national strategies with a 2020 deadline has been carried out; the existing inventory will be updated with the strategies developed so far. In June 2021, the analysis on the strategic management capacity of the ministries will be completed, and the necessary roadmaps to establish the interventions leading to an increase in management capacity of ministries will be drawn up in September 2021. In addition, the draft *GD on the methodology for elaborating, implementing and monitoring the Government strategies at the national level, as part of the strategic management process* has been submitted for public consultation (it is intended to approve this normative act by December 2021). The methodology aims, in particular, to improve the decision-making, prioritize the public policies, support in setting the national strategic objectives and evidence-based public policy options, strengthen the link with the national priorities and coordinate with the sectoral strategies, etc.

The component **extending the strategic planning system** remains in the attention of the authorities. A first project (SIPOCA 28) was completed in October 2020, with 13 Institutional Strategic Plans (PSIs) elaborated and a PSIs monitoring system established. A second project (SIPOCA 612<sup>154</sup>) focused on extending the strategic planning system in areas such as *research, innovation and digitalisation, economics, entrepreneurship and tourism, energy, transport, infrastructure and communications, culture*, etc. is being implemented; it provides assistance to develop seven PSIs and correlate them to the programme-based budgeting. For this purpose, experts from MTS and MC were trained; further training sessions on the use of the PSIs monitoring IT application are scheduled in Q3/2021. The review of these plans will end in Q1/2022.

Overall, the measures on strategic planning and prioritizing Government policies are likely to enhance the Executive's institutional capacity of policy-making, communication and inter-ministerial coordination and to promote the transparency in the act of governing. At the same time, they respond to the EC recommendation on improving the effectiveness and the quality of

<sup>151</sup> SALT.GOV.RO, managed by MDLPA

<sup>152</sup> <https://sgg.gov.ro/new/wp-content/uploads/2021/03/NOTAANEXE.pdf>

<sup>153</sup> Implementation timeframe: 2019 - 2022; ESF co-financing

<sup>154</sup> TA: WB; duration: 2019 - 2022; the following ministries are covered: MAE, MTS, MC, MEn, MEAT, MTI, MCID.

the public administration, as well as of the decision-making process.

### ***Strengthening the culture of transparency and participative governance***

To meet the goal of **transparency in public administration**, the Government will continue to focus on making the administrative processes and procedures more transparent, by promoting the open data and information, the online publication and the citizens' access to the public spending, as well as to the relevant information on the State institutions.

SGG supports this goal through actions aiming at ***developing and implementing policy in the areas of the free access to information of public interest, the open governance and the decisional transparency, identifying and coordinating the Government strategies on the associative forms and the enhancement of the civil society capacity*** to contribute to the public policy process with ideas and expertise.

The annual activity of periodic monitoring and evaluating the application of the Law No 52/2003<sup>155</sup> continues through the measure of ***strengthening and standardizing the implementation of the policy in the field of the decisional transparency***. Support is also provided to increase the institutions' capacity in order to implement the provisions of this normative act, by information and training sessions for the representatives of the central and local public authorities, guidance and technical assistance, including the permanent management of the *e-consultare.gov.ro* platform. The activities related to monitoring and synthesizing the annual reports and practices represent a self-assessment tool of the efficiency, the proactive role and the degree of openness to citizens of the central and local administration. By the end of 2021, ***steps will be taken to improve the legal framework on the decisional transparency***, in order to make its application uniform and standardized at the central and local level.

In 2020, SGG supervised the process of publishing and gathering data from the annual reports of the Ministries, the Institutions of the Prefect and the County Councils on the implementation of the Law No 52/2003 during 2017-2019. A synthesis accompanied by recommendations will be published in Q2/2021. At the same time, over 3200 draft normative acts were put into public consultation through the *E-Consultation* platform. To improve the application of the legal framework in this field, the draft *GD on the approval of the Methodology on the decisional transparency in public administration* was elaborated and put in public consultation. In Q1/2021, the model and the instructions for filling in the annual reports on the implementation of the Law No 52/2003 were published on the SGG website and communicated in writing, in order to guide and standardize the practices of the central and local public authorities. Steps have been taken to gather these reports and evaluate the practices from the previous year.

From the perspective of the ***free access to information of public interest***, the aim will be to further ***strengthen and standardize the implementation of the policies*** in the field. During 2021-2022, the half-yearly monitoring and the annual assessment on the implementation of the legal framework will be ensured, together with permanent support measures to increase the capacity of the central and local authorities to provide information of public interest (e.g. training sessions for the representatives of the central and local public authorities, technical assistance, managing and extending the *ruti.gov.ro* platform).

In 2020, the monitoring process of the authorities from the central and local administration regarding the compliance with the standards of the Law No 544/2001<sup>156</sup> and the *Memorandum on increasing transparency and standardizing the disclosure of the information of public interest* showed the following situation: Ministries 77%, Subordinated Authorities 59%, Institutions of the Prefect 85%, County Councils 72%. Moreover, the synthesis of the annual reports on the implementation in 2019 of the legislation regulating the free access to information of public interest was developed and published, along with a set of conclusions and recommendations. A draft GD, which is in consultation phase, supports the initiative to amend and supplement the

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<sup>155</sup> On the decisional transparency

<sup>156</sup> On the free access to information of public interest

implementing regulations for the application of the Law No 544/2001.

The management of the **Unique Interest Groups' Transparency Register**<sup>157</sup> (RUTI) provides the framework for the civil society to register a public policy initiative or a proposal to amend a public policy, in conditions of transparency. In this context, an information guide was elaborated and published, highlighting the importance of RUTI, as well as of the principles of the Code of Conduct set out in the *Memorandum on the establishment of RUTI*. The need for the uniform and standardized practices led to the creation and dissemination to the authorities (Q1/2021) of the annual reports models related to the implementation of the Law No 544/2001.

The implementation method of the standards specific to the decisional transparency and the free access to information of public interest, including the issue of RUTI, were discussed within eight regional information sessions with the representatives of the local authorities.

**Coordinating the process of developing, implementing, and monitoring the commitments from the National Action Plan of the Open Governance Partnership (OGP)** remains in attention as well. In this context, in 2020, the *Romanian OGP National Coordination Committee* was re-operationalized<sup>158</sup>. Two monitoring rounds on the state of play of the commitments assumed by the authorities through the National Action Plan 2018-2020 took place, a self-assessment report being prepared and sent to the OGP International Support Unit. On the other hand, for the elaboration of the 2020-2022 Plan, working groups and consultations, meetings between authorities and NGOs were organized, technical assistance was provided to the ministries, etc. The Plan was developed with the civil society collaboration and approved by the Government in March 2021.

In order to get young people more familiar with the mechanisms of the open governance and to involve them in the development of the public policies with an impact at the level of the central and local administration, the *Open State* essay contest was organized within the *OpenGovWeek 2020*. The 2021 edition of the *OpenGovWeek* took place between 17-21 May and it included events of the Romanian authorities/institutions, subsumed to the OGP International' priorities.

It is worth mentioning that Romania holds the second consecutive mandate in the OGP Steering Committee until 2021; SGG ensures the participation in its regular meetings, the dissemination of the action priorities, and the communication of the need to align the public policies with the principles of the open governance.

To support the involvement of the communities of expertise in the public decision-making process, the emphasis will be placed on ***developing the capacity to identify and coordinate the Government strategies on the associative forms and increasing the capacity of the civil society to contribute to the public policy-making***. The *CONNECT* platform encourages the collaboration between the Public Administration and the Non-Governmental Sector. Thus, in 2020 a series of meetings, public consultations, etc. focused on the dialogue with the associative environment were held and the *CONNECT* platform (with 73 registered organizations), respectively the Register of the associations, foundations and federations (with 49 registered organizations) were managed. At the initiative of the civil society, inter-institutional working groups and inter-ministerial committees rendered operational, targeting topics of interest such as: refugee issues; amending and simplifying the legislative framework on establishing and managing the associations and foundations, etc. Considering the attributions of coordinating the governmental strategies on the associative forms, SGG periodically updated the single list/ register of the non-profit legal entities of public utility and the *Volunteer Promoters in Romania* Programme was organized in online format. The 2021 edition of this Programme will aim to develop working tools and Public Administration - Volunteers Partnerships, which will enhance the operational capacity of NGOs,

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<sup>157</sup> The RUTI platform includes information such as: a) No of registered stakeholders: 307 decision-makers and 239 specialized groups; b) No of meetings reported by the decision-makers in the administration: 2,615 (until 1 January 2021); c) No of training sessions on RUTI: 7 (during 2020).

<sup>158</sup> Memorandum approved by the Government in July 2020. The procedure for selecting the members of the National Coordination Committee (from the authorities and civil society) is ongoing.

for the benefit of the local communities.

Therefore, building the dialogue framework with the civil society remains at the core of concerns. According to the commitments of the *National Action Plan 2020-2022*, the [www.conect.gov.ro](http://www.conect.gov.ro) online platform will be expanded with new functionalities, the development at the ministries' level of the structures for the relationship with the associative environment will be encouraged, in order to get the capacity to collect the innovative initiatives promoted by the civil society and to carry out the practices of consultation and involvement of the citizens in the governing act in a uniform manner.

### ***Establishing a unitary legal framework for the central and local public administration***

The objective of establishing a **unitary, coherent legal framework for the central and local public administration** is approached in close correlation with the codification activity. From the perspective of the administrative reform, codification is of particular importance, providing a clear and systematic basis of the regulations in force, while contributing to the improvement/simplification of the normative acts. Moreover, approving stable codes over time is likely to increase the citizens' confidence in the continuity and sustainability of the legal regulations.

This objective is met in the project *Systematizing legislation, monitoring and assessing tools in public administration* (SIPOCA 59<sup>159</sup>), under which the **draft Code of Administrative Procedure** is to be developed. In 2020, the working methodology for the process of reviewing the legislation on the main administrative acts and contracts, the doctrine and the experience of other States regarding the Administrative Law and the Administrative Procedure was finalized; the areas of public policy/public services for which the main administrative acts and contracts will be examined within the analysis of the legislation have been identified. A first version of the comparative analysis on the doctrine and the experience in the field of the Administrative Law and the Administrative Procedure in Romania and other European countries has been made. The completion of this comparative analysis and of the report/ synthesis on the analysis of the administrative acts, operations and contracts from a legislative, doctrinal and practical perspective will take place in Q3/2021; the technical version of the draft Code will be finalized in Q4/2021.

As a framework-regulation, this tool will emphasize the procedural dimension of the public administration in terms of intra-institutional, inter-institutional issues, but also in terms of the relation with the beneficiaries of the public administration; at the same time, it will facilitate the use of a unitary terminology for the same legal realities, institutions, principles and it will reduce the risk of a differentiated interpretation.

The SIPOCA 59 project also helps to develop the **methodology for assessing the impact of implementing the quality management systems and tools in public administration**. In 2020, the preliminary analysis on the identification and development of the set of relevant indicators and the types of data that will be collected to measure the impact of implementing quality management actions, as well as the methodology regarding the impact assessment and the collection of information were elaborated. The estimated deadline for developing the Impact Assessment Report of the *Action Plan to gradually implement the Quality Management within the Public Institutions and Authorities* is Q2/2021 (a possible continuation of the Plan will be subject to the subsequent decision of CNCISCAP<sup>160</sup>).

Concerning the draft **Local Public Finances Code**<sup>161</sup>, aiming at the systematization, concentration and streamlining of the legal norms specific to this domain, in Q2/2021, the document will be subject to a new consultation process, in view of updating, with the associative

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<sup>159</sup> ESF co-financing; duration: April 2018 -October 2021

<sup>160</sup> National Committee for Coordinating the Implementation of the Strategy on Strengthening Public Administration 2014-2020

<sup>161</sup> The *Preliminary Theses of the Local Public Finances Code* were approved through GD No 285/2017.

structures of the local public administration. The adoption of the Code is envisaged by the end of 2021.

At the same time, in order to substantiate the efforts to improve and facilitate the implementation of the **Administrative Code**, its **implementation will be annually supervised**, so as to find the shortcomings of the legal framework and the difficulties of its application in the public authorities and institutions. Thus, at the beginning of 2021, the initiator of the **Administrative Code** approved a procedure to monitor the requests for points of view and to guide the implementation of this Code and developed a Monitoring Register that allows the classification of the cases by typologies and categories of problems. The conclusions will be reflected in an *Annual Report on Monitoring the Application of the Administrative Code Provisions*<sup>162</sup>.

### **Improving human resources management in the public administration**

Human resources in the public sector is one of the specific objectives of the Government's Programme, articulated around several key elements, such as: administration in the citizen's interest, unitary competency framework, professional and impartial model of recruitment in civil service, leadership, performance management, etc.

In this context, the project **Developing a Unitary Human Resources Management System within Public Administration**<sup>163</sup> (SIPOCA 136) is being implemented until July 2021, with the possibility of extending the implementation period. Among the outputs of this project there are: analyses, guides for the unitary application of the legislation in the field, model of competency framework, IT model and system for organizing the national competition, individual performance management system for different categories of human resources in the administration.

The types of data held by the Romanian public administration, as well as their degree of detail were analysed by the WB in the *Study on data requirements and access procedures*<sup>164</sup>, with recommendations for their standardization, modernization of the access procedures and protocols, etc.

The **recruitment model**, inter-institutionally approved in December 2020 (by SGG-ANFP-MMPS), proposes procedures and key-stages, structured in two phases: *national competition* and *position-based selection*. This model involves a new way to approach the strategic planning of the human resources, the adequate resources for the competency -based examination, and well-targeted advertising campaigns. According to the **Administrative Code**, the national competition is meant to be the first stage of a merit-based recruitment process<sup>165</sup>. A WB's analysis is being elaborated, with recommendations on **designing the IT system required to organize the national competition**, in accordance with the new proposed recruitment model to occupy civil service positions and starting from the existing functionalities of ANFP's internal IT system. The creation and implementation of the new administrative concept *national competition developed and piloted for junior civil service categories and another category identified, according to needs*, in the analysis stage has as deadline February 2021-December 2022 (The SIPOCA 870 Project *Transparency and competence in the public sector*).

In fact, during 2020, several deliverables relevant to the process of modernizing the civil service were approved at inter-institutional level by SGG-ANFP-MMPS: *Competency Frameworks Model for Public Administration, Report on Competencies and Types of Public Administration Positions in Romania, Elaboration of the Standardized Job Descriptions, Analysis of the International Experience*. A *Compendium of standardized job descriptions for civil service positions*, completed by WB in October 2020, presents how the job descriptions should reflect the role, core tasks, job requirements, and the general and specific competencies.

As for the **National Council for the Human Resources Development in the Public**

<sup>162</sup> In Q1/2022, a Report will be prepared for the data related to the period July 2019 - December 2021.

<sup>163</sup> Managed by SGG (as beneficiary); partners: ANFP and MMPS; technical assistance: WB

<sup>164</sup> Inter-institutional approval (SGG-ANFP-MMPS) in December 2020

<sup>165</sup> <http://www.anfp.gov.ro/R/Doc/2020/Proiecte/sipoca>

**Administration**, the supporting-documents have been finalized, including the selection procedure of the NGO representative, while the nomination process of the representatives of the institutions will be resumed. The draft Decision of the Prime Minister on setting up this advisory body will be elaborated at a later stage. The Council will have the mission to promote an appropriate institutional framework for coordinating the public policies and the actions with an impact on the human resources within the administration.

Therefore, in 2020, a number of deliverables have been finalized and endorsed at decisional level, by CNCISCAP; the next period aims at **developing analyses, recommendations and IT tools** for the procedures and stages of organizing and conducting the national competition, the integrated IT system for the management of civil service and civil servants operating at ANFP level, for a unitary civil service career management. Webinars and workshops will be also organized to disseminate the project results, supporting the implementation of the *Administrative Code's* provisions.

In Q1/2021, a series of analysis, guides with an impact on the component related to the **modern performance evaluation system in the public administration** have been made, such as: analysis of the performance management system and introduction of alternative methods and tools to assess and motivate the staff in public administration; guide for human resources departments on staff management and career development within public administration; guide on means and tools to motivate staff in public administration; analysis on the capacity of the human resources departments to implement the proposed reform measures; manual of instruments, methodologies, guides to apply the advanced models/ concepts proposed by WB.

The efforts to **amend and supplement the specific regulatory framework for the human resources field** continue this year as well, and several draft GDs are being developed/ finalized. The draft *GD for the approval of the rules on the content, competence and procedure for elaborating and approving the competence frameworks* will be completed in the second semester of 2021. The estimated deadline for its submission is December 2021. The draft *GD on rules for developing, updating and managing the National Electronic System for Registering Employment in Public Administration, as well as the specification of the necessary operations for the database* is being finalized, and its submission for approval is expected in July 2021. Another draft GD will regulate the procedure of assignment, duties, activity organization and individual performance appraisal of the ethics adviser, as well as the approval of institutions and authorities' reporting with the aim of ensuring the implementation, monitoring and control of the compliance with the principles and rules on civil servants conduct. In March 2021, the draft was sent on the inter-ministerial endorsement circuit.

Attention is also paid to supplementing the legal provisions on the **organization and functioning of ANFP**, and a draft GD in this regard will be promoted in the second semester of 2021.

**Monitoring civil servants' compliance with the rules of conduct and the enforcement of disciplinary procedures**, together with **centralizing civil servants training needs from central and local public authorities and institutions** represent other components of ANFP's activity, which will also be implemented during 2021. The results will be highlighted in the reports published on the Agency's website.

### **Professionalizing the public administration personnel**

Training of civil servants with the purpose to prepare them for a taxpayer-centred vision is part of the general objectives category of the Government's Programme regarding the *public administration* sector.

For this year, a portfolio with **professional training/ specialized training programmes** that addresses all types of personnel within public administration (prefects, sub-prefects, high-ranking civil servants, TADs secretaries, civil servants with a management position, respectively an execution position, local elected officials, etc.), as well as other interested persons is envisaged. These programmes cover, in an innovative manner, the complex topics, designed to train

competences and to develop skills for a modern public administration. The offers for 2021 are being elaborated, and they will be finalized after the approval of the grids of the professional training programmes by the Steering Council of INA (expected deadline: Q2/2021).

At the same time, the recruitment and selection process of the specialized personnel to conduct the professional and continuous training programmes will be resumed, and the supporting-materials will be adjusted to the new challenges (the digitalisation of the training process).

Through specialized programmes, INA aims to ensure, for the current year, the ***training for filling in the public dignity positions of prefect and sub-prefect***, as well as the ***Civil Service Position Corresponding to the Category of High-ranking Civil Servants***. It also envisages developing ***the necessary competences to implement a good governance*** through the top-performing Governmental organizations and to ***exercise management positions*** in public administration, including the ***TAD's Secretary-General*** position. Another strand of action in this area deals with ***improving and developing knowledge, attitudes and skills for the representatives of the local community in performing their duties***. The organization of the specialized training programmes in that regard is expected in the second half of this year.

Moreover, the ***setting-up of leadership programmes*** for the decision-makers and the executive management of the public authorities, institutions and services, as an objective set out in the ***Strategy on Professional Training for Public Administration 2016-2020***, will continue. These programmes are updated according to the requirements of the national and international strategic documents, contributing to the professionalization of the central and local administration's staff, the development of the competences and skills, in line with the demands of a successful public administration.

In 2020, 66 online free of charge professional training programmes were carried out for the central and local administration's staff (encompassing 1,200 participants and 36 trainers). These programmes covered topics of interest, such as: the personal data protection, the Administrative Code - the civil service area, the project management in the context of the programming period 2021-2027, the strategic planning in crisis situations, the public procurement, etc.

***Strengthening INA's capacity to develop studies/ analyses that impact the training system*** (SIPOCA 617<sup>166</sup>) is also a project to which attention is paid. The general objective of this project is to enhance the capacity of the stakeholders involved in the process of making the evidence-based public policy proposals related to the professional training field, as well as in the human resources strategic process, which is essential to develop a professional body of civil servants. In this context, the reports on the implementation of the Strategy on the Professional Training, the recommendations of the studies in the field were analysed and the main stakeholders were established; between December 2020 - January 2021, they participated in a series of interviews, in order to grasp the perception on the training policies in the administration sector, to define the challenges and the examples of good practice. To continue the project activities, two inter-ministerial working groups were set up (one operational and one for coordination purposes), that will meet periodically, with the WB's assistance. In Q2/2021, the elaboration of a study on the ***mentor*** position and the ***mentoring*** activity in the public administration will start, and a specialized training pilot-programme for mentors is considered.

The following results are expected subsequently to project implementation: the ***Strategy on the professional training for the public administration 2020-2027*** (project developed); two methodologies for a) monitoring, and b) evaluating and measuring the impact of the professional and specialized training; improved knowledge and skills for the mentors and the public service entry level in the public institutions.

### ***Better regulation***

In order to increase the ***quality of regulations***, the steps taken through the project ***Impact Studies***

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<sup>166</sup> Partners: SGG, ANFP; technical assistance: WB; deadline: April, 2022



*for a better regulation*<sup>167</sup>, implemented with the assistance of the WB, will continue. In 2020, under this project, a diagnostic analysis, with clear recommendations for the *operationalization of the quality of regulations control mechanism*, was elaborated and the selection process of the institutions that will carry out impact studies, likely to respond to some real problems of the society, was initiated. In addition, the first *Annual Report on the impact assessment of regulations* was prepared. The document analyses the quality of the presentation and motivation tools that accompany the draft normative acts adopted in 2019.

Moreover, in the forthcoming period, activities will be carried out under the aforementioned project on consolidating and expanding the Community of Experts in the Regulatory Impact Assessment/RIA (organizing workshops and updating an online platform). It is also planned to organize training sessions in the field of RIA for the representatives of the public administration (regarding general issues, but also on quantifying the impact of regulations), as well as to develop two impact studies, for which the topics and the responsible institutions are to be selected.

Furthermore, special attention will be paid to cutting red tape i.e. debureaucratization and administrative simplification. The activities<sup>168</sup> of the project *Zero bureaucracy* (currently in the phase of TA services procurement) aim at analysing public services with a significant bureaucratic impact on the business environment and citizens (in the second part of 2021), and at developing new methodological instruments of measurement and reduction of bureaucracy, respectively of an integrated mechanism for the administrative burden simplification, likely to facilitate the communication with the public institutions, through access to electronic procedures.

As regards the *Integrated Plan to simplify the administrative procedures applicable to citizens*, the framework monitoring mechanism<sup>169</sup> was adopted by CNCISCAP on 10 July 2020; the data needed for the elaboration of the first monitoring report was subsequently collected. This report is to be finalized by the end of May 2021.

In view of achieving the second mechanism of the Plan, *meant to assess the impact of the measures to simplify administrative procedures applicable to citizens*, the preliminary analysis on establishing the set of relevant impact indicators and the preparation of the methodology for data collection/ interpretation was initiated. In addition, steps have been taken to establish an IT platform that will make it easier to collect the evaluation data and corroborate them with the data obtained from monitoring. Thus, the service agreement was signed in October 2020, the business analysis was finalized in February 2021, and the launch of this platform is expected for Q3/2021.

Given the epidemiological context, a series of events dedicated to the identification and discussion/ validation of the indicators and methodology envisaged for 2020 had been postponed, and they held in March 2021. The evaluation component was also affected by the delays in the drafting of the monitoring report, which includes a section on redefining and explaining the progress and outcome indicators. Consequently, the estimated deadline for achieving the mechanism to assess the impact of the simplification measures has been extended until the Q3/2021, and the one for the elaboration of the first annual evaluation report until the Q4/2021.

### **Territorial development**

The *Strategy of Territorial Development of Romania* (SDTR) - a programmatic document which sets out development objectives, measures, actions and concrete projects at territorial level - is under parliamentary adoption procedure<sup>170</sup>. The starting of the approval process of the drafts of

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<sup>167</sup> SIPOCA 603

<sup>168</sup> SIPOCA 399

<sup>169</sup> Outcome of the project SIPOCA 59

<sup>170</sup> The strategy was retransmitted on 11 November 2018 by the Plenum of the Chamber of Deputies (the decision-making chamber) to the *Committee for Public Administration and Spatial Planning*.

the *GDs*<sup>171</sup> needed for the implementation of SDTR and the draft law for developing the metropolitan areas will be possible only after promoting the draft law for the approval of SDTR.

In order to achieve the development objectives of the New Urban Agenda assumed by Romania, the implementation of the project *Elaboration of the urban public policy as a tool for strengthening the administrative capacity and strategic planning of urban areas in Romania*<sup>172</sup>, started in September 2021. The following areas are being covered: social, economic, infrastructure, environment and territorial governance.

With a total value of 20 million lei and an implementation period of 24 months, the project aims at the elaboration of the *Urban Policy of Romania*, as an instrument for the consolidation of the administrative capacity and the strategic planning of the cities of Romania, through: the substantiation of the normative, investment and financial framework and the mind-set change regarding the urban development process. In this regard, during 2020, some progress has been made: conducting consultations with relevant actors at central and local level; creating the website *citadini.ro*; carrying out analyses of relevant framework documents at global and European level on urban and territorial development at local level, as well as of strategic, legislative and planning documents for the sectoral areas with an impact on urban development; elaborating the Urban Barometer<sup>173</sup>; initiating the drafting of the urban development strategies for the Municipalities of Craiova, Suceava, Simeria and Targu-Secuiesc (estimated deadline in June 2021); setting up the *Coordination Committee for the elaboration and implementation of the Urban Policy of Romania*, as part of the collaboration platform for urban development. The deliverable<sup>174</sup> on the Urban Policy 2020-2035, the corresponding action plan and the accompanying documents, was received in Q1/2021. The first meeting of the *Technical Group with advisory role* took place on 10 March 2021, and the second one<sup>175</sup> on 26 March 2021.

Based on the results of the projects SIPOCA 50 and SIPOCA 711, promoting the draft *Law on reviewing the Plan on the National Spatial Planning, Section IV - Localities network* is expected to be resumed.

### **Improving housing conditions**

For an integrated approach of the multiple and complex problems of the housing field, the draft normative act on the *National Housing Strategy* is to be completed considering the latest legislative and institutional changes. In order to regulate the technical and legal aspects of housing construction and use, the draft new *Housing Law*<sup>176</sup> will be promoted after the adoption of the *National Housing Strategy*, respecting both its purpose and objectives.

In order to *strengthen the strategic planning capacity of the ministry in renovating national building stock from the perspective of energy efficiency and seismic risks*, the project<sup>177</sup> aiming at the building stock safety under seismic action and improving efficiency of the funding programmes for intervention (consolidation) works on the existing buildings is under implementation.

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<sup>171</sup> 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*.

<sup>172</sup> SIPOCA 711

<sup>173</sup> As a tool for monitoring the urban development at national level, which includes data collected from the inhabitants of urban areas and in which are expressed the main needs to be met by the public administrations at central and local level.

<sup>174</sup> Corresponding to the activity no 3

<sup>175</sup> With the participation of experts from the OECD and other European countries

<sup>176</sup> Draft resulting from the major revision of the *Housing Law No 114/1996*

<sup>177</sup> SIPOCA 606, project put into practice by MDLPA in partnership with the National Institute for Research and Development in Constructions, Urban Planning and Sustainable Spatial Development - URBAN-INCERC and with the support of the WB.

Through this project, with an implementation length of 36 months (23 May 2019 - 23 May 2022) and a budget of 10,57 billion lei, the issues related to buildings energetic efficiency and seismic risks are addressed in an integrated manner, on two components: ensuring the strategic framework on the renovation of the national stock of residential and non-residential buildings, respectively ensuring the public policy framework for streamlining the national programs managed by the central and local government in the field of the seismic risk. In this context, the preliminary version of the *National Seismic Risk Reduction Strategy* (NSRRS) - document that targets all types of vulnerable buildings (public and private, residential and non-residential) - was developed. For the implementation of NSRRS, an action plan will be drafted, with specific objectives in the short, medium and long term (2030, 2040 and 2050), but also with corrective actions to solve the problems identified in the field of seismic risk for buildings. In the implementation process, the correlation of the measures provided in NSRRS with those of the *National Long-Term Renovation Strategy* will be ensured.

In the first draft NSRRS, the main objectives and strands have been established, and the steps for the substantiation of the measures to organize the implementation and monitoring processes, the communication strategy, the budgetary implications, respectively the financial options to support the mobilization of investments to increase the resilience of the building stock to seismic actions will be continued.

Complementary to the aforementioned steps, the development of some sectoral investment programmes aimed at seismic consolidation of public and private buildings is foreseen, as well as the establishment of transparent prioritization criteria, clear definition of responsibilities and the application of data management tools, the simplification of stages of the approval and implementation process, the correlation with other programs and strategies. Moreover, a monitoring mechanism of the related indicators and of the progress in implementing the national strategy for the reduction of the seismic risk and the investment programs is under way. The following support activities are being envisaged: stepping up action to prepare and inform the population, training the authorities responsible for managing the emergency situations generated by earthquake, and elaborating the communication strategies for each target-group in view of establishing common measures to ensure the development and implementation of the objectives associated to the management of the seismic risk.

### ***Continuing the reform of the public procurement system***

In the next period, the authorities will focus their efforts **on increasing the transparency and efficiency of the public procurement system**, but also on ensuring full and sustainable implementation of the related national strategy.

The implementation of the project *Support in the implementation of the National Strategy on Public Procurement by strengthening the administrative capacity of ANAP and the contracting authorities (SIPOCA 625)*, respectively of the activities aimed to improve the transparency and efficiency of the public procurement, increase the administrative capacity of the contracting authorities, and continue the ex-ante control reform, will proceed.

In order to improve the transparency and efficiency of public procurement<sup>178</sup>, an assessment of the public procurement system and the impact of implementation of the national strategy in the field was carried out. The WB collected the necessary data and, on this basis, drafted a report comprising the evaluation of the public procurement system in Romania. After the approval of the report, *the identification of the strands to improve the public procurement system* will be initiated. As regards the *development of a two-module electronic application* (for the legislative screening by ANAP and for ensuring the transparency of the draft normative acts/ instruments initiated by ANAP), the feasibility study for the IT application and a presentation of the prototype of the legislative screening module were elaborated. Considering that at national level there is no governmental cloud policy, the WB is analysing an alternative to make possible the

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<sup>178</sup> Implemented through the SIPOCA 625 project, Activities No 3, 4 and 9  
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operationalization of these modules for ANAP.

Moreover, measures for **strengthening the administrative capacity of the contracting authorities** will continue to be applied with a focus on professionalization and integrity aspects. In order to **professionalize the persons responsible for conducting public procurement**<sup>179</sup>, in the period 2019-2020 the competency frameworks for two public positions<sup>180</sup> were developed and the necessary documents were developed for the revision of the occupational standard for the occupation of *public procurement expert*. At the same time, a first version of the *Study on the introduction of the function of acquirer as a profession and of a reward system* was elaborated, its completion being estimated for Q2/2021.

In order to **support 160 contracting authorities in view of streamlining the public procurement process and uniformly applying the rules and procedures in the field of public procurement**, 97 protocols were concluded with the contracting authorities and 51 workshops were held - with the WB team - on conducting the procedure, evaluation and contract award. The recommendations of the WB experts and the measures put into practice by the contracting authorities were analysed and a presentation and information video<sup>181</sup> and a simplified questionnaire for these authorities were produced. Following the analysis of the questionnaire replies, the support provided to the contracting authorities will be adapted to better meet their needs.

For **carrying out the training and professional development programmes**, the support of the WB was requested; to this end, the first version of the *Report on the analysis of the training and professional development needs of the personnel responsible for public procurement in contracting authorities and entities* was drafted and submitted to ANAP at the end of 2020. The actual implementation of this activity will be initiated after the modification of the funding request through an additional act providing for the development of programmes in full online.

For the **establishment of at least two centralized pilot units for centralized procurement at local level**<sup>182</sup>, the *Working Party on Public Procurement (GLAP)*<sup>183</sup> was established. The terms of reference developed by the EIB for the selection of consultants and third-party experts were revised and working meetings were held between ANAP and the BEI experts contracted in view of implementing the activities related to PASSA Agreement; also, the first stage of analysis and classification of the SEAP data by regions/ counties, etc. is under completion. Moreover, the *Communication Plan for configuring centralized procurement units at local level* was elaborated, as well as the methodology with tangible indicators regarding the classification of the counties in which the centralized procurement units at local level are to be configured.

For the **continuation of the ex-ante control reform with the aim of strengthening the ANAP capacity of performing sectoral checks**<sup>184</sup>, a series of documents have been prepared (opinions, guidelines or studies) on certain sectoral and public procurement issues encountered in the ex-ante control activity<sup>185</sup>. The activity of preparing various opinions, guidelines or studies is being complemented by the continuous on-the-job assistance activity, upon request, depending of the various specific situations faced by the ex-ante control and which may generally have a punctual character by reference to specific award procedures. The EIB consultants - i.e. the third party which will provide assistance to the ex-ante control staff for a period of 24 months - were also

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<sup>179</sup> Implemented through the SIPOCA 625 project, Activities No 5, 7 and 11

<sup>180</sup> The public position of *public procurement advisor* and the *public position of public procurement system advisor* were introduced by *GEO No 57/2019 on the Administrative Code*.

<sup>181</sup> Available on the website of ANAP

<sup>182</sup> Measure supported by the SIPOCA 625 project, Activity No 6 (*Configuring centralized procurement units at local level*)

<sup>183</sup> GLAP consists of representatives from ANAP, MDLPA and associative structures of the local administration. So far, GLAP has met three times, and its internal regulation was approved by the Order of the ANAP President No 2661.

<sup>184</sup> The measure is achieved through the SIPOCA 625 project, Activity No 8 (*Providing support in order to carry out the ex-ante control*)

<sup>185</sup> According to the approved *Global Plan for the Preparation of Opinions, Guidelines or Studies*.

contracted at EIB level. At the same time, the sampling methodology was updated and the sampling tool (dedicated IT software) was developed.

*GEO No 114/2020 on amending and supplementing some normative acts with impact in the field of public procurement* has also modified the provisions of the *GEO No 98/2017 on the ex-ante control function of the award process of public procurement contracts/framework agreements, sectoral contracts/ framework agreements and works concession and service concession contracts*. The main amendments brought are as follows:

- Elimination of voluntary ex-ante control, control which is no longer carried out at the request of the contracting authorities, but by ANAP, selectively, in view of checking compliance with the applicable legal provisions in the field of public/ sectoral procurement/ concessions, in terms of regularity and quality, based on checklists;
- Performing of ex-ante control on a sample of up to 10% of the total public procurement procedures, as against the initial sample of 5%;
- Full digitalisation of ex-ante control, which takes place in all its phases by electronic means, without the need to displace the ANAP staff designated for this purpose to the headquarters of the contracting authority<sup>186</sup>;
- Ex-ante control shall focus on contracts that fall into the highest risk categories;
- Streamlining the ex-ante control, with a single ANAP intervention in each stage that is subject to control, by issuing the assent, which is performed through SEAP etc.

**Ensuring the quality of the centralized public procurement process and implementing methods to simplify and efficiently manage this process** are being achieved through the project *Development and implementation of integrated electronic mechanisms for the development and monitoring of centralized procurement* (SIPOCA 753), with a total budget of 49.99 million lei and an implementation timeframe of 36 months. Under this project, four inter-institutional working groups were set up: three for the centralized procurement of services and products<sup>187</sup> and one for the centralized procurement of medical products and services for the entities within the *National System of emergency healthcare and qualified first aid*<sup>188</sup>. On 2 December 2020, ONAC endorsed a report<sup>189</sup> of the WB experts regarding the *Recommendations to modify the existing legislative framework in order to extend the mandate of ONAC and MAI-DSU for the centralized procurement of medical products and services for the entities within SNAMUPAC*<sup>190</sup>. *The Substantiation Note for amending and supplementing GEO No 46/2018 on the establishment, organization and functioning of ONAC and the GD No 119/2019 for the approval of the implementing regulation for the application of the provisions of GEO No 46/2018 on the establishment, organization and functioning of ONAC and for amending the Annex No 1 of the GD No 502/2018*, as well as the proposed legislative amendments are going to be presented to MF in order to be submitted on the endorsement circuit. *The practical guidelines to avoid potential blockages that may occur in the conduct of centralized procurement procedures will be developed by the CNSC experts* (foreseen deadline: Q4/2021).

On 14 October 2020, ONAC and EIB signed the PASSA Agreement, which provides, inter alia, for support granted by BEY for the implementation of *five centralized procurement procedures* through pilot projects. In December 2020, the EIB team completed the evaluation of the offers related to the hiring of third-party experts for consulting services in the areas of the centralized

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<sup>186</sup> Except where the award procedures are not carried out by electronic means.

<sup>187</sup> Mobile telephony, fuel and furniture services

<sup>188</sup> Working group organized on 26 November 2020 on the proposals to extend the mandate of ONAC and attended by representatives of ONAC, MAI-DSU, MS, EAU within hospitals, SMURD and WB.

<sup>189</sup> *Report on the existing regulations in the field of public procurement of medical products in Romania, the regulations on centralized public procurement in Romania and the EU regulations on public procurement of medical products and recommendations for amending the regulations in Romania*

<sup>190</sup> County ambulance services, Bucharest-Ilfov ambulance service, UPU and CPU within the emergency hospitals, SMURD

public procurement for products and services from the categories stipulated in art. 3 of the Implementing regulation for the application of the provisions of GEO No 46/2018<sup>191</sup>. On 15 February 2021, the initialization meeting with the third party took place, and starting with 17 March 2021, the activities for the preparation of the centralized procurement procedures for stationery and office supply and the provision of mobile telephony services were initiated. As a result of the *Analysis of the vocational training needs*, the *Vocational Training Plan* of ONAC, CNSC and MAI - DSU, and IGSU was elaborated; also, between May 2021 and September 2022 nine training sessions for 180 people will be held.

As regards the **centralized procurement procedures in the medical field**, the effect of the pandemic and the involvement of ONAC and DSU in the acquisitions which stipulate the provision of emergency medical stocks have resulted in slowing down the legislative process to extend the mandate of ONAC and DSU, leading to postponement for Q2/2021. In November 2020, the WB experts developed the tender specifications and technical data for the purchase of 124 batches of medical products.

In order to cover the needs of emergency medical stock products, to contribute to the management of COVID-19 infections, the Government of Romania adopted GEO No 11/2020, approved by Law 20/2020, by which ONAC was designated as an institution authorized to organize and carry out award procedures, as a matter of urgency, for the purpose of concluding framework agreements. By 31 March 2021, ONAC concluded over 60 framework agreements.

In March 2020, the Government adopted the Memorandum on the *Approval of Romania's Participation in the Development of a European Medical Countermeasure Reserve for Intensive Care Medical Equipment and Personal Protective Equipment for Combating Serious Cross-Border Health Threats*, by which necessary measures were established for the implementation of the Grant agreement - RescEU - COVID19-RO approved by the EC. According to its provisions, ONAC concluded a framework agreement for the supply of medical ventilators and three framework agreements for the provision of FFP2/N95 masks.

Regarding the *digitalisation of ONAC*, according to the agreement<sup>192</sup> signed on 23 September 2020, ONAC receives assistance from the WB in conducting a business analysis and an IT strategy, in elaborating the technical specifications for the development of the electronic system for centralized procurement and for the necessary hardware equipment, as well in monitoring the procurement contracts for software development and hardware supply. Last November, the WB initiated the elaboration of the business analysis and the IT strategy for the development of the electronic system for centralized procurement that will be managed by ONAC, which is expected to be finalized in the Q2/2021. Through this system, the planning steps of the centralized procurement and the monitoring stages of the centralized framework agreements and of subsequent contracts concluded by users will be digitized and the centralized public procurement process will be carried out by electronic means (the organization phase of the award procedure will be done by SEAP). In February 2021, the WB started the elaboration of the technical specifications for the procurement of hardware and the related software, as well as for the procurement of services for the development of the centralized procurement platform.

### ***Other actions to support the functioning of the administration***

In the **Justice** field, the objectives of the *Government's Programme 2020-2024* aim to promote an independent, efficient and accessible justice, which defends the fundamental rights of the citizens, the general interest of society and the democracy through the rule of law. To this end, the aim is to strengthen the role of justice as an independent power, so as to ensure the irreversible and sustainable alignment to the European standards, by actions/ steps such as: *the Institutional Consolidation of the Judiciary, the Optimization of the Judicial Maps, the*

<sup>191</sup> Available at: <http://www.monitoruljuridic.ro/act/norme-metodologice-din-27-februarie-2019-de-aplicare-a-prevederilor-ordonan-ei-de-urgen-a-guvernului-nr-46-2018-nbsp-privind-nfiin-area-organizarea-i-func-ionarea-oficiului-na-ional-pentru-achizi-ii-centralizate-211683.html>

<sup>192</sup> RAS Agreement - *Support for the digitization of ONAC*

*Digitalisation Strategy, the National Strategy on the Criminal Assets Recovery 2021-2025, the elaboration and approval of a new Anti-Corruption Strategy 2021-2025, the National Strategy for Social Reintegration of Persons Deprived of Liberty 2020-2024.*

Amid the steps of **monitoring the implementation of the objectives of SNA 2016-2020**, the central public institutions, the independent authorities and the anti-corruption bodies participated in the SNA platform meetings and the *peer review* mechanism and submitted regular reports to the Technical Secretariat of SNA. The two meeting rounds of the cooperation platforms<sup>193</sup> addressed a wide range of topics, which included, inter alia, the presentation of the *2019 National Report on the implementation of SNA 2016-2020*; the approval of the reports related to the thematic evaluation missions in 2019; the state of play of the measures regarding the external evaluation of SNA 2016-2020; the preparation of the transition to the future anti-corruption strategic document; the transposition of the *Directive (EU) 2019/1937 of the EP and of the Council on the protection of persons who report breaches of Union law*, etc.

The *2020 Report on the implementation of SNA 2016-2020* will be presented at the last meeting of the cooperation platforms related to the 2016-2020 cycle, scheduled for the first semester of 2021. The annual reports developed by the SNA Technical Secretariat are an aggregation of all information transmitted by the institutions, from the perspective of the actions taken to implement the objectives of this Strategy.

In April 2021, the **ex-post evaluation of the SNA 2016-2020 impact** started, this measure being supported by the *Norwegian Financial Mechanism*. According to the project proposal, an audit report that will assess the impact of the Strategy, find the best practices, but also the shortcomings in the implementation process, is scheduled for May-July 2021. Through its proposals and recommendations, the document will form the basis for the future public policy on the fight against corruption.

Thus, for the **elaboration of SNA 2021-2025**, the approach of the last two strategies on the extended consultation process and the monitoring mechanism will be maintained. At the same time, bilateral meetings with the representatives of the public institutions and authorities, as well as of the private sector are organized, in order to establish the components of this document, starting from the current developments and trends in promoting integrity and preventing corruption.

As for the **Technical Secretariat of SNA 2016-2020, enhancing the administrative capacity** of this structure was the subject of an ESF-funded project (SIPOCA 62), completed in March 2021. In this context, the comparative law study *Evaluating the legislation on the institution of whistleblowing and on the post-employment bans*, the criminological study on the causes and determinants of the corruption deeds, the sociological research regarding the perception on the degree of integrity in the public institutions from the central administration were carried out. The project mainly aimed to develop working tools by the Technical Secretariat of SNA in order to increase the administrative capacity of the central public institutions to prevent and mitigate corruption, conducting a public information and awareness campaign to upscale the preventing corruption degree, including training sessions on anti-corruption education (e.g. in February 2021, ten sessions on the professional ethics and integrity, with over 500 participants from eight ministries, central and decentralized structures were held).

From the perspective of **elaborating the Integrity Plans of the Public Enterprises**<sup>194</sup>, the intention is to maintain the **process monitoring component** under SNA 2021-2025, given the importance of promoting transparency, ethics and integrity. Furthermore, the MJ-AmCham project designed to strengthen the integrity within public enterprises will continue amid the implementation of the next Anti-Corruption Strategy. The online meetings held in 2020 promoted, in particular, the *OECD Anti-Corruption and Integrity Guide for Public Enterprises*, as well as the

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<sup>193</sup> 26 May-2 June, 2020: the first round of online consultations; December, 2020: the second round

<sup>194</sup> 73 Integrity Plans submitted to the SNA Technical Secretariat by 31 December, 2020

*New AmCham Guide on Implementing a Corruption Risk Control and Management System*; the organizational integrity, as an effective response to overcoming the consequences of the COVID-19 pandemic etc.

The objective to improve the activity of finding, sanctioning and preventing the cases of incompatibilities, conflicts of interest and unjustified assets remains in the attention of the authorities. In this regard, the implementation of the measure ***further assessment of the assets and interests, the incompatibilities and conflicts of interest*** will continue along with ***ensuring an effective follow-up of the ANI cases that are pending before the courts or the disciplinary commissions***. In 2020, ANI completed over 1,100 cases and applied 204 fines. During the reported period, 127 incompatibilities, 45 conflicts of administrative interests, three unjustified assets became final and irrevocable. At the beginning of 2021, the *procedure for remote submitting the asset and interests declarations* was also regulated<sup>195</sup>. In Q1/2021, the *Electronic Asset and Interests Declaration System* (e-DAI platform) was finalized; it was launched in May, after the security vulnerabilities testing phase, which simplifies the completing and submitting procedures. Starting with 2022, these declarations will be submitted exclusively online.

During this year, ANI intends to start, complementary to these actions, a ***comprehensive analysis on the effectiveness of the integrity legislation***. This necessity is based on the reality according to which the entire integrity legislative package is fragmented and uncorrelated, sometimes lacking in clarity, these issues being raised in the EC Reports on CVM and Rule of Law. ANI's intention is to translate the analysis in a series of *lege ferenda* recommendations/ proposals to improve and make the integrity legislative framework more effective.

Progress has been made in ***strengthening the cooperation with the OECD Working Group on Bribery***; in February 2021, interviews were held to provide the OECD experts with new data on the legislation regarding the bribery of the foreign public officials in the international business transactions. In the first semester of 2021, the OECD Secretariat is expected to prepare an analytical Report on the compliance of the national legislation with the standards of the OECD Convention on Combating Bribery. In the second semester of 2021, the conclusions of this Report will be discussed with the relevant institutions in Romania, within a technical meeting. The TA Project on this subject, where Romania is represented by MJ, will be completed by the end of 2021.

Overall, the allocation of the non-reimbursable funds for the *Justice* field through the *Norwegian Financial Mechanism 2014-2021*, respectively ACOP has allowed the financing of a significant number of measures, designed to contribute to the institutional strengthening of the judiciary, promoting integrity, transparency, improving the quality of the justice, but also of the detention conditions in prisons. An example in this sense is the *Justice Programme*<sup>196</sup> that is implemented through ten projects (six contracts are signed, the remaining being scheduled for execution in Q2/2021). At the same time, the implementation of several financial projects under ACOP continues until the end of 2023, such as: the *Functional Review* and the *Post-2020 Strategy for the Development of the Judiciary* (the contract is to be signed in Q2/2021).

Moreover, MJ is or has been a partner in projects such as: *Effective mechanisms for administrative control and prevention of corruption*, finalized in 2020 (beneficiary: SGG; outputs: Study on the system of the administrative sanctions and its implementation - Report on the quantitative and qualitative data analysis); *Transparency, accessibility and legal education by improving public communication at the level of the judiciary* (beneficiary: CSM; achieved outputs of interest to MJ: Survey on the public perception, the litigants and the legal professionals' perception regarding the judiciary/the act of justice; Analysis on the causes of the level of perception on three levels; Analysis of the main sources of information/communication channels that generate the perception).

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<sup>195</sup> Published in OJ on 8 January 2021.

<sup>196</sup> In partnership with MJ from Norway; approx. 53 million euro



As for the *implementation of the SNA 2016-2020 by the local public administration*, a series of actions with relevance for increasing transparency in the institutions and consolidating integrity were completed (e.g. *boosting the implementation of the measures to prevent corruption, raising awareness on the corruption effects at the staff level from the local administration, improving the knowledge and skills of the local authorities' staff in order to prevent corruption*).

In 2020, 75 TADs (cities and communes) received direct assistance, and another 125 TADs received indirect assistance for the implementation of the actions to prevent corruption. The project *Strengthening the integrity systems - the best strategy to prevent corruption in public administration* (SIPOCA 61) ended in December 2020; the message of the campaign *I chose the integrity!* was received by over 1,300 local elected officials, civil servants, contract staff. The best projects adopted or implemented by the local authorities were awarded within the second edition of the competition *Integrity Champions Network in the Local Administration*. The 2020 edition of the *Integrity Index in the Local Public Administration* was also developed.

To *improve the knowledge and skills of the local authorities' staff with the purpose to prevent corruption*, eight training sessions on the integrity field were held online, with ANI's support, attended by over 600 representatives of the local authorities.

The *2019 Monitoring Report (M4) on the implementation of SNA 2016-2020 at local administration level* indicates a significantly increased adherence to the values of this Strategy compared to the previous strategic cycle, i.e. from 16.17% to 53.28%. The Report recommends, *inter alia*, further efforts to be made to promote the preventive anticorruption measures and to support the authorities from the local administration in the implementation process. The Monitoring Report (M5) for 2020 will be finalized by July 2021. At the same time, the development of the 2021 edition of the *Integrity Index in the Local Public Administration* is envisaged.

In the medium term, as part of its commitment to continue the anticorruption efforts, MDLPA will support the authorities of the local public administration to implement the SNA guiding principles, in order to strengthen the integrity and increase the degree of institutional transparency.

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

**[Strengthening administrative capacity and other governmental measures in NRRP:](#)**

**[Pillar V. Health and economic, social and institutional resilience, Component 14. Public sector reform, increasing the efficiency of justice and strengthening the capacity of social partners](#)**

**[Pillar I. Green transition, Component 5. Renovation Wave Fund](#)**

**[Pillar II. Digital transformation, Component 7. Government cloud and digital public systems](#)**

**[Pillar III. Smart, sustainable and inclusive growth, Component 9. Support for the private sector, research, development and innovation](#)**

**[Pillar IV. Social and territorial cohesion, Component 10. Local fund for green and digital transition](#)**

### 3.8. Education and skills

#### Key directions:

- ✓ Developing and expanding early childhood education and care services
- ✓ Increasing the quality of education and skills, including digital and green skills
- ✓ Strengthening vocational education and training, including dual education
- ✓ Improving the educational infrastructure by creating “green” and modern schools
- ✓ Updating and matching the pre-university and university curriculum to labour market needs
- ✓ Preventing and combating early school leaving and university dropout
- ✓ Fostering the inclusive approach in education by supporting rural pupils and students, disadvantaged groups and non-traditional students
- ✓ Creating and developing an open and accessible lifelong learning framework

#### *Developing and expanding early childhood education and care*

The Ministry of Education (MEd) continues to implement actions and programmes that will ensure, from a legislative standpoint, the organization and functioning of ECEC as integrated services to gradually become universal. In that regard, the document *Organisational and operational rules and regulation of preschool education* which was already developed will be supplemented with information on early preschool education contained in the documents to be developed in 2021, within the non-competitive project *Inclusive and quality early education* (ETIC). The estimated term for approving the document aforementioned is Q4/2021.

In March 2020, the *National Support Committee for Early Education* (CNSET) was established; in Q1/2021 it developed and approved the document *Diagnosis and forecast regarding the organization and operating of quality services in the field of early education in Romania and to support implementation thereof*. This document will be a starting point in shaping macro level policies in ECEC and, implicitly, a basis for the revision and approximation of legislation in this field, which will be achieved through several ministerial orders, as follows:

- a) Draft joint ministerial order (MEd, MS, MDLPA, MMPS) for the development of a consistent institutional framework and quality assurance at ECEC level, including by providing an inter-institutional monitoring system of pre-school early childhood education services (deadline: Q3/2021);
- b) Draft joint ministerial order approving a set of procedures and job descriptions for pre-school early education staff (deadline: Q4/2021);
- c) Draft ministerial order regarding the recognition of the skills acquired by the teaching staff in preschool education to allow them to teach in ECEC and on the promotion of flexible (initial and/or continuous) training routes - (deadline: Q4/2021).

In the period October 2020 - February 2021, within the ETIC project, in the working meetings of CNSET, the following documents were approved: *The analysis report of the current organisational and operational framework of early education and on good practices in this area; The SWOT analysis of educational, medical and social services provided in nurseries and kindergartens in Romania over the past three years for children aged under 3 and their families; The Framework document for diagnosis and forecast on the organization and operating of quality services in early education in Romania and to supporting their implementation*. Most of the information based on which the above-mentioned documents were drawn up was collected during eight regional

debates.<sup>197</sup>

Between November 2020 and February 2021, through the ETIC project, 223 mentors for early education were trained, and between January 2021 and March 2021, 94 experts in curriculum development were trained by the three partner universities<sup>198</sup> involved in the project. Of the 223 mentors trained, the partner universities selected 30 mentors who are to be deal with the cascade training of 2,283 teachers activating in preschool education (50 teachers/ county), who will work with children aged 2 to 3 enrolled in kindergartens. Moreover, through the same project, 2,600 teachers in early preschool education are being trained in the period 12 August 2019 - 11 August 2021.

Through the projects within the project call *Development of early pre-school education services* (allocation of 168 million euro<sup>199</sup>), projects will be financed to increase the participation rates in early pre-school education of children aged 0 to 2, by setting up nursery groups. The implementation of the 36 selected projects started in January 2021 and will be completed in Q4/2023. Each project targets a minimum group of 52 beneficiary pre-schoolers, the 1,872 children being granted support.

The steps for completion and endorsement of the draft *National Strategy for Early Education* have been abandoned as some elements of the strategy have been included in the ETIC project while other components will be taken over in public education policies to be implemented in the timeframe 2021-2027, based on the *Educated Romania* project.

### ***Increasing the quality of education and skills, including digital and green skills***

***Amid the COVID-19 pandemic***, in order to help closing the achievement gaps and to support the design of teaching activities in the school year 2020-2021, implementing regulation on school subjects were developed and made available online<sup>200</sup>. The Education Research Unit<sup>201</sup> prepared the research report *Distance Learning. Research on the educational activities carried out in Romania, during the suspension of face-to-face learning*. This study aimed at finding respondents' perceptions and opinions on the access, conduct, and attendance in distance learning activities, support needs and priority areas for intervention by central and local authorities, as well as proposals to increase the efficiency of the organization of the distance learning<sup>202</sup>. In 2021, a new evaluative research on distance learning will be conducted, focusing on: finding learning access related inequities/ inequalities; studying learning related aspects in case of students from disadvantaged communities; benefits of distance learning; the psycho-emotional impact of distance learning. It is estimated that this new evaluative research will be completed in Q4/2021.

In order to ***increase the quality of pre-university education***, for a complete configuration of a data collection and processing mechanism by MEd, the Human Resources module was developed within the *Integrated Information System of Education in Romania* (SIIR); SIIR has also been set up to collect data on students' and teachers' access to Internet-connected devices, as well as to collect data on face-to-face learning suspension timeframes. SIIR benefits from new attributes

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<sup>197</sup> The debates were organized in Bucharest, Constanta, Pitesti, Brasov, Arad, Bistrita, Suceava and Buzau between November 2019 and January 2021, with the participation of stakeholders from public institutions and bodies with responsibilities in the field of early preschool education, as follows : MMPS, ANPDCA, MS, DSP, MLPDA, MEd-ISE-ARACIP, School County/Bucharest Inspectorates, Bucharest/ County Centres for Resources and Educational Assistance, Teaching-Staff Resource Centres Houses, representatives of Psychology and Educational Sciences faculties, representatives of high schools and pedagogical high-schools, and of educational establishments that train kindergarten teachers and childcare workers, as well as professional associations and/ or national and international NGOs with relevant experience in the field, as well as teachers in early education, parents, etc.

<sup>198</sup> University of Pitesti, "Aurel Vlaicu" University of Arad and "Stefan cel Mare" University of Suceava

<sup>199</sup> Of which 149 million euro is the allocation for the less developed regions and 19 million euro are allocated for the Bucharest-Ilfov Development Region.

<sup>200</sup> See the online platform available at: <http://educatiaccontinua.edu.ro>

<sup>201</sup> The former Institute of Education Sciences: [www.ise.ro](http://www.ise.ro)

<sup>202</sup> The study is available at: <http://www.ise.ro/scoala-la-distanta-in-perioada-pandemiei-covid-19>

related to students<sup>203</sup>. Currently, the *Financial Data* module of SIIIR is being tested in 16 counties and is to be applied, at national level, by the end of Q4/2021, following the training of its future users.

In order to improve the management tools of quality education, the *Institutional evaluation methodology for the authorization, accreditation and regular evaluation of the educational organizations* was approved<sup>204</sup>. The updated standards for authorization, accreditation and regular external evaluation in pre-university education<sup>205</sup> were also approved<sup>206</sup>.

Under the new legislation, internal and external evaluation of the quality of education will focus on key factors that improve school attendance, learning outcomes and the well-being of the child/young person, as well as on the capacity of teachers, school managers and the community in relation to the above factors, but also on the communication and cooperation with all stakeholders, equity in education provision, combating discrimination, school segregation and bullying, and the promotion of social inclusion and interculturality.

As a result of the COVID-19 pandemic, in 2021, ARACIP proposed to resume the steps (temporarily suspended) for concluding a new service agreement in order to carry out periodic external evaluation activities as of Q2/2021, for a number of approx. 176 state pre-university educational establishments, which fall under the art. 40 of GEO No 75/2005 on ensuring the quality of education<sup>207</sup>, and which have not been subjects to regular external evaluation. Depending on the financial resources available to MEd and the evolution of the pandemic, the number of such establishments scheduled for evaluation may vary, and their external evaluation will be carried out online and by mail.

The project *Professionalization of teaching career - PROF*, being implemented between March 2021 - December 2023, allocated budget of 28 million euro (135.73 million lei, of which non-reimbursable financial assistance 120.15 million lei) aims to develop a reliable institutional framework for professionalizing the teaching career, which should regulate both the start and the evolution of the teaching career in the pre-university education system by elaborating/ revising/ developing mechanisms, standards, tools and procedures aimed at training and developing the teaching skills required to get a teacher tenure and by establishing or restructuring (self)regulation, evaluation and certification bodies/institutions in the field of teaching career. The new system, based on the professionalization of the teaching career in pre-university education, will bring together the classic professionalization routes - access, evolution in career and professional development - and alternative routes, while providing, based on training standards, the recognition and equivalence of training outcomes obtained by teachers in various - formal and non-formal, theoretical and practical - training contexts. The PROF project targets all teachers, focusing on the practical component of the pedagogical process and the digitalisation in the teaching, learning & assessment process, by ensuring the quality of teaching, including in the virtual learning system, and by creating a clear, explicit, well-regulated complementarities between the face-to-face and the virtual learning systems.

Through this project, 100 Pedagogical Practice Bases (BPP) will be built - school consortia coordinated by an training school, where the teacher will benefit, upon entering the system and throughout his teaching career, from counselling and guidance, by a mentor professor/professor (80 university professors and about 1,000 pre-university teachers will be involved).

Regarding *the development and integration of the information system in education and*

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<sup>203</sup> Students enrolled in children's clubs, school sports clubs, Arts schools, homeschooled, hospitalized, or students enrolled in boarding schools

<sup>204</sup> GD No 993/2020

<sup>205</sup> The new external evaluation methodology entered into force as of 10.12.2020, and the authorization standards for the provisional operation, accreditation and regular external evaluation in pre-university education will enter into force starting with the school year 2021-2022.

<sup>206</sup> GD No 994/2020

<sup>207</sup> Approved by the Law No 87/2006, with subsequent amendments and completions

**research**, web services were developed for the individual transfer of data uploaded to the Integrated Educational Register (REI), in the *Students, Graduates and Labour Market (SAPM)* platform, and specific reports were prepared for data overlap from SAPM with the data from the Single Matriculation Register (RMU)<sup>208</sup>. The interconnection of databases is being implemented, through the project *Quality in higher education: internationalization and databases for the development of Romanian education*. Thus, at present, both the correlation between the RMU and ANS nomenclatures, and the verification of the existing data are being performed, the process being expected to complete by the end of the project i.e. Q2/2022.

Also, the National Student Questionnaire was applied for the first time, following a partnership between UEFISCDI and MEd. This questionnaire measured students' satisfaction degree with the quality of higher education; students answered a number of questions about how the COVID-19 pandemic generated changes in education. The online tool was completed between November 2020 and January 2021 by a number of 24,280 respondents, from 79 higher education institutions from Romania. The first results are expected to be published in the autumn of 2021, and will contribute to a significant improvement in higher education quality policies<sup>209</sup>. At the same time, at the end of 2021, a first study will be launched to calculate university dropout based on data available in the RMU.

In order **to improve the teachers' skills**, through the project *Relevant Curriculum, education open to all (CRED)*, the curricular empowerment of teachers continues to provide a methodological approach focused on key competencies. In 2021, through the CRED project, 5,618 teachers were trained (1,189 from primary education and 4,429 from secondary education). In total, so far (April 2021), through the CRED project, 33,660 teachers have been trained (14,341 from primary education and 19,319 from secondary education). In the period 2021-2022, the training activities will continue until reaching the target indicator established by the project (i.e. 55,000 teachers). Regarding the training/ development of digital skills through this project, between May 2019 and 31 December 2020, 29,658 teachers were trained at national scale out of a total of the 55,000 targeted i.e. 53.92% of the total (in Q1/2021 the training of another 5,618 teachers activating in primary and secondary education was completed). The training programme continues in the Q2/2021 with the training of approx. 6,000 teachers, and the teacher training is expected to be completed in July 2022.

To develop the **digital and intercultural competences of students and teachers**, the eTwinning Action in Romania continues, involving over 32,000 pre-university teachers who benefit from continuous professional development activities with a focus on the project-based design and implementation of interdisciplinary teaching activities carried out in intercultural contexts benefiting from digital support. Moreover, through eTwinning projects (approx. 3,200 projects/year), students benefit from student-focused intercultural & transdisciplinary learning experiences that facilitates the development of school discipline-specific skills, but also of interpersonal, digital and intercultural skills.

Improving the ICT skills of both students and teachers is being achieved through the project *Promoting and supporting excellence in education by developing skills in information technology* funded by an 8.78 million lei grant from the Government of Japan, which aims to ensure optimal conditions for training and development of top performers i.e. students enrolled grades IX-XIII from the math & computer science track. In that regard, 60 high schools - Centres of Excellence

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<sup>208</sup> In compliance with the privacy and pseudonymization policies provided in GDPR

<sup>209</sup> The National Student Questionnaire was developed by the Executive Unit for Financing Higher Education, Research, Development and Innovation (UEFISCDI) in partnership with MEd under the project *Quality in higher education: internationalization and databases for the development of Romanian education*, co-financed by ESF through HCOP. More details are available at: <https://chestionar-studenti.ro>

in Information Technology - were selected and the procurement procedure has been published<sup>210</sup>. Currently, the appeal filed by one of the bidders in the public procurement procedure for the purchase of IT equipment is pending. The project is to be implemented by the end of this year.

The project *IT system for school management (SIMS)*, (39.38 million euro), aims to develop and implement a centralized national platform and methodologies for collecting, managing and analysing information on school performance and attainment, and the daily school activities carried out in pre-university education. The financing contract was signed on 10 September 2019<sup>211</sup> and the implementation of the project is expected to start in the Q4/2021.

In order *to provide an open, quality, competitive and labour market tailored higher education*, the *National Strategy for Tertiary Education 2015-2020*<sup>212</sup> and its implementation progress report is to be finalised.

MEd implements, in the period 2015-2022, the project on secondary education - ROSE, (Romania Secondary Education Project) financed by the Loan Agreement concluded between Romania and IBRD on 17 April 2015, ratified by Law 234/2015. The project aims to reduce dropout in upper secondary education and the first academic year of tertiary education and to increase the success rate of students at the Bacalaureate exam, with the following expected results: a reduced school dropout rate in the final grades of high schools supported through the project, a decreased the percentage of high schools with school dropout over 7%, an increased graduation rate and success rate of students at the Bacalaureate exam in the high schools supported by the project, and increased retention rate in the first academic year in the faculties supported by the project.

ROSE supports the transition of students from the upper secondary education system to tertiary education, using a decentralized approach, based on individual grants to high schools. The objectives of the grants are to reduce the school dropout rate in high schools, increase the graduation rate and boost performance in the Bacalaureate exam; the non-competitive grants are provided to public high schools that need to improve their performance.

874 grants are being implemented and propose activities aimed at achieving the above-mentioned objectives, which include: remedial activities, counselling, and career guidance, coaching, personal development and development of socio-emotional skills, as well as extracurricular and information activities, such as field visits/ excursions, training courses, participation in competitions and the formation of interscholastic networks.

There are also 393 grants for faculties/ universities and which support activities designed to meet the needs of students at risk of drop out in the first academic year, through remedial activities, tutoring, counselling and career guidance, support services, as well as the establishment of and equipping learning centres to support students at risk. Moreover, summer bridge programmes are financed for high school students, through which they may attend courses, seminars, counselling activities, sports or socio-cultural activities on university campuses.

In the high schools benefiting from grants, the average dropout rate in the final grades has decreased from the reference value 6.5% to 1.98%, the average high school graduation rate has

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<sup>210</sup> Acquisition of desktop computers, interactive whiteboards and Wi-Fi networking solutions. The estimated value of the acquisition is 8.38 million lei without VAT. 11 applicants had their applications evaluated during the Q1/2021 and the tender evaluation committee considered the quality and price evaluation criteria for each tender. By the end of Q1/2021, the report on the tender process was in the phase on the re-evaluation of the winning bid according to the CNSC decision.

<sup>211</sup> On 15 June 2020, the opinion of the Technical-Economic Committee was issued in order to initiate the procurement procedure, while on 23 December 2020 the documentation on starting the main procurement procedure for goods and services was submitted to SICAP. On 8 January 2021 the related assent was issued by ANAP and on 18 March 2021 the reviewed documentation completed with the changes requested by the ANAP was submitted to the chief authorizing officer for approval and subsequent publication in SICAP.

<sup>212</sup> The full cost of implementing the strategy is estimated at approx. 2.05 billion euro, of which 417.02 million euro from European structural and investment funds.

increased from 86.9% to 97.47%, and the success rate at the Bacalaureate exam increased from 49.6% to 62.88%. As for the faculties supported by grants, the retention rate after the first academic has increased from 79.4% to 81.64%.

### **Strengthening technical vocational education and training, including dual education**

Regarding the **strengthening of technical vocational education and training (TVET), especially of the work-based learning component**, the Report on the implementation of the *Vocational Education and Training Strategy in Romania during 2016-2020*, for 2020, was prepared.

In order to develop TVET, starting with 23 December 2020, the implementation of the project *ReCONNECT - adaptation to change - an integrated anticipation, monitoring and evaluation mechanism for the labour market and education*, whose objective is to match the labour market demand and supply provided by public education and employment services, by putting forward new tools and three mechanisms for monitoring and evaluating public policies on vocational training, monitoring the labour market insertion of pre-university graduates, and anticipating skills needs on the labour market. In 2021, within this project, for the TVET component, two activities are to be carried out: (1) analysis of available statistical data for the adaptation thereof to the IT system to be developed, and (2) development of first versions of the three above-mentioned mechanisms.

Currently, the draft *National development strategy for vocational training of students through dual education during 2021-2025* is being updated, and the strategy' endorsement/ approval timing and method are to be established.

In accordance with the provisions of the National Education Law, dual education is organized, in a unitary framework, by educational establishments at the request of interested businesses or associative structures e.g. chambers of commerce, employers' associations, clusters, companies as potential employers and partners in the practical training of student, dual education is based on trilateral agreements concluded on equal foot between the school, parents and economic agents, thus ensuring collaboration between educational establishments, public authorities and the business and associative environment. In this context, activities are currently being carried out to develop the educational offer involving economic partners; these activities aim at reviewing/ developing new professional qualifications, which meet the current labour market requirements. There is also a permanent collaboration between educational establishments and the chambers of commerce, local authorities and other partners to equip school labs and workshops with modern equipment and technologies.

Regarding the projects financed by HCOP, under the call *Internship for pupils and students in the agri-food, industry and services sector*, with a total value of 47.9 million euro, and which support on-the-job training programmes for students and pupils in lower-secondary, secondary (high school) and post-secondary education, including foreman schools, 60 projects were implemented, another 28 being under implementation on 31 March 2021. In June 2020, it was reported a medium level of accomplishment of the related programme indicators call for projects. Thus, out of the 19,209 persons targeted for support through these projects, up to 31 December 2020, 14,373 were supported, and out of the target of 11,092 qualified students, by 30 June 2020, only 4,385 acquired a qualification under these projects.

Under the call HCOP/711 - *Internships for students, ITI Danube Delta*, with an allocation of 5 million euro, 12 project applications were submitted and evaluated, for nine of them the financing contracts being already signed.

By the call HCOP/633/6/14 - *Internships for students for under developed regions*, 155 projects are being implemented.

## *Improving the educational infrastructure by creating “green” and modern schools*

Regarding the educational infrastructure, through the *Early Education Reform Project in Romania* (PRET), 259 kindergartens were built and equipped with furniture, the construction of 105 kindergartens is ongoing and the legal procedures for awarding the remaining engineering works for 20 kindergartens have started, while the public procurement procedures for the construction of a number of 17 kindergartens are to be launched in Q2/2021. At the same time, in 2021, the reception of five kindergartens is expected.

3,381 investment objectives in educational infrastructure were financed by PNDL I and II, of which 1,360 were received.<sup>213</sup>

As in the case of the strategy for preschool education, the elements of the draft *Strategy on modernizing the educational infrastructure* will be taken over in the operational programmes for educational policies to be applied in 2021-2027, based on the Educated Romania project of the Presidential Administration of Romania.

Another investment project, *The National Integrated Platform - Wireless Campus*, (36.67 million euro) is in the implementation phase that is proceeding according to schedule. So far, the Wi-Fi infrastructure has been built, which is operational in approx. 4,200 schools out of the total of 4,500 targeted by the project. The project aims at connecting all the buildings in which teaching activities unroll to ICT infrastructure and the Internet, as well as equipping these buildings with Wi-Fi access infrastructure.

The *Digital Platform project with educational resources (EDULIB) (Virtual Library)*, (41.71 million euro) is also in the implementation phase<sup>214</sup>, and currently the stage of technical evaluation of the applications already submitted is ongoing.

A necessary and compulsory step in the process of digitalisation and digitalisation of Romanian education is the implementation of a centralized IT system, available within MEd, which would allow the issuance of graduation documents/ records in electronic format, the online verification of their authenticity, archiving thereof, and printing the graduate record paper version to be made available to its legal holder, as well as providing this system interoperability with other IT systems operating in education and central and/or local public administration for the purposes of exchanging and sharing information regarding individuals' academic attainment. In that regard sense, a project-fiche for this *OK Diploma Project* has been completed.

The Government has approved the negotiation and conclusion of the Loan Agreement between RO and IBRD to support the project *Safer, Inclusive and Sustainable Schools*, which will be implemented for a period of 6 years and will be financed by 100 million euro. Through this project the following deliverables are envisaged:

- Execution of construction works at the selected schools to create a modern infrastructure, resistant to earthquakes and other natural disasters and increase operational safety, providing temporary facilities (e.g. mobile classrooms) to continue the educational process;
- Endowing classrooms with modern and modular furniture and with digital equipment to improve the quality of the educational process, as well as endowment schools with teaching materials that will foster learning capability;
- Teacher training to improve their digital skills and apprehension of modern alternative

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<sup>213</sup> The value of the multiannual allocations approved for educational establishments under PNDL is 1.08 billion lei from PNDL I and 3.53 billion lei from PNDL II. The current budget of the Programme for Improving Sanitary Conditions in Schools is 64.9 million lei. In 2019, out of the total amount of 65.525 million lei allocated by MEd, for the accomplishment of some arrangement works of compliant toilets in educational establishments, the local public administration bodies accessed only 42.102 million lei.

<sup>214</sup> The public procurement procedure carried out under this project was challenged twice: the first litigation was rejected at the Court of Appeal, and the second one was dismissed by the CNSC and is now pending before the Court of Appeal.



approaches that will encourage active student participation, team work/ social learning and show sensitivity to students' individual motivations and differences;

- Providing institutional support to local authorities for accessing European funds that will be available in the multiannual financial framework 2021-2027 to make investments in the modernization of school infrastructure;
- Training students and teachers and raising awareness in the local community by promoting actions that can be taken to build disaster' and climate change resilience, disaster preparedness and response, opportunities to increase sustainability (such as zero waste, water harvesting, energy use and conservation, etc.).

Regarding the **development of higher education infrastructure**, construction projects are underway for 30 student dormitories, of which five are in the execution phase, seven are in the procurement stage for their design and execution works, while the remaining are in various stages of implementation.

### **Updating and matching the pre-university and university curriculum to labour market needs**

Efforts are made to **modernise the school curriculum for primary, secondary, high school, VET and TVET routes**. The draft curriculum framework for the high school - theoretical studies, VET, and TVET routes - were developed and published for public consultation held by the end of January 2021. In the period 2021-2022, school curricula for special preschool education, primary and lower-secondary (gymnasium) education will be developed/ revised, in accordance with the related curriculum framework, approved by MO No 3622/2018.

Within the CRED project, through MO No 3239/2021, the educational policies documents titles *Milestones for the design, updating and evaluation of the National Curriculum* was approved, its role being to establishing a unitary and consistent framework for approaching the national curriculum. In addition, through MO No 3238/2021, the *Methodology on the development of the school-based curriculum* was approved. The CRED project also produced a series of studies and reports relevant to updating curriculum approaches, such as the *Report on the school based - curriculum and the current regulatory framework* and the *Comparative analysis of the European recommendations on key competences*.

Moreover, through the CRED project, in the period 2021-2022, the following activities are to be completed: reviewing the methodology of the *Second Chance programme*; elaboration of specific school curricula for the Second Chance programme for primary and lower-secondary education (including the related framework); elaboration and publication of implementing regulations for the different study subjects in primary and lower-secondary education (18 completed guidelines<sup>215</sup>); development of open educational resources (OER) and other relevant resources to support the implementation of the new school curricula (7,200 OERs are to be completed by 14 August 2022 i.e. the project end date); 20 model curricula for integrated optional subjects (including Second Chance); a baseline study on the assessment of the competences of 4<sup>th</sup> grade graduates, from the perspective of acquiring key competencies, especially for pupils from disadvantaged groups.

In order to assess the impact of the curriculum, in the period 2021-2022 Romania will participate in the Programme for International Student Assessment (PISA) 2022 research study for assessing the literacy level of 15-year-old students in the fields of Mathematics, Science and Reading. For the first time in Romania, the implementation of PISA survey will be carried out through a computer-based assessment (CBA). The implementation of PISA 2022 survey will be carried out by the National Centre for Policies and Evaluation in Education - Research Unit. In 2021, the *Field*

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<sup>215</sup> 15 Implementing regulations for the application of new school curricula in primary and lower-secondary education, guidelines on curriculum management for school principals/ inspectors and guidelines on OERs' development and evaluation

*Trial* phase is to be implemented (encompassing 2,200 15-year-old students from 43 schools) and the preparation of the *Main Survey* phase, in accordance with the international schedule.

Within the call for the *Student Entrepreneur Scholarship* programme, financing contracts were signed for 22 applications<sup>216</sup> and the related projects are in implementation phase while under the call *Measures for optimizing the study offers in higher education in support of employability*, 11 applications<sup>217</sup> were approved for financing being also in the implementation phase. Through these projects, as of 31 December 2020, 9,007 people (pupils/ students, trainees) have benefited from support for participation in tertiary education and 1,680 teaching staff benefited from training programmes / exchange of good practices. In addition, 2,148 pupils and students, as well as 687 teachers have been certified following the support granted in the projects.

In order to **increase the quality of higher education and matching it with the labour market requirements**, the ACOP project entitled *Improving public policies in higher education and increasing the quality of regulations by updating quality standards - QAFIN* (Budget: 16.073 million lei)<sup>218</sup> is being implemented.

Within the HCOP 2014-2020, the call *Pilot-programme for supporting the initial training of teachers for pre-university education* was launched, through which, by the end of March 2021, the financing contract for the project *Career start through Master of Arts in teaching* implemented by Med was concluded; it amounts to 15.9 million euro. The project aims in particular to develop the institutional and operational framework for organizing and piloting the Master of Arts in Teaching programme, by diversifying educational offers in university education and by enhancing the teaching staff in the eight universities selected by MO No 4524/2020 on the establishment and development of university master's degree programmes. The educational offers developed under this call will be included in the partner universities academic education offer.

### ***Preventing and combating early school leaving and university dropout***

With regard to ***the opening of the education and training system to all young people and equal access to education, especially for groups at high-risk***, the 2020 Action plan for the implementation of the *Strategy on reducing early school leaving*<sup>219</sup> was prepared and approved<sup>220</sup>. The Strategy Monitoring Report for 2020 was also prepared and approved<sup>221</sup>. Ensuring equal access to education and reducing early school leaving remain on the agenda of the MEd's priority interventions, the planning of such interventions being provided as a measure to meet the enabling condition applicable to education and training to access the EU funds in the 2021-2027 Multiannual Financial Framework.

From the perspective of mitigating the effects of the COVID-19 pandemic, MEd has applied several concrete steps in all four of its sector strategies<sup>222</sup>. These measures will be reflected in the 2020 Integrated Report on the four strategies, which is under preparation phase. An implementation report for the entire period 2015-2020 covered by the four sectoral strategies will be available by late 2021.

The project *Early Warning Mechanism to Prevent Early School Leaving (MATE)*, funded by 0.4 million euro by the EC (DG Reform), aims to monitor, prevent and combat early school leaving, it

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<sup>216</sup> The total value of the financed projects is 161.396 million lei.

<sup>217</sup> The total value of the financed projects is 52.33 mil. lei.

<sup>218</sup> All the project's events and results are available at: <https://www.aracis.ro/rezultatele-proiectului-qafin>

<sup>219</sup> The total implementing cost of the strategy was estimated at approx. 778.748 million euro for the timeframe 2014-2020.

<sup>220</sup> MEd Memo No 3501/10 July 2020

<sup>221</sup> MEd Memo No 31/SI/16 March 2021

<sup>222</sup> *Strategy on reducing early school leaving in Romania, National Strategy for Tertiary Education 2015 - 2020, National Strategy for Lifelong Learning 2015 - 2020 and the Strategy for Romanian Vocational Education and Training 2016-2020*

started through an online even held on 11 November 2020. This project runs until June 2021 and is implemented with the support of WB experts<sup>223</sup>. Currently, the project is in the pilot testing phase in 11 schools from 10 counties throughout Romania. The national Integrated Education Information System (SIIR) has been completed with a new IT module to be integrated in SIIR and which will allow the collection of data and information necessary to monitor the risk of early school leaving. Pilot testing involves collecting data from 467 schools with students from vulnerable groups in the 10 counties targeted<sup>224</sup>. We aim at extending the project at national level, through NRRP.

Within the ROSE Project - *Grant scheme for high schools*, 874 grants are being implemented, and at least 50% of the funds being allotted to remedial activities, counselling, career guidance, coaching, personal development and development of socio-emotional skills.

Within the ROSE Project - *University Grant Schemes*, 201 grants are in the implementation phase under the Non-competitive University Grant Scheme (60 in Round I and 141 in Round II), 49 Grants in the *Student Support Competitive Grant Scheme* and 38 grants in the *Learning Centres Grant Scheme* (13 in Round I, 12 in Round II and 13 in Round III). An uninterrupted and smooth implementation of the concluded grants is conditioned by the allocation of budget credits for 2021, amounting to approx. 47 million lei.

### ***Fostering the inclusive approach in education by supporting rural pupils and students, disadvantaged groups and non-traditional students***

In order to ensure the inclusion of children with special educational needs (SEN) and to ensure compliance of the Romanian education system with the requirements of the international legal framework on the rights of persons with disabilities, the admission schedule in state high school education for the school year 2021-2022 includes a section on admission to mainstreaming high school education of SEN applicants. The MEd also approved Procedure No 1526/ DGIP/ 12.03.2021 on providing equal conditions for students with visual and hearing impairments, and neurodevelopmental disorders who sit in national examinations (the national examination for 8th grade graduates and the Baccalaureate exam) in 2021. A procedure for admitting candidates on separate vacancies in public dual and VET education in mainstream education is also being developed is to be approved to ensure individual integration of students with SEN from mainstream and special education.

The Joint Order No 3235/93/2021 of the Minister of Education and the Minister of Health for the approval of measures to organize the activity in educational establishments/ institutions in conditions of epidemiological safety for the prevention of diseases caused by SARS-CoV-2 virus provides for the adaptation of prevention measures appropriately, for pre-schoolers/ students with SEN who choose to participate in courses, depending on the specifics of their health condition.

In addition, the provisions of Note No 29.661/ 18 May 2020 on the 50% increase in the rights of children with SEN enrolled in the pre-university education system remain in force.

MEd developed and submitted to MIPE (HCOP MA) a non-competitive project proposal for the setting-up of the operational framework for the educational inclusion of pre-schoolers, pupils and students at risk of dropping out of school through HCOP (Axis 6, OS 6.5, 6.6 and 6.3), worth 5 million euro (estimated budget). The project will seek to provide an optimal framework for the professionalization of human resources in the multidisciplinary teams, aiming at providing psycho-pedagogical counselling and guidance, speech therapy, mediation and educational support services, in order to increase the quality of integrated intervention for pre-schoolers pupils/ students enrolled in mainstream education system.

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<sup>223</sup> In December 2020, 11 online focus groups were held with the 11 pilot-schools included in the project.

<sup>224</sup> The schools from which data will be collected on students at high risk of early school leaving were designated by MO No 5900/11 November 2020.

In order to reduce and prevent early school leaving and promote equal access to quality pre-school, primary and secondary education, projects under two competitive calls for proposals that are under implemented as follows:

(1) *School for All* - which promotes integrated measures to prevent and reduce early school leaving for young and adult schoolchildren, to support teaching staff, including through *Second Chance* and *School after School* programmes. So far, 127 projects were contracted, of which 123 are being implemented and four projects have been completed. As of 31 December 2020, 78,073 students and 5,880 young people/ adults received support for participation in educational programmes, and 21,407 children received support for participation in ECEC services. Moreover, 1,409 children/ young people/ adults completed *Second Chance* training programmes, as a result of the support granted and 160 children/ young people/ adults obtained a qualification upon completion of such programmes.

(2) *Motivated teachers in disadvantaged schools* is a call targeting the most disadvantaged schools, who have many children at risk of dropping out and which fail to attract or retain qualified teachers. To date, 27 projects were contracted, of which 18 have been completed and nine are being implemented. As of 31 December 2020, 34,065 teachers and teaching assistants have benefited from training/exchange of good practice programmes, 26,112 of them having improved their skills/ were awarded certifications.

With reference to of the access of Roma students to high school, in the school year 2020-2021 the admission of candidates for special vacancies for Roma in public high school and vocational/ dual VET education was organized. The total number of vacancies allocated to Roma students was 9,700, of which 7,130 in high school and 2,570 in vocational education, including dual VET. In the school year 2020-2021, 2,825 places were occupied (2,211 Roma students enrolled in high school and 614 Roma students enrolled in vocational education, including dual VET).

The implementation of the *Methodology on combating school segregation* will start in the school year 2021-2022.

In order to continue the *Second Chance* type initiatives, the projects within the competitive call *Second Chance Measures* (665 and 666) are implemented and finance actions aimed at providing an adequate training offer for *Second Chance* educational programmes; under this call (with a total allocation of 163.45 million euro), 32 projects<sup>225</sup> were evaluated and approved, out of the 47 applications submitted. These projects are to be implemented by the end of the Q4/2023.

Under the competitive call *Second chance education measures for NEETs*, projects are funded to support NEETs who have not completed their compulsory education, in order to resume education and training. After the evaluation of the 30 applications submitted in 2020, the financing contracts were signed for only four of them; the implementation thereof started in January 2021 and will end in the Q4/2023.

Within the HCOP 2014-2020, the competitive call for *Second Chance Education Measures for NEETs* worth 50 million euro was re-opened; 38 projects applications were submitted in 2020 and they are currently under evaluation phase.

In 2021, Med in its capacity of partner in the project HCOP *INTESPO - Registration of Young People in the records of the Public Employment Service* employed 18 school counsellors outside the organisational chart of the ministry. As for the young people who did not complete their compulsory education, 168,622 young people were classified as NEETs, of which 153,490 were registered in the PES register.

Following the national campaign carried out by MMPS to verify the establishment and granting of social assistance and to identify measures to increase employment of fit for work persons, 14,000 people without primary or secondary education were found i.e. people who do not have a job and whose income consist only on social welfare. In order to increase the employment opportunities

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<sup>225</sup> 32 projects for the less developed regions and five for the Bucharest - Ilfov Development Region  
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of these people on the labour market, it is necessary to improve their educational attainment, but also on the training framework in place to allow them to obtain a professional qualification. In that regard, through the *Second Chance* programme and where needed, Ed will provide places for people fit to work, but who do not have completed primary or secondary education. Free places and conditions will also be provided for these people to be able to obtain a professional qualification that will subsequently allow them to enter the labour market.

Within HCOP 2014-2020, the competitive call *Pilot programme to stimulate the participation in education of children with parents working abroad* opened; under this call, by the end of Q1/2021 six projects worth a combined value of 4.5 million euro were signed. Overall, in Q2/2021, financing contracts will be signed for 68 projects totalling 61 million euro. The projects aim in particular at providing an integrated package of services for pre-schoolers, pupils and students enrolled in primary- (6-10 years), lower-secondary (11-14 years) and upper-secondary (14-16 years) education to foster participation in education and prevention of early school leaving (including educational and psycho-social support services), but also parental education and social counselling services.

Regarding *the strengthening of the social package in education*, targeting pupils and students from groups facing particular risks, MEd continues to run its annual national social programmes such as *Money for High School*<sup>226</sup>, *Euro 200*<sup>227</sup> or *Hot Meal for students*<sup>228</sup>.

Through the national retrospective-alternative programme *Money for High School*, the reimbursed value of the scholarships paid to students in the school years 2015-2016, 2016-2017, 2017-2018 for a number of 54,996 students enrolled in the 9<sup>th</sup> and 10<sup>th</sup> grades is 80.72 million lei, while the reimbursed value of the scholarships paid to 22,130 students enrolled in the ninth and tenth grades through the national programme *Money for High School* in the school year 2018-2019 is about 35.35 million lei.

MEd continues to provide *scholarships*, including *vocational scholarships* for students enrolled in dual education system<sup>229</sup>, under the umbrella of its national social programme. In the school year 2020-2021, 111,786 students benefit from the Professional Scholarship programme<sup>230</sup>, of which 17,749 students are enrolled in dual education. The number of vocational scholarships awarded to students enrolled in vocational education in the school year 2020-2021 has increased compared to the school year 2019-2020 when 95,707 vocational scholarships were awarded, of which 12,908 scholarships for students enrolled in dual education.

By GD No 1064/2020, the minimum amount of excellence, merit, study and welfare scholarships granted for students enrolled in full-time study mode in the school year 2020-2021 in the public pre-university education was approved and the minimum monthly amount of a scholarship was set at 100 lei.

In 2020 several legal acts were issued in order to ensure *the mobility of students and the disbursement of their travel expenses*. Thus, by GEO No 70/2020, a 100% gratuity was established for the students' transport (until 15 May 2020, the students had benefited from a 50% gratuity for the transport); by GD No 435/2020, the procedure for the reimbursement of travel expenses was

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<sup>226</sup> The programme aims to provide a monthly scholarship (allowance) for students from families with disadvantaged economic and social backgrounds to continue their studies, after graduating high school. For the school year 2020-2021, 28,505 students benefitted from the *Money for High School* programme.

<sup>227</sup> In 2020, 7,225 students benefited from the *Euro 200* programme. 8,000 vouchers were purchased in 2020, and they were all used after distribution to the beneficiaries.

<sup>228</sup> In 2020, GEO No 9/2020 on the approval of the Pilot Programme for providing food support for preschoolers and students from 150 state pre-university education units and GD No 236/2020 on the approval of the Implementing regulation for the application of the provisions of GEO No 9/2020 were approved.

<sup>229</sup> On 27 November 2020, the *Vocational Scholarship* project was completed; it targeted the students enrolled in VET (including dual education for level 3 qualifications), for the school years 2015-2016, 2016-2017, 2017-2018, 2018-2019. The first claim for reimbursement transferred to the public budget the amount of 280.6 million lei. In November 2020, the final claim was submitted for the reimbursement of 77.1 million lei.

<sup>230</sup> The current monthly amount of the *Vocational Scholarship* is 200 lei/ student

established; by GD No 863/2020, facilities are provided regarding the purchase of travel tickets during the state of emergency/ alert caused by the COVID-19 pandemic; by Law No 226/2020 amending and supplementing the National Education Law No 1/2011, clarifications were provided regarding the method of travel expenses reimbursement by the local public administration having as beneficiary target group all students enrolled in pre-university education. The travel expenses reimbursement mechanism for the travel costs incurred by students does not ensure a clear and unequivocal application, which makes it impossible to ensure free transport for students for all means of transportation. In that regard, a draft GEO was prepared for the amendment and completion of the National Education Law No 1/2011, with subsequent amendments and completions, by which MEd proposes the following news measures: gratuity for students up to the age of 26, enrolled in accredited/ authorized pre-university education for public local road, naval and subway transport means, as well as for rail transport for all categories of trains (2<sup>nd</sup> class), throughout the calendar year, reimbursement of travel costs for commuting students and for students who cannot attain school in their home locality. Thus, the monthly amounts granted in advance for transport are calculated according to the distance from home to the pre-university education establishment (and for distances greater than 50 km), with amounts between from 30 lei for 3 km and up to 171 lei for 50 km while their reimbursement is made in the following month.

In the 2019-2020 school year, 178,619, students benefited from the *School Supplies* programme while in the 2020-2021 school year the estimated number of beneficiaries is 233,417. By 31 December 2020, the Annual Monitoring Report on the implementation of the “School Supplies” National Programme was in preparation phase.

Within the Operational Programme for assisting the Disadvantaged Persons 2014-2020, the call titled *Provision of school supplies* (supplies and clothing required for school attendance) was opened, with a value of 27 million euro (EU + national contribution). The purpose of the call is to provide social vouchers on digital format for educational support, through which parents/ legal representatives or students will be able to purchase school supplies/ clothing and footwear articles. The reimbursement of school supplies / clothing and footwear items will be made based on the nominal value of the related social digital voucher, in accordance with Regulation 223/2014 and the provisions of GEO No 133/2020 on some measures to support the most disadvantaged students receiving educational support based on social vouchers on electronic format for educational support granted from non-reimbursable external funds, as well as some measures for the distribution thereof<sup>231</sup>. The estimated deadline for signing related financing contracts is 30 June 2021.

The implementation of the *Romanian School Programme* continues and it provides free fresh fruits and vegetables, milk, dairy and bakery products for all pre-schoolers enrolled in all kindergartens, and for the pupils and students in public and private primary and lower-secondary education. In the school year 2020-2021, the total budget allocated to this programme is approx. 510 million lei.

***Amid the COVID-19 pandemic***, GEO No 144/2020 put in place a legal framework to equip students with mobile IT equipment and medical protection items in order to ensuring the minimum hygienic-sanitary conditions in public pre-university educational establishments lacking connection to the water & sewerage network.

GD No 370/2020 approved the “Home School” National Programme in order to purchase the Internet-connected IT devices necessary for the endowment of public pre-university educational establishments for facilitating distance learning activities for students from disadvantaged groups enrolled in state pre-university education. In this sense, the OMEC No 4738/2020 approved the amount of electronic devices connected to the Internet connection as well as the criteria for allocating these devices purchased through the “Home School” National Programme for students enrolled in full-time study/full-time learning in primary, lower- and upper-secondary education

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<sup>231</sup> Art. 5 (1): “The nominal value of a social electronic voucher for educational support of the final recipients under the National Support Scheme for the Most Disadvantaged Students (S.N.S.E.D.) is 500 lei/ school year.”

(i.e. the preparatory class, grades I-XII, VET) at the beginning of the school year in public educational establishments. Thus, in December 2020, the delivery of 250,000 tablets, 10,000 webcams and 22,000 laptops allocated was completed.

GD No 756/2020 approved the “Safe Education” National Programme which provided financial allocations from the National Budget Reserve Fund at the disposal of the Romanian Government. By 1 April 2021, through this programme, 39,149 tablets, 4,698 webcams and 3,109 computers (desktop, all-in-one, laptop) were purchased.

Based on the provisions of GEO No 144/2020 on some measures for the allocation of non-reimbursable external funds required for the development of teaching & learning activities related to the school/ academic year 2020/2021 amid the risk of infection with SARS-CoV-2, as subsequently amended and supplemented, COP MA was authorized to amend the Applicant’s Guide to COP/369/2/4/ Improving digital content and systemic ICT infrastructure in the field of e-learning, e-inclusion, e-health and e-culture - the e-learning section, in order to add among the eligible activities the acquisition mobile IT equipment i.e. tablets/ laptops connected to the Internet for educational purposes and OERs. The financial allocation is 100 million euro for public pre-university education establishments and 50 million euro for public higher education institutions, the total amount being reimbursed from the COP 2014-2020. In that regard, the COP MA 2014-2020 opened from 2 November 2020 to 1 February 2021 the call COP/882/2/4 / Improving digital content and systemic ICT infrastructure in the field of e-learning, e-inclusion, e-health and e-culture, e-learning component, for submission of applications under Action 2.3.3 of PA 2 - Information and Communication Technology (ICT) for a competitive digital economy. Under this call for the e-learning section, 1,921 applications totalling approx. 931 million euro have been submitted.

MO No 3300/2021 endorsed the implementing regulations for the “School after school” National Pilot Programme for students up to the 8<sup>th</sup> grade, inclusively. The organization of remedial education activities, shaped in learning activities, aims to improve the students’ learning acquisitions which contribute mainly to the development of literacy and STEM skills, including activities for training attitudes specific to “Learning to learn” skills. The “School after school” national pilot project, with an allocation of 30 million euro, was opened on 25 March 2021 through a non-competitive call funded by HCOP 2014-2020. The programme is organised and implemented in accordance with the provisions of GEO No 6/2021 and aims to finance remedial activities in order to reduce the risk of early school leaving in pre-university education, for primary and secondary school students, especially students from vulnerable groups, with a focus on Roma students, students from rural areas, students with disabilities, and students from socio-economically disadvantaged communities. Thus, starting with the second semester of the 2020-2021 school year, the educational establishments are granted a financial support of 0.4 RSI/month, in lei, per child enrolled in the national pilot programme, and it is intended exclusively to cover the costs for the management and participation of children in remedial education activities.

Under the call LIOP/881/9/1/Strengthening the capacity to manage the COVID-19 health crisis, with the total non-reimbursable value (EU contribution and state budget) of 85 million euro and managed by MIPE, 818 applications amounting to 229.10 million euro were submitted. The activities concern the endowment with protective equipment/ medical devices, and mobile sanitary containers designed to provide the very least hygienic-sanitary conditions necessary to prevent and reduce the potential spread of SARS-CoV-2 infection, both for pre-university and higher-education educational establishments. Project applications submitted so far are in the evaluation phase (administrative and eligibility stage)<sup>232</sup>.

In another call LIOP 819/9/1/Strengthening the capacity to manage the COVID-19 health crisis,

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<sup>232</sup> Due to the extremely high work load on the existing staff (over 1,400 project applications are currently under evaluation by LIOP MA), so far the evaluation for all the applications submitted on PA 9, S.O. 9.1 could not be completed; however, the evaluation of all projects has started in chronological order after their submission.

MEd is the beneficiary in the project *Protecting the health of students and teaching staff involved in educational activities amid the spread of SARS.CoV.2 virus*, which has as general objective the protection of the health of students and teaching staff in the context of the spread of the SARS.CoV.2 virus by providing face masks to students, teachers and auxiliary staff working in public educational institutions. Under this project, MEd provided the necessary 8,621,500 Type II face masks amounting to 16.3 million lei for individuals involved in education. At the same time, under the same call, MEd is also a beneficiary of the project *Protecting the health of students and teaching staff involved in educational activities amid the spread of SARS.CoV.2 virus in the Bucharest-Ilfov area*. Through this project, 77,010 people from 320 educational establishments were secured protection by providing the necessary 986,500 Type II face masks amounting to 1.78 million lei for medical use.

In order to *stimulate upper secondary education graduates to continue their studies in tertiary education* (higher education or other forms of post-secondary education), the implementation of the high school grant scheme under the Romanian Secondary Education Project - ROSE continues. 874 projects for high schools are being implemented, thus reaching the maximum number of grants that can be awarded to high schools. Given the frequent suspension of face-to-face courses and the delay of project activities due to the COVID-19 pandemic, some of the high schools that received grants in Round I, started in 2017, requested an extension of the implementation period.

To support the increase of the quality of teaching & learning activities in the high schools benefiting from ROSE grants, for each of them a mentor was assigned to support the pedagogical team in improving the teaching approaches and practices with focus on student, and the ability to adapt the school curriculum to the student' needs and skills.

Moreover, five pedagogical guidelines for high schools were developed and made available to all stakeholders on the ROSE project website: guidelines for inclusive education, guidelines for remedial and tutoring activities, guidelines for counselling and career guidance, guidelines for development socio-emotional skills, guidelines for personal development and coaching, and two guidelines for universities: guidelines for the development of socio-emotional skills, guidelines for personal development and coaching.

In the context of the COVID-19 pandemic, Amendment No 2 to the Loan Agreement, to the Project on Romanian Secondary Education-ROSE was concluded on 28 July 2020 by the MF and WB and allowed the opening of centralized procurement procedures for the supply of electronic equipment (59,072 laptops, 4,346 interactive whiteboards, 5,746 videoconferencing rooms) to 1,093 high schools to support them in combating the effects of the pandemic, enabling Internet and technology-based learning. This activity aims to improve the teaching-learning conditions and increase the capacity of schools to use digital content, applications and equipment, including providing distance learning using information technology. The laptops thus purchased will be made available to students who do not have IT equipment for online learning activities and will allow high schools to be better prepared in case of suspension of courses, by providing support to the most disadvantaged students, thus preventing deepening inequities caused by unequal access to resources and a possible academic drop out of disadvantaged students. To date, 41,966 laptops and 651 interactive whiteboards have been delivered to high schools. The procedure for the purchase of the remaining interactive whiteboards has been reopened and the contract is to be signed. In April 2021, the supply contract for video conferencing rooms was signed and the equipment is scheduled for delivery in Q2/2021.

In addition, under the ROSE project, 105 grants were implemented within the Scholarship Scheme for universities - *Summer programmes*, i.e. the maximum possible number of grants of this type. In order to continue the smooth implementation of the concluded grants (for high schools and universities) the allocation of budget credits for 2021, amounting to over 170 million lei, is needed.

In order *to support rural students, disadvantaged groups and non-traditional students to participate in tertiary education*, MEd continues to implement its social programmes: special



places in public universities for graduates from rural areas, scholarships, subsidies for accommodation and meals, partial reimbursement of travel costs. Thus, according to data collected in October 2020, 6,670 students were enrolled on special places, of which 3,932 graduates from rural high schools<sup>233</sup> and 917 Roma students<sup>234</sup>. Of the 386 vacancies specially allocated for Roma students, 371 places were occupied.

In order to improve the policies aforementioned, in 2020 UEFISCDI published an impact analysis on the policy of allocating special places for high school graduates from rural areas<sup>235</sup>, as well as an analysis of the impact of social scholarships<sup>236</sup>. They demonstrate correlations between the successful implementation of policies and the improvement of access to education and academic performance of their direct beneficiaries. At the same time, a series of policy briefs were prepared on topics concerning access to higher education or the allocation of social scholarships. These show, inter alia, that the number of social scholarships granted has increased by 30% in recent years, and their average value has increased by approx. 150%, while the share of funds allotted for social scholarships in the total funds allocated by universities for scholarships varies between 5% and 42%.

For the academic year 2020-2021, separate schooling places were allocated to high school graduates located in rural areas (2,000 places), for the key development areas of Romania (5,000 places for BA, 4,500 for MA, 300 for PhD), and 400 special places were allocated for the initial training of future teachers (MA in Teaching). The draft GD on the approval of schooling places for public pre-university and university education in the school/ academic year 2021-2022 for which public consultation was held in March 2021, the same special schooling places are proposed for approval for the school/ academic year 2021-2022.

Following a call for projects organized by the National Council for Financing Higher Education (CNFIS) and funded by MEd, the *Institutional Development Fund* (IDF) 2020 funded 41 institutional projects submitted by public universities in the Domain 1 (D1) - Equity & Access, which aims to increase social equity, to ensure social inclusion and increase access to higher education, matching the educational supply to labour market needs (including counselling and career guidance). For 2021, the call for projects was closed at the beginning of May, for D1 funding area on equity and access to higher education, and 44 institutional projects on equity and social access, totalling 12.7 million lei, will be implemented by the end of this year. Moreover, for 2021, the key directions are financed to stimulate universities to take measures to increase access to higher education for people from socio-economically disadvantaged backgrounds, through additional funding (as a result of the application of the quality indicator (QI) 4.1 - Capability to integrate people from socio-economically disadvantaged backgrounds in educational programmes). Thus, in 2021, of the total amount earmarked for Additional Financing for the preliminary allocation, 5% (58.4 million lei) was allocated depending on the results of the quality indicator 4.1 which aims at integrating people from socio-economically disadvantaged backgrounds into education.

In 2020, the institutional initiatives on the internationalization of higher education by supporting the promotion of the educational offer of Romanian universities consisted in updating and improving the *Study in Romania - SiR* platform, preparation of support materials for a better understanding of the internationalization of higher education, and the elaboration of policy briefs. At the same time, a videoclip was made to promote Romanian higher education and attract foreign students to come in Romania and study for a full study cycle. During 2021, two more videoclips will be developed to promote Romanian higher education, of which one conceived to attracting students from disadvantaged groups/ backgrounds, and another to attract French-speaking foreign students. At the same time, in 2021, a marketing study on the promotion potential of

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<sup>233</sup> of which 1,550 university students enrolled in the first academic year

<sup>234</sup> of which 371 university students enrolled in the first academic year

<sup>235</sup> The study is available at: [https://uefiscdi.gov.ro/resource-825682-20210208\\_studiu-de-impact-rural\\_conf-publicatie-snsa2.pdf](https://uefiscdi.gov.ro/resource-825682-20210208_studiu-de-impact-rural_conf-publicatie-snsa2.pdf)

<sup>236</sup> The study is available at: [https://uefiscdi.gov.ro/resource-825200-20210208\\_studiu-de-impact-burse-sociale\\_conf-publicatie-snsa2.pdf](https://uefiscdi.gov.ro/resource-825200-20210208_studiu-de-impact-burse-sociale_conf-publicatie-snsa2.pdf)

Romanian universities will be presented to decision makers and stakeholders as a starting point for a future consolidated promotion/ marketing strategy. The first annual report on monitoring the degree of internationalization of Romanian higher education was also prepared, being developed based on a methodology and data series collected from the national ANS platform.

In 2021, there are also being supported key-directions for financing as incentives for the universities to implement measures in order to increase the degree of internationalization of higher education. This is achieved both by financing the institutional development projects to strengthen the capacity of universities on the internationalization component (through the IDS 2021 call for projects, on the financing domain D2-Internationalization there will be implemented 45 institutional projects totalling 12.8 million lei), as well as through additional funding (following the application of the quality indicator targeting international guidance - QI 3.1 and QI 3.2). In 2021, of the total amount earmarked for Additional Financing for the preliminary allocation, 10% (116.9 million lei) was allocated depending on the results of the quality indicators targeting the international guidance.

### ***Creating and developing an open and accessible lifelong learning framework***

In order to *create and develop an open and accessible lifelong learning framework*, the *Lifelong Learning Strategy*<sup>237</sup> has been implemented. In that regard, the 2020 Annual Action Plan for the implementation of the strategy was developed and has been implemented. For the preparation of the Progress Report of the strategy, MEd collaborates with MMPS on the provision of data from the common area of competence of the vocational training providers, and the report is to be finalized.

The financing contract was signed for the Edu-C-Ad project: *New tools for the national strategy on lifelong adult education in Romania*; it is about a project implemented by MEd in partnership with the National School of Political and Administrative Studies (SNSPA) and funded by ACOP. Thus, through this project, Romania will participate for the first time in a programme for the international assessment of adult skills. The started in December 2020 and it will run for a period of 3 years. For 2021, the systemic review and evaluation of the regulatory framework for adult continuing education and the conduct of a pilot study on 2,000 respondents to calibrate the research tools and the sampling framework in accordance with international standards are foreseen. The study will use selected, translated and adapted literacy, numeracy, problem solving and digital literacy tests while observing the international indicators and standards.

Regarding the setting up Community Lifelong Learning Centres (CLLC), in order to centralize the information on the operational CLLCs in the counties, in December 2020 MEd requested the School County Inspectorates (ISJs)<sup>238</sup> to report on the state of play regarding the organisational, establishment and the operational aspects concerning the CLLCs for each territorial and administrative division of each county<sup>239</sup>. The attributions of the CLLC will be modified by a joint MEd & MMPS MO which will amend the joint MEN & MMJS MO No 3894/2019 on the approval of specific instructions for the accreditation and regular evaluation of CLLC to provide a greater flexibility in developing a wider portfolio of training services in order to support citizens, including disadvantaged people, to acquire basic and advanced skills. Other initiatives to promote lifelong learning at the community level are also considered by promoting local educational hubs, including in schools, public libraries, cultural centres, etc., to be developed in partnership with local authorities, civil society and business environment.

In the field of **professional qualifications**, the draft law on the approval of GEO No 96/2016 for

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<sup>237</sup> The total implementing cost of the strategy is estimated at approx. 1.35 billion euro.

<sup>238</sup> Memo No 8021/DGIP/8 December 2020

<sup>239</sup> Currently, there are four operational CLLCs (Teliucul Inferior - HD, Fantanele - AR, Bodo - TM, Obreja - CS) established between 2015-2018, through the project *An integrated approach to close economic, social and educational gaps in rural areas of the Western Region of Romania*, developed by the Romanian Institute of Adult Education.

the amendment and completion of some normative acts in the fields of education, research, professional training and health is still under parliamentary review. The qualification standards<sup>240</sup> provided by the aforementioned normative act will complement the current occupational standards and the professional training standards, following that all the professional training courses to be carried out in accordance with the aforementioned normative acts.

In 2021, with reference to the field of professional qualifications, ANC continues its efforts to align its policies with the European practices in the field and the following actions are being currently under implementation and/or in elaboration phase:

- Preparation of the *Implementing Regulations for writing academic study programmes for higher education*, based on learning outcomes - for the application and operationalization of the *Global Convention on the Recognition of Qualifications concerning Higher Education* adopted in Paris on 25 November 2019 (*Decree of the President of Romania No 175/2021 on submitting the Global Convention on the Recognition of Qualifications concerning Higher Education adopted in Paris on 25 November 2019 for the approval by the Romanian Parliament - OJ No 250 of 12 March 2021*);
- Operationalization of the *Implementing Regulations for the development of tools for assessing professional skills based on learning outcomes* (specific to the field of *assessment of professional skills non-formally/ informally acquired*); these guidelines were completed in January 2021 and are currently under implementation (pilot testing) phase for a number of 30 unique occupations;
- Setting-up the legal framework for the recognition of professional qualifications acquired as a result of lifelong learning experiences (formal, non-formal, informal) as part of lifelong learning process - professional qualifications obtained in other EU Member States; involvement of companies in their capacity of continuing education organizations;
- Preparation and/or continuous updating of occupational standards for a number of 250 unique occupations, ensuring the coherence of the “VET - labour market” binomial.

The measures presented in this chapter can contribute to the fulfilment of SDG 4 and SDG 8.

#### Education and skills in NRRP:

*Pillar VI. Policies for the new generation*, Component 15. Educated Romania

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<sup>240</sup> Qualification standards also include the evaluation standards  
ROMANIA - 2021 NRP

## 4. INSTITUTIONAL ISSUES AND STAKEHOLDER INVOLVEMENT

### *Elaboration of 2021 NRP*

The 2021 NRP was developed under the coordination of the Ministry of Foreign Affairs, based on the contributions provided by the public authorities with responsibilities in the areas addressed within the European Semester.

The structure of this year's edition is aligned with the pillars under the scope of application of the *Regulation establishing the Recovery and Resilience Facility*, given the exceptional cycle of the Semester, which has been adjusted to put this instrument into practice. Thus, the 2021 NRP combines the main developments in the process of implementing the actions undertaken by the previous NRP, including the response measures to 2019 and 2020 CSRs, with proposals for new actions (other than those covered by NRRP), defined while taking into account the priorities set at EU level and those from the Government's Programme or other national strategic documents of sectoral nature.

In fact, the 2021 NRP describes the macroeconomic context and scenario, the reform priorities, highlighting the following key sectors: *fiscal-and budgetary policy, banking and financial stability, green transition (environment, climate change and energy), digital transformation, business environment and competitiveness (public and private investment, transport and RDI), labour market, social inclusion and combating poverty, health, administrative capacity, education and skills.*

Overall, the 2021 NRP aims to ensure the continuity of reforms from the previous period, with the addition of new commitments and measures to meet the current challenges, including in terms of post-pandemic economic and social recovery. The document also maintains the references to investment projects that are currently being implemented and/or expected to be implemented through various funding mechanisms, especially projects with an impact on the SDGs fulfilment. Moreover, the ability of the public authorities to pursue economic, social and fiscal-budgetary policies to achieve the SDGs is a key success factor.

As in previous years, the NRP's draft was submitted to the public authorities involved in the implementation process for the purposes of consultation and validation; then, it was subject to the Government's approval, on a Memorandum basis.

At the same time, the aim was to **emphasize, in a general manner, the complementarity between 2021 NRP and Romania's NRRP**, as a strategic document that establishes the investment priorities and the necessary reforms for a sustainable recovery and growth.

### *Stakeholder consultation*

In order to provide an overview of the European Semester and its subsumed processes, but also to ensure transparency in the communication process, data on this topic are available on the MFA website.

From the perspective of collaboration with the Romanian Parliament, the dialogue with the representatives of the Chamber of Deputies and the Senate continued, providing and presenting, in various committees, information on the defining documents of the Semester, such as: the *Annual Strategy for 2021 on Sustainable Growth* or the *European Semester Autumn Package*. In response to the Parliament's requests, contributions were also made in order to prepare the documentary files related to the events on the European issues (e.g. the *European Semester Conference - Inter-parliamentary Conference on Stability, Economic Coordination and Governance in the EU*, organized during the *European Parliamentary Week*).

At the same time, in the second half of April 2021, the relevant stakeholders at the national level (trade unions, employers' organisations, NGOs, think-tanks etc.) were consulted via e-mail

communication on the 2021 NRP's draft. The approach is meant to contribute to a greater ownership, but also to the consolidation of the dialogue with the civil society and of the culture of transparency. A number of contributions were received and forwarded to the institutions in charge.